Grupo
Graña y
Montero

INTEGRATED ANNUAL REPORT 2015

–

FINANCIAL REPORT
SUSTAINABILITY REPORT

ALL-ENCOMPASSING VISION

STATEMENT OF RESPONSIBILITY

“This document contains true and sufficient information on the operations of Graña y Montero S.A.A. during the year 2015. Not with standing the responsibility of the issuer, the undersigned assume responsibility for the contents here of in accordance with applicable laws”.

Mario Alvarado Pflucker
Chief Executive Officer

Gonzalo Rosado Solís
Corporate General Accountant

Lima, January 2016

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MESSAGE FROM SENIOR MANAGEMENT

Dear Shareholders

We are pleased to present the Annual Report for 2015, the year in which we celebrated the 82nd anniversary of our founding. For the first time, this report presents our financial and sustainability activities in an integrated manner.

This report highlights four important events that occurred during the year: a drop in earnings, our investment in ADEXUS - Chile, our acquisition of an interest in the Red Eagle mining project in Colombia, and our inclusion in the Peruvian Southern Gas Pipeline project.

Earnings for the year are significantly lower than the preceding year, mainly due to a drop in the price of oil, the impact of a stronger dollar in the 3 countries where we work, and poor results of some construction projects, especially the Inmaculada Mine contract.

In this regard, measures were taken quickly to avoid a repetition of these problems, such as a revision of proposal processes and the creation of the Contract Risk Management area. In the fourth quarter of the year, we had better results than in

FINANCIAL
REPORT

SUSTAINABILITY
REPORT

MESSAGE FROM SENIOR
MANAGEMENT

2,295 million
DOLLARS
TOTAL REVENUE

228 million
IN EBITDA

preceding quarters, which had been affected by the previously mentioned projects, so we are optimistic about our future earnings.
In the month of July, we launched a capital increase of 15 million dollars invested in ADEXUS S.A. - Chile, a well-known information technology company with operations in Colombia and Ecuador. As this capital increase represented 44% of the company, we currently have a controlling interest and the right to merge ADEXUS with GMD, our information technology company, which would become an important regional player in the field.

In the month of October, we announced our minority interest in the Red Eagle gold mining project in Colombia, which meant that our subsidiary, STRACON GyM, obtained the 150 million dollar Earth Moving Contract for the next 8 years.

Then, in the month of November, we joined the concessionaire company in charge of the construction, operation and maintenance of the 1,200 km Peruvian Southern Gas Pipeline overthe next 30 years. Our Group has a 20% interest in the concessionaire company and 29% of the Construction Consortium. For the Group, this means a 215 million dollar capital investment in the company and the equivalent of an over 1 billion dollar construction contract, which is the largest construction contract our company has obtained in its long history. This contract enabled us to end the year with a backlog and recurring business of 4,486 million dollars.

These contracts propel our strategy of growing in proportion to our long-term contracts and growing abroad, in order to become a leading player in engineering in the region. In the year 2015, our international revenue totaled over 600 million

“IN THE MONTH OF NOVEMBER WE OFFICIALLY BECAME A MEMBER OF THE CONCESSIONAIRE IN CHARGE OF THE PERUVIAN SOUTHERN GAS PIPELINE.”

+ 29,000

WORKERS COMMITTED TO THE GRAÑA Y MONTERO STYLE INITIATIVE.

dollars, and EBITDA from the Infrastructure and Services areas accounted for over 53% of the total for the group. During this period, we gained Movistar zone 13 and a contract with VTR for last mile services for 47 and 53 million dollars respectively.

Projects completed during the year include the Santa Teresa Hydroelectric Plant, the Guyana Goldfields EPC Aurora Gold project in Guyana, the Las Bambas mining project in partnership with Bechtel, and the expansion of the Cerro Verde Copper Beneficiation Plant, the world's largest beneficiation plant.

This made total billing of 2,295 million dollars possible during the year, which resulted in EBITDA of 228 million and a net profit of 25.8 million dollars.

It should also be noted that in 2015 we were among the 10 most admired companies in Peru, according to a report prepared by PwC; we qualified as one of the top companies where people would like to work in Peru, according to a study conducted by Arellano Marketing and Laborum; and we were named the leading company in Sustainability and Corporate Governance in Peru by the Agenda Líderes Sustentables 2020 initiative. This only confirms our commitment to the principles of the United Nations Global Pact, which are reflected in every aspect of our sustainable management.

We are convinced that throughout our 82-year history, we have been able to overcome the most daunting challenges due to the professional work of our nearly 29,000 employees, who are committed to the Graña y Montero Style and to our values of Quality,Performance, Reliability and Efficiency. Therefore, a year ago we published a book titled El Estilo Graña y Montero (The Graña y Montero Style), and last year we provided more than 380,000 hours of training at every level of the organization, since we know this is our best guarantee of continuity.

Lastly, we would especially like to thank our clients and employees who have made our achievements possible.

José Graña Miró Quesada
Chairman of the Board

Mario Alvarado Pflucker
Chief Executive Officer

WHAT WE DO
SETS US APART

HOW DO WE DO IT
DEFINES US

WHY WE DO IT
DIFFERENTIATES US

–
All-encompassing vision

OUR VALUE PROPOSAL

VALUE PROPOSAL

DIVERSIFICATION

WHAT WAS A CONSTRUCTION COMPANY IS NOW A GROUP OF 26 COMPLEMENTARY COMPANIES DIVIDED IN 4 BUSINESS AREAS ACCORDING TO THE SIMILARITY OF THEIR OPERATIONS AND MANAGEMENT SYSTEMS. THIS ENABLES US TO STRENGTHEN THE CAPACITIES OF THE DIFFERENT AREAS AND GENERATE GREATER INTERNAL SYNERGIES IN THE GROUP. (G4 - 17)

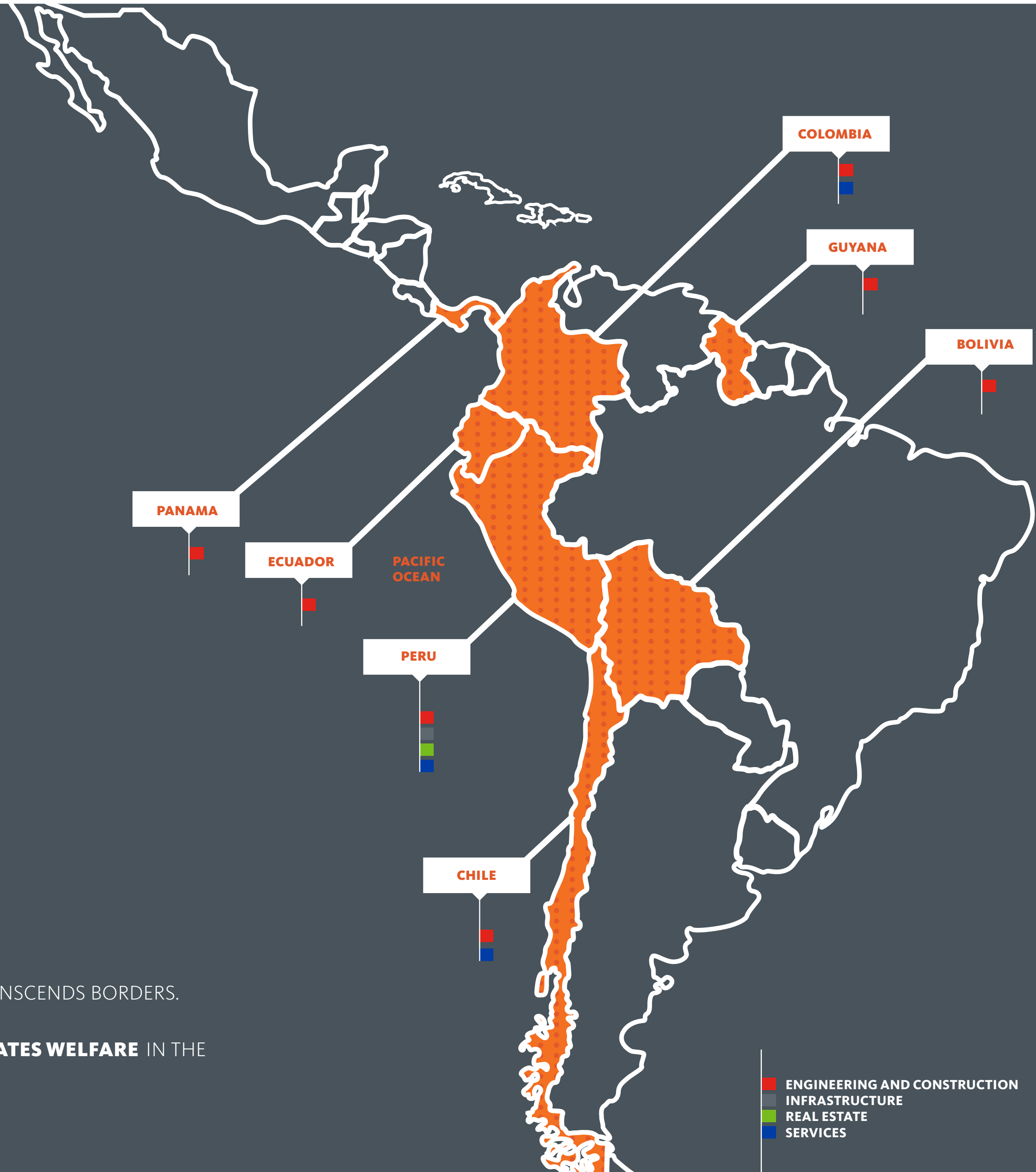
Grupo Graña y Montero

- Graña y Montero Engineering & Construction
  - GMI
  - GyM
  - VIAL Y VIVES-DSD
  - STRACON GyM
  - MORELCO
- Graña y Montero Infrastructure
  - NORVIAL
  - SURVIAL
  - CANCHAQUE
  - VESUR
  - FERROVÍAS GyM
  - LA CHIRA
  - GMP
  - COGA
- Graña y Montero Real Estate
  - VIVA GyM
  - ALMONTE GyM
- Graña y Montero Technical Services
  - GMD
  - CONCAR
  - CAM
  - ADEXUS

REGIONALIZATION

STRATEGIC PARTNER FOR DEVELOPING PROJECTS IN THE REGION.

WE OPERATE IN 7 LATIN AMERICAN COUNTRIES, BASED IN OUR OFFICES IN PERU, CHILE AND COLOMBIA.



WE ARE A GROUP OF COMPANIES THAT TRANSCENDS BORDERS.

WE ARE A GROUP OF PEOPLE THAT GENERATES WELFARE IN THE SOCIETIES IN WHICH WE OPERATE

KEY FIGURES

	2010	2011	2012	2013	2014	2015	2015
	S/. Thousands	S/. Thousands	S/. Thousands	S/. Thousands	S/. Thousands	S/. Thousands	US$ Thousands
Sales	2,502,675	4,241,266	5,231,885	5,967,316	7,008,680	7,832,432.69	2,294,882
Gross Profit	444,829	631,749	712,066	1,004,660	951,569	702,805	205,920
Profit before Taxes	401,028	477,645	520,826	595,005	507,429	217,330	63,677
Net Profit	252,802	289,076	289,954	320,363	299,744	88,153	25,829
EBITDA	553,959	662,042	775,660	1,030,680	911,851	778,395	228,068
Backlog	3,688,909	6,726,148	10,637,341	11,002,142	11,254,921	13,781,034	4,037,807
Recurring business	933,583	961,367	1,029,965	1,101,282	1,733,630	1,529,834	448,237
Backlog and recurring business	4,622,492	7,687,515	11,667,306	12,103,424	12,988,551	15,310,868	4,486,044
Professionals	2,816	4,810	5,575	6,077	6,819	4,809	4,809

KEY FIGURES

SALES BY AREA

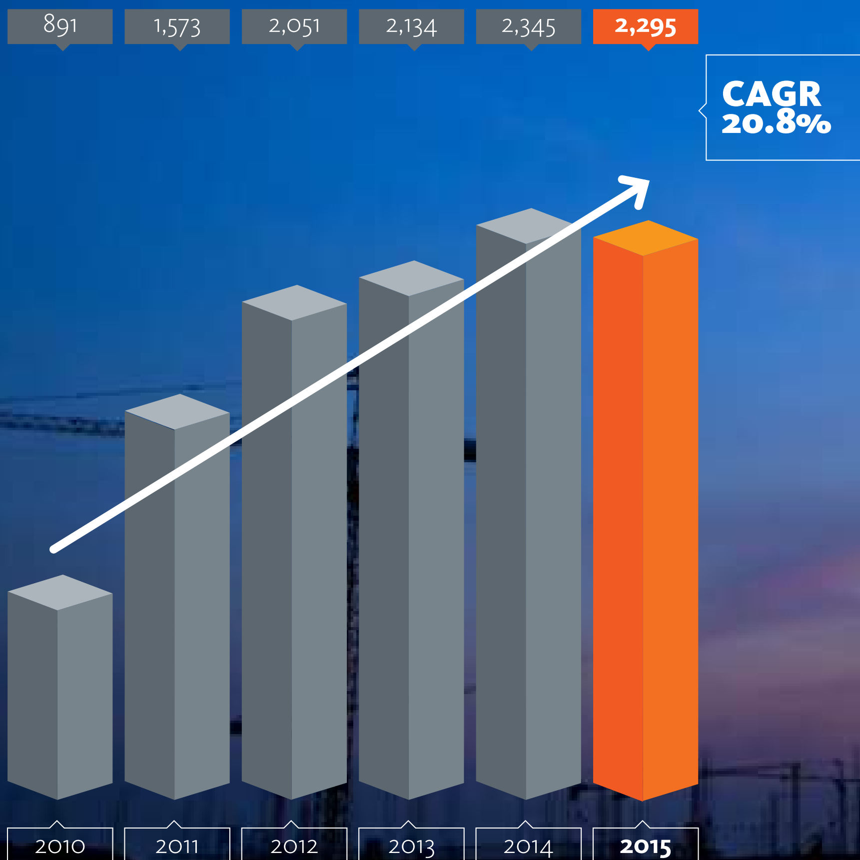
	2013	2014	2015	
	S/. Thousands	S/. Thousands	S/. Thousands	US$ Thousands
Engineering and construction	4,075,070	5,035,674	5,841,559	1,711,561
Infrastructure	680,988	884,766	1,023,112	299,769
Real Estate	313,731	224,560	215,764	63,218
Services	1,169,115	1,208,168	1,151,621	337,422
GMH and Eliminations	-271,588	-344,488	-399,623	-117,089
TOTAL	**5,967,315**	**7,008,680**	**7,832,433**	**2,294,882**

_ DIVERSIFICATION
_ REGIONALIZATION
_ GRAÑA Y MONTERO
KEY FIGURES
_ CORPORATE GOVERNANCE

VALUE PROPOSAL

KEY FIGURES

REVENUES (US$ MILLIONS)



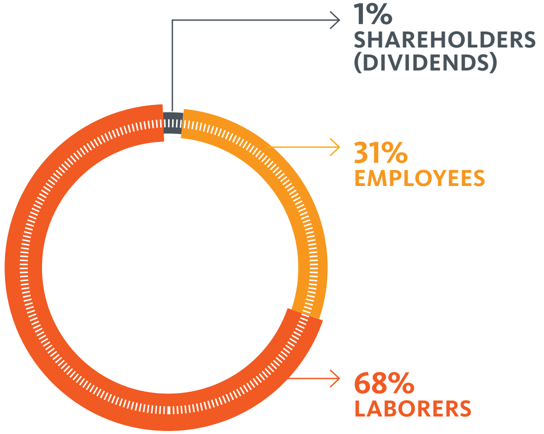
BACKLOG (US$ MILLIONS)

KEY FIGURES

DISTRIBUTION OF OUR REVENUE (US$ MILLIONS)

	2015	
Sales plus sales tax paid	2,424	
Payment to suppliers (*)	1,158	
Balance	**1,266**	
Laborers	476	34%
Employees	219	18%
Shareholders (dividends)	9	1%
Financial expenses	-17	-1%
Taxes	301	25%
Reinvestment (capex)	278	23%
TOTAL	**1,266**	**100%**

DISTRIBUTION AMONG INTERNAL STAKEHOLDERS (US$ 704 MM)



CORPORATE GOVERNANCE

Graña y Montero S.A.A. is a regional benchmark for Good Corporate Governance.

In 2015, we participated in the 10th anniversary of the Companies Circle, which brings together Latin American companies with the highest standards of corporate governance. During the meeting held at IFC headquarters in Washington, current topics were discussed, especially the matter of how good corporate governance practices contribute to ethical business management.

In this area, we received two important awards in 2015: we were named the Leading Company in Corporate Governance by the ALAS 20 initiative and obtained the award for Best Corporate Governance in South America in the construction sector from Ethical Boardroom magazine. These awards attest to our commitment to continue on the path of continuous improvement in corporate governance practices.

In addition, every year since it was established, we have been included in the Lima Stock Exchange's Good Corporate Governance Index, having placed third in good governance practices in the La Voz del Mercado survey, in which 405 institutional investors, stockbrokers, bankers, regulators, experts and directors in Peru participated.

Also in 2015, the Board of Directors approved the Group's Anticorruption Program, which includes the Anticorruption Policy that complements our Ethics Charter (1995) and Code of Conduct, thereby reaffirming our commitment to ethics in business.

Lastly, in the month of March, we carried out the selfevaluation of the Board of Directors, which led to the issuance of a monthly report on relevant events related to companies in the Group, which is sent to the Directors in order to improve our transparency and communication. In addition, the Directors continued making visits to the projects, including Cerro Verde, Los Parques de Comas and the La Chira Waste Water Treatment Plant.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

MARK *Hoffmann Rosas*
Independent External Director

CARLOS *Montero Graña*
Vice Chairman - External Director

HUGO *Santa María Guzmán*
Independent External Director

JOSÉ *Chlimper Ackerman*
Independent External Director
He resigned as Director on December 21, 2015.

JOSÉ *Graña Miró Quesada*
Chairman - External Director

PEDRO PABLO *Errázuriz Domínguez*
Independent External Director

FEDERICO *Cúneo de la Piedra*
Independent External Director

MARIO *Alvarado Pflucker*
Internal Director – Chief Executive Officer

HERNANDO *Graña Acuña*
Internal Director

CORPORATE GOVERNANCE

PROFILE OF THE BOARD OF DIRECTORS

JOSÉ *Graña Miró Quesada*
Chairman - External Director

Mr. Graña joined the Group in 1968, and has been a director and the chairman of Graña y Montero S.A.A. since August 1996. As an external director, he currently serves as the chairman of our board. He holds a degree in Architecture from Universidad Nacional de Ingeniería (UNI), and attended a post-graduate Senior Management Program at ESAN and Universidad de Piura. He serves as a director of Banco de Crédito del Perú and He also is a member of the Advisory Board and the Consejo Iberoamericano de la Competitividad. He was the executive president of Graña y Montero S.A.A until March 2011, when he decided to retire from his executive responsibilities and the position of executive president was eliminated.

CARLOS *Montero Graña*
Vice Chairman – External Director

Mr. Montero has been a director of Graña y Montero S.A.A. since August 1996, and is currently vice chairman of our board of directors. He holds a degree in Engineering from Universidad Nacional de Ingeniería, and attended a post-graduated Senior Management Program at Universidad de Piura. In addition, Mr. Montero serves as the chairman of our subsidiary Concar S.A., and as a director of our subsidiary GMP S.A.

FEDERICO *Cúneo de la Piedra*
Independent External Director

Mr. Cúneo has been a director of Graña y Montero S.A.A since March 2014. He is a member of the Global Board of Directors of AMROP, and is a partner and a director of Amrop Peru, Panama and Costa Rica. He served as business director of Ernst & Young from 2003 to 2005, and as the CFO of BankBoston between 1996 and 2002. He holds a BBA degree in Accounting from Eastern Michigan University, USA, and pursued post-graduate studies at Escuela Superior de Administración de Negocios (ESAN), Universidad de Piura and Harvard Business School, and IMD. Among others, he has been a director of Repsol's La Pampilla Refinery, where he headed the Audit Committee. He is currently the chairman of Amcham Peru, a member of the Investment Committee of Apoyo Capitales, and a director of Perú 2021, Tununga Reforestadora Inversiones, Osaka Holdings, Angel Ventures, as well as the chairman of Sporting Cristal Football Club.

PROFILE OF THE BOARD OF DIRECTORS

JOSÉ *Chlimper Ackerman*
Independent External Director
He resigned as Director on December 21, 2015.

Mr. Chlimper served as a director of Graña y Montero S.A.A. from March 2006 until December 2015. He holds a degree in Economics and Business Administration from North Carolina State University. He is the chairman and chief executive officer of Agrokasa S.A., as well as a member of the boards of directors of Corporación Drokasa S.A., ComexPeru and Instituto de Formación Bancaria (IFB). He also serves as the chairman of Compec. He is a former councilman of Lima, president of Fondo de las Américas, Minister of Agriculture of Peru, and member of the board of directors of the Central Reserve Bank of Peru.

PEDRO PABLO *Errázuriz Domínguez*
Independent External Director

Mr. Errázuriz has served as a director of Graña y Montero S.A.A. since March 2014. He is an Engineering graduate of Universidad Católica de Chile. He holds a Master's Degree in Engineering Science from the same university and a Master's Degree in Operational Research (Finance) from London School of Economics. He is currently a director of CAM Chile, Janseen, Nuevo Pudahuel, and the National Council of Urban Development, as well as the chairman of Fernández Wood Corp. From 2011 to March 2014, he served as Minister of Transport and Telecommunications of Chile during President Sebastian Piñera's administration.

HUGO *Santa María Guzmán*
Independent External Director

Mr. Santa María has served as a director of Graña y Montero S.A.A. since March 2011. He holds a degree in Economics from Universidad del Pacífico, and has a Ph.D in Economics from Washington University in St. Louis, Missouri. He served as a director of Fondo Consolidado de Reserva (FCR) and Compañía Minera Atacocha between the years 2007 and 2012. He was an independent director of Mibanco, serving as chairman of the board of directors until 2014. He is a managing partner of Estudios Económicos, chief economist of APOYO Consultoría and director of Banco Santander.

CORPORATE GOVERNANCE

PROFILE OF THE BOARD OF DIRECTORS

MARK *Hoffmann Rosas*
Independent External Director

Mr. Hoffmann serves as a director of Graña y Montero S.A.A. since March 2014. He holds a degree in Industrial Engineering from Georgia Institute of Technology in Atlanta, USA, and has an MBA in Finance from Cornell University, New York, USA. He is partner of LXG Infrastructure and has been a member of the Boards of Directors of Financiera Qapaq, IPAE and Markham School since 2012, 2014, and 2007 respectively. Mr. Hoffmann is a former member of the Boards of Directors of Luz del Sur, Electroandes, and AmCham. He was CEO of Duke Energy from 2008 until 2013 and CEO of Electroandes from 2003 until 2007; he has served also as vice chairman of Caminando Juntos and vice chairman of the National Society of Mining, Petroleum and Energy.

HERNANDO *Graña Acuña*
Internal Director

Mr. Graña joined the Group in 1977, and has served as a director of Graña y Montero S.A.A. since August 1996. He is a graduate of Texas A&M University, with a degree in Industrial Engineering, and has pursued postgraduate studies in Mining Engineering at University of Minnesota, USA.
In addition, he is the chairman of the Board of Directors of our subsidiaries GyM and STRACON GyM, as well as a director of our subsidiaries Vial and Vives-DSD S.A., CAM and Transportadora de Gas del Perú.

MARIO *Alvarado Pflucker*
Internal Director – Chief Executive Officer

Mr. Alvarado joined the Group in 1980. He has held the position of chief executive officer of Graña y Montero since 1996, and has served as a director since April 2003. He is a civil engineer with a Master's degree in Engineering Management from George Washington University, and pursued the postgraduate CEOs Management Program at Kellogg School of Management, Northwestern University. He is also a member of the Board of Directors of our subsidiary Viva GyM S.A. Likewise, he is a member of the Advisory Council at Tecnológico de Monterrey (Peru Site).

COMMITTEES OF THE BOARD OF DIRECTORS AND OPERATING

AUDIT AND PROCESSES COMMITTEE

- José Chlimper Ackerman, chairman (*)
- Federico Cúneo de la Piedra
- Hugo Santa María Guzmán

The committee held four meetings in 2015.

HUMAN RESOURCES MANAGEMENT AND SOCIAL RESPONSIBILITY COMMITTEE

- José Chlimper Ackerman, chairman (*)
- Federico Cúneo de la Piedra
- Mark Hoffmann Rosas

The committee held four meetings in 2015.

INVESTMENT AND RISK COMMITTEE

- José Graña Miró Quesada, chairman
- Hugo Santa María Guzmán
- Pedro Pablo Errázuriz Domínguez

The committee held three meetings in 2015.

ENGINEERING AND CONSTRUCTION COMMITTEE

- José Graña Miró Quesada, chairman
- Mario Alvarado Pflucker
- José Chlimper Ackerman (*)
- Hernando Graña Acuña
- Carlos Montero Graña

The Committee held 12 meetings in 2015.

INFRASTRUCTURE COMMITTEE

- José Graña Miró Quesada, chairman
- Mario Alvarado Pflucker
- Hugo Santa María Guzmán
- Hernando Graña Acuña
- Pedro Pablo Errázuriz Domínguez

The Committee held 12 meetings in 2015.

REAL ESTATE COMMITTEE

- José Graña Miró Quesada, chairman
- Mario Alvarado Pflucker
- Mark Hoffmann Rosas

The Committee held 12 meetings in 2015.

SERVICES COMMITTEE S

- José Graña Miró Quesada, chairman
- Mario Alvarado Pflucker
- Carlos Montero Graña
- Federico Cúneo de la Piedra

The Committee held 12 meetings in 2015.

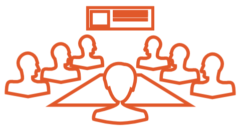
** José Chlimper Ackerman resigned as Director on December 21, 2015.*

CORPORATE GOVERNANCE

EXECUTIVE COMMISSION

Responsible for coordination within the Group, the Executive Commission is made up of the Group's Area Managers and Corporate Managers:

Mario Alvarado Pflucker	Chief Executive Officer, Chairman of the Executive Commission
Gonzalo Ferraro Rey	President of the Infrastructure Area
Juan Manuel Lambarri	Engineering and Construction Area Officer
Antonio Cueto Saco	Infrastructure Area Officer
Rolando Ponce Vergara	Real Estate Area Officer
Jaime Dasso Botto	Service Area Officer
Luis Díaz Olivero	Chief Operating Officer
Mónica Miloslavich Hart	Chief Financial Officer
Claudia Drago Morante	Chief Legal and Corporate Affairs Officer
Jorge Luis Izquierdo Ramírez	Chief Human Resources Management Officer
Antonio Rodríguez Canales	Chief Commercial Officer



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EXECUTIVE COMMISSION MEETINGS WERE HELD IN 2015

INVESTOR RELATIONS

Mr. Dennis Gray Febres is our investor relations officer and the company's Stock Exchange representative to the Superintendency of Securities Market, the Lima Stock Exchange and the New York Stock Exchange.

The area aims at being a direct communication channel that facilitates communication between the Group and its shareholders.

During 2015 we participated in nine international conferences in Chile, Brazil, Colombia, Mexico, the United States, London and Lima. We also contacted 248 investors through visits, calls, conferences and non-deal roadshows. Out of that total, 139 investors were from Latin America, 63 from the United States, 43 from Europe and 3 from Asia. In addition, in May 2015 non-deal roadshows were put together in Boston and New York, where we visited 13 institutional investors.

For more information, please contact:
Dennis Gray: dgray@gym.com.pe
Samantha Ratcliffe: samantha.ratcliffe@gym.com.pe

9 international conferences
CHILE, BRAZIL, COLOMBIA, MEXICO, THE UNITED STATES, LONDON AND LIMA.

Meetings with 248 investors,
WHICH INCLUDED VISITS, CALLS, CONFERENCES AND NON-DEAL ROADSHOWS

BOARD OF DIRECTORS SELF-EVALUATION

As it is done every year in 2015, the process of a self-evaluation of the board of directors was conducted at the head office as well as in the subsidiaries in order to improve their operation.

This process was repeated in the main subsidiaries of the Group.

CORPORATE GOVERNANCE

SENIOR EXECUTIVES

MARIO *Alvarado Pflucker*
CHIEF EXECUTIVE OFFICER

Mr. Alvarado joined the Group in 1980. He has been the chief executive officer of Graña y Montero since 1996 and a director since April 2003. He holds a degree in Civil Engineering and Master's in Engineering Management from George Washington University. In addition, he pursued the postgraduate CEOs Management Program at Kellogg School of Management in Northwestern University. He is a member of the Board of Directors of our subsidiary Viva GyM S.A. He is also a member of the Advisory Council for Tecnológico de Monterrey (Peru Site). Mr. Alvarado is a former member of the Board of Directors of Amerika Financiera S.A.

35 years in the Group.

MÓNICA *Miloslavich Hart*
CHIEF FINANCIAL OFFICER

Mrs. Miloslavich joined the Group in 1993 and has served as our chief financial officer since 2009. She holds a degree in Economics from Universidad de Lima. She worked as chief financial officer of Graña y Montero Edificaciones S.A.C. from 1998 to 2004, and as chief financial officer of our subsidiary GyM from 2004 to 2009.

22 years in the Group.

HERNANDO *Graña Acuña*
DIRECTOR

Mr. Graña joined the Group in 1977, and has been a Director since August 1996. He graduated from Texas A&M University with a degree in Industrial Engineering. He pursued postgraduate studies in Mining Engineering at University of Minnesota, USA. He is also Chairman of the Boards of Directors of our subsidiaries GyM and STRACON GyM, as well as Director of our subsidiary Vial y Vives-DSD S.A. and of Transportadora de Gas del Perú. Furthermore, since 1996 he has served as Executive Chairman of GyM.

38 years in the Group.

LUIS FRANCISCO *Díaz Olivero*
CHIEF OPERATING OFFICER

Mr. Díaz joined the Group in 1993, and has been our chief operating officer since 2015. Before that, he served as Infrastructure officer between April 2013 and December 2014, and as the chief executive officer of our subsidiary GMP between 2011 and April 2013. He holds a degree in Industrial Engineering, and an MBA from University of Pittsburgh. He also served as the deputy chief executive officer of GMP from 2009 to 2011; chief financial officer of Graña y Montero from 2004 to 2009; and chief financial officer of our subsidiary GyM from 2001 to 2004. He is a member of the Boards of Directors of GyM, GMP, Concar and COGA.

22 years in the Group.

CORPORATE GOVERNANCE

SENIOR EXECUTIVES

CLAUDIA *Drago Morante*
CHIEF LEGAL AND CORPORATE AFFAIRS OFFICER

Mrs. Drago joined the Group in 1997, and has been our chief legal and corporate affairs officer since January 2015. She is in charge of the Legal Area, Brand Area and Sustainability Area. She previously held the position of chief legal officer from 2007 to 2015. She is a law graduate of Universidad de Lima. She pursued postgraduate studies in Finance and Corporate Law at ESAN. Mrs. Drago also serves as the secretary of the board of directors and as the Company's alternate Stock Exchange representative to the Lima Stock Exchange.

18 years in the Group.

ANTONIO *Rodríguez Canales*
CHIEF COMMERCIAL OFFICER

Mr. Rodríguez joined the Group in1999, and has been our chief commercial officer since January 2015. He previously served as chief investment officer, from 2010 to 2014. He holds a degree in Accounting from Universidad de Lima, a Master's in Business Administration from ESAN, and a Master's in Business Administration from Birmingham Business School in the UK. He was the chief executive officer of Larcomar from 1999 to 2010, and is currently a director of our subsidiaries CAM and GMD.

16 years in the Group.

JORGE LUIS *Izquierdo Ramírez*
CHIEF HUMAN RESOURCES MANAGEMENT OFFICER

Mr. Izquierdo joined the Group in1999, and was appointed chief human resources management officer in December 2015. Prior to that, he was our chief operational excellence officer between 2011and 2015. In addition, from 2011 to 2013, he worked as chief officer of the Learning Center (currently known as Academia), and had previously served as project management officer. He holds a degree in civil engineering from Pontificia Universidad Católica del Perú, and a Master's degree in Construction Management from University of California, Berkeley.

16 years in the Group..

DENNIS *Gray Febres*
CORPORATE FINANCE AND INVESTOR RELATIONS OFFICER

Mr. Gray joined the Group in 2011, and has held the position of investor relations officer ever since. He has a degree in Economics from Universidad del Pacífico, with a specialization in Finance. He formerly held the positions of corporate vice president of finance of Citibank del Perú, general manager of Citicorp Perú S.A.B., and Estructured Products manager of Banco de Crédito del Perú. He is currently the Company's representative to the Lima Stock Exchange and the New York Stock Exchange.

4 years in the Group.

CORPORATE GOVERNANCE

SENIOR EXECUTIVES

JUAN MANUEL *Lambarri Hierro*
ENGINEERING AND CONSTRUCTION AREA OFFICER

Mr. Lambarri joined the Group in 1982. He currently holds the position of Engineering and Construction Area officer. He previously served as the chief executive officer of our subsidiary GyM from 2001 until January 2014. He holds a degree in Engineering from Pontificia Universidad Católica del Perú. He has pursued postgraduate Senior Management Program at Universidad de Piura. He is currently a member of the Boards of Directors of our subsidiaries GyM, STRACON GyM, Morelco, Vial y Vives-DSD and GMI.

33 years in the Group.

GONZALO *Ferraro Rey*
PRESIDENT OF THE INFRASTRUCTURE AREA

Mr. Ferraro joined the Group in 1996, and has been the president of the Infrastructure Area since April 2013. In addition, he has held several management positions, including chief infrastructure officer from 2010 to 2013. He is an industrial engineering with studies in Universidad Nacional de Ingeniería and a degree from Universidad de Lima. He also completed the postgraduate Senior Management Program at Universidad de Piura. He currently serves as chairman of the Boards of Directors of our subsidiaries Survial, Norvial, La Chira, GyM Ferrovías, and Concesionaria Vía Expresa Sur.

19 years in the Group.

ANTONIO *Cueto Saco*
INFRASTRUCTURE AREA OFFICER

Mr. Cueto joined the Group in 1996 and has been our infrastructure area officer since January 2015. He formerly served as country manager in Chile, and held different management positions in the Group. He holds a degree in Economics from Universidad Católica del Perú and has a Master's degree in Business Administration from Universidad del Pacífico. He also has Master's in Management and Finance from HEC (France). He is a director of our subsidiaries GMP, GyM Ferrovías, Norvial and Survial.

19 years in the Group.

ROLANDO *Ponce Vergara*
REAL ESTATE AREA OFFICER

Mr. Ponce joined the Group in 1993 and has served as the chief executive officer of our subsidiary Viva GyM since 2008, and as our chief Real Estate Area officer since 2014. He holds a degree in Civil Engineering from Universidad Ricardo Palma. He also holds a Master's degree in Construction and Real Estate Business Management from Pontificia Universidad Católica de Chile-Politécnica de Madrid, Spain. He previously served as manager of GyM's Real Estate Division. He is currently a member of the Boards of Directors of our subsidiaries Viva GyM and Almonte.

22 years in the Group.

SENIOR EXECUTIVES

JAIME *Dasso Botto*
SERVICES AREA OFFICER

Mr. Dasso joined the Group in 1991, and holds the position of Services Area officer. In 2000, he was appointed chief executive officer of our subsidiary GMD. He is an electronic engineering graduate and has a Master's degree in Software Development from the Institute of Technology, USA. He was the chief commercial officer of GMD from 1994 to 1999. He is currently a member of the Boards of Directors of GMD, Concar and CAM, and is the chairman of the Board of Directors of GSD.

24 years in the Group.

WALTER *Silva Santisteban*
COMMERCIAL DIRECTOR OF THE ENGINEERING AND CONSTRUCTION AREA

Mr. Silva Santisteban joined the Group in 1981 and currently holds the position of commercial director of the Engineering and Construction Area. He was the chief executive officer of GMI from 1998 until 2014, and now serves as the chairman of the Board of Directors of GMI. He holds a degree in Civil Engineering from Universidad Nacional de Ingeniería (UNI).

34 years in the Group.

RENATO *Rojas Balta*
CHIEF EXECUTIVE OFFICER OF GYM

Mr. Rojas joined the Group in 1995, and has served as the chief executive officer of GyM since February 2014. Prior to that, he held the position of manager of GyM's Civil Works Division from 2010 to 2014, and of assistant manager of that same division from 2002 to 2010. He holds a degree in Civil Engineering from Pontificia Universidad Católica del Perú. In addition, he pursued a Master's in Company Management at Universidad de Piura. He is currently a member of the Boards of Directors of GMI and GyM.

20 years in the Group.

STEPHEN *Dixon*
CHIEF EXECUTIVE OFFICER OF STRACON GYM

Mr. Dixon joined the Group in 2012, and has served as chief executive officer of STRACON GyM S.A. since 2015. Prior to that, he held the position of chief operating officer of STRACON GyM from 2012 and 2014, and had served as chief executive officer of STRACON S.A.C. Mr. Dixon holds the New Zealand Certificate of (civil) Engineering from Wellington. In addition, he has pursued studies in Finance at London Business School. He is currently a member of the Board of Directors of STRACON GyM S.A.

3 years in the Group.

CORPORATE GOVERNANCE

SENIOR EXECUTIVES

EDUARDO *Villa Corta Lucchesi*
CHIEF EXECUTIVE OFFICER OF GMI

Mr. Villa Corta joined the Group in 1995, and has served as chief executive officer of GMI since February 2014. He was the chief technical officer of GyM from 2010 to 2014; and GMI's manager of the Industry Division from 2003 to 2010. In 2000 he joined GyM Mexico as its chief executive officer. He holds a degree in Civil Engineering from Pontificia Universidad Católica del Perú. In addition, he pursued an MBA at Universidad de Piura. He is currently a member of the Board of Directors of our subsidiary GMI.

20 years in the Group.

EDUARDO *Guzmán Vial*
CHIEF EXECUTIVE OFFICER OF VIAL Y VIVES - DSD

Mr. Guzmán joined the Group in 2012 and has served as chief executive officer of Vial y Vives - DSD ever since. Prior to that, he was executive director of Vial y Vives S.A. He has a degree in Civil Engineering from Universidad de Chile, and has pursued the postgraduate PADE program at Universidad de Los Andes.

3 years in the Group.

ARTURO *Serna Henao*
CHIEF EXECUTIVE OFFICER OF MORELCO

Mr. Serna has been part of Grupo Graña y Montero since 2014, when he acquired the majority shareholding of Morelco, where he now serves as chief executive officer. Mr., Serna has a degree in Chemistry from Universidad del Valle, and over 35 years' experience. He has held the position of chief executive officer of Morelco for 17 years. He is also a member of the Board of Directors of said company.

1 year in the Group.

FRANCISCO *Dulanto Swayne*
CHAIRMAN OF THE BOARD OF DIRECTORS OF GMP

Mr. Dulanto joined the Group in 1974, and served as the executive president of GMP until 2015 when retired. He is currently the chairman of the board of directors of said company. He graduated from Universidad Nacional de Ingeniería and pursued postgraduate studies at ESAN and the Senior Management Program at Universidad de Piura. He held the position of chief executive officer of our subsidiary GMP from 1984 until 2011. He has also served as the president of the Society of Petroleum Engineers since 1991and as the president of the National Society of Mining, Petroleum and Energy.

41 years in the Group.

CORPORATE GOVERNANCE

SENIOR EXECUTIVES

REYNALDO *Llosa Martinto*
CHIEF EXECUTIVE OFFICER OF GMP

Mr. Llosa joined the Group in 2014, and has served as the chief executive officer of GMP since February 2014. He holds a degree in Mechanical Engineering from University of Houston, as well as an MBA from Universidad de Piura. He has completed several technical and executive programs, including certificate programs at Rice University and Northeastern Kellogg School of Management. He served as the chief executive officer of BPZ Energy from 2010 to 2013. Prior to that, he had worked in Schlumberger for 25 years, the last 15 of which he spent in management positions.

1 years in the Group.

KLAUS *Winkler Speringer*
CORPORATE OFFICER OF CAM

Mr. Winkler joined the Group in 2011, and has served as chief officer of CAM since 2007, and country manager in Chile since April 2013. He holds a degree in Commercial Engineering from Universidad Gabriela Mistral de Chile, and an MBA from Stanford University. He previously worked as the chief executive officer of Compañía Americana de Multiservicios Ltda. (currently CAM Chile) from 2007 to 2011, and held several management positions during his last 15 years with Grupo Endesa in Chile, Spain and the U.S. He is currently a member of the Boards of Directors of Vial y Vives-DSD S.A and CAM.

4 years in the Group.

JAIME *Targarona Arata*
CHIEF EXECUTIVE OFFICER OF CONCAR

Mr. Targarona joined the Group in 1996, and has been the chief executive officer of Concar since 2005. He holds a degree in Civil Engineering from Universidad Autónoma De Guadalajara, Mexico, and has a Master's degree in Business Administration from Universidad San Ignacio de Loyola. He also pursued the Senior Management Program at Universidad de Piura. He has previously worked as a civil engineer in different projects, as the chief commercial officer of our subsidiary GyM's Special Projects Divisions, and as the chief executive officer of GyM Mexico. In addition, he is a member of the Board of Directors of our subsidiary Concar.

19 years in the Group.

HUGO *González Castañeda*
CHIEF EXECUTIVE OFFICER OF GMD

Mr. González joined the Group in 1997, and has been the chief executive officer of GMD since February 2014. He held the positions of manager of the Technology Solutions Division of GMD from 2008 to 2014, and manager of the Technology Outsourcing Division of GMD from 2005 to 2008. He graduated in Systems Engineering from Universidad de Lima. In addition, he holds a Master's degree in General Strategic Management, with a double degree from Maastricht School of Management and Pontificia Universidad Católica del Perú (Centrum Católica). He is currently a member of the Board of Directors of GMD.

18 years in the Group.

SENIOR EXECUTIVES

MARITZA *Zavala Hernández*
CHIEF TECHNOLOGY OFFICER

She joined the Group in 1997, and has served as chief technology officer since September 2013. She was IT Officer of GyM from 2000 until 2013. Mrs. Zavala holds a degree in Industrial Engineering from Universidad de Lima, and has a Master's degree in International Business Administration from Nova Southeastern University, Fort Lauderdale Florida, USA.

18 years in the Group.

CÉSAR *Neyra Rodríguez*
INTERNAL AUDITING OFFICER

Mr. Neyra joined the Grupo in 2003, and has been our internal auditing and management processes officer since then. He graduated from Universidad Nacional Federico Villarreal, with a degree in Accounting, and has a Master's in Business Administration and Finance from Universidad del Pacífico. He also studied Quality Improvement Systems and graduated from the Six Sigma Methodology Program at Caterpillar University in Mexico and the U.S.

12 years in the Group.

NURIA *Esparch Fernández*
CHIEF OFFICER OF INSTITUTIONAL RELATIONS

Mrs. Esparch joined the Group in September 2014, and is our chief officer of Institutional Relations. He holds a degree in Law from Pontificia Universidad Católica del Perú and a Master's in Public Administration from Maxwell School of Citizenship and Public Affairs from Syracuse University in New York. Mrs. Esparch was a senior manager of communications and external relations for Río Tinto's La Granja project, and had previously worked for 2 years doing research and consultancy work for the public sector as affiliated researcher of GRADE and APOYO.

1 years in the Group.

MARÍA DEL PILAR *Sabogal*
LEGAL OFFICER - FINANCING

Mrs. Sabogal joined the Group in December 2012, and is our legal officer for financing. She graduated from Law School at Universidad de Lima. She was a partner at Estudio Grimaldo for 8 years and had previously served as the manager of EY Law for 3 years.

3 years in the Group.

CORPORATE GOVERNANCE

KINSHIP

Mr. José Graña Miró Quesada, Chairman of the Board of Directors, is a first-degree blood relative of María Teresa Graña Cánepa, a shareholder of the company and director of our subsidiaries Viva GyM, GMD, GyM Ferrovías and GMI; a third-degree blood relative of Ms. Yamile Brahim Graña, a shareholder of the company, and a fourth-degree blood relative of Hernando Graña Acuña, Chairman of the Board of Directors of our subsidiaries GyM and STRACON GyM, as well as of our subsidiaries Vial y Vives-DSD S.A. and Transportadora de Gas del Perú S.A.

CORPORATE NAME

Graña y Montero S.A.A. was incorporated by means of a public instrument dated August 12, 1996, as a result of the corporate spin-off of Inversiones Graña y Montero S.A. The incorporation was entered in Record 131617 and Electronic Registry File 11028652 of the Lima Registry of Legal Entities.

CAPITAL

The company's capital stock as of December 31, 2015 was S/. 660,053,790, represented by 660,053,790 shares with a nominal value of S/.1.00 each.

MAJOR SHAREHOLDERS

As of December 31, 2015, we had 1,819 shareholders, of which 99.23% hold less than 1% of the capital stock and approximately 0.60% hold 1% to 5%. Our major shareholders are JP Morgan ChaseBank NA, as custodian and representative of all of the holders of ADS, GH Holding Group, represented by José Graña Miró Quesada, chairman of the Board of Directors; and Bethel Enterprises Inc., represented by Carlos Montero Graña, vice chairman of the Board of Directors.

MAJOR SHAREHOLDERS AS OF DECEMBER 31, 2015

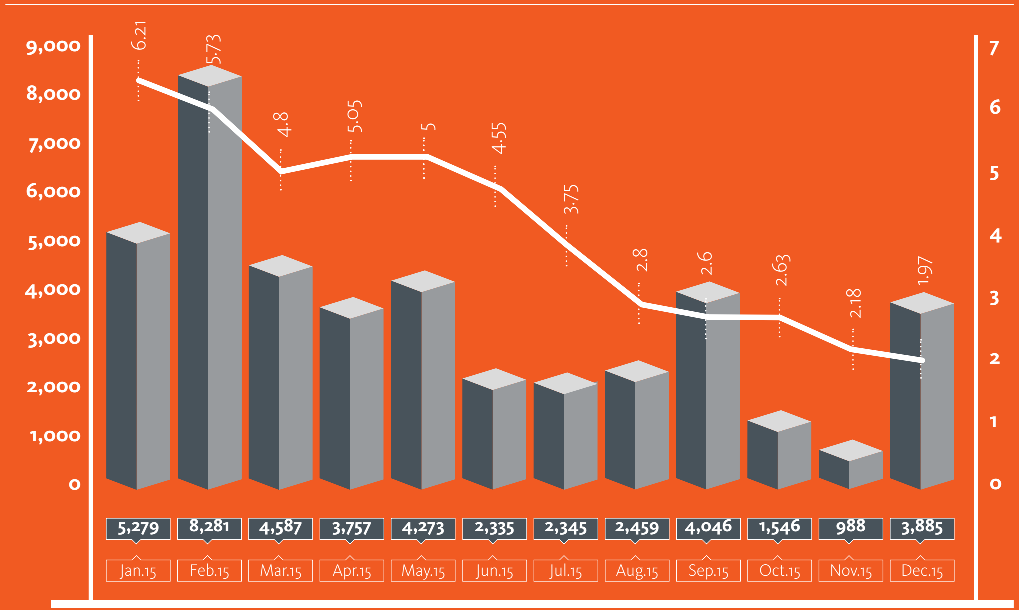
FULL NAME	TOTAL NUMBER OF SHARES	INTEREST	NATIONALITY
JP Morgan Chase Bank NA as custodian and representative of all of the holders of ADS	251,040,140	38.03%	Estados Unidos
GH Holding Group	117,538,203	17.81%	Panamá
Bethel Enterprises Inc.	33,785,285	5.12%	Panamá
AFP Integra (ING Group)	39,656,375	6.01%	Perú
Profuturo AFP (Scotiabank Group)	36,968,166	5.60%	Perú
Subtotal	478,988,169	72.57%	
Other shareholders	181,065,621	27.43%	
Total	**660,053,790.00**	**100%**	

EVOLUTION OF THE SHARES

The shares were quoted at S/. 1.97 at year end. The volume traded during the year totaled S/. 138,017,498.00. Lastly, the S&P/BVL Perú General Index showed a decrease of 6.09% compared to 2014, while the variation of GRAMONC1 shares decreased 73.01% compared to the year-end price for the year 2014.

2015 QUOTES

ISIN CODE	MNEMONIC	YEAR-MONTH	OPENING S/.	CLOSING S/.	MAXIMUM S/.	MINIMUM S/.	AVERAGE PRICE S/.
PEP 736581005	GRAMONC1	2015-01	7.45	6.21	7.45	5.90	6.27
PEP 736581005	GRAMONC1	2015-02	6.31	5.73	6.55	5.61	5.98
PEP 736581005	GRAMONC1	2015-03	5.69	4.80	5.69	4.75	5.15
PEP 736581005	GRAMONC1	2015-04	4.76	5.05	5.40	4.61	5.01
PEP 736581005	GRAMONC1	2015-05	5.05	5.00	5.45	4.77	5.15
PEP 736581005	GRAMONC1	2015-06	4.98	4.55	4.98	4.55	4.66
PEP 736581005	GRAMONC1	2015-07	4.55	3.75	4.60	3.65	4.18
PEP 736581005	GRAMONC1	2015-08	3.70	2.80	3.70	2.65	3.06
PEP 736581005	GRAMONC1	2015-09	2.80	2.60	2.82	2.38	2.58
PEP 736581005	GRAMONC1	2015-10	2.63	2.63	2.70	2.43	2.58
PEP 736581005	GRAMONC1	2015-11	2.63	2.18	2.63	2.15	2.40
PEP 736581005	GRAMONC1	2015-12	2.10	1.97	2.18	1.90	2.03



DIVIDEND POLICY

The company's Dividend Policy in force in 2015 was to distribute 30% to 40% of the profits produced each year.

CORPORATE PURPOSE

The company is dedicated to mercantile operations and investments in general: the acquisition, transfer and negotiation of shares, interests or quotas, debt instruments, credit instruments and derivative products issued by companies in Peru or abroad, regardless of the economic activity in which they are engaged, whether directly or through the stock market, as well as providing managerial and administrative services to related companies and/or third parties.
ISIC – 6719

LIFE OF THE COMPANY

Graña y Montero S.A.A. was incorporated for an indefinite period.

CORPORATE GOVERNANCE

GRAÑA Y MONTERO S.A.A.

Official company name	Graña y Montero S.A.A.			
Address	Av. Paseo de la República 4667, Surquillo			
Telephone	51-1-213 6565		**Fax:**	51-1- 213 6590
Investor Relations	51-1-2136573			
Representatives	Dennis Gray Febres		Samantha Ratcliffe	
Email address	dgray@gym.com.pe		Samantha.ratcliffe@gym.com.pe	
Incorporation	Public Instrument dated August 12, 1996			
Public Records	Record 131617-Electronic Registry File 11028652			
Capital Stock	S/. 660,053,790			
Shares	660,053,790 fully subscribed and paid in			
Portfolio Shares	none			
Major Shareholders and Economic Group	See Corporate Governance section			
Corporate Purpose	See Corporate Governance section			
ISIC	6719			
Term	Indefinite			
Events	See Historical Summary			
Sector and competition	Graña y Montero S.A.A. is an investment firm, whose main subsidiaries pertain to the Construction, Engineering, Oil and Gas, Information Technology, Concession, and Commercial and Entertainment Center sectors. In addition, it provides managerial services exclusively to its subsidiaries. Therefore, it does not compete in the market in this field.			
Net Revenues S/.		Year 2015	Year 2014	
	Leases	7,502,870.81	3,581,480.47	
	Management	63,077,319	49,630,821.74	
All services have been provided in-country				
Investment Plans	US$ 286 million			

CORPORATE GOVERNANCE

GRAÑA Y MONTERO S.A.A.

MAJOR ASSETS

SHARES	PERCENTAGE	SHARES	PERCENTAGE
GyM S.A.	98.23	Generadora Arabesco S.A.	99.00
GMP S.A.	95.00	Concesionaria Vía Expresa Sur S.A.	99.98
GMD S.A.	89.00	Concesionaria Chavimochic SAC	26.50
Concar S.A.	99.81	TECGAS N.V.	51.00
GMI S.A. Ingenieros Consultores	89.41	Recaudo Lima S.A.	70.00
Concesión Canchaque S.A.C.	99.97	GyM Colombia S.A.S.	66.20
Survial S.A.	99.99	Agenera S.A.C.	99.00
Viva GyM S.A.	60.62	ADEXUS S.A.	44.00
Norvial S.A.	67.00	Negocios de gas S.A.	99.99
Promotora Larco Mar S.A.	46.55	Transportadora de Gas del Perú S.A.	1.64
GyM Ferrovías S.A.	75.00	GyM Servicios Mineros S.A.	0.30
Promotores Asociados de Inmobiliarias S.A.	100.00	Compañía de Gas del Amazonas S.A	50.99
CAM Holding S.P.A. Chile	100.00	GSD S.A.	0.01
Larcomar S.A.	79.66		

Administrative or Arbitral proceedings	See notes to the audited Financial Statements
Parties responsible for the preparation and review of financial information	Gonzalo Rosado Solís - Corporate Comptroller
	Mario Alvarado Pflucker (CEO)
External Auditors	Price Waterhouse Coopers

WHAT WE DO SETS US APART

WE DEVELOP THE INFRASTRUCTURE COUNTRIES NEED FOR THEIR GROWTH

WE PROVIDE INFRASTRUCTURE AND ENGINEERING SERVICES THROUGH FOUR BUSINESS AREAS.
WE GENERATE ECONOMIC VALUE AND WELFARE IN THE SOCIETIES IN WHICH WE OPERATE.

—
Comprehensive overview

Grupo
Graña y Montero

Graña y Montero Engineering & Construction

Graña y Montero Infrastructure

Graña y Montero Real Estate

Graña y Montero Technical Services

With our 82-year history, we are considered the country's most reliable Peruvian engineering and infrastructure services group and the best strategic partner for projects in the region.

We design, finance, build and operate even the most complex projects. We always seek to look beyond the business angle, with the objective of generating value for our clients and the surrounding areas, thereby contributing to the country's development and making a lasting mark.

The "Graña y Montero Style" is already a distinctive aspect of our corporate reputation, due to the fact that every one of our projects is carried out in absolute harmony with its surroundings.

We have been listed on the Lima Stock Exchange since 1997 and on the New York Stock Exchange since 2013, as the only Peruvian firm in the industry listed.

82-YEAR HISTORY

1933

"By means of this document, we agree to form a technical partnership, which we will name GRAMONVEL, for the purpose of pooling our knowledge for the execution of any project or job."

Articles of incorporation, June 22, 1933



THREE FOUNDERS
Carlos Graña
Alejandro Graña
Carlos Montero

1937

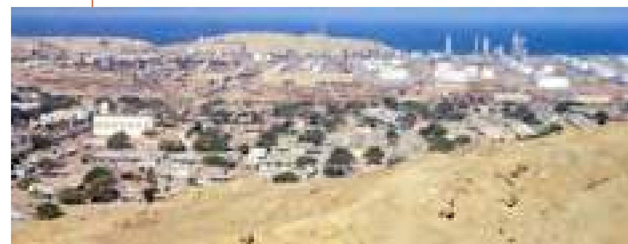
BAÑOS DE MIRAFLORES
Beach facilities, the most important architectural project of that time.

1942

NESTLÉ FACTORY IN VENEZUELA
First construction project abroad.

1945

CONSTRUCTION OF THE CITY OF TALARA
Five districts with 4,322 homes.



82-YEAR HISTORY

1952

HOSPITAL DEL EMPLEADO

Hospital with space for 1,250 beds in a 130,000 m2 area.

1972

HOTEL SHERATON

First international five-star hotel in Peru.

1983

GMD

GMI

GMP

DIVERSIFICATION

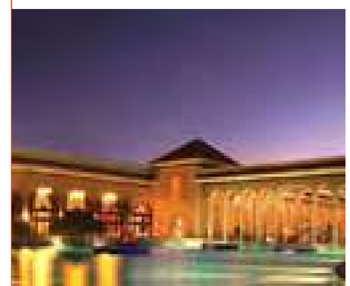
Growing and diversifying became the company's new challenge.

1988

GMD BEGINS OUTSOURCING SERVICES

First outsourcing services and technology contract in Peru.

1990



GMI GOES INTERNATIONAL

Hotel Meliá Bávaro, Punta Cana, Dominican Republic.

82-YEAR HISTORY

GMP BEGINS OPERATIONS IN TALARA

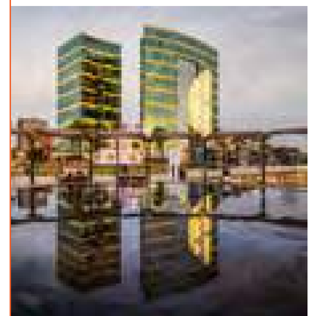
Oil production in Block I.

GMI purchases ECOTEC S.A.

LISTING ON THE LIMA STOCK EXCHANGE

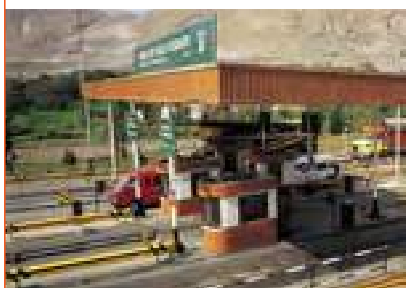
Access to investors and capacity to develop new business.

HOTEL MARRIOTT AND LARCOMAR



1991 1994 1997 1998 1999

GMD 1st implementation of server sales systems 1991



CONCAR BEGINS OPERATIONS

Arequipa – Matarani Highway, first road concession in Peru.

CREATION OF THE CORPORATE LEARNING CENTER

82 YEAR HISTORY

BUSINESS AREAS
- ENGINEERING AND CONSTRUCTION
- INFRASTRUCTURE
- REAL ESTATE
- SERVICES

2001

MALVINAS GAS PLANT – CAMISEA PROJECT
One of the major projects that provided a big experience in the gas sector.

2007

PARQUE DE EL AGUSTINO
First low-income housing project.

Pariñas Gas Plant in Talara 2009

2010

INTERNATIONALIZATION
The internationalization process receives a boost with the acquisition of CAM PERÚ – CHILE – COLOMBIA.

Acquisition of GSD

2011

Acquisition of STRACON GyM Merger with STRACON S.A.C.

COMPANIES GROUPED BY BUSINESS AREA

Graña y Montero Engineering & Construction

Graña y Montero Infrastructure

Graña y Montero Real Estate

Graña y Montero Technical Services

2012

Acquisition of Vial y Vives – Chile

82-YEAR
HISTORY

2013

LISTING ON NEW YORK STOCK EXCHANGE
Acess to worldwide investors

2014

FOUNDING OF VIAL Y VIVES – DSD
Merger of Vial y Vives and DSD Construcciones y Montajes.

VIAL Y VIVES-DSD

Acquisition of DSD Construcciones y Montajes - Chile

Acquisition of COGA

2015

OPENING OF THE GRAÑA Y MONTERO ACADEMY
Strengthening of the Corporate Learning Center and the Group's knowledge management culture

SOUTHERN PERU GAS PIPELINE
Consolidation of the stable flows strategy focused on gas and infrastructure.

Acquisiton of Adexus Chile

Graña y Montero
Engineering & Construction

WITH OVER 82 YEARS OF EXPERIENCE, THE GRAÑA Y MONTERO GROUP'S ENGINEERING AND CONSTRUCTION AREA IS THE IDEAL STRATEGIC PARTNER FOR EXECUTING PROJECTS IN THE REGION. IT HAS OPERATED IN THIRTEEN COUNTRIES IN LATIN AMERICA AND HAS A PERMANENT PRESENCE IN PERU, CHILE AND COLOMBIA

WE GROW BASED ON RESPONSIBLE MANAGEMENT AND WE SHARE OUR KNOWLEDGE AND EXPERIENCE SO THAT THE SOCIETY MAY ALSO GROW

ENGINEERING AND CONSTRUCTION

Minera Escondida, Antofagasta - Chile. Mining project

The Engineering and Construction area was affected by the international crisis, the drop in commodities prices and low oil prices, which resulted in the postponement of many projects in the mining and oil and gas sectors. However, despite this situation, sales totaled US$ 1,712 MM, which was similar to the figure for the year 2014. In addition, we ended the year with a US$ 3,129 MM backlog, which represents an increase of 8.5% compared to 2014.

In line with the Group's strategy, the area's objective is to obtain long-term contracts that provide stable flows, in order to avoid variable construction cycles. One of the projects within the framework of this strategy is the Southern Peru Gas Pipeline, which will generate a new backlog of approximately US$ 1 billion dollars. As one of the most important infrastructure works currently under construction, it will enable us to increase our know-how and gain positioning as a regional player.

A project we handed over during 2015 that is worth mentioning is the Inmaculada Mine in Apurímac, executed for the Hochschild Group. This project did not yield good financial results, but the lessons learned from it will be very useful in future negotiations: the importance of understanding the extent of the different risks assumed upon signing a contract, and the fundamental importance of professional contract management during the execution of a project.

ENGINEERING AND CONSTRUCTION

La Zanja, Cajamarca - Peru.

The area has worked very hard to adapt to the region's new commercial scenario. Along the way, progress has been made on achieving greater integration of the engineering company with the Group's construction companies. In addition, the commercial, budget and execution divisions were combined in a single line of responsibility. Another line of action was the restructuring of the commercial areas, in order to better take advantage of existing synergies for contact between local and regional managers.

A visible achievement of these first advances is the presentation of joint offers by STRACON GyM and the GyM construction company, as well as the merger of some of the two companies' support areas.

Internationally, we worked on giving our branches in Chile (Vial y Vives - DSD) and Colombia (Morelco) execution capacities outside of their current areas of specialization, in order to broaden their range of projects. We hope to see the first fruits of this effort in 2016.

GMI
ENGINEERING CONSULTING FIRM

In the mining sector the execution of the engineering for the framework contracts with Cerro Verde, Votorantim and Goldfields continued, and will continue in 2016. In addition, a Truck Shop EP project for Southern Peru and projects for Barrick, Milpo, Antamina and Impala were awarded and executed. In Industry, the EPC project to implement new ladles for Aceros Arequipa was awarded, and the new Lot 58 Base Camp project for CNPC was executed.

In Oil and gas, the framework contract with COGA was renewed for three years, and in infrastructure, we were awarded the contract for supervision of the new pre-concentration system for Minsur.

ECOTEC (SUBSIDIARY OF GMI)
The EIA on the expansion of UNACEM, the hydrology studies for the Southern Peru Gas Pipeline for Tipiel, and the EIA on the Aceros Chilca plant were conducted, and impact assessments on the mill for the Cementos Inka project were executed.

Hotel Meliá Caribe, Punta Cana – Dominican Republic.

STRACON GyM MINING SERVICES

A project awarded in July 2015 that has enhanced our experience and participation in the mining sector at the regional level is the San Ramón gold project in the Colombian department of Antioquía, whose client is the Canada-based Red Eagle Mining Corporation. The scope of the contract includes the development and operation for eight years of the underground San Ramón mine, one of Colombia's most important gold mines, for an estimated US$ 150 MM.

We have also consolidated our presence abroad, with First Quantum Minerals' Cobre Panamá project. In this project, we have been participating in all of the earth moving work since 2012 and we have broadened our scope with the construction of a decant tunnel, which is indispensable for the operation of the mine, as well as mechanical assembly in the port area. In Cajamarca, Peru, we have participated in the construction of the Shahuindo mining project, reaching all of the milestones required during 2015 by our client, Río Alto SAC, a subsidiary of TAHOE Resources. This is the only new mining project it was possible to start in Peru in 2015. We will continue participating in the

La Arena mining project, La Libertad, Peru.

STRACON GyM
MINING SERVICES

construction activities and operation of the mine, which will begin commercial production in the first quarter of 2016.

Similarly, we have been collaborating with this client on the civil works and mining operations of La Arena, which we have been working on since 2011.

In addition, in the department of Cusco, Peru, the construction and operation of the Constancia Copper mine project for Hudbay is progressing at a good pace. The mine began commercial production during 2015, and we have collaborated with our client so that their goals could be met satisfactorily and within the budget.

Also worth mentioning are the two recognitions we received: the Mapfre award for excellence in safety, which recognizes organizations that have achieved high levels of development in the management of health and safety in the workplace; and our 17th place position in the 2015 Great Place to Work ranking of companies with over 1,000 employees. We are very proud to be the only mining contractor company in Peru included in the list.

Constancia Mining project, Cusco, Peru.

GyM CONSTRUCTION

MINING

What stands out most is the completion of the two major mining projects executed in Peru in recent years: the expansion of the Cerro Verde mine in Arequipa for Freeport – McMoRan, which includes the world's largest concentrator plant, and the Las Bambas mega-mining project in Apurímac executed in partnership with Bechtel. Both projects will help to substantially increase Peruvian copper production during 2016.

In addition, the EPC Aurora Gold project for Guyana Goldfields was completed in Guyana.

ENERGY

We handed over the expansion of the 98 MW Machu Picchu Hydroelectric Station, located in Cusco. It is the hydropower project in which the largest investment has been made in southern Peru, and contributes to satisfaction of the demand for electricity at the national level. Additionally, the 96 MW Santa Teresa Hydroelectric Station, also located in Cusco, was handed over.

Machu Picchu Hydroelectric Station, Cusco, Peru.

GyM
CONSTRUCTION

Southern Peru Gas Pipeline, Cusco, Peru.

We are a member of the construction consortium for the Southern Peru Gas Pipeline, which will make it possible to transport natural gas to southern Peru, especially to the departments of Cusco, Arequipa, Puno and Moquegua. This project gave us approximately US$ 1 billion dollars in backlog.

In addition, we were awarded the assistance and maintenance (A and M) contract on the COGA pipelines. COGA is the company that operates and maintains the Trans-Andean Camisea Gas Pipeline in Peru.

BUILDINGS

We were awarded the contract for the Open Plaza mall in Huancayo on June 24, and the contract for the expansion of the Instituto Nacional de Enfermedades Neoplásicas (INEN / National Institute of Neoplastic Diseases) on December 29.

In addition, construction was completed on the Panorama Plaza Negocios office project, a luxurious office complex with LEED certification.

VIAL Y VIVES-DSD

VIAL Y VIVES – DSD
ENGINEERING AND CONSTRUCTION (CHILEAN BRANCH)

Vial y Vives - DSD is a company that specializes in mining construction. It is well known that the Chilean market was greatly affected by the drop in mineral prices, which resulted in the suspension of many investments and limited the number of proposals made.

A great challenge that began in 2015 was the transfer of new knowledge and capacities to Vial y Vives – DSD, where the Engineering and Construction area has experience, with the objective of diversifying its business and lessening the impact of the commodities cycle. The first opportunity arose with the Ñuble Hydroelectric Plant project, where the employees of Vial y Vives – DSD and GyM generated an interesting synergy that made it possible to achieve that objective. Unfortunately, due to a disagreement with the client on the technical conditions indicated in the contract, the decision was made to resolve it.

On the commercial level, in September 2015 Vial y Vives - DSD was awarded the maintenance service contract on static equipment in plant stoppages, for the Aconcagua refinery.

New Mine Level Project, Rancagua, Chile.

MORELCO
ENGINEERING AND CONSTRUCTION (COLOMBIAN BRANCH)

In late 2014, Morelco, a Colombian construction company specializing in the oil and gas sector, was incorporated in the Group.

Due to the drop in the price of oil, 2015 was a complicated year for the Colombian market. However, Morelco was awarded two contracts: the Chichimene development project and the engineering, procurement and construction contract on the adaptation of the El Porvenir station, both of which pertain to Ecopetrol.

With regard to internal management, an important matter was the creation of the project to implement Oracle ERP, which is part of the strategy to integrate Morelco in the Group.

Energy and Steam Project, Barrancabermeja, Colombia.

Graña y Montero
Infrastructure

THE INFRASTRUCTURE AREA PARTICIPATES IN PROJECTS THAT DEMAND A HIGH LEVEL OF INVESTMENT AND ARE MANAGED THROUGH LONG-TERM CONTRACTS, AS PART OF THE GROUP'S STABLE FLOWS STRATEGY. IT GENERATES STABLE FLOWS FOR THE COMPANIES IN THE GROUP THROUGH THE PROMOTION, CONSTRUCTION AND MAINTENANCE OF PUBLIC AND PRIVATE INVESTMENT PROJECTS.

WE GROW BASED ON RESPONSIBLE MANAGEMENT AND WE SHARE OUR KNOWLEDGE AND EXPERIENCE SO THAT THE SOCIETY MAY ALSO GROW

INFRASTRUCTURE

Section 1 – South Interoceanic Highway, Ayacucho, Peru.

The infrastructure area was formally established in the year 2011, based on the Group's vast experience gained since it won the first road concession in Peru in 1994 (Arequipa – Matarani), making the company the Peruvian pioneer in the sector.

The most noteworthy events this year have been: a) Bond issuances for the financing of Norvial´s expansion and Line 1 of the Lima Metro for an amount of S/. 994 MM, b) the signing of a 30-year contract on Oil Blocks III and IV located in Talara in the Piura region, c) a two-year renewal of the operating contract on the Southern Terminals, in partnership with Oiltanking, which consists of the operation of bulk liquid fuel storage and dispatch terminals in the cities of Pisco, Mollendo, Ilo, Cusco and Juliaca, and d) the incorporation of Graña y Montero in the Southern Peru Gas Pipeline project, by means of the acquisition of a 20% interest in the concessionaire. These three new contracts consolidate the position of the Infrastructure area in Peru.

Thanks to these new projects and progress on the contracts being executed—such as the Vía Expresa Sur highway, La Chira and Chavimochic—the Infrastructure area looks forward to facing the challenges of a promising future.

INFRAESTRUCTURA

Pariñas Gas Plant,
Talara, Peru.

International prices, especially for oil and gas, impacted the Oil and Gas business unit's earnings, despite the good performance of other lines of business.

The area's activity totaled US$ 300 MM, with EBITDA of US$ 87 MM and net profit of US$ 29 MM. The area's total backlog and recurring business amounted to US$ 730.8 MM.

We continue developing new projects, among which private initiatives for the Lake Titicaca Waste Water Treatment Plant System project and the new Hospital Cayetano Heredia and National Transplant Center project stand out. During the year 2015, 10 new, co-financed private initiatives were presented and are in the process of being evaluated by the State.

ROAD CONCESSIONS
NORVIAL | SURVIAL | CANCHAQUE | VESUR

NORVIAL, the concessionaire that operates the Ancón–Pativilca road in the north of Lima, charged tolls on a total of 19,168,805 axles in 2015, which represented a 6.59% increase in traffic, compared to 2014. In addition, 70.46% progress was made on the execution of the second phase of roadwork consisting of a second lane on the 57 Km highway from Huacho to Pativilca that includes road interchanges and bridges, which will improve the quality of transportation toward the northern part of the country.

Another important event was the placement of bonds in the Norvial First Corporate Bond Program in the month of July, for the sum of S/.365 MM soles.

Áncón - Huacho Pativilca road - Norvial, Lima, Peru.

SURVIAL, is the highway from San Juan de Marcona in the department of Ica to Urcos in the department of Cuzco in southern Peru. In this road we finished the execution of the Technical Maintenance Intervention III (TMI), corresponding to periodic maintenance, was completed for the amount of US$ 29 MM. Traffic increased 6.80% during the year 2015.

CANCHAQUE, the concession that operates the road from the junction of the IIRSA North Highway to Buenos Aires, until it reaches the town of Canchaque in the highlands of Piura in Peru. The amount of tollable traffic in 2015 increased 18.58% compared to the year 2014.

VESUR: With regard to the Vía Expresa Sur highway project (VESUR) to expand the Lima expressway, the most noteworthy events were the approval of the Environmental Impact Assessment on February 2, 2015; approval of the new demand study, the Final Engineering Study, on January 15, 2016; and approval of the dossiers for initiating expropriation proceedings. This enables starting the construction in 2016, acording to contract.

GMP

OIL AND GAS
GMP

EXPLORATION – PRODUCTION:
The signing of the contracts for Blocks III and IV, located in Talara in the Piura region, together with continuation of the operation of Blocks I and V, made it possible to increase average annual oil production to 3,021 barrels of crude per day in December and an average of 10.13 MMSCF of natural gas per day in December. Additionally, 4 development wells were drilled during 2015, with an investment of US$ 3.8 MM.

Pariñas Gas Plant, Talara, Peru.

GAS PLANT:
The Pariñas Gas Plant in Talara in the Piura region processed 11.56 BSCF of natural gas, which is an average of 31.67 MMSCFD. The average production of liquids was 1,236 barrels per day and the efficiency attained in the recovery of liquids reached 95.7%.

TERMINALS: (NORTHERN, CENTRAL AND SOUTHERN)
During 2015, the contract on the operation of the Southern Terminals (Mollendo, Ilo, Cuzco, Juliaca and Pisco) was renewed for two years and the execution of the contracts on the Central (Callao) and Northern (Supe, Salaverry Eten, Chimbote) terminals continued, all in partnership with Oiltanking. In relation to these three contracts, an average of 3,195 thousand barrels of products per day was dispatched, and the total storage leased by our users amounted to 3,122 MM barrels per month.

SOUTHERN PERU GAS PIPELINE (GSP):
In September 2015, Graña y Montero's incorporation in the Southern Peru Gas Pipeline Project was agreed upon, with a 20% interest in the Southern Peru Gas Pipeline concessionaire and 29% in the construction consortium. This interest reaffirms the Graña y Montero strategy of being the Peruvian partner in the country's major infrastructure projects.

OIL AND GAS
COGA

Operator of gas transportation systems which joined the Graña y Montero Group in the month of December 2014, upon the acquisition of 51% of its shares, with Spain's Enagás and Canada's CPPIB as partners.

COGA is in charge of the operation and maintenance of TGP, the trans-Andean gas pipeline from Camisea in Peru to the Pacific coast. It is one of the most complex pipelines in terms of its operation, given that it starts in the jungle and crosses the Peruvian Andes before reaching the coast, with a total of 730 kilometers of pipelines. It transports 655 million cubic feet per day of natural gas and 130,000 barrels per day of LPG.

Natural gas transportation maintenance, Lima, Peru.

FERROVÍAS GyM

TRANSPORTATION LINE 1

During 2015, more than 107 million trips were made, which means a 50% increase with respect to 2014. Despite these high levels of demand, the indicator that measures punctuality of service was maintained at 98% and the customer satisfaction level was 83%. In addition, 89% of the clients felt that LINE 1 served to promote civic responsibility in society, in line with the vision established for this public transportation service.

It should also be noted that GyM Ferrovías was the organizer of the Annual Congress and 29th Partners' Meeting of ALAMYS. With the participation of 208 attendees, it was the meeting with the highest level of attendance in recent years.

In addition, in February 2015, GyM Ferrovías successfully placed bonds in the amount of S/. 629 MM soles in the market.

Tranche 2 - Line 1 - Peru.

LA CHIRA

WATER

PTAR LA CHIRA:
The La Chira Waste Water Treatment Plant project is being executed in partnership with Acciona Agua in the district of Chorrillos. The plant will make it possible to treat 25% of the waste water from 18 districts in the southern part of Lima, with a treatment capacity of 11.3 cubic meters per second. The scope of the project is the design, financing, construction, operation and maintenance of the plant for 25 years.

The design consists of three major works: the intake tunnel, the treatment plant and the underwater outfall. The first two phases have been completed and are ready for operation, and the construction of the outfall is 95% complete. Satisfactory progress was made despite unusual strong sea swells occurring since last year, which complicated its installation. Construction of the plant is expected to be completed in June 2016.

CHAVIMOCHIC:
The Special Chavimochic Project, one of the most important irrigation works for agriculture in Peru, is being carried out in the department of La Libertad, encompassing the Chao, Virú, Moche and Chicama valleys and making the irrigation of over 160,000 hectares of agricultural land possible.

From 1986 to 1995, Graña y Montero participated in the construction of the 1st and 2nd phases of the project, which covered more than 40,000 hectares of agricultural land. Since December 2014, through a public-private partnership, the Chavimochic Concessionaire, in which Graña y Montero has a 26.5% interest, has been in charge of the construction of Phase III, as well as the operation and maintenance of Phases I, II and III.

La Chira Waste Water Treatment Plant, Lima, Peru.

Graña y Montero
Real Estate

DEVELOPS REAL ESTATE PRODUCTS, INCLUDING HOUSING, OFFICES, COMMERCIAL PROPERTIES AND INDUSTRIAL LOTS IN EVERY MARKET SEGMENT, OFFERING FIRST-CLASS ARCHITECTURE THAT CONTRIBUTES TO ITS CLIENTS' WELFARE.

WE GROW BASED ON RESPONSIBLE MANAGEMENT AND WE SHARE OUR KNOWLEDGE AND EXPERIENCE SO THAT THE SOCIETY MAY ALSO GROW

REAL ESTATE

Sunset at El Rancho, Lima, Peru.

As in the preceding year, sales were slow in 2015, as the situation of the Peruvian real estate market did not vary. At the end of 2013, mortgage loan conditions from banking entities changed, which substantially reduced housing sales in 2014. This was because many people did not qualify for a loan. This situation continued to affect sales in the sector during 2015.

However, despite this context, and thanks to the business strategies implemented by the area, it has been a positive year for the Group's real estate business. The year ended with 943 apartments sold, which was 47% improvement over the preceding year.

One of the strategies followed, for example, was becoming involved for the first time in the sale of apartments in the Techo Propio program. This business decision has helped to position Viva GyM in an important market segment and, at the same time, has helped more families buy a home with the comforts we provide. It is worth mentioning that social housing represented 92% of the total units sold by the area.

Klimt real estate project, Lima, Peru

In figures, the year ended on a positive note, with net profit of US$ 8.8 MM and a backlog of US$ 111 MM.

On the other hand, it should be noted that for the fifth year in a row, we received recognition from Great Place to Work, placing 4th this time in the Companies with 30 to 250 Employees category. This was 2 positions higher than in the preceding year and 5 positions higher than the first time we were honored with this distinction. It is a recognition that makes us feel very proud.

Lastly, it should be noted that starting in 2015, Viva GyM holds the vice presidency of the Asociación de Desarrolladores Inmobiliarios (ADI / Real Estate Developers Association), through which we are working hard on coordination with the State to improve housing policies.

100% projects delivered before deadline

VIVA GyM

OFFICES

In October 2015, the Rivera Navarrete Project was completed. To date, Viva GyM has sold a total of 4,550 m2 of office space, which represents 85% of the total. The project is located in the business-oriented part of San Isidro.

The Panorama Plaza Negocios project, located in Camacho, had been executed 95% as of December 2015. Although the due date for the project is in March 2016, we have already handed over 5,824 m2 out of a total of 7,910 m2 of office space sold. In addition, there is a shopping center with 20 stores on the first floor.

In October 2015, work began on the construction of the Real 2 building located in the Centro Empresarial (Business Center) in San Isidro. By the end of 2015, 95% of the offices corresponding to Viva GyM had been sold. The project, which is co-owned, is scheduled to be completed in 2017. It is worth mentioning that this building was designed by the well-known French architect, Jean Nouvel. With regard to the Cuartel San Martín Project, work has been done during 2015 with Lima City Hall to obtain approval on the Traffic Impact Study. By the end of the year, most of the documents requested had been reviewed by the entity.

Therefore, the study is expected to be approved during the first quarter of 2016. Once we reach this milestone, the design will be coordinated with Miraflores City Hall, as the land is in that district, in order to begin the process of obtaining approval on the preliminary and final plans.

TRADITIONAL HOUSING

In March 2015, construction began on the Klimt project, located on the 5th block of Pezet Avenue in San Isidro. By the end of the year, 14 apartments had been sold, representing 44% of the total. The building will have 32 apartments, ranging in size from 280 m2 to 660 m2.

An important feature of the building will be the landscaping in the common areas.

El Rancho real estate project, Lima, Peru.

10,005 m²
OF OFFICE SPACE SOLD

2,762 m²
OF TRADITIONAL HOUSING SPACE SOLD

51,873 m²
OF SOCIAL HOUSING SPACE SOLD

Another very important project is Nuevo Rancho in Miraflores, which will be built on an approximately 15 thousand m2 lot. Work began in November 2015 and it will have flats, duplexes and triplexes. By the end of 2015, 72 housing units had been sold, accounting for 62% of the total. It will feature a miniature golf course, a squash court, an enclosed heated pool, and an approximately 3,000 m2 park.

LOW INCOME HOUSING

A piece of land was purchased in Ancón, located at kilometer 40 of the North Pan-American Highway, for which a contract was awarded in 2014. Plans are to build a megaproject within the next 10 years on this piece of land, which is about 100 hectares in size. Approximately 13 thousand housing units are to be built, with approximately 180 thousand m2 of public parks with urban facilities, in addition to private parks in the condominiums, among other benefits. This project will be one of the most emblematic low income housing projects developed by Viva GyM.

Another project that deserves mention is Parques de Comas, on which work resumed in late 2014. By the end of the year 2015, 521 50-square meter "Techo Propio" apartments, 118 72-square meter "Club Residencial" apartments, and 63 60-square meter "Villas" apartments had been sold. Of these, 321 "Techo Propio" apartments and 80 "Club Residencial" apartments have been handed over to the buyers. In total, approximately 11 thousand housing units will be built, and it was the most widely sold project during 2015.

San Martín de Porres was another project that had a very good level of sales. Of the 1,016 apartments built, more than 775 have been sold, 121 of which were sold in 2015. The apartments range in size from 59 m2 to 63 m2.

Parques de El Agustino, Lima, Peru.

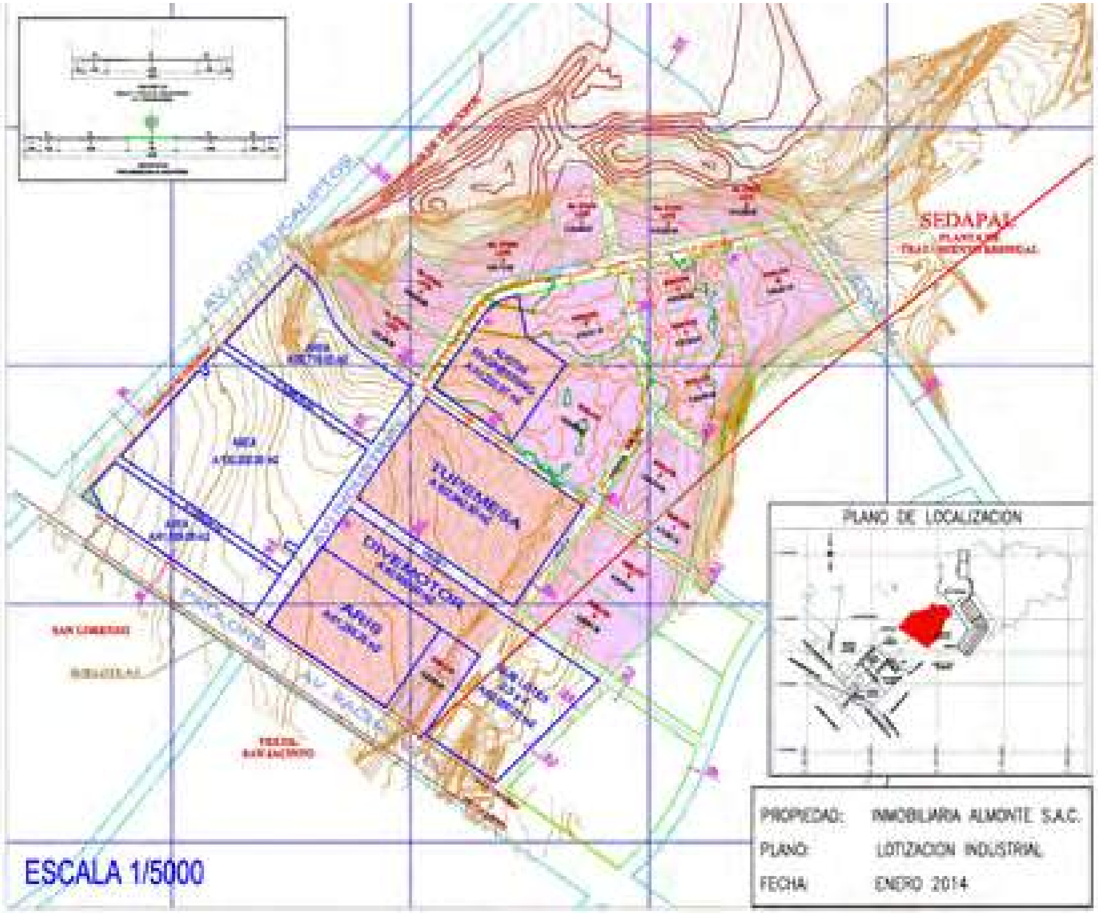
ALMONTE

ALMONTE

The company has an 800-hectare piece of land in Lurín.

By the end of 2014, the land was zoned for industrial use, and during 2015, approval was obtained on the comprehensive plan, making it possible to begin the urban development process. This makes us the only real estate company with zoning and a comprehensive plan approved in the area.

Two lots—one measuring approximately 50 thousand m2 and the other around 25 thousand m2—have been sold to different companies.



Graña y Montero
Technical Services

THE COMPANIES THAT MAKE UP THE AREA ARE: GMD IN THE FIELD OF INFORMATION TECHNOLOGY OPERATION AND MAINTENANCE; CONCAR IN THE FIELD OF ROAD INFRASTRUCTURE AND PUBLIC TRANSPORTATION OPERATION AND MAINTENANCE; AND CAM, GEARED TOWARD THE OPERATION AND MAINTENANCE OF ELECTRICAL AND TELECOMMUNICATIONS INFRASTRUCTURE.

WE GROW BASED ON RESPONSIBLE MANAGEMENT AND WE SHARE OUR KNOWLEDGE AND EXPERIENCE SO THAT THE SOCIETY MAY ALSO GROW

SPECIALIZED SERVICES THAT ADD VALUE

GMD Data Center - Lima, Peru.

The year 2015 was a period during which significant progress was made in the consolidation of the area as such, as a result of strategic planning conducted during the year 2014, in which a strategic intent was defined, including a common vision and objectives, a market, geographic positioning, profitability and growth, the differentiated value of a comprehensive offering, a portfolio of services by company, and the organizational model required. This made it possible for the companies to have individual strategies with a joint, integrated vision. Today, interesting synergies have been identified that have made it possible to find related businesses where companies are able to work together to find a unique solution that provides greater added value. Other noteworthy matters were the increase in the backlog and margins, a reduction in expenses and an improvement in efficiency in the processes of support areas.

In terms of the operation, greater control in daily management on the part of project managers was achieved, which improved control over the operations, thereby improving project execution and safety.

In short, 2015 was a year when we moved firmly towards consolidating the strategy of the area and this is reflected in the good results obtained.

Maintenance of roads, Huánuco - Peru.

Our activity totaled US$ 337 MM, which means a 14% participation of the Group, Net Earnings of US$ 14 MM and an EBITDA of US$ 33 MM, which represent an important growth with respect to 2014. Furthermore, our backlog was US$ 613 MM due to the devaluation of the currencies in the region, which affected this indicator in 19%, otherwise, we would have achieved a backlog of US$ 729.5 and a 12.9% growth.

GMD
INFORMATION TECHNOLOGY

GMD began its operations in 1984, as the first technology outsourcing company in Peru. It provides services to the Industry and Commerce, Banking and Finance, Government, Telecommunications, Utilities and Mining sectors.

On the commercial level, the Commercial Activities contract with Sedapal (water utility company) and the File Management and Micro-recording contract with the ONP (National Pension Office) were renewed. In addition, the operation of the Sunat (tax authority) software factory was consolidated. An event worth noting was the acquisition of 52% of the capital stock of ADEXUS, a Chilean company with 25 years of experience in the IT market and operations in Chile, Colombia and Ecuador. This acquisition seeks to integrate GMD and ADEXUS, thereby strengthening the regional presence of this service. Progress was made on the establishment of a single vision and strategy for both companies.

With regard to internal management, GMD was chosen for the second year in a row as one of the best companies to work for in Peru (GPTW). We placed 16th in the ranking of companies with more than 1,000 employees.

GMD Help Desk - Lima, Peru.

CONCAR
INFRASTRUCTURE OPERATION AND MAINTENANCE

CONCAR is the leading road concessionaire in Peru. It began offering its services in 1994 and is currently the leader in infrastructure operation, maintenance and management in Peru.

In 2014 CONCAR implemented an internal strategy called "CONCAR progresses" with the objective of reformulating and reinforcing its internal processes. This strategy was very successful, which made it possible to progress considerably in predictability in 2015, contributing to better control over the operation.

On the commercial level, in December 2015 the company was awarded a contract on the management, improvement and maintenance of the 569-kilometer Chuquibambilla – Ayaviri highway.

CONCAR is the leading road concessionaire in Peru. It began offering its services in 1994 and is currently the leader in infrastructure operation, maintenance and management in Peru.

Maintenance of Urcos Beltway, Cusco - Peru.

CAM ELECTRICAL AND TELECOMMUNICATIONS ENGINEERING

CAM is a company that specializes in the installation, operation and maintenance of electrical and telecommunications infrastructure in Chile, Colombia and Peru.

In 2015, the company was awarded very important contracts, which have made it possible to consolidate the telecommunications area in Chile. In June, it was awarded a contract with Telefónica Chile S.A. for end-user telephone service and related services, and in July, it was awarded a contract with VTR on home service in the Central and Santiago zones. The challenge for 2016 will be to transfer the experience gained in the telecommunications sector to Colombia and Peru.

On the strategic level, an important achievement was the integration of the COASIN Instalaciones subsidiary into the CAM management parameters, as well as the sale of the CAM operation in Brazil.

With regard to the CAM operation in Colombia, important contracts were awarded in the commercial area, such as maintenance services, construction projects and emergency service for the southern zone networks for Codensa, which belongs to the Enel Group. On the operational level, work areas were expanded in the north, as well as in Medellín and the Caribbean, all within the electricity sector.

Maintenance of telecommunication systems, Santiago de Chile - Chile .

HOW DO WE DO IT DEFINES US

OUR COMMITMENT TO DO THINGS WELL.

WE GO BEYOND OUR BUSINESS TO GENERATE VALUE IN THE SOCIETIES IN WHICH WE OPERATE, SUPPORTED BY OUR VALUES.

—

All-encompassing vision

–
FINANCIAL
REPORT

SUSTAINABILITY
REPORT

–
SUSTAINABILITY
REPORT

–
OUR RESPONSIBLE
MANAGEMENT
- ETHICAL BEHAVIOR
- PERSONAL DEVELOPMENT
- OPERATIONAL EXCELLENCE
- SAFETY
- ENVIRONMENT
- COMMUNICATION

–
WE SHARE
WELFARE
- CLIENTS
- SUPPLIERS
- OUR COMMUNITIES

–
AWARD AND
RECOGNITIONS

SUSTAINABILITY STRATEGY

In line with the Graña y Montero Style, **we seek to create value in the long-term,** that is, to conduct business in a manner that is economically viable, but also beneficial to society and respectful of the environment, thereby enabling us to **build continued trust among our stakeholders.**[1]

In order to achieve this, we have a strategy based on two fundamental pillars: **ensuring responsible management of our operations** (internal front), and **sharing welfare with society through education and civic behavior** (external front).

SUSTAINABILITY STRATEGY

1

RESPONSIBLE MANAGEMENT

6 main issues

- Ethical behavior
- Personal development
- Operational excellence
- Safety
- Environment
- Communication

+

2

WE SHARE WELFARE

Education and civil responsibility

- Clients (users)
- Suppliers
- Community

=

RELIABILITY

1/ We take into account the definitions of sustainability from the Dow Jones Sustainability Index and John Elkington (1997).

SUSTAINABILITY
REPORT

OUR RESPONSIBLE
MANAGEMENT
- ETHICAL BEHAVIOR
- PERSONAL DEVELOPMENT
- OPERATIONAL EXCELLENCE
- SAFETY
- ENVIRONMENT
- COMMUNICATION

WE SHARE
WELFARE
- CLIENTS
- SUPPLIERS
- OUR COMMUNITIES

AWARD AND
RECOGNITIONS

With a view to strengthening the implementation of this strategy, in 2015 the name of the Corporate Responsibility area was changed to "Sustainability" and it became part of the Legal and Corporate Affairs Department, which reports directly to the CEO of the Group. In addition, **the Sustainability Policy was drafted,** integrating the previous Social Responsibility (2005), Risk Prevention (1999) and Environmental (1998) policies. This document was approved by the Board of Directors on January 28, 2016.

HOW DO WE IMPLEMENT THIS STRATEGY? (G4-18)

STEP 1

We focus on the business.
We prioritized topics for the 12 main companies in the Group, based on analysis of their risks (extra-financial) and opportunities inherent to each activity or sector.

STEP 2

We listen.
We complement the foregoing process, incorporating the perceptions and expectaitions of the main stakeholders through discussion panels, satisfaction surveys and other mechanisms.

STEP 3

We manage.
We established sustainability objectives that will help us improve our processes and generate value in the long-term.

STEP 4

We evaluate o urselves.
We measure our performance on prioritized matters annually.

STEP 5

We communicate:
We share our sustainability results and main challenges with our stakeholders, seeking to provide them increasingly strategic, clear, timely information.

SUSTAINABILITY REPORT

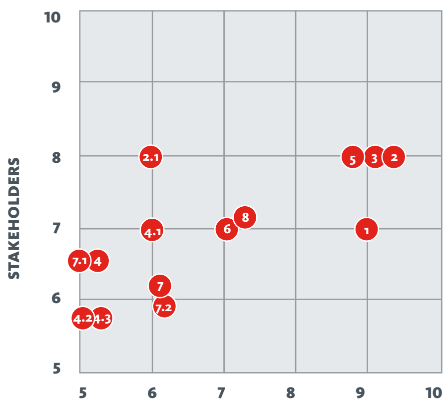
OUR RESPONSIBLE MANAGEMENT
- ETHICAL BEHAVIOR
- PERSONAL DEVELOPMENT
- OPERATIONAL EXCELLENCE
- SAFETY
- ENVIRONMENT
- COMMUNICATION

WE SHARE WELFARE
- CLIENTS
- SUPPLIERS
- OUR COMMUNITIES

AWARD AND RECOGNITIONS

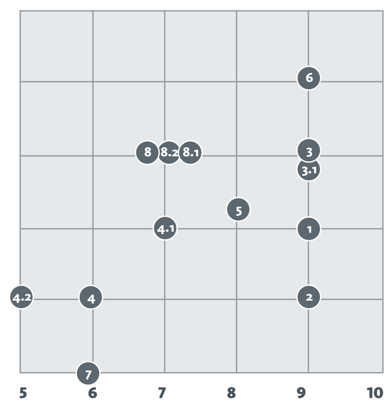
MATERIALITY:
SUSTAINABILITY PRIORITIES OF THE GROUP (G4-19)

Through a prioritization exercise, the following material aspects were identified for our different business areas. All these topics are explained in this annual report.



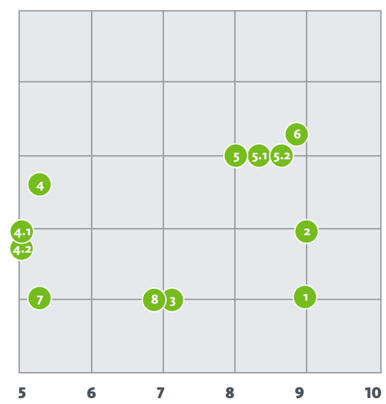
ENGINEERING AND CONSTRUCTION

1. Ethics
2. Professional development
   2.1. Local hiring
3. Health and Safety
4. Environment
   4.1. Waste
   4.2. Energy and emissions
   4.3. Ecoefficient design
5. Operational excellence
6. Communication and dialogue – client satisfaction
7. Suppliers
   7.1. Dealing with local suppliers
   7.2. Standardization of suppliers
8. Community welfare



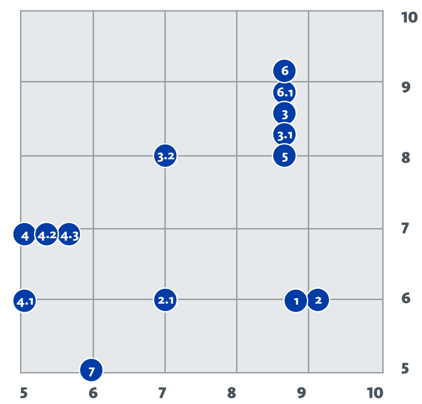
INFRASTRUCTURE

1. Ethics
2. Professional development
3. Health and Safety
   3.1. Road safety
4. Environment
   4.1. Spills
   4.2. Energy and emissions
5. Communication and dialogue – client satisfaction
6. Operational excellence
7. Suppliers - Standardization
8. Clients
   8.1. User safety
   8.2. Promotion of public interest



REAL ESTATE

1. Ethics
2. Professional development
3. Health and Safety
4. Environment
   4.1. Ecoefficient design
   4.2. Waste
5. Communication and dialogue
   5.1. Transparency of information
   5.2. Dialogue and client satisfaction
6. Operational excellence
7. Suppliers – Social impacts of the construction process
8. Clients - Promotion of public interest



SERVICES

1. Ethics
2. Professional development
   2.1. Local hiring
3. Health and Safety
   3.1. Road safety
   3.2. Information security
4. Environment
   4.1. Energy and emissions
   4.2. Waste
   4.3. E-waste management
5. Communication and dialogue – client satisfaction
6. Operational excellence
   6.1.Innovation
7. Suppliers

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ETHICAL BEHAVIOR

DOING THE RIGHT THING IS AN ESSENTIAL PART OF THE GRAÑA Y MONTERO STYLE. OUR VALUES INSPIRE US AND GUIDE OUR DAILY ACTIONS, EVEN THOUGH IT IS NOT ALWAYS THE EASIEST PATH.

MARIO *Alvarado Pflucker*
Chief Executive Officer

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ETHICAL BEHAVIOR

In the Group, we are committed to responsible, upright, transparent conduct. We have a management system that enables us to communicate our fundamental principles to every level of the organization, offer confidential communication channels, and have a governance structure to investigate and remedy potential breaches. Our Ethics Charter, Code of Conduct and Anticorruption Policy stand out among the main tools of the system.

ANTICORRUPTION SYSTEM

Our conduct is based on compliance with the laws of the countries where we operate, including Peruvian legislation on the Prevention of Asset Laundering and Financing of Terrorism (2010) and the U.S. Foreign Corrupt Practices Act (FCPA), which applies to us because our shares are listed on the New York Stock Exchange.

In 2015, we reinforced our ethics management system as a preventative measure. Therefore, the Graña y Montero Board of Directors approved the **Anticorruption Compliance (FCPA) program,** which establishes the leadership and commitment of senior management on this matter, defines supervisory bodies and the reporting line, establishes new policies and procedures, identifies additional internal controls, and proposes training plans for the entire organization. This program applies to all companies in the Group and any third parties that may act on our behalf.

Within the program, the Anticorruption Policy stands out. It provides the guidelines required to avoid any act of corruption in our business or in relations with the State, and reinforces the obligation to have precise accounting records and internal controls.

MANAGEMENT SYSTEM

- Ethics Charter (1995)
- Manual for Asset Laundering and Financing (2010)
- Code of Conduct (2012)
- Ethical Channel (2013)
- Ethics Comission (2013)
- Anti-corruption Compliance Program - FCPA (2015)
- Anti-corruption Policy (2015)

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ETHICAL BEHAVIOR

ADVANCES 2015

- At the corporate level and in the subsidiaries, we approved and disseminated the Anticorruption Compliance (FCPA) program and the Anticorruption Policy.
- We provided training on the prevention of asset laundering for 685 employees, who represent 88.21% of the key areas of GyM, STRACON GyM and Viva GyM, all of which are companies subject to this legislation.
- We continued disseminating our Ethical Channel, which logged 44 complaints during the year. Of these, 2% were deemed improper due to their not being related to ethics, 57% are under investigation by the Ethics Comission and 41% were resolved, applying corrective and preventive measures.
- We implemented fee access lines to the Ethical Channel from our businesses in Chile and Colombia.

CHALLENGES 2016

- Implement anticorruption controls in companies that do not have SOX controls (Sarbanes Oxley Act) and conduct the first FCPA Compliance Audit.
- Train the Graña y Montero Board of Directors and the boards of subsidiaries on the application of the Anticorruption Policy.
- Using face-to-face and virtual media, train at least 70% of the Group's workers on the application of the Anticorruption Policy.
- Make workers aware of the Ethical Channel, especially in the new companies located in Colombia and Chile.

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OUR RESPONSIBLE MANAGEMENT

PERSONAL DEVELOPMENT

"WE MAKE GREAT EFFORTS TO ENSURE THAT OUR WORKERS LEARN CONTINUOUSLY AND DEVELOP AS PROFESSIONALS AND INDIVIDUALS."

JAIME *Dasso Botto*
Manager of the Services area

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Our employees and workers are our main stakeholders. Their talent and commitment enable us to have profitable, sustained, responsible growth. Therefore, we seek to build their capacities continuously, promote leadership based on the Graña y Montero Style, and guarantee a working atmosphere of camaraderie and respect.

In this manner, our workers are learning and putting the Group's essential knowledge and values into practice. As a result, they not only have better opportunities for growth within the organization; they also increase their employability and value in the job market.

MANAGEMENT SYSTEM

Employees:
- Talent Development Model
- Graña y Montero Academy

Workers:
- Development Model
- Training and development area

+

GRAÑA Y MONTERO STYLE:

- Corporate values and policies
- Ethics Charter and Code of Conduct
- *Book "Graña y Montero Work Style"*

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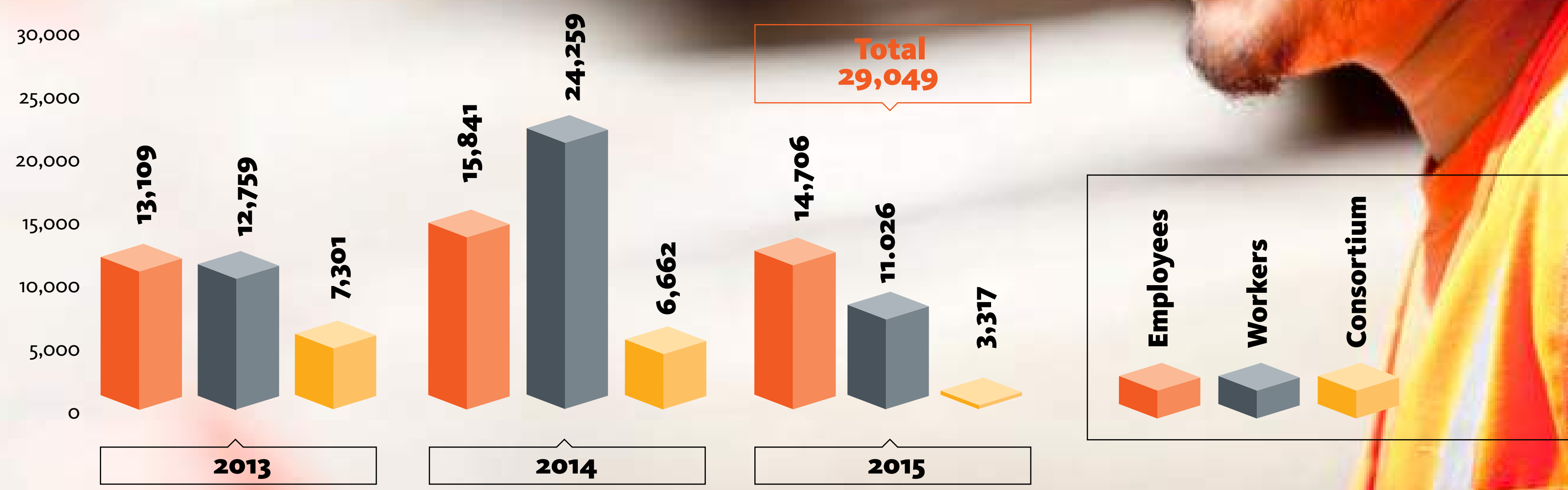
OUR TEAM

In 2015, the Graña y Montero Group was composed of 29,049 employees, 38% fewer than in the previous year. This situation is mainly due to the completion of the Las Bambas and Cerro Verde projects, which gave rise to a peak in the hiring of laborers in 2014. Upon completion of these projects, our payroll returned to levels similar to 2013.

TEAM OF THE GRAÑA Y MONTERO GROUP



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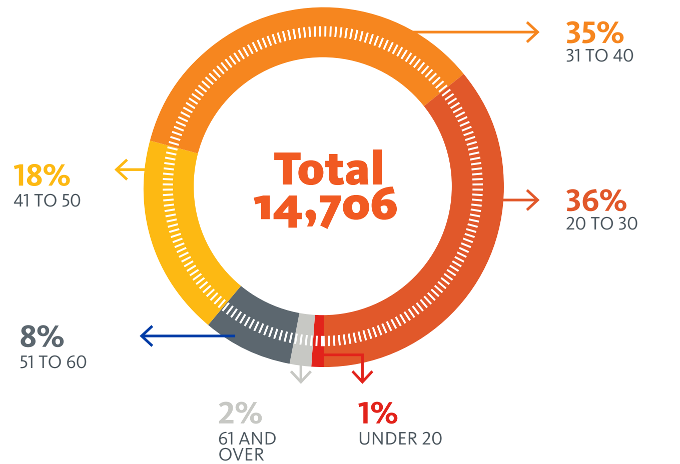
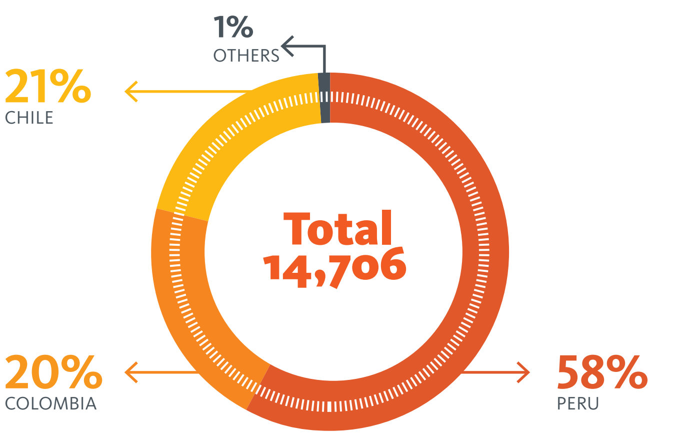
EMPLOYEES-COLLABORATORS 2015

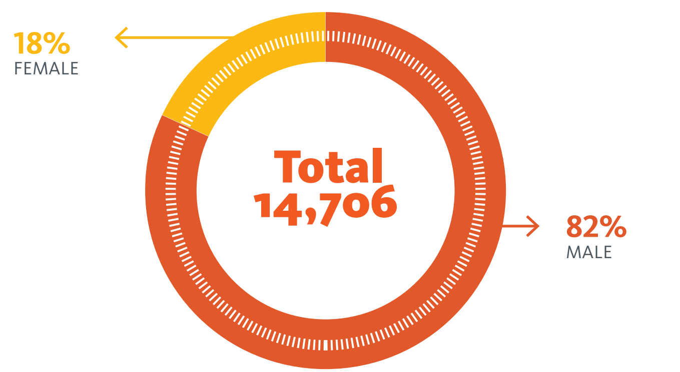
EMPLOYEES BY AGE GROUP



EMPLOYEES PER COUNTRY



EMPLOYEES BY GENDER



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From a gender perspective, we provide equitable opportunities for access and development. At the Group level, 18% of our employees are women, and this percentage increases to 50% at Viva GyM and 55% at Graña y Montero S.A.A (headquarters). In addition, 33% of the managerial positions at our headquarters are held by women, including the positions of Corporate Finance Manager and Legal and Corporate Affairs Manager.

In the Group, we also promote the inclusion of young people. In the countries where we operate, young people face significant barriers to formal employment, such as a lack of training or gaps between their education and demand from companies. In light of this situation, we have implemented initiatives such as the Trainee program for recent engineering graduates or the Construction Management technical training program, which enables us to recruit and train talented young people. Currently, 37% of our employees are under the age of 30.

GRAÑA Y MONTERO HAS BEEN A SIGNATORY OF THE UNITED NATIONS GLOBAL PACT SINCE 2004 AND WE RESPECT FUNDAMENTAL RIGHTS. IN 2015:

WE PROMOTE FORMAL, DIGNIFIED EMPLOYMENT

99%
OF OUR EMPLOYEES RECEIVED A HIGHER SALARY THAN THE COUNTRY'S MINIMUM WAGE

85%
OF OUR EMPLOYEES RECEIVED SOME TYPE OF TRAINING DURING THE YEAR

92%
OF OUR FOREMEN AND 54% OF THE WORKERS HAVE BEEN WORKING FOR GYM FOR MORE THAN 2 YEARS

WE REJECT ANY FORM OF DISCRIMINATION

83%
OF OUR EMPLOYEES FEEL THEY ARE TREATED FAIRLY, REGARDLESS OF THEIR GENDER

59%
OF OUR WORKERS FEEL THEY ARE TREATED FAIRLY, REGARDLESS OF THEIR SOCIAL STATUS

WE RESPECT FREEDOM OF ASSOCIATION

+15
WORK COMMITTEES (UNIONS)

0
CONFLICTS WITH FORMAL UNIONS IN THE LAST 10 YEARS

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EMPLOYEES

In 2015 we continued implementing our Talent Development Model, which identifies the competencies required for each level of development in the organization. The model establishes a continuous improvement process where employees have access to different educational programs to reinforce their knowledge, are advised by a mentor that accompanies their growth plans, and participate in an objective evaluation that gives them opportunities for mobility and growth within the Group.

GRAÑA Y MONTERO ACADEMY

In 2015, we enhanced our Corporate Learning Center (1999), turning it into the Graña y Montero Academy, the Group's main space for learning and knowledge management.

Through a strategic partnership with Stanford University and U.C. Berkeley—second and third in the ranking of top engineering universities in the United States respectively—we determined the Group's educational needs and developed the curricular structures and courses the organization required.

Some of the main components of the Academy are:

- **Capacity-building:** We have 3 schools—the Technical, Management and Leadership Schools—that offer our employees an education aligned with the needs of the business and demands of the market. These schools offer online and face-to-face courses, many of which are taught by our 551 in-house teachers.

The Academy's training sessions, external courses and other programs taught directly by companies in the Group enabled us to provide 386,047 hours of training during the year, which represent an average of 26.3 hours per employee. Although a reduction can be noted compared to the preceding year (34 hours per capita in 2014), it should be mentioned that the Academy restructured the curricula in order to align them with the essential knowledge and needs of the business, resulting in greater efficiency.

- **Responsible leadership:** In addition to the Leadership School, we have educational spaces for our managers to establish themselves as responsible leaders, within the framework of the Graña y Montero Style. Through annual

Training 2015	Engineering and Construction	Infrastructure	Real Estate	Services	Holding Team	Total Group
Total man hours of training	82,228	22,107	7,672	272,493	1,547	386,047
Average man hours per employee	20.8	39.8	60.9	27.4	11.3	26.3
% of employees that received training at least once during the year	76%	100%	100%	88%	53%	85%
No. of in-house instructors	127	16	15	368	25	551

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EMPLOYEES

leadership evaluations, we measure their performance and foster improvement. In 2015, we reached a level of 81% in the measurement of leadership, 8 percentage points above the number for 2014.

- **Knowledge access and transmission:** 76% of our employees are at the projects (outside the office) and 42% outside of Peru. This dispersion, in addition to the characteristics of working by projects, poses a challenge to preserve the knowledge generated and transmit it to the different teams. In addition, we face increasingly complex settings, which require the incorporation of new knowledge in the organization, in order to be able to innovate.

For the purpose of facing these challenges, in 2015 we strengthened initiatives and developed new ones that facilitate access, systematization and transmission of knowledge to all of the Group's employees.

Technological tools

- 35 courses in the virtual classroom, with 56,669 class sessions as of 2015
- Traveling courses at 20 projects with more than 1,500 participants
- 499 professionals registered in the Network of Experts, with 6,645 sessions
- 1,849 documents of value in the virtual library
- 21,535 searches conducted in our virtual library
- 13 knowledge communities implemented

Research

- 317 scientific articles published internally as of 2015
- 78 scientific articles published in scientific magazines

Work spaces

- Innovative infrastructure that fosters collaboration and team work

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EVALUATION, COMPATIBILIZATION AND FEEDBACK

Our training system is complemented by objective evaluations and accompaniment of development plans. During the year, 71% of the Group's employees were evaluated by competencies and 74% were compatibilized by an impartial committee that identified their level of development within the organization.

In this manner, the Group banks on shared growth:

- Employees remain up-to-date, their development within the organization is fostered and their employability in the job market increases.
- The company strengthens its position as an attractive organization to work for, which has the top talent and ensures that its operations are run according to the Graña y Montero Style.

GOOD PRACTICES IN HUMAN RESOURCE MANAGEMENT

Great Place to Work (GPTW): The Group's satisfaction index was 72%. Our standouts were Viva GyM, in 4th place in the Best Companies to Work For with fewer than 250 employees ranking, and GMD and STRACON GyM in 16th and 17th place in the companies with more than 1,000 employees category.

ABE Award for Occupational Social Responsibility: We were recognized by the American Chamber of Commerce of Peru (AMCHAM) in four categories: Best training program for supervisors and managers, Best knowledge management program, Best employability program and Best training program for workers.

Perú 2021 Award: In the 12th edition of the CSR and Sustainable Development Award, the Graña y Montero Academy was recognized as the best program in the Employees - Large Company category.

Employer Brand: We placed 9th in the ranking of Companies with Top Talent 2015, prepared by the MERCO corporate reputation monitor. We also received the Employer Brand Award 2015, as the third most attractive company to work for in Peru, according to the "Where I Want to Work" study conducted by Arellano Marketing and Laborum.

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PERSONAL DEVELOPMENT
EMPLOYEES

ADVANCES 2015

- We implemented the Talent Development Model in Chile and Colombia.
- We strengthened the Graña y Montero Academy, making it possible to provide 386,047 man hours of training.
- We evaluated 71% of the workers through our Compatibilization and Feedback processes.
- We strengthened internal rotation, covering 322 job openings with workers from the Group.

CHALLENGES 2016

- Strengthen our Talent Development Model, segmenting our workers' needs (key individuals, those with high potential, specialists, etc.), in order to implement adequate, differentiated management for each one.
- Consolidate the Graña y Montero Academy, focusing the educational offering on essential knowledge, maximizing the use of the virtual classroom in Chile and Colombia, and strengthening our relationship with global research centers, in order to acquire critical knowledge.
- Increase internal rotation and regional mobility, in order to make our employer brand more attractive.

CONTENT

WORKERS COLABORATORS

Our more than 11,000 workers are an essential part of the organization. With them, we also work with a comprehensive approach that seeks to build their capacities, offer opportunities for growth, and provide social benefits for them and their families.

ATTRACT:

We implemented transparent selection and hiring processes, which combine the projects' needs with social expectations in their surroundings.

IN 2015:

- We provided 44,824[2] man hours of training to the communities around our projects, which made it possible for 100% of the personnel in the assistant or workman category (first level of the civil construction career) to be local hires.
- To foster local employability, we trained more people than we needed to hire. In this manner, those who were not hired for our projects learned a trade that could help them in the job market. At GyM, 54% of those trained during 2015 were hired to work on our projects, while at STRACON GyM, the figure was 85%.
- We strengthened our virtual recruiting channels, recording a total of 15,655 applications by this method, which was 15% more than in 2014 (GyM).
- We ended the year with a database of more than 156 thousand civil construction resumes (GyM) and no work stoppages or social conflicts due to labor demands from the communities.

LOCAL HIRING RESULTS

Low levels of education among the rural population and lack of experience are among the challenges in providing local employment. In response to this situation, GyM, STRACON GyM, Morelco and CONCAR implement training programs specially designed to make it possible to hire a larger number of people from their areas of influence.

	GyM	STRACON GyM	MORELCO	CONCAR
% Local employment / unskilled labor	100%			
% Local employment / Total General Regime	51%	66%	Not applicable (*)	75%
% Local employment /Total Civil Construction	24%	67%		

(*) Morelco operates in Colombia, where the distinction between the General Regime and Civil Construction does not exist.

2. *This information includes GyM and STRACON GyM, which account for 70% of the workers in the Group.*

PERSONAL DEVELOPMENT

WORKERS COLABORATORS

DEVELOP:

We offer our workers training programs and a clear career path that allows them to grow within the organization.

IN 2015:

- We taught 55,648 hours of training that benefited 9,543 workers at GyM and STRACON GyM.
- We continued conducting performance evaluations, which enabled 1,117 workers to be promoted during the year, within the framework of our recategorization and career path program.
- Seeking to offset the temporary nature of the projects and construction cycles, we provided diverse training sessions, in order to keep our former workers up-to-date and ready to return to work.

MAINTAIN:

We seek to make our workers feel motivated and committed to the organization. For this purpose, we listen to them, offer competitive salary structures, and implement welfare programs that foster balance between work, personal time and family.

IN 2015:

- We continued providing psychological counseling to more than 930 employees, focusing on child rearing, relationship problems, and gender violence. Among the participants, 214 cases were referred to a personalized consultation free of charge.
- Through movies and theater, we provided new spaces for involving families with the company. The idea was show to place new emphasis—in an entertaining manner—on the role of workers and share the characteristics of the Graña y Montero Style with more than 580 participants in 6 projects.
- We conducted health and vaccination campaigns in the projects, benefiting 3,824 people.
- We seek new ways of relating and connecting with our teams on projects. Some of the more novel ideas were the launch of "Notichambita" (Chambita's News) and "Conociendo a los chamberos" (Getting to know the hard workers), which are part of the programming on our YouTube channel, which had 14,712 views during the year.

As a result of our management, 73% of GyM workers and 84% of STRACON GyM feel that the company is a great place to work, according to the working climate survey conducted by the Great Place to Work® Institute.

FREEDOM OF ASSOCIATION

The Group respects union organization and promotes the formation of committees work on all projects with more than 20 employees. These spaces allow us to dialogue permanently, collect their needs and generate agreements on working conditions the project will have.

In 2015 we manage more than 15 committees work without any mobilization or union conflict with formal unions.

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WORKERS COLABORATORS

ADVANCES 2015

- We achieved the recategorization of 1,117 workers and identified critical roles for each type of project.

CHALLENGES 2016

- Train critical operations personnel on diversified technical skills that enable them to perform more than one job in the different flows of the construction process.

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OPERATIONAL EXCELLENCE

"WE SEEK TO MAKE OUR PROJECTS EXAMPLES OF COMPLIANCE, PRODUCTIVITY AND EFFICIENCY. WE ACHIEVE THIS WITH GOOD MANAGEMENT SYSTEMS, TOP TALENT TO IMPLEMENT THEM, AND EXEMPLARY DISCIPLINE."

JUAN MANUEL *Lambarri Hierro*
Manager of the Engineering and Construction area

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OPERATIONAL EXCELLENCE

To Graña y Montero, operational excellence means good management of its operations, which is expressed in terms of the quality, efficiency, cumplimiento? timely completion? and profitability of our projects. This attribute represents one of our main competitive advantages and is valued by our clients.

In order to achieve it, we have an Operational Excellence Model inspired by the Lean philosophy, which seeks to maximize the value generated for our clients, minimizing losses and maintaining the Graña y Montero Style.

MANAGEMENT SYSTEM

...to have good processes...

- Quality in processes
- Continuous improvement in processes
- Simple processes and reports

PEOPLE

...to have capable people...

- Evaluation of skills
- Training by use
- Fulfillment of functions

MANAGERIAL DISCIPLINE

... to guarantee that people follow those processes...

- Follow the processes
- Question and improve processes
- Garantors of the system

OPERATIONAL EXCELLENCE

In 2015, we standardized the operational excellence areas in the different companies in the Group, made an assessment of our management systems, and evaluated the skills of key personnel and levels of operational excellence of the Services area's main projects. All these indicators constitute early warnings that are monitored quarterly, in order to achieve the expected results.

Compliance with the agreed deadlines and service levels is a consequence of operational excellence. In 2015, we obtained the following results:

Compliance before the deadline	GyM	GMI	GMP	Viva GyM	GMD
% Were delivered before the deadline	100%	100%	100%	100%	100%

Compliance according to level of service	L1 Lima Metro
Availability Indicator	99.96%
Regularity Indicator	98.01%
Cleanliness Indicator	94.94%

Compliance according to level of service	CAM Chile	CAM Colombia	CAM Peru	CONCAR	GMD
Level of operational management compliance (contracts and/or services)	86%	92%	94%	98%	97%

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INTERNATIONAL STANDARDS

In 2015, our operations were certified according to the following international standards:

Company	ISO 9001 (Quality)	ISO 14001 (Environment)	OHSAS 18001 (Health and safety)	ISO 27000 (Information security)	Other standards
GMI	X	X	X		
GyM (1)	X	X	X		
Vial y Vives-DSD	X	X	X		
Morelco	X	X	X		
Ferrovías GyM	X				
GMP (2)	X	X	X		
GMD (3)	X		X	X	X
CONCAR	X				
CAM (4)	X	X	X		X

1. *Project Management Control: ISO 9001. Electromechanical Division: ISO 14001 and OHSAS 18001.*
2. *Oil and gas production processes in lots I and V, gas processing at the Pariñas plant, and processes carried out at the head office of Graña y Montero Petrolera S.A.*
3. *Certification of the software quality model (CMMI certification) and IT Service Management System for the Datacenter and Help Desk (ISO 20000-1).*
4. *CAM Colombia, CAM Chile and CAM Perú have the tri-standard. In addition, CAM Colombia has ISO/IEC 17020:2012 and ISO/IEC 17025:2005 5 accreditation.*

OPERATIONAL EXCELLENCE AT CAM COLOMBIA

A detailed assessment of one of CAM Colombia's most emblematic projects identified 9 critical factors affecting earnings, the project's level of compliance and client relations. With this information, we designed a plan of action that involved changing the organizational structure of the project, adjusting the team's profiles and capacities, providing training, strengthening the operation's scheduling and monitoring, reusing materials, implementing technological resources for designing routes, etc.

After 8 months of work on different fronts, the percentage of response to demand rose from 80% to 98%, levels of project compliance (operating efficiency) reached 102%, profit increased from 1% to 16%, the turnover rate decreased from 8% to 4%, and it was the project with the best working climate in the company (82%). This is an example of how the operational excellence model (based on the LEAN philosophy) improves projects' productivity, efficiency and profitability and builds trust among our workers, clients and suppliers.

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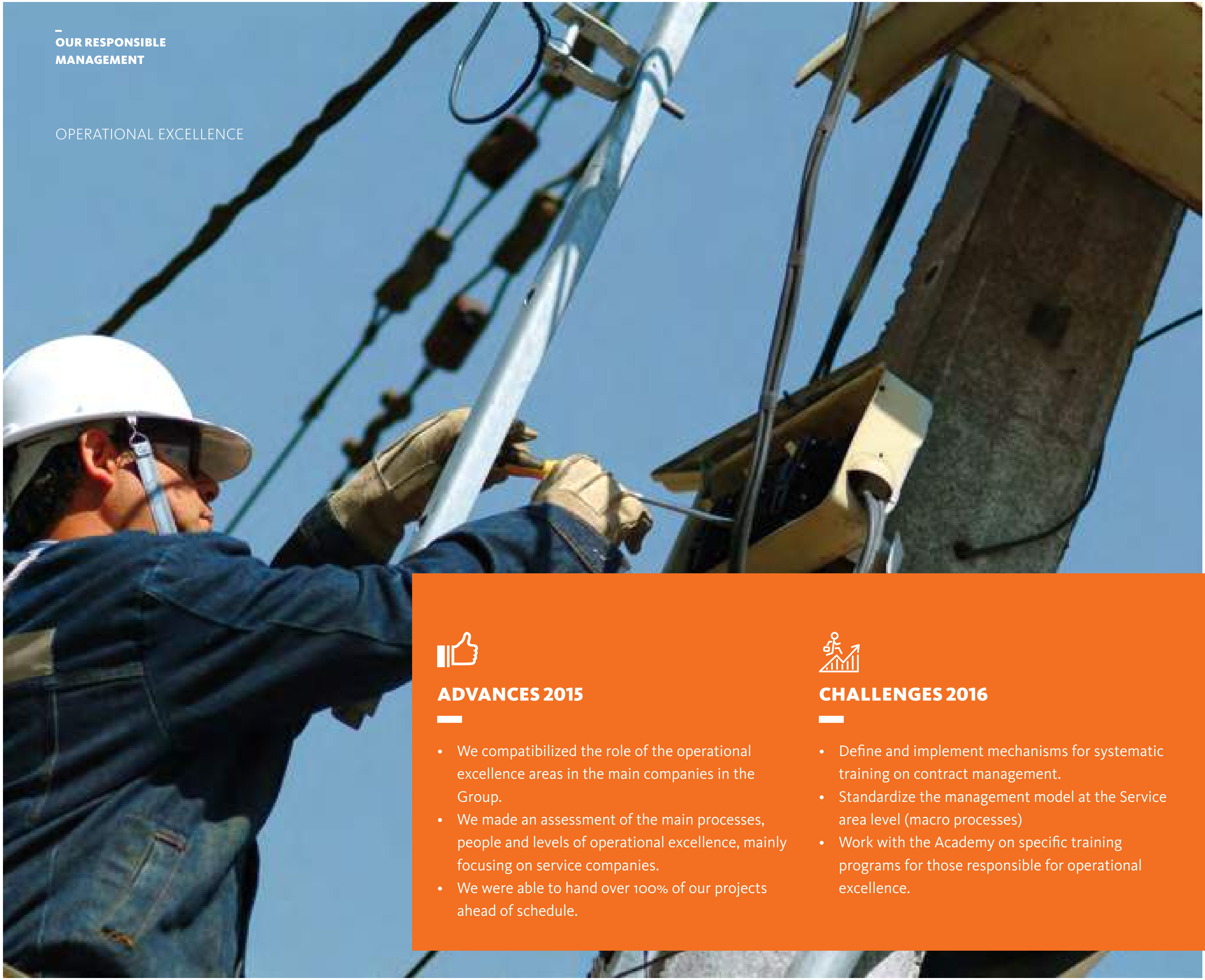

OPERATIONAL EXCELLENCE

ADVANCES 2015

- We compatibilized the role of the operational excellence areas in the main companies in the Group.
- We made an assessment of the main processes, people and levels of operational excellence, mainly focusing on service companies.
- We were able to hand over 100% of our projects ahead of schedule.

CHALLENGES 2016

- Define and implement mechanisms for systematic training on contract management.
- Standardize the management model at the Service area level (macro processes)
- Work with the Academy on specific training programs for those responsible for operational excellence.

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OUR RESPONSIBLE MANAGEMENT

HEALTH AND SAFETY

> OUR GOAL IS FOR EVERYONE TO RETURN HOME SAFE AND SOUND FROM OUR OPERATIONS. THEREFORE, WE PROMOTE RISK PREVENTION AT EVERY LEVEL OF THE ORGANIZATION, UNDER THE LEADERSHIP AND COMMITMENT OF OUR MANAGEMENT.

LUIS *Díaz Olivero*
Corporate Manager of Operations

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HEALTH AND SAFETY

Due to the characteristics of our activities and the geographic location of the projects, we are exposed to diverse risks to our workers and contractors' health and safety. In order to prevent them, the different companies in the Group work on two fronts: **(i) management systems and procedures that enable us to provide safe working conditions, and (ii) the development of a Preventive culture, which seeks to modify unsafe or risky behavior.**

MANAGEMENT SYSTEM

- Sustainability Policy (2015)
- Risk Prevention Policy of each business
- OHSAS 18001 guidelines
- Corporate Risk Prevention Committee
- Corporate reporting and action procedure in the event of serious accidents
- Risk identification and evaluation matrices, accident prevention plans, and performance indicators

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PREVENTIVE CULTURE

Leadership in the chain of command
- Technical training
- Related economic incentives

Behavior-based safety
- Risk perception
- Good practices on the job

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HEALTH AND SAFETY

In 2015, the Corporate Operations Department was created and placed in charge of risk prevention in the Group. Following this change, an exhaustive assessment was made and new strategies were devised to strengthen the following points:

- **Leadership and commitment of the organization:** We enhanced the role of the chain of command with regard to risk prevention, providing specialized training to reinforce their knowledge and incorporating safety results in the calculation of executives' variable economic incentives.

- **Reinforcement of preventive conducts:** We continued working with the workers and contractors to develop greater awareness with regard to perception of danger.

- **Streamlined procedures:** We simplified our integrated management systems, with emphasis on operational controls. In this manner, we reduced the administrative workload of safety and health inspectors, in order to maximize their time spent performing prevention-related work.

- **Consolidation of indicators:** We continued strengthening risk prevention indicators in the organization. We included them in the reporting panels of the main boards of directors, we determined "safe project standards" for each type of activity, and we established annual performance objectives.

- **Lessons learned:** We strengthened the Corporate Risk Prevention Committee, the body that makes it possible to create synergies and share lessons learned among the different companies in the Group.

HEALTH AND SAFETY

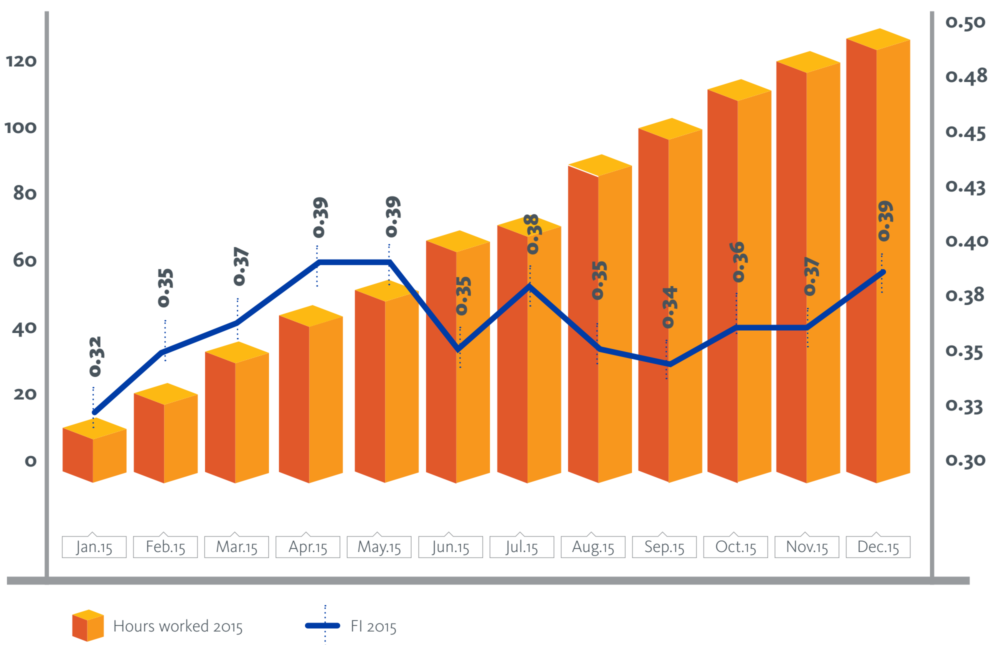
Main initiatives 2015:

Leadership and commitment of the organization	• We implemented 43% of the managerial training program on risk prevention, which provided more than 280 hours of training for the first chain of command, including the CEO, division managers and project managers (GyM).
	• We held leadership workshops on “Health, Safety and Environment” geared toward managers and supervisors (STRACON GyM).
	• The CEO made periodic visits to the projects (GMI).
	• We consolidated company leaders’ participation in health and safety forums, as well as in the review of incidents related to their areas (GMP).
Reinforcement of preventive behaviors	• We implemented the Safe Behavior program and transferred standards to contractors. As a result, we achieve a 90/100 score on the Colombian Safety Council evaluation and recorded zero incidents involving injuries among contractors (Morelco).
	• We created Safe Stations with “We care about each other, we take care of each other” as our motto, raising awareness among workers and users of the 26 metro stations. This contributed to the achievement of a 2.42 per million passengers accident rate, compared to 2.87 reported in 2014 (Lima Metro Line 1).
	• We implemented the Preventive Observation program and conducted audits on the Management System at 100% of the projects (CONCAR).
	• We executed the CAM puedo y cuidado del entorno? (¿Puedo hacer qué?) caring for the environment prevention strategy (CAM Colombia), and we provided more than 51,000 hours of safety training (CAM Perú)
Streamlined procedures	• We simplified the Integrated Management System, reducing approximately 61% of monthly reports and controls? control measures? inspections? (GyM).
	• We compatibilized investigation processes for high-potential incidents (STRACON GyM)
	• We implemented an early-warning application and consolidated the Sub-standard acts and conditions report (GMP).
	• We prepared the Safety Management Manual and the Alcohol Policy (CONCAR).
	• We reviewed procedures associated with high risk activities involving workers (GMD).
Consolidation of indicators and lessons learned	• We implemented GIS to automate records and improve the quality of risk prevention indicators. This system was installed at 28 projects, and more than 970 hours of training were provided (GyM).
	• We compatibilized standards and indicators in the new business units (GMP).
	• We put new software into use for 80% of our contractors, in order to foster risk prevention (CAM Chile).
	• We incorporated risk prevention indicators for suppliers and contractors in road concession management (Infrastructure).
	• We organized the “III Annual Growing with Safety” Convention, where new approaches for dealing with Risk Prevention (GyM) were discussed.

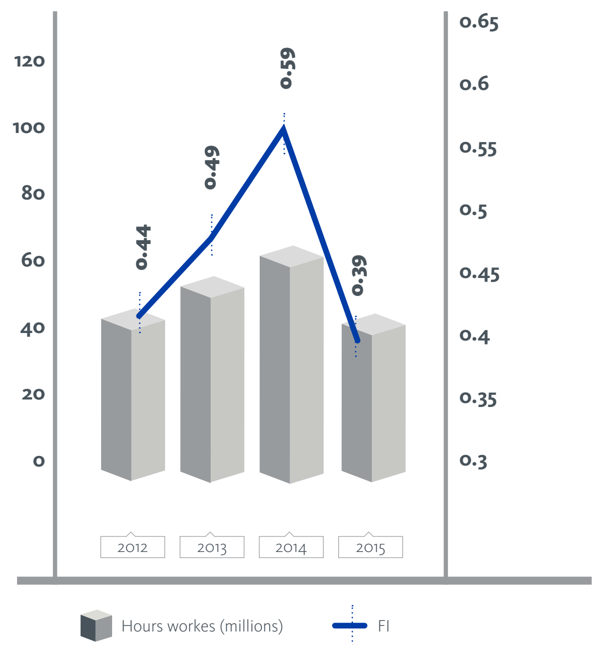
HEALTH AND SAFETY

The Graña y Montero Group logged more than 127 million man hours during this period, obtaining an accident frequency index (FI) of 0.39 accidents per 200,000 hours of work. This figure represents a 33% reduction compared to the preceding year (0.59 in 2014). Despite showing improvement, we are aware that there is still much to be done to achieve our objective of zero accidents. One of the main areas to be reinforced in 2016 is road safety.

ACCIDENT FREQUENCY INDEX GRAÑA Y MONTERO GROUP



ACCIDENT FREQUENCY INDEX 2012-2015 GRAÑA Y MONTERO GROUP



HEALTH AND SAFETY

ROAD SAFETY

Due to the characteristics of our operations, one of the main risks we face is that of traffic accidents. In 2015, we managed over 3,400 personnel transportation units, 4,433 light-duty trucks and close to 3,000 drivers, which enabled us to transport our workers to the projects and carry out activities on roads, such as highway operation and maintenance.

For the purpose of reducing this risk, initiatives were carried out to promote safe behaviors among our workers, subcontractors, clients and the general public. Some of the main ones are:

- **GyM:** We conducted road audits on 10 projects, implemented the technical road guide, compatibilized vehicle maintenance services, and provided more than 23 thousand hours of training on defensive driving.
- **STRACON GyM:** We executed the Cóndor program, which improved road safety controls and made it possible to report zero accidents involving personnel transportation, with over 9 thousand trips and 2.3 million km monitored.
- **Morelco:** We implemented the Strategic Road Safety Plan.
- **CONCAR:** As part of the road safety program, we installed GPS systems in 74% of the fleet, in order to monitor speed and identify any vehicles operating outside of their schedule or route. In addition, we provided more than 17 thousand hours of personnel training and organized Road Safety Week.
- **CAM GyM:** We implemented the Strategic Road Safety Plan, seeking to transfer road safety standards to transportation service providers.

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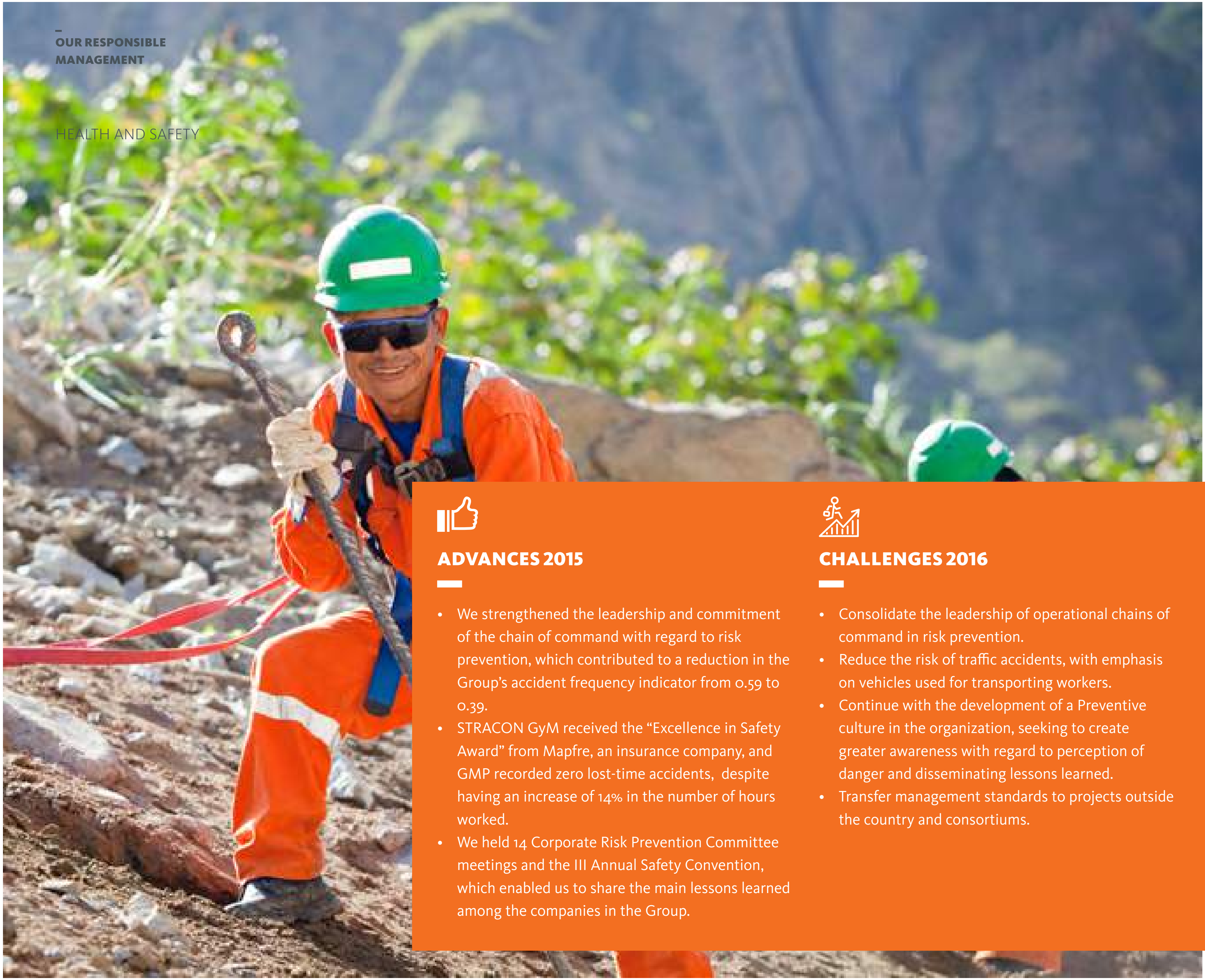
HEALTH AND SAFETY



ADVANCES 2015

- We strengthened the leadership and commitment of the chain of command with regard to risk prevention, which contributed to a reduction in the Group's accident frequency indicator from 0.59 to 0.39.
- STRACON GyM received the "Excellence in Safety Award" from Mapfre, an insurance company, and GMP recorded zero lost-time accidents, despite having an increase of 14% in the number of hours worked.
- We held 14 Corporate Risk Prevention Committee meetings and the III Annual Safety Convention, which enabled us to share the main lessons learned among the companies in the Group.

CHALLENGES 2016

- Consolidate the leadership of operational chains of command in risk prevention.
- Reduce the risk of traffic accidents, with emphasis on vehicles used for transporting workers.
- Continue with the development of a Preventive culture in the organization, seeking to create greater awareness with regard to perception of danger and disseminating lessons learned.
- Transfer management standards to projects outside the country and consortiums.

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OUR RESPONSIBLE MANAGEMENT

ENVIRONMENT

"WE ARE COMMITTED TO INNOVATE IN ORDER TO ENSURE THAT THE INFRASTRUCTURE WE DESIGN, BUILD AND OPERATE IMPROVES OUR SOCIETIES' ENVIRONMENTAL PERFORMANCE."

ANTONIO *Cueto Saco*
Manager of the Infrastructure area

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ENVIRONMENT

We respect and protect our environment with a preventive approach. Our strategy seeks to reduce the impact of our operations, foster a culture of environmental responsibility, and find engineering solutions that make it possible to improve the environmental performance of our clients and society as a whole.

MANAGEMENT SYSTEM

- Sustainability Policy (2015)
- Environmental Policy of each business
- ISO 14001 guidelines
- Environmental risk identification and assessment matrices and performance measurement

+

ENVIRONMENTAL CULTURE

- Training
- Code of Conduct
- Graña y Montero Style
- Awareness-raising campaigns in and outside the organization

+

ENVIRONMENTAL SOLUTIONS

- Environmentally efficient engineering designs
- Public-private partnerships that improve the country's environmental performance
- Environmental consulting services

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ENVIRONMENTAL MANAGEMENT SYSTEM

We define our environmental management priorities based on the risks associated with each of our operations and services. In 2015, we concentrated on energy, emissions, water and waste management.

MAIN INITIATIVES 2015:

ENERGY

We improved our energy measurements, expanding coverage and the quality of records at our offices and in our main operations.

POWER CONSUMPTION

	Operation				Administrative Offices
	Engineering and Construction	Real Estate	Infrastructure	Services	
Electricity (KWH)	20,738,169	53,604,953	NA	6,767,147	5,739,789
Fuel (Gl)	24,140,929	188,537	NA	1,585,015	6,686

1/ Engineering and Construction includes information for GyM, GMI, STRACON GyM and Morelco
2/ Infrastructure includes Line 1 of the Lima Metro and GMP
3/ Real Estate mainly has commercial and administrative activities included in "Administrative offices"
4/ Services includes information on CONCAR, CAM and GMD.
5/ Administrative offices includes measurements for the Surquillo, Petit Thouars and Nuevo Mundo offices in Lima, Talara in Piura and Morelco in Bogotá

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- **Line 1 of the Lima Metro:** This is the Group's business with the most intensive use of electricity. In absolute terms, the metro used 47.8 million Kwh during the year, which is equal to 16.6 Kwh per kilometer traveled and 0.46 Kwh per passenger transported. This last indicator shows 14% improvement compared to the preceding year.

- **CAM Perú:** Through field inspections, energy audits and the installation of tableros concentradores, we recovered more than 6 million Kwh for our clients and reduced the level of leakage and losses of electrical energy.

- **STRACON GyM:** We trained our employees on rational use of energy and we strengthened preventive maintenance on our equipment to reduce emissions, incorporating technical inspections performed by third parties.

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EMISSIONS

- **Administrative offices:** We continued measuring the carbon footprint of our administrative office in Surquillo and included the Petit Thouars office. The result was a total footprint of 4,354.46 t CO2eq, mainly due to air travel, worker transportation and consumption of electricity.

  In per capita terms, it is important to analyze emissions related to water consumption, electrical energy use and air conditioning at our Petit Thouars office, which reached 0.55 t CO2eq, compared to 0.82 t CO2eq at the Surquillo office. These results reflect the superior performance of the new facilities built according to LEED standards.

- **GyM:** From 2014 to 2015, we measured the carbon footprint of our projects for the first time. We analyzed the "Parques de Villa El Salvador II" Project in the social housing category, for which the result was 281.10 t CO2eq of emissions, mainly due to operating construction machinery and transporting workers to the work site. In addition, seeking to establish parameters for future comparison, we obtained a ratio of 2.17 t CO2eq per worker and 0.016 t CO2eq[3] per m2 of construction.

- **Morelco:** We recorded an emissions level of 3,295 t CO2eq[3] at 100% of our operations and offices. Based on these results, we prepared plans for saving energy and optimizing fuel use.

WATER

- We measured our water consumption at the offices and major operations. The Engineering and Construction business area had the most intensive use of this resource, accounting for 91% of the Group's consumption.

- At the administrative office level, we recorded a consumption index of 33 liters per employee per day, which shows an increase of 2.2 liters per person compared to 2014. At the location level, the performance of the Petit Thouars office

WATER COMSUMPTION

Water Comsumption	OPERATION				Administrative Offices
	Engineering and Construction	Infrastructure	Real Estate	Services	
Total Volume Water (m3)	2,860,006	212,877	NA	64,135	16,649

1. Engineering and Construction includes information from GyM, STRACON GyM and Morelco
2. Infrastructure includes Line 1 of the Lima Metro and GMP
3. Real Estate mainly has commercial and administrative activities, included in "Administrative offices"
4. Services includes information from CONCAR, GMD, CAM Perú and CAM Chile
5. Administrative offices includes the measurements for the Surquillo and Petit Thouars offices

3. Morelco's carbon footprint measurement includes scope 1 and 2 under ISO: 14064-1 methodology, while the GyM and Offices measurement includes scopes 1, 2 and 3, with scope 3 accounting for 60% of the emissions reported.

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stands out with 24.5 liters per person, compared to 37 at the Surquillo offices.

- **STRACON GyM:** We implemented the reuse of water for washing mixers and equipment in our projects. This represented 3% of the total amount of water extracted in 2015.

- **Lima Metro Line 1:** We have an automated system that made it possible to reuse 70% of the water used to wash the trains. In the future, we will make greater efforts to reduce water consumption at our stations, involving the users in efficient use of the resource.

SOLID WASTE

- **Offices:** We continued executing the solid waste management plan, including our Petit Thouars office. During the year, we recorded a total of 78 Kg of waste per worker, of which 10.7% was recycled, thanks to a partnership with an eco-social company specializing in recycling and reuse of plastic, glass and paper.

- **GyM:** In 2015, we completed the waste assessment of the "Parques de Villa El Salvador II" project, which made it possible to build awareness among our workers, identify risks, review our management processes and propose improvements. Among the relevant indicators, we attained a level of 0.12 t of waste per m2 of construction, where nearly 70% is composed of excavation material and approximately 25% is rubble (concrete, granulated material, etc.). Based on these results, a waste management protocol was prepared and will be implemented in 2016.

- **CONCAR:** As part of our periodic maintenance management, we recycled pavement. This enabled us to reuse materials from the top layers of road surfaces that had lost their original properties due to wear, which could be treated for reuse. During the year, we used this method on 239.1 Km of roads, reducing consumption of quarry rock, energy, as well as decreasing the volume of waste produced.

- As a Group, we participated in the Technical Committee on the Normalization of Construction Waste Management, along with the Peruvian Ministry of Housing, Construction and Sanitation, the Peruvian Chamber of Construction and other players involved in environmental improvement in the construction sector.

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ENVIRONMENTAL CULTURE

We foster a culture of environmental responsibility, not only among our workers, but also among the users, suppliers and communities with which we work.

MAIN INITIATIVES 2015:

- **Corporate:** As part of our strategy of communication through social networks, we give priority to messages about caring for the environment and efficient use of resources, reaching more than 146 thousand readers during the year. In addition, in partnership with the National Superintendence of Sanitation Services (SUNASS), we awarded environmental libraries to the top public schools in Puno, Lima, Huancayo and Chiclayo, within the framework of the "II National Responsible Practices in the Use of Drinking Water Contest."

- **Lima Metro Line 1 :** We continued executing our reforestation program, planting 450 m2 of new green areas. These actions were complemented by environmental workshops on caring for water and the use of sustainable transportation, which benefited 34,772 area residents.

- **CONCAR:** We held the "1st Discussion group on environmental management, legislation and challenges for the sector" and the "Solid waste management seminar," in which major concerns regarding highway management were discussed.

ENVIRONMENTAL SOLUTIONS

We design solutions, projects and technologies that bring about environmental benefits for our clients and for society.

MAIN INITIATIVES 2015:

- **Viva GyM:** We developed four sustainable office projects[4] according to LEED standards, the main global parameter for the planning, construction and certification of sustainable, energy-efficient buildings. As an example, the Real 8 building operates with 49% lower interior lighting power than a standard building in Peru, making energy savings of approximately 512,940 kWh per year possible.

  In addition, we implemented Humedales Ecoviva at 100% of our social housing projects handed over in 2015. This system makes it possible to reuse grey water from showers to water green areas around condominiums, saving 353 m3 of water per year.

- **Waste Water Treatment Plant - Puno:** We conducted feasibility studies on the construction and operation of the Waste Water Treatment Plant in the Lake Titicaca basin in Puno. This project, which will make it possible to treat effluents from 10 of the region's provinces and will benefit 870 thousand people, came about within the framework of the public-private partnership we have been working on with the Ministry of Housing, Construction and Sanitation and different local municipalities.

We foster a culture of environmental responsibility, not only among our workers, but also among the users, suppliers and communities with which we work.

4. Panorama, Real 2 and Rivera Navarrete are in the process of obtaining certification, and Real 8 has already been certified.

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ENVIRONMENT

ADVANCES 2015

- We updated our Environmental Policy and integrated it in the Group's Sustainability Policy.
- We completed the assessment of solid waste management in construction projects and prepared a protocol.
- We continued with carbon footprint measurements, including the Petit Thouars office and Morelco operations.
- We developed 4 sustainable office projects according to the LEED standard.

CHALLENGES 2016

- Strengthen our environmental performance indicators , seeking greater comparability.
- Gradually implement the solid waste management protocol for construction projects.
- Promote new designs, projects and technologies that bring about environmental benefits for society.

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OUR RESPONSIBLE MANAGEMENT

COMMUNICATION

"WE ARE TRANSPARENT IN THE INFORMATION WE COMMUNICATE TO THE MARKET AND OUR PARTNERS, ALWAYS SEEKING TO LISTEN TO OUR STAKEHOLDERS, IN ORDER TO MAKE THEM PARTICIPANTS IN THE RUNNING OF OUR BUSINESS."

ROLANDO *Ponce Vergara*
Manager of the Real Estate area

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COMMUNICATION

We build positive relations with the different groups with which we interact, based on dialogue, transparency and trust. Periodically, and prior to the start of any new operation, we identify the most important players and their perceptions. According to each one's characteristics and needs, we establish communication spaces that enable us to involve them and take their concerns into account.

GRAÑA Y MONTERO STAKEHOLDERS (G4-24)

EMPLOYEES AND WORKERS	INVESTORS	SUPPLIERS	STRATEGIC PARTNERS	CLIENTS	STATE	COMMUNITIES	MEDIA

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HOW DO WE ENGAGE WITH STAKEHOLDERS? (G4-26)

Stakeholder	Engagement mechanisms		Frequency of engagement
Workers	• Open-door policy, which brings workers and teams closer to the chain of command • Mass media: newsletters, internal magazines, intranet and websites • Network of correspondents: workers that act as a link between the administrative offices and the projects	• Interactive media: Facebook and radio programs • Knowledge portal • Leadership surveys, feedback and Great Place To Work Survey	Daily
Investors	• Shareholder Service Office • Quarterly open calls and meeting with investors and analysts • Annual Financial and Sustainability Report	• Quarterly management reports • Publication of important events and press releases • Corporate website	Variable
Suppliers	• Supplier portal (System SISPROV) • Direct, continuous engagement	• Discussion panels	Daily
Strategic partners	• Work meetings • Corporate Website	• Annual Report and Sustainability Report	Daily
Clients	**Corporate client (B2B)** • Client-partner workshop • Quarterly interviews and satisfaction surveys • Direct interviews • Viva GyM magazine • Annual Report and Sustainability Report • Company websites	**Client user (B2C)** • Viva GyM and Line 1 customer service office • Complaint book and suggestion box • Telephone service center and free phone line • Social networks: Facebook (Graña y Montero Group, Viva GyM and Line 1) and Line 1 Twitter • Company websites	Daily
State	• Satisfaction surveys • Annual Financial Report and Sustainability Report	• Institutional Relations Department • Participation in fairs and events	Variable
Community	• Community relations specialists and inquiry and complaint systems • Social assessments	• Academic spaces: conferences, fairs, forums, unions • Engineering portal • Social networks: Facebook and Line 1 Twitter	Daily
Media	• Meetings • Interviews on strategic matters	• Press releases	Variable

COMMUNICATION

NEW ENGAGEMENT: PUBLIC-PRIVATE PARTNERSHIPS (PPP)

In the Group we have learned that stakeholder relations are not limited to the construction and operation phases of projects, but rather they must be evaluated and managed from the conception of the proposal.

Despite the fact that the preparatory phase can last 2 or 3 years and that nothing ensures that the project will be executed by the proponent, it is fundamental to dedicate time and effort to identifying different players' needs, responding to their concerns in a timely manner and including them in the project design. This enables us to reduce social risks and generate proposals with greater value for all parties.

PPP PROCESS – RELATIONSHIP MANAGEMENT

MILESTONE: AWARDING AND SIGNING OF THE CONTRACT

CONCEPTION OF THE PROJECT → **PREPARATORY PHASE** → **PRE-INVESTMENT STUDIES** → **TECHNICAL DOSSIER** → **CONSTRUCTION AND OPERATION**

CONCEPTION OF THE PROJECT

Company-State Relations: Common interest

- Political risk
- Guidelines on dealing with public officials
- Own skills or choice of partner

PREPARATORY PHASE

Company-Society Relations:

- Map of players and perceptions
- Social risk matrix
- Communication Plan

PRE-INVESTMENT STUDIES

Company-Society Relations:

- Key players involved in the identification of causes and solutions
- First social commitments

Company-State Relations:

- Best technical and social solution
- Value generation
- Declaration of feasibility

TECHNICAL DOSSIER

Company-State-Society Relations:

- Preparation of EIA and social and environmental management plans
- Public hearings
- Announcement of the project

CONSTRUCTION AND OPERATION

Company-Society Relations:

- Community relations
- Communication channels
- Local employment
- Local suppliers
- Social investment

Company-User Relations:

- Client service channels
- Satisfaction measurement
- Communication and crisis management plans
- Promotion of public interest

Company-State Relations:

- Adherence to deadlines
- Provision of agreed levels of service
- Contract management

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COMMUNICATION

ADVANCES 2015

- We implemented the Corporate Communication Policy in the companies in the Group and developed the Crisis Communication Manual.
- We included the media as a relevant stakeholder of the Group and formulated a strategy for training spokespersons.
- We incorporated relationship management during the development of new infrastructure projects.

CHALLENGES 2016

- Disseminate the Crisis Communication Manual in the companies in the Group.
- Foster closer ties with our business clients, modernizing communication mechanisms, such as client-partner workshops.
- Increase our capacity to deal with the State, adhering to the spirit of our Ethics Charter.
- Strengthen relationship management during the development of new projects.

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"WHAT I LIKED FROM THE START WAS THAT EVERYTHING IS WELL CARED FOR. THE COMPANY HAS SEEN TO IT THAT EVERYTHING WORKS. THEY HELP US TO GET ORGANIZED AND TO HAVE A GOOD RELATIONSHIP WITH OUR NEIGHBORS. THAT MAKES COEXISTENCE EASIER."

CECILIA *Escobar Córdova*
Resident of Parque Central Club Residencial

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AYNI PROGRAM – VIVA GYM:

Viva GyM fosters respectful coexistence among the new owners of the real estate projects it carries out. As part of this initiative, it offers them training on legal and administrative matters, conflict management and leadership, and provides support in order to foster a better quality of life in these urban spaces.

In 2015, it held a sustainability contest among the boards of the owners' associations on the implementation of ecologically-friendly projects related to solid waste recycling, the creation and maintenance of green areas, and the reuse of resources. As a result, the Los Cedros residential complex was included in El Augustino District City Hall's environmental management plan.

RESULTS 2015

- **2,107 families trained** on leadership and harmonious coexistence.
- **95 workshops** held in Lima and other provinces.
- **More than 80%** of the owners are of the opinion that Ayni improves coexistence with their neighbors.
- **5 residential** complexes participated in the sustainability contest.

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METRO CULTURE – LIMA METRO LINE 1:

The Metro Culture program continues to take advantage of the Line 1 trains and stations to educate users on responsible behavior based on tolerance and respect.

The startup of operations of Section II of the Metro route (in late 2014) produced a sharp increase in demand in the system, which went from making 150 thousand passenger trips per day in 2013 to more than 320 thousand in 2015. This situation brought with it major challenges in terms of safety, order and coexistence. To deal with this challenge, we developed the Ola Verde (Green Wave) program, which seeks to control the number of people on the platforms, by means of the use of traffic lights outside the stations. This, in addition to continuous training and awareness-raising among users, made it possible to control the risk of accidents due to excess demand.

RESULTS 2015

- **88.5%** of the customers feel that Line 1 of the Lima Metro fosters civic-mindedness.
- Despite the increase in passenger demand, we recorded an overall **satisfaction level of 82.5%.**
- **16 stations** have traffic lights in connection with the pilot Ola Verde program.
- **Over 80% of users** are satisfied with this initiative.

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ROAD EDUCATION PROGRAM – CONCAR:

We transfer our culture of accident prevention by training users and communities in the vicinity of the roads we operate or maintain. In order to implement this initiative, we establish partnerships with the local school board and use the Ministry of Education's Guidelines on Road Safety Education. CONCAR employees are responsible for providing these training sessions.

In 2015, this initiative was reformulated to include an additional component of working with transportation companies and partnerships with the National Council on Road Safety and the Police.

RESULTS 2015

- **4,163 members of the community** trained on road safety.
- **2,585 man hours** of training on road safety provided to the community.

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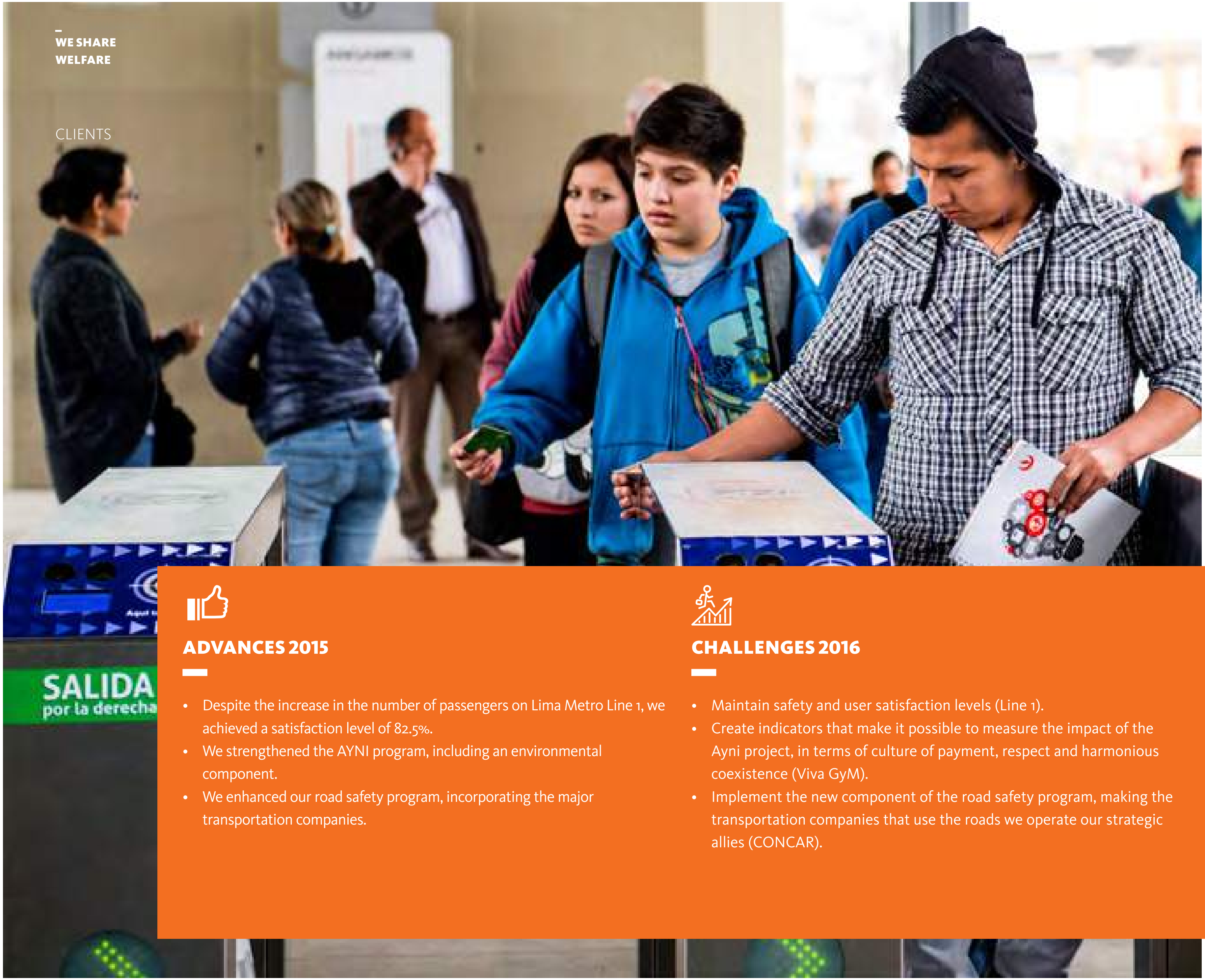

ADVANCES 2015

- Despite the increase in the number of passengers on Lima Metro Line 1, we achieved a satisfaction level of 82.5%.
- We strengthened the AYNI program, including an environmental component.
- We enhanced our road safety program, incorporating the major transportation companies.

CHALLENGES 2016

- Maintain safety and user satisfaction levels (Line 1).
- Create indicators that make it possible to measure the impact of the Ayni project, in terms of culture of payment, respect and harmonious coexistence (Viva GyM).
- Implement the new component of the road safety program, making the transportation companies that use the roads we operate our strategic allies (CONCAR).

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SUPPLIERS

BEING A GRAÑA Y MONTERO SUPPLIER HAS ENABLED US TO LEARN ANOTHER WAY OF WORKING. WE'VE GROWN ALONG WITH THEM.

SANDRO *Pérez Sánchez*
CONFECCIONES RIALS EIRL – GyM Supplier

SUPPLIERS

The suppliers and contractors with which we work are our strategic allies. We share our knowledge with them and work together to achieve goals and keep commitments offered to our clients.

PURCHASES FROM SUPPLIERS

In 2015, we worked with more than 11 thousand suppliers, whose payment represented 48% of our revenues. In addition, we sought to foster local and decentralized purchases, in order to produce economic robustness in the areas surrounding our operations.

	GyM	STRACON GyM	Morelco	GMP	CONCAR
Number of suppliers	3,942	1,517	3,150	614	2,262
% of decentralized purchases (1)	14%	28%	51%	2.9%	30%
% of local purchases (2)		9%	49%	35.6%	

1. Corresponds to purchases from suppliers with taxpayer numbers (RUC) from outside the capital.
2. Corresponds to purchases from suppliers in the area of direct and indirect influence of the projects.

LOCAL SUPPLIER DEVELOPMENT:

We foster formalization and capacity-building among local suppliers, in order to improve the quality of the goods and services they provide, thereby contributing to the growth of local economies.

RESULTADOS 2015

GMP

- We assist our suppliers in tax and safety and health at work matters and in the use of the Oracle system. As a result, we have 38 local companies apt for working with GMP.

CONCAR

- We foster the development of small businesses through frame supply agreements for annual or semi-annual periods. To date, 43% of our suppliers with a frame agreement are from outside Lima.

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COMPATIBILIZATION OF SUPPLIERS:

The Group has different compatibilization programs through which it evaluates and rates its most important suppliers on financial, quality, safety, environment and community-related aspects.

In 2015, GyM decided to reformulate its compatibilization program for the purpose of simplifying it and generating greater value for the company and suppliers. This new version of the program includes segmented processes and surveys, according to the level of risk or criticality associated with each type of supplier.

In order to define potential improvements in the program, we identified the perceptions of user areas in the company, as well as suppliers' perceptions (see strengths and opportunities in the attached table).

Along this same line of improvement in supplier managment, in 2015 CONCAR implemented a compatibilization program for suppliers in Lima and other provinces for the first time.

PERCEPTIONS OF THE COMPATIBILIZATION PROGRAM GYM

Strengths of the program	Opportunities for improvement
• Suppliers perceive that homologation enables them to raise their standards. • Suppliers appreciate having the evaluation made directly by GyM. Feedback from a closer source. • Internal areas feel it saves time looking for suppliers and helps in finding reliable ones.	• Simplify and segment surveys according to the criticality of the supplier. • Recognize the value of prior certification and compatibilization. • Integrate performance evaluations in the compatibilization and development cycle of each supplier. • Evaluate the integration of the Group's different compatibilization processes.

RESULTS 2015

GyM

- We evaluated our compatibilization process.
- We determined factors and suppliers critical to the business.
- We implemented a dialogue panel to incorporate our suppliers' perceptions in the new compatibilization program

CONCAR

- We compatibilized 68 critical suppliers in Lima and other provinces.
- We trained 19 suppliers.
- We provided more than 140 man hours of training for suppliers.

GMP

- We compatibilized 8.7% of the total critical suppliers identified.
- We trained 15 suppliers.
- We created 10 spaces for dialogue with suppliers.

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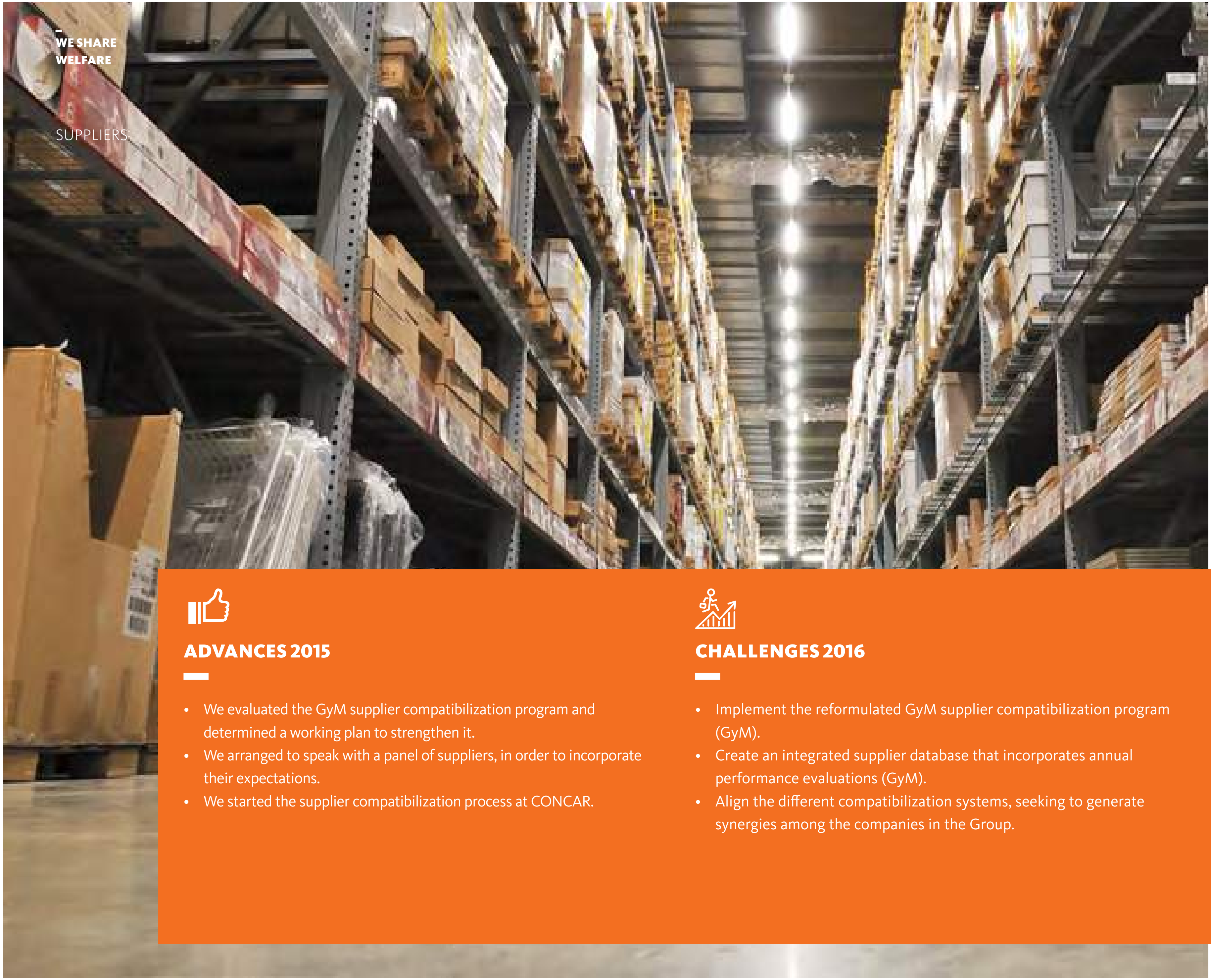

SUPPLIERS

ADVANCES 2015

- We evaluated the GyM supplier compatibilization program and determined a working plan to strengthen it.
- We arranged to speak with a panel of suppliers, in order to incorporate their expectations.
- We started the supplier compatibilization process at CONCAR.

CHALLENGES 2016

- Implement the reformulated GyM supplier compatibilization program (GyM).
- Create an integrated supplier database that incorporates annual performance evaluations (GyM).
- Align the different compatibilization systems, seeking to generate synergies among the companies in the Group.

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OUR COMMUNITIES

GRAÑA & MONTERO HAS LARGELY CONTRIBUTED TO THE COUNTRY IN EMPLOYMENT OPPORTUNITIES FOR BOTH, PROFESSIONALS AND WORKERS. WE, AS WORKERS, MAY GIVE OUR CHILDREN A BETTER LIFE AND THUS, SOCIETY ALSO PROGRESSES.

CLAUDIO *Escalante Carbajal*
Panorama Plaza de Negocios

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BUILDING CAPACITIES FOR LABOR INSERTION:

We train the communities in the vicinity of our projects on basic construction techniques, risk prevention and leadership. In this manner, we improve their employability and foster their entry in the construction sector job market.

Over the 10 years the program has been in operation (2006-2015), more than 21 thousand people have received a total of 962,090 man hours of training. Thanks to the program, in 2015, 54% of those trained were able to work on GyM projects, and 100% of the skilled labor (assistant or workman category) is from the local community. Currently, this program is being replicated by other companies in the Group, such as STRACON GyM and CONCAR.

RESULTS 2015

- **44,184** man hours of training
- **945** applicants trained
- **"ABE Occupational Social Responsibility Award"** for having the best employability program and the best training program

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CONSTRUCTION MANAGEMENT EDUCATIONAL PROGRAM:

We develop and dictate the technical career “Planning and control of construction projects”, which seeks to increase employability of low-income youth in projects in the sector.

This program, which we carry out in alliance with Fe y Alegría, has a 2-year duration and is mostly dictated by employees of Graña & Montero, who participate as internal teachers. It also includes professional apprenticeships in the company and enables graduates to obtain a mid-level technician certification from the Ministry of Education.

RESULTS 2015

- **25 young people graduated** (1st graduating class)
- **100%** of the graduates went to work for Graña y Montero
- **+ 98,000** man hours of training provided
- **40 young people participate** in the second class.

OUR COMMUNITIES

LEARNING TO GROW PROGRAM – GMP:

This initiative seeks to improve the practices of public school teachers in Talara, GMP's area of influence, seeking more effective learning in reading, writing and mathematics. In partnership with Universidad Peruvian Cayetano Heredia and Empresarios por la Educación (Businesspersons for Education), we continued—for the third and last year—providing training for 91 teachers and 2,315 children at 6 public schools in the area.

RESULTS 2013-2015

- **The Jorge Chávez school,** participating in the program, achieved 1st place in the public schools ranking of Talara, with 86.6% in reading comprehension, with 54 percentage points above the province average. (2014 Students Census Evaluation)
- **The 6 participating schools** reached 49% average satisfaction in "Reading Comprehension", 15 percentage points above the province average and 5 points above the national average.
- **In mathematics,** the average of the 6 participating schools was 28%, 8 percentage points above the province average and 2 percentage points above the national average.
- **9% of the teachers trained** by the program obtained promotions in their teaching career.
- **20% of the program teachers** were nominated "Strength Teachers" by the Ministry of Education and received salary increases.

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PEACE SCHOOL PROGRAM – MORELCO:

Since 2013, the Morelco Foundation contributes to the generation of citizenship and peace conditions in the areas of influence of its projects that suffered violence. This initiative, geared toward children and young people from Barrancabermeja and Yondó, in Colombia, fosters capacity-building among young leaders and youth organizations through art and culture.

The program has two training components: i) Music School, which contributes to participants' comprehensive development, constructive use of their free time, and their social and cultural integration, and ii) Drama School, which helps young people develop capacity for empathy and self-awareness.

RESULTS 2015

- **336 music,** art and drama workshops taught.
- **More than 250 children** and young people have strengthened their leadership skills.
- **672 man hours** of training.

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GRAÑA Y MONTERO CORPORATE VOLUNTEERING PROGRAM:

This initiative fosters leadership and social action among the Group's employees. In 2015, one of the most important events was the "Having a better city is in your court" campaign, which reinforced traffic safety among more than 4 thousand drivers and pedestrians in areas in the vicinity of the Group's offices.

RESULTS 2015

- More than **650 active volunteers.**
- More than **9,970 benefited** in 10 of Peru's departments.

OUR COMMUNITIES

To the Group, the concept of community not only includes areas of direct influence of its projects, but also other groups, such as the engineering, academic and scientific communities. We share our knowledge and experience with them, in order to promote research and innovation in the sector.

PROMOTING SHARED INNOVATION:

This program seeks to make young engineers want to do research, as well as to help them know how to do it, to know what subjects to research, to establish networks, to have access to knowledge and to apply it to create value. The following are part of the program:

- **Structure Your Ideas:** Scientific article contest geared toward undergraduate college students majoring in engineering or architecture.
- **Graña y Montero Award for Engineering Research:** Established in 2009 to recognize the value of research and award engineering professionals for their talent and dedication.

In 2015, the 6th edition of the contest was launched, awarding not only the top research projects, but also incubating and accelerating the best projects.

- **Engineering Portal (EP):** Web platform created for the transmission and exchange of knowledge among members of the engineering community.
- **Student volunteering – EP Agents:** We encourage college students' participation in knowledge dissemination activities and empower them to convey the importance of research in their direct surroundings.

RESULTS 2015

- **1,700 students trained** and over 10,000 made aware through "Structure Your Ideas"
- **34,689 users** of the Engineering Portal and more than 176,000 followers on social networks
- **225 research** works participating in five editions of the Graña y Montero Award, in 16 of the country's cities
- **205 active volunteer EP agents**

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INVESTMENT IN SOCIAL PROGRAMS

The different social initiatives carried out by the Group entailed a total investment of US$ 900 thousand and a contribution of US$ 200 thousand from our different strategic partners.

SOCIAL INVESTMENT 2015

Type of initiative	Number of beneficiaries	Man hours of training	Investment US$	%
Related training	16,877	145,694	171,565	18%
Non-related training	5,364	15,622	238,432	25%
1. TRAINING	**22,241**	**161,316**	**409,997**	**43%**
Social investment	264,125	3,820	314,890	33%
Environmental investment	12,838	458	33,984	4%
Economic investment	798	4,311	57,370	6%
Business philanthropy	64,962	1,560	146,395	15%
2. OTHER BUSINESS ACT.	**342,723**	**10,149**	**552,639**	**57%**
TOTAL (1+2)	**364,964**	**171,465**	**962,636**	**100%**

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ADVANCES 2015

- We continued fostering capacity-building in the community. As a result of the different programs, more than 360 thousand direct beneficiaries received 170 thousand man hours of training in technical competencies, road safety and responsible conduct.
- We completed the execution of the Learn in order to Grow program with evident improvement in the learning levels of children who had participated in the program compared to children from other schools that had not.
- We enhanced the Boost to Shared Innovation program, seeking to bring it in line with the needs of the business and including the possibility of incubating and accelerating the best projects in the Graña y Montero Award contest.

CHALLENGES 2016

- Strengthen our systems for measuring impact and return on social investment.
- Develop an emblematic corporate program related to building technical capacities.

AWARD AND RECOGNITIONS

IMPORTANT RECOGNITIONS RECEIVED BY THE GRAÑA Y MONTERO GROUP IN 2015

1. Named Best Managed Company in the Latin American Cement and Construction Sector by the English magazine Euromoney.
2. Winner for Best Corporate Governance in the South American Construction Sector in the Ethical Boardroom Corporate Governance Awards.
3. Alas 20 Company, recognition for having the highest cumulative score.
4. Named Leading Company in Sustainability and Leading Company in Corporate Governance by Alas20.
5. Inclusion in the Lima Stock Exchange's Good Corporate Governance Index.
6. One of the 10 Most Admired Companies in Peru, according to PwC and G de Gestión magazine.
7. Placed 7th in the ranking of the 100 Peruvian companies with the best reputation, according to a study conducted by international consulting firm Merco, with the support of KPMG.
8. First place for social responsibility and sustainable development among companies in the Employees category, in the Perú 2021 awards organized by Asociación Perú 2021 and PUCP.
9. Named third most attractive company to work for in Peru by Arellano Marketing and Laborum according to their Employer Branding study.
10. Placed 9th in the ranking of the 100 best companies to work for in Peru, according to the Merco People reputation monitor.
11. ABE Awards to the Best Program for Training of Supervisors and Managers in Personnel Management and to the Best Knowledge Management Program, on behalf of the Good Employers Association of Amcham.
12. Distinguished as Socially Responsible Company (ESR) by Asociación Perú 2021.
13. Tenth place in the 2015 ranking of most responsible companies and with best corporate governance by Merco Reputación.

IMPORTANT RECOGNITIONS OF COMPANIES IN THE GROUP IN 2015

1. Viva GyM placed 4th in the companies with 30 to 250 employees category, in the Best Companies to Work For ranking by Great Place to Work ® Peru.
2. GMD placed 16th in the companies with more than 1,000 employees category, in the Best Companies to Work For ranking by Great Place to Work ® Peru.
3. STRACON GyM placed 17th in the companies with more than 1,000 employees category, in the Best Companies to Work For ranking by Great Place to Work ® Peru.
4. GyM placed first in employer branding in the Construction and Real Estate category, according to the "Where I want to work" study conducted by Arellano Marketing and Laborum.
5. Viva GyM placed 4th in employer branding in the Construction and Real Estate category, according to the "Where I want to work" study conducted by Arellano Marketing and Laborum.
6. GyM obtained the ABE Awards to the Best employability program and to the Best employee training program from the Good Employers' Association of Amcham.

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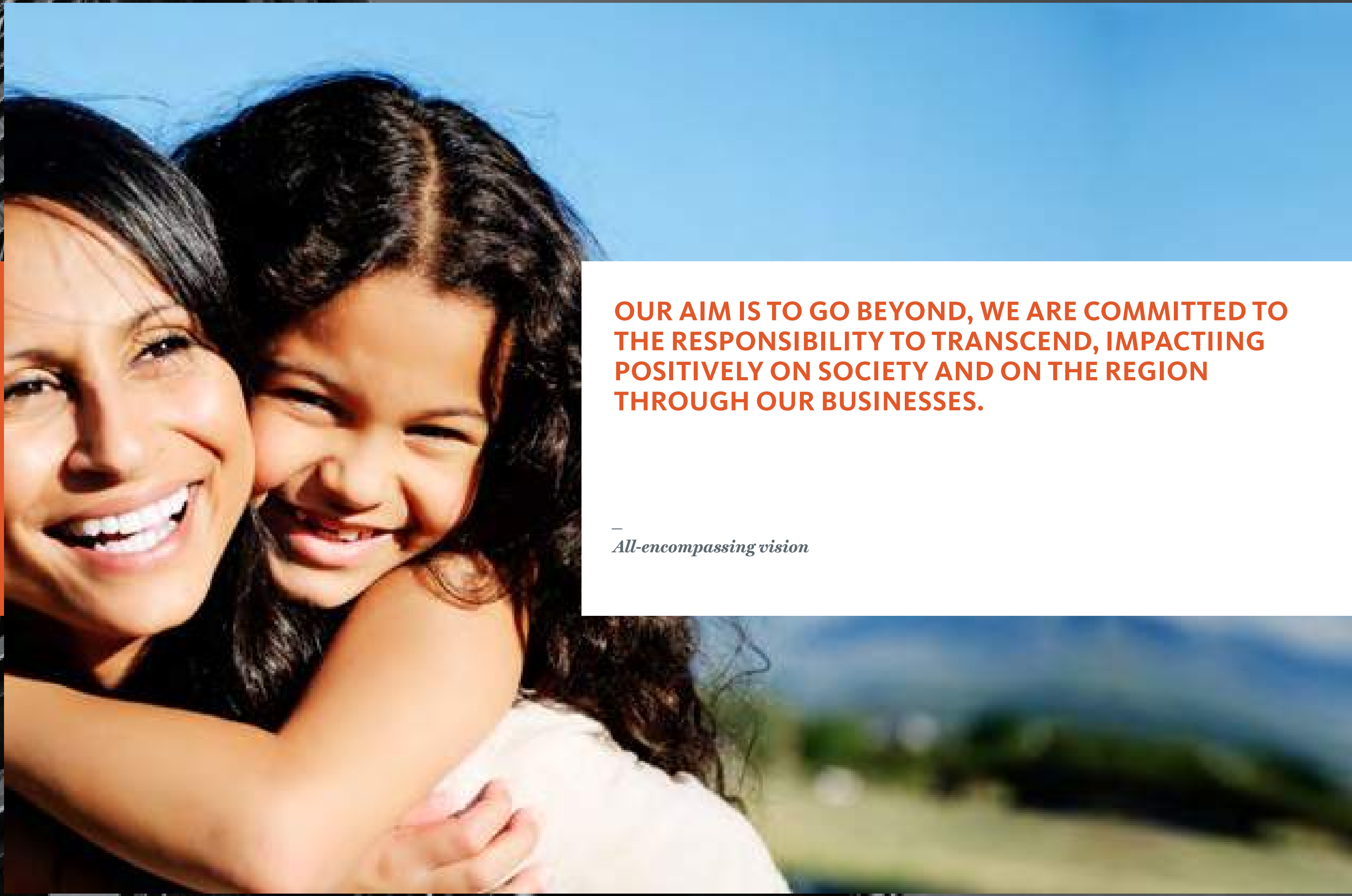
WHY WE DO IT DIFFERENTIATES US



OUR AIM IS TO GO BEYOND, WE ARE COMMITTED TO THE RESPONSIBILITY TO TRANSCEND, IMPACTIING POSITIVELY ON SOCIETY AND ON THE REGION THROUGH OUR BUSINESSES.

–

All-encompassing vision

APPENDIX

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013, 2014 AND 2015

GRAÑA Y MONTERO S.A.A. AND SUBSIDIARIES

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CONSOLIDATED INCOME STATEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONSOLIDATED STATEMENT OF CASH FLOWS
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S/.	=	PERUVIAN SOL
US$	=	UNITED STATES DOLLAR

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INDEPENDENT AUDITOR'S REPORT

pwc

(Free translation from the original in Spanish)

(All amounts expressed in thousands of S/ unless otherwise stated)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors
Graña y Montero S.A.A.

March 2, 2016

We have audited the accompanying consolidated financial statements of **Graña y Montero S.A.A. and subsidiaries**, which comprise the consolidated statements of financial position at December 31, 2014 and 2015 and the consolidated statements of income, and comprehensive income, changes in equity and cash flows for the years ended December 31, 2013, 2014 and 2015, and a summary of significant accounting policies and other explanatory information included in notes 1 to 36.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing approved for application in Peru by the Board of Deans of Institutes of Peruvian Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

pwc

(All amounts expressed in thousands of S/ unless otherwise stated)

March 2, 2016
Graña y Montero S.A.A.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Graña y Montero S.A.A. and subsidiaries** at December 31, 2014 and 2015, their financial performance and cash flows for the years ended December 31, 2013, 2014 and 2015, in accordance with International Financial Reporting Standards.

Gaveglio Aparicio y Asociados

Countersigned by

---(partner)
Hernán Aparicio P.
Peruvian Certified Public Accountant
Registration No.01-020944

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS			
			At December 31,
	Note	2014	2015
CURRENT ASSETS			
Cash and cash equivalents	8	818,402	554,002
Financial asset at fair value through profit or loss		5,601	3,153
Trade accounts receivables	10	1,084,544	1,050,791
Unbilled work in progress	11	1,161,798	1,319,187
Accounts receivable from related parties	12	99,061	280,153
Other accounts receivable	13	584,975	824,589
Inventories	14	833,570	1,159,154
Prepaid expenses		26,438	40,023
		4,614,389	**5,231,052**
Non-current assets classified as held for sale		9,513	22,511
Total current assets		**4,623,902**	**5,253,563**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

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(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS			
		At December 31,	
	Note	2014	2015
Non-current assets			
Long-term trade accounts receivable	10	579,956	621,831
Long-term unbilled work in progress	11	35,971	59,754
Prepaid expenses		9,478	22,386
Other long-term accounts receivable	13	44,553	65,929
Available-for-sale financial assets	9	93,144	120,134
Investments in associates and joint ventures	15	229,563	646,884
Investment property		36,244	34,702
Property, plant and equipment	16	1,147,018	1,111,757
Intangible assets	17	778,743	881,020
Deferred income tax asset	24	152,109	173,851
Total non-current assets		**3,106,779**	**3,738,248**
Total assets		**7,730,681**	**8,991,811**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY		At December 31,	
	Note	2014	2015
Current liabilities			
Other financial liabilities	18	1,425,455	1,228,020
Bonds	19	-	37,083
Trade accounts payable	20	1,177,581	1,635,760
Accounts payable to related parties	12	83,027	77,830
Current income tax		89,614	34,116
Other accounts payable	21	1,007,743	1,066,000
Other provisions	22	11,441	13,468
Total current liabilities		**3,794,861**	**4,092,277**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY			
			At December 31,
	Note	2014	2015
Non-current liabilities			
Other financial liabilities	18	326,124	553,336
Long-term bonds	19	-	757,008
Long-term trade accounts payable	20	3,779	-
Other long-term accounts payable	21	281,651	246,396
Long-term accounts payable to related parties	12	-	20,136
Other provisions	22	54,174	35,618
Derivative financial instruments		2,999	2,331
Deferred income tax liabilities	24	93,386	101,664
Total non-current liabilities		**762,113**	**1,716,489**
Total liabilities		**4,556,974**	**5,808,766**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY			
			At December 31,
	Note	2014	2015
Equity	**23**		
Capital		660,054	660,054
Other capital reserves		132,011	132,011
Voluntary reserve		-	29,974
Share premium		899,311	897,532
Other reserves		(113,895)	(129,059)
Retained earnings		**1,113,696**	**1,064,044**
Equity attributable to controlling interest in the Company		2,691,177	2,654,556
Non-controlling interest		482,530	528,489
Total equity		**3,173,707**	**3,183,045**
Total liabilities and equity		**7,730,681**	**8,991,811**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

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CONSOLIDATED INCOME STATEMENT

		For the year ended December 31,		
	Note	2013	2014	2015
Revenues from construction activities		3,820,393	4,749,159	5,513,655
Revenues from services provided		1,748,127	1,912,646	1,901,498
Revenue from real estate and sale of goods		398,980	346,875	417,280
		5,967,500	**7,008,680**	**7,832,433**
Cost of construction activities		(3,354,420)	(4,336,388)	(5,310,003)
Cost of services provided		(1,349,850)	(1,489,574)	(1,523,358)
Cost of real estate and goods sold		(259,108)	(231,150)	(296,267)
	26	**(4,963,378)**	**(6,057,112)**	**(7,129,628)**
Gross profit		1,004,122	951,568	702,805
Administrative expenses	26	(361,792)	(421,367)	(413,380)
Other income and expenses	28	25,302	15,136	57,287
Profit /(loss) from the sale of investments	15 - 5a	5,722	-	(8,289)
Operating profit		**673,354**	**545,337**	**338,423**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

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(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED INCOME STATEMENT

		For the year ended December 31,		
	Note	2013	2014	2015
Financial expenses	27	(152,802)	(102,816)	(176,802)
Financial income	27	40,353	11,462	38,107
Share of the profit or loss in associates and joint ventures under the equity method of accounting	15	33,562	53,445	17,603
Profit before income tax		594,467	507,428	217,331
Income tax	29	(182,323)	(146,196)	(75,619)
Profit for the year		412,144	361,232	141,712
Profit attributable to:				
Owners of the Company		320,016	299,743	88,154
Non-controlling interest		92,128	61,489	53,558
		412,144	361,232	141,712
Basic and Diluted earnings per share from continuing operations attributable to owners of the Company	34	0.533	0.454	0.134

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended December 31,		
	Note	2013	2014	2015
Profit for the year		412,144	361,232	141,712
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of actuarial gains and losses, net of tax	30	(6,121)	(1,777)	(3,860)
Items that may be subsequently reclassified to profit or loss				
Cash flow hedge, net of tax	30	3,733	568	723
Foreign currency translation adjustment, net of tax		(1,071)	(20,463)	(44,649)
Change in value of available-for-sale financial assets, net of tax	9	19,060	4,649	19,973
Exchange difference from net investment in a foreign operation, net of tax	30	-	(12,794)	(5,221)
		21,722	(28,040)	(29,174)
Other comprenhensive income for the year, net of tax		15,601	(29,817)	(33,034)
Total comprehensive income for the year		427,745	331,415	108,678
Comprehensive income attributable to:				
Owners of the Company		337,564	277,912	70,069
Non-controlling interest		90,181	53,503	38,609
		427,745	331,415	108,678

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2013, 2014 AND 2015

	ATTRIBUTABLE TO THE CONTROLLING INTERESTS OF THE COMPANY									
	Number of shares in thousands	Issued aapital	Other capital reserves	voluntary reserves	Share premium	Others reserves	Retained earnings	Total	Non-controlling interest	Total
Balances as of January 1, 2013	**558,284**	**558,284**	**107,011**	**-**	**6,656**	**(3,716)**	**723,972**	**1,392,207**	**391,034**	**1,783,241**
Profit for the year	-	-	-	-	-	-	320,016	320,016	92,128	412,144
Cash flow hedge	-	-	-	-	-	3,546	-	3,546	187	3,733
Adjustment for actuarial gains and losses	-	-	-	-	-	-	(4,591)	(4,591)	(1,530)	(6,121)
Foreign currency translation adjustment	-	-	-	-	-	(467)	-	(467)	(604)	(1,071)
Change in value of available-for-sale financial assets	-	-	-	-	-	19,060	-	19,060	-	19,060
Comprehensive income of the year	**-**	**-**	**-**	**-**	**-**	**22,139**	**315,425**	**337,564**	**90,181**	**427,745**
Transactions with shareholders:										
- Transfer to legal reserve	-	-	4,646	-	-	-	(4,646)	-	-	-
- Dividend distribution (Note 33 and 35 g)	-	-	-	-	-	-	(86,985)	(86,985)	(51,794)	(138,779)
- Issuance of shares (Note 23 c)	101,770	101,770	-	-	1,055,488	-	-	1,157,258	-	1,157,258
- Contributions of non-controlling shareholders (Note 35 d)	-	-	-	-	-	-	-	-	34,774	34,774
- Additional acquisition of non-controlling (Note 35 a)	-	-	-	-	(34,611)	-	-	(34,611)	(29,257)	(63,868)
- Deconsolidation of former subsidiaries (Note 35 e)	-	-	-	-	-	-	-	-	(19,377)	(19,377)
- Purchase of subsidiaries (Note 32 c)	-	-	-	-	-	-	-	-	15,701	15,701
Total transactions with shareholders	**101,770**	**101,770**	**4,646**	**-**	**1,020,877**	**-**	**(91,631)**	**1,035,662**	**(49,953)**	**985,709**
Balances as of December 31, 2013	**660,054**	**660,054**	**111,657**	**-**	**1,027,533**	**18,423**	**947,766**	**2,765,433**	**431,262**	**3,196,695**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2013, 2014 AND 2015

	ATTRIBUTABLE TO THE CONTROLLING INTERESTS OF THE COMPANY									
	Number of shares in thousands	Issued aapital	Other capital reserves	voluntary reserves	Share premium	Others reserves	Retained earnings	Total	Non-controlling interest	Total
Balances as of January 1, 2014	**660,054**	**660,054**	**111,657**	**-**	**1,027,533**	**18,423**	**947,766**	**2,765,433**	**431,262**	**3,196,695**
Profit for the year	-	-	-	-	-	-	299,743	299,743	61,489	361,232
Cash flow hedge	-	-	-	-	-	540	-	540	28	568
Adjustment for actuarial gains and losses	-	-	-	-	-	-	(1,332)	(1,332)	(445)	(1,777)
Foreign currency translation adjustment	-	-	-	-	-	(13,086)	-	(13,086)	(7,377)	(20,463)
Change in value of available-for-sale financial assets	-	-	-	-	-	4,649	-	4,649	-	4,649
Exchange difference from net investment in a foreign operation	-	-	-	-	-	(12,602)	-	(12,602)	(192)	(12,794)
Comprehensive income of the year	**-**	**-**	**-**	**-**	**-**	**(20,499)**	**298,411**	**277,912**	**53,503**	**331,415**
Transactions with shareholders:										
- Transfer to legal reserve	-	-	20,354	-	-	-	(20,354)	-	-	-
- Dividend distribution (Note 33 and 35 g)	-	-	-	-	-	-	(112,127)	(112,127)	(68,062)	(180,189)
- Contributions of non-controlling shareholders (Note 35 d)	-	-	-	-	-	-	-	-	47,376	47,376
- Additional acquisition of non-controlling (Note 35 a)	-	-	-	-	(128,222)	-	-	(128,222)	(50,109)	(178,331)
- Sale to non-controlling interest in GyM Chile Spa (Note 35 b)	-	-	-	-	-	-	-	-	1,627	1,627
- Deconsolidation of subsidiaries (Note 35 e)	-	-	-	-	-	-	-	-	2,284	2,284
- Put option liability from acquisition of non-controlling (Note 21)	-	-	-	-	-	(111,819)	-	(111,819)	(2,010)	(113,829)
- Purchase of subsidiaries (Note 32 a)	-	-	-	-	-	-	-	-	66,659	66,659
Total transactions with shareholders	**-**	**-**	**20,354**	**-**	**(128,222)**	**(111,819)**	**(132,481)**	**(352,168)**	**(2,235)**	**(354,403)**
Balances as of December 31, 2014	**660,054**	**660,054**	**132,011**	**-**	**899,311**	**(113,895)**	**1,113,696**	**2,691,177**	**482,530**	**3,173,707**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2013, 2014 AND 2015

	ATTRIBUTABLE TO THE CONTROLLING INTERESTS OF THE COMPANY									
	Number of shares in thousands	Issued aapital	Other capital reserves	voluntary reserves	Share premium	Others reserves	Retained earnings	Total	Non-controlling interest	Total
Balances as of January 1, 2015	**660,054**	**660,054**	**132,011**	**-**	**899,311**	**(113,895)**	**1,113,696**	**2,691,177**	**482,530**	**3,173,707**
Profit for the year	-	-	-	-	-	-	88,154	88,154	53,558	141,712
Cash flow hedge	-	-	-	-	-	687	-	687	36	723
Adjustment for actuarial gains and losses	-	-	-	-	-	-	(2,921)	(2,921)	(939)	(3,860)
Foreign currency translation adjustment	-	-	-	-	-	(30,687)	-	(30,687)	(13,962)	(44,649)
Change in value of available-for-sale financial assets	-	-	-	-	-	19,973	-	19,973	-	19,973
Exchange difference from net investment in a foreign operation	-	-	-	-	-	(5,137)	-	(5,137)	(84)	(5,221)
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(15,164)**	**85,233**	**70,069**	**38,609**	**108,678**
Transactions with shareholders:										
- Transfer to legal reserve	-	-	-	29,974	-	-	(29,974)	-	-	-
- Dividend distribution (Note 33 and 35 f)	-	-	-	-	-	-	(104,911)	(104,911)	(4,535)	(109,446)
- Contributions of non-controlling shareholders (Note 35 d)	-	-	-	-	-	-	-	-	10,329	10,329
- Additional acquisition of non-controlling (Note 35 a)	-	-	-	-	(894)	-	-	(894)	(971)	(1,865)
- Sale to non-controlling interest (Nota 35 b)	-	-	-	-	(885)	-	-	(885)	2,527	1,642
Total transactions with shareholders	**-**	**-**	**-**	**29,974**	**(1,779)**	**-**	**(134,885)**	**(106,690)**	**7,350**	**(99,340)**
Balances at December 31, 2015	**660,054**	**660,054**	**132,011**	**29,974**	**897,532**	**(129,059)**	**1,064,044**	**2,654,556**	**528,489**	**3,183,045**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended	December 31,	
	Note	2013	2014	2015
OPERATING ACTIVITIES				
Profit before income tax		594,467	507,428	217,331
Adjustments to profit not affecting cash flows from operating activities:				
Depreciation	16	181,479	185,310	217,070
Amortization of other assets	17	78,387	74,730	89,355
Impairment of inventory		2,239	62	17
Impairment of accounts receivable and other accounts receivable		110	71	5,806
Impairment of property, plant and equipment	16	-	2,415	9,677
Impairment of other assets		774	14,170	-
Recovery of impairment of inventory		-	(1,169)	-
Change in the fair value of a financial asset through profit or loss		-	-	(2,740)
Change in the fair value of the liability for put option	21	-	-	(18,627)
Provisions	22	15,084	6,559	6,398
Dividends income from available-for-sale financial assets	28	(1,170)	(9,350)	(7,215)
Financial expenses, net		94,483	76,102	129,365
Share in the profits of associates and joint ventures under the equity method	15 a-b	(33,562)	(53,445)	(34,872)
Reversal of provisions	28	(14,556)	(9,394)	(7,796)
Derecognition of investments	15	-	-	2,755
Profit on sale of property, plant and equipment	16	(734)	(4,845)	(17,385)
Profit on sale of investments in associates	15 a	(5,722)	-	-

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended December 31,		
	Note	2013	2014	2015
Loss on sale of a financial asset through profit or loss		-	-	279
Loss on sale of non-current asset held for sale		-	-	171
Loss on sale of investments in subsidiaries		-	-	8,289
Net variations in assets and liabilities:				
Trade accounts receivable and unbilled work in progress		(783,965)	(594,993)	(99,446)
Other accounts receivable		(33,606)	32,159	(188,053)
Other accounts receivable from related parties		(34,089)	(15,291)	(133,286)
Inventories		(21,071)	(51,489)	(215,196)
Prepaid expenses and other assets		(539)	(8,634)	11,667
Trade accounts payables		56,836	82,051	199,400
Other accounts payable		(145,379)	(19,731)	(45,096)
Other accounts payable to related parties		(15,177)	55,316	13,961
Other provisions		(16,269)	(7,208)	(6,770)
Sale of a financial asset through profit or loss		-	-	4,604
Payments for purchases of intangibles - Concessions		(2,329)	(82,698)	(142,575)
Interest paid		(61,013)	(46,411)	(114,027)
Income tax paid		(190,556)	(154,878)	(150,434)
Net cash applied to operating activities		**(335,878)**	**(23,163)**	**(267,373)**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended December 31,		
	Note	2013	2014	2015
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investment in associates		6,800	-	-
Sale of investment in subsidiary		-	-	26
Sale of property, plant and equipment		15,861	42,968	55,832
Sale of non-current assets held for sale		-	-	8,801
Return of contributions		-	-	481
Interest received		21,601	8,909	32,162
Dividends received	15 - 28	5,858	46,068	59,175
Payment for purchase of a non-current asset held for sale		-	-	(22,297)
Payment for purchase of available-for-sale financial assets		(56,100)	-	-
Payments for purchase of property, plant and equipment		(197,553)	(265,567)	(193,156)
Payment for purchae of investment property		(2,974)	(1,450)	(748)
Payment for purchase of intangibles		(22,375)	(60,846)	(32,883)
Payment for purchase and contributions to associates and joint ventures	15 -a,b	-	(129,859)	(463,103)
Direct cash outflows for acquisition of subsidiaries	32	(93,504)	(170,372)	-
Net cash applied to investing activities		**(322,386)**	**(530,149)**	**(555,710)**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended December 31,		
	Note	2013	2014	2015
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans received		1,351,964	2,770,286	4,442,858
Bonds issued		-	-	814,016
Payment of loans received		(1,493,943)	(2,053,422)	(4,563,855)
Payment of issued bonds		-	-	(16,480)
Payment of bond issuance costs		-	-	(18,516)
Dividends paid to owners of the parent		(86,986)	(112,127)	(104,911)
Dividends paid to non-controlling interest		(51,794)	(63,990)	(4,535)
Cash received from non-controlling shareholders	35-d	34,774	47,376	10,329
Acquisition of interest in a subsidiary of non-controlling shareholders	35-a	(63,868)	(177,451)	(1,865)
Sale of interest in a subsidiary of non-controlling shareholders	35-b	-	1,627	1,642
Issuance of shares, net of related expenses		1,147,418	-	-
Net cash provided by financing activities		**837,565**	**412,299**	**558,683**
Net incresase(decrease) in cash		179,301	(141,013)	(264,400)
Cash and cash equivalents at the beginning of the year		780,114	959,415	818,402
Cash and cash equivalents at the end of the year		**959,415**	**818,402**	**554,002**

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

(All amounts are expressed in thousands of S/ unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended December 31,		
	Note	2013	2014	2015
NON-CASH TRANSACTIONS:				
Debt capitalization		7,989	-	-
Acquisition of assets through finance leases		43,812	163,399	92,093
Adjustment for deconsolidation of subsidiaries		(19,943)	2,284	9,298
Change in fair value of available-for-sale financial assets		19,060	4,649	19,973
Accounts payable - acquisition of Morelco		-	45,684	-
Liability for put option on the acquisition of non-controlling interest		-	113,829	-
Establishment of joint operation - Panorama Plaza de negocios (net assets)		-	-	36,180

The accompanying notes on pages 8 to 109 are an integral part of the consolidated financial statements.

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1 GENERAL INFORMATION

a) Incorporation and operations -

Graña y Montero S.A.A. (hereinafter indistinctly the Company or the Parent) was established in Peru on August 12, 1996 as a result of the equity spin-off of Inversiones GyM S.A. (formerly Graña y Montero S.A.). The Company's legal address is Av. Paseo de la República 4675, Surquillo Lima, Peru and it is listed on the Lima Stock Exchange and the New York Stock Exchange (NYSE).

The Company is the parent company of the Graña y Montero Group (hereinafter the Group) and it is mainly engaged in holding the investments in the different companies of the Group. Additionally, the Company provides services of general management, financial management, commercial management, legal advisory and human resources management to the Group´s companies; it is also engaged in the leasing of offices to the Group's companies.

The Group is a conglomerate of companies with operations including different business activities, of which the most significant are engineering and construction, infrastructure (public concession ownership and operation), real estate businesses and services. See details of operating segments in Note 6.

b) Issuance of new common shares -

At the Board of Shareholders' General Meeting held on March 26, 2013, and the subsequent Board of Directors' meetings held on May 30, July 23 and August 22, 2013, shareholders agreed to the issuance of common shares through a public offering of American Depositary Shares (ADS) registered with the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE).

As a consequence in July and August 2013, the Company issued 101,769,600 new common shares, equivalent to 20,353,920 ADS in two tranches, with a unit price of US$21.13, resulting total proceeds of US$430,078, equivalent to S/1,195,793 before issuance related costs.

The total outstanding common shares as of the date of the financial statements are 660,053,790 shares listed in the Lima Stock Exchange, from that 253,635,480 shares are represented in ADS in the NYSE.

The additional share capital obtained by this transaction in comparison with the nominal value of the shares amounted to S/1,055,488 (net of commissions, other related costs and tax effects for that amounted to S/38,535) recorded as share premium in the consolidated statement of financial position (Note 23).

(All amounts are expressed in thousands of S/ unless otherwise stated)

c) Authorization for issue of the financial statements -

The consolidated financial statements for the year ended December 31, 2015 have been prepared and authorized by Management and Board of Directors on January 29, 2016, which will submit them for consideration and approval in the Annual Shareholders' Meeting to be held within the term established by Peruvian law. Management expects that the financial statements as of December 31, 2015 will be approved with no changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the IASB.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit and loss, available-for-sale financial assets measured at fair value and liabilities for a put option and pension plans that are measured at fair value. The financial statements are presented in thousands of Peruvian Soles, unless otherwise stated.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Consolidation of financial statements

a) Subsidiaries -

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed to the former owners of the acquiree and the equity instruments issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement in favor of the selling party. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group assesses the measurement of any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquirer's identifiable net assets or the fair value of the shares held by non-controlling shareholders. At December 31, 2015 and 2014 the measurement of the non-controlling interest in the Group´s acquisitions, was made at the non-controlling interest´s proportionate share of the recognized amounts of the acquiree´s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration assumed by the Group with the selling party is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognized in accordance with IAS 39 either in profit or loss.

Goodwill is initially measured as the excess of the acquisition cost, the fair value at the acquisition date of any interest previously acquired plus the fair value of the non-controlling interest, over the net identifiable assets acquired and liabilities and contingent liabilities assumed. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as a bargain purchase at the time of acquisition.

For consolidating subsidiaries, balances, income and expenses from transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized as assets are also eliminated. If required, accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

b) **Changes in ownership interests in subsidiaries without change of control -**
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest, are also recorded in equity at the time of disposal.

(All amounts are expressed in thousands of S/ unless otherwise stated)

c) Disposal of subsidiaries -

When the Group ceases to have control over a subsidiary any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss at such date. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that the amount previously recognized in other comprehensive income is reclassified to profit or loss.

d) Joint arrangements -

Contracts in which the Group and one or more of the contracting parties have joint control on the relevant joint activities are called joint arrangements.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to have both joint ventures, as well as joint operations.

Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group investment includes identified goodwill in its acquisition.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group assesses on an annual basis whether there is any objective evidence that the investment in the joint ventures and associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the impairment loss in 'share of profit or loss in associates and joint ventures under the equity method of accounting' in the income statement.

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Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party recognizes its assets, liabilities, revenue and expenses and its share of any asset and liability jointly held and of any revenue or expense arisen from the joint operation.

e) **Associates -**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see above section d).

If ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss, where appropriate. The Group's share of post-acquisition profit or loss is recognized in profit or loss, and its share of post-acquisition movements in profit or loss is recognized in other comprehensive income with a corresponding adjustment to the cost of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or assumed obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in profit or loss.

Impairment losses are measured and recorded in accordance with section d) above.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of the Group.

If an entity changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the Group restates the information for earlier periods unless the information is not available.

(All amounts are expressed in thousands of S/ unless otherwise stated)

2.4 Foreign currency translation

a) Functional and presentation currency -

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in Peruvian Soles, which is the Company's functional currency and the Group's presentation currency. All subsidiaries, joint arrangements and associates use the Peruvian Sol as their functional currency, except for foreign entities, for which the functional currency is the currency of the country in which they operate.

b) Transactions and balances -

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the changes at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses of all monetary items are presented in the income statement within financial expenses and financial income.

c) Group companies -

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

i) assets and liabilities for each statement of the financial position presented are translated using the closing rate at the date of the statement of financial position;

ii) income and expenses for each income statement are translated at the average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the rate on the date of the transaction);

iii) capital is translated by using the historical exchange rate for each capital contribution made; and

iv) all resulting exchange differences are recognized as separate components in other comprehensive income.

Goodwill and fair value adjustments arising because of the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate. Exchange differences arising are recognized in other comprehensive income.

Exchange differences arising on loans from the Parent to its subsidiaries in foreign currencies are recognized in the separate financial statements of the Parent and individual financial statements of the subsidiaries. In the consolidated financial statements, such exchange differences are recognized in other comprehensive income and are subsequently re-classified in the income statement on the disposal of the subsidiary or debt repayment; to the extent such loans qualifying as part of the "net investment of the foreign operation".

2.5 Public services concession agreements

Concession agreements signed between the Group and the Peruvian Government entitles the Group, as a Concessionaire, to assume obligations for the construction or improvement of infrastructure and which qualify as public service concessions as defined by IFRIC 12, "Service Concession Arrangements". The consideration to be received from the Government for the services of constructing or improving public infrastructure is recognized as a financial asset or as an intangible asset (bifurcated), as set forth below.

Under these agreements (the grantor), the government controls and regulates services provided by the Group with the infrastructure and dictates to whom it must provide them and at what price. The concession agreement establishes the obligation for the Group to return the infrastructure to the grantor at the end of the concession period or when there is an expiration event.

This feature gives the grantor control of the risks and rewards of the residual value of the assets at the end of the concession period. For this reason, the Group will not recognize the infrastructure as part of its property, plant and equipment.

The Group manages three types of concessions which accounting recognition is as follows:

a) Recognizes a financial asset to the extent that it has a contractual right to receive cash or another financial assets either because the Government secures the payment of specified or determinable amounts or because the Government will cover any difference arising from the amounts actually received from public service users in relation with the specified or determinable amounts. These financial assets are recognized initially at fair value and subsequently at amortized cost (the financial model).

b) Recognizes an intangible asset to the extent that the service agreement grants the Group a contractual right to charge users of the public service. The resulting intangible asset is measured at cost and is amortized as described in Note 2.15 (intangible asset model).

(All amounts are expressed in thousands of S/ unless otherwise stated)

c) Recognizes a financial asset and an intangible asset when the Group recovers its investment partially by a financial asset and partially by an intangible asset (the bifurcated model).

2.6 Cash and cash equivalents

En el estado consolidado de flujos de efectivo, el efectivo y equivalente de efectivo incluyen el efectivo disponible, los depósitos a la vista en bancos, otras inversiones altamente líquidas con vencimientos de tres meses o menos y sobregiros bancarios. En los estados financieros consolidados, los sobregiros bancarios son incluidos en el saldo de obligaciones financieras como pasivo corriente en el estado de situación financiera.

2.7 Financial assets

2.7.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, financial assets held-to-maturity, loans and account receivables and financial assets available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. As of the date of the financial statements, the Group has classified its financial assets in the following three categories:

a) **Financial assets at fair value through profit or loss -**
Financial assets at fair value through profit or loss are non-derivatives that are designated by the Group as at fair value upon initial recognition and are held-for-trading. They are included in current assets. The changes in their fair value are recognized in profit or loss in item "Other income and expenses, net" in the income statement.

b) **Loans and accounts receivable -**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those which maturity is greater than 12 months after the statement of financial position. These are classified as non-current assets. The Group's loans and receivables comprise 'trade accounts receivables', 'accounts receivable from related parties', 'other accounts receivable', 'unbilled work in progress' and 'cash and cash equivalents'.

c) **Available-for-sale financial assets -**
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless Management intends to dispose of them within 12 months of the date of the statement of financial position.

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2.7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within 'Other income and expenses, net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary securities classified as available for sale are recognized in other comprehensive income. When a financial asset classified as available for sale is sold or impaired, the accumulated fair value adjustments recognized in equity are reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in the income statement as part of "other income and expenses, net" when the Group's right to receive payments is established.

2.8 Impairment of financial assets -

a) Assets carried at amortized cost -

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If a financial asset or a group of financial assets is impaired, the impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If a loan or an account receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

b) Assets classified as available-for-sale -

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets classified and available for sale is impaired.

For debt securities, if any such evidence exist the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

2.9 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability (fair value hedge) or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes and changes in the account reserves for hedging in equity are disclosed in Note 7. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity period of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity period of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge -
The effective portion of changes in the fair value of derivatives that are designated and qualify as fair value hedges is recognized as other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecasted sale that is hedged takes place).

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement as 'Financial income or expenses'. However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains or losses previously deferred in equity are transferred from equity and are included in the initial measurement of the cost of the non-financial asset. The deferred amounts are ultimately recognized in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other (losses) gains- net'.

2.10 Trade receivables

Trade receivables are amounts due from customers for goods or services sold by the Company's subsidiaries. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(All amounts are expressed in thousands of S/ unless otherwise stated)

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment, except for receivables of less than one year that are stated at nominal amount which is similar to their fair values since they are short term.

2.11 Unbilled work in progress

Unbilled work in progress comprises the estimation made by the Management of the Engineering and Construction segment related to the unbilled rights receivable for services rendered and not yet approved by the client (valuation based on the percentage of completion).

It also includes the balance of work in progress costs incurred that relates to future activities of the construction contracts (see Note 2.25 for detail on Revenue from construction activities)

2.12 Inventories

Inventory mainly includes land, work in progress and finished properties which is assigned to the real- estate activity. It also includes material used in the construction activity. Goods and supplies correspond to goods that the Group trades as part of its IT segment. Materials and supplies used in construction activities and IT equipment are determined under the weighted average cost method.

Land intended to carry out real estate projects is recognized at acquisition cost. Work in progress and finished properties comprise design costs, material, labor costs, (directly attributable to the acquisition, construction and production of qualified assets), other indirect costs and general expenses related to the construction and do not include exchange differences.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The Company reviews annually whether inventories have been impaired identifying three groups of inventories to measure their net realizable value: i) the first group consists of land bought for future real estate projects: these are compared to their net appraisal value; if the acquisition value is higher, a provision of impairment is made; ii) the second group consists of land under construction, impairment is measured based on cost projections; if these costs are higher than selling prices of each real estate unit, a provision is made for impairment: and iii) the third group comprises completed real estate units; these inventory items are compared to the selling prices less selling expenses; if these selling expenses are higher, a provision for impairment is made. For the reductions in the carrying amount of these inventories to their net realizable value, a provision is made for impairment of inventories with a charge to profit or loss for the year in which those reductions occur.

Materials and other supplies are not written down below cost if the finished products in which they will be incorporated are expected to generate margin. When a decline in the price of materials indicates that the cost of the finished products exceeds net their realizable value, the materials are written down to their replacement cost.

(All amounts are expressed in thousands of S/ unless otherwise stated)

2.13 Investment properties

Investment properties are shown at cost less accumulated depreciation and impairment losses, if any. Subsequent costs attributable to investment properties are capitalized only if it is probable that future economic benefits will flow to the Company and the cost of these assets can be measured reliably; if not, they are recognized as expenses when incurred.

Repair and maintenance expenses are recognized in profit and loss when they are incurred. A property's carrying amount is written down immediately to its recoverable amount if the property's carrying amount is greater than its estimated recoverable amount.

The cost and accumulated depreciation on disposals are eliminated from the respective accounts and the resulting gain or loss is recognized in profit or loss for the period. The depreciation of this asset is calculated under the straight-line method at a rate that is considered sufficient to absorb the property's cost over its estimated useful life and considering its significant components with substantially different useful lives (each component is treated separately for depreciation purposes and depreciated over its individual useful life). The estimated useful life of investments properties fluctuate between 5 and 50 years.

The Group maintains only one investment property, a Shopping Mall owned by the subsidiary Viva GyM S.A. Its fair value amounted to US$16.7 million at December 31, 2015 (US$19 million at December 31, 2014). The stores in this mall are leased to third parties under operating leases.

2.14 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced asset is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Assets in the construction stage are capitalized as a separate component. At their completion, the cost of such assets is transferred to their definitive category.

Replacement units are major spare parts in which depreciation starts when the units are installed for use within the related asset.

(All amounts are expressed in thousands of S/ unless otherwise stated)

Land is not depreciated. Depreciation of machinery and equipment and vehicles recognized as "Major equipment" are depreciated based on their hours of use. Under this method, the total number of work hours that machinery and equipment is capable to produce is estimated and a charge per hour is determined. The depreciation of other assets that do not qualify as "Major equipment" is calculated under the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

	Years
Buildings and facilities	Between 3 and 50
Machinery and equipment	Between 4 and 10
Vehicles	Between 2 and 10
Furniture and fixtures	Between 2 and 10
Other equipment	Between 2 and 10

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each date of the statement of financial position. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in "Other income and expenses" in the income statement.

Non-current assets (or disposal groups) are classified as non-current assets held for sale when its carrying amount is recovered mainly through a sale operation and this sale is considered highly probable. These are estimated through the lowest carrying amount and the fair value amount less sale costs.

2.15 Intangible assets

a) Goodwill -

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the income statement.

(All amounts are expressed in thousands of S/ unless otherwise stated)

Goodwill acquired in a business combination is allocated to each of the cash-generating units (CGU), or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to its recoverable amount, which is the higher of its value in use and its fair value less costs of disposal. Any impairment is recognized immediately as an expense in item “other income and expenses” and is not subsequently reversed.

b) **Trademarks -**
Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have an indefinite useful life.

c) **Concession rights -**
The intangible asset related to the right to charge users for the services related to service concessions agreements (Note 2.5 and Note 5.b) is initially recorded at the fair value of construction or improvement services. It is amortized under the straight-line method, from the date when toll collection started using the lower of its estimated expected useful life or effective period of the concession agreement.

d) **Contractual relationships with customers -**
Contractual relationships with customers are assets resulting from business combinations that were initially recognized at fair value, as determined based on the future cash flows expected from those relationships over an estimated period of time based on the time period those customers will remain as customers of the Group (the estimation of useful life is based on the contract terms which fluctuate between 2 and 5 years). The useful life and the impairment of these assets are individually assessed.

e) **Cost of development of wells -**
Costs incurred to prepare the wells to extract the hydrocarbons associated with Block I and Block V, are capitalized as intangible assets. The Company capitalizes the development stage costs associated with preparing the wells for extraction. These costs are amortized based on the useful life of the wells (9 and 10 years for Blocks I and V, respectively), which is less than the overall period of the service contract with Perupetro

(All amounts are expressed in thousands of S/ unless otherwise stated)

f) Internally generated software and development costs -

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs, such as development employee costs and an appropriate portion of relevant overhead, are capitalized as part of the software.

Other development expenditures that do not meet these recognition criteria are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Computer software development costs recognized as assets are amortized over their estimated useful lives not exceeding three years.

g) Rights of use of land -

Rights of use of land are stated at historical cost less amortization and any accumulated impairment losses. The useful life of this asset is based on the agreement signed (60 years) and their effective period may be extended if agreed by the parties. Amortization will begin when it becomes ready for its intended use by Management.

2.16 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were adjusted for impairment are reviewed for possible reversal of such impairment at each reporting date.

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2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, except for payables of less than one year that are stated at nominal amount which is similar to their fair values since they are short term.

2.18 Other financial liabilities

They comprise loans and bonds issued by the Group, which are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid for entering into loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to acquisitions, construction or development of qualifying assets, which are assets that necessarily take a substantial period of time (over 12 months) to get ready for their intended use or sale, are added to the cost of those assets, until assets are substantially ready for their intended use or sale. The assets in which the Group proceeds to capitalize borrowing costs are intangible assets and inventories (Note 17 and 14). The Company suspends capitalization of a qualifying asset during periods in which active development is interrupted.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in the statement of comprehensive income or directly in equity, respectively.

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The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management, where appropriate, establishes provisions on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

The deferred income tax arising from the temporary differences in investments in subsidiaries, associates and interest in joint-controlled businesses is not recognized as the tax legislation in Chile, Colombia, Panama, Brazil, Bolivia, Guyana, Dominican Republic and Peru does not consider the income from dividends as a taxable item and the Group expects to recover the investment through the dividends rather than their sale.

2.21 Employee benefits

a) Profit sharing -

The Peruvian entities of the Group recognize a liability and an expense for statutory workers' profit sharing under laws and regulations currently in force. Workers' profit sharing is equivalent to 5% of the taxable income determined separately by each of the Group's Peruvian entities, according to the income tax law currently in force. The branch based in the Dominican Republic has a similar profit sharing scheme, which rate is 10% of the taxable income. For the particular case of Chile, workers' profit sharing is a component of remuneration (equivalent to 4.75% of the minimum annual salarie) rather than a percentage based on profit. In Brazil, Colombia and Guyana no such benefits are paid to workers. In Bolivia workers' profit sharing is equivalent to a one-month salary and their total amount cannot exceed 25% of profits.

b) **Bonuses -**

The Peruvian entities of the Group recognize an expense and the related liability for statutory bonuses based on applicable laws and regulations effective in Peru. Statutory bonuses comprise two additional one-month salaries paid every year in July and December, respectively. According to Chilean legislation, employees receive a fixed amount in September and December. In Brazil, Colombia and Dominican Republic these benefits are not provided to employees. In Brazil, Colombia and Dominican Republic no such benefits are paid to workers. In Bolivia a statutory bonus is paid to workers that equals an additional one-month salary and settled net every December, without deductions per year of service as well as an additional one-month salary, which is dependent on the country growth to be equal or above 4.5%. In Guyana, statutory bonuses are paid once in December (equivalent to a one-month salary) and the second one is prorated on a monthly basis along the year (also equivalent to a one-month salary).

c) **Severance indemnities -**

The employees' severance payments for time of service of the Group's Peruvian staff comprise their indemnification rights, calculated in accordance with the regulations in force, which have to be credited to the bank accounts designated by workers in May and November each year. The compensation for time of service amounts to an additional one-month's salary effective at the date of bank deposits. In Colombia, this is 1.11 times the monthly remuneration and in Chile i is 3.8% of the monthly salary. There is no such benefit in Guyana. The Group does not have any additional payment obligation once the annual deposits are made of the amounts workers are entitled to.

d) **Vacation leave -**

Annual vacation leave is recognized on an accrual and cumulative basis. Provision for the estimated obligations of annual vacations is recognized at the date of the statement of financial position and it corresponds to one month for Peruvian and Brazilian employees and fifteen days for Chilean, Dominican and Colombian employees per year. In Bolivia vacation leave depends on seniority of a worker and range from fifteen to thirty days.

e) **Pension plans -**

The subsidiary CAM has in place a pension plan scheme with its workers. These commitments comprise both defined benefit and defined contribution plans. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position with respect to the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows

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using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2.22 Other provisions

a) General -

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are reviewed at year – end. If the time value of money is significant, provisions are discounted using a pre-tax rate that reflects, when applicable, the specific risks related to the liability. Reversal of the discount due to the passage of time results in the obligation being recognized with a charge to the income statement as a financial expense. Provisions are not recognized for future operating losses.

Contingent obligations are disclosed for possible obligations that are not yet determined to be probable. Contingent assets are not recognized and only disclosed if it is probable that future economic benefits will flow to the Company.

b) Provision for the closure of production wells -

Group entities recognize a provision for the closure of operating units that correspond to the legal obligation to close oil production wells once the production phase has been completed. At the initial date of recognition, the liability that arises from said obligation is measured at cash flow discounted to present value, the same amount is simultaneously charged to the intangible account in the statement of financial position. Subsequently, the liability will increase in each period to reflect the financial cost considered in the initial measurement of the discount, and the capitalized cost is depreciated based on the useful life of the related asset. When a liability is settled, the Group's entities will recognize any gain or loss that may arise. The fair value changes estimated for the initial obligation and interest rates are recognized as an increase or decrease of the carrying amount of the obligation and related asset, according to IFRIC 1 'Changes in Existing Decommissioning, Restoration and Similar Liabilities'; any decrease in the provision, and any decrease of the asset that may exceed the carrying amount of said asset is immediately recognized in the income statement.

If the review of the estimated obligation results in the need to increase the provision and, accordingly, increase the carrying amount of the asset, the Group's entities will also take into consideration if said increase corresponds to an indicator that the asset has been impaired and, if so, impairment tests are carried out, according to the guidelines of IAS 36, "Impairment of assets" (Note 2.16).

c) **Provision for periodic maintenance -**

The service concession arrangement of Norvial has maintenance obligations that it must fulfill during the operation phase to maintain the infrastructure to a specific level of service at all times and to restore the infrastructure to a specified level condition before it is handed back to the grantor. The Group recognizes and measures such obligations, except for an upgrade element, in accordance with IAS 37, 'Provisions, contingent assets and liabilities. The Company apply a criteria of maintenance provision based on the use of the infrastructure, so the level of use of the road is the fact that determines the amount of the obligation over the time.

2.23 Put option arrangement

This liability is measured by the expected cash outflows that would be required if the option is exercised discounted at the date of the financial statements. Subsequently, the financial liability is updated for changes in the expected cash outflows that would be required and the financial component for the passage of time. The effects of this update are recognized in profit or loss.

2.24 Capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of taxes, of the proceeds.

Where any Group company purchases the Company's equity shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Group's equity holders.

2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is stated net of sales rebates, discounts and value added taxes and after eliminating sales between Group companies.

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The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities.

The Group's revenue recognition policy is described as follows:

i) Revenue from construction activities -
Revenues from construction contracts are recognized using the percentage-of-completion of the contract based on the completion of a physical proportion of the contract work considering total costs and revenues estimated at the end of the project, in accordance with IAS 11, Construction Contracts. Under the physical proportion method revenues are determined based on the proportion of actual physical completion compared to the total contract physical construction commitment.

When it is probable that the total costs of contract will be above the related revenue, the expected loss will be immediately expensed.

When the outcome of a construction contract cannot be estimated reliably, the associated revenue are recognized to the extent costs incurred are recoverable.

Revenue is billed once approval is received by the owners of the work in progress.

In the statement of financial position the Company shows the net position of each contract as an asset or a liability. A contract is considered an asset when the costs incurred plus recognized earnings less the sum of all the recognized losses and assessments exceed in-process billings; this asset is shown in the statement of financial position as "Unbilled work in progress"; otherwise they are presented as a liability within "Trade payables".

Accounts receivable derived from work services are shown net of the advances received from customers to the extent the related contracts include settlement provisions.

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. A variation may lead to an increase or a decrease in contract revenue. A variation is included in contract revenue when it is probable that the customer will approve the variation and the amount of revenue arising from the variation; and the amount of revenue can be reliably measured.

A claim is an amount that the Group seeks to collect from the customer or third party as reimbursement for costs not included in the contract price. Claims are included in contract revenue only when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim; and the amount that it is probable will be accepted by the customer can be measured reliably.

ii) Revenue from engineering, advisory, consulting services and other services -
For sales of services, revenue is recognized in the accounting period in which the services are rendered.

iii) Sales of real-estate properties -
Revenue from sales of real estate properties is recognized in the results of the period when sales occur, that is, when the properties are delivered and the risks and rewards inherent to ownership are transferred to the buyer and the collection of the corresponding receivables is reasonably assured.

iv) Revenue from IT services -
The sale of computer equipment includes some services to be provided in a subsequent date to the asset sale as installation and maintenance. When sales agreements include multiple elements, the amount of the revenue is attributed to each element based on their related fair values. The fair value of each element is determined based on the market price prevailing for each element when sold separately. Revenue derived from computer equipment is recognized when the related risks and rewards are transferred to the customer, which occurs upon delivery. Revenue relating to each service element is recognized as a percentage of the total services to be performed during the period of service.

v) Interest income -
Revenue from interest is recognized on a time-proportion basis, using the effective interest method.

vi) Revenue for concession services -
Revenue for concession services is recognized according to its nature. Construction and restoration activities are accounted for applying the percentage-of-completion method as described above and operation and maintenance services in the accounting period when they are provided (see Note 2.5).

2.26 Construction contract costs

Construction contract costs are recognized as an expense in the period in which they are incurred.

Contract costs include all direct costs such as materials, labor, subcontracting costs, manufacturing and supply costs of equipment, start-up costs and indirect costs. Periodically, the Company evaluates the reasonableness of the estimates used in the determination of the percentage-of-completion. If, as a result of this evaluation, there are modifications to the revenue or cost previously estimated, or if the total estimated cost of the project exceeds expected revenues, an adjustment is made in order to reflect the effect in results of the period in which the adjustment or loss is incurred.

When the outcome of a construction work cannot be estimated reliably, the revenue of the contract is recognized only up to the amount of the contractual costs incurred and that are likely to be recovered.

Changes in contract relating to the work to be performed, lawsuits and payment of incentives are included in the revenue from the contract to the extent that they have been agreed with the client and can be measured reliably.

2.27 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss of the period on a straight-line basis over the period of the lease. The Group's major operating leases are computer and printing equipment leases and the temporary rent of the facilities in the district of Miraflores.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially assumed all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges in order to obtain a constant rate on the balance pending payment. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

2.29 Significant non-operating items

Significant non-operating items are separately shown in the financial statements when they are necessary to provide a better understanding of the Group's financial performance. These material items are income or expenses shown separately due to the significance of their nature or amount.

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2.30 New standards, amendments and interpretations

a) The Company has used for the first time the following IFRS and amendments to IFRS in the preparation of its financial statements for 2015:

- IFRS annual improvements for 2010-2012 and 2011-2013 cycles.
- Defined Benefit Plans: Employee contributions – amendment to IAS 19, 'Employee Benefits'.

Adoption of annual improvement for the 2010-2012 and 2011-2013 cycles have only required additional minor disclosures. This improvements have not had a significant impact on the current and prior years and they are not likely to affect future periods.

b) New standards and amendments and interpretations effective for the financial statements for annual periods beginning on or after January 1, 2016 not yet adopted -

- IFRS 9, 'Financial instruments,' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through Other Comprehensive Income and fair value through Profit and Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in Other Comprehensive Income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. As part of the evaluation of the impact of to this standard, the Group does not expect the changes introduced by the IFRS 9 may have a material impact on the criteria and measurement of financial assets and liabilities that are currently applied by the Group.

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- IFRS 15, 'Revenue from contracts with customers'

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The newly issued standard introduces a five-step process for revenue recognition, as follows: (i) identifying the contract with a customer, (ii) identifying separate performance obligation, (iii) determining the transaction price, (iv) allocate the transaction price to the separate performance obligations and (v) Recognize Revenue When (or as) Performance Obligations Are Satisfied. The application of IFRS 15 may have an effect on the timing and amount of revenue recognition as well as on the business processes, systems and internal controls that may require changes for adequately meeting the new requirements. Entities have the option of a full retrospective application and a retrospective application with additional disclosures. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15 application of which is not expected to have a significant impact on revenue recognition. The Company is considering transition options established for IFRS 15 and the effect on the current contracts signed with the other subsidiaries.

- Amendments to IFRS 11, 'Joint arrangements'.

The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting (NIIF 3) when it acquires an interest in a joint operation that constitutes a business. This includes: (i) measuring identifiable assets and liabilities at fair value, (ii) expensing acquisition-related costs, (iii) recognizing deferred tax, and (iv) recognizing the residual as goodwill, and testing this for impairment annually. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed.

- IAS 1 "Presentation of financial statements" disclosure initiative.

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

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(i) Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

(ii) Disaggregation and subtotals: line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

(iii)OCI arising from investments accounted for under the equity method: The amendments require that the share of other comprehensive income arising from investments accounted for under the equity method is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

(iv)Notes: confirmation that the notes do not need to be presented in a particular order.

- IFRS 16 "Leases"

On January 13, 2016, IFRS 16, 'Leases' (IFRS 16) was issued replacing the current guidance (IAS 17, 'Leases' and IFRIC 4, 'Determining whether an arrangement contains a lease" and other related standards). IFRS 16 introduces a new definition of a lease and a new accounting model that will have a material impact on lessees.

As a result of the new accounting treatment, an entity is required to recognize in the statement of financial position, at the inception of the lease, an asset for the right of use of the leased asset and a liability for the obligations to make future contractual payments. At initial recognition, the asset and liability will be measured at the present value of the minimum lease payment under contract. As a result of this change, a large number of leases classified as "operating leases" under the current standards will be shown on the face of the statement of financial position from the inception of the lease.

This new accounting model is applicable to all contracts qualifying as leases, excepted for those contracts with an effective period of less than 12 months (considering in that determination the likelihood of contract extension) and lease contracts of assets that are considered immaterial.

The standard applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

The Group is currently evaluating the impact these standards may have on the preparation of its financial statements. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group's financial statements.

2.31 Reclassifications

The Group has changed its accounting policy for the presentation of interest payments in the Statement of Cash Flows under Operating activities. Until 2014, interest payments were presented under Financing activities; the change in 2015 resulted from Management's assessment that interest payable on obtaining notes and bank borrowings are mainly related and have been used to meet working capital needs for the concession projects signed with the Peruvian Government and other major projects in the Construction segment; accordingly, the change is intended to provide the financial statements users with more relevant and consistent information by presenting interest within cash flows from operating activities considering their nature and main purpose. For comparison purposes the change in accounting policy has been applied to 2013 and 2014 figures.

Additionally, due the review of the provisional allocation of the purchase price in business combination transactions some assets and liabilities of 2014 figures were adjusted (note 32-a).

3 FINANCIAL RISK MANAGEMENT

Financial risk management is carried out by the Group's Management. Management oversees the general management of risks in specific areas, such as foreign exchange rate risk, price risk, cash flow and fair value interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investment of excess liquidity as well as financial risks, and carries out periodic supervision and monitoring

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures in one of its subsidiaries and considers the use of other derivatives in the event that it identifies risks that may generate an adverse effect for the Group in the short and medium-term.

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a) Market risks -

i) Foreign exchange risk -

The Group is exposed to exchange rate risk as a result of the transactions carried out locally in foreign currency and due to its operations abroad. As of December 31, 2015 and 2014, this exposure is mainly concentrated in fluctuations of the U.S. dollar, Chilean and Colombian Pesos. The foreign exchange risk of the investments in Brazil, Bolivia, Panama and Dominican Republic are not significant due their level of operations.

As of December 31, 2015, the consolidated statement of financial position includes assets and liabilities in foreign currency (mainly in U.S.dollar) equivalent to S/1,659 million and S/2,404 million, respectively (S/1,316 million and S/1,677 million, respectively, as of December 31, 2014) equivalent to US$486.7 million and US$704.5 million respectively (US$455.5 million and US$580 million, respectively as of December, 2014).

During 2015, the Peruvian Sol the Chilean and Colombian Pesos have been exposed against the U.S. dollar. The Group's exchange gains and losses for 2015 amounted to S/427.2 million and S/510.1 million, respectively (S/357.3 million and S/401.6 million, respectively in 2014, and S/431 million and S/501 million, respectively in 2013).

If, at December 31, 2015, the Peruvian Sol and the Chilean and Colombian Pesos had strengthened/weakened by 2% against the U.S. dollar, with all variables held constant, the pre-tax profit for the year would have increased/decreased by S/1.7 million (S/0.9 million in 2014 and S/1.4 million in 2013).

As of December 31, 2015, the consolidated statement of changes in equity comprises a foreign currency translation adjustment originated by its subsidiaries. Their financial position include assets and liabilities in functional currency equivalent to Ch$85,238 million and Ch$80,378 million, respectively (Ch$109,187 million and Ch$62,163 million, respectively as of December, 2014), Col$265,370 million and Col$309,446 million respectively (Col$189,649 million and Col$149,150 million, respectively as of December, 2014), b$61.4 million and b$92.6 million respectively (b$0.1 million and b$0.2 million, respectively as of December, 2014). At the end of 2015, the Group does not maintain records in reales (R$20.1 million and R$7.1 million respectively, as of December, 2014).

The Group´s foreign exchange translation adjustment for 2015 amounted to S/44.6 million (S/20.5 million in 2014 and S/1.1 million in 2013).

ii) Price risk -

Management considers that the exposure of the Group to the price risk of its investments in mutual funds, bonds and equity securities is low, since the invested amounts are not significant. Any fluctuation in their fair value will not have any significant impact on the balances reported in the consolidated financial statements.

iii) Cash flow and fair value interest rate risk -

The Group's interest rate risk mainly arises from its long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain most of its borrowings in fixed rate instruments; 72.7% of total debt in 2015 (97% in 2014) was contracted at fixed rates and 27.3% at variable rates (3% in 2014), which is comprised of a 23.6% rate plus VAC (adjusted for inflation) and the remaining 3.7% at variable rate.

The debt subject to rate + VAC is the interest rate on a bond issued in Peruvian soles to finance the Metro Line 1 Project (GyM Ferrovías). Any increase in the interest rate resulting from higher inflation will have no significant impact on the Group's profit because these revenues are also adjusted for inflation.

During 2015 and 2014 the Group's borrowings at variable rates are denominated in Peruvian Soles and U.S. dollars and the Group's policy is to manage their cash flow risk by using interest-rate swaps, which are recognized under hedge accounting. The increase or decrease of 5% in interest rate would not have a material effect on the Group's results. There was no material ineffectiveness on cash flow hedges occurred in fiscal years 2015 and 2014.

b) **Credit risk -**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as customer credit counterparties, including the outstanding balance of accounts receivable and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

For accounts receivable, Management of each of the Group's companies evaluates the credit quality of the client taking into consideration its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

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With respect to loans to related parties, the Group has measures in place to ensure the recovery of these loans through the controls maintained by the Corporate Finance Management and the performance evaluation conducted by the Board.

No credit limits were exceeded during the reporting period, and Management does not expect the Group to incur any losses from performance by these counterparties.

c) **Liquidity risk -**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate number of sources of committed credit facilities and the capacity to close out positions in the market. In this sense, the Group has no significant liquidity risks given the fact that historically its cash flows have enabled it to maintain sufficient cash to meet its obligations.

Group Corporate Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 18), so that the Group does not breach borrowing limits or covenants, where applicable, on any of its borrowing facilities. Less significant financing transactions are controlled by the Finance Management of each subsidiary.

Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable, external regulatory or legal requirements; for example, foreign currency restrictions.

Surplus cash held by the operating entities over the balance required for working capital management are invested in interest-bearing checking accounts or time deposits, selecting instruments with appropriate maturities and sufficient liquidity.

The following table analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
At December 31, 2014					
Other financial liabilities (except for finance leases)	1,318,817	72,696	56,206	-	1,447,719
Finance leases	138,988	92,242	122,378	11,224	364,832
Trade accounts payables	1,177,581	3,779	-	-	1,181,360
Accounts payables to related parties					
Other accounts payables	83,027	-	-	-	83,027
Other non-financial liabilities	77,213	31,352	146,278	-	254,843
Otros pasivos no financieros	-	2,999	-	-	2,999
	2,795,626	**203,068**	**324,862**	**11,224**	**3,334,780**
At December 31, 2015					
Other financial liabilities (except for finance leases)	1,102,855	181,729	223,713	-	1,508,297
Finance leases	157,957	118,311	42,513	10,431	329,212
Bonds	69,823	82,916	217,418	1,445,187	1,815,344
Trade accounts payables	1,635,760				1,635,760
Accounts payables to related parties	77,830	19,728		408	97,966
Other non-financial liabilities	181,113	36,456	121,678		339,247
Otros pasivos no financieros		2,331			2,331
	3,225,338	**441,471**	**605,322**	**1,456,026**	**5,728,157**

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3.2 Capital management -

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings), less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

As of December 31, 2015, the gearing ratio is presented below indicating the Company's strategy to keep it in a range from 0.10 to 0.70.

As of December 31, the gearing ratio was as follows:

	2014	2015
Total financial liabilities	1,751,579	2,575,447
Less: Cash and cash equivalents	(818,402)	(554,002)
Net debt	933,177	2,021,445
Total equity	3,173,707	3,183,045
Total capital	4,106,884	5,204,490
Gearing ratio	0.23	0.39

3.3 Fair value estimation -

For the classification of the type of valuation used by the Group for its financial instruments at fair value, the following levels of measurement have been established.

- Level 1: Measurement based on quoted prices in active markets for identical assets or liabilities.
- Level 2: Measurement based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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- Level 3: Measurement based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs, generally based on internal estimates and assumptions of the Group).

The following table presents the financial assets and liabilities of the Group measured at fair value at December 31, 2014 and 2015:

At December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through profit or loss:				
- Mutual funds	18,724	-	-	18,724
Derivatives used for hedging	-	2,999	-	2,999
Available-for-sale financial assets:				
- TGP S.A. investment (i)	-	-	93,144	93,144
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
- Put option (ii)	-	-	113,829	113,829

At December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through profit or loss:				
- Mutual funds	10,104	-	-	10,104
Derivatives used for hedging	-	2,331	-	2,331
Available-for-sale financial assets:			120,134	120,134
- TGP S.A. investment (i)	-	-	93,144	93,144
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
- Put option (ii)	-	-	111,349	111,349

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There were no transfers between levels 1 and 2 during the year.

Financial instruments in level 3 -

i) The fair value of the investment held in Transportadora de Gas del Perú S.A. (TGP) classified as available-for-sale financial asset was based on observable inputs in the market and unobservable inputs. The Group calculated its fair value based on its discounted cash flows as of the financial statement date. The information used to determine the fair value of this investment corresponds to Level 3 (Note 9).

The following table shows the changes in fair value by the investment held in Transportadora de Gas del Perú S.A. (TGP) for the years ended December 31, 2014 and 2015:

	2014	2015
Opening balance	88,333	93,144
Gains recognised in the period	4,811	26,990
Closing balance	**93,144**	**120,134**

ii) The fair value of the liability for put option was determined on the basis of the discounted cash flows (EBITDA) over a period of three years. The discount rate is a risk-free rate available to comparable market participants (FED rates). The information used to determine the fair value of this put option corresponds to Level 3 (Note 21).

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The following table shows the changes in fair value generated from the put option liability for the years ended December 31, 2014 and 2015:

	2014	2015
Opening balance	-	113,829
Additions	113,829	-
Gains recognised in the period	-	(2,480)
Closing balance	**113,829**	**111,349**

The carrying amounts of cash and cash equivalents correspond to their fair values. The Company considers that the carrying amount of trade accounts receivable and payable is similar to their fair values. The fair value of financial liabilities, disclosed in Note 18-c) and Note 19, has been estimated by discounting the future contractual cash flows at the interest rate currently prevailing in the market and which is available to the Company for similar financial instruments (Level 2).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Estimated impairment of goodwill and other intangible assets with indefinite useful life -

Impairment reviews are undertaken annually to determine if goodwill arising from business acquisitions and other intangible assets with indefinite useful life have suffered any impairment, in accordance with the policy described in Note 2.15-a). For this purpose, goodwill is attributed to the different CGUs to which it relates while other intangible assets with indefinite useful life are assessed individually. The recoverable amounts of the CGUs and of other intangible assets with indefinite useful life have been determined based on the higher of their value-in-use and fair value less costs to sale. This evaluation requires the exercise of Management's professional judgment to analyze any potential indicators of impairment as well as the use of estimates in determining the value in use, including the preparation of future cash flows, macro-economic forecasts as well as defining the interest rate at which said cash flows will be discounted.

If the Group experiences a significant drop in revenues or a drastic increase in costs or changes in other factors the fair value of business units might decrease. If management determines the factors that reduce the fair value of the business are permanent, those economic factors will be taken into consideration to determine the recoverable amount of the business units and, therefore, goodwill as well as other intangible assets with indefinite useful life may be deemed to be impaired, which may cause their write-down to be necessary.

Based on the impairment tests performed by Group Management, no goodwill nor intangible (trademarks) impairment losses were required to be recognized because the recoverable amount of the CGUs subject to testing was substantially higher than their related carrying amounts.

The most significant assumptions are revenue, gross margin, growth rate and discount rate which are included in Note 17.

At December 31, 2015 and 2014 the Group has performed a sensitivity analysis increasing or decreasing the assumptions of gross margin, discount rate and revenue by a 10%, with all the other variables held constant, as follows:

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	Difference between recoverable amount and carrying amounts			
Goodwill	**2015**		**2014**	
Gross margin:	**-10%**	**+10%**	**-10%**	**+10%**
Mining construction services	68.69%	184.39%	37.86%	151.26%
Engineering and construction	(17.96%)	30.43%	22.72%	70.93%
Electromechanical	159.40%	240.58%	38.42%	105.92%
IT equipment and services	92.38%	98.22%	(2.63%)	30.12%
Telecommunication services	205.49%	619.81%	156.17%	280.58%
Discount rate:	**-10%**	**+10%**	**-10%**	**+10%**
Mining construction services	116.77%	136.90%	123.73%	64.31%
Engineering and construction	(8.77%)	26.15%	68.06%	30.29%
Electromechanical	234.27%	172.83%	95.54%	48.78%
IT equipment and services	132.94%	98.22%	1.14%	25.88%
Telecommunication services	468.23%	367.15%	231.18%	199.01%
Trademarks				
Revenue:	**-10%**	**+10%**	**-10%**	**+10%**
Morelco	46.23%	78.73%		
VyV-DSD	32.87%	47.60%	19.19%	29.12%
Discount rate:	**-10%**	**+10%**	**-10%**	**+10%**
Morelco	89.07%	42.12%		
VyV-DSD	61.96%	23.43%	27.16%	8.97%

In 2015, if the gross margin and discount rate had been 10% less than Management's estimates, the Group would have recorded a provision for impairment of goodwill resulting from CGU Engineering and Construction. In 2014 if gross margin had been 10% less than Management's estimates, the Group would have recorded a provision for impairment of goodwill resulting from the CGU of IT goods and services.

As a result of our sensitivity analysis, provision for impairment of goodwill and/or trademarks would have not been necessary to be recorded under any other scenarios.

b) **Income taxes -**
Determination of the tax obligations and expenses requires interpretations of the applicable tax laws and regulations. The Company seeks legal tax counsel's advice before making any decision on tax matters. Although Management considers its estimates to be prudent and appropriate, differences of interpretation may arise with Tax Authorities (mainly Peruvian, Chilean and Colombian Authorities) which may require future tax adjustments.

Deferred tax assets and liabilities are calculated by taking the temporary differences of the tax basis of assets and liabilities and the financial statement basis using the tax rates in effect for each of the years in which the difference is expected to reverse. Any change in tax rates will affect the deferred tax assets and liabilities. This change will be recognized in income in the period the change takes effect.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax loss carryforwards can be utilized. For this purpose, the Group takes into consideration all available positive and negative evidence, including factors such as historical data, projected income, current operations and tax planning strategies. A tax benefit related to a tax position is only recognized if it is more likely than not that the benefit will ultimately be realized.

The maximum exposure of the Group related to tax contingencies amounts to S/37.9 million.

c) **Percentage of completion revenue recognition -**
Revenue from construction contracts is recognized under the percentage-of-completion method which requires the final margin from construction contracts to be estimated. Projections of these margins are performed by Management based on work execution budgets and adjusted periodically based on updated information reflecting the actual performance of work. In this regard, Management considers that the estimates made at the year-end closing are reasonable. When unapproved change orders occur, revenue is recognized equal to costs incurred (no profit component recognized) until the additional work is approved.

Contract revenue is recognized as revenue in the income statement in the accounting periods in which the work is performed. Contract costs are recognized as cost of sales in the income statement in the accounting period in which the work to which they relate is performed. However, any expected and probable excess of total contract costs over total contract revenue for the contract is expensed immediately. Furthermore, any changes in contract estimates are recognized as a change in accounting estimates and recognized in the period the change is made and in future periods as applicable. In certain construction contracts, the terms of these agreements allow for an amount to be withheld by the customers until construction has been completed. Under these contracts the full amount may not be recognized until the next operating cycle. As of December 31, 2015, 2014 and 2013, a sensitivity analysis was performed considering a 10% increase/decrease in the Group's gross margins, as follows:

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	2013	2014	2015
Sales	3,820,393	4,749,159	5,513,655
Gross profit	465,973	412,771	203,652
%	12.20	8.69	3.69
Plus 10%	13.42	9.56	4.06
Increase in pre-tax profit	46,597	41,249	20,198
	512,570	454,020	223,850
Less 10%	10.98	7.82	3.32
Decrease in pre-tax profit	(46,597)	(41,249)	(20,198)
	419,376	371,522	183,454

d) **Provision for well closure costs -**

The Group estimates the present value of its future obligation for well closure costs, or well closure liability, and increases the carrying amount of the asset that will be withdrawn in the future and that is shown under the heading of intangibles in the statement of financial position. The discount pre-tax rate used for the present value calculation was 2.09% based on the 7 year bond rate as of December, 2015 (2.17% based on the 10 year bond rate as of December, 2014).

At December 31, 2015 the present value of the estimated provision for closure activities for 78 wells amounted to S/7.3 million (S/7.2 million as of December 31, 2014 for closure activities for 78 wells). The well closure liability is adjusted to reflect the changes that resulted from the passage of time and from reviews of either the date of occurrence or the amount of the present value of the obligations originally estimated (Note 17).

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If, at December 31, 2015 and 2014, the estimated rate would have increased or decreased by 10%, with all variables held constant, the impact on pre-tax profit would have not been significant.

During 2015, the Company recorded a provision amounting to S/0.1 million to reflect the estimated obligation to close productive wells included in the service agreements for Blocks I and V (S/2.7 million in 2014). The provision for blocks III and IV at December 31, 2015 is nil because at year - end 2015 there is no available information regarding well numbers requiring to be closed.

4.2 Critical judgments in applying the entity's accounting policies -

Consolidation of entities in which the Group holds less than 50% -

The Company owns some direct and indirect subsidiaries of which the Group has control even though it has less than 50% of the voting rights. These subsidiaries mainly comprise indirect subsidiaries in the real-estate business owned through Viva GyM S.A., where even though the Group holds interest between 30% and 50%, has the power to affect the relevant activities that impact the subsidiaries' returns. Additionally, the Group owns de facto control of Promotora Larcomar S.A. on which owns 46.55% of equity interest considering the fact that the ownership of the 53.45% is disperse.

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5 INTERESTS IN OTHER ENTITIES

The consolidated financial statements of the Group include the accounts of the Company and of its subsidiaries. Additionally, the consolidated financial statements of the Group include its interest in joint operations in which the Company or certain subsidiaries have joint control with their joint operations partners (Note 2.2-d).

a) **Principal subsidiaries -**
The following chart shows the principal direct and indirect subsidiaries allocated by operating segment (Note 6):

NAME	COUNTRY	ECONOMIC ACTIVITY
Engineering and Construction:		
GyM S.A.	Peru and Dominican Republic	Civil construction, electro-mechanic assembly, buildings, management and implementing housing development projects and other related services.
Stracon GyM S.A.	Peru and Panama	Mining contracting activities, providing mining services and carrying out drilling, demolition and any other activity related to construction and electromechanics; services in the power sector, as well as mining operations.
GyM Chile S.p.A.	Chile	Electromechanical assemblies and services to energy, oil, gas and mining sector.
V y V - DSD S.A. (*)	Chile	Electromechanical assemblies and services. Develop activities related to the construction of engineering projects, civil construction projects and electromechanical assemblies, as well as architectural design and installations in general. Construction and electromechanical assemblies and services in the areas of energy, oil and gas and mining.
GMI S.A.	Peru	Advisory and consultancy services in engineering, carrying out studies and projects, managing projects and supervision of works.
Morelco S.A.S.	Colombia and Ecuador	Providing construction and assembly services, supplying equipment and material to design, build, assemble, operate and maintain all types of mechanical engineering, instrumentation and civil work.
Infrastructure:		
GMP S.A.	Peru	Concession of services for treating and selling oil, natural gas and by-products as well as for storing and dispatching fuel extracted from demonstrated feasible fields.
Oiltanking Andina Services S.A.	Peru	Operation of the gas processing plant of Pisco – Camisea.
Transportadora de Gas Natural Comprimido Andino S.A.C.	Peru	Concession for constructing, operating and maintaining the supply system of compressed natural gas in certain provinces of Peru.

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GyM Ferrovías S.A.	Peru	Concession for operating the Lima Metro transportation system.
Survial S.A.	Peru	Concession for constructing, operating and maintaining the Section 1 of the "Southern Inter-oceanic" road.
Norvial S.A.	Peru	Concession for restoring, operating and maintaining the "Ancón - Huacho - Pativilca" section of the Panamericana Norte road.
Concesión Canchaque S.A.C.	Peru	Concession for operating and maintaining the Buenos Aires - Canchaque road.
Concesionaria Vía Expresa Sur S.A.	Peru	Concession for designing, constructing, operating and maintaining the Via Expresa - Paseo de la República in Lima.
Real estate:		
VIVA GyM S.A.	Perú	Developing and managing real estate projects directly or together with other partners.
Technical services:		
GMD S.A.	Peru	Information technology services.
Gestión de Servicios Digitales S.A.	Peru	Information technology services.
Cam Holding S.p.A.	Chile, Brasil and Colombia	Electric and technological services for the power industry.
Concar S.A.	Peru	Operating and maintaining roads under concession.
Coasin Instalaciones Ltda.	Chile	Installing and maintaining network and equipment for telecommunications.
Parent company operation:		
Generadora Arabesco S.A.	Peru	Implementing projects related to electric power-generating activities.
Larcomar S.A.	Peru	Exploiting land right to use the Larcomar Shopping Center.
Promotora Larcomar S.A.	Peru	Building a hotel complex on a plot of land located in the district of Miraflores.
Promotores Asociados de Inmobiliarias S.A.	Peru	Operating in the real-estate industry and engaged in the development and selling office facilities in Peru.
Negocios del Gas S.A.	Peru	Construction, operation and maintenance of the pipeline system to transport natural gas and liquids of natural gas.

(*) The subsidiaries Ingeniería y Construcción, Vial y Vives S.A., DSD Construcciones y Montajes S.A. and GyM Minería S.A. (all from Chile) merged and combined in July 2014, The merged entity's name is V y V – DSD S.A.

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	Percentage of ordinary shares directly held by Parent (%)	Percentage of ordinary shares directly held by Subsidiaries (%)	Percentage of ordinary shares directly held by the Group (%)	Percentage of ordinary shares directly held by non-controlling interests (%)
Engineering and Construction:				
GyM S.A.	98.23%	-	98.23%	1.77%
- GyM S.A. subsidiarias	-	82.49%	82.49%	17.51%
Stracon GyM S.A.	-	87.59%	87.59%	12.41%
GyM Chile SpA	-	99.99%	99.99%	0.01%
V y V – DSD S.A.	-	80.79%	80.79%	19.21%
GMI S.A.	89.41%	-	89.41%	10.59%
Morelco S.A.S.	-	70.00%	70.00%	30.00%
Infrastructure:				
GMP S.A.	95.00%	-	95.00%	5.00%
Oiltanking Andina Services S.A.	-	50.00%	50.00%	50.00%
Transportadora de Gas Natural Comprimido Andino S.A.C	-	99.93%	99.93%	0.07%
GyM Ferrovias S.A.	75.00%	-	75.00%	25.00%
Survial S.A.	99.99%	-	99.99%	0.01%
Norvial S.A.	67.00%	-	67.00%	33.00%
Concesión Canchaque S.A.	99.96%	-	99.96%	0.04%
Concesionaria Vía Expresa Sur S.A.	99.98%	-	99.98%	0.02%

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	Percentage of ordinary shares directly held by Parent (%)	Percentage of ordinary shares directly held by Subsidiaries (%)	Percentage of ordinary shares directly held by the Group (%)	Percentage of ordinary shares directly held by non-controlling interests (%)
Real Estate:				
Viva GyM S.A.	60.62%	38.97%	99.59%	0.41%
- Viva GyM S.A. subsidiarias	-	53.81%	53.81%	46.19%
Services:				
GMD S.A.	89.37%	-	89.37%	10.63%
Cam Holding S.p.A.	100.00%	-	100.00%	-
Concar S.A.	99.81%	-	99.81%	0.19%
Gestión de Servicios Digitales S.A.	-	100.00%	100.00%	-
Coasin Instalaciones Ltda.	-	100.00%	100.00%	-
CAM Servicios Perú	73.16%	-	73.16%	26.84%
Parent company operations:				
Generadora Arabesco S.A.	99.00%	-	99.00%	1.00%
Larcomar S.A.	79.66%	-	79.66%	20.34%
Promotora Larcomar S.A.	46.55%	-	46.55%	53.45%
Promotores Asociados de Inmobiliarias S.A.	99.99%	-	99.99%	0.01%
Negocios del Gas S.A.	99.99%	-	99.99%	0.01%
Agenera S.A.	99.00%	-	99.00%	1.00%
GYM Colombia S.A.	66.20%	33.80%	100.00%	-

On November 17, 2015, Cam Holding S.p.A. sold 100% of its shares in Cam Brasil Multiservicos S.A., for US$300 thousands (S/1 million); as a result, a loss of S/8.3 million was recorded, which is shown in the statement of income, within "Profit /(loss) from sale of investments" (a cash balance of S/0.98 million was presented net of the cash received for the sale of this investment, in the cash flow statement).

In September 2015 the Company formed a subsidiary called Negocios del Gas S.A. with a capital contribution of US$118 million (S/392 million) for the purpose of providing services in the energy industry (note 15.a-i)

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Engineering and Construction:				
GyM S.A.	-	-	-	-
- GyM S.A. subsidiarias	98.23%	-	98.23%	1.77%
Stracon GyM S.A.	-	84.04%	84.04%	15.96%
GyM Chile SpA	-	87.64%	87.64%	12.36%
V y V – DSD S.A.	-	99.99%	99.99%	0.01%
GMI S.A.	-	82.04%	82.04%	17.96%
Morelco S.A.S.	89.41%	-	89.41%	10.59%
Morelco S.A.S.	-	70.00%	70.00%	30.00%
Infrastructure:				
GMP S.A.	95.00%	-	95.00%	5.00%
Oiltanking Andina Services S.A.	-	50.00%	50.00%	50.00%
Transportadora de Gas Natural Comprimido Andino S.A.C	-	99.93%	99.93%	0.07%
GyM Ferrovias S.A.	75.00%	-	75.00%	25.00%
Survial S.A.	99.99%	-	99.99%	0.01%
Norvial S.A.	67.00%	-	67.00%	33.00%
Concesión Canchaque S.A.	99.96%	-	99.96%	0.04%
Concesionaria Vía Expresa Sur S.A.	99.98%	-	99.98%	0.02%

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Real Estate:				
Viva GyM S.A.	60.62%	38.97%	99.59%	0.41%
- Viva GyM S.A. subsidiarias	-	54.88%	54.88%	45.12%
Services:				
GMD S.A.	89.15%	-	89.15%	10.85%
Cam Holding S.p.A.	100.00%	-	100.00%	-
Concar S.A.	99.74%	-	99.74%	0.26%
Gestión de Servicios Digitales S.A.	-	100.00%	100.00%	-
Coasin Instalaciones Ltda.	-	100.00%	100.00%	-
Parent company operations:				
Generadora Arabesco S.A.	99.00%	-	99.00%	1.00%
Larcomar S.A.	79.66%	-	79.66%	20.34%
Promotora Larcomar S.A.	42.80%	-	42.80%	57.20%
Promotores Asociados de Inmobiliarias S.A.	99.99%	-	99.99%	0.01%
Agenera S.A.	99.00%	-	99.00%	1.00%
GYM Colombia S.A.	100.00%	-	100.00%	-

In December 2014, the Group through its subsidiary GyM S.A. acquired control over Morelco S.A.S. for a consideration amounting to US$87.5 million (equivalent to S/258.6 million).

In March 2014, the Group through its subsidiary CAM Chile S.A. acquired control of Coasin Instalaciones Ltda. (hereinafter Coasin) for a consideration amounting to US$2.1 million (equivalent to S/6.4 million).

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In August 2013, the Group, through some of its subsidiaries (GyM Minería S.A., Ingeniería y Construcción Vial y Vives S.A. and GyM Chile S.p A.), acquired the control of DSD Construcciones y Montajes S.A. for a construction of US$37.2 million (equivalent to S/103.9 million).

The details of these transactions and their resulting accounting impact are disclosed in Note 32.

All investments in subsidiaries have been included in the consolidation. The percentage of voting rights in those subsidiaries is directly held by Parent Company and do not significantly differ from the percentage of shares held. There are no restriction to the access to and use of the Group's assets and liabilities.

The following are the Group's subsidiaries and related non-controlling interests at December 31:

	2014	2015
Viva GyM S.A. and subsidiaries	191,826	214,260
Viva GyM S.A.	8,414	1,481
GyM S.A. and subsidiaries	141,446	148,198
GyM S.A.	18,953	12,329
Norvial S.A.	41,820	52,993
CAM Holding S.p.A.	24,137	27,652
GMP S.A.	18,204	21,110
GyM Ferrovias S.A.	19,878	26,043
Promotora Larcomar S.A.	9,697	13,609
Others	8,155	10,814
	482,530	**528,489**

Summarized financial information of subsidiaries with material non-controlling interests

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Set out below is the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized statement of financial position

	Viva GYM S.A.		GyM S.A.		Norvial S.A.	
	At December 31,		At December 31,		At December 31,	
	2014	2015	2014	2015	2014	2015
Current:						
Assets	760,815	1,109,270	2,611,130	3,140,222	6,092	43,513
Current liabilities, net	(266,576)	(555,148)	(2,443,061)	(2,809,890)	(109,134)	(79,634)
	494,239	554,122	168,069	330,332	(103,042)	(36,121)
Non-current:						
Assets	117,352	91,677	1,232,781	1,144,066	230,401	377,392
Liabilities	(138,880)	(159,583)	(445,242)	(628,670)	(633)	(180,686)
Total non-current net assets						
(liabilities), net	(21,528)	(67,906)	787,539	515,396	229,768	196,706
Net assets	472,711	486,216	955,608	845,728	126,726	160,585

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Summarized statement of income (P&L)

	Viva GYM S.A.			GyM S.A.			Norvial S.A.		
	At December 31,			At December 31,			At December 31,		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Revenue	313,731	224,560	215,764	3,904,101	4,861,362	5,672,856	92,252	178,170	246,231
Pre-tax profit	80,467	37,967	36,985	350,687	239,597	(41,874)	40,341	41,998	54,470
Income tax	(21,427)	(11,452)	(7,649)	(105,674)	(54,657)	(23,395)	(10,245)	(10,908)	(13,611)
Post-tax profit	59,040	26,515	29,336	245,013	184,940	(65,269)	30,096	31,090	40,859
Other comprehensive Income	-	(25)	-	(1,240)	(26,199)	(45,370)	-	-	-
Total comprehensive Income	59,040	26,490	29,336	243,773	158,741	(110,639)	30,096	31,090	40.859

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Summarized statement of cash flows

	Viva GYM S.A.			GyM S.A.			Norvial S.A.		
	At December 31,			At December 31,			At December 31,		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Cash flows from operating activities (used), net	(52,174)	9,916	(68,360)	49,708	147,249	(301,676)	37,192	(30,858)	(111,423)
Cash flows from investing activities (used), net	(4,854)	(39,351)	23,865	(120,562)	(208,314)	8,496	(96)	(32)	-
Cash flows from financing activities (used), net	27,050	40,677	64,686	(86,237)	(79,432)	176,984	(30,917)	17,262	144,199
Increase (decrease) in cash And cash equivalents, net	(29,978)	11,242	20,191	(158,549)	18,367	(115,101)	6,179	(13,628)	32,776
Cash and cash equivalents and overdrafts at the beginning of the year	73,004	43,026	54,268	422,901	264,353	282,721	12,949	19,128	5,500
Cash and cash equivalents at the end of the year	43,026	54,268	74,459	264,352	282,720	167,620	19,128	5,500	38,276

The information above is the amount before inter-company eliminations.

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b) Public services concessions -

The Group acts as concessionaire in various public services concessions. When applicable, revenue attributable to the construction or restoration of infrastructure has been accounted for by applying the models set forth in Note 2.5 (financial asset, intangible asset and bifurcated model). The concessions of the Group are described as follows:

Name of concession	Description	Invest-ment	Returnable assets	Consideration	Ordi-nary shares held	Conces-sion ter-mination	Accoun-ting Model
Survial S.A.	The Company operates and maintains a 750 km road from the San Juan de Marcona port to Urcos, Peru, which is connected to an interoceanic road. The road has five toll stations and three weigh stations.	US$98.9 million	Infraestructure is returned to the grantor at the end of concession agreement	Transaction secured by the Peruvian Government involving from annual payments for the maintenance and operation of the road, which is in charge of the Peruvian Ministry of Transport and Communications (MTC).	99.9%	2032	Financial asset
Canchaque S.A.C.	Operación y mantenimiento de carretera de 78 km que une los pueblos de Buenos Aires y Canchaque en Perú. La carretera tiene una garita de peaje.	US$26.1 million	Infraestructure is returned to the grantor at the end of concession agreement	Transaction secured by the Peruvian Government regardless the traffic volume. Revenue is secured by an annual minimum amount of US$0.3 million.	99.96%	2021	Financial asset
La Chira S.A.	Designing, financing, constructing, operating and maintening project called "Planta de Tratamiento de Aguas Residuales y Emisario Submarino La Chira". The Project will treat approximately 25% of waste waters in Lima.	S/250 million (estimated)	Infraestructure is returned to the grantor at the end of concession agreement	Transaction secured by the Peruvian Government consisting of annual payment settled by Sedapal S.A.	50.00%	2036	Financial asset
GyM Ferrovías S.A.	Concession for the operation of Line 1 of the Lima Metro, Peru's only urban railway system. The obligations under the contract include (i) the operation and maintenance of the five existing trains, (ii) the operation and maintenance and the acquisition of 19 trains on behalf of the Peruvian government and (iii) the design and construction of the railway maintenance	S/548.8 million	Infraestructure is returned to the grantor at the end of concession agreement	Transaction secured by the Peruvian Government involving a quarterly payment received from MTC based on km travelled per train.	75.00%	2041	Financial asset

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Name of concession	Description	Invest-ment	Returnable assets	Consideration	Ordi-nary shares held	Conces-sion ter-mination	Accoun-ting Model
Transportadora de Gas Natural Comprimido Andino S.A.C.	Concession to design, finance, build, maintain and operate the system supply of compressed natural gas in Jauja, Huancayo, Huancavelica, Huamanga, Huanta, Andahuaylas, Abancay, Cusco, Juliaca and Puno.	US$14.4 million (estimated)	Infraestructure is returned to the grantor at the end of concession agreement	Transaction secured by the Peruvian Government involving a monthly remuneration corresponding to investment, maintenance and operation costs.	99.93%	2023 With option of extension to 20 additional years	Financial asset
Norvial S.A.	The Company operates and maintains part of the only highway that connects Lima to the northwest of Peru. This 183 km road known as Red Vial 5 runs from the cities of Ancón to Pativilca and has three toll stations.	US$152 million (estimated)	Infrastructure is returned to the grantor at the end of concession agreement	From users (self-financed concession; revenue is derived from collection of tolls).	67.00%	2028	Intangible
Vía Expresa Sur S.A.	The Company obtained the concession for designing, financing, building, operating and maintaining the infrastructure associated with the Vía Expresa Sur Project. This project involves the second stage expansion of the Via Expresa - Paseo de la República,between Av. República de Panamá and and Panamericana highway.	US$196.8 million (estimated)	Infraestructure is returned to the grantor at the end of concession agreement	Contract give the right of collection from users; however the Peruvian government shall pay the difference when the operating is below US$18 million during the first two years and below US$19.7 million from the third year to the fifteenth year of the effective period of the financing, with a ceiling of US$10 million.	99.98%	2053	Bifurcated

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c) Principal Joint Operations -

As of December 31, 2015, the Group participated in 65 Joint Operations in association with third parties (47 at December 31, 2014). The following table contains the principal Joint Operations in which the Group takes part:

	Percentage of interest	
Joint Operations	**2014**	**2015**
Graña y Montero S.A.A.		
- Concesionaria la Chira S.A.	50.00%	50.00%
GyM S.A.		
- Consorcio Constructor Alto Cayma	50.00%	50.00%
- Consorcio Rio Pallca – Huanza	40.00%	40.00%
- Consorcio Alto Cayma	49.00%	49.00%
- Consorcio Vial Ayacucho	50.00%	50.00%
- Consorcio Lima Actividades Comerciales	50.00%	50.00%
- Consorcio GyM – COSAPI	50.00%	50.00%
- Consorcio Atocongo	40.00%	40.00%
- Consorcio Norte Pachacutec	49.00%	49.00%
- Consorcio La Chira	50.00%	50.00%
- Consorcio Río Urubamba	50.00%	60.00%
- Consorcio Vial Quinua	46.00%	46.00%
- Consorcio Rio Mantaro	50.00%	50.00%
- Consorcio GyM – CONCIVILES	66.70%	66.70%
- Consorcio Toromocho	55.00%	55.00%
- Consorcio Construcciones y Montajes CCN	25.00%	25.00%
- Consorcio CGB	50.00%	50.00%
- Consorcio HV GyM	50.00%	50.00%
- Consorcio Stracon Motta Engil JV	50.00%	50.00%
- Consorcio Huacho Pativilca	67.00%	67.00%
- Consorcio Constructor Chavimochic	26.50%	26.50%

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- Consorcio Constructor Ductos del Sur		29.00%
- Consorcio Italo Peruano		48.00%
- Consorcio Incolur		50.00%
- Consorcio Menegua		50.00%
- Consorcio Energía y Vapor		50.00%
GMP S.A.		
- Consorcio Terminales	50.00%	50.00%
- Terminales del Perú	50.00%	50.00%
CONCAR S.A.		
- Consorcio Ancón-Pativilca	50.10%	67.00%
- Consorcio Peruano de Conservación	50.00%	50.00%
- Consorcio Manperán		67.00%
GMD S.A.		
- Consorcio Cosapi-Data – GMD S.A.	70.00%	70.00%
- Consorcio The Louis Berger Group Inc. - GMD	66.45%	66.45%
- Consorcio Procesos digitales	43.65%	43.65%
- Consorcio GMD S.A. – Indra S.A.	50.00%	50.00%
- Consorcio Fábrica de Software	50.00%	50.00%
- Consorcio Gestión de Procesos Electorales (ONPE)	50.00%	50.00%
- Consorcio Lima Actividades Sur	50.00%	50.00%
- Consorcio Latino de Actividades Comerciales de Clientes Especiales		50.00%
- Consorcio Latino de Actividades Comerciales		75.00%
- Consorcio Gestión de Procesos Junta de Gobernadores		45,00%
- Consorcio Soluciones Digitales		38.00%
- Consorcio de Gestión de Información		56.00%

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	Percentage of interest	
Joint Operations	**2014**	**2015**
Viva GyM S.A.	**88,333**	**93,144**
- Consorcio Panorama	-	35.00%
Cam Holding S.p.A.		
- Consorcio Mecam	**50.00%**	**50.00%**
- Consorcio Seringel	**50.00%**	**50.00%**

All of the joint arrangements listed above operate in Peru, Chile and Colombia.

The description of the main activities of the joint arrangements is as follows:

Joint arrangements in	Economic activity
Graña y Montero S.A.A.	Construction, operation and maintenance of La Chira waste water treatment plant in the south of Lima. The project is aimed to solve Lima's environmental problems caused by sewage discharged directly into the sea.
GyM S.A.	The activities of the joint operations in each of the divisions are:
	Civil works division: construction in general in the energy, mining, infrastructure, industry.
	Electromechanical Division: assembly, installation and supply of materials and / or electromechanical equipment and laying of transmission lines.
	Building division: building houses, offices and commercial premises
	Services division: mining services.
GMP S.A.	Consorcio Terminales and Terminales del Peru provide services for reception, storing, shipping and transportation for liquid hydrocarbons, such as gasoline, jet fuel, diesel fuel and residual among others.
CONCAR S.A.	Joint operations Concar provides rehabilitation service, routine and periodic maintenance of the road, further provides conservation services and supervision.
GMD S.A.	Outsourcing service of online BPO processes (Business Process Outsourcing).
Viva GyM S.A.	Construction of a five-star hotel with a convention center, a business center and entertainment center.
CAM Holding S.p.A.	Execution of outsourcing services to the electric power sector.

The Group's consolidated financial statements do not include any other type of entities in addition to those mentioned above, such as trust funds or special purpose entities.

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6 SEGMENT REPORTING

Operating segments are reported consistently with the internal reports that are reviewed by the Group' chief decision-maker; that is, the Executive Committee, which is led by the Corporate General Manager. This Committee is the chief operating decision maker, responsible for allocating resources and evaluating the performance of each operating segment.

The Group's operating segments are assessed by the activity of the following business units: (i) engineering and construction, (ii) infrastructure, (iii) real estate and (iv) technical services.

As set forth under IFRS 8, reportable segments by significance of income are: 'engineering and construction' and 'technical services'. However, the Group has voluntarily decided to report on all its operating segments as detailed in this Note.

The revenues derived from foreign operations (Chile, Brazil, Panama, Dominican Republic, Colombia, Bolivia and Guyana) comprise 27.1% of the Group's total revenue in 2015 (19.9% in 2014 and 10.9% in 2013).

Inter-segmental sales transactions are carried out at arm's length. Revenues from external customers reported to the Corporate General Management are measured in a manner consistent with the preparation basis of the financial statements.

Group sales and receivables are not concentrated in a few customers.

The following segments set forth the principal activities of the Group:

a) **Engineering and construction:** This segment includes: (i) engineering, from traditional engineering services such as structural, civil and design engineering, and architectural planning to advanced specialties including process design, simulation, and environmental services; (ii) civil works, such as the construction of hydroelectric power stations and other large infrastructure facilities; (iii) electro mechanic construction, such as concentrator plants, oil and natural gas pipelines, and transmission lines; (iv) building construction, such as office buildings, residential buildings, hotels, affordable housing projects, shopping centers and industrial facilities; (v) contract mining, such as earthworks, blasting, loading and hauling ore.

b) **Infrastructure:** The Group has long-term concessions or similar contractual arrangements in Peru for three toll roads, the Lima Metro, a waste water treatment plant in Lima, multiple fuel storage facilities, four producing oil fields, and a gas processing plant.

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c) **Real Estate:** The Group develops and sells homes targeted to low and middle-income population sectors which are experiencing a significant increase in disposable income, as well as, to a lesser extent, office and commercial space.

d) **Technical Services:** The Group provides: (i) operation and maintenance services for infrastructure assets; (ii) information technology (IT) services, including IT outsourcing, systems integration, application outsourcing and business process outsourcing services; and (iii) electricity networks services (maintenance) in telecommunications.

e) Parent Company Operation corresponds to the services which the Holding company provides, managing, logistics and accounting services, among others, to the different related entities of the Group.

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Below are shown the financial statements of the Group according to its operating segments:

OPERATING SEGMENTS FINANCIAL POSITION

Segment reporting	Engineering and construction	Infrastructure				Real estate	Technical services	Parent company operations	Eliminations	Consolidated
As of December 31, 2014		Energy	Toll roads	Mass transit	Water treatment					
Assets.-										
Cash and cash equivalents	285,367	54,085	53,312	51,522	8,407	54,268	134,678	176,763	-	818,402
Financial asset at fair value through profit or loss	5,601	-	-	-	-	-	-	-	-	5,601
Trade accounts receivables	581,150	35,201	46,598	71,817	-	57,584	292,160	34	-	1,084,544
Unbilled work in progress	1,145,412	1,414	-	-	14,972	-	-	-	-	1,161,798
Accounts receivable from related parties	121,989	6,723	-	216	-	6,561	65,242	371,765	(473,435)	99,061
Other accounts receivable	389,805	10,781	9,042	29,515	3,154	11,409	63,797	66,414	1,058	584,975
Inventories	126,293	7,921	-	13,909	-	630,758	55,601	486	(1,398)	833,570
Prepaid expenses	11,483	891	822	6,056	407	235	5,120	1,424	-	26,438
Non-current assets classified as held for sale	9,513	-	-	-	-	-	-	-	-	9,513
Total current assets	**2,676,613**	**117,016**	**109,774**	**173,035**	**26,940**	**760,815**	**616,598**	**616,886**	**(473,775)**	**4,623,902**
Long-term trade accounts receivable	-	-	-	579,956	-	-	-	-	-	579,956
Long-term unbilled work in progress	-	25,387	10,584	-	-	-	-	-	-	35,971
Long-term accounts receivable from related parties	-	-	408	-	-	-	433	182,548	(183,389)	-
Prepaid expenses	-	-	2,416	7,062	-	-	-	-	-	9,478
Other long-term accounts receivable	6,192	4,449	11,776	4,131	1,587	9,705	4,496	2,217	-	44,553
Available-for-sale financial assets	-	1,058	-	-	-	-	2	93,144	(1,060)	93,144
Investments in associates and joint ventures	161,938	7,316	-	-	-	62,863	10,059	1,729,640	(1,742,253)	229,563
Investment property	-	-	-	-	-	36,244	-	-	-	36,244
Property, plant and equipment	651,165	193,183	2,036	14,270	-	7,344	166,322	119,483	(6,785)	1,147,018
Intangible assets	323,231	146,477	234,923	6,247	1,100	1,187	33,508	17,417	14,653	778,743
Deferred income tax asset	107,469	714	4,604	244	-	9	37,557	926	586	152,109
Total non-current assets	**1,249,995**	**378,584**	**266,747**	**611,910**	**2,687**	**117,352**	**252,377**	**2,145,375**	**(1,918,248)**	**3,106,779**
Total assets	**3,926,608**	**495,600**	**376,521**	**784,945**	**29,627**	**878,167**	**868,975**	**2,762,261**	**(2,392,023)**	**7,730,681**

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Segment reporting	Engineering and construction	Infrastructure				Real estate	Technical services	Parent company operations	Eliminations	Consolidated
As of December 31, 2014		**Energy**	**Toll roads**	**Mass transit**	**Water treatment**					
Liabilities.-										
Borrowings	629,584	69,577	95,902	404,915	-	144,314	80,531	632	-	1,425,455
Trade accounts payable	938,774	27,148	3,250	12,385	159	31,690	155,714	8,461	-	1,177,581
Accounts payable to related parties	89,445	1,061	55,679	278,819	24,552	24,106	82,203	12,421	(485,259)	83,027
Current income tax	71,287	5,493	249	32	138	1,150	11,259	6	-	89,614
Other accounts payable	771,127	18,518	26,076	2,308	-	65,316	101,973	22,425	-	1,007,743
Provisions	-	8,414	-	-	-	-	3,027	-	-	11,441
Total current liabilities	**2,500,217**	**130,211**	**181,156**	**698,459**	**24,849**	**266,576**	**434,707**	**43,945**	**(485,259)**	**3,794,861**
Borrowings	144,081	99,767	633	-	-	16,368	63,070	2,205	-	326,124
Long-term trade accounts payable	-	-	1,622	2,157	-	-	-	-	-	3,779
Other long-term accounts payable	201,227	349	495	4,820	-	4,679	69,201	880	-	281,651
Long-term accounts payable to related parties	-	-	-	-	-	109,126	62,522	-	(171,648)	-
Provisions	34,148	5,774	-	-	-	-	14,252	-	-	54,174
Derivative financial instruments	-	2,999	-	-	-	-	-	-	-	2,999
Deferred income tax liability	65,787	1,331	-	-	325	8,707	7,021	10,215	-	93,386
Total non-current liabilities	**445,243**	**110,220**	**2,750**	**6,977**	**325**	**138,880**	**216,066**	**13,300**	**(171,648)**	**762,113**
Total liabilities	**2,945,460**	**240,431**	**183,906**	**705,436**	**25,174**	**405,456**	**650,773**	**57,245**	**(656,907)**	**4,556,974**
Equity attributable to controlling interest in the Company	817,751	236,925	150,788	59,633	4,453	157,276	128,428	2,695,401	(1,559,478)	2,691,177
Non-controlling interest	163,397	18,244	41,827	19,876	-	315,435	89,774	9,615	(175,638)	482,530
Total liabilities and equity	**3,926,608**	**495,600**	**376,521**	**784,945**	**29,627**	**878,167**	**868,975**	**2,762,261**	**(2,392,023)**	**7,730,681**

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Segment reporting	Engineering and construction	Infrastructure				Real estate	Technical services	Parent company operations	Eliminations	Consolidated
As of December 31, 2015		Energy	Toll roads	Mass transit	Water treatment					
Assets -										
Cash and cash equivalents	172,116	42,638	58,640	111,454	9,094	74,459	60,193	25,408	-	554,002
Financial asset at fair value through profit or loss	3,153	-	-	-	-	-	-	-	-	3,153
Trade accounts receivables	614,917	43,260	22,045	63,516	-	59,108	247,945	-	-	1,050,791
Unbilled work in progress	1,301,501	-	-	-	17,686	-	-	-	-	1,319,187
Accounts receivable from related parties	316,188	12,145	18,820	301	-	34,724	48,520	132,735	(283,280)	280,153
Other accounts receivable	599,127	25,857	5,699	25,668	10,250	20,535	102,204	35,249	-	824,589
Inventories	159,557	10,025	-	13,678	-	920,092	61,734	389	(6,321)	1,159,154
Prepaid expenses	12,899	2,207	1,401	10,787	458	349	11,402	520	-	40,023
Non-current assets classified as held for sale	22,511	-	-	-	-	-	-	-	-	22,511
Total current assets	**3,201,969**	**136,132**	**106,605**	**225,404**	**37,488**	**1,109,267**	**531,998**	**194,301**	**(289,601)**	**5,253,563**
Long-term trade accounts receivable	-	-	-	621,831	-	-	-	-	-	621,831
Long-term unbilled work in progress	-	40,727	19,027	-	-	-	-	-	-	59,754
Long-term accounts receivable from related parties	-	-	408	-	-	-	500	256,022	(256,930)	-
Prepaid expenses	-	3,692	15,584	2,112	998	-	-	-	-	22,386
Other long-term accounts receivable	534	14,214	30,473	2,198	1,589	14,726	-	2,195	-	65,929
Available-for-sale financial assets	-	-	-	-	-	-	-	120,134	-	120,134
Investments in associates and joint ventures	122,717	8,265	-	-	-	28,732	9,228	2,582,913	(2,104,971)	646,884
Investment property	-	-	-	-	-	34,702	-	-	-	34,702
Property, plant and equipment	606,158	198,774	1,624	217	-	11,303	170,660	130,113	(7,092)	1,111,757
Intangible assets	302,992	137,130	364,819	311	-	1,043	37,564	23,561	13,600	881,020
Deferred income tax asset	126,550	1,325	3,003	-	-	1,171	39,825	656	1,321	173,851
Total non-current assets	**1,158,951**	**404,127**	**434,938**	**626,669**	**2,587**	**91,677**	**257,777**	**3,115,594**	**(2,354,072)**	**3,738,248**
Total assets	**4,360,920**	**540,259**	**541,543**	**852,073**	**40,075**	**1,200,944**	**789,775**	**3,309,895**	**(2,643,673)**	**8,991,811**

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Segment reporting As of December 31, 2015	Engineering and construction	Infrastructure				Real estate	Technical services	Parent company operations	Eliminations	Consolidated
		Energy	Toll roads	Mass transit	Water treatment					
Liabilities.-										
Borrowings	652,974	101,096	55,428	-	-	224,380	91,366	102,776	-	1,228,020
Bonds	-	-	5,537	31,546	-	-	-	-	-	37,083
Trade accounts payable	1,409,982	35,428	3,768	24,498	154	14,334	134,973	12,623	-	1,635,760
Accounts payable to related parties	118,381	3,990	40,578	9,962	10,560	58,790	39,476	79,709	(283,616)	77,830
Current income tax	19,337	-	753	-	166	26	13,750	84	-	34,116
Other accounts payable	645,648	20,340	2,841	1,682	-	257,616	125,020	12,853	-	1,066,000
Provisions	-	6,341	-	-	-	-	7,127	-	-	13,468
Total current liabilities	**2,846,322**	**167,195**	**108,905**	**67,688**	**10,880**	**555,146**	**411,712**	**208,045**	**(283,616)**	**4,092,277**
Borrowings	375,952	83,307	-	-	-	27,562	66,515	-	-	553,336
Long-term bonds	-	-	180,686	576,322	-	-	-	-	-	757,008
Long-term accounts payable to related parties	176,644	-	493	-	-	-	68,045	1,214	-	246,396
Provisions	-	-	-	94,172	24,035	120,083	38,332	-	(256,486)	20,136
Derivative financial instruments	24,624	7,034	-	-	-	-	3,960	-	-	35,618
Deferred income tax liability	-	2,331	-	-	-	-	-	-	-	2,331
Total non-current liabilities	52,016	4,250	107	9,723	270	11,937	3,164	20,197	-	101,664
Total liabilities	**629,236**	**96,922**	**181,286**	**680,217**	**24,305**	**159,582**	**180,016**	**21,411**	**(256,486)**	**1,716,489**
Equity attributable to controlling interest in the Company	**3,475,558**	**264,117**	**290,191**	**747,905**	**35,185**	**714,728**	**591,728**	**229,456**	**(540,102)**	**5,808,766**
Non-controlling interest	720,722	255,032	198,345	78,127	4,890	158,605	162,550	3,067,987	(1,991,702)	2,654,556
Total liabilities and equity	164,640	21,110	53,007	26,041	-	327,611	35,497	12,452	(111,869)	528,489
Total pasivo y patrimonio	**4,360,920**	**540,259**	**541,543**	**852,073**	**40,075**	**1,200,944**	**789,775**	**3,309,895**	**(2,643,673)**	**8,991,811**

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Segment reporting As of December 31, 2013	Engineering and construction	Infrastructure Energy	Infrastructure Toll roads	Infrastructure Mass transit	Infrastructure Water treatment	Real estate	Technical services	Parent company operations	Eliminations	Consolida-ted
Year 2013										
Revenue	4,075,255	321,097	195,861	118,541	45,489	313,731	1,169,115	51,525	(323,114)	5,967,500
Gross profit	559,544	97,495	66,455	19,670	3,179	113,732	179,175	(4,031)	(31,097)	1,004,122
Administrative expenses	(217,927)	(16,170)	(6,600)	(8,025)	(212)	(20,993)	(132,486)	(8,616)	49,237	(361,792)
Other income and expenses	10,762	(3,561)	(35)	758	(2)	(1,749)	24,669	(2,689)	(2,851)	25,302
Gains from the sale of investments	-	-	-	-	-	3,197	-	2,525	-	5,722
Profit before interests and taxes	352,379	77,764	59,820	12,403	2,965	94,187	71,358	(12,811)	15,289	673,354
Financial expenses	(49,349)	(14,264)	(7,416)	(40,012)	(44)	(14,639)	(17,881)	(21,615)	12,418	(152,802)
Financial income	22,714	33	3,006	14,035	14	855	2,028	35,680	(38,012)	40,353
Share of the profit or loss in associates and joint ventures under the equity method of accounting	41,971	1,587	-	-	-	64	1,070	318,705	(329,835)	33,562
Profit before income tax	367,715	65,120	55,410	(13,574)	2,935	80,467	56,575	319,959	(340,140)	594,467
Income tax	(111,240)	(20,066)	(14,971)	477	(881)	(21,427)	(16,655)	(781)	3,221	(182,323)
Net profit for the period	**256,475**	**45,054**	**40,439**	**(13,097)**	**2,054**	**59,040**	**39,920**	**319,178**	**(336,919)**	**412,144**
Profit attributable to:										
Owners of the Company	211,594	41,635	26,077	(9,823)	2,054	19,154	34,296	319,275	(324,246)	320,016
Non-controlling interest	44,881	3,419	14,362	(3,274)	-	39,886	5,624	(97)	(12,673)	92,128
	256,475	**45,054**	**40,439**	**(13,097)**	**2,054**	**59,040**	**39,920**	**319,178**	**(336,919)**	**412,144**

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Segment reporting As of December 31, 2015	Engineering and construction	Infrastructure: Energy	Infrastructure: Toll roads	Infrastructure: Mass transit	Infrastructure: Water treatment	Real estate	Technical services	Parent company operations	Eliminations	Consolidated
Year 2014										
Revenue	5,035,674	350,339	338,153	166,951	29,323	224,560	1,208,168	53,241	(397,729)	7,008,680
Gross profit	535,360	124,455	76,697	42,109	2,307	62,413	142,342	(7,574)	(26,541)	951,568
Administrative expenses	(258,554)	(17,256)	(8,035)	(14,714)	(317)	(21,058)	(122,506)	(35,444)	56,517	(421,367)
Other income and expenses	(9,796)	(3,359)	33	18	-	(852)	5,856	22,063	1,173	15,136
Operating profit	267,010	103,840	68,695	27,413	1,990	40,503	25,692	(20,955)	31,149	545,337
Financial expenses	(69,046)	(11,564)	(11,321)	(5,245)	(55)	(14,807)	(27,393)	(1,725)	38,340	(102,816)
Financial income	6,623	120	1,819	727	16	93	1,821	59,893	(59,650)	11,462
Share of the profit or loss in associates and joint ventures under the equity method of accounting	48,242	29	-	-	-	12,178	590	270,045	(277,639)	53,445
Profit before income tax	252,829	92,425	59,193	22,895	1,951	37,967	710	307,258	(267,800)	507,428
Income tax	(59,252)	(29,768)	(16,158)	(10,842)	(588)	(11,452)	(5,788)	(12,582)	234	(146,196)
Profit for the year	**193,577**	**62,657**	**43,035**	**12,053**	**1,363**	**26,515**	**(5,078)**	**294,676**	**(267,566)**	**361,232**
Profit attributable to:										
Owners of the Company	164,095	59,010	32,774	9,040	1,363	9,527	(5,342)	294,948	(265,672)	299,743
Non-controlling interest	29,482	3,647	10,261	3,013	-	16,988	264	(272)	(1,894)	61,489
	193,577	**62,657**	**43,035**	**12,053**	**1,363**	**26,515**	**(5,078)**	**294,676**	**(267,566)**	**361,232**

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OPERATING SEGMENT PERFORMANCE

Segment reporting	Engineering and construction	Infrastructure				Real estate	Technical services	Parent company operations	Eliminations	Consolidated
As of December 31, 2015		Energy	Toll roads	Mass transit	Water treatment					
Year 2015										
Revenue	5,841,559	389,377	394,462	211,279	27,994	215,764	1,152,544	70,531	(471,077)	7,832,433
Gross profit	357,274	63,530	78,544	48,804	2,225	51,755	178,303	(7,004)	(70,626)	702,805
Administrative expenses	(289,144)	(18,214)	(10,319)	(10,529)	(310)	(20,521)	(115,018)	(29,882)	80,557	(413,380)
Other income and expenses	30,616	1,365	55	2	-	1,759	15,348	11,114	(2,972)	57,287
Loss from the sale of investments	-	-	-	-	-	-	(8,289)	-	-	(8,289)
Operating profit	98,746	46,681	68,280	38,277	1,915	32,993	70,344	(25,772)	6,959	338,423
Financial expenses	(127,383)	(19,953)	(4,713)	(5,303)	(45)	(11,642)	(32,246)	(2,818)	27,301	(176,802)
Financial income	8,875	158	8,722	2,316	121	746	2,145	56,101	(41,077)	38,107
Share of the profit or loss in associates and joint ventures under the equity method of accounting	(2,234)	944	-	-	-	14,888	589	76,226	(72,810)	17,603
Profit before income tax	(21,996)	27,830	72,289	35,290	1,991	36,985	40,832	103,737	(79,627)	217,331
Income tax	(29,441)	(7,650)	(18,794)	(10,630)	(520)	(7,649)	6,102	(9,208)	2,171	(75,619)
Profit for the year	**(51,437)**	**20,180**	**53,495**	**24,660**	**1,471**	**29,336**	**46,934**	**94,529**	**(77,456)**	**141,712**
Profit attributable to:										
Owners of the Company	(64,379)	17,072	40,010	18,495	1,471	12,377	40,322	95,271	(72,485)	88,154
Non-controlling interest	12,942	3,108	13,485	6,165	-	16,959	6,612	(742)	(4,971)	53,558
	(51,437)	**20,180**	**53,495**	**24,660**	**1,471**	**29,336**	**46,934**	**94,529**	**(77,456)**	**141,712**

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Segments by geographical area

	2013	2014	2015
Revenue:			
- Peru	5,072,251	5,611,844	5,707,098
- Chile	631,883	1,011,822	944,198
- Colombia	112,573	125,929	778,333
- Panamá	76,394	139,666	206,137
- Guyana	-	49,525	111,924
- Brazil	74,399	68,045	39,253
- Bolivia	-	1,849	45,490
	5,967,500	**7,008,680**	**7,832,433**
Non-current assets:			
- Peru		2,461,288	3,268,907
- Chile		359,686	320,094
- Colombia		272,543	124,820
- Guyana		2,974	8,800
- Brazil		8,398	-
- Bolivia		1,890	15,043
- Panamá		-	584
		3,106,779	**3,738,248**

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7 FINANCIAL INSTRUMENTS

7.1 Financial instruments by category -

The classification of financial assets and liabilities per category is as follows:

	At December 31,	
	2014	2015
Assets according to the statement of financial position		
Loans and accounts receivable:		
- Cash and cash equivalents	818,402	554,002
- Trade and other accounts receivable not including advances to suppliers	1,206,057	1,291,133
- Unbilled work in progress	1,197,769	1,378,941
- Financial assets related to concession agreements	698,371	707,392
- Accounts receivable from related parties	99,061	280,153
	4,019,660	**4,211,621**
Available-for-sale financial asset (Note 9)	93,144	120,134
Financial asset at fair value through profit and loss	5,601	3,153

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Financial assets related to concession agreements are recorded in the statement of financial position within the line items of other short-term accounts receivable and other long-term accounts receivable.

	At December 31,	
	2014	2015
Liabilities according to the statement of financial position		
Other financial liabilities at amortized cost		
- Other financial liabilities	1,419,428	1,480,071
- Finance leases	332,151	301,285
- Bonds	-	794,091
- Trade and other accounts payable (excluding non-financial liabilities)	1,434,377	1,967,268
- Accounts payable to related parties	83,027	97,966
	3,268,983	**4,640,681**
Hedging derivatives:		
- Derivative financial instruments	2,999	2,331

(All amounts are expressed in thousands of S/ unless otherwise stated)

7.2 Credit quality of financial assets -

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external risk ratings (if available) or to historical information about counterparty default rates.

The credit quality of financial assets is presented as follows:

	At December 31,	
	2014	2015
Cash and cash equivalents (*)		
Banco de Crédito del Perú (A+)	451,956	237,870
Citibank (A)	677	82,471
Banco de la Nación (A)	56,028	64,456
Banco Continental (A+)	76,408	43,074
Banco Scotiabank (A+)	11,611	38,345
Banco Santander - Perú (A)	183	21,660
Banco Interbank (A)	64,962	17,145
Banco Santander - Chile (AAA)	40,577	7,181
Scotiabank Chile (AAA)	-	6,758
Banco de Crédito e Inversiones - Chile (AA+)	10,597	6,331
Banco Scotiabank de Guyana (A)	-	5,462
Banco Bogotá (A)	67,959	4,124
Larrain Vial de Chile (A)	-	3,368
Banco de Chile (AAA)	5,328	1,523
Banco Continental Chile (A)	7,396	-
ITAU - Chile (AA)	7,391	-
Others	6,932	5,064
	808,005	**544,832**

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The ratings in the above table "A and A+" represent high quality credit ratings. For banks located in Peru, the ratings were derived from risk rating agencies authorized by the Peruvian banking and insurance regulator "Superintendencia de Banca, Seguros y AFP" (SBS). For banks located in Chile, the ratings were derived from risk rating agencies authorized by the Chilean stock and insurance regulator "Superintendencia de Valores y Seguros" (SVS).

(*) The difference between the balances shown above with the balances shown in the statement of financial position corresponds to cash on hand and in-transit remittances (Note 8).

The credit quality of customers is assessed in three categories (internal classification):

A: new customers/related parties (less than 6 months),
B: existing customers/related parties (with more than 6 months of trade relationship) with no previous default history; and
C: existing customers/related parties (with more than 6 months of trade relationship) with previous default history.

	2014	2015
Trade accounts receivable (Note 10 and Note 11)		
Counterparties with no external risk rating		
A	36,187	540,573
B	2,700,295	2,168,513
C	125,787	342,477
	2,862,269	3,051,563
Receivable from related parties (Note 12)		
B	99,061	280,153

The total number of accounts is in compliance with contract terms and conditions, none of them have been re-negotiated.

With respect to available-for-sale financial assets, the counterparty held an external credit rating of AAA at December 31, 2014 and 2015.

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8 CASH AND CASH EQUIVALENTS

This account comprises:

	At December 31,	
	2014	**2015**
Cash on hand	8,411	6,116
Checking accounts	530,246	411,695
Time deposits (a)	259,035	123,033
In-transit remittances	1,986	3,054
Mutual funds	18,724	10,104
	818,402	**554,002**

(a) At December 31, 2015, this balance mostly comprises short-term deposits for GyM S.A., ViVa GyM S.A., GyM Ferrovías S.A. and Concar S.A. for S/36.7 million, S/33.0 million, S/23.0 million, and S/11.1 million, respectively. Interest rates range between 0.10% and 4.70% (GMH, GyM S.A., GyM Ferrovías S.A. and ViVa GyM S.A. for S/168 million, S/29 million, S/29 million and S/18 million, respectively with interest rates range between 0.10% and 3.97% at December 31,2014).

9 OTHER FINANCIAL ASSETS

This account comprises the investment held by the Company, directly and indirectly, in Transportadora de Gas del Perú S.A. (TGP), a Peruvian entity engaged in providing gas transportation services.

At December 31, 2015, the fair value of the Group's interest in TGP equals S/120.1 million based on the discounted cash flow method (S/93.1 million at December 31, 2014). The information used in the calculation is as follows:

- Discounted cash flows from operating activities of TGP net of cash flows from investment activities (CAPEX).
- Cash flows were estimated for a 30 year term.
- The discount rate used is 7.5% corresponding to estimated TGP's WACC (8.1% at December 31, 2014).
- The interest of the Company in TGP is 1.64% at December 31, 2015 and 2014.

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The fluctuation in the fair value of this investment in 2015 amounts to S/19.9 million (S/4.6 million in 2014) net of its income tax effect amounting to S/7 million (S/1.3 million in 2014), plus the adjustment for changes in income tax rate (see note 29-b) amounting to S/1.1 million, which has been recognized in the statement of other comprehensive income.

The most significant assumptions are the discount rate and cash flows affected by the U.S. Wholesale Price Index; the Group has performed a sensitivity analysis on this assumptions: if the discount rate was adjusted down by 5% the fair value would be 7.4% lower and if the discount rate was adjusted up by 5% the fair value would be 7.1% higher; if the cash flows were adjusted down by 5% the fair value would be 9.1% lower and if the cash flows were adjusted up by 5% the fair value would be 8.8% higher.

10 TRADE ACCOUNTS RECEIVABLE

This account comprises:

	At December 31,	
	2014	**2015**
Invoices receivable	1,397,084	1,548,669
Collection rights	277,547	140,087
	1,674,631	1,688,756
Impairment of receivables	(10,131)	(16,134)
	1,664,500	1,672,622
Less: non-current portion		
Invoices receivable	(529,201)	(610,695)
Collection rights	(50,755)	(11,136)
Total non-current	(579,956)	(621,831)
Total current	1,084,544	1,050,791

Invoices receivable are related to estimated percentages of completion approved by clients.

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The fair value of current receivables is similar to their carrying amount since their average collection turnover is less than 60 days. These current receivables do not bear interest and have no specific guarantees.

The non-current portion of the trade accounts receivable is related to GyM Ferrovías S.A.

Collection rights as of December 31, 2015 mainly comprises GyM Ferrovías S.A.,GMD S.A., GMI S.A. and Survial for S/65 million, S/37 million, S/22 million and S/16 million respectively (GyM Ferrovías S.A., CAM Holding S.A, GMD S.A., GMI S.A., Concar S.A., Viva GyM S.A. and Canchaque for S/116 million, S/51 million, S/31 million, S/37 million, S/35 million, S/6 million and S/2 million respectively in 2014).

The collection rights that arise from GyM Ferrovías S.A., a concession signed with the Peruvian Government comprising Line 1 of the Lima Metro (train line), by which this entity has to acquire, on the Government's behalf, certain infrastructure needed for the implementation of the transport system that will be operated by the GyM Ferrovías S.A once completed (Note 5-b). This account will be amortized through the cash flows determined at the inception of the concession under the "price per kilometer traveled" method (PKT).

Collection rights from Survial S.A. consists of the PAMO provision, specifically the last instalment for the current year (October – December) set forth under the Concession Agreement; which is billed and actually cashed the month following the end of the quarter. At the reporting date, the October – December installment has already been invoiced.

For this purpose, the subsidiary has applied certain criteria to determine the amount of the interest to be accrued on the outstanding balances and the beginning of the collection of the amounts pending. These balances bear interest at a 7.7% rate and their collection began in 2014 jointly with the beginning of operation.

Aging of trade accounts receivable is as follows:

	At December 31,	
	2014	**2015**
Current	1,410,199	1,250,086
Past due up to 30 days	174,633	256,743
Past due over 30 days	89,799	181,927
	1,674,631	**1,688,756**

(All amounts are expressed in thousands of S/ unless otherwise stated)

At December 31, 2015, trade accounts receivable totaling S/438.7 million (S/264.4 million in 2014) are past due but not impaired. The related customers do not have a historical record of default.

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable and of unbilled work in progress (note 11).

11 UNBILLED WORK IN PROGRESS

This account comprises:

	At December 31,	
	2014	**2015**
Unbilled rights receivable	966,924	1,163,473
Deferred costs of work in progress	230,845	215,468
	1,197,769	1,378,941
Less: non-current portion		
Unbilled rights receivable	(25,387)	(40,727)
Deferred costs of work in progress	(10,584)	(19,027)
Total non-current	**(35,971)**	**(59,754)**
Total current	**1,161,798)**	**1,319,187)**

Rights receivable correspond to the unbilled rights for services rendered by the Engineering and Construction Segment. Each month, under the percentage of completion method, the Company estimates the work completed to date. Based on its monthly estimates, the Company recognizes the corresponding revenue. Until such revenue is billed, it is recorded in the account rights receivable.

At December 31, 2015 and 2014, unbilled work in progress are presented net of advances received from clients for S/42.5 million and S/334 million, respectively the terms of which vary based on each contract. These advances substantially correspond to those received by subsidiary GyM S.A.

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At December 31, 2015, advances amounting to S/33 million, correspond to a scheme by mean of which certain customers agree to grant revolving monthly advances which are settled with the amount billed the month following the reception of the advance (S/305 million at December 31, 2014). Other advances received from customers are recognized netting the corresponding receivables and are offset following the pattern of actual services provided. In these cases, if the contract is terminated, the amount received in advance is offset against any receivable balance determined by the work in progress at termination date.

Deferred costs of work in progress include all those expenditures incurred by the Group that relate to future activities to be performed under current construction contracts. At December 31, 2015, the balance mainly comprises costs incurred in the following projects: Kellar, Costa Norte, Proyecto Nuis, Menegua, Poliductos, Red de Gas de Contugas, Servicio Carretera Quinua San Francisco Tranch 2 and Incolur for S/38.4 million, S/34.1 million, S/28.8 million, S/27.3 million, S/21.8 million, S/17.3 million, S/7.6 million and S/1.8 million, respectively (concentrating Plant Cerro Verde, Las Bambas, Machu Picchu, Servicios Cerro del Águila and Chile Spa for S/53.8 million, S/32.9 million, S/31.4 million, S/22.3 million and S/12.7 million, respectively at December 31, 2014).

Other smaller projects for which certain cost amounting to S/6.8 million have been deferred are: CH Santa Teresa 90MW, Cerro Verde 2 Concentrating Plant Phase 1 and improvement and expansion of INEN (S/52 million for Red Gas Contugas, Preliminary work Aurora Gold, Pad I FASE III Cerro Verde at December 31, 2014).

The non-current portion mainly comprises the expenditures incurred by Concesionaria Vía Expresa Sur S.A. for S/19.0 million (S/10.5 million at December 31,2014) that related to future activities to be performed under the construction contract (implementation of the 4.6 km extension of Vía Expresa Sur connecting the district of “San Juan de Miraflores”). This Project is expected to be completed in August 2018.

Additionally the non-current portion comprises the expenditures incurred by the subsidiary GMP S.A. for S/40.7 million for work in progress related to Transportadora de Gas Natural Comprimido Andino Concession (S/25.4 million at December 31, 2014). This Concession is in a pre-operative stage.

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12 TRANSACTIONS WITH RELATED PARTIES AND JOINT OPERATORS

a) Transactions with related parties -

Major transactions between the Company and its related parties are summarized as follows:

	2013	2014	2015
Revenue from sale of goods and services:			
- Associates	4,915	6,040	1,400
- Joint operations	67,601	43,897	52,384
	72,516	**49,937**	**53,784**
Expenses from purchase of goods and services:			
- Associates	5	42	18
- Joint operations	6,068	715	489
	6,073	**757**	**507**

Inter-company transactions are based on the price lists in force and terms and conditions that would be agreed with third parties.

b) Key management compensation -

Committee and Internal Audit Management. The compensation paid or payable to key management in 2015 amounted to S/111.7 million (S/100.4 million at December 31, 2014).

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c) Balances at the end of the year resulting from the sale/purchase of goods/services -

	At December 31, 2014		At December 31, 2015	
	Receivable	Payable	Receivable	Payable
Joint operations:				
Consorcio Constructor Ductos del Sur	-	-	154,383	-
Consorcio GyM Conciviles	48,581	-	57,679	-
Consorcio Rio Urubamba	5,107	3,796	10,856	2,819
Consorcio Terminales del Perú	-	-	9,459	-
Adexus S.A.	-	-	8,521	-
Consorcio Peruano de Conservación	15,365	-	6,270	-
Consorcio Rio Mantaro	-	-	6,021	15,941
Energía y Vapor	-	-	3,328	-
Consorcio Terminales	6,837	-	3,235	-
Consorcio La Gloria	3,805	3,423	3,116	3,077
Ingeniería y Construcción Sigdo Koppers-Vial	-	35,302	2,659	3,900
Consorcio Constructor Chavimochic	141	2,896	2,558	6,422
Consorcio Menegua	-	-	1,910	-
Constructora incolur DSD Ltda.	-	-	1,681	-
Consorcio Lima	877	-	1,430	-
Consorcio Norte Pachacutec	531	1,068	1,026	669
Consorcio Italo Peruano	-	-	465	21,907
Consorcio Constructor Alto Cayma	1,424	-	387	-
Consorcio Construcciones y Montajes	115	1,198	112	2,533
Bechtel Vial y Vives Servicios Complementarios Ltda.	96	4,648	84	6,956
Consorcio Huacho Pativilca	369	4,555	80	5,041
Consorcio Tren Electrico	7,380	-	-	-

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Consorcio Sistemas SEC	4,349	-	-	-
Consorcio JV Panamá	1,043	-	-	-
Consorcio Ingenieria y Construcción Bechtel	-	5,140	-	-
Consorcio EIM ISA	-	2,955	-	-
Others	3,041	3,953	4,893	4,275
	99,061	68,934	280,153	73,540
Other related parties:				
Ferrovias Argentina	-	14,093	-	20,136
Arturo Serna	-	-	-	4,290
	-	14,093	-	24,426
	99,061	83,027	280,153	97,966
Less non-current portion:				
Ferrovias Argentina	-	-	-	(20,136)
Current portion	99,061	83,027	280,153	77,830

Receivables and payables are mainly of current maturity and do not have specific guarantees. Accounts receivable from related parties have maturity periods of 60 days and arise from sale of goods and services. These balances are non-interest-bearing due to their short-term maturities and are not impaired.

Accounts payable to related parties have maturity periods of 60 days and arise from engineering, construction, maintenance and other services received. These balances are not interest bearing due to their short-term maturities.

Transactions with non-controlling interest are disclosed in Note 35.

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13 OTHER ACCOUNTS RECEIVABLE

This account comprises:

	At December 31,	
	2014	**2015**
Advances to suppliers (a)	162,544	170,126
Fiscal credit (b)	95,891	146,785
Income tax on-account payments (c)	90,088	165,705
Guarantee deposits (d)	103,086	115,573
Loans to third parties	11,904	83,657
Taxes receivable (e)	5,938	42,404
Temporary tax on net assets	19,223	20,051
Claims to SUNAT (pre-paid taxes)	14,572	19,544
Rental and sale of equipment	20,571	17,846
Guarantee deposits	11,336	9,919
Petróleos del Perú S.A.- Petroperú S.A.	9,938	9,696
Receivables from personnel	2,518	8,891
Claims to third parties	11,886	8,168
Advances pending liquidation	1,788	3,478
Account receivable from sale of investments	23,822	-
Legal deposits	4,170	-
Other	40,253	68,675
	629,528	**890,518**
Less non-current portion:		
Fiscal credit (b)	(35,926)	(55,663)
Petróleos del Perú S.A.- Petroperú S.A.	-	(7,948)
Advances to suppliers (a)	(4,131)	(2,200)
Legal deposits	(4,170)	-
Other	(326)	(118)
	(44,553)	(65,929)
Current portion	584,975	824,589

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Other receivables do not have past due nor impaired. Other non-current accounts receivable have maturities between 2 and 5 years. Company's Management estimates that the fiscal credit will be applied against the credit balance of the corresponding tax over the medium term.

The fair value of the short-term receivables approximates to the carrying amount due to its short-term maturity. Non-current portion is not significant for the financial statements for any period shown.

Maximum exposure to credit risk at the reporting date is the carrying amount of each class of other receivables mentioned. The Group does not require guarantees.

The following contains a description of major accounts receivable:

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(a) **Advances to suppliers -**

Mainly corresponds to advances amounting approximately to S/143 million (S/146.5 million in 2014) granted mainly by the subsidiary GyM S.A. to import the equipment of the projects, detailed as follows:

	At December 31,	
	2014	2015
Consorcio Río Mantaro	81,153	76,417
Antucoya - Vial Vives	4,042	11,433
Alsthom Transporte	6,928	11,141
Real state projects	-	10,925
Costa Norte	-	7,670
Gaseoducto del Sur	-	6,017
Panorama Plaza Negocios	17,270	5,864
OFP Administración Central	2,087	4,232
Centro de producción América TV.		3,754
Consorcio Bionergy	-	2,363
Poliducto de Occidente	2,980	2,031
Stracon GyM projects	2,771	1,912
ICHMA	-	1,825
Consorcio constructor Chavimochic	1,368	1,781
Servicios Codensa	-	1,730
30K Project - Fase I - Morelco	-	1,461
ABB AB Importaciones	1,353	1,223
Serv. ICAP	-	1,116
Oficinas Rivera Navarrete	2,179	137
EPC Planta Minera Inmaculada	9,387	107
ABB Inc.	3,487	-
Harvin Electric	2,007	-
Centro Empresarial Leuro	1,651	298
Consorcio Peruano de Conservación	1,350	317
Nuevo Campus Universitario UTEC	1,104	-
Projects for minor amounts	21,427	16,372
	162,544	**170,126**

(All amounts are expressed in thousands of S/ unless otherwise stated)

(b) Fiscal credit -

Mainly corresponds to the subsidiaries GyM S.A., Viva GyM S.A., Norvial S.A., Survial S.A., GyM Ferrovias S.A., La Chira and GMP S.A. for S/41 million, S/22 million, S/15 million, S/14 million, S/13 million, S/12 million and S/3 million, respectively, (Survial S.A., GyM S.A. and GyM Ferrovías S.A., for S/10 million, S/28 million and S/25 million, respectively in 2014). Management considers that this fiscal credit related to value added tax payments will be recovered during the ordinary course of the future operations of these subsidiaries.

(c) Income tax on-account payment -

Mainly comprises income tax payments in advance from the subsidiaries GyM S.A., the Company, GMP S.A., CAM Holding S.p.A., Concar S.A. and Viva GyM S.A. for S/95 million, S/16 million, S/12 million, S/8 million, S/5 million and S/4 million, respectively (GyM S.A., la Compañía, CAM Holding S.p.A., Concar S.A. and Viva GyM S.A. for S/41 million, S/30 million, S/11 million, S/5 million and S/4 million, respectively in 2014).

(d) Guarantee deposits -

Guarantee deposits are the funds retained by customers for work contracts assumed basically by subsidiary GyM S.A. These deposits are retained by the customers in order to have a guarantee that the subsidiary will perform its obligations under the contracts. The amounts retained will be recovered once the work has been completed. Such deposits mainly correspond to the following projects:

	At December 31,	
	2014	2015
Machupicchu project	11,495	13,622
Security deposits (rental)	2,222	11,310
Las Acacias 30K-STAP 7		8,813
Panorama Plaza Negocios	3,104	6,844
Serv. ICAP	-	5,977
Warranty on sale agreement CAM Brasil	-	5,689
Minera Antucoya	12,279	5,545
Construcción Planta de Cal Pachachaca	6,299	5,434
Samsung Engineering Chile	-	5,419
Poliducto de Occidente Medellín	-	4,999

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Costa Norte Santa Marta	-	4,751
La Zanja	1,818	4,636
Termosuria Villavicencio	-	4,309
Oficina principal	-	3,868
Minera Inmaculada	1,069	3,648
Oficina Rivera Navarrete 2	670	2,374
7005 OPR	1,000	2,277
San Pedro del Sur	2,068	1,255
Centro Empresarial Leuro	3,130	756
Empresa Colombiana de Petróleos S.A.	38,100	-
Minera los Pelambres	5,168	-
Nuevo Campus Universitario UTEC	3,735	-
Metapetroleum Corp	2,966	-
Maersk Container Industry San Antonio SPA	1,562	-
Other projects	6,401	14,047
	103,086	115,573

(e) **Taxes receivable -**

The balance corresponds to the PPUA subject to refund for the Chilean subsidiaries (Note 24).

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14 INVENTORIES

This account comprises:

	At December 31,	
	2014	**2015**
Work in progress - Real estate	84,683	415,538
Land	494,024	361,082
Construction material	125,665	160,475
Finished properties	51,767	136,621
Merchandise and supplies	83,752	87,643
	839,891	1,161,359
Impairment of inventories	(6,321)	(2,205)
	833,570	**1,159,154**

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Work in progress - real estate -
At December 31 work in progress - real state comprises the following projects:

	2014	2015
El Rancho	-	166,256
Klimt	-	67,910
Los Parques de Comas I	-	65,433
Los Parques del Callao	-	57,672
2da etapa Proyecto Los Parques de San Martín	35,103	19,063
Los Parques de Comas II	-	11,913
Villa El Salvador 2	17,377	9,918
Real 2	-	7,497
Rivera Navarrete	22,330	-
Parques de Piura	9,751	-
Other minors	122	9,876
	84,683	415,538

During 2015, the Company has capitalized financing costs for these construction projects amounting to S/5.4 million at interest rates between 5.3% and 9.5% (S/5.9 million in 2014 at interest rates between 3.12% and 8.5% and S/6 million in 2013 at interest rates between 3.35% and 8.2%).

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Land -

At December 31, land comprises properties for the development of the following projects of subsidiary Viva GyM:

	At December 31,	
	2014	**2015**
Lurin (a)	91,000	92,071
Miraflores (b)	78,700	79,971
San Miguel (c)	67,300	69,859
Ancón (d)	-	33,068
Villa el Salvador (e)	19,143	19,143
Nuevo Chimbote	15,507	15,834
San Martín de Porres	12,600	12,978
Huancayo	11,210	11,324
Comas (f)	61,000	-
San Isidro (g)	52,000	-
Callao (h)	52,800	-
Others	32,764	26,834
	494,024	**361,082**

(a) Plot of land of 750 hectares located in the district of Lurin, province Lima, for industrial development and public housing.
(b) Plot of land located in Av. El Ejército, Urbanizacion. Santa Cruz, Miraflores, development complex consisting of a 5-star hotel, convention, business, cultural, commercial and residential building center.
(c) Plot of land located in the district San Miguel of 1.4 hectares to develop a traditional mulit-family building of 1,004 apartments in 4 stages.
(d) A 108-hectare land property in which a mega housing-project will be implemented, including appartments ranging from 55 m2 to 75 m2, as well as houses of 75 m2.
(e) A 2.5-hectare land property in which a project will be implemented consisting of 2 condominiums of 18 buildings; each condo with 720 apartments.
(f) Plot of land located in the district of Comas, which will be used to develop the project of approximately 8,000 social housing projects called Los Parques de Comas.

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(g) Plot of land located at Av. Pezet 583, San Isidro, development consisting of building with 32 apartments each of more than 300 m2 each.
(h) Plot of land located at Av. Argentina 2430-Callao, for the project of approximately 984 housing in 3 phases called Los Parques del Callao.

Lands held since 2014 consists of current projects but construction has not yet begun. The additions in the balance at 2015 primarily reflects the costs of designers, license paperwork and other smaller expenses. Construction related to these projects is expected to begin in September 2016. Land properties located in Comas, San Isidro and Callao have been reclassified to “finished properties” and “work in progress” because these lands entered into the construction phase during the 2015.

Construction materials -
At December 31 construction materials relates to the following projects:

	2014	2015
Gaseoducto del Sur	-	68,268
Mina Constancia	20,382	20,119
Cerro del Aguila – Kallpa	13,881	12,846
Central de equipos	4,361	6,875
Planta Concentradora Cerro Verde 2 - 1era fase	10,604	5,220
La Zanja	3,266	3,632
Carretera Quinua San Francisco tramo 2	-	3,123
Shahuindo	-	2,179
Chavimochic	-	2,076
Construcción de Montaje Electromecánico	3,373	2,001
Planta Minera Inmaculada	24,734	-
Termoeléctrica Kelar	3,790	-
Planta de Cal de Pachachaca	3,500	-
Other minors	37,774	34,136
	125,665	**160,475**

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Finished properties -

At December 31 the balance of finished properties consists of the following investment properties:

	2014	2015
Panorama	-	70,951
Los Parques de San Martín de Porres	23,579	21,557
Rivera Navarrete	-	14,085
Villa El Salvador 2	12,899	12,604
Los Parques de Carabayllo 2da etapa	-	9,848
Los Parques de Comas II	-	4,115
Parque Central	5,524	-
El Sol	4,432	-
Other minors	5,333	3,461
	51,767	**136,621**

At December 31, 2015 borrowings are guaranteed with land and real state work in progress of the followings projects: Ancón, Los Parques de Callao y el Rancho. The amount guaranteed amounts to S/175 million (S/203.5 million in 2014).

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15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

This account comprises:

	At December 31,	
	2014	**2015**
Associates	82,494	500,581
Joint ventures	147,069	146,303
	229,563	**646,884**

The amounts recognized in the income statement are as follows:

	2013	2014	2015
Associates	11,104	29,132	32,679
Joint ventures	22,458	24,313	2,193
	33,562	**53,445**	**34,872**

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a) **Investment in associates**

Set out below are the associates of the Group at December 31, 2014 and 2015. The associates listed below have share capital solely consisting of common shares, which are held directly by the Group. None of the associates are listed companies; therefore, there is no quoted market price available for their shares.

				Carrying amount	
	Class of share	Interest in capital		At December 31,	
Entity		2014	2015	2014	2015
		%	%		
Gasoducto Sur Peruano S.A.	Común	-	20.00	-	447,372
Asociación en Participación					
Panorama Plaza de Negocios	Común	35.00	-	38,932	-
Promoción Inmobiliaria del Sur S.A.	Común	22.50	22.50	23,930	28,733
Concesionaria Chavimochic S.A.C.	Común	26.50	26.50	13,336	17,202
Betchel Vial y Vives					
Servicios Complementarios Ltda.	Común	40.00	40.00	2,345	6,187
JV Panama	Común	15.00	-	2,755	-
Others				1,196	1,087
				82,494	**500,581**

The most significant associates are described as follows:

i) **Gasoducto Sur Peruano S.A. -**

In November 2015 the Group acquired a 20% interest in Gasoducto Sur Peruano S.A. (GSP), an entity which, on July 22, 2014, signed a concession agreement with the Peruvian Government (Grantor) to build, operate and maintain the natural gas pipeline transportation system to satisfy the demand of the Peruvian southern region cities, such as: Quillabamba, Cusco, Puno, Arequipa, Moquegua and Tacna. Under the provisions of the concession agreement, the Grantor guarantee GSP returns on the investment made. The term of the concession is 34 years and GSP's current activities substantially involve those needed for the constructions of the pipeline transport system.

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The estimated investment in constructing this infrastructure approximately amounts to US$ 5,900 million. In carrying out major activities for the construction and implementation of the pipeline transportation system, GSP has signed an engineering, procurement and construction contract (EPC) with Consorcio Constructor Ductos del Sur (CCDS). In conjunction with the acquisition of 20% interest in GSP, the Group obtains 29% interest in CCDS through its subsidiary GyM S.A.

This acquisition is part of the Group's strategy to provide services to the energy sector; also, this acquisition has enabled the Group to increase its backlog volume relating to the engineering and construction segment.

GSP was originally incorporated by two entities, Inversiones en Infraestructura de Transporte de Ductos S.A.C. (IITD) and Enagás. The Group's acquisition of GSP interest was made as a result of IITD's assignment to the Group of its preferred subscription right to increase capital in GSP. According to the contract signed in November 2015, the economic impact for the Group from the acquisition of GSP is summarized as follows:

(a) With respect to GSP acquisition, the Group has made capital contributions of US$131 million (equivalent to S/438 million) which includes premium on the par values of the subscribed shares. It is expected that additional contributions of the Group to GSP's share capital during the Project's construction phase amount to US$84 million, which would represent a total investment of the Group in GSP of US$215 million.
(b) The Group has the obligation to assume 20% of the performance bond required under the concession agreement and 20% of the collateral of a bridge loan obtained by GSP for US$600 million, and,

(c) With respect to the assignment of the preferred subscription right by IITD, the Group has the obligation to pay US$2.9 million (equivalent to S/ 9.7) and assumes an obligation with IITD to pay at the end of the first year of commercial operation of the concession, which is expected to begin on year 2018, or on the date the Group decides to sell part or the entirety of the acquired investment, 20% of the difference arising from the fair value of the acquired shares at that date and the expected fair value that those shares would have at the end of the first year of commercial operation, according to a valuation performed in 2014 by an appraiser.

At the acquisition date, the Group allocated the purchase price to the provisional determination of the fair values of the acquired assets and liabilities assumed.

ii) Asociación en Participación Panorama Plaza de Negocios -

It is through this associate that the Panorama real estate property Project is being developed, comprising the construction and sales of offices and commercial spaces in the district of Santiago de Surco. This Project was initially developed by a third party but in 2014 the Group joined the Project through its subsidiary Viva GyM S.A. and with a capital contribution of S/37.8 million; as a result the Group obtained 35% interest in the Project as well as significant influence in the operating decision-making.

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On December 17, 2015 given the interest of both parties to directly and actively take part in the implementation and management of the Project, the decision was made to change its corporate structure, which resulted in the extinction of the associate and the formation of a joint operation that enabled the parties to have control over the joint operation without affecting their share in profits. From that date on, the Group has ceased to apply the equity method of accounting to recognize this investment and is recognizing it as a joint operation.

iii) **Promoción Inmobiliaria del Sur S.A. –**
An entity with major asset in the form of land of 24,957,300 m2 located in Lurin, which will be used for real estate developments. Based on recent appraisals of the property, Management believes that the commercial value of this property is higher that its carrying amount.

iv) **Concesionaria Chavimochic S.A.C. -**
An entity that was awarded with the implementation of the Chavimochic irrigation Project, including: a) design and construction of the work required for the third-phase of the Chavimochic irrigation project in the province of La Libertad; b) operation and maintenance of works; and c) water supply to the Project users. Construction activities started in 2015; the concession effective period is 25 years and the total entire investment amounts US$647 million.

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The following table shows financial information of the principal associates:

Summarized financial information for associates -

	Gasoducto Sur Peruano	Promoción Inmobiliaria del Sur S.A		Chavimochic S.A.C.		Asociación en participación Panorama Plaza de Negocios
	At December 31,	At December 31,		At December 31,		At December 31,
	2015	2014	2015	2014	2015	2014
Current						
Cash and cash equivalents	223,405	48,545	40,704	5,200	18,778	52,748
Other current assets (excluding cash)	79,814	25,806	84,183	81,324	152,622	216,296
Total current assets	**303,219**	**74,351**	**124,887**	**86,524**	**171,400**	**269,044**
Financial liabilities (excluding trade accounts payables)	2,209,045	-	-	30,288	105,617	2,385
Other current liabilities						
(including trade accounts payables)	1,148,463	34,351	32,072	14,834	5,182	200,590
Total current liabilities	**3,357,508**	**34,351**	**32,072**	**45,122**	**110,799**	**202,975**
Non-current						
Assets	4,943,392	49,365	47,699	8,980	8,608	61,945
Financial liabilities		-	-			16,418
Other liabilities	7,442	-	13,090	57	2,547	247
Net assets	**1,881,661**	**89,365**	**127,424**	**50,325**	**66,662**	**111,349**

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	Gasoducto Sur Peruano	**Promoción Inmobiliaria del Sur S.A**			**Chavimochic S.A.C.**		**Asociación en participación Panorama Plaza de Negocios**
	At December 31,	**At December 31,**			**At December 31,**		**At December 31,**
	2015	**2013**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue	3,007,799	44,552	88,870	90,970	67,473	376,124	9
Depreciation and amortization	(256)	(69)	(73)		(216)	(371)	(489)
Interest income	-	52	29	54	61	203	10,918
Interest expenses	(31,953)	(2)	(3)	(25)	(126)	(1,426)	(7,420)
Profit or loss from continuing operations	69,191	43,234	82,080	80,372	175	22,995	955
Income tax	19,828	(13,365)	(24,521)	(25,373)	57	(6,656)	654
Post-tax profit from continuing operations	49,363	29,971	61,402	65,245	118	16,339	301
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	**49,363**	**29,971**	**61,402**	**65,245**	**118**	**16,339**	**301**

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The movement of the investments in associates is as follows:

	2013	2014	2015
Opening balance	**24,719**	**28,209**	**82,494**
Acquisition through business combinations (Note 31)	346		-
Acquisition of Gaseoducto Sur Peruano (Note 15 a-i)	-		437,494
Acquisitions	-	51,244	-
Equity interest in results	11,104	29,132	32,679
Change in corporate structure of			
Panorama Project (Note 15 a-ii)	-	-	(39,180)
Dividends received	(2,980)	(25,191)	(9,838)
Sale of investments	(6,684)	-	-
Derecognition of investments	-	-	(2,755)
Conversion adjustment	1,704	(900)	(313)
Final balance	**28,209**	**82,494**	**500,581**

In addition to the GSP acquisition described in note 15 a-i); in 2013, 2014 and 2015 the following significant movements were carried out:

- In March 2014, Constructora Norberto Odebrecht S.A. and Odebrecht Partipacoes e Investimentos S.A. formed Concesionaria Chavimochic S.A.C., in which the Company has 26.5% interest based on a capital contribution of S/13.3 million.

- During 2015 the Group received dividends from Promoción Inmobiliaria del Sur S.A. amounting to 9.8 million (from Promoción Inmobiliaria del Sur S.A., Ingeniería y Construcción Vial y Vives OGP -1 Limitada y Betchel Vial y Vives Servicios Complementarios Ltda. for S/3.4 million , S/16.6 million and S/4.9 million, respectively during 2014).

- The “share of the profit or loss in associates and joint ventures under the equity method” shown in the income statement includes S/17.3 million as expenses that subsidiary GyM S.A. had to pay in 2015 for the execution of the letter of guarantee in JV Panama.

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b) **Investment in Joint Ventures -**

Set out below are the joint ventures of the Group as of December 31, 2014 and 2015.

		Interest in capital		Carrying amount	
		At December 31,		At December 31,	
Entity	**Class**	**2014**	**2015**	**2014**	**2015**
		%	**%**		
Tecgas N.V.	Common	51.00	51.00	75,836	79,450
Adexus S.A.	Common	-	44.00		37,034
Sistemas SEC	Common	49.00	49.00	10,057	9,228
G.S.J.V. SCC	Common	50.00	50.00	8,121	8,800
Logistica Químicos del Sur S.A.C.	Common	50.00	50.00	7,316	8,265
Constructora SK-VyV Ltda.	Common	50.00	50.00	42,175	3,287
Others	Common	50.00	50.00	3,564	239
				147,069	**146,303**

i) Tecgas N.V.

This entity provides services of operations and maintenance of oil pipelines and related activities. Currently, its activities are focused in the service agreement of operations and maintenance of oil pipelines of the concession of Transportadora de Gas del Perú S.A.A. - TGP (its largest customer).

ii) Adexus S.A.

It is mainly engaged in integrating systems and providing specialized solutions and services in IT and communications to the financial telecom, manufacturing, mining, retail and other industries.

iii) Sistemas SEC -

The company's activities include the renovation and automation of the electrical system and signaling of railways and communications within Santiago - Chillán - Bulnes - Caravans and Conception areas. The contract was awarded to SEC in 2005 for a period of 16 years.

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iv) Constructora SK - VyV Ltda -

This entity is mainly engaged in the execution of civil construction work and industrial assembly, construction, buildings and carrying out engineering projects, in general, and any other business agreed upon by the partners for the project "Caserones" of the client Minera Lumina Cooper.

Summarized financial information for joint ventures -

	Constructora SK-VyV Ltda.		Sistemas SEC		Tecgas N.V.		Adexus S.A.
	At December 31		At December 31		At December 31		At December 31
	2014	2015	2014	2015	2014	2015	2015
Current							
Cash and cash equivalents	692	80	68	1,915	35,009	71,903	13,626
Other current assets (excluding cash)	91,606	7,810	18,327	8,611	53,370	41,219	128,616
Total current assets	**92,298**	**7,890**	**18,397**	**10,526**	**88,379**	**113,122**	**142,242**
Financial liabilities (excluding trade accounts payables)	68	1,091	42				100,618
Other current liabilities (including trade accounts payables)	7,921	269	8,867	11,765	81,917	103,941	68,116
Total current liabilities	7,989	1,360	8,909	11,765	81,917	103,941	168,734
Non-current							
Assets	103	45	16,239	22,794	201,362	192,360	174,159
Other liabilities	91	-	5,198	2,724	59,126	47,686	63,397
Net assets	84,321	6,575	20,529	18,831	148,698	153,855	84,270
Revenue	298,156	10,702	362	26,136		426,487	334,376
Depreciation and amortization	(426)	-	(2,069)	424		(11,749)	(18,387)
Interest income	83	-	1,409	58		138	47
Interest expenses	-	-	(1,065)	(278)		(122)	(23,026)
Profit or loss from continuing operations	46,916	7,826	2,474	1,374		1,876	(35,573)
Income tax expense	(8,964)	(1,289)	(1,305)	(188)		(892)	2,391
Post-tax profit from continuing operations	37,952	6,537	(1,169)	1,186		984	33,182
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	**37,952**	**6,537**	**(1,169)**	**1,186**		**984**	**33,182**

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The movement of the investments in joint ventures is as follows:

	2013	2014	2015
Opening balance	12,727	59,758	147,069
Acquisition through business combination (Note 31)	2,262	-	-
Acquisitions	-	78,615	44,145
Decrease in capital	-	-	(3,364)
Debt capitalization	7,989	-	
Equity interests in results	22,458	24,313	2,193
Dividends received	(1,708)	(11,527)	(42,122)
Adjustment SEC (vi)	9,379	-	-
Adjustment LQS (vi)	7,408	-	-
Conversion adjustment	(757)	(4,090)	(1,618)
Final balance	**59,758**	**147,069**	**146,303**

In 2015, 2014 and 2013 the following significant movements were carried out:

(i) In December 2015 a share capital of Consorcio DSD Echevarría Izquierdo was decreased by S/3.3 million, which did not affect the interest of each party in the joint operation (50%). The purpose of the capital decrease resulted from the settlement of the obligations that the joint operation held with its partners Vial y Vives - DSD S.A. y Echevarría Izquierdo Montajes Industriales S.A.

(ii) In August 2015 the Company acquired a 44% interest in the share capital of Adexus S.A., amounting to S/44.1 million. This investment includes goodwill arising from the acquisition for S/20.7 million.

(iii) In December 2014, the Company acquired 51% of the share capital of Tecgas N.C. (current strategic partner of Transportadora de Gas del Perú), which holds 100% the share capital of Compañía Operadora de Gas del Amazonas (hereinafter COGA) for a total of S/75.8 million. This investment includes goodwill resulting from the purchase amounting to S/61.4 million.

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(iv) In July 2014, the Company acquired 50% interest in the share capital of G.S.J.V. SCC, through its subsidiary GyM S.A. for S/2.78 million.

(v) The Group received dividends in 2015 from Constructora SK – VyV Ltda., for S/41.1 million (S/11.5 million in 2014).

(vi) In 2013 the Company re-evaluated the nature of the rights attributable to its partners under the provisions of IFRS 10 and concluded that the parties have joint control and are not subsidiaries; accordingly, Logística de Químicos del Sur S.A.C. (hereinafter LQS) and Sistemas SEC S.A. (hereinafter SEC) were removed from the Group consolidation and are recorded under the equity method of accounting. The effect of this re-evaluation on the total assets and equity is not significant for the years of the presented financial statements.

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16 PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment accounts and its corresponding accumulated depreciation for the year ended December 31, 2013, 2014 and 2015 is as follows:

	Land	Buildings	Machinery	Vehicles	Furniture and fixtures	Other equipment	Replacement units	In-transit units	Work in progress	Total
At January 1, 2013										
Cost	26,515	99,613	751,936	358,067	38,066	135,918	10,204	19,323	97,055	1,536,697
Accumulated depreciation		(20,728)	(311,975)	(135,669)	(19,247)	(95,494)	(53)	-	-	(583,166)
Net cost	**26,515**	**78,885**	**439,961**	**222,398**	**18,819**	**40,424**	**10,151**	**19,323**	**97,055**	**953,531**
Net opening cost	26,515	78,885	439,961	222,398	18,819	40,424	10,151	19,323	97,055	953,531
Additions		6,713	63,155	31,445	3,419	22,061	3,537	19,585	91,450	241,365
Acquisition of subsidiary – DSD (Note 31)	2,965	624	44,493	2,973	94	1,773				52,922
Deconsolidation SEC and LQS	-	(1,555)	(5,187)	(119)	(382)	(158)	-	-	(19,108)	(26,509)
Reclassifications	147	10,184	35,627	6,193	1,108	(4,417)	(2,494)	(15,823)	(30,525)	
Transfers to intangibles (Note 17)	-	-	(948)	-	-	-	-	-	(38,656)	(39,604)
Deduction for sale of assets	-	(2,467)	(20,432)	(19,213)	(2,579)	(2,676)	-	-	-	(47,367)
Transfer to held for sale assets	-	-	(5,706)	(15,767)	-	-	-	-	-	(21,473)
Adjustments of cost - derecognition	-	(2,641)	(5,752)	(1,592)	(2,074)	(3,004)	(601)	(1,256)	(2,173)	(19,093)
Depreciation charge	-	(7,387)	(84,454)	(59,126)	(9,247)	(19,235)	(38)	-	-	(179,487)
Depreciation for transfers	-	(144)	(2,623)	(1,746)	(12)	(1,010)	(23)	-	-	-
Depreciation for sales deductions	-	1,587	14,984	11,961	2,432	1,276	-	-	-	32,240
Adjustments of accumulated depreciation - derecognition	-	542	3,787	295	2,168	2,138	-	-	-	8,930
Translations adjustments	(285)	(15)	(2,102)	(111)	23	(59)	-	-	-	(2,549)
Net final cost	**29,342**	**84,326**	**474,803**	**181,083**	**13,769**	**39,133**	**10,578**	**21,829**	**98,043**	**952,906**
At December 31,2013										
Cost	29,342	110,456	855,084	361,876	37,675	149,438	10,646	21,829	98,043	1,674,389
Accumulated depreciation	-	(26,130)	(380,281)	(180,793)	(23,906)	(110,305)	(68)	-	-	(721,483)
Net cost	29,342	84,326	474,803	181,083	13,769	39,133	10,578	21,829	98,043	952,906

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	Land	Buildings	Machinery	Vehicles	Furniture and fixtures	Other equipment	Replacement units	In-transit units	Work in progress	Total
At January 1, 2014										
Cost	29,342	110,456	855,084	361,876	37,675	149,438	10,646	21,829	98,043	1,674,389
Accumulated depreciation	-	(26,130)	(380,281)	(180,793)	(23,906)	(110,305)	(68)	-	-	(721,483)
Net cost	**29,342**	**84,326**	**474,803**	**181,083**	**13,769**	**39,133**	**10,578**	**21,829**	**98,043**	**952,906**
Net opening cost	29,342	84,326	474,80	181,083	13,769	39,133	10,578	21,829	98,043	952,906
Additions	17	19,349	133,230	87,958	8,434	40,125	98	19,982	119,773	428,966
Acquisition of subsidiary - Morelco (Note 31 a)	1,993	8,869	53,942	1,844	254	1,653	-	-	526	69,081
Acquisition of subsidiary - Coasin (Note 31 b)	-	-	-	-	-	711	-	-	-	711
Reclassifications	-	67,454	24,523	(3,048)	468	(3,316)	(2,043)	(31,415)	(52,623)	-
Transfers to intangibles (Note 17)	-	-	-	-	-	-	-	-	(66,604)	(66,604)
Deduction for sale of assets	-	(3,066)	(61,508)	(52,364)	(2,514)	(3,087)	(851)	(830)	-	(124,220)
Adjustments of cost - derecognition	-	(2,327)	(10,404)	(1,402)	(585)	(8,319)	(605)	-	801	(22,841)
Depreciation charge	-	(11,996)	(89,463)	(52,697)	(6,896)	(22,100)	(7)	-	-	(183,159)
Depreciation for transfers	-	(2,222)	375	(3,036)	958	3,925	-	-	-	-
Depreciation for sale deductions	-	2,959	45,001	33,458	2,214	2,394	71	-	-	86,097
Adjustments of accumulated depreciation - derecognition			1,910	8,339	1,253	351	5,753	-	-	-
Translations adjustments	(677)	(285)	(8,380)	(787)	(586)	(336)	-	(389)	(85)	(11,525)
Net final cost	**30,675**	**164,971**	**570,458**	**192,262**	**15,867**	**56,536**	**7,241**	**9,177**	**99,831**	**1,147,018**
At December 31, 2014										
Cost	30,675	200,450	986,487	394,077	43,146	176,869	7,245	9,177	99,831	1,947,957
Accumulated depreciation	-	(35,479)	(416,029)	(201.815)	(27,279)	(120,333)	(4)	-	-	(800,939)
Net cost	30,675	164,971	570,458	192,262	15,867	56,536	7,241	9,177	99,831	1,147,018

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	Land	Buildings	Machinery	Vehicles	Furniture and fixtures	Other equipment	Replacement units	In-transit units	Work in progress	Total
At January 1, 2015										
Cost	30,675	200,450	986,487	394,077	43,146	176,869	7,245	9,177	99,831	1,947,957
Accumulated depreciation	-	(35,479)	(416,029)	(201,815)	(27,279)	(120,333)	(4)	-	-	(800,939)
Net cost	**30,675**	**164,971**	**570,458**	**192,262**	**15,867**	**56,536**	**7,241**	**9,177**	**99,831**	**1,147,018**
Net initial cost	30,675	164,971	570,458	192,262	15,867	56,536	7,241	9,177	99,831	1,147,018
Additions	-	9,021	105,575	86,923	12,684	22,802	-	16,018	44,933	297,956
CAM Brazil deconsolidation	-	(839)	(1,462)	(633)	(70)	-	-	-	-	(3,004)
Reclassifications	-	36,180	32,389	9,300	1,245	7,272	10,529	(23,092)	(73,823)	-
Transfers to intangibles (Note 17)	-	-	68	-	-	-	-	-	(36,785)	(36,717)
Transfers to accounts receivable	-	(3,635)	-	-	(777)	(4,442)	-	-	(5,168)	(14,022)
Deduction for sale of assets	(2,001)	(1,235)	(35,118)	(42,464)	(1,491)	(7,979)	-	-	(14,185)	(104,473)
Adjustments of cost- derecognition	-	(5,057)	(10,224)	(362)	(2,299)	(1,810)	(2,326)	(89)	(1,206)	(23,373)
Depreciation charge	-	(13,598)	(116,993)	(54,808)	(5,156)	(24,225)	-	-	-	(214,780)
Depreciation for sale deductions	-	1,003	23,907	32,566	799	7,751	-	-	-	66,026
Adjustments of accumulated depreciation - derecognition	-	3,060	4,373	323	503	1,331	-	-	-	9,590
Translations adjustments	(265)	(306)	(8,288)	(2,221)	(128)	(506)	-	(197)	(553)	(12,464)
Net final cost	**28,409**	**189,565**	**564,685**	**220,886**	**21,177**	**56,730**	**15,444**	**1,817**	**13,044**	**1,111,757**
At December 31, 2015										
Cost	28,409	231,029	1,074,195	443,239	52,225	191,238	15,448	1,817	13,044	2,050,644
Accumulated depreciation	-	(41,464)	(509,510)	(222,353)	(31,048)	(134,508)	(4)	-	-	(938,887)
Net cost	**28,409**	**189,565**	**564,685**	**220,886**	**21,177**	**56,730**	**15,444**	**1,817**	**13,044**	**1,111,757**

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In 2015 and 2014, additions to cost correspond to the acquisition of fixed assets under finance leases and by direct acquisition.

The balance of work in progress at December 31, 2015, relates mainly to investments made by the subsidiary GMP S.A. for S/3 million (S/47.4 million at December 31, 2014) for the activities of oil drilling in order to increase exploitation of oil and gas (4 wells in 2015 and 25 wells in 2014). Additionally, the balance includes the construction work of Larcomar Hotel Project for S/11.0 million (S/9.3 in 2014). At December 31, 2014 the balance included the construction of the offices in the new administrative headquarters of the Company in Petit Thouars Avenue, amounting to S/28.9 million and the subsidiary GyM S.A. maintained a balance of S/12.4 million relating to the construction of a corrective-preventive maintenance at the Constancia mine.

In 2015 the sale of fixed assets amounted to S/55.8 million (S/124.2 million and S/47.3 million in 2014 and 2013, respectively), resulting in a profit of S/17.4 million (a profit of S/4.9 million and S/0.7 million in 2014 and 2013, respectively), which is shown in the income statement under "other income and expenses" (Note 28).

Depreciation of fixed assets and investment properties for the year is broken down in the statement of income as follows:

	2013	2014	2015
Cost of services and goods	166,098	168,634	196,725
Administrative expenses	13,389	14,525	18,055
Total depreciation related to property, plant and equipment	179,487	183,159	214,780
(+) Depreciation related to investment property	1,992	2,151	2,290
Total depreciation charged to expenses	181,479	185,310	217,070

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The net carrying amount of machinery and equipment, vehicles and furniture and fixtures acquired under finance lease agreements is broken down as follows:

	At December 31,	
	2014	2015
Cost	643,498	735,591
Accumulated depreciation	(264,343)	(327,465)
Net cost	379,155	408,126

Property, plant and equipment amounting to S/56.7 million (S/60.1 million in 2014) have been pledged granted as guarantee of certain borrowings.

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17 INTANGIBLE ASSETS

The movement of intangible assets and that of their corresponding accumulated amortization, as of December 31, 2013, 2014 and 2015, is as follows:

	Goodwill	Trademarks	Concession rights	Contractual relations with clients	Internally generated software and development costs	Costs of development of wells	Development costs	Land use rights	Other assets	Total
At January 1, 2013										
Cost	89,214	75,845	417,645	50,518	23,095	178,910	3,623	13,288	9,401	861,539
Accumulated amortization and impairment	(21,995)	(410)	(239,033)	(12,054)	(16,360)	(87,376)	(3,623)	-	(290)	(381,141)
Net cost	**67,219**	**75,435**	**178,612**	**38,464**	**6,735**	**91,534**	**-**	**13,288**	**9,111**	**480,398**
Net opening cost	67,219	75,435	(178,612	38,464	6,735	91,534	-	13,288	9,111	480,398
Additions	-	-	14,622	-	5,106	-	-	-	4,976	24,704
Acquisition of subsidiary - DSD (Note 31)	6,128	-	218	7,373	-	-	-	-	-	13,719
Desconsolidation SEC and LQS	-	-	(1,203)	-	(902)	-	-	-	(5)	(2,110)
Transfers from work in progress (Note 16)	-	-	2,122	-	290	38,621	-	-	(1,429)	39,604
Derecognition - cost	-	(33)	(1,965)	(100)	(42)	(317)	-	-	(1,307)	(3,764)
Amortization charge	-	(2,458)	(18,816)	(16,202)	(7,084)	(31,236)	-	-	(2,591)	(78,387)
Derecognition – accumulated amortization	-	-	(323)	-	(6)	-	-	-	322	(7)
Translations adjustments	-	-	6,728	-	-	-	-	-	-	6,728
Net final cost	**73,347**	**72,944**	**179,995**	**29,535**	**4,097**	**98,602**	**-**	**13,288**	**9,077**	**480,885**
At December 31, 2013										
Cost	95,342	75,812	438,167	57,791	27,547	217,214	3,623	13,288	11,636	940,420
Accumulated amortization and impairment	(21,995)	(2,868)	(258,172)	(28,256)	(23,450)	(118,612)	(3,623)	-	(2,559)	(459,535)
Net cost	**73,347**	**72,944**	**179,995**	**29,535**	**4,097**	**98,602**	**-**	**13,288**	**9,077**	**480,885**

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	Goodwill	Trademarks	Concession rights	Contractual relations with clients	Internally generated software and development costs	Costs of development of wells	Development costs	Land use rights	Other assets	Total
At January 1, 2014										
Cost	95,342	75,812	438,167	57,791	27,547	217,214	3,623	13,288)	11,636	940,420
Accumulated amortization and impairment	(21,995)	(2,868)	(258,172)	(28,256)	(23,450)	(118,612)	(3,623)	-	(2,559)	(459,535)
Net cost	**73,347**	**72,944**	**179,995**	**29,535**	**4,097**	**98,602**	**-**	**13,288**	**9,077**	**480,885**
Net initial cost	73,347	72,944	179,995	29,535	4,097	98,602	-	13,288	9,077	480,885
Additions	-	-	135,502	-	2,804	-	-		5,238	143,544
Acquisition of subsidiary - Morelco (Note 31 a)	103,055	33,326	847	30,318	-	-	-	-	-	167,546
Acquisition of subsidiary - Coasin (Note 31 b)	6,413	-	6	-	1,371	-	-	-	-	7,790
Transfers from assets under construction (Note 16)	-	-	1,845	-	1,677	64,759	-	-	(1,677)	66,604
Reclassifications	-	-	920	-	180	(251)	-	-	(849)	-
Derecognition - cost	-	-	(16,016)	-	(29)	-	-	-	(91)	(16,136)
Amortization charge	-	-	(26,823)	(14,987)	(3,013)	(31,780)	-	-	(778)	(77,381)
Derecognition - accumulated amortization	-	-	15,491	-	1	-	-	-	-	15,492
Amortization reversal (Vial y Vives)	-	2,651	-	-	-	-	-	-	-	2,651
Translations adjustments	(2,666)	(6,303)	(88)	(1,876)	(1,319)	-	-	-	-	(12,252)
Net final cost	**180,149**	**102,618**	**291,679**	**42,990**	**5,769**	**131,330**	**-**	**13,288**	**10,920**	**778,743**
At December 31, 2014										
Cost	202,144	102,835	561,183	86,233	32,231	281,722	3,623	13,288	14,257	1,297,516
Accumulated amortization and impairment	(21,995)	(217)	(269,504)	(43,243)	(26,462)	(150,392)	(3,623)	-	(3,337)	(518,773)
Net cost	**180,149**	**102,618**	**291,679**	**42,990**	**5,769**	**131,330**	**-**	**13,288**	**10,920**	**778,743**

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	Goodwill	Trademarks	Concession rights	Contractual relations with clients	Internally generated software and development costs	Costs of development of wells	Development costs	Land use rights	Other assets	Total
At January 1, 2015										
Cost	202,144	102,835	561,183	86,233	32,231	281,722	3,623	13,288	14,257	1,297,516
Accumulated amortization and impairment	(21,995)	(217)	(269,504)	(43,243)	(26,462)	(150,392)	(3,623)	-	(3,337)	(518,773)
Net cost	**180,149**	**102,618**	**291,679**	**42,990**	**5,769)**	**131,330**	**-**	**13,288**	**10,920**	**778,743**
Net initial cost	180,149	102,618	291,679	42,990	5,769	131,330	-	13,288	10,920	778,743
Additions	5,418	-	165,149	-	9,141	-	-	-	3,429	183,137
CAM Brazil Desconsolidation	-	-	-	-	(129)	-	-	-	-	(129)
Transfers from assets under construction (Note 16)	-	-	-	(68)	1,562	33,396	-	-	(1,827)	36,717
Transfers to accounts receivable	-	-	(2,278)	-	-	-	-	-	-	(2,278)
Transfers to pre-paid expenses	-	-	(10,923)	-	-	-	-	-	(3,684)	(14,607)
Reclassifications	-	-	-	-	188	(188)	-	-	(3)	(3)
Amortization charge	-	-	(25,683)	(14,697)	(6,033)	(42,117)	-	-	(825)	(89,355)
Translations adjustments	(759)	(6,084)	(51)	(4,031)	(280)	-	-	-	-	(11,205)
Net final cost	**184,808**	**96,534**	**417,893**	**24,194**	**10,218**	**122,421**	**-**	**13,288**	**11,664**	**881,020**
At December 31, 2015										
Cost	206,803	96,751	716,125	82,134	42,761	314,881	3,623	13,288	15,425	1,491,791
Accumulated amortization and impairment	(21,995)	(217)	(298,232)	(57,940)	(32,543)	(192,460)	(3,623)	-	(3,761)	(610,771)
Net cost	**184,808)**	**96,534**	**417,893**	**24,194**	**10,218**	**122,421**	**-**	**13,288**	**11,664**	**881,020**

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a) **Goodwill -**

Management reviews the results of its businesses based on the type of economic activity carried out. Goodwill from cash-generating units is allocated to the following segments:

	At December 31,	
	2014	**2015**
Engineering and construction (Note 32 a and c)	135,461	140,090
Electromechanical	20,737	20,737
Mining and construction services	13,366	13,366
Telecommunications services (Note 32 b)	6,413	6,443
IT equipment and services	4,172	4,172
	180,149	184,808

As a result of the impairment testing on goodwill performed by Management on an annual basis the recoverable amount of the related cash-generating unit (CGU) is determined based on the higher of its value in use and fair value less cost to sale. Value in use is determined based on the future cash flows expected to be generated by the assessed CGU. As a result of these assessments no provisions for impairment were required.

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The main criteria used by the Group to determine the value in use are as follows:

	Construction				
	Mining services	Engineering	Electro-mechanical	IT equipment and services	Telecommunication services
2014 -					
Gross margin	11.46%	13.00% / 9.04%	10.35%	30.91%	11.10%
Growth rate	2.00%	3.00% / 4.00%	2.00%	-	5.00%
Discount rate	13.00%	8.36% / 9.30%	13.00%	13.00%	10.76%
2015 -					
Gross margin	11.81%	11.50% / 10.80%	10.33%	24.31%	14.39%
Growth rate	2.00%	3.00%/ 3.00%	2.00%	-	-
Discount rate	11.71%	9.66% / 12.72%	11.01%	21.74%	10.02%

These assumptions have been used for the analysis of each CGU included in the operating segments for a period of 5 years.

Management determines the budgeted gross margins based on past results and market development expectations. Average growth rates are consistent with those prevailing in the industry. Discount rates used are pre-tax and reflect the specific risk related to the assessed CGUs.

b) **Trademarks -**

The Group acquired trademarks from the business combination processes of Vial y Vives S.A.C. (S/75.4 million) in October 2012 and of Morelco (S/33.3 million) in December 2014. Management has determined that both brands have indefinite lives; consequently, annual impairment tests are performed on these intangibles, as described in paragraph a) above. As a result of these tests, no provision for impairment was considered necessary to be recorded at December 31, 2015 and 2014.

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Major assumptions used by the Group to determine the value in use are as follows:

	Engineering and construction			
	2015		2014	
	VyV-DSD	Morelco	VyV – DSD	Morelco
Revenue	4.95%	9.85%	10.80%	10.70%
Growth rate	3.00%	3.00%	4.00%	3.00%
Discount rate	9.66%	12.72%	9.30%	8.36%

c) **Concessions -**

This intangible asset mainly includes the value attributable to the concession for the Ancón-Huacho-Pativilca road section of the Panamericana Norte highway. During 2015, the Company has capitalized financing costs for these concessions amounting to S/7.7 million at interest rates between 6.75% and 8.375% (S/0.7 million in 2014 at interest rate of 6.32%).

Intangibles arising from this concession as of December 31, 2015 mainly comprise i) the EPC contract for S/317.5 million (S/184.1 million as of December 31, 2014) by the construction of the second section of "Ancón-Huacho-Pativilca" highway, with an addition of S/133.2 million net of amortization, made effective in 2015 (an investment of S/82.7 in 2014) and, ii) improving road by S/19.6 million as of December 31, 2015 (S/21.5 million as of December 31, 2014). Under those contracts, the Concessionaire has to construct, improve and rehabilitate the road infrastructure over the effective period of the concession.

During the course of 2015 investments were made in concession Vía Expresa Sur for S/6.2 million (S/15.8 million in 2014) involving the extension of the Vía Expresa Sur to connect the district of San Juan de Miraflores, those amounts comprises an unsecured portion (53%) for the concessionaire (bifurcated model).

d) **Costs of development of wells -**

Through one of its subsidiaries, the Group operates and extracts oil from two fields (Block I and Block V) located in the province of Talara in northern Peru. Both oil fields are operated under long-term service agreements by which the Group provides hydrocarbon extraction services to Perupetro.

On December 10, 2014 the Peruvian Government granted subsidiary GMP S.A. a right of exploiting for 30 years the oil blocks III and IV (owned by the Peruvian government - Perupetro) located in the Talara, Piura basin.

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Based on its winning technical - economic proposal, GMP was to begin drilling activities in 230 development wells in Block III and in 330 development wells in Block IV for 10 years. The expected total investment in both blocks totals US$560 million. Operations started in April 2015 in both blocks with a production of 1,700 bpd while the drilling obligation comes into effect one year after the beginning of operations.

As part of the Group's obligations under the relevant service agreements, certain costs will be incurred in preparing the wells in Blocks I, III, IV and V to be able to render hydrocarbons exploitation services which will be capitalized as in intangible at a carrying amount of S/110.2 million, S/0.1 million, S/0.2 million and S/7.9 million at December 31, 2015, respectively (S/125.1 million and S/6.2 million At December 31, 2014 in blocks I and V, respectively). All blocks are amortized on the basis of the useful lives of the wells (estimated to be 5 years), which is less than the total effective period of the service agreement with Perupetro. Regarding Blocks III and IV those costs have not been amortized in 2015 because the investment was actually performed on December 31, 2015.

e) Amortization of intangible assets -

Amortization of intangibles is broken down in the income statement as follows:

	2013	2014	2015
Costo de ventas (Nota 26)	67,254	68,089	81,841
Gastos administrativos (Nota 26)	11,133	6,641	7,514
	78,387	**74,730**	**89,355**

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18 OTHER FINANCIAL LIABILITIES

This item comprises:

	Total		Current		Non-current	
	As of December 31,		As of December 31,		As of December 31,	
	2014	2015	2014	2015	2014	2015
Bank loans	1,419,428	1,480,071	1,300,636	1,082,860	118,792	397,211
Finance leases	332,151	301,285	124,819	145,160	207,332	156,125
	1,751,579	**1,781,356**	**1,425,455**	**1,228,020**	**326,124**	**553,336**

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a) **Bank loans -**

At December 31, 2015 and 2014 this item comprises bank borrowings contracted in local and foreign currency intended for working capital. These obligations are subject to fixed interest rates ranging between 1.0% and 13.1% in 2015 and between 1% and 9% in 2014.

			Current		Non-current	
	Interest rate	Date of maturity	At December 31,		At December 31,	
			2014	2015	2014	2015
GyM S.A. (1)	1.00% / 9.45%	2016 / 2020	510,357	535,776	15,518	286,671
Viva GyM S.A.	5.24% / 8.50%	2016	140,369	220,423	-	8,372
Graña y Montero S.A.A.	2.75%	2016	-	102,776	-	
GMP S.A.	2.13% / 5.95%	2016 / 2020	67,195	95,824	82,258	70,220
Norvial S.A.	5.85% / 8.37%	2016 / 2020	88,957	54,706	-	
CAM Holding S.A.	4.85% / 13.07%	2016 / 2018	38,699	42,534	21,016	31,948
GMD S.A.	4.90% / 6.30%	2016	13,632	30,107	-	-
GMI	5.56%	2016	15,659	714		
GyM Ferrovías S.A.	5.75% / 5.90%	2015	404,915	-	-	-
Concar S.A.	5.48% / 5.60%	2015	14,566	-	-	-
Survial S.A.	7.05%	2015	6,287	-	-	-
			1,300,636	**1,082,860**	**118,792**	**397,211**

In 2015, subsidiaries Norvial S.A. and GyM Ferrovías S.A. issued bonds to raise capital intended for working capital and to repay short-term loans that were obtained in January and December 2014, respectively. Those loans were obtained from BCP amounting to S/120 million and US$12 million for Norvial S.A. and S/400 million for GyM Ferrovías S.A., which bore interest at rates ranging between 5.75% and 6.32% (Note 19).

At December 31, 2015 the Company has undrawn lines of credit for S/4,666 million (S/2,459 million at December 31, 2014)

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b) Finance lease obligations -

	Interest rate	Date of maturity	Current At December 31, 2014	Current At December 31, 2015	Non-current At December 31, 2014	Non-current At December 31, 2015
GyM S.A.	1.90% / 8.96%	2016 / 2023	103,445	116,205	128,563	88,715
GMD S.A.	4.99% / 7.00%	2016 / 2020	4,921	10,474	23,603	20,024
GMP S.A.	2.65% / 7.20%	2016 / 2018	2,382	5,272	17,509	13,087
CAM Holding S.A.	7.19% / 9.27%	2016 / 2020	4,833	4,633	15,502	12,382
Viva GyM S.A.	7.30% / 8.95%	2018 / 2022	3,945	3,957	16,368	19,190
Concar S.A.	3.23% / 5.48%	2016 / 2018	3,880	3,618	2,949	2,161
Norvial S.A.	5.15%	2016	658	722	633	
GMI S.A.	6.90%	2018	123	279		566
Graña y Montero S.A.A.	3.50% / 7.70%	2015	632	2,205		
			124,819	**145,160**	**207,332**	**156,125**

The minimum payments to be made by maturity and present value of the finance lease obligations are as follows:

	At December 31, 2014	At December 31, 2015
Up to 1 year	138,988	157,957
From 1 to 5 years	214,620	160,824
Over 5 years	11,224	10,431
	364,832	**329,212**
Future financial charges on finance leases	(32,681)	(27,927)
Present value of the obligations for finance lease contracts	332,151	301,285

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The present value of finance lease obligations is broken down as follows:

	At December 31,	
	2014	**2015**
Up to 1 year	124,819	145,160
From 1 to 5 years	197,716	146,316
Over 5 years	9,616	9,809
	332,151	**301,285**

c) **Fair value of borrowings -**
The carrying amount and fair value of borrowings are broken down as follows:

	Caryring amount At December 31,		Fair value At December 31,	
	2014	**2015**	**2014**	**2015**
Loans	1,014,513	1,480,071	984,786	1,493,981
Leases	737,066	301,285	750,559	308,202
	1,751,579	**1,781,356**	**1,735,345**	**1,802,183**

Fair values are determined based on discounted cash flows using borrowing rates between 4.8% and 13.1% (between 4.4% and 8.0% in 2014) information that corresponds to level 2 of the fair value hierarchy.

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19 BONDS

At December 31, 2015 this item is broken down as follows:

	Total	Current	Non-current
GyM Ferrovías (a)	607,868	31,546	576,322
Norvial (b)	186,223	5,537	180,686
	794,091	**37,083**	**757,008**

a) **GyM Ferrovías S.A. -**

In February 2015 subsidiary GyM Ferrovías issued corporate bonds under the U.S. Regulation S. this issue was carried out in Peruvian Soles VAC (the Spanish acronym for constant value update) for a total amount of S/629 million. The issues costs for this transactions were for S/22 million. Maturity of these bonds is November 2039 and bear interest at a rate of 4.75% (plus VAC adjustment), they have a risk rating of AA+ (local grading) granted by Apoyo & Asociados Internacionales Clasificadora de Riesgo and a collateral structure that includes a mortgage on the concession to which GyM Ferrovías is a concessionaire, security on the shares of GyM Ferrovías, Assignment of the collection rights arising from the Management Trust, a Cash Flow and Reserve Trust for the Service of the Debt, Operation and Maintenance and in-progress Capex. At December 31, 2015 the Group made a payment of S/16.5 million.

Capital raised from bond issue were used in amortizing a short-term loan with Banco de Crédito del Perú – BCP for S/400 million, funding the reserve accounts, payment of costs of bond issue and partial repayment of the subordinated loan obtained from parent Company by GyM Ferrovías.

At December 31, 2015 the balance includes accrued interest payable for S/17.3 million.

As part of the process of bond structuring, GyM Ferrovías engaged to adhere to the following covenants:

- Debt service coverage ratio of not less than 1.2 times.
- Keeping a constant minimum balance of trust equal to a quarter of operating and maintenance costs (including VAT)
- Keeping a constant minimum balance of trust equal to two coupons as per schedule.

b) **Norvial S.A. -**

In July 2015, Norvial S.A. issued the First Corporate Bond Program on the Lima Stock Exchange for a total S/365 million. The first issue was for 80 million at 5 years, bearing an interest rate of 6.75% and funds were drawn on July 23, 2015. The second issue was for 285 million at 11.5 years, bearing an interest rate of 8.375%, structured in 3 disbursements: the first disbursement of S/105 million was on July 23; the second disbursement of S/100 million was on January 25, 2016; and the third disbursement of S/80 million will be made effective in July 2016. The issues costs corresponding to the first issue and the first disbursement of the second issue were for S/1.5 million. Risk rating agencies Equilibrium y Apoyo & Asociados Internacionales graded this debt instrument AA. This financing transaction has been secured by (i) a cash flow trust, related to the consideration and the regulatory rate; (ii) a mortgage on the concession in which Norvial S.A. is a concessionaire; (iii) a security on shares: (iv) collection rights and (v) in general, all those additional collaterals given to the secured creditors. The capital raised is intended to finance the construction of the Second Phase of Red Vial No.5 and the financing of VAT arising from a project-related expenses.

At December 31, 2015 the balance included interest payables for S/2.7 million.

As part of the process of bond structuring, Norvial engaged to adhere to the following covenants:

- Debt service coverage ratio of not less than 1.3 times.
- Proforma gearing ratio lower than 4 times.

As of December 31,2015 both Companies has complied with their covenants.

Fair value of the bonds of both Companies at December 31, 2015 amounted to S/769.5 million, which has been calculated based on the discounted cash flows, using rates between 4.88% and 8.89%, which are within level 2 of the fair value hierarchy.

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20 TRADE ACCOUNTS PAYABLE

This item comprises:

	At December 31,	
	2014	**2015**
Invoices payable	728,363	911,793
Unbilled services received	452,976	703,799
Bills of exchange payable	21	20,168
	1,181,360	1,635,760
Non-current:		
Invoices payable	(3,779)	-
Total current	**1,177,581**	**1,635,760**

Unbilled services received include the estimate made by Management of the valuation of the percentage of completion, amounting to S/164.1 million at December 31, 2015 (S/98.7 million at December 31, 2014).

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21 OTHER ACCOUNTS PAYABLE

This item comprises:

	At December 31,	
	2014	**2015**
Advances from customers	684,256	607,097
Salaries and profit sharing payable	220,212	232,102
Put option liability - Morelco acquisition (*)	113,829	111,349
Third-party loans	24,217	94,553
VAT payable	45,043	77,461
Supplier funding	31,808	59,992
Other taxes payable	71,876	51,893
Guarantee deposits	14,599	26,806
Post-retirement benefits	9,850	9,043
Interest payable to Oiltanking Perú S.A.C.	6,408	9,015
Payables - Morelco acquisition (Note 32-a)	32,449	
Other accounts payables	34,847	33,085
	1,289,394	**1,312,396**
Less non-curent portion:		
Put option liability - Morelco acquisition	(113,829)	(111,349)
Advances received from clients - GyM S.A.	(95,317)	(80,936)
Supplier funding	(19,603)	(33,031)
Post-retirement benefits	(9,850)	(9,043)
Payables - Morelco acquisition (Note 32-a)	(32,449)	-
Others	(10,603)	(12,037)
	(281,651)	**(246,396)**
Current portion	**1,007,743**	**1,066,000**

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(*) The balance of put option liability corresponds to the agreement signed by the subsidiary GyM S.A. associated with the purchase of Morelco (Note 32 a). Changes in the fair value of the put option amounting to S/2.5 million were recognized in 2015 in the statement of comprehensive income (result of an increase of S/18.6 million within "Other income and expenses" and a decrease of S/16.1 million within "Exchange difference loss, net"). At December 31, 2015 the discount rate used to determine the present value of the redeemable amounts was 0.65% for the first year 1.31% for the third year and 1.76% for the fourth year (fiscal 2019, the period when the option expires). At December 31, 2014 the deemed discount rate was 1.65%.

The amortized cost of the other short - term accounts payable is similar to their carrying amounts due the fact to the short maturity.

Advances received from customers are discounted from billing, in accordance with the terms of the agreements. These advances mainly comprise:

	At December 31	
	2014	2015
El nuevo Rancho	2,156	122,435
Proyecto Gasoducto del Sur	-	120,273
Pezet 583	1,895	58,091
Central Hidroeléctrica Macchu Picchu	46,274	45,407
Consorcio Panorama	16,143	30,218
Proyecto 1016 Stracon GyM Internacional SAC (Pánama)	-	26,167
Proyectos de edificaciones - Open Plaza Huancayo (CAM)	-	25,377
Provías	29,671	20,848
Proyecto ampliación del INEN	-	20,563
Consorcio Construcciones y Montajes	21,844	16,432
Real 8-9	7,259	15,536
Proyecto Kelar - Chile	24,940	13,494
Consorcio Vial La Quinua	27,013	11,360
CER- Consorcio Menegua	11,376	8,999
Chilectra S.A.	22,167	8,755
Proyecto Antucoya	11,474	5,818

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EPC Planta Minera Inmaculada	32,330	5,631
Consorcio Río Mantaro	102,780	-
Túnel Santa Rosa II	15,967	3,775
Proyecto HidroÑuble - Chile	84,488	-
Proyectos de Stracon GyM	34,871	-
Proyecto Navarrete	24,447	-
Planta Concentradora Cerro Verde 2 Fase 1	22,675	-
Pad I Fase III - Sociedad Minera Cerro Verde	11,974	-
Construcción Planta de Cal	11,710	-
G&M Construcciones y Montajes - Bolivia	9,806	-
156-SK Refineria Esmeraldas-Ecuador	7,989	-
Chancadora Primaria CV2	7,614	-
K117 Montaje Eléctrico - Sociedad Minera Cerro Verde	7,381	-
Nuevo campus universitario UTEC	6,685	-
Oficinas Navarrete	6,642	-
Shougan Hierro Perú SAA	5,172	-
Los Parques de San Martín y Piura	4,397	-
Centro Cívico	4,289	-
Other projects	60,827	47,918
	684,256	**607,097**

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22 OTHER PROVISIONS

This item comprises:

	At December 31,	
	2014	**2015**
Legal claims	**14,427**	**15,000**
Contingent liabilities from the acquisition of Morelco	24,356	15,374
Contingent liabilities from the acquisition of Coasin and VyV-DSD	7,470	7,586
Contingent liabilities from CAM acquisition	12,152	3,819
Provision for well closure	7,210	7,307
	65,615	49,086
Less:		
Non-current portion	(54,174)	(35,618)
Current portion	11,441	13,468

Legal claims

Legal claims maintained at December 31, 2015 mainly comprise provisions for labor liabilities and tax claims recorded by subsidiaries GyM S.A., GMP S.A. and CAM Chile for S/5 million, S/6.1 million and S/3.0 million, respectively (S/5 million, S/6.8 million and S/1.3 million at December 31, 2014, respectively).

Provisions related to GyM S.A. comprise claims from the tax authority which have been accounted for based on management estimates of the amounts the Company would most likely be required to pay for these cases. Regarding tax claims, due to the fact those amounts will depend on the tax authority, the Group does not have an estimated timing of when these outflows will take place.

With respect to GMP, legal claims consists of court actions brought against the Company by the Peruvian energy regulator (OSINERGMIN) resulting from the storage of hydrocarbons and the applicable environmental laws and regulations.

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Contingent liabilities MORELCO

At the end of December 2014, the Group's subsidiary, GyM S.A. acquired control of Morelco S.A.S. by purchasing 70.00% of its equity shares. As a result of the acquisition, tax contingencies were recorded for S/17.2 million, labor contingencies for S/5.7 million and legal contingencies for S/0.5 million. During 2015, a total of S/5.2 million tax contingencies were cancelled and S/1.2 million was reversed for labor contingencies that expired during the year.

Contingent liabilities CAM

In 2015 the Company recognized a reversal of approximately S/7.8 million (S/9.4 million in 2014 and S/13.6 million in 2013) in provisions that were accounted for in the acquisition of CAM Chile and affiliates in 2011 that related to labor and tax contingencies which related liabilities expired during the year.

Provision for well closure

Comprise the obligation of GMP with Perupetro relating to the abandonment of the wells of Block I and V. Under a preliminary estimate, 70 wells of Block I and 15 wells of Block V should be closed. The closure process for both wells began in 2013 and it is expected to be completed in 2021 and 2023, respectively. In 2015 no well has been closed (4 wells in Block I and 1 well in Block V for 2014 and 1 well for each block were closed in 2013).

At December 31, 2015 the amount discounted from the provision for plug-back costs relating to the remaining 78 wells (78 wells in 2014) amounts to S/7.3 million (S/7.2 million in 2014) at a discount rate of 2.09% (2.17% in December 2014).

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The gross movement of other provisions is broken down as follows:

Other provisions	Legal claims	Contingent liabilities from acquisitions	Provisions for the acquisition of CAM	Provision for well closure	Provisions for periodic maintenance	Total
At January 1, 2014	**12,217**	**9,852**	**21,546**	**4,852**	**3,846**	**52,313**
Additions	1,376	-	-	2,696	2,487	6,559
Additions from business combinations						
Morelco (Note 31-a)	-	24,993	-	-	-	24,993
Additions from business combinations						
Coasin (Note 31-b)	-	2,658	-	-	-	2,658
Reversals	-	-	(9,394)	-	-	(9,394)
Offsetting	-	(4,116)	-	-	-	(4,116)
Payments	(537)	-	-	(338)	(6,333)	(7,208)
Translations adjustment	-	(190)	-	-	-	(190)
At December 31, 2014	**13,056**	**33,197**	**12,152**	**7,210**	**-**	**65,615**
At January 1, 2015	**13,056**	**33,197**	**12,152**	**7,210**	**-**	**65,615**
Additions	6,297	-	-	101	-	6,398
Reversals	-	-	(7,796)	-	-	(7,796)
Offsetting	-	(1,216)	-	-	-	(1,216)
CAM Brasil deconsolidation	(2,353)	-	-	-	-	(2,353)
Payments	(1,580)	(5,186)	-	(4)	-	(6,770)
Translations adjustment	(420)	(3,835)	(537)	-	-	(4,792)
At December 31, 2015	**15,000**	**22,960**	**3,819**	**7,307**	**-**	**49,086**

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23 EQUITY

a) Capital -

At December 30, 2015 and 2014, the authorized, subscribed and paid-in capital, according to the Company's bylaws, as amended, comprises 660,053,790 common shares at S/1.00 par value each.

A decision made at the General Shareholders' Meeting on March 26, 2013, as well as agreements adopted at meetings of the Board on May 30, July 23 and August 22 of 2013, mandated the issuance of common stock through a public offering of "American Depositary Shares" (ADS's) registered in the Securities and Exchange Commission (SEC) and NYSE, increasing the capital sum from S/558,284 to S/660,054.

This capital increase was carried out in two tranches as follows:
(i) The first tranche for the amount of S/97,674 (representing the issuance of 97,674,420 common shares issued and 19,534,884 ADS's, therefore, at 5 shares per ADS), and,
(ii) A second tranche for the amount of S/4,095 representing the issuance of 4,095,180 common shares and ADS's 819,036 (issued at 5 shares per ADS rate).

As of December 31, 2015 the Company's capital structure is as follows:

Percentage of individual interest in capital	Number of shareholders	Total percentage of interest
Up to 1.00	1,805	14.56
From 1.01 to 5.00	11	24.48
From 5.01 to 10.00	1	5.12
Over 10	2	55.84
	1,819	**100**

As of December 31, 2015 the year-end quoted price of the Company's shares was S/1.97 per share, with a trading frequency of 91.94% (quoted price of S/7.26 per share and a trading frequency of 90.48% at December 31, 2014).

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b) **Other reserves -**

This item comprises legal reserve exclusively. In accordance with Peruvian Company Law, the Company's legal reserve is formed by the transfer of 10% of the annual net profit, up to a maximum of 20% of the paid-in capital. In the absence of profits or freely available reserves, this legal reserve can be applied to offset losses but it has to be replenished with the profits to be obtained in subsequent years. This reserve can also be capitalized but its subsequent replenishment is equally mandatory. At December 31, 2015 and 2014 the legal reserve balance reached the above-mentioned limit.

c) **Voluntary reserve -**

At December 31, 2015 the balance of this reserve of S/29.97 million correspond to the excess of legal reserve, which is above the limit established until it reaches 20% of paid-in capital as explained above.

d) **Share premium -**

In July and August 2013, the Company issued 101,769,600 new common shares, equivalent to 20,353,920 ADS in two tranches (Note 23-a).

The excess of the total proceeds obtained by this transaction in comparison with the nominal value of these shares was S/1,055,488 (net of commissions and other related costs for S/48,375 and net of tax effects for S/9,840). This amount was recorded in the premium for issuance of shares in the consolidated statement of changes in equity.

At December 31, 2014 a total of 253,635,480 shares were represented by ADS (equivalent to 50,727,096 ADS at a ratio of 5 shares per ADS).

At December 31, 2015, a total of 250,860,370 shares were represented by ADSs (equivalent to 50,172,074 ADSs at a ratio of 5 shares per ADS).

In addition, in this account is recognized the difference between nominal and transaction value on additional acquisitions of shares from non-controlling interest. Detail of these transactions in 2012, 2013 and 2014 are disclosed in note 35.

e) **Retained earnings -**

Dividends that are distributed to shareholders other than domiciled legal entities are subject to an additional 4.1% income tax to be assumed by these shareholders and withheld by the Company. During 2015 and 2014 dividends were distributed (note 33).

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24 DEFERRED INCOME TAX

Deferred income tax is broken down by its estimated reversal period as follows:

	At December 31,	
	2014	2015
Deferred income tax asset:		
Reversal expected in the following 12 months	116,700	102,396
Reversal expected after 12 months	35,409	71,455
Total deferred tax asset	**152,109**	**173,851**
Deferred income tax liability:		
Reversal expected in the following 12 months	(50,733)	(18,434)
Reversal expected after 12 months	(42,653)	(83,230)
Total deferred tax liability	**(93,386)**	**(101,664)**
Deferred income tax (liability) asset, net	58,723	72,187

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The gross movement of the deferred income tax item is as follows:

	2013	2014	2015
Deferred income tax asset (liability), net as of January 1	(17,364)	(3,033)	58,723
Credit (charge) to income statement (Note 29)	5,704	66,373	21,176
Tax charged to other comprehensive income	(8,159)	(1,328)	(7,298)
Tax charged to equity	9,840	-	-
Acquisition of subsidiary (Morelco)	-	6,156	-
Acquisition of subsidiary (Coasin)	-	16	-
Acquisition of subsidiary (DSD)	(2,499)	-	-
Acquisition of joint venture (Consorcio Ductos del Sur)	-	-	312
Acquisition of joint venture (Consorcio Panorama)	-	-	1,164
Recovery PPUA charged to account receivable	-	(5,938)	-
Deconsolidation of SEC and LQS	835	-	-
Other increases	8,610	(3,523)	(1,890)
Total as of December 31	**3,033**	**58,723**	**72,187**

The provisional payment on absorbed profits (hereinafter PPUA) comprises the recovery of the first-category income tax (Chilean corporate tax) on own profits and profits obtained from other entities in which the entity has an interest (third-party attributable profits) and which have been partially or fully absorbed against tax losses. In 2014,VyV-DSD S.A. have recognized PPUA on carried forward tax losses of Ingeniería y Construcción Vial y Vives S.A as a result of the re-organization of the Chilean entities for S/5.9 million .

VyV – DSD S.A. has a tax goodwill credit balance (higher acquisition valued paid over the acquiree's own tax capital) which arose from the reorganization of entities that took place in 2014, which, under Chilean applicable tax laws and regulations is not considered a loss in the period in which it is generated and was proportionally allocated to the non-monetary assets received from the acquiree up to the market price of those assets, increasing the tax cost of those assets; any reversals will affect profit or loss. The unallocated portion will be considered as deferred expenses and will be deducted as a tax expenses over a period of 10 years. The allocation performed was as follows: S/8,560 investments, S/2,114 fixed assets and S/9,768 deferred expenses (non-attributable portion).

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The movement of deferred tax assets and liabilities in the year, without taking into account the offsetting of balances, is as follows:

Deferred income tax liability	Non-taxable income	Difference in depreciation rates	Fair value gains	Outstanding work in progress	Difference in depreciation rates of assets leased	Receivables from local Government	Borrowing costs recognized as assets	Others	Total
At January 1, 2013	**4,236**	**13,419**	**16,795**	**29,592**	**9,045**	-	-	**15,078**	**88,165**
Charge (credit) to P&L	9,954	(270)	34	38,448	(50)	-	-	4,461	52,577
Charge (credit) to OCI	-	-	8,169	-		-	-	1,520	9,689
Acquisition of DSD (Note 30-a)	-	1,148	4,269	-		-	-	(835)	4,582
Other additions	-	(1,176)	(1,410)	18,734	1,505	-	-	(16,596)	1,057
At December 31, 2013	**14,190**	**13,121**	**27,857**	**86,774**	**10,500**	-	-	**3,628**	**156,070**
Charge (credit) to P&L	-	9,936	(8,585)	(72,488)	219	-	-	5,754	(65,164)
Charge (credit) to OCI	-	-	-	-	-	-	-	1,328	1,328
Reclassification of prior years	-	13,458	(5,540)	82	(274)	-	-	7,777	15,503
Other additions	-	-	-	-	-	-	-	3,047	3,047
At December 31, 2014	**(14,190)**	**36,515**	**13,732**	**14,368**	**10,445**	-	-	**21,534**	**110,784**
Charge (credit) to P&L	-	2,791	15,338	17,545		9,986	15,178	1,347	62,185
Charge (credit) to OCI	-	-	7,016	-		-	-	281	7,297
Reclassification of prior years	(14,190)	5,849	(5,402)	(6,038)	(10,445)	15,557	-	(11,354)	(26,023)
At December 31, 2015		**45,155**	**30,684**	**25,875**	**-**	**25,543**	**15,178**	**11,808**	**154,243**

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Deferred income tax asset	Provisions	Accelerated tax depreciation	Tax losses	Outstanding work in progress	Provision for unpaid vacations	Investments in subsidia-ries	Tax goodwill	Others	Total
At January 1, 2013	**16,727**	**13,006**	**17,936**	**14,193**	**2,936**			**6,003**	**70,801**
Credit (charge) to P&L	3,788	(6,499)	23,544	33,242	1,984	-	-	2,115	58,174
Charge (credit) to OCI	1,530	-	-	-	-	-	-	-	1,530
Credit (charge) to equity (Note 21-c)	-	-	9,840	-	-	-	-	-	9,840
Acquisition of DSD (Note 30-a)	-	-	-	966	684	-	-	542	2,192
Other additions	1,842	1,836	1,560	3,244	1,690	-	-	330	10,502
At December 31, 2013	**23,887**	**8,343**	**52,880**	**51,645**	**7,294**	**-**	**-**	**8,990**	**153,039**
Credit (charge) to results	1,579	9,054	2,492	(24,886)	4,083	5,613	-	3,274	1,209
Acquisition of Coasin (Note 31-a)	16	-	-	-	-	-	-	-	16
Acquisition of Morelco (Note 31-b)	-	-	-	-	-	6,156	-	-	6,156
PPUA,charged to accounts receivable	-	-	-	-	-	-	-	(5,938)	(5,938)
Other additions	-	-	-	-	-	-	-	(473)	(473)
Reclassification of prior years	324	5,953	3,664	(2,818)	5,596	-	-	2,783	15,502
At December 31, 2014	**25,806**	**23,350**	**59,036**	**23,941**	**16,973**	**11,769**	-	**8,636**	**169,511**
Credit (charge) to P&L	342	4,076	26,661	19,782	772	9,668	17,522	4,538	83,361
Acquisition of joint venture (Consorcio Panorama)	-	-	-	-		1,164			1,164
Acquisition of joint venture (Consorcio Ductos del Sur)	-	-	-	-	-	312	-	-	312
Other increases								(1,892)	(1,892)
Reclassification of prior years	(5,175)	(12,534)	29,169	(18,461)	(2,768)	(21,437)	-	5,184	(26,023)
At December 31, 2015	**20,973**	**14,892**	**114,866**	**25,262**	**14,977**	**1,476**	**17,522**	**16,466**	**226,434**

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As of December 31, 2015, total tax losses amounted to S/426 million which S/53.6 million are expected to be applied in 2016, S/72 million in 2017 and the remaining balance in the following periods (S/231 million in 2014, of which S/36 million are expected to be applied in 2015, S/92 million in 2016 and the remaining balance in the following periods).

25 WORKERS' PROFIT SHARING

The distribution of profit sharing plans in the income statement as of December 31 is as follows:

	2013	2014	2015
Cost of sales	12,990	27,396	27,618
Administrative expenses	3,060	9,541	7,263
	16,050	**36,937**	**34,881**

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26 EXPENSES BY NATURE

For the years ended December 31, this item comprises the following:

	Goods and services	Administrative expenses
2013		
Inventories, materials and consumables used	1,135,811	344
Personnel charges	1,527,146	169,469
Services provided by third-parties	1,520,254	93,666
Taxes	8,930	614
Other management charges	533,544	72,413
Depreciation	168,090	13,389
Amortization	67,254	11,133
Impairment (inventories and accounts receivable)	2,349	764
	4,963,378	**361,792**
2014		
Inventories, materials and consumables used	1,148,533	52
Personnel charges	1,864,053	210,028
Services provided by third-parties	2,105,226	120,714
Taxes	11,356	6,212
Other management charges	686,593	63,124
Depreciation	170,785	14,525
Amortization	68,089	6,641
Impairment (inventories and accounts receivable)	2,477	71
	6,057,112	**421,367**
2015		
Inventories, materials and consumables used	1,094,836	-
Personnel charges	2,128,130	215,101
Services provided by third-parties	2,924,711	137,980
Taxes	37,129	1,919
Other management charges	651,057	30,220
Depreciation	199,015	18,055
Amortization	81,841	7,514
Impairment (inventories and accounts receivable)	5,823	
Impairment of property, plant and equipment	7,086	2,591
	7,129,628	**413,380**

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For the years ended December 31, personnel charges comprise the following items:

	2013	2014	2015
Salaries	1,296,908	1,579,515	1,792,723
Social security	100,449	133,760	177,307
Gratuities	106,795	134,892	135,980
Employee's severance indemnities	70,124	91,100	98,604
Vacations	57,200	69,417	79,354
Worker's profit sharing (note 25)	16,050	36,937	34,881
Others	49,089	28,460	24,382
	1,696,615	**2,074,081**	**2,343,231**

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27 FINANCIAL INCOME AND EXPENSES

For the years ended December 31, these items comprise the following:

	2013	2014	2015
Financial income:			
Interest from loans to third parties	16,371	899	19,749
Interest from short-term bank deposits	5,230	8,010	12,413
Commissions and collaterals	2,053	969	3,026
Derivative financial instruments	13,972	-	-
Others	2,727	1,584	2,919
	40,353	**11,462**	**38,107**
Financial expenses:			
Interest expense:			
- Bank loans	40,000	21,307	61,397
- Financial lease	14,164	12,872	15,243
- Commissions and collaterals	5,155	4,927	9,368
- Loans from third parties	895	2,432	6,335
- Interest on loans from related parties	500	3,026	814
- Multilateral loans	4,975	5,022	-
Exchange difference loss, net	70,418	44,282	82,851
Derivative financial instruments)	15,903	1,819	1,691
Other financial expenses	6,840	9,992	12,256
Less capitalized interest	(6,048)	(2,863)	(13,153)
	152,802	**102,816**	**176,802**

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28 OTHER INCOME AND EXPENSES

At the acquisition date of CAM in 2011, as part of the purchase price allocation process and based on external lawyers reports, the Company accounted for a provision amounting to S/102.7 million for contingent liabilities mainly related to labor and tax issues considered as possible and probable as stated by IAS 37, which have expiration dates according to legal requirements between 2012 and 2016. Most of the amount shown in this account corresponds to the reversal of this provision. The amount recognized as other income and expenses mainly corresponds to the reversal of such original registry amounted to S/7.8 million in 2015 (S/9 million in 2014 and S/13.6 million in 2013, respectively); and primarily reflects the liabilities that expired under the laws of each country during year 2012, 2013 and 2014.

During 2015 the Group received dividends from its investment in Transportadora de Gas del Perú S.A. (TGP) classified as available for sale financial assets for S/7.2 million (S/9.4 million and S/1.1 million in 2014 and 2013, respectively) and recognized a commission fee for S/7.5 million) (Note 9).

Other significant transactions that affected this category during 2015 corresponds to the gain on the fair value of the liability for put option by S/18.6 million (Note 21), the gain on sale of property, plant and equipment by S/10 million. In 2014 an impairment loss of assets for S/10.3 million was recognized.

29 INCOME TAX EXPENSES

a) In accordance with current legislation in Perú, Chile, Brazil, Colombia, Ecuador, Bolivia, Guyana and Panamá, each Company in the Group is individually subject to the applicable taxes. Management considers that it has determined the taxable income under general income tax laws in accordance with the current tax legislation of each country.

b) Changes in the Peruvian Income Tax Law -
By means of Law No.30296 enacted on December 31, 2014 amendments to Income Tax Law have been made, which are effective starting in fiscal year 2015 onwards. Among these amendments, it should be noted the progressive reduction in the corporate income tax rate (on the Peruvian third-category income earners) from 30% to 28% for fiscal years 2015 and 2016; then a reduction to 27% for fiscal years 2017 and 2018; and a final reduction to 26% from fiscal year 2019 onwards. Tax on dividends and other forms of profit distribution, agreed on by any legal entities to individuals and non-domiciled legal persons is to be progressively increased from 4.1% to 6.8% for distributions that are agreed on or paid during fiscal years 2015 and 2016; then an increase to 8.8% for fiscal years 2017 and 2018 will be effective; and a final increase to 9.3% will be effective from fiscal year 2019 onwards. The distribution of retained earnings until December 31, 2015 will continue to be subject to a 4.1% tax even when the distribution is to be made in the subsequent years.

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c) Amendments to Income Tax Law in Chile -
On September 29, 2014, Law No 20780 was enacted by which certain changes are made to the Chilean tax system, such as: changes in the Income Tax Law, VAT Law and Tax Code. Also, on February 01, 2016 Law No 20899 was enacted to simplify and define the application of the above-mentioned tax reform. With respect to income tax, two systems have been established:

i) Attributable income system: the tax rate applicable on entities will be progressively increased, 21% in 2014, 22.5% in 2015, 24% in 2016, up to 25% in 2017. Its choice is being restricted to companies whose partners are individuals domiciled or resident in Chile or individuals or legal persons non-domiciled and non-resident in Chile. This system levies the shareholders of Chilean entities with taxes on an annual basis regardless of any effective distribution of profits from the local entity; and entitles them to use the total taxes paid as income tax fiscal credit.

ii) Partially integrated system. The tax rate applicable on entities will be progressively increased, 21% in 2014, 22.5% in 2015, 24% in 2016, 25.5% in 2017, up to 27% in 2018. Subject to this system are corporations and entities in which at least one of its owners is not an individual (whether domiciled or not) or non-domiciled legal entity. This system levies the shareholders of Chilean entities that distribute dividends and entitle them to use such distribution as a fiscal credit at a 65% of the total taxes paid. This limit does not apply to investors with whom Chile had signed double taxation agreements, such as Peru.

d) Changes in the Income Tax Law in Colombia -
In December 2014 Law No 1739 was enacted amending the Tax Code and introducing diverse temporary changes in Income Tax, CREE (Tax on income for equity) and includes the tax on wealth (Impuesto a la Riqueza). Major changes are as follows:

– Setting the CREE tax rate at 9% and creating an incremental additional overrate effective until 2018, as follows: for fiscal 2015, 2016, 2017 and 2018 the applicable CREE tax overrate will be 5%, 6%, 8% and 9%, respectively.

– Starting 2015 tax losses can be offset to the CREE taxable amount.

– The tax on wealth levies the wealth owned by an individual or legal entity that are income taxpayers; this is determined on the basis of the gross equity less current debts that are equal to or higher than a 1,000 million Colombian pesos (S/1.1 million approximately) at January 01, 2015.

– The tax on wealth rates are marginal and cascaded in ranges of taxable base ranging from 0.2% to 1.15% in 2015, from 0.15% to 1% in 2016 and from 0.05% to 0.4% in 2017.

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Based on the above, the Group has assessed the future realization of its temporary items underlying its deferred income tax based on the application of the new tax rates and is determining the required adjustments that will result from the expected changes in tax rates.

e) The income tax expense shown in the consolidated income statement comprises:

	2013	2014	2015
Current income tax	188,027	212,569	138,154
Deferred income tax (Note 24)	(5,704)	(66,373)	(21,176)
PPUA – subject to refund (Note 24)	-	-	(41,359)
Income tax expense	182,323	146,196	75,619

In December 2015 the subsidiary CAM Chile Spa sold its entire stake in CAM Brazil which gave rise to a tax loss of S/119 million (23,863 million Chilean pesos). This tax loss mainly resulted from the higher tax cost of the shares in this subsidiary given the fact under Chilean tax laws, the historical cost of investments overseas should be adjusted for changes in the exchange rates at each period-end; this difference is recognized as income or expense for tax purposes. In this sense, considering the weakening of the Chilean Peso against the U.S. dollar, the currency in which the investment was acquired, tax cost was significant. The PPUA recognized for this tax loss was S/19.4 million.

VyV-DSD has reported tax losses in fiscal 2015 as a result of the negative margin obtained from the higher costs incurred in project called Hidro Ñuble of S/111 million (22,205 million Chilean pesos) and for this reason it has recognized a PPUA of S/21.9 million.

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f) The Group's income tax differs from the theoretical amount that would have resulted from applying the weighted-average income tax rate applicable to the profit of the consolidated companies, as follows:

	2013	2014	2015
Pre-tax profit	**594,467**	**507,429**	**217,331**
Income tax by applying local applicable tax rates			
on profit generated in the respective countries	211,234	236,114	40,400
Tax effect on:			
- Non-taxable income	(39,494)	(104,421)	(3,008)
- Associates net profit	(9,348)	1,790	(5,865)
- Non-deductible expenses	24,160	25,967	8,640
- Unrecognized deferred tax asset income		13,922	771
- Adjustment for changes in rates of income tax		(2,746)	
- Tax goodwill		(20,542)	
- (PPUA) Excess PPUA		(5,938)	15,296
- Prior years adjustment	104	3,891	15,449
- Others	(4,333)	(1,841)	3,936
Income tax charge	**182,323**	**146,196**	**75,619**

g) Peruvian tax authorities have the right to examine, and, if necessary, amend the income tax determined by the Company in the last four years - from January 1 of the year after the date when the tax returns are filed (years subject to examination). Therefore, years 2011 through 2015 are subject to examination by the tax authorities. Since differences may arise over the interpretation by the tax authorities of the regulations applicable to the Company, it is not possible at present to estimate if any additional tax liabilities will arise as a result of any eventual examinations. Any additional tax, fines and interest, if they occur, will be recognized in the results of the period when such differences with the tax authorities are resolved. Management considers that no significant liabilities will arise as a result of these possible tax examinations. Additionally, income tax returns for fiscal years 2012 to 2014 and those to be filed for fiscal year 2015 remain open for examination by the Chilean tax authorities who have the right to carry out said examination within the three years following the date the income tax returns have been filed. Fiscal years 2013 and 2014 are open for tax audit by Colombian tax authorities; fiscal 2015 will be open for audit too. Colombian tax authorities are entitled to audit two consecutive years following the date the income tax return was filed.

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h) As established under regulations in force in Peru, for purposes of determining income tax and the general sales tax, transfer pricing must be taken into account for operations with related parties and/or tax havens, which must have documentation and information supporting the methods and valuation criteria applied in their determination. Peruvian tax authorities are entitled to request such information from the taxpayer.

i) Temporary tax on net assets -
The temporary tax on net assets is applied by the companies which operate in Peru, to third category income generators subject to the Peruvian Income Tax General Regime. Effective in the year 2012, the tax rate is 0.4%, applicable to the amount of the net assets exceeding S/1 million.

The amount effectively paid may be used as a credit against payments on account of income tax under the General Regime or against the provisional tax payment of the income tax of the related period.

j) The weighted-average tax rate was 35% (29.30% in 2014 and 30.7% in 2013). The higher income tax rate in relation with the previous year mainly reflects the lower consolidated pre-tax profits during 2015 and the net tax adjustments not accepted by the Peruvian Tax Authorities are proportionally lower than what was determined for fiscal 2014.

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30 ACCUMULATED OTHER COMPREHENSIVE INCOME

The analysis of the movement is as follows:

	Cash flow hedge	Foreign currency translations adjustment	Increase in fair value of available for sale assets	Exchange difference from net investment in a foreign operation (a)	Total
Additions (*)	5,066	(467)	27,229	-	31,828
Tax effects (*)	(1,520)	-	(8,169)	-	(9,689)
Other comprehensive income of the year	3,546	(467)	19,060	-	22,139
At December 31, 2013	**(2,153)**	**(5,944)**	**26,520**	**-**	**18,423**
Additions (*)	750	(13,086)	4,811	(17,030)	(24,555)
Tax effects (*)	(210)	-	(1,251)	4,428	2,967
Adjustment for changes in rates of income tax	-	-	1,089	-	1,089
Other comprehensive income of the year	540	(13,086)	4,649	(12,602)	(20,499)
At December 31, 2014	**(1,613)**	**(19,030)**	**31,169**	**(12,602)**	**(2,076)**
Additions (*)	954	(30,687)	26,991	(6,942)	(9,684)
Tax effects (*)	(267)	-	(7,018)	1,805	(5,480)
Other comprehensive income of the year	687	(30,687)	19,973	(5,137)	(15,164)
At December 31, 2015	**(926)**	**(49,717)**	**51,142**	**(17,739)**	**(17,240)**

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Amounts in the table above represent only amounts attributable to the Company's controlling interest net of taxes. Below is the movement in Other Comprehensive Income for each year:

	2013	2014	2015
Controlling interest	22,139	(20,499)	(15,164)
Non-controlling interest	(1,947)	(7,986)	(14,949)
Adjustment for actuarial gains and losses, net of tax	(4,591)	(1,332)	(2,921)
Total value in OCI	**15,601**	**(29,817)**	**(33,034)**

At December 31, 2015 the balance comprises the effect of exchange difference of S/15.3 million (S/10.6 million at December 31, 2014) resulting from a loan denominated in foreign currency granted by GyM S.A. to its subsidiary GyM Chile S.p.A for the acquisition of VyV - DSD S.A and an exchange difference of S/2.5 million (S/1.9 million at December 31, 2014) resulting from a loan granted by the Company to CAM Holding S.p.A. (Note 2.4-c).

The exchange difference recognized in other comprehensive income will be reclassified to the statement of income upon sale of the foreign operation.

31 CONTINGENCIES, COMMITTMENTS AND GUARANTEES

a) **Tax contingencies -**

As a result of the tax audits of fiscal 1999, 2001 and 2010 on subsidiary GyM S.A., SUNAT issued tax determination and tax penalties resolutions amounting to approximately S/24.5 million (S/21 million as of December 31, 2014). In 2015 an administrative challenge court action has been brought against the Judiciary regarding the outcome of the tax audit for fiscal 1999. The other actions continue to in progress.

Additionally, during fiscal 2014 the joint operations in which subsidiary GyM S.A takes part has filed claims with SUNAT for the outcome of the tax audit of fiscal 2012 involving a maximum exposure at December 31, 2015 of S/4.4 million.

During the year 2014, the subsidiary GMD S.A., was audited by the Peruvian Tax Authority (SUNAT) for fiscal year 2011 and SUNAT issued tax determination and tax penalties. The maximum amount of exposure was S/2.3 million. The outcome of this action was ultimately favorable to the entity and was concluded in fiscal 2015 without involving any cash outflows.

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Management expects the outcome of the other court actions will be favorable to the Company considering their nature and characteristics as well as the opinion of its legal advisor.

b) Other contingencies -

Year 2015 -

i) Civil court actions mainly involving costs and damages and contract terminations as well as work accidents amounting to S/1.1 million (S/0.5 million for GyM S.A., S/0.3 million for Concar SA. and S/0.3 million for Viva GyM).

ii) Arbitration processes amounting to S/122.3 million related to an action brought by Contugas S.A.C. and IMECON S.A. against the court action brought by GyM S.A. involving recognition of expenses and indemnification for costs and damages for S/112.3 million and S/10 million, respectively.

iii) Challenge administrative actions amounting to S/4 million, comprising an action brought by the Peruvian mining and energy regulator - OSINERMIN for the alleged noncompliance of GMP S.A. and Consorcio Terminales).

iv) Administrative actions amounting to S/3.1 million (S/2 million comprising an action brought by the Peruvian Mining and Energy regulator (OSINERMIN or OEFA) for the alleged noncompliance of GMP S.A., Consorcio Terminales and Terminales del Peru; S/0.9 million of GyM Ferrovías S.A. comprising an action brought by Municipality of La Victoria, Lima, Villa María del Triunfo and San Juan de Lurigancho for property tax; and S/.0.2 million compromising action brought against Morelco S.A.S.

v) Labor-related processes amounting to S/3.7 million (S/1.4 million were actions against Vial y Vives-DSD S.A., S/0.9 million against GMP S.A., S/0.6 million against GyM S.A, S/0.2 million against GMD S.A, S/0.2 million against Concar S.A, S/0.1 million against Stracon GyM S.A. and S/0.1 million against CAM Perú S.A.).

Year 2014 -

i) Civil court actions mainly involving costs and damages and contract terminations as well as work accidents amounting to S/5.8 million (S/3.0 million for GyM S.A., S/2.5 million for GMI SA. and S/0.27 million for Viva GyM).

ii) Arbitration processes amounting to S/110.59 million related to an action brought by Contugas S.A.C. against the court action brought by GyM S.A. involving recognition of expenses and indemnification for costs and damages.

iii) Challenge administrative actions amounting to S/1.1 million (S/0.8 million comprising an action brought by the Peruvian mining and energy regulator (OSINERMIN) for the alleged noncompliance of GMP S.A. and Consorcio Terminales and S/0.2 million of GyM S.A. comprising an action brought by the Peruvian Labor Ministry).

iv) Administrative actions amounting to S/1.8 million (S/0.9 comprising an action brought by the Peruvian agency for the protection of the consumer ("Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual- INDECOPI) against Viva GyM S.A. for the alleged lack of adequate construction techniques and finishing implemented in housing developments).

v) Labor-related processes amounting to S/2.8 million (S/2.5 million were actions against GMP S.A., S/0.12 million against Cam Peru S.A. and S/0.14 million against GyM S.A.).

Management considers that the above-described actions brought against Group companies will be found baseless given their nature.

c) **Commitments and Collaterals -**

As of December 31, 2015, the Group has collaterals with different financial institutions securing transactions for a total US$27.4 million (US$21.6 million and S/535.5 million as of December 31, 2014).

32 BUSINESS COMBINATIONS

a) Adquisición de Morelco S.A.S.

In December 23, 2014, through subsidiary GyM S.A. the Company obtained control of Morelco S.A.S. (Morelco) by acquiring 70.00% of its capital shares. Morelco is an entity domiciled in Colombia that is mainly engaged in providing construction and assembly services. This acquisition is part of the Group's plan to increase its presence in markets that present high growth potential as in Colombia, and in attractive industries, such as mining and energy.

At December 31, 2014 the Company determined goodwill resulting from this acquisition on the basis of an estimated purchase price of US$93.7 million (equivalent to S/277.1 million), which included cash payments made for US$78.5 million and cash payable estimated to be US$15.1 million (equivalent to S/45.7 million), which, under the agreement of the parties, would be defined after a review of the acquiree's balance sheet, mainly working capital, cash and financial debt as well as the final carrying amount of the acquiree's work backlog. The estimated purchase price was allocated to the provisional carrying amounts of the assets acquired and the liabilities assumed. As a result of this allocation, goodwill of US$36.1 million (equivalent to S/105.8 million) was determined.

In 2015 as part of the review of the provisional allocation of the purchase price, the following situations arose:

(a) The balance at December 31, 2014 of the consideration payable of US$15 million (S/46 million) was adjusted in 2015 to US$9.1 million (S/32 million) as a result of the final determination of the working capital, cash and financial debt balances, according to the purchase agreement. This amount was fully paid in 2015.

(b) The provisional fair values of certain assets acquired and liabilities assumed were reviewed.

As a result of the above, the purchase price was adjusted to US$87.5 million (equivalent to S/258.6 million); the provisional fair values of certain asset and liabilities were modified, giving rise to an adjustment of goodwill to US$35.2 million (equivalent to S/103 million).

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The table below summarizes the consideration paid by Morelco and the determination of the fair value of the assets acquired and liabilities assumed as well as a non-cotrolling interest at the date of acquisition:

	Provisional values		Final amounts	
	S/	US$000	S/	US$000
Cash and cash equivalents	69,930	23,514	69,930	23,514
Trade receivables	92,138	30,981	67,716	22,769
Work in progress remaining to collect from customers	101,533	34,140	110,777	37,248
Other accounts receivables	63,949	21,503	63,949	21,504
Inventories	18,037	6,065	18,037	6,065
Prepaid expenses	2,133	717	2,127	715
Financial asset through profit or loss	7,291	2,452	5,747	1,932
Property, plant and equipment	70,756	23,792	69,081	23,228
Intangibles	64,491	21,685	64,491	21,685
Deferred income tax asset	8,031	2,700	24,560	8,258
Other short-term financial liabilities	(31,204)	(10,492)	(31,204)	(10,492)
Other long-term financial liabilities	(9,315)	(3,132)	(9,315)	(3,132)
Trade accounts payables	(103,739)	(34,882)	(102,438)	(34,444)
Other accounts payable	(87,863)	(29,544)	(87,863)	(29,544)
Contingent liabilities	(17,533)	(5,895)	(24,993)	(8,404)
Deferred income tax liabilities	(3,801)	(1,278)	(18,404)	(6,188)
Fair value of net assets	244,834	82,326	222,198	74,714
Non-controlling interest (30.00%)	(73,450)	(24,697)	(66,659)	(22,414)
Goodwill (Note 17)	105,764	36,118	103,055	35,240
Purchase consideration	277,148	93,747	258,594	87,540
Cash paid at year-end	231,464	78,462	231,464	78,462
Cash and cash equivalents of the acquired subsidiary	(69,930)	(23,514)	(69,930)	(23,514)
Direct cash outflows for acquisition for the year	161,534	54,948	161,534	54,948

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Acquisition-related costs of S/4.5 million have been recognized to 2014's profits within administrative expenses.

If Morelco had been consolidated from January 1, 2014 revenue and profit would have been S/722.57 million and S/80.8 million, respectively.

Put and call options of non-controlling interest -

Under the shareholder agreement signed for the acquisition of Morelco, the subsidiary GyM signed a purchase-sale agreement for 30% of Morelco's capital stock held by the non-controlling shareholders. By this agreement, the non-controlling shareholders obtain a right to sell their shares over a period and for an amount set in the agreement (put option). The period to exercise the option begins on the second anniversary of the acquisition of the option and expires on its tenth anniversary. The option exercise price is based on a EBITDA multiple less the net debt and until months 51 and 63 until from the date of the agreement a minimum amount is set that is based on the price per share that GyM paid to buy 70% of Morelco's share capital.

On the other hand, the subsidiary GyM obtains call option to buy those shares over a period of 10 years and at a price that is determined the same way as the put option price is determined, except for the fact the minimum amount is effective for the entire effective period of the option (call option).

Under the IFRS framework, the put option is for the Company an obligation to purchase non-controlling interest shares, and therefore, the Group recognizes a liability measured on the basis of the fair value of that option. Since the Group arrived at the conclusion that as a result of this agreement, it did not obtained the risks and rewards inherent to the ownership of this share package underlying the option, initial recognition of this liability was a charge to equity of controlling shareholders within other reserves.

The amount of the liability arising from the put option was estimated at the present value of the redemption amounts expected on the basis of the weighted average forecast profits to be obtained by Morelco and the exercise rights of the option. The Company expects that purchase options are to be exercise at the date following the date of transfer. The expected redemption of the non-controlling interest is as follows: 41.66% in the second year, 41.66% in the fourth year and the remaining shares will be sold on the fifth anniversary of the option grant date. The discount rate used to determine the present value of the expected redemption amounts is a risk-free rate available to comparable market participants and indicates the fact that all risks have been included in the weighted estimates of future cash flows. At December 31, 2015 the liability is estimated to be S/113.5 million, using a 0.65% discount rate for the first year, 1.31% discount rate for the third year and 1.76% for the fourth year (at December 31, 2014 it was S/113.8 million at a 1.65% discount rate). In 2015 the change in the liability amount includes the passage of time component, of S/2.1 million that is included within financial expenses and an estimate updating component with an effect of S/18.6 million that is included within Other income and expenses in profit and loss (Note 21).

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b) Acquisition of Coasin Instalaciones Ltda.

In March 2014, through the subsidiary CAM Chile S.A., the Group acquired control of Coasin Instalaciones Limited with the purchase of 100.00% of its capital shares. Coasin is an entity incorporated in Chile and is mainly engaged in providing installation and maintenance services for networks and equipment related to the telecommunications industry. This acquisition is part of the Group's plan to increase its presence in markets that present high growth potential as in Chile, and in other attractive industries, such as utilities. During a period of twelve months after the date of acquisition, the Group reviewed the allocation of the purchase price for the acquisition of Coasin Instalaciones Limitada.

Over a period of twelve months after the acquisition, Group reviewed the allocation of the purchase price and fair values determined provisionally for certain assets and liabilities. As a result of this process, the amount of goodwill was changed to US$2.2 million (equivalent to S/6.4 million).

	Provisional values		Final amounts	
	S/	US$000	S/	US$000
Cash and cash equivalents	3	1	3	1
Trade accounts receivables	4,675	1,564	3,811	1,275
Inventories	276	92	276	92
Prepaid expenses	33	11	33	11
Property, plant and equipment	711	238	711	238
Intangibles	1,377	461	1,377	461
Deferred income tax liability	(178)	(60)	16	(4)
Trade accounts payables	(3,592)	(1,202)	(3,592)	(1,202)
Contingent liabilities	(2,658)	(889)	(2,658)	(889)
Fair value of net assets (provisional)	647	216	23	9
Goodwill (Note 17)	5,743	1,921	6,413	2,146
Consideration provided for the acquisition	6,390	2,137	6,390	2,137
Payment for the acquisition settled in cash	6,390	2,137	6,390	2,137
Cash and cash equivalents of the subsidiary acquired	(3)	(1)	(3)	(1)
Direct outflow of cash for the acquisition	6,387	2,136	6,387	2,136

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Los ingresos y los ganancias generadas por el período comprendido entre la fecha de adquisición y el 31 de diciembre de 2014 fueron de S/66.3 millones y S/0.7 millones, respectivamente.

c) Acquisition of DSD Construcciones y Montajes S.A. (DSD)
In August 2013, through the subsidiaries GyM Minería S.A., Ingeniería y Construcción Vial y Vives S.A. and GyM Chile S.p.A., the Group acquired control of DSD with the purchase of 85.95% of its equity shares. DSD is an entity domiciled in Chile whose main economic activity is the execution of electromechanical works and assemblies in construction projects of oil refineries, pulp and paper, power plants and mining plants.

This acquisition is part of the Group's plan to increase its presence in markets that present high growth potential as in Chile, and in attractive industries, such as mining and energy.

During the twelve-month period after the acquisition date, the Group reviewed the allocation of the purchase price for the acquisition of DSD Construcciones y Montajes S.A. carried out in August 2014 and modified goodwill for a net decrease of S/1.7 million (net of tax impact of S/0.5 million and non-controlling interest of S/0.3 million) adjusting the values of fixed assets, intangibles, trade receivables, other receivables and contingent liabilities for S/0.4 million, S/1.9 million, S/0.2 million, S/3.5 million and S/3 million, respectively.

The consideration provided by GyM to purchase DSD Construcciones y Montajes S.A. amounted to US$37.2 million (equivalent to S/103.9 million). The final attribution of the price paid between fair values after the review period resulted in the recognition of goodwill for S/6.1 million which is illustrated below:

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	Provisional values		Final amounts	
	S/	US$000	S/	US$000
Cash and cash equivalents	15,530	5,562	15,530	5,562
Trade accounts receivables	74,502	26,684	74,317	26,618
Receivables from related parties	6,605	2,366	10,083	3,611
Prepaid expenses	1,032	369	1,032	369
Investments	2,608	935	2,608	935
Property, plant and equipment	52,504	18,805	52,922	18,955
Intangibles	5,741	2,056	7,591	2,719
Deferred income tax assets	2,192	785	2,192	785
Trade accounts payables	(5,328)	(1,908)	(5,328)	(1,908)
Other accounts payables	(38,679)	(13,854)	(38,679)	(13,854)
Contingent liabilities	(815)	(292)	(3,846)	(1,378)
Deferred income tax liability	(4,187)	(1,500)	(4,692)	(1,681)
Fair value of net assets	111,705	40,008	113,730	40,733
Non-controlling interest (14.05%)	(15,701)	(5,624)	(15,986)	(5,725)
Goodwill (Note 17)	7,868	2,802	6,128	2,178
Total paid for the purchase	103,872	37,186	103,872	37,186
Cash payment for acquisition	103,872	37,186	103,872	37,186
Cash and cash equivalents of the acquired subsidiary	(15,530)	(5,562)	(15,530)	(5,562)
Direct outflow of cash flows for the acquisition	88,342	31,624	88,342	31,624

Acquisition related costs of S/0.7 million have been charged to administrative expenses in the consolidated income statement for such year.

Revenue and profit generated for the period between the date of acquisition to December 31, 2013 were S/82.9 million and S/8.3 million, respectively.

If DSD Construcciones y Montajes S.A. would have been consolidated since January 1, 2013, the revenue and profit generated would have been S/182.7 million and S/10.2 million, respectively.

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33 DIVIDENDS

At the General Shareholders' meeting held on March 27, 2015 the decision was made to distribute dividends for S/104,911 (S/0.159 per share), which correspond to 2014 earnings.

At the General Shareholders' meeting held on March 28, 2014, the decision was made to distribute dividends amounting to S/112,127 (S/0.169 per share), corresponding to 2013 earnings.

At the General Shareholders' meeting held on March 26, 2013, the decision was made to distribute dividends amounting to S/86,985 (S/0.156 per share), corresponding to 2012 earnings.

A dividend of S/0.0467 per share, amounting to S/30,854 will be proposed at the Annual General Shareholders' meeting which will be held on March 29, 2016. The financial statements do not reflect these dividends payable.

34 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit of the period attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the year. No diluted earnings per common share were calculated because there are no common or investment shares with potential dilutive effects (i.e., financial instruments or agreements that give the right to obtain common or investment shares); therefore, it is equal to basic earnings per share. The basic earnings per share are broken down as follows:

	2013	2014	2015
Profit attributable to the controlling interest in the Company	320,016	299,743	88,154
Weighted average number of shares in issue at S/1.00 each, at December 31, 2013, 2014 and 2015)	600,346,925	660,053,790	660,053,790
Basic and diluted earnings per share (in S/)	0.533	0.454	0.134

35 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a) Additional acquisition of non-controlling interest

i) In January 2015, the Company acquired 0.102% of additional shares in GyM S.A. at a price of S/1.87 million. The carrying amount of non-controlling interest at the acquisition date was S/0.97 million. The Group eliminated the non-controlling interest and recognized a decrease in equity attributable to the parent owners of S/0.89 million.

ii) In July 2014, GyM S.A. acquired 13.49% of additional shares in Stracon GyM at a price of US$24.9 million (equivalent to S/72.8 million). The carrying amount of non-controlling interest at the acquisition date was S/22.5 million. The Group eliminated the non-controlling interest and recognized a decrease in equity attributable to the parent owners of S/50.7 million.

iii) In August, November and December 2014, the Company acquired 4.567% (2.25%, 1.95% and 0.367% respectively) additional shares in GyM S.A. at a total purchase price of S/93.2 million. The carrying amount of the non-controlling interest at the acquisition date was S/24.6 million. The Group eliminated non-controlling interest and recognized a decrease in equity attributable to the owners of the parent for S/71.5 million.

iv) In August 2014, the Company acquired 1.37% additional shares in Viva GyM S.A. at a price of S/9.4 million. The carrying amount of the non-controlling interest at the acquisition date was S/3.4 million. The Group eliminated non-controlling interest and recorded a decrease in equity attributable to the parent owners of S/6.03 million.

v) In 2013, the Company acquired additional shares of Ingeniería y Contrucción Vial y Vives S.A., GMD S.A., Viva GyM S.A., and Concar S.A. representing the 6.4%; 0.47%; 0.13% and 0.18% of their corresponding issued shares. The carrying amount of the non-controlling interests in such subsidiaries was S/9.5 million and the purchase consideration was S/2.4 million. The Group derecognized non-controlling interest and accounted a decrease in equity attributable to owners of the Parent of S/2.9 million.

vi) In 2013, the Company acquired an additional 16.9% of the outstanding shares of Norvial S.A from the former shareholder Besco S.A. at the purchase consideration of S/51.4 million. The carrying amount of the no-controlling interests at the acquisition date was S/19.7 milion. The Group derecognized its non-controlling interest and recorded a decrease in equity attributable to owners of the Parent of S/31.7 million.

(All amounts are expressed in thousands of S/ unless otherwise stated)

The effect of these changes is broken down as follows:

	2013	2014	2015
Carrying amount of non-controlling interest acquired	29,257	50,109	971
Consideration provided for non-controlling interest	(63,868)	(178,331)	(1,865)
Higher payment attributable to the Company's controlling interest	(34,611)	(128,222)	(894)

b) Disposal of interests in subsidiary without loss of control

i) In March 2015, GyM S.A. sold 0.048% (S/97) of its total 87.64% interest held in Stracon GyM for a payment of S/377. The carrying amount of this non-controling interest in Stracon GyM at the date of disposal was S/23.7 million (a 12.36% interest).

ii) In June 2015, GyM S.A. sold 1.92% (S/385) of its total 82.04% interest held in VyV - DSD S.A. for a payment of S/385. The carrying amount of this non-controling interest in VyV - DSD S.A. a date of disposal was S/3.6 million (a 17.96% interest).

iii) In April 2015, CAM Holding Spa sold a 2.45% (S/2,045) of its total 75.61% interest held in CAM Chile S.A. for S/880. The carrying amount of the non-controlling interest in CAM Chile at the disposal date was S/20.4 million (a 24.39% interest).

iv) In November 2014, GyM Chile Spa sold 1.01% (S/1.6 million) of its total 82.04% interest held in Vial y Vives - DSD for a total US$0.582 million (equivalent to S/1.6 million). The carrying amount of this non-controlling interest in Vial y Vives – DSD at the date of disposal was S/1.6 million

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The effect of this changes at December 31 is summarized below:

	2014	2015
Carrying amount of the non-controlling interest sold	(1,627)	(2,527)
Consideration received from non-controlling interest	1,627	1,642
Decrease in equity of the Company's controlling interest	**-**	**(885)**

No transactions involving non-controlling interest were entered into over 2013.

c) Effects of transactions with non-controlling interests on equity attributable to Parent owners for the year ended December 31:

	2013	2014	2015
Changes in equity attributable to the Company's controlling interest arising from:			
Acquisition of additional interest in subsidiary	(34,611)	(128,222)	(894)
Disposal of interest in subsidiary without losing control	-	-	(885)
Decrease in equity of the Company's controlling interest	(34,611)	(128,222)	(1,779)

(All amounts are expressed in thousands of S/ unless otherwise stated)

d) Contributions of non-controlling shareholders -

Mainly correspond to the contributions made by the partners of subsidiary Viva GyM S.A. for their real estate projects. At December 31 the amounts contributed were the following:

	2013	2014	2015
Contributions from Viva GyM S.A.	59,387	48,793	20,446
Returns of contributions	(24,613)	(4,240)	(14,987)
Contribution of non-controlling shareholders – Viva GyM	34,774	44,553	5,459
Plus:			
Contributions from CAM Servicios Perú S.A.	-	-	1,272
Contributions from Promotora Larcomar S.A.	-	-	3,598
Contributions from GyM Ferrovías S.A.	-	2,823	-
Increase in equity of non controlling parties	34,774	47,376	10,329

Return of contributions mainly consist of profits attributable to housing Project called El Agustino I until 2013, which has already been completed and most of the appartments have already been handed to related customers; also, this balance comprises project Villa El Salvador 1, which has been partially handed over at December 31, 2015.

(All amounts are expressed in thousands of S/ unless otherwise stated)

e) **Deconsolidation of subsidiaries -**

In 2014 the Group assessed its interest in the joint venture "Red Vial 1 – Cusco", which was considered and reported as a subsidiary at December 31, 2013. As a result of this assessment, the Group concluded that the rights entitled in such business do not grant control, joint control or significant influence. In addition Management´s conclusion is that Company´s interest in this business is that of a financial asset (receivable). In 2014, assets and liabilities of "Red Vial 1 - Cusco" previously consolidated and the non-controlling interest amounted to S/2,284 which was eliminated.

In 2013 the Group assessed its interests in Concesión La Chira S.A. and Logistica Quimica del Sur S.A.C (LQS). The interests in these concessions were accounted for as if they were under control of the Group (subsidiaries). Subsequent that assessment it was determined that the interests correspond to a joint operation and joint venture, respectively under the provisions of IFRS 11. As of December 31, 2013 assets and liabilities of non-controlling interest amounted to S/12,535 for La Chira and S/6,842 for LQS.

f) **Dividends -**

At December 31, 2015, 2014 and 2013 dividends were distributed for S/4.5 million, S/68.1 million and S/51.8 million, respectively.

36 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

In December 2015 the Company signed a medium-term loan agreement of US$200 million with Credit Suisse AG at a rate of 3.9% + Libor 3m; the loan managing agent was Credit Suisse AG and the loan structuring agent was Credit Suisse Securities (USA) LLC. Capital raised is intended to finance the interest of subsidiary Negocios de Gas S.A. in Gasoducto Sur Peruano S.A., a concessionaire of the Project to improve energy continuity and development of the Southern Peruvian gas pipeline ("Proyecto Mejoras a la Seguridad Energética del País y Desarrollo del Gasoducto Sur Peruano"). In February 2016, the Company has partially received U$120 million of the total subscribed contract.

On January 4, 2016 the Company subscribed 8,929 new common share of the capital stock of Adexus S.A, based in Chile; as a result, the Company's interest increased from 44% to 52%. The total investment in this share subscription was approximately US$2.5 million.

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REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES (FOR THE FISCAL YEAR 2015) (10150)

Name:	Graña y Montero S.A.A.
Fiscal Year:	2015
Web Page:	www.granaymontero.com.pe
Name or corporate name of the reviewing firm[1]:	

1. Applicable only if the information contained in this Report has been reviewed by a specialized firm (for instance, an auditing firm or a consulting firm).

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

METHODOLOGY:

Companies with securities listed on the Public Register of the Securities Market (Registro Público del Mercado de Valores) are required to disclose to the public their good corporate governance practices. In this connection, such companies report their adhesion contained in the *Good Corporate Governance Code for Peruvian Companies*[2].

The information to be submitted refers to the fiscal year ended on December 31 of the calendar year previous to the year of submission, whereby any reference to "the fiscal year" must be understood as made to the aforementioned period, and is submitted as an annex to the Annual Report of the Company in the electronic forms provided by the Securities Market Superintendence to facilitate submission of the information in this report through Yesstema MVnet.

Section A, includes the letter of introduction of the Company, setting out the major corporate governance advancements made in the period.

Section B, presents the level of compliance of the principles that make up the Code. For such purpose, the Report is structured in accordance with the five pillars of the Code:

I. Rights of Shareholders;
II. Regular Shareholders Meeting;
III. Board of Directors and Senior Management[3];
IV. Risk and Compliance; and,
V. Information Transparency.

2. *The Good Corporate Governance Code for Peruvian Companies (2013) is available for reference at Orientación – Gobierno Corporativo del Portal del Mercado de Valores www.smv.gob.pe. (Guidance Section – Corporate Governance of the Securities Market Portal www.smv.gob.pe).*
3. *The term "Senior Management" includes the general manager and other managers.*

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

Each principle is evaluated based on the following parameters:

a) **“Comply or Explain” Evaluation:** compliance by the Company is marked with an “x”, based on the following criteria:

Yes: Total compliance with the principle.
No: Non-compliance with the principle.

Explanation: In this field, if the Company checked option “No”, it should explain the reasons why it did not adopt the principle or the actions conducted that allow it to consider that progress is made towards compliance or partial adoption thereof, as applicable. Also, if deemed necessary, if the option “Yes” was checked, the Company may provide information on compliance with this principle.

b) **Supporting Information:** provides information allowing further knowledge on how the Company has implemented the principle.

Section C provides a list of documents of the Company that regulate the policies, procedures and other relevant matters that bear a relationship with the principles under evaluation.

Section D includes additional information not developed in the previous sections or other relevant information that the Company freely decides to mention so the investors and the various stakeholders may gain further knowledge of the good corporate governance practices that it has implemented.

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

SECTION A:

LETTER OF INTRODUCTION[4]

Graña y Montero S.A.A. is a regional reference in Good Corporate Governance. In the year 2015, we participated in the 10th anniversary of the Companies Circle that brings together a group of Latin American companies with the highest corporate governance standards. The ceremony was held in the Washington premises of the IFC where juncture issues were addressed, especially in connection with how good corporate governance practices contribute to ethical management of companies.

On this same line, we were awarded the following two top prizes in 2015: For Leading Company in Corporate Governance given by ALAS 20, and For Best Corporate Governance in South America in the Building sector given by Ethical Boardroom, a specialized magazine. Both awards merely confirm our commitment to stay on the path of continuous improvement in corporate government practices.

As every year since its implementation, we also participated in the Good Corporate Governance Index of the Lima Stock Exchange, ranking 3rd among the 405 companies comprising institutional investors, stock exchange and brokers, banks, regulators, experts and CEOs, surveyed by La Voz del Mercado.

Likewise, in 2015, the Board of Directors approved the Group's Anticorruption Program that contains the Anticorruption Policy, thus complementing our Ethics Charter and Code of Conduct and reaffirming our commitment with business ethics.

Finally, the Self-Evaluation of the Board of Directors process was carried out in March. As a result, a monthly report was issued on the relevant events of the Group's companies. This report is sent to the Directors every month as an improvement in transparency and communication. The Directors continued also visiting works like Cerro Verde, Los Parques de Comas and La Chira Waste Water Treatment Plant.

4. Describes the main actions implemented during the fiscal year in terms of good corporate governance practices that the Company deems relevant to highlight in line with the five pillars of the Good Corporate Governance Code for Peruvian Companies (2013): Rights of the Shareholders, Shareholders Regular Meeting, Board of Directors and Senior Management, Risk and Compliance and Information Transparency.

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

SECTION B:

Evaluation of Compliance with the Principles of the Good Corporate Governance Code for Peruvian Companies

PILLAR I: RIGHTS OF SHAREHOLDERS

PRINCIPLE 1: EQUITABLE TREATMENT

Question I.1	Yes	No	Explanation:
Does the Company recognize in its conduct of business an equitable treatment of shareholders of the same class and that they are afforded the same conditions?(*)	X		Article 6 of the Regulations of the Regular Shareholders Meeting provides that the relationship of the Company with its shareholders is to be consistent with the principles of equitable treatment between shareholders, transparency and the provision of broad and continued information so they can accurately know the Company's situation in order to exercise their rights in a reasonable and informed manner.

(*) *The same conditions is to be understood as the particularities that distinguish the shareholders, or make them have a common characteristic, in their relationship with the Company (institutional investors, non-controlling investors, etc.). It should be noted that this shall not imply in any case that the use of privileged information is favored.*

Question I.2	Yes	No	Explanation:
Does the Company promote the existence of classes of shares with voting rights only?	X		Article 8 of the By-Laws provides that the Company shall have a single class of shares and all of them shall carry the same rights and obligations.

a. In connection with the equity of the Company, specify:

Subscribed capital as of closing of the fiscal year	Paid-in capital as of closing of the fiscal year	Total number of shares representing the capital stock	Number of shares of voting stock
S/. 660'053,790.00	S/. 660'053,790.00	660'053,790	660'053,790

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b. If the Company has more than one class of shares, specify:

Class	Number of shares	Par value	Rights(*)
Not Applicable			

(*) The specific rights of the class that distinguish it from the others shall be indicated in this field.

Question I.3	Yes	No	Explanation:
If the Company has investment shares, does the Company promote a policy of redemption or voluntary swap of investment shares for common shares?			Not Applicable

PRINCIPLE 2: INTEREST OF SHAREHOLDERS

Question I.4	Yes	No	Explanation:
a. Does the Company provide in its corporate documents the form of representation of the shares and who is in charge of entry thereof in the share ledger?	X		The Company's By-Laws and the Regulations of the Regular Shareholders Meeting provide that representation by proxy is allowed if it is communicated to the Company at least 24 hours prior to the Meeting by a non-certified letter (a certified letter is not required). The Company provides this representation free of charge. The only restriction is that if the proxy letter is for a Director, this will seek to indicate expressly the sense that will vote the representative; in the case they do not provide precise instructions on the Agenda, the Director may not exercise the right to vote when it is prohibited by law or is in a situation of conflict of interest, as noted by articles 14 of the Regulations of the Board of Directors and article 28 of the Regulations of the Regular Shareholders Meeting. On the other hand, CAVALI is in charge of entry in the share ledger.
b. Is the share ledger kept permanently up to date?	X		CAVALI is in charge of keeping and updating the share ledger.

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Provide the timing of updates to the share ledger upon becoming apprised of any change.

Timing:	Within 48 hours	
	Weekly	
	Others / Detail (in days)	1 day

PRINCIPLE 3: NO DILUTION OF INTEREST IN THE CAPITAL STOCK

Question I.5	Yes	No	Explanation:
a. Is it a policy of the Company that the proposals of the Board of Directors in connection with corporate operations that may affect the right to non-dilution of shareholders (i.e., mergers, spinoffs, capital increases, among others) be previously explained by the Board of Directors in a detailed report with the independent opinion of an external advisor of professional repute appointed by the Board of Directors?		X	The Board of Directors is informed of and explains to the market the operations through the motions that it makes public with the notice of the Regular Shareholders Meeting. An external advisor is not hired to provide an independent opinion; the Chief Executive Officer hires an external advisor to be in charge of the operation.
b. Is it a policy of the Company to make such reports available to the shareholders?		X	However, Article 10ª of our Regulations of the Board of Directors provides that any question or request for information is to be handled directly through the Investor Relations Office.

If any corporate operations under the scope of item a) of question 1.5 have occurred during the fiscal year, and if he Company has Independent Directors(*), state if in all cases:

	Yes	No
Was the appointment of the external advisor made with the affirmative vote of all Independent Directors?	Not Applicable	
All of the Independent Directors clearly expressed their acceptance of the aforementioned report and, if applicable, state the reasons for non-acceptance?	Not Applicable	

(*) *Independent Directors are those selected based on their professional experience, honorability, financial sufficiency and independence and non-relationship with the Company, its shareholders or directors.*

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PRINCIPLE 4: INFORMATION AND COMMUNICATION TO SHAREHOLDERS

Question I.6	Yes	No	Explanation:
Does the Company set who is in charge of or the means for shareholders to receive and require timely, reliable and truthful information?	X		Article 10 of the Regulations of the Board of Directors and Articles 14 and 15 of the Regulations of the Regular Shareholders Meeting provide that the Investor Relations Office is responsible that the shareholders receive and require timely, reliable and truthful information, establishing the means for such purpose.

a. Indicate the means through which shareholders receive and/or request information from the Company.

Communication Means	Receive Information	Request Information
Electronic mail	X	X
Telephone	X	X
Corporate web page	X	
Postal mail		
Information meetings	X	X
Others / Detail	Quarterly telephone conferences.	

b. Does the Company have a time limit to respond to information requests of shareholders? If answered in the affirmative, provide the time limit:

Time limit (days)	7 business days

Question I.7	Yes	No	Explanation:
Does the Company have mechanisms in place for the shareholders to express their opinion on the development thereof?	X		Section 1 of Article 7 of the Regulations of the Regular Shareholders Meeting provide that shareholders may submit, through the information channels implemented by the Company, such matters, suggestions and comments of interest to the Company as they may deem appropriate at any time.

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

If answered in the affirmative, detailed the mechanisms in place in the Company for shareholders to express their opinion on the conduct thereof.

Article 7 of the Regulations of the Regular Shareholders Meeting provides that shareholders may express their opinion through the information channels in place in the Company at any time. Whenever possible, the company will answer directly to the shareholders. It also provides that the response of the Company deemed of general interest shall be placed in the corporate web page.

PRINCIPLE 5: SHARING IN DIVIDENDS OF THE COMPANY

Question I.8	Yes	No	Explanation:
a. Is compliance with the dividend policy subject to evaluations to be conducted within a specific time frame?	X		The Board of Directors is under the obligation to review and approve the Financial Statements and, as such, proposes the distribution of profits in accordance with the dividend policy approved at the Annual Mandatory Shareholders Meeting. The Shareholders Meeting approves the dividends and verifies conformity thereof with its policy.
b. Is the dividend policy made known to the shareholders by its corporate web page, among other means?	X		Yes, our dividend policy is placed in our corporate web page, specifically in the 'Corporate Governance' section.

a. Indicate the dividend policy of the Company applicable to the fiscal year

Approval date	Approved by the Regular Shareholders Meeting of March 26, 2013
Dividend policy (profit sharing criteria)	The company will distribute between 30% and 40% of the net profit from the preceding year. On the basis of the results of the Consolidated Financial Statements subject to which the Financial Statements of Grana y Montero S.A.A. individually, submit sufficient results to cover that amount; in case the amounts of these financial statements are not sufficient, the company shall distribute only up to the limit of the latter.

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b. Indicate the dividends in cash and in shares distributed by the Company in the fiscal year ended and in the previous fiscal year.

Per share	Dividends per share			
	Fiscal Year Reported (*)		Fiscal year previous to the reported fiscal year (**)	
	In cash	In shares	In cash	In shares
Class	S/.0.158942384	0	S/.0.169875409	0
Investment share	0	0	0	0

** The total amount of dividends paid during the year 2015 amounted to S/. 104'910,522.75.*
*** The total amount of dividends paid during the year 2014 amounted to S/. 112'126,907.68.*

PRINCIPLE 6: CHANGE OF CONTROL OR TAKEOVER

Question I.9	Yes	No	Explanation:
Does the Company have policies or agreements of non-adoption of anti-takeover mechanisms?		X	

Indicate if any of the following measures has been established in your company:

	Yes	No
Requirement of a minimum number of shares to be a Director		X
Minimum number of years as a Director to be appointed Chairman of the Board		X
Agreements for indemnification of executives / officers as a result of changes after a PAO.		X
Others of a similar nature / Detail		

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PRINCIPLE 7: ARBITRATION FOR SETTLEMENT OF DISPUTES

Question I.10	Yes	No	Explanation:
a. Do the by-laws of the Company contain an arbitration agreement providing that any dispute between shareholders, or between shareholders and the Board of Directors; and any objection to resolutions of the Regular Shareholders Meeting or of the Board Directors by the shareholders of the Company be submitted to arbitration according law?	X		Article 76 of the By-Laws contains the arbitration agreement.
b. Does such clause enable an independent third party to settle the disputes, except in case of an express legal reserve to be filed in the ordinary courts?	X		Article 76 of the By-Laws contains the arbitration agreement

In the event of any objections to resolutions of the Regular Shareholders Meeting or of the Board Directors by the shareholders and others involving the company during the fiscal period, provide their number.

Number of objections to resolutions of the Regular Shareholders Meeting	0
Number of objections to resolutions of the Board of Directors	0

PILLAR II: REGULAR SHAREHOLDERS MEETING

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PRINCIPLE 8: FUNCTION AND COMPETENCET

Question II.1	Yes	No	Explanation:
Is approval of the Board of Directors remuneration policy an exclusive and non-delegable function of the Regular Shareholders Meeting?	X		The subsection j) of the article 9 of the Regular Shareholders Regulations and the article 34 of the Regulation of the Board of Directors establish that the Board of Directors policy is determined by the Regular Shareholder Meeting as provided in the By-Laws. In that way, the article 23 of the By-Laws states that is a function of the General Shareholders Meeting, when appropriate, to choose Board Members and set their remuneration.

Indicate whether the following functions are exclusive of the Regular Shareholders Meeting. If answered in the negative, indicate the body that exercises them.

	Yes	No	Body
Provide special investigations and audits	X		
Resolve the amendment of the by-laws	X		
Resolve a capital stock increase	X		
Resolve the distribution of dividends on account	X		
Appoint external auditors	X		

PRINCIPLE 9: REGULATIONS OF THE REGULAR SHAREHOLDERS MEETING

Question II.2	Yes	No	Explanation:
Does the Company have binding Regulations of the Regular Shareholders Meeting, the non-compliance of which entails liability?	X		The Regulations of the Regular Shareholders Meeting were approved by the Regular Shareholders Meeting held on March 31, 2005.

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If the company has Regulations of the Regular Shareholders Meeting, state whether they set the procedures to:

	Yes	No
Give notice of Meetings	X	
Incorporate items in the agenda by the shareholders	X	
Provide additional information to the shareholders for the meetings	X	
Conduct of the meetings	X	
The appointment of members of the Board of Directors	X	
Relevant others / Details	Publicize the resolutions passed at the Regular Shareholders Meeting	

PRINCIPLE 10: PROCEDURES FOR GIVING NOTICE OF MEETINGS

Question II.3	Yes	No	Explanation:
In addition to the procedures to give notice of meetings established by law, does the Company have notice procedures that allow establishing contact with shareholders, particularly those who have no participation in the control or management of the Company?	X		In addition to the notice procedures established by law, the article 12 of the Regulations of the Regular Shareholders Meeting provide that the meeting is announced through our corporate web page.

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

a. Complete the following information for each of the Meetings held during the fiscal year:

Date of Notice	Date of Meeting	Place of Meeting	Type of Meeting		Meeting by Unanimous Consent		Quórum %	Nº of Attending Sharehol-ders	Interest (%) in the total shares of voting stock		
			Special	Regular	Yes	No			By Proxy	Direct Exercise (*)	Voting right not exercised
March 01, 2015	March 27, 2015	Graña y Montero Office		X		X	75.4984	498,330,074	4.92	70.58	24.50

(*) Direct exercise includes voting by any means or procedure other than by proxy.

b. What other means, in addition to the one provided in Article 43 of the General Corporations Law and the provisions in the Relevant Facts and Reserved Information Regulations did the company use to give notice of the meetings during the fiscal year?

Electronic mail		Postal mail
Telephone		Social media
Corporate web page	X	Others / Detail

Question II.4	Yes	No	Explanation:
Does the Company make available to the shareholders all information relative to the items in the agenda of the Regular Shareholders Meeting and the proposed resolutions intended to be passed (motions)?	X		The company makes available through its corporate web page as well as through the SMV all information concerning the subjects contained in the agenda of the Shareholders Meetings and proposed resolutions arising to adopt. In addition, paragraph 2 of Article 12 of the Regular Shareholders Regulations states that the notice of meeting contains the form and where the company makes available to the shareholders the proposed resolutions and comprehensive documentation that must be given to shareholders previously.

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In the notices of meeting given by the company during the fiscal year:

	Yes	No
Was the place where the information pertaining to the items in the agenda to be transacted at the meetings specified?	X	
Were "other business", "various items" or similar included as items in the agenda?		X

PRINCIPLE 11: PROPOSED AGENDA ITEMS

Question II.5	Yes	No	Explanation:
Do the Regulations of the Regular Shareholders Meeting include procedures allowing the shareholders to exercise the right to submit proposed agenda items to be discussed at the meeting and the procedures to accept or reject such proposals?	X		Article 13 of the Regulations of the Regular Shareholders Meeting provides that shareholders may submit suggestions on the matters included in the agenda through the Investor Relations Office.

a. Indicate the number of proposals submitted by the shareholders during the fiscal year to include items in the agenda to be discussed at the Regular Shareholders Meeting and the outcome thereof:

Number of Requests		
Received	Accepted	Rejected
None	Not Applicable	Not Applicable

b. If any requests to include items in the agenda to be discussed at the Regular Shareholders Meeting were rejected in the fiscal year, state whether the company communicated the reasons for such rejection to the requesting shareholders.

Not Applicable

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PRINCIPLE 12: PROCEDURES TO EXERCISE VOTING

Question II.6	Yes	No	Explanation:
Does the Company have mechanisms in place that allow the shareholder to exercise remote voting by secure means, whether electronic or postal, that ensure that the person casting the vote is actually the shareholder?		X	The Company does not limit the right to proxy and therefore has not set mechanisms to allow remote exercise of voting.

a. If applicable, indicate the mechanisms or means in place by which the Company may exercise remote voting.

Vote by electronic means	Not Applicable	Vote by postal means	Not Applicable

b. If remote voting was exercised during the fiscal year, provide the following information:

Date of Meeting	% Remote Voting				% Remote Voting / Total
	Electronic Mail	Corporate Web Page	Postal Mail	Others	
Not Applicable					

Question II.7	Yes	No	Explanation:
Does the Company have corporate documents that clearly provide that shareholders may vote separately on substantially independent matters, so they may exercise their voting preferences separately?		X	However, in practice the Company provides, through its motions, the authority of every shareholder to exercise separately the voting preferences of its shares on substantially independent matters.

Indicate whether the Company has corporate documents that clearly provide that shareholders may vote separately on:

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	Yes	No
The appointment or ratification of Directors by an individual vote for each of them.	X	
The amendment of the by-laws, for each article or group of articles that are substantially independent.		X
Others/ Detail	In practice, shareholders may vote separately on substantially independent matters.	

Question II.8	Yes	No	Explanation:
Does the Company allow those acting on behalf of several shareholders to cast differentiated votes for each shareholder, so they comply with the instructions of each shareholder that they represent?	X		In practice, the Company allows to cast differentiated votes for each shareholder, for purposes of complying with the instructions of each shareholder represented. Article 17 of the Regulations of the Regular Shareholders Meeting contain very broad provisions that do not restrict the possibility to represent more than one shareholder with different voting intent but, rather, promote the giving of voting instructions by proxy letters.

PRINCIPLE 13: DELEGATION OF VOTES

Question II. 9	Yes	No	Explanation:
Do the by-laws of the company allow its shareholders to delegate their vote to any person?	X		Article 29 of the company's By-Laws states that any shareholder entitled to participate in regular meetings may be represented by another person.

If answered in the negative, state whether your by-laws restrict the right to be represented by any of the following persons:

	Yes	No
Another shareholder	Not Applicable	
A Director	Not Applicable	
A Manager	Not Applicable	

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Question II.10	Yes	No	Explanation:
a. Does the Company have procedures detailing the conditions, the means and the formalities to be performed in situations of voting delegation?	X		Article 29 of the By-Laws and Article 17 of the Regulations of the Regular Shareholders Meeting require representation by proxy to be set in writing and especially for each meeting, unless powers of attorney have been granted by a public instrument. Proxies must be filed with the Company at least 24 hours prior to the time set for the Regular Meeting and the Company shall not make any charge for such proxy.
b. Does the Company make available to shareholders a proxy form setting forth details of the proxies, the business for which the shareholder delegates its vote and, if applicable, its voting intent for each of the proposals?	X		Under Section 5 of Article 17 of the Regulations of the Regular Shareholders Meeting, the Company makes available to shareholders a proxy form duly posted in advance in the corporate web page. However, this is not the only form accepted by the Company.

Set forth the requirements and formalities to be met for a shareholder to be represented by proxy at a meeting:

Formality (indicate whether the Company requires a simple letter, a notarized letter, a public instrument or other).	Simple letter
Notice period (number of days prior to the meeting that the proxy form must be submitted)	24 hours
Cost (indicate whether the Company requires any payment for this purpose and the amount thereof).	Free of charge

Question II.11	Yes	No	Explanation:
a. Is it a policy of the Company to set limitations to the percentage of delegation of votes to members of the Board of Directors or of the Senior Management?		X	
b. In cases of delegation of votes to members of the Board of Directors or of the Senior Management, is it the policy of the Company that shareholders who delegate their votes clearly state the intent thereof?	X		The articles 14 of the Regulations of the Board of Directors and article 28 of the Regulations of the Regular Shareholders Meeting establish that representation by proxy to a Director will seek to indicate expressly the sense that will vote the representative; in case they do not provide precise instructions on the Agenda, the Director may not exercise the right to vote when it is prohibited by law or is in a situation of conflict of interest.

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PRINCIPLE 14: FOLLOW-UP ON RESOLUTIONS OF THE REGULAR SHAREHOLDERS MEETING

Question II.12	Yes	No	Explanation:
a. Does the Company follow up on the resolutions passed at the Regular Shareholders Meeting?	X		Article 9 of the Regulations of the Board of Directors sets forth the general supervisory function of the Board of Directors.
b. Does the Company issue periodic reports to the Board of Directors and are these made available to the shareholders?	X		Quarterly reports, which are made public through the SMV and the corporate web page, are issued.

If applicable, indicate the area and/or person in charge of following up on the resolutions passed by the Regular Shareholders Meeting. If a person is in charge, include also the position and area where he/she works.

Area in Charge	Legal and Corporate Affairs Office

Person in Charge

Full Name	Title	Area
Claudia Drago Morante	Chief Legal and Corporate Affairs Officer	Legal and Corporate Affairs Office

PILLAR III: BOARD OF DIRECTORS AND SENIOR MANAGEMENT

PRINCIPLE 15: MAKE-UP OF THE BOARD OF DIRECTORS

Question III.1	Yes	No	Explanation:
Is the Board of Directors made up of persons specializing in various areas and with different competences, with good reputation, ethical, financial independence and other qualities relevant to the Company, so that there is a plurality of approaches and opinions?	X		The Board of Directors is made up of nine persons of various professions, all of them reputed, ethical and with sufficient availability. Additionally, five of them are financially independent (Independent Directors). One of our Board of Directors resigned on December 21, 2015.

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a. Provide the following information pertaining to the members of the Board of Directors of the Company during the fiscal year.

Full Name	Professional Background (*)	Date		Equity Interest (****)	
		Start (**)	End (***)	N° of shares	Interest (%)
Directors (not including Independent Directors)					
José Graña Miró Quesada	-Architect -Director in two companies	1996		117,538,203 shares through GH Holding Group Corp.	17.81%
Carlos Montero Graña	-Engineer -Director in two companies (both belonging to our economic group)	1996		33,785,285 shares through Bethel	5.12%
Mario Alvarado Pflucker	-Engineer -Director in three companies (2 of them belong to our economic group).	2003			
Hernando Graña Acuña	-Engineer -Director in six companies (five belonging to our economic group)	1996			
Independent Directors					
José Chlimper Ackerman	-Economist and Business Administrator -Director in five companies.	2006	21/12/2015		
Pedro Pablo Errázuriz Domínguez	-Engineer. -Director of four companies (1 of the belong to our economic group).	2014			
Federico Cúneo de la Piedra	-Accountant -Director in seven companies.	2014			
Mark Hoffmann Rosas	-Engineer -Director in three companies	2014			
Hugo Santa María Guzmán	-Engineer -Director in two companies.	2011			

(*) In addition, detail whether the Director is concurrently a member of other boards of directors, their number and whether these are part of the economic group of the reporting company. In this connection, the definition of economic group contained in the Regulations on Indirect Ownership, Related Companies and Economic Groups shall be considered.
(**) Pertains to the first appointment in the reporting company.
(***) Complete only if ceased in the position of Director during the fiscal year.
(****)Mandatory only for Directors holding an interest of 5% or more in the capital stock of the reporting company.

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% of the total shares held by the Directors	28.67%

Provide the number of Directors of the Company within the following age range:

Less than 35	Between 35 and 55	Between 55 and 65	Older than 65
0	3	4	2

b. Indicate whether there are specific requirments to be appointed Chairman of the Board in addition to the requirements to be appointed a Director.

Yes [X] No [ ]

If answered in the affirmative, set forth such requirements.

Section 35.2 of the Regulations of the Board of Directors provides that the Chairman of the Board may not be a Chief Executive of the Group.

c. Does the Chairman of the Board have a casting vote?

Yes [X] No [ ]

Question III.2	Yes	No	Explanation:
Does the Company prevent the appointment of substitute or alternate Directors, especially for quorum reasons?	X		Yes, even though the Regulations allow it, the Company prevents -as it has been doing for years- the appointment of substitute or alternate Directors because these would not be focused on and connected with the dynamic of the Company if required to attend on an occasional basis.

If the Company has alternate or substitute Directors, provide the following:

Full Name of Substitute or Alternate Director	Start (*)	End (**)
Not Applicable		
Not Applicable		

(*) Pertains to the first appointment as alternate or substitute Director of the reporting Company.
(**) Complete only if ceased in the position of alternate or substitute Director during the fiscal year .

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Question III.3	Yes	No	Explanation:
Does the Company disclose the names of Directors, their independent status and their resumes?	X		The name, capacity and resumes of our Directors are provided in our corporate web page, in our Annual Report and were made available to the shareholders prior to the election of the Board of Directors.

Set forth the means by which the Company discloses the following information on the Directors:

	Electronic Mail	Corporate Web Page	Postal Mail	Not Reporting	Others/ Detail
Name of Directors		X			Also provided in the Annual Report
Independent Status or not		X			Also provided in the Annual Report
Resumes		X			Also provided in the Annual Report

PRINCIPLE 16: FUNCTIONS OF THE BOARD OF DIRECTORS

Question III.4	Yes	No	Explanation:
The Board of Directors performs the function of: a. Approving and directing the corporate strategy of the Company.	X		Article 9 of the Regulations of the Board of Directors states its functions.
b. Setting objectives, goals and action plans include in the annual budgets and the business plans.	X		Article 9 of the Regulations of the Board of Directors states its functions.
c. Controlling and supervising the management and in charge of governance and administration of the Company.	X		Article 9 of the Regulations of the Board of Directors states its functions.
d. Supervising the good corporate governance practices and setting the policies and measures required for better application thereof.	X		Article 9 of the Regulations of the Board of Directors states its functions.

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a. Detail any other relevant powers of the Board of Directors of the Company

- Supervise strategically important commercial, industrial or financial agreements.
- Approve acquisitions and disposals of substantial assets and equity interests in companies, and the financial operations of the Company that have a material impact on the equity situation or that, due to any circumstance, may be especially significant.
- Approve investments that due to their amount or their nature significantly affect the equity situation or the strategy of the Company.
- Propose and approve within the limits authorized by the Regular Shareholders Meeting, the issue of bonds, obligations or similar securities.
- Approve the rules and procedures for appointments, control of the management activity, the identification of the main risks of the Company, the evaluation, removal and remunerations applicable to the Senior Management, especially of the Corporate General Manager and the efficiency of the good corporate governance practices.

b. Does the Board of Directors delegate any of its functions?

Yes [X] No

Set forth, if applicable, the main functions of the Board of Directors that have been delegated, and the body that performs such delegated functions:

Functions	Body / Area to which functions have been delegated
Hiring and substituting the General Manager	Human Resources Management and Social Responsibility Committee
Hiring and substituting the Management Staff	Human Resources Management and Social Responsibility Committee in coordination with the General Manager
Set the remuneration of chief executives	Human Resources Management and Social Responsibility Committee
Evaluate the remuneration of chief executives	Human Resources Management and Social Responsibility Committee in coordination with the General Manager
Follow up on the social responsibility policy	Human Resources Management and Social Responsibility Committee
Ongoing relationing with external auditors	Audit and Process Committee
Follow-up and supervision of the internal and external audit services	Audit and Process Committee
Review of the internal processes of the Group	Audit and Process Committee
Procedures and investigations of claims filed with the Ethical Channel in connection with accounting and financial matters.	Audit and Process Committee
Follow-up and approval of the annual investment plan	Audit and Process Committee

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PRINCIPLE 17: DUTIES AND RIGHTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Question III.5	Yes	No	Explanation:
Are the members of the Board of Directors entitled to?: a. Request the Board of Directors support or the contribution of experts.	X		Article 32 of the Regulations of the Board of Directors states that Directors may gather the information and receive the advisory that they may require on any aspect of the Company.
b. Participate in induction programs on their authority and duties and to be timely informed of the organizational structure of the Company.	X		Section 19.3 of the Regulations of the Board of Directors provides that the Chairman of the Board and/or the Corporate Chief Executive Officer shall provide induction to the new Director explaining the structure of the Graña y Montero Group. Also, as a practice, Directors are taken to visit major projects of the Group.
c. Receive a remuneration for the work perfumed, which combines recognition of the professional experience and dedication to the Company with a rationality criterion.	X		Chapter IX of the Regulations of the Board of Directors regulating remuneration of the Director. Remuneration consists of a fixed amount per meeting and a variable amount per meeting.

a. If specialized advisors were hired during the fiscal year, indicate whether the list of specialized advisors of the Board of Directors who provided services during the fiscal year for the decision making of the Company was provided to the shareholders.

Not Applicable

If applicable, state whether any of the specialized advisors was related to any member of the Board of Directors and/or the Senior Management(*).

Not Applicable

(*) In connection with relatedness, the relationship criteria contained in the Regulations on Indirect Ownership, Related Companies and Economic Groups shall be applied.

b. If applicable, indicate whether the Company conducted induction programs with the new members who joined the Company.

Not Applicable

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c. Indicate the ratio of the aggregate amount of remunerations and annual bonuses of Directors to gross income, according to the financial statements of the Company (*).

Remuneration	(%) Gross Income	Bonuses	(%) Gross Income
Directors (not including Independent Directors)	0.0133%	Delivery of Shares	Not Applicable
Independent Directors	0.0136%	Delivery of Options	Not Applicable
		Delivery of Cash	Not Applicable
		Others (detail)	

(*) Remuneration ratio set in relation to consolidated gross sales of the Graña y Montero Group.

PRINCIPLE 18: REGULATIONS OF THE BOARD OF DIRECTORS

Question III.6	Yes	No	Explanation:
Does the Company have binding Regulations of the Board of Directors the non-compliance of which entails liability?	X		Yes, we have the Regulations of the Board of Directors approved at the Board of Directors Meeting held on March 31, 2005 as last amended was approved by Board of Directors meeting in January 29, 2015.

Indicate whether the Regulations of the Board of Director contain:

	Yes	No
Operating policies and procedures	X	
Organizational structure of the Board of Directors	X	
Functions and responsibilities of the Chairman of the Board	X	
Procedures for identification, evaluation and nomination of candidates to members of the Board, who are proposed to the Regular Shareholders Meeting	X	
Procedures for cases of vacancy, termination and succession of Directors	X	
Others / Detail	Regulates cases of conflict of interest, the functions of the vice chairman and secretary of the Board of Directors, and of the Chief Executive Officer.	

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PRINCIPLE 19: INDEPENDENT DIRECTORS

Question III.7	Yes	No	Explanation:
Is at least one-third of the Board of Directors made up of Independent Directors?	X		At present, five of the nine Directors of Graña y Montero are Independent Directors, one of them resigned in December 21, 2015.

Indicate which of the following conditions is taken into account by the Company to qualify its Directors as Independent Directors.

	Si	No
Not being a Director or employee of a company of its economic group, unless three (3) or five (5) years, respectively, since termination of such relationship have elapsed.	X	
Not being an employee of a shareholder with an interest of five percent (5%) or more in the company.		X
Not having more than eight (8) continued years as an Independent Director of the Company.		X
Not having, or having had in the last three (3) years a business, commercial or contractual relationship, whether direct or indirect, and significant, (*), with the Company or any other company of its group.	X	
Not being the spouse of, or have any first or second degree kinship relationship by blood, or in the first degree of affinity, with shareholders, members of the Board of Directors or of the Senior Management of the Company.	X	
Not being a director or a member of the Senior Management of another company in which any Director or member of the Senior Management of the Company is part of the Board of Directors.	X	
Not having been in the last eight (8) years a member of the Senior Management or an employee, whether in the Company, in companies of its group or in companies who are shareholders of the Company.	X*	
Not having been in the last three (3) years, a partner or employee of the external auditor or of the auditor of any company of its group.		X
Others / Detail	-*Our regulations consider a period of five (5) years. -Additionally, to qualify as an Independent Director a professional and personal profile that inspires a presumption of trust in connection with its independence is required.	

- *The business relationship shall be presumed significant when any of the parties has issued invoices or payments in an amount higher than 1% of its annual income.*

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Question III.8	Yes	No	Explanation:
a. The Board of Directors declares that the proposed candidate is independent based on the enquiries conducted and the statement of the candidate?	X		The Board of Directors proposes to the Shareholders Meeting the appointment of the Directors stating whether they are Independent, External Non-Independent or Internal Directors.
b. The candidates to Independent Director state their independent status to the Company, its shareholders and managers?	X		Candidates submit to the Company a Sworn Affidavit where they state their Independent status, among others.

PRINCIPLE 20: OPERATIONAL EFFICIENCY OF THE BOARD OF DIRECTORS

Question III.9	Yes	No	Explanation:
Does the Board of Directors have a work plan that contributes to the efficiency of its functions?	X		The Board of Directors has a pre-established agenda.

Question III.10	Yes	No	Explanation:
Does the Company provide its Directors the channels and procedures necessary to participate efficiently in Board of Directors meetings, even if non-presential?	X		Section 12.4 of the Regulations of the Board of Directors and Article 59 of the By-Laws provide that non-presential meetings may be held.

a. Indicate the following in connection with the Board of Directors meetings held during the fiscal year:

Number of meetings held	8
Number of meetings held without the giving of notice (*)	0
Number of meetings which the Chairman of the Board did not attend	0
Number of meetings at which one or more Directors were represented by substitute or alternate Directors	0
Number of regular Directors who were represented at least once	0

(*) The number of meetings held under the provisions in the last paragraph of Article 167 of the General Corporations Law shall be set in this field.

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b. Indicate the attendance rate of Directors to Board of Directors meetings during the fiscal year.

Name	% Attendance
José Graña Miró Quesada	100%
Carlos Montero Graña	100%
Mario Alvarado Pflucker	100%
Mark Hoffmann Rosas	88.88%
Federico Cúneo de la Piedra	100%
José Chlimper Ackerman	100%
Hernando Graña Acuña	100%
Pedro Pablo Errázuriz Domínguez	100%
Hugo Santa María Guzmán	100%

c. Indicate the time prior to the Board of Directors meeting that all information of the business to be transacted at a meeting is made available to the Directors

	.Less than 3 days	3 - 5 days	More than 5 days
Non-Confidential Information	X		
Confidential Information	X		

Question III.11	Yes	No	Explanation:
a. Does the Board of Directors evaluate at least once a year, objectively, its performance as governing body and that of its members?	X		Directors conduct a self-evaluation within the first quarter of the year.
b. Is the self-evaluation methodology alternated with the evaluation conducted by external advisors?		X	The evaluation of the Board of Directors has been internal.

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a. Indicate if performance evaluations of the Board of Directors have been conducted during the fiscal year.

	Yes	No
As governing body	X	
Of its members	X	

If any of the fields in the previous question is answered in the affirmative, provide the following information for each evaluation:

Evaluation	**Self-evaluation**		**External Evaluation**		
	Date	**Communicated (*)**	**Date**	**Entity in Charge**	**Communicated (*)**
Board of Directors Meeting	March 27, 2015	No	Not Applicable		

(*) Indicate Yes or No, if the evaluation was communicated to the shareholders.

PRINCIPLE 21: SPECIAL COMMITTEES

Question III.12	**Yes**	**No**	**Explanation:**
a. Does the Board of Directors of the Company form special committees focused on the analysis of the most relevant matters for performance of the Company?	X		The Regulations of the Board of Directors govern development of the three Committees formed in the Company: (i) Investment and Risk Committee (ii) Human Resources Management and Social Responsibility Committee; and; (iii) Audit and Process Committee.
b. Does the Board of Directors approve the regulations governing each of the special committees formed?	X		The Regulations of the Board of Directors, which govern the conduct of special committees, was approved by a Board of Directors meeting.
c. Are special committees chaired by Independent Directors?	X		The only one of the three committees not chaired by an Independent Director is the Investment and Risk Committee; however, it consists of a majority of Independent Directors. The other two special committees are made up of and chaired by Independent Directors only.
d. Are Special committees assigned a budget?	X		The Investment and Risk Committee and the Human Resources Management and Social Responsibility Committee have an assigned budget. This is not provided to the Audit and Process Committee, which in accordance with item o) of Article 40.6 of the Regulations of the Board of Directors may determine its own budget to ensure independence in performance of its duties.

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Question III.13	Yes	No	Explanation:
Does the Company have an Appointments and Remuneration Committee in charge of nominating the candidates to member of the Board, who are proposed to the Regular Shareholders Meeting by the Board of Directors, and of approving the remuneration and incentives system of the Senior Management?	X		The Human Resources Management and Social Responsibility Committee approves the remuneration and incentives system of the Senior Management, while the Senior Management is in charge of nominating the candidates to member of the Board.

Question III.14	Yes	No	Explanation:
Does the Company have an Audit Committee that oversees the efficiency and suitability of the internal and external control system of the Company, the work of the auditing firm or the independent auditor, and compliance with the legal and professional independence regulations?	X		The Audit and Process Committee.

a. Indicate whether the Company has the following additional Special Committees:

	Yes	No
Risk Committee	X	
Corporate Governance Committee		X*

** The functions of the Corporate Governance Committee are performed by our Audit and Process Committee.*

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b. If the Company has Special Committees, provide the following information for each committee:

Name of the Committee:	**Audit and Process Committee**
Date of Creation:	October 28, 2004
Main Functions:	Ensure good corporate governance, appropriate internal procedures and the transparency of all acts of the Company in the economic-financial, external audit and compliance and internal audit areas. Specifically: • Report at the Shareholders Meeting on matters within the competence of shareholders to be submitted at such meeting; • Propose at the Regular Shareholders Meeting the appointment of external auditors for submission thereof to the Regular Shareholders Meeting. • Oversee the internal auditing services. • Have knowledge of the financial reporting process and the information and internal control systems of the company. • Review the accounts of the company, monitor compliance with legal requirements and the proper application of generally accepted accounting principles, and report on the proposals for amendment of accounting principles and criteria proposed by the management. • Oversee compliance with the auditing contract, ensuring that the opinion of the annual accounts and the main contents of the audit report are clearly and accurately written. • Relate with the external auditors to receive information on such matters that may jeopardize the independence thereof and any others associated with the account audit process. • Monitor compliance with the Regulations of the Board of Directors and, in general, of the corporate governance rules, and make such proposals as may be required for improvement and to prepare the information that the Board of Directors is to approve and include within its annual public documents. • Oversee functioning of the Corporate web page of the Company. • Ensure proper compliance with the internal operating processes of the Group associated with the cycles of origination, structuring, proposal preparation, acceptance of awarded contracts and performance of contracts and propose any corrective measures deemed appropriate. • Be directly responsible for the appointment, compensation, retention and oversight of the external auditors retained by the Company. • Settle any disputes as may arise between the management and the external auditors. • Have the sufficient authority and financial resources to hire its own external advisors, whether legal, accounting or other advisors, as may be necessary for the proper performance of its duties. • Set its own budget to ensure independence in performance of its duties. • Set the prior approval policies and procedures for audit and other permitted services. • Set the procedures for: (i) receipt, retention, and the procedure for complaints received by the Company in connection with accounting, accounting internal control or auditing matters; and,(iii allow the anonymous and confidential submission of concerns by Company employees in connection with debatable accounting or auditing issues.

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Members of the Committee	**Date**		**Position in the Committee**	
Full Name	**Start (**)**	**End (***)**		
José Chlimper Ackerman	31.03.08	21.12.15	Chairman	
Hugo Santa María Guzmán	29.04.14		Member	
Federico Cúneo de la Piedra	29.04.14		Member	
% of Independent Directors in the Committee			100%	
Number of meetings held during the fiscal year:			4 meetings	
Has been granted powers in accordance with Article 174 of the General Corporations Law.			Yes X	No
The committee or its chairman participates in the Regular Shareholders Meeting.			Yes	No X

Name of the Committee:	**Human Resources Management and Social Responsibility Committee**
Date of Creation:	October 28, 2004
Main Functions:	• Report to the Board of Directors the appointments and terminations of the Senior Management of the company, and of the Chief Executive Officers of the subsidiaries. • Resolve on the adoption of remuneration plans for the Senior Management, especially for the Corporate Chief Executive Officer, taking into account the performance of the company. • Propose measures for transparency of the compensation of directors and the Senior Management, and ensure performance thereof. • Know and assess the human resources policy. • Inform the Board of Directors of transactions with related parties of directors, senior executives or persons related therewith, which involve or may involve conflicts of interest. • Ensure compliance with the Social Responsibility Policy, and issue Social Responsibility policies, guidelines and/or instructions. • Oversee the social responsibility management and report in connection therewith to the Board of Directors. • Review and approve corporate goals and objectives associated with the compensation of the Chief Executive Officer; evaluate the performance of the Chief Executive Officer in accordance with such goals and objectives, and set and approve the compensation of the Chief Executive Officer. • Retain and keep an independent external advisory in compensation matters. • Responsible for the appointment, compensation and oversight of independent external advisors in compensation matters. • Retain independent external advisors for remuneration or other matters as necessary for performance of its duties.

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Members of the Committee (*):	**Date**		**Position in the Committee**	
Full Name	**Start (**)**	**End (***)**		
José Chlimper Ackerman	23.03.06	21.12.15	Chairman	
Federico Cúneo de la Piedra	29.04.14		Member	
Mark Hoffmann Rosas	29.04.14		Member	
% of Independent Directors in the total del Committee.			100%	
Number of meetings held during the fiscal year:			4 meetings	
Has been granted powers in accordance with Article 174 of the General Corporations Law.			Yes X	No
The committee or its chairman participates in the Regular Shareholders Meeting.			Yes	No X

Name of the Committee:	**Investment and Risk Committee**
Date of Creation:	October 28, 2004
Main Functions:	• Set the investment policy • Approve the Annual Investment Plan • Analyze projects requiring an investment of over US$5,000,000.00 assessing the available funding sources and the impact on the balance structure of the company and its subsidiaries. • Assess and control the main risks of the projects in which the companies of the Financial Group participate.

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Members of the Committee (*):	**Date**		**Position in the Committee**	
Full Name	**Start (**)**	**End (***)**		
José Graña Miró Quesada	28.10.04		Chairman	
Hugo Santa María Guzmán	29.04.14		Member	
Pedro Pablo Errázuriz Dominguez	29.04.14		Member	
% of Independent Directors in the Committee			67%	
Number of meetings held during the fiscal year:			3 meetings	
Has been granted powers in accordance with Article 174 of the General Corporations Law.			Yes	No
The committee or its chairman participates in the Regular Shareholders Meeting.			Yes	No

(*) Information on persons who are or were members of the Committee during the reporting fiscal year.
(**) Pertains to the first appointment as a member of the Committee in the reporting company.
(***) Complete only if ceased to be part of the Committee during the fiscal year.

PRINCIPLE 22: CODE OF ETHICS AND CONFLICTS OF INTEREST

Question III.15	**Yes**	**No**	**Explanation:**
Does the Company take measures to prevent, detect, handle and disclose conflicts of interests that may arise?	X		The Company has an Ethics Charter and a Code of Conduct available in our corporate web page.

If applicable, indicate the area and/or person in charge of follow-up and control of possible conflicts of interest. If a person is in charge, include also the position and area where he/she works.

Area in Charge	**Human Resources Management**

Person in Charge

Full Name	**Position**	**Area**

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Question III.16 / Compliance	Yes	No	Explanation:
a. Does the Company have a Code of Ethics(*) enforceable on its Directors, managers, officers and other collaborators (**) of the Company, which sets forth ethical and social responsibility criteria, including management of potential conflicts of interest?	X		The Code of Conduct was approved in 2012 and the Ethics Charter in 1995 while the anti-corruption policy in 2015.
b. Does the Board of Directors or the General Manager approve training programs for compliance with the Ethics Code?	X		Every company of the group incorporates to the annual training plan courses on the Code of Conduct. Also, to conduct such training, we have on-line courses, incorporating them as induction for new directors and new collaborators.

(*) *The Code of Conduct may be a part of the Internal Conduct Regulations.*
(**) *The term collaborates covers all persons who have any employment relationship with the Company, regardless of the labor system or procedure.*

If the Company has a Code of Ethics, indicate the following:

a. Available to:

	Yes	No
Shareholders	X	
Other persons to whom it may apply	X	
The general public	X	

b. Indicate the area and/or person in charge of following up on and compliance with the Code of Ethics. If a person is in charge, include also the position and area where he/she works and who he/she reports to.

Area in Charge	Ethics Commission

Person in Charge			
Full Name	**Position**	**Area**	**Reports to**
Claudia Drago Morante	Chief Legal and Corporate Affairs Officer	Legal and Corporate Affairs Office	Mario Alvarado Pflucker

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c. Is a record of cases of non-compliance with such Code in place?

Yes [x] No

d. Indicate the number of events of non-compliance with the provisions in such Code, detected or reported during the fiscal year.

Total cases filed 2015	
Pending	0
Inadmissible	1
Under investigation	25
Closed	18

• The Ethical Channel record includes reports received, classified as above; however, we cannot say whether the reports classified as 'closed' have been an event of non-compliance or were ruled inadmissible, information that the Ethics Commission handles as reserved.

Question III.17	**Yes**	**No**	**Explanation:**
a. Does the Company have mechanisms in place to report any illegal or unethical behavior, safeguarding the confidentiality of the reporting party?	X		We have an Ethical Channel that allows reporting illegal or unethical behaviors safeguarding the confidentiality of the reporting party.
b. Reports are filed directly to the Audit Committee when related to accounting matters or when the General Management or the Financial Management are involved?	X		Item Q) of Section 40.6 of the Regulations of the Board of Directors requires that the Audit and Process Committee sets procedures for reception, retention and processing of the reports received by the Company in connection with accounting, internal control of accounts or audit matters. The confidential, anonymous submission of concerns by employees in society is also allowed regarding accounting or auditing scope issues.

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Question III.18	Yes	No	Explanation:
a. Is the Board of Directors in charge of follow-up and control of any conflicts of interest arising in the Board of Directors?	X		Article 29 of the Regulations of the Board of Directors provides that Directors communicate to the Board of Directors any conflict situation, whether direct or indirect, that they may have with the interest of the Company.
b. If the Company is not a financial entity, has it established the policy that members of the Board of Directors are prohibited from borrowing from the Company or from any company of their economic group, unless previously consented by the Board of Directors?	X		This policy is in place since we listed in the New York Stock Exchange in 2013. It should be noted that no loans whatsoever are granted to members of the Board of Directors (not even with the approval thereof).
c. If the Company is not a financial entity, has it established the policy that members of the Senior Management are prohibited from borrowing from the Company or from any company of their economic group, unless previously consented by the Board of Directors?	X		This policy is in place since we listed in the New York Stock Exchange in 2013. It should be noted that no loans whatsoever are granted to members of the Senior Management (not even with the Board of Directors).

a. Provide the following information on members of the Senior Management who are shareholders with an interest of 5% or more in the Company

Full Name	Position	Number of Shares	% of Total Shares
Not Applicable			

% of the total shares held by the Senior Management	9.3564%

b. Indicate whether any of the members of the Board of Directors or the Senior Management of the Company is the spouse, is a first or second degree relative by blood, or first degree relative by affinity of:

Full Name	Related to			Full Name of Shareholder / Director / Manager	Relation Type (**)	Additional Information (***)
	Shareholder(*)	Director	Senior Management			
Not Applicable						

(*) Shareholders with an interest of 5% or more in the capital stock.
(**) In connection with relatedness, the relationship criteria contained in the Regulations on Indirect Ownership, Related Companies and Economic Groups shall be applied.
(***)If any relationship with a shareholder exists, include the equity interest thereof. If the relation is with any member of the management staff, include its position.

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c. If a member of the Board of Directors holds or has held a management position in the Company during the fiscal year reported herein, provide the following information:

Full Name	Management Position that he holds or has held	Management Position Date	
		Start (*)	End (**)
Mario Alvarado Pflucker	Corporate General Manager	12.08.1996	
Hernando Graña Acuña	Executive President of GyM S.A.	31.03.2011	

(*) Pertains to the first appointment to a management position in the reporting company.
(**) Complete only if ceased in the management position during the fiscal year.

d. If any member of the Board of Directors or the Senior Management of the Company has held during the fiscal year any significant business, commercial or contractual relationship with the Company due to the amount or subject thereof, provide the following information.

Full Name	Relationship Type	Brief Description
Hernando Graña Acuña	Board Member	Purchased one (1) apartment at KLIMT project from our subsidiary Viva GyM S.A., in the total amount of S/ 6'226,520.00

PRINCIPLE 23: TRANSACTIONS WITH RELATED PARTIES

Question III.19	Yes	No	Explanation:
a. Does the Board of Directors have policies and procedures in place to assess, approve and disclose certain transactions between the Company and related parties, and to know the business or personal relationships, whether direct or indirect, that the Directors maintain with each other, with the Company, its suppliers or clients, and other stakeholders?	X		The Human Resources Management Committee has policies and procedures in place to assess, approve and disclose certain transactions between the Company and related parties, disclosing them in form 20F submitted as Relevant Fact to the SMV.

APPENDIX

FINANCIAL STATEMENTS

COMPLIANCE OF CORPORATE GOVERNANCE PRINCIPLES

REPORT OF PROJECTS DELIVERED BEFORE THE DEADLINE

GRI G4 CONTENT

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

b. For operations of special relevance or complexity, is the participation of independent external advisors for assessment thereof considered?		X	

a. If item a) of question III.19 is the case, indicate the area(s) of the Company in charge of dealing with transactions with related parties in the following aspects:

Aspects	Area in Charge
Assessment	Human Resources Management.
Approval	General Management or Board of Directors of each company.
Disclosure	General Management.

b. Indicate the procedures to approve transactions between related parties:

Article 30 of the Regulations of the Board of Directors provides that Human Resources Management and Social Responsibility Committee reserves the knowledge and authority over any transaction between the Company and any related party or person related to them, shareholders, Directors, Senior Mangers and Chief Executives or persons related to them and with other companies of the Graña y Montero Group.

Furthermore, for ordinary transactions, provided they are conducted at fair value, the generic authorization of the operations line shall suffice.

c. Detail the transactions material due to their amount or subject performed between the Company and its related parties during the fiscal year.

Name or Corporate Name of Related Party	Nature of the Relationship(*)	Type of Transaction	Amount (S/.)
Negocios de Gas	Subordinate	Capital Contribution	S/. 403,017,279.00
GyM S.A.	Subordinate	Loan agreement	S/. 175,000,000.00
Adexus S.A.	Subordinate	Capital Contribution	S/. 47,187,596.90
GMP S.A.	Subordinate	Loan agreement	S/. 42,000,000.00
GyM S.A.	Subordinate	General Management and Various Managements Contract	S/. 20,901,805
Survial S.A.	Subordinate	Loan agreement	S/. 18,771,500.00

(*) In connection with relatedness, the relationship criteria contained in the Regulations on Indirect Ownership, Related Companies and Economic Groups shall be applied.

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d. Indicate whether the Company sets limits to transitions performed with related companies:

Yes No [X]

PRINCIPLE 24: FUNCTIONS OF THE SENIOR MANAGEMENT

Question III.20 / Compliance	Yes	No	Explanation:
a. Does the Company have a clear policy for the delimitation of administrative or governance functions implemented by the Board of Directors, the ordinary conduct of business by the Senior Management and the leadership of the General Manager?	X		Article 9 of the Regulations of the Board of Directors defines the overall management strategy and guidelines of the Company, the furtherance and oversight of the conduct of the Senior Management setting the foundations of the corporate organization with a view to ensuring the highest efficiency thereof, oversight in connection with transparency and truthfulness of the information of the Company in its relationships with shareholders. Additionally, Article 38 of such Regulations provide that the General Manager is responsible for the operations and administration of the Company in accordance with the criteria and guidelines set by the Board of Directors, who implements such resolutions and ensures that the Senior Management performs the resolutions of the Board of Directors, implements the strategy of the Board and keeps an appropriate planning, control and information system for the Board of Directors.
b. The appointments of General Manager and Chairman of the Board of the Company are made by various persons?	X		Section 35.2 of the Regulations of the Board of Directors provides that the Chairman of the Board may not be a Chief Executive of the Group.
c. Does the Senior Management have sufficient autonomy to perform the duties assigned, within the framework of policies and guidelines defined by the Board of Directors and under the control thereof?	X		Art. 9.5 provides that the Board of Directors respects the decision making authority of its governing and management bodies in consistency with the interests of the Company. Furthermore, the principle of responsible autonomy set in the Code of Ethics prevails in the Company.
d. Is the General Manager in charge of complying with and enforcing compliance with the policy of information delivery to the Board of Directors and its members?	X		Article 38 of the Regulations of the Board of Directors provides that the General Manager shall be in charge of maintaining and appropriate planning, control and information system for the Board of Directors.
e. Does the Board of Directors evaluate on an annual basis the performance of the General Management under well defined standards?	X		Yes, it is a part of the self-evaluation process of the Board of Directors which takes place within the first quarter of each year.
f. Does remuneration of the Senior Management have a fixed and a variable component that take into account the results of the Company based on a sound and responsible assumption of risk, and accomplishment of the goals set in the respective plans?	X		At present, the remuneration of Directors of the Company, regulated in Article 34 of the Regulations of the Board of Directors, consists of the following: Board of Directors meeting attendance fees, Committee meeting attendance fees, and profit sharing.

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a. Provide the following information on the remuneration of the General Manager and the management staff (including bonuses).

Position	Remuneration (*)(**)	
	Fixed	Variable
General Manager	0.014%	0.004%
Management Staff	0.084%	0.028%

(*) *Indicate the ratio of the aggregate amount of remunerations and annual bonuses of members of the Senior Management to gross income, according to the financial statements of the Company.*
(**) *The ratio is set in relation to consolidated gross sales of the Graña y Montero Group.*

b. If the Company pays the Senior Management bonuses or any compensation other that those required by law, indicate how these are paid.

	General Management	Managers
Delivery of Shares		X
Delivery of Options	No	No
Delivery of Cash	No	No
Others / Detail	Shares are delivered based on the loyalty program	

c. In case of existence of a variable component in the remuneration, specify the main aspects taken into account for determination thereof.
- Compliance with Company budget taken into account
- Rate of compliance with executive objectives
- Pre-established financial index

d. Indicate if the Board of Directors evaluated performance of the General Management during the fiscal year.

Yes [X] No

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PILLAR IV: RISK AND COMPLIANCE

PRINCIPLE 25: ENVIRONMENT OF RISK MANAGEMENT SYSTEM

Question IV.1	Yes	No	Explanation:
a. Does the Board of Directors approve a comprehensive risk management policy in consistency with its size and complexity, promoting a risk management culture within the Company, from the Board of Directors to the Senior Management and its own collaborators?	X		Under item J) of Article 9.3 of the Regulations of the Board of Directors, this is a function of the Board of Directors. However, as of this date the risk matrix of the Group it is under review to enhance it.
d. The comprehensive risk management policy covers all companies that make up the Group and allows a comprehensive view of critical risks?	X		Will cover the entire Group.

Does the Company have a risk management delegation policy setting the risk limits that can be managed for each company level?

Yes No X

Question IV.2	Yes	No	Explanation:
a. The General Management manages the risks to which the Company is exposed and communicates them to the Board of Directors?	X		Through the management report of the business report and the Relevant Facts submitted at every meeting.
d. Is the General Management responsible for the risk management system, if there is no Risk Committee or Risk Management?	X		

Does the Company have a Risk Manager?

Yes No X

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If answered in the affirmative, provide the following information:

Full Name	**Date of Position Held**		**Area / Body to which it reports**
	Start (*)	**End (**)**	
Not Applicable			

(*) Pertains to the first appointment in the reporting Company.
(**) Complete only if ceased in the position during the fiscal year.

Question IV.3	**Yes**	**No**	**Explanation:**
Does the Company have an internal and external control system the efficiency and suitability of which is overseen by the Board of Directors of the Company?	x		Through the Audit and Process Committee

PRINCIPLE 26: INTERNAL AUDIT

Question IV.4	**Yes**	**No**	**Explanation:**
a. The internal auditor performs auditing duties on an exclusive basis, is autonomous and has the experience and expertise in the subjects under his evaluation, and the independence to follow up on and evaluate efficiency of the risk management system?	X		The internal auditor is autonomous to objectively evaluate and regulate the risks of the business, the internal control system and the operating and financial performance so that the information of the Company is accurate and consistent with the transparency principle.
b. Are the ongoing evaluation of the validity and reliability of all the financial information generated or entered by the Company, and verifying the efficiency of regulatory compliance the functions of the internal auditor?	X		For the information of the Company to be accurate and consistent with the transparency principle.
c. Does the internal auditor report directly to the Audit Committee its plans, budget, activities, progress, results obtained and actions taken?	X		Likewise, under item c) of Article 40.6 of the Regulations of the Board of Directors, supervising the internal audit services is a function of the Audit and Process Committee.

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a. Indicate whether the Company has an independent area in charge of internal audit.

Yes [X] No

If answered in the affirmative, indicate, by rank, who the audit depends on within the organic structure of the Company.

Depends on:	***THE AUDIT AND PROCESS COMMITTEE***

b. Indicate if the Company has an Internal Corporate Auditor.

Yes [X] No

Indicate the main responsibilities of the internal auditor and if it performs functions other than the internal audit.

The internal auditor does not perform functions other that the internal audit and its main functions are:
- Assist the Board of Directors and the Management in performance of its Corporate Governance-related functions.
- Objectively evaluate and regulate the risks of the business, the internal control system and operating and financial performance.
- Provide assurance and consulting in the potential capacity of this activity to improve risk management, add value to the group and improve the operational level.

Question IV.5	Yes	No	Explanation:
Is the Board of Directors in charge of the appointment and termination of the Internal Auditor at the proposal of the Audit Committee?	X		The Regulations of the Board of Directors provide that the Audit and Process Committee shall ensure that selection of the Internal Auditor is made under objective criteria; and in general, that that the information of the Company be accurate and consistent with the transparency principle.

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PRINCIPLE 27: EXTERNAL AUDITORS

Question IV.6	Yes	No	Explanation:
Does the Regular Shareholders Meeting, at the proposal of the Board of Directors, appoint the auditing firm or the independent auditor, who maintain a clear independence from the Company?	X		The auditor appointed by the Regular Shareholders Meeting maintains a clear independence whereby it is a function of the Audit and Process Committee to relate with the external auditors, to receive information on matters that may jeopardize their independence.

a. Does the Company have a policy for appointment of the External Auditor?

Yes [X] No

If answered in the affirmative, describe the procedure to hire the auditing form in charge of reviewing the annual financial statements (including the identification of the corporate body in share of electing the auditing firm).

The Corporate Financial Management proposes three candidates, then the Audit and Process Committee approves the appointment of one of them, who is presented by the Chairman of the Committee to the Board of Directors for approval and submission to the Regular Shareholders Meeting who ultimately approves such appointment.

b. If the auditing firm has provided services other than accounts reviewing, indicate if such hiring was communicated to the Regular Shareholders Meeting, including the percentage of the total invoiced by the auditing firm to the Company that such services account for

Yes [X] No

c. The persons or entities related to the auditing firm provide to the Company services other than the reviewing of accounts?

Yes [X] No

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

If answered in the affirmative, provide the following information on the additional services provided by persons or entities related to the auditing firm in the reported fiscal year.

Name or Corporate Name	Additional Services	% of Remuneration (*)
PwC	Other Services	25%

(*) Invoicing of additional services to invoicing of auditing services.

d. Indicate whether the auditing firm has used different equipment, if it has provided services additional to reviewing of accounts.

Yes [X] No

Question IV.7	Yes	No	Explanation:
a. Does the Company maintain a policy of renewal of its independent auditor or auditing firm?	X		The Regulations of the Board of Directors set forth the independent auditor renewal policy.
b. If such policy requires longer periods for renewal of the auditing firm, the work team of the auditing firm rotates every five (5) years maximum?	X		The Company keeps the firm, but the equipment must be changed at least every three (3) years.

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Provide the following information on the auditing firms that have provided services to the Company in the last five (5) years.

Corporate Name of the Auditing Firm	Service (*)	Period	Remuneration (**)	% of the Income of the Auditing Firm
PwC	Audit before the deadline	2010-2015		5%
PwC	Transfer prices study	2010-2015		18%
PwC	Oversight advisory	2010-2015		63%
PwC	Sworn affidavit assistance	2012-2015		14%
PwC	Other Services	2015		25%

(*) Include all service types, such as financial information reviews, accounting appraisals, operational audits, systems audits, tax audits and other services.
(**) Of the aggregate amount paid to the auditing firm on all accounts, indicate the percentage pertaining to remuneration for financial auditing services.

Question IV.8	Yes	No	Explanation:
In economic groups, the external auditor is the same for the entire group, including off-shore affiliates?	X		

Indicate whether the auditing firm hired to review the financial statements of the Company for the reported fiscal year also reviewed the financial statements for the same fiscal year of other companies of its economic group.

Yes [X] No

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If answered in the affirmative, provide the following:

Name or Corporate Name of Company (Companies) of the Economic Group
GyM S.A.
GMI S.A.
GMP S.A.
GMD S.A.
CONCAR S.A.
NORVIAL S.A.
SURVIAL S.A.
Concesión Canchaque S.A.C
GyM Ferrovías S.A.
CAM Chile S.A.
Compañía Americana de Multiservicios del Perú S.A. (Cam Perú S.A.)
CAM Colombia Multiservicios S.A.S.
Viva GyM S.A
Concesionaria La Chira S.A.
STRACON GyM S.A.
CAM Holding SpA
GyM Chile SPA
GyM Construcciones y Montajes Limitada
GyM Minería S.A.
Vial y Vives-DSD S.A.
Inmobiliaria Almonte S.A.C.
Ecotec S.A.C.
Gestión de Soluciones Digitales S.A.C.
Coasin Instalaciones Ltda

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PILLAR V: INFORMATION TRANSPARENCY

PRINCIPLE 28: INFORMATION POLICY

Question V.1	Yes	No	Explanation:
Does the Company have an information policy for shareholders, investors, other stakeholders and the market in general, with which it defines in a formal, orderly and comprehensive manner the guidelines, standards and criteria to be applied in handling, gathering, preparing, classifying, organizing and/or distributing the information generated or received by the Company?	X		The information policy for shareholders, investors and other stakeholders is covered by both our Investor Relations Office and by the communications made by our Stock Exchange Representative though the Relevant Facts.

a. If applicable, indicate if, according to its information policy, the Company issues the following:

	Yes	No
Objectives of the Company		X
List of members of the Board of Directors and the Senior Management	X	
Equity structure	X	
Description of the economic group to which it belongs	X	
Financial statements and annual report	X	
Others / Detail	Transactions between related parties Remuneration of the Board of Directors and the Senior Management	

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

b. Does the Company have a corporate web page?

Yes [X] No

The corporate web page includes:

	Yes	No
A special section on corporate governance or relationships with shareholders and investors, which includes the Corporate Governance Report	X	
Relevant facts	X	
Financial information	X	
By-laws	X	
Regulations of the Shareholders Meeting and information on meetings (attendance, minutes, others)	X	
Make-up of the Board of Directors and its Regulations	X	
Code of Ethics	X	
Risk policy		X
Corporate Social Responsibility (community, environment, others)	X	
Others / Detail		

Question V.2	Yes	No	Explanation:
Does the Company have an investor relations office?	X		It is our Investor Relations Office.

If it has an investor relations office, who is the person in charge?.

Investor Relations Office Manager	Dennis Gray Febres

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If no investor relations office is in place, indicate the unit (department/area) or person in charge of receiving and handling the information requests of shareholder of the Company and the general public. If a person is in charge, include also his/her position and the area where he/she works.

Area in Charge	Not Applicable

Person in Charge		
Full Name	**Position**	**Area**
Not Applicable		

PRINCIPLE 29: FINANCIAL STATEMENTS AND ANNUAL REPORT

If the external auditor's report has been issued with qualifications, these have been explained and/or substantiated to the shareholders?
Not applicable

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PRINCIPLE 30: INFORMATION ON EQUITY STRUCTURE AND SHAREHOLDER RESOLUTIONS

Question V.3	Yes	No	Explanation:
Does the Company disclose the ownership structure, considering the various classes of shares and, if applicable, the joint interest of a specific economic group?	X		The Company discloses such information through the SMV, where we report direct and indirect ownership.

Indicate the make-up of the equity structure of the Company as of the year-end.

Shares of Voting Stock Held	Number of Holders (as of the year-end)	% Interest
Less than 1%	1805	14.56%
1% - 5%	11	24.48%
5% - 10%	1	5.12%
More than 10%	2	55.84%
Total	1819	100%

Shares of Non-voting Stock Held (if applicable)	Number of Holders (as of the year-end)	% Interest
Less than 1%	Not Applicable	
1% - 5%	Not Applicable	
5% - 10%	Not Applicable	
More than 10%	Not Applicable	
Total	Not Applicable	

Investment Shares Held (if applicable)	Number of Holders (as of the year-end)	% Interest
Less than 1%	Not Applicable	
1% - 5%	Not Applicable	
5% - 10%	Not Applicable	
More than 10%	Not Applicable	
Total	Not Applicable	

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

Treasury stock to capital stock ratio: Not Applicable

Question V.4	Yes	No	Explanation:
Does the Company report shareholder agreements?	X		However, we do not have a shareholders agreement.

a. Does the Company have shareholder agreements in force?

Yes No ☒

b. If any shareholders agreement has been reported to the Company during the fiscal year, indicate the subject matter thereof.

Election of members of the Board of Directors	Not Applicable
Exercise of voting rights at meetings	Not Applicable
Restriction to the free transfer of the shares	Not Applicable
Changes in internal or statutory regulations of the Company	Not Applicable
Others / Detail	Not Applicable

PRINCIPLE 31: CORPORATE GOVERNANCE REPORT

Question V.5	Yes	No	Explanation:
Does the Company disclose the corporate governance standards adopted in an annual report, for the contents of which the Board of Directors is responsible, upon the report of the Audit Committee, the Corporate Governance Committee, or of an external consultant, if applicable?	X		These are communicated in the Annual Report and released to the SMV.

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

a. The Company has mechanisms in place for internal and external disclosure of corporate governance practices.

Yes [X] No

If answered in the affirmative, specify the mechanisms used.
The Legal and Corporate Affairs Management is in charge of internal and external disclosure of corporate governance practices and of proposing improvements to the General Management and the Board of Directors.

SECTION C:

CONTENT OF DOCUMENTS OF THE COMPANY

Indicate in which of the following document(s) of the Company these matters are regulated.

		Principle	By-laws	Internal Regulations (*)	Manual	Others	Not regulated	Not Applicable	Name of Document (**)
1.	Policy for redemption or swap of shares of non-voting stock	1						X	
2.	Share ownership entry method and person in charge	2				X			CAVALI
3.	Procedures for selection of external advisor to issue an independent opinion on the corporate operations that may affect the right to non-dilution of shareholders	3					X		
4.	Procedure to receive and handle request for information and opinion of the shareholders	4		X					
5.	Dividend policy	5		X		X			
6.	Policies or agreement for non-adoption of anti-takeover mechanisms	6					X		
7.	Arbitration agreement	7	X						
8.	Policy for selection of Directors of the Company	8		X					
9.	Policy to evaluate remuneration of the Directors of the Company	8		X					

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

		Principle	By-laws	Internal Regulations (*)	Manual	Others	Not regulated	Not Applicable	Name of Document (**)
10.	Mechanisms to make information relative to items contained in the agenda of the Regular Shareholders Meeting and resolution proposals available to shareholders	10		X					
11.	Means additional to those provided by Law, used by the Company to give notice of meetings	10		X					
12.	Additional mechanisms for shareholders to submit proposals of items in the agenda to be discussed at a Regular Shareholder Meeting	11		X					
13.	Procedures to accept or reject shareholder proposals to include agenda items to be discussed at the Regular Shareholders Meeting	11		X					
14.	Mechanisms allowing non-presential participation of shareholders	12					X		
15.	Procedures to cast differentiated votes by the shareholders	12		X					
16.	Procedures to perform in voting delegation situations	13		X					
17.	Requirements and formalities for a shareholder to be represented by proxy at the meeting	13	X	X					
18.	Procedures for the delegation of votes to members of the Board of Directors or the Senior Management	13		X					
19.	Procedure to follow up on Regular Shareholders Meeting resolutions	14		X					
20.	Minimum and maximum number of members to make up the Board of Directors of the Company	15	X	X					
21.	Duties, rights and functions of the Directors of the Company	17	X	X					
22.	Bonus types received by the Board of Directors for accomplishment of goals of the Company	17		X					

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

		Principle	By-laws	Internal Regulations (*)	Manual	Others	Not regulated	Not Applicable	Name of Document (**)
23.	Policy for hiring advisory services for Directors	17		X					
24.	Induction policy for new Directors	17		X					
25.	Special requirements to be an Independent Director of the Company	19	X	X					
26.	Criteria for performance evaluation of the Board of Directors and its members	20		X					
27.	Policy for determining, follow-up and control of possible conflicts of interest	22		X					
28.	Policy defining the procedure for assessment, approval and disclosure of transactions with related parties	23		X					
29.	Responsibilities and functions of the Chairman of the Board, Executive President, General Manager, and other Senior Management officers	24		X		X			
30.	Criteria for performance evaluation of the Senior Management	24		X					
31.	Policy to set and evaluate remuneration of the Senior Management	24		X					
32.	Comprehensive risk management policy	25					X		
33.	Responsibilities of person in charge of Internal Audit	26		X					
34.	Policy to appoint the External Auditor, term of the contract and renewal criteria	27		X					
35.	Policy of disclosure and communication of information to shareholders	28		X					

(*) *Includes the Regulations of the Regular Shareholders Meeting, Regulations of the Board of Director and others issued by the company.*
(**) *Indicate name of the document, unless it is the by-laws.*

REPORT ON COMPLIANCE WITH THE GOOD CORPORATE GOVERNANCE CODE FOR PERUVIAN COMPANIES

SECTION D:

OTHER INFORMATION OF INTEREST[5]

On July 23, 2013, the Company made an initial public offering (IPO) of shares for approximately USD 413 million dollars in the New York Stock Exchange. It also gave the placing banks an option for up to an additional USD&& 62 million, which was exercised over a period of 30 days. In this connection, we have submitted Form 6K concurrently with the Relevant Facts submitted to the Securities Market Superintendence (SMV), Form 20F that is submitted annually and which we also submitted as a Relevant Fact to the SMV.

Additionally, we have a financial expert in the Audit and Process Committee, as required by the , Sarbanes-Oxley Act of 2002 (SOX), applicable to foreign companies.

In addition to the aforementioned Special Committees, we have the following governing bodies, the conduct of which is regulated in our Regulations of the Board of Directors:

- Executive Commission.- The governing body made up of the Executive Presidents, General Managers of the Subsidiaries and the Corporate Managers of the Company, the purpose of which is to discuss matters of strategic importance that affect the Company and Subsidiaries as a part of the Graña y Montero Group and be a coordination body. The main functions of the Executive Commission include:

a) Discuss the Strategic Plan of the Company and Subsidiaries
b) Discuss the Annual Budget of the Company and Subsidiaries
c) Discuss the Annual Investment Plan of the Company and Subsidiaries
d) Discuss Policies and Strategies applicable to the Company and Subsidiaries
e) Other matters of interest and relevance to the Company and Subsidiaries

-Ethics Commission.- A board in charge of promoting ethical behavior in the Group, and of evaluating and making decisions on any breach of the Ethics Charter and the Code of Conduct. The Ethics Commission provides a Manual setting the Ethical Channel Use Protocol.

During 2015, the Company and its subsidiaries adopted the Anti-Corruption Policy applicable to the Group in accordance with the provisions of the Foreign Corrupt Practices Act (FCPA) which apply to us in our capacity as a foreign company listed on the Stock Exchange in New York.

Lastly, we are part of the Companies Circle, an initiative launched in 2005, that brings together a group of Latin American companies who stand out for their good corporate governance practices.

5. *We include other information of interest not discussed in the previous sections, to provide investors and the various stakeholders with a broader scope of other good corporate governance practices implemented by the Company, practices pertaining to corporate social reasonability, and relations with institutional investors, among others. Furthermore, the Company may indicate if it has voluntarily adhered to other codes of ethical principles or good practices, whether international, sectorial, or other, indicating the code and date of adhesion.*

APPENDIX

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

I	Scope
II	Previously agreed-upon procedures
III	Report

Exhibit A -	GyM S.A.: Schedule of works performed, completed and delivered during the year ended December 31, 2015.
Exhibit B -	GMD S.A.: Schedule of services performed, completed and delivered during the year ended December 31, 2015.
Exhibit C -	GMI S.A. Ingenieros Consultores: Schedule of projects performed, completed and delivered during the year ended December 31, 2015.
Exhibit D -	Viva GyM S.A.: Schedule of projects performed, completed and delivered during the year ended December 31, 2015.
Exhibit E -	Summary by company of works, projects and services performed, completed and delivered during the year ended December 31, 2015.

S/=	Peruvian sol
US$=	United States Dollar

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

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Mr. José Graña Miró Quesada
Chairman
Graña y Montero S.A.A.
Av. Paseo de la República N°4667
Surquillo
Lima

March 21, 2016

Dear sirs:

I SCOPE

As per your request, we have applied the previously agreed-upon procedures which are detailed in Section II regarding the following schedules. The results of these procedures will be included in the annual report of Graña y Montero Group.

- GyM S.A. (hereinafter GyM): Schedule of work performed, completed and delivered during the year ended December 31, 2015, included in Exhibit A (hereinafter Exhibit A).
- GMD S.A. (hereinafter GMD): Schedule of services performed, completed and delivered during the year ended December 31, 2015, included in Exhibit B (hereinafter Exhibit B).
- GMI S.A. Ingenieros Consultores (hereinafter GMI): Schedule of projects performed, completed and delivered during the year ended December 31 2015, included in Exhibit C (hereinafter Exhibit C).
- Viva GyM S.A. (hereinafter Viva GyM): Schedule of projects performed, completed and delivered during the year ended December 31 2015, included in Exhibit D (hereinafter Exhibit D).

Our engagement was undertaken in accordance with International Standard on Related Services (ISRS) 4400 applicable to agreed-upon procedure engagements. Therefore, the procedures performed do not constitute an audit or a review. Under this standard we will report on any findings identified during the application of the procedures enumerated below in Section II, which does not constitute an audit opinion on the reasonability of the financial statements, or of the internal control effective at GyM, GMD, GMI, and/or Viva GyM for the year ended December 31, 2015.

Had we been requested to perform additional procedures, other matters might have come to our attention that would have been reported to you. In this sense, our responsibility is to issue a report which is solely related to the findings that arose from the application of the procedures described in Section II. We should note that our engagement does not guarantee the detection of errors, fraud or any other illegal acts, if they exist.

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
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Management of each GyM, GMD, GMI and Viva GyM are responsible for the preparation of the schedules of works, projects and services performed, completed and delivered during the year ended December 31, 2015 as well as the sufficiency of the procedures described in Section II. Our responsibility is to issue a report containing the findings arising from the application of the procedures detailed in the section below

It should be noted that the procedures did not include verifying compliance with other contractual terms, commitments or conditions assumed by GyM, GMD, GMI, and Viva GyM related to works, projects and services included in Exhibits A, B, C, and D.

This report is solely for the use and information of the Board of Graña y Montero S.A.A. and it should not be used in any contractual discrepancies and it should not extend to any financial statements of GyM, GMD, GMI y/o Viva GyM, taken as a whole.

II PROCEDURES PERFORMED

The following procedures were applied:

Exhibits A, B, and C -

1. We compared dates from the column "contractual delivery date" of Exhibits A, B, and C prepared by Management, with agreements and/or subsequent addendums related to each work, project or service.
2. We compared dates from the column "date of delivery to customer" from Exhibits A, B, and C with the acceptance record supporting each work, project or service.
3. We compared the dates in the columns "contractual delivery date" and "date of delivery to customer" and identifying if, according to the dates included in these columns, the works, projects or services were delivered before or on the agreed date. We prepared a summary containing the results of this procedure.
4. Considering the amount involved in the performance bonds issued, which are included in the column "performance bonds" in Exhibits A, B and C, we observed the documentation that supported the decision to make these bonds void.

Exhibit D -

1. We compared dates from columns "Date of delivery to Customer" and "Delivery due date" of Exhibit D, prepared by Viva GyM Management, against the following information and/or documents, if appropriate.

Purchase-sales agreements state a date of delivery to customer and also a delivery due date dependent on the customer's compliance with settling the price of the property, including the last direct installment of financing or the draw-down of the mortgage loan by the financial institution and that customer has already signed the purchase public deeds, if a mortgage loan was requested.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

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page 3

Evidence of delivery shall be any of the following alternatives:

Public interest housing -

a) If the foregoing conditions are met within the agreement delivery due date:

- Evidence shall be the respective delivery supporting documentation, duly signed by the owner and indicating the specific date stated in the agreement.
- An acknowledgment of receipt of the notary-public letter sent to the legal address of customer (specified in the agreement), stating the delivery of the asset at a date stated in the agreement or addendum to date or delivery, if applicable.

b) If the foregoing conditions are met within the extended period of time as per the addendum to the original agreement:

- Evidence shall be the respective delivery supporting documentation, duly signed by the owner with a delivery date signed by the customer indicating the specific date stated in the agreement.

c) If the foregoing conditions are met by the customer beyond the delivery due date of the agreement:

- Evidence shall be the respective delivery supporting documentation, duly signed by the owner with a date within the additional period of time stated in the agreement, once the pre-requirement condition of settlement of price is met.
- An acknowledgment of receipt of the notary-public letter sent to the legal address of customer (specified in the agreement), stating the delivery of the asset at a date within the additional period of time stated in the agreement or addendum to date or delivery, once the pre-requirement condition of settlement of price is met.
- Letters or emails received from customer stating the personal reasons or other reasons beyong control of VIVA GyM S.A., for which customer will not be able to attend at the scheduled date and is requesting a new date. In this case, the respective documentation supporting compliance should state the new date agreed with customer.

Traditional housing -

Evidence supporting delivery can be any of the followings:

- Documentation supporting delivery of property at the contractual date
- If the real estate property were ready for delivery on or before the contractual date and customer served notice, email or any other written communication to Viva GyM S.A., stating that for reasons attributable to the customer, the unit will not be received on that date and also stating the new delivery date requested; in that case, both documents that may support actual delivery would state the new date of delivery requested by customer and evidence of compliance with contractual date would be the above-mentioned written communication (regardless of whether a formal addendum is signed or not to the original purchase-sale agreement).

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- Email or any other written communication addressed to Viva GyM S.A. stating that the properties are completed and at disposal; in the event, the customer does not makes no response regarding a coordination of delivery date within a reasonable period of time, property will be deemed to be delivered; in these cases, the communication announcing that offices were ready will constitute the relevant delivery supporting documentation.

2. We compared dates from columns "delivery due date" and "date of delivery to customer" and determined whether, if based on the dates included in these columns, the project was delivered before or on the delivery due date. We prepared a summary containing the results of this procedure.

III REPORT

Based on the results obtained from applying the procedures described in Section II, regarding schedules of works, projects and services performed, completed and delivered during the year ended December 31, 2015, our comments are detailed below.

Exhibits A, B and C -

1. Dates in column "contractual delivery date" of Exhibits A, B, and C match the agreements and/or corresponding addendums to each work, project or service.
2. Dates in column "date of delivery to customer" of Exhibits A, B and C match the delivery supporting documentation of each work, project or service.
3. According to the dates included in columns "contractual delivery date" and "date of delivery to customer" we noted that work, projects or services detailed in Exhibits A, B, and C were delivered before or on the contractual date.

   A summary was prepared, which is included in Exhibit E – Summary per company regarding works, projects or services performed, completed and delivered during the year ended December 31, 2015.
4. Performance bonds issued for the amount indicated in column "performance bonds" in Exhibits A, B,and C have been made void.

Exhibit D -

1. Dates in column "delivery due date" and "Date of delivery to customer" of Exhibit D match the related documents, depending on the type of housing.
2. According to the dates included in columns "delivery due date" and "date of delivery to customer", projects described in Exhibit D were delivered on the delivery due date or before.

APPENDIX

FINANCIAL STATEMENTS

COMPLIANCE
OF CORPORATE
GOVERNANCE
PRINCIPLES

REPORT OF PROJECTS
DELIVERED BEFORE THE
DEADLINE

GRI G4 CONTENT

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

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March 21, 2016 de 2016
Mr. José Graña Miró Quesada
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A summary of results was prepared, included in Exhibit E – Summary per company of works, projects or services performed, completed and delivered during the year ended December 31, 2015.

* * *

We remain available at your convenience to clarify and/or provide additional information on the contents of this report.

Sincerely,

Gaveglio Aparicio y Asociados

Countersigned by

(partner)

Hernán Aparicio P.
Peruvian Certified Public Accountant
Registration No.01-020944

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
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SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT A

GYM S.A.

SCHEDULE OF WORKS PERFORMED, COMPLETED AND DELIVERED FOR THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
1	Construction work No. 1823 - Demolition of Pezet 583	Viva GyM S.A	Execution of construction work comprisiing delomition works and and removal of the existing building, as well as the installation of the perimetric fencing under uplump sum.	4/21/15	3/6/15	-	-
2	"El Sol de Barranco" Construction work	Viva GyM S.A	Technical, administrative, playroll management, logistics, legal counseling, community management and IT services rendered for the construction of a 16-story home building plus 4 basements.	3/9/15	2/24/15	-	-
3	"Plaza Vea Valle Hermoso" - Surco Construction work	Supermercados Peruanos S.A	Construction of new commercial premises (tre-level structure) and a new backroom.	4/15/15	4/7/15	-	-
4	EARTHMOVING AND INSTALATION OF GEOSYNTHETIC MATERIALS AND PIPELINES - PAD 1 PHASE III	Sociedad Minera Cerro Verde	The proposed facility comprises a new Leaching Pad and a new processing pond, as well as quxiliary and supplementary installations allowing operation and protection.	7/31/15	7/31/15	-	11,794,700.92
5	EXPANSION OF SAGA FALABELLA - REAL PLAZA CENTRO CÍVICO	Patrimonio en Fideicomiso D.S. 093-2002-EF Interproperties Perú	Project preparation for "Expansion of Saga Falabella-Real Plaza Centro Cívico".	5/12/15	5/12/15	-	1,687,163.78
6	UTEC 150831	Tecsup	Construction of a new Universitary campus, on a land located in Barranco district, department of Lima.	3/30/15	3/30/15	-	5,681,141.84

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

APPENDIX

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B
GMD S.A.

SCHEDULE OF SERVICES PERFORMED, COMPLETED AND DELIVERED FOR THE YEAR ENDED DECEMBER 31, 2

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
1	100038 ISO-BBVA-OPE-PRODUCCIÓN	BANCO CONTINENTAL	Value-added hosting service, in which COT services are offered (Technological Operations Center -"Centro de Operaciones Tecnológicas") located in GMD's premises.	8/31/15	8/31/15	-	-
2	N° 2391 - 09 - BC/CISG	BANCO CONTINENTAL	Provision of customer service (Help Desk).	6/30/15	6/30/15	-	560,448
3	101798 STE - MINEDU - SERVERS	MINISTERIO DE EDUCACIÓN	Acquisition of server for PIP JEC"	12/31/15	12/31/15	-	6,800,000
4	100064 HD - REPSOL CAU	REPEXSA (Repsol Exploración Perú Sucursal Perú)	CAU Technical support service and Operations under the agreement's requirements and conditions.	9/30/15	9/30/15	-	105,667
5	100533 TST - FERREYROS - TESTING	FERREYROS S.A.A	Provision of IT quality control.	3/31/15	3/31/15	-	-
6	100717 HD - DELOSI - MDA N2	SIGDELO S.A	Service based on service levels.	6/30/15	6/9/15	-	-
7	100066 HD - SAVIA PERU -HELP DESK	SAVIA PERÚ S.A	Provision of customer service - Help Desk - Technical Support.	2/16/15	2/16/15	-	-
8	100057	MINERA BARRIK MISQUICHILCA S.A	Act as a "Control Tower" for IMT BARRIK services for users, being in charge of the activities required for measurement, control and service.	12/31/15	12/31/15	-	84,073
9	100048 - ISO LA POSITIVA DRP	LA POSITIVA SEGUROS Y REASEGUROS	Provision of Computer Center services for recovery in case of disasters for critical information structure.	12/30/15	12/30/15	-	-
10	101571 - STE-ZRIX-SRV.ALM.	SUPER INTENDENCIA NACIONAL DE LOS REGISTROS PÚBLICOS (SUNARP)	Main provision of the acquisition of the Testing Service, Pass to Production and Expansion of the SAN Storage System.	5/31/15	2/17/15	-	88,100

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT C

GMI INGENIEROS Y CONSULTORES S.A.

SCHEDULE OF SERVICES PERFORMED, COMPLETED AND DELIVERED FOR THE YEAR ENDED DECEMBER 31, 2

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
1	ORDER No. 4100001604	PETROLEOS DEL PERU S.A.	Preparation of Basic Engineering of Licence and Assembly project of dispatch islands No.2, No. 4 and No.7 in Conchan refinery.	12/16/15	12/9/15	-	-
2	GMI Project No. 171394	REPSOL EXPLORACIÓN PERU, SUCURSAL DEL PERU	Professional services related to Engineering - Conceptual Design and Assessments for Nuevo Mundo Dock, located in Nuevo Mundo logistic base, Echarate district, La Convención province - Cusco.	12/31/15	12/31/15	23,884	-
3	FRAMEWORK AGREEMENT LTE0913 - ENGINEERING DEVELOPMENT SERVICE	Compañia Minera Antamina S.A.	Supervision of the Program of Water Management under Agreements MTE 1415 and MTE 2215.	11/30/15	11/30/15	100,000	-
4	L4 - T36-001	SOUTHERN COPPER	Engeeniering and procurement services for new workshops for bulldozers and light to medium duty equipment - Toquepala.	11/4/15	11/4/15	99,659	-
5	OS No. 128093688	BARRICK PERU	Engineering service for the Bombing station - Level 3730 for ARD 450 plant.	11/28/15	11/28/15	-	-
6	Service Framework Agreement	COGA	Engineering professional services for the project to relocate Generators in PS3.	31/11/2015	31/11/2015	-	-
7	No. CA-071/14	MINERA ANTAPACCAY	Operating Assessment - Definite Conection 220 kv SE Antapaccay S.E. Tintaya Nueva.	10/28/15	10/28/15	75,000	-
8	iw298-lte0913-odt-01	Compañia Minera Antamina S.A.	Construction work of two storage tanks for copper concentrates.	2/29/16	2/29/16	-	-
9	EXTENSION OF THE DISCHARGE OF TAILINGS AND SPIGOTS SYSTEM	KNIGHT PIESOLD	Detail Engineering - Service to recover minerals from mills - electromechanical works.	11/13/15	11/13/15	-	-
10	MA-1698-2015	MINERA YANACOCHA S.R.L.	Quecher Main Feasibility Engineering in Electromechanical facilities of Carachugo 14 Pad.	9/23/15	9/23/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
11	MA-02815-2015	MINERA YANACOCHA S.R.L.	Technical Assessment of Equipment from Gold Mill Tailing - Northern Expansion.	12/23/15	12/23/15	-	-
12	MA-02028-2015	MINERA YANACOCHA S.R.L.	Development of Detail Engineering of Carachugo 11 Pad	9/20/15	9/20/15	-	-
13	GMI project No. 271466	REPSOL EXPLORACIÓN PERU, SUCURSAL DEL PERU	Professional services related to Geotechnical Studies U400, located in Nuevo Mundo Logistics Base, Echarte district, La Convención province - Cusco.	12/31/15	12/31/15	25,838	-
14	FRAMEWORK AGREEENT No. 14027-PX-B TO DEVELOP ENGINEERING STUDIES	CNPC	Conceptual and Basic Engineering New Base Camp - Block 58.	12/20/15	12/20/15	39,965	-
15	"LINEA DE CONDUCCIÓN RAMAL SUR-INTERFERENCIA E INGENIERIA DE OFERTA OBRAS DE CABECERA"	GyM S.A.	Pipeline works for the supply of drinking water to Lima.	12/31/15	12/31/15	-	-
16	UPGRADING OF TALARA REFINERY	GyM S.A.	Upgrading of Talara Refinery in BOOT3 and BOOT4(Built-Own-Operate-Transfer).	12/31/15	12/31/15	-	-
17	GMI project No. 111417	CONSORCIO TUNELES VIALES	Recovery and strenghthening of Santa Rosa and San Martin tunnels.	6/30/15	6/30/15	-	-
18	Preparation of Technical File of Engineering and Construction of Major Works in Puente Huaura, Supe and Pativilca.	NORVIAL	Preparation of Detail Engineering Technical File (Final Study) for the construction of the Complementary Works of RED VIAL 05 Panamericana Norte, Ancón-Huacho tranch, Group 1.	8/30/15	8/30/15	-	-
19	No. 004-12-2015	PROMOTORA LARCOMAR	Preparation of technical reports, among others.	12/20/15	12/20/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
20	Environmental Impact Assessment for new plant of steel casting	ACEROS CHILCA S.A.C	Preparation of technical files to modify the environmental impact assessment for the new steel casting for the production of pieces for Aceros Chilca.	11/4/15	11/4/15	-	-
21	CEMENT MILL	CALIZA CEMENTO INCA S.A	Technical consultancy, among others.	12/31/15	12/31/15	-	-
22	GMI No. 121395 project	UNION DE CERVECERIAS PERUANAS BACKUS Y JHONSTON S.A	Setting-up of equipment - Backus plant ATE.	6/20/15	6/30/15	-	58,770
23	No. ONO 115143 ZF	PETROLEOS DEL PERU S.A.	Consultancy service to supervise the Upgrading works in the Motor and Equipment Control Center in the Electric Sub-estation No. 6 - Talara refinery.	4/12/15	4/12/15	133,960	-
24	Bucaramanga-Pamplona project	GyM S.A.	Execution of the Conceptual Engineering Assessment of Bucaramanga-Pamplona subtranch in Santander - Colombia.	12/7/15	12/7/15	-	-
25	GMI project No. 121467	UNION DE CERVECERIAS PERUANAS BACKUS Y JHONSTON S.A	Professional services regarding the Detail Engineering for setting-up of equipment to be conducted in San Mateo Plant, located in Huarochiri district.	10/31/15	10/31/15	-	-
26	GMI project No. 111413	GyM S.A.	Professional services regarding the Basic and Detail Engineering of Claro Building to be executed in La Victoria district, Lima.	11/30/15	11/30/15	-	-
27	Project No. 1444	GyM S.A.	Metric quantification at Conceptual Engineering level of the Villavicencia- Yopal subtranch in Colombia.	5/22/15	5/22/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

CASTRO EL CORRO BARRUTIA MAURICIO BERNARDO

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT D

VIVA GYM S.A

SCHEDULE OF PROJECTS PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
1	Los Parques de Comas project	CASTRO EL CORRO BARRUTIA MAURICIO BERNARDO	Residential E "Los Nogales", Building 03, Departament N° 101.	12/31/15	12/28/15	-	-
2	Los Parques de Comas project	PISCONTE VARGAS JANET LILIANA	"Residential E ""Los Nogales"", Building 03, Departament N° 302.	12/31/15	12/17/15	-	-
3	Los Parques de Comas project	PALOMINO QUISPE JACQUELINE ROXANA	"Residential E ""Los Nogales"", Building 03, Departament N° 505.	12/31/15	12/17/15	-	-
4	Los Parques de Comas project	BETETA ORTIZ PASCUAL	Residential E "Los Nogales", Building 03, Departament N° 803.	12/31/15	12/17/15	-	-
5	Los Parques de Comas project	LANDA TINCO SARA	Residential E "Los Nogales", Building 03, Departament N° 1102.	12/31/15	12/17/15	-	-
6	Los Parques de San Martín de Porres project	ALDANA BANCES KATIA EVELINA	"Residential Estate los Robles, Building R, Departament N° 103.	3/19/15	3/5/15	-	-
7	Los Parques de San Martín de Porres project	TASAYCO RAMOS ABEL JUAN	Residential Estate los Robles, Building M, Departament N° 601.	2/17/15	2/13/15	-	-
8	Los Parques de San Martín de Porres project	QUIROZ VALDEZ JUL ALVARO	Residential Estate los Robles, Building Q, Departament N° 402.	3/19/15	3/5/15	-	-
9	Los Parques de San Martín de Porres project	GAMARRA CONDOR HUAMAN JENNER ENRIQUE	Residential Estate los Robles, Building L, Departament N° 303.	3/20/15	3/19/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
10	Los Parques de San Martín de Porres project	AGUILAR CORIS MAGDALENA CLECIA	Residential Estate los Robles, Building O, Departament N° 303.	4/16/15	4/16/15	-	-
11	Los Parques de San Martín de Porres project	LEON TORRES MARCELINO	Residential Estate los Robles, Building M, Departament N° 1008.	5/23/15	5/25/15	-	-
12	Los Parques de San Martín de Porres project	URQUIZO CONDORI RUTH JHOSELYN	Residential Estate los Robles, Building R, Departament N° 203.	7/9/15	6/24/15	-	-
13	Los Parques de San Martín de Porres project	LOURDES VASQUEZ GALVAN	Block A - Los Cipreses, Building E, Departament N° 706.	7/22/15	7/15/15	-	-
14	Los Parques de San Martín de Porres project	ORE ESPINOZA EDITH AUREA	Residential Estate los Robles, Building M, Departament N° 602.	8/27/15	8/20/15	-	-
15	Los Parques de San Martín de Porres project	VENEGAS RODRIGUEZ EDWARD CASIMIRO	Residential Estate los Robles, Building M, Departament N° 804.	9/10/15	9/4/15	-	-
16	Los Parques de San Martín de Porres project	PALOMINO PEREZ MAYA SANDRA	Residential Estate los Robles, Building L, Departament N° 603.	10/21/15	10/15/15	-	-
17	Los Parques de San Martín de Porres project	CARRANZA JUAREZ FIORELLA ALHELI	Residential Estate los Robles, Building O, Departament N° 802.	12/9/15	11/30/15	-	-
18	Los Parques de San Martín de Porres project	CONDEZO CELIS MAYRA NATALI	Residential Estate los Robles, Building N, Departament N° 303.	12/15/15	12/3/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
19	Los Parques de San Martín de Porres project	PIMENTEL COBEÑAS CONSUELO ISABEL	Residential Estate los Robles, Building M, Departament N° 1002.	1/14/16	1/14/16	-	-
20	Los Parques de Piura project	RAMIREZ MANRIQUE VICTOR ROBOAN	Block A - Algarrobos, Building I, Departament N° 203.	4/19/15	4/17/15	-	-
21	Los Parques de Piura I project	MARTINEZ SIMBALA MILAGROS MAGALI	Block A - Algarrobo, Building R, Departament N° 302.	6/25/15	6/25/15	-	-
22	Los Parques de Piura I project	BAZAN FERREYRA VICENTE ROBERTO	Block A - Algarrobo, Building R, Departament N° 303.	11/20/15	11/20/15	-	-
23	Los parques del Callao II project	FELIX MAURICIO LUIS JACINTO	Block D - Los Jazmines, Building 12, Departament N° 203.	7/22/15	7/6/15	-	-
24	Los parques del Callao II project	FARFAN CARRIZALES HOOVER MANUEL	Block D - Los Jazmines, Building 14, Departament N° 402.	12/31/15	12/30/15	-	-
25	Rivera Navarrete project	RIVNA SAC	Construction of a office building of 40,089.92 m2 built area	11/30/15	11/19/15	-	-
26	Los Parques de Comas project	SALCEDO MAICELO PETER ALEXANDER	Los Girasoles stage - Condo, Building 01, Departament N° 103.	12/31/15	12/7/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
27	Los Parques de Comas project	ROJAS ROSALES MOISES JHONATAN	Los Girasoles stage - Condo, Building 01, Departament N° 307.	12/31/15	12/7/15	-	-
28	Los Parques de Comas project	MALDONADO QUISPE GUILLERMO	Los Girasoles stage - Condo, Building 01, Departament N° 508.	12/31/15	12/7/15	-	-
29	Los Parques de Comas project	PAHUCARA CARHUACHUCO VERONICA LILIANA	Los Girasoles stage - Condo, Building 01, Departament N° 803.	12/31/15	12/7/15	-	-
30	Los Parques de Comas project	PORTOCARRERO ACOSTA JEAN CARLOS	Los Girasoles stage - Condo, Building 01, Departament N° 1006.	12/31/15	12/7/15	-	-
31	Los Parques de Comas project	ROBLES SOTO MIMILA OLINDA	Los Girasoles stage - Condo, Building 01, Departament N° 1302.	12/31/15	12/7/15	-	-
32	Los Parques de Comas project	INFANTE MENDOZA YEFERSON REYNALDO	Los Girasoles stage - Condo, Building 01, Departament N° 1503.	12/31/15	12/30/15	-	-
33	Los Parques de Comas project	LOPEZ SANCHEZ MILAGROS MARIA	"Los Girasoles stage - Condo, Building 02, Departament N° 107.	12/31/15	12/9/15	-	-
34	Los Parques de Comas project	VIVAS AVELINO SAIT ESTEBAN	"Los Girasoles stage - Condo, Building 02, Departament N° 403.	12/31/15	12/21/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
35	Los Parques de Comas project	CASTRO MAYTA VERONICA MARCELA	Los Girasoles stage - Condo, Building 02, Departament N° 603.	12/31/15	12/28/15	-	-
36	Los Parques de Comas project	HUAMAN HUAMAN GUISSELA MILAGROS	Los Girasoles stage - Condo, Building 02, Departament N° 806.	12/31/15	12/9/15	-	-
37	Los Parques de Comas project	ESPINOZA SALCEDO NANCY	Los Girasoles stage - Condo, Building 02, Departament N° 1007.	12/31/15	12/9/15	-	-
38	Los Parques de Comas project	CASTRO RUIZ JESSICA ELIZABETH	Los Girasoles stage - Condo, Building 02, Departament N° 1208.	12/31/15	12/22/15	-	-
39	Los Parques de Comas project	BARDALES RODRIGUEZ MARIELLA DEL PILAR	Los Girasoles stage - Condo, Building 02, Departament N° 1503.	12/31/15	12/30/15	-	-
40	Los Parques de Comas project	FABIAN VIRHUEZ YERARFOR LEE	Los Girasoles stage - Condo, Building 03, Departament N° 108.	12/31/15	12/10/15	-	-
41	Los Parques de Comas project	CHATE HUAMACTO RICHARD PEDRO	Los Girasoles stage - Condo, Building 03, Departament N° 402.	12/31/15	12/10/15	-	-
42	Los Parques de Comas project	LOPEZ RIOS ANGEL JUNIOR	Los Girasoles stage - Condo, Building 03, Departament N° 605.	12/31/15	12/10/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
43	Los Parques de Comas project	VASQUEZ RONDAN KAREN STEFANI	Los Girasoles stage - Condo, Building 03, Departament N° 805.	12/31/15	12/10/15	-	-
44	Los Parques de Comas project	PRINCIPE APONTE LUZ VERONICA	Los Girasoles stage - Condo, Building 03, Departament N° 1101.	12/31/15	12/10/15	-	-
45	Los Parques de Comas project	FERNANDEZ APOLINAR VANESSA ESTEFANIA	Los Girasoles stage - Condo, Building 03, Departament N° 1303.	12/31/15	12/10/15	-	-
46	Los Parques de Comas project	SAAVEDRA PEÑA ENRIQUE MILWER	Los Girasoles stage - Condo, Building 03, Departament N° 1507.	12/31/15	12/10/15	-	-
47	Cipreses project	ALIAGA LINARES RUDY GILMER	-Departament N° 101 first , Calle Los Cipreses N° 261 and parking N° 182 Storage N° 85.	9/30/15	9/14/15	-	-
48	El Sol de Barranco project	JUAN CARLOS HITZEL STOLL MARTINEZ	Departament N° 502, parking N° 31 and storage N° 9.	6/30/15	1/19/15	-	-
49	Los Parques de Villa el Salvador II project	RAMOS CORDOVA JORGE LUIS	Building G, Departament N° 503.	4/30/15	4/24/15	-	-
50	Los Parques de Villa el Salvador II project	AYALA VELASQUEZ CLETO RODRIGO	Building I, Departament N° 501.	6/11/15	6/11/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

No.	Project	Customer	Project Description	Contractual Delivery Date	Date of Delivery to Customer	Performance Bonds	
						US$	S/.
51	Los Parques de Villa el Salvador II project	VILCARIMAC HUILLCA WILFREDO ALBERTO	Building I, Departament N° 304.	4/29/15	8/20/15	-	-
52	Los Parques de Villa el Salvador II project	PUELLES GARCIA EPIFANIA	Building I, Departament N° 103.	11/19/15	11/13/15	-	-
53	Los Parqures del Agustino I project	FUSTER MORALES JENNIFER KARINA	"Block / Partida A - Eucaliptos, Building 23, Departament N° 203	4/29/15	4/29/15		
54	Parque Central project	NORMA ALICIA NAVARRO DIAZ	Building Q, Departament N° 201.	3/30/15	3/25/15	-	-
55	Parque Central project	JOHN SERGIO TRUJILLO ANAYA	Building N, Departament N° 808.	2/13/15	1/26/15	-	-

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

SPECIAL REPORT ON PREVIOUSLY AGREED UPON PROCEDURES APPLIED TO THE SCHEDULE OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED DURING THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT E

SUMMARY OF WORKS, PROJECTS AND SERVICES PERFORMED, COMPLETED AND DELIVERED, BY COMPANY FOR THE YEAR ENDED DECEMBER 31, 2015

CONCEPT	GyM S.A.	GMD S.A.	GMI S.A.	Viva GyM S.A.	TOTAL	%
On the contractual date or before	6	10	27	55	98	100%
After contractual date	0	0	0	0	0	0%
TOTAL	**6**	**10**	**27**	**55**	**98**	**100%**

To be read together with the report issued by Gaveglio, Aparicio y Asociados on March 21, 2016.

1 **GyM S.A.**
Av. Paseo de la República 4675,
Surquillo, Lima 34, Perú
T. (51-1) 213-0444 **F.** (51-1) 213-0400
Legal representative: Renato Rojas Balta

2 **STRACON GyM S.A.**
Av. República de Panamá 3531, of. 1101
Lima 27, Perú.
T. (51-1) 208-0230 **F.** (51-1) 421-6045 anexo 103
Legal representative: Steve Dixon

3 **Vial y Vives-DSD S.A.**
Av. Santamaría 2810, Santiago de Chile, Chile
T. (52-2) 23688000
Legal representative: Eduardo Guzmán

4 **GMI S.A.**
Ingenieros Consultores
Av. Paseo de la República 4667, Surquillo,
Lima 34, Perú
T. (51-1) 213-5600 **F.** (51-1) 444-0373
Legal representative: Eduardo Villa Corta Lucchesi

5 **Morelco S.A.**
Carrera 13A No. 98-75, Pisos 5 y 6, Centro Empresarial 99
Bogotá, Colombia
T. (57-1) 5188880
Legal representative: Arturo Serna Henao

6 **Norvial S.A.**
Av. Paseo de la República 4667, Surquillo,
Lima 34, Perú
T. (51-1) 203-5160
Legal representative: Carlos Albinagorta Olortegui

7 **Survial S.A.**
Av. Paseo de la República 4667, Surquillo,
Lima 34, Perú
T. (51-1) 203-5180
Legal representative: Jorge Montoya Goicochea

8 **Concesión Canchaque S.A.C**
Av. Paseo de la República 4667, Surquillo,
Lima 34, Perú
T. (51-1) 203-5175
Legal representative: Jorge Montoya Goicochea

9 **GyM Ferrovías S.A.**
Jr. Solidaridad cdra. 8 s/n, Parque Industrial, Villa El Salvador, Lima 42, Perú
T. (51-1) 207-2900
Legal representative: Manuel Wu Rocha

10 **Concesionaria La Chira S.A.**
Av. Paseo de la República 4667, Surquillo,
Lima 34, Perú
T. (51-1) 203-6830
Legal representative: Renzo Atalaya Peña

11 **GMP S.A.**
Av. Petit Thouars 4957, Miraflores,
Lima 18, Perú
T. (51-1) 215-1500 **F.** (51-1) 241-3030
Legal representative: Reynaldo Llosa Martinto

12 **Coga S.A.C.**
Predio Almonte Km. 35.5 Mza. Sub Lote. 1 Z.I. Las Praderas de Lurín
Lima 16, Perú
T. (51-1) 6177777
Legal representative: Gustavo Martínez

13 **Viva GyM S.A.**
Av. Petit Thouars 4957, Miraflores,
Lima 18, Perú
T. (51-1) 206-7206 **F.** (51-1) 206-7205
Legal representative: Rolando Ponce Vergara

14 **Inmobiliaria Almonte S.A.C.**
Av. Petit Thouars 4957, Miraflores,
Lima 18, Perú
T. (51-1) 206-7206 **F.** (51-1) 206-7205
Legal representative: Benjamín Dulanto Carbajal

15 **Concar S.A.**
Av. Petit Thouars 4957, Miraflores,
Lima 18, Perú
T. (51-1) 213-6535 **F.** (51-1) 213-6538
Legal representative: Jaime Targarona Arata

16 **GMD S.A.**
Av. Petit Thouars 4957, Miraflores,
Lima 18, Perú
T. (51-1) 213-6300 **F.** (51-1) 446-9667
Legal representative: Hugo Gonzales Castañeda

17 **CAM Holding SPA**
Tarapacá 934, P.3, Santiago de Chile, Chile
T. (56-2) 23897437 **F.** (56-2) 23897342
Legal representative: Klaus Winkler Speringer

18 **Adexus S.A.**
Av. Miraflores 383, Piso 20
Santiago de Chile, Chile
T. (56-2) 26861000
Legal representative: Manuel Fernández Pollán

GRI Materiality Disclosures Grupo Graña y Montero
Mar 2016 Service

GRI G4 CONTENT INDEX

Our Integrated Annual Report responds to the essential performance indicators, according to the requirements of the Global Reporting Initiative (GRI G4) guidelines. The following table indicates where the information related to G4 Guidelines can be found in our report.

GRI G4 CONTENT INDEX

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COMPLIANCE OF CORPORATE GOVERNANCE PRINCIPLES
REPORT OF PROJECTS DELIVERED BEFORE THE DEADLINE
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REPORT REVIEW

GENERAL BASIC CONTENT

GENERAL BASIC CONTENT	DESCRIPTION	PAGE
Strategy and analysis		
G4-1	Statement by the main party responsible for decision making in the organization on the importance of sustainability to the organization	4 - 6
Profile of the organization		
G4-3	Name of the organization	Graña y Montero S.A.A
G4-4	Most important brands, products and services	Page 9
G4-5	Place where the organization's headquarters are located	Graña y Montero's headquarters are located at: Av. Paseo de la República 4667- 4675, Surquillo, Lima.
G4-6	Countries in which the organization operates	Page 10
G4-7	Nature of the property system and its legal structure	Graña y Montero S.A.A., the parent company, was incorporated by means of a document of public record on August 12, 1996 within a growth process that began in Gramonvel in 1933. It is mainly dedicated to investments and mercantile operations in general, especially engineering services, management advisory services, real estate investments and concessions. All of the companies in the Group are corporations, with the exception of the holding company, Graña y Montero S.A.A. As of December 31, 2015, we have 1,378 shareholders, of which approximately 99.20% own less than 1% of the capital stock, and close to 0.58% own from 1 to 5%.
G4-8	Markets the organization serves	Page 9
G4-9	Size of the organization, based on the number of employees, operations, sales, net income, etc.	Page 11
G4-10	Number of employees by labor contract and sex	Page 82 - 83

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FINANCIAL STATEMENTS

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REPORT REVIEW

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GENERAL BASIC CONTENT

GENERAL BASIC CONTENT	DESCRIPTION	PAGE
G4-11	Percentage of employees covered by collective agreements	At GyM, there are two types of collective agreements: one with the Federation of Civil Construction Workers (union) and another with the representative of the union of each construction project. In both cases, they are applicable to 100% of the workers pertaining to the system.
G4-12	The organization's supply chain	Page 124 - 125
G4-13	Significant change that has taken place during the period under analysis in the size, structure, ownership or supply chain.	Page 31
G4-14	The organization's approach to the principle of precaution	Page 93, 103 - 110
G4-15	Letters, principles or other external initiatives of an economic, environmental and social nature that the organization subscribes to or has adopted	See Sustainability Report 2012 **www.granaymontero.com.pe/books/informe_sostenibilidad_2012/index.html** and page 38 - 39
G4-16	National or international associations and organizations to which the organization belongs	See Sustainability Report 2012 www.granaymontero.com.pe/books/informe_sostenibilidad_2012/index.html and page 38 - 39
Material aspects and coverage		
G4-17	Entities shown on the organization's consolidated financial statements and other equivalent documents	Page 9
G4-18	Process followed to determine the content of the annual report and coverage of each aspect	Page 74
G4-19	Material aspects identified during the process of defining the content of the annual report	Page 75
G4-20	Coverage of each material aspect of the organization	Each of the material aspects has different coverage, which is described in the management approach (DMA) of the subjects addressed in this Report.
G4-21	Limit on each material aspect outside the organization.	The boundaries of each line of business are shown in the materiality graphics presented in this Report, as well as in the description of the subjects addressed. This helps to understand if each material aspect is applied internally or externally to the company.

APPENDIX

FINANCIAL STATEMENTS

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REPORT REVIEW

GRI G4 CONTENT INDEX

GENERAL BASIC CONTENT

GENERAL BASIC CONTENT	DESCRIPTION	PAGE
G4-22	Consequences of restatements of information in previous annual reports and their causes	The definition of the indicators corresponds to those reported in the previous report.
G4-23	Significant change in the scope and coverage of each aspect with regard to previous annual reports.	In 2015, we expanded the coverage of our report to include the operations of Morelco.
Stakeholder participation		
G4-24	Stakeholders with ties to the organization.	Page 113
G4-25	Basis for selecting stakeholders with which the organization works	For the determination of stakeholders and topics to report and manage, a materiality process in line with that suggested by the Global Reporting Initiative (GRI) was conducted at each company in the Group included herein.
G4-26	The organization's approach to stakeholder participation (frequency, participation in the process of preparing the annual report, etc.)	Page 114
G4-27	Key matters and problems that have arisen as a result of stakeholder participation	No critical problems have emerged from the participation of our stakeholders in the preparation of the annual report.
Profile of the annual report		
G4-28	Period of the annual report	2015
G4-29	Date of the last annual report	2014
G4-30	Presentation cycle of reports	Annual
G4-31	Contact information for any questions about the content of the annual report.	Legal and Corporate Affairs Department sostenibilidad@gym.com.pe
G4-32	Option selected for the annual report	According to – Essential
G4-33	The organization's policy and practices with regard to external verification of the annual report.	Currently , the company doesn´t have a policy of external audit.

APPENDIX

FINANCIAL STATEMENTS

COMPLIANCE OF CORPORATE GOVERNANCE PRINCIPLES

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GRI G4 CONTENT INDEX

REPORT REVIEW

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GENERAL BASIC CONTENT	**DESCRIPTION**	**PAGE**
Gobierno		
G4-34	Governance structure of the organization	Pages 15, 16, 20
Ética e integridad		
G4-56	Values, principles, standards and rules of the organization, such as codes of conduct or codes of ethics	Page 78

GRI G4 CONTENT INDEX

SPECIFIC BASIC CONTENT						
MATERIAL ASPECT GRAÑA Y MONTERO	**GRI G4 CATEGORY**	**GRI G4 ASPECT**	**INDICATOR**	**DESCRIPTION**	**PAGE**	**GLOBAL PACT**
-	Economic performance*	-	Generic DMA	Management approach	Page 8 -14	
			EC1	Direct economic value generated and distributed	Page 14	
ETHICAL BEHAVIOR	-	-	Own indicator	Percentage of training on the asset laundering prevention system.	Page 79	Principle 2 Principle 10
			Own indicator	Percentage of complaints received and evaluated in the Corporate Ethical Channel	Page 79	Principle 4 Principle 5 Principle 10

**The company's economic performance is presented as a relevant aspect in its management, but not material in line with the sustainability strategy.*

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GRI G4 CONTENT INDEX

SPECIFIC BASIC CONTENT

MATERIAL ASPECT GRAÑA Y MONTERO	GRI G4 CATEGORY	GRI G4 ASPECT	INDICATOR	DESCRIPTION	PAGE	GLOBAL PACT
HUMAN DEVELOPMENT	Labor practices and decent jobs	Training and education	Generic DMA	Management approach	Page 81, 85, 89	
			G4 - LA9	Annual average hours of training per employee, broken down by sex and labor category	Page 85	Principle 1
			G4 - LA10	Program for skills and permanent education management that promote workers' employability and helps them manage the end of their professional careers	Page 85	Principle 1
			G4 - LA11	Percentage of employees that receive regular performance and professional development evaluations, broken down by sex and professional category	Page 87	Principle 1
		Evaluation of suppliers' labor practices	LA-14	Percentage of new suppliers that were examined according to labor practice related criteria	Page 124, 125	Principle 1 Principle 2 Principle 4 Principle 5
		-	Own indicator	Knowledge management initiatives, number of forums and meetings held and number of visits to the knowledge website	Page 86	
			Own indicator	Percentage of employees from the local community in places where significant operations are being carried out	Page 89	Principle 1
			Own indicator	Percentage of re-categorizations of operating employees	Page 90	Principle 1

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GRI G4 CONTENT INDEX

SPECIFIC BASIC CONTENT

MATERIAL ASPECT GRAÑA Y MONTERO	GRI G4 CATEGORY	GRI G4 ASPECT	INDICATOR	DESCRIPTION	PAGE	GLOBAL PACT
SAFETY	Labor practices and decent jobs	Occupational health and safety	Generic DMA	Management approach	Page 98 - 100	Principle 1
			Specific DMA	Management approach	Page 100, 102, 103	Principle 1
			G4- LA5	Percentage of workers represented in formal joint safety and health committees for management and employees, established to help control and assist on occupational safety and health issues	In the Group's companies, 100% of the employees are represented in the Safety and Health Committees	Principle 1 Principle 3
	-	-	Own indicator	Accident frequency rate and number of hours worked under risk exposure	Page 101	Principle 1
			Own indicator	Road safety management initiative with employees, users and society	Page 102	Principle 1

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SPECIFIC BASIC CONTENT						
MATERIAL ASPECT GRAÑA Y MONTERO	**GRI G4 CATEGORY**	**GRI G4 ASPECT**	**INDICATOR**	**DESCRIPTION**	**PAGE**	**GLOBAL PACT**
ENVIRONMENT	Environment	Energy	Generic DMA	Management approach	Page 105, 110 - 111	Principle 7 Principle 8 Principle 9
			Specific DMA	Management approach	Page 105-107	Principle 7 Principle 8 Principle 9
			G4 - EN3	Internal energy consumption	Page 106 - 107	Principle 7 Principle 8 Principle 9
			G4 - EN6	Energy consumption reduction	Page 106 - 107	Principle 7 Principle 8 Principle 9
		Emissions	Generic DMA	Management approach	Page 105, 110 - 111	Principle 7 Principle 8 Principle 9
			Specific DMA	Management approach	Page 105, 108, 110 - 111	Principle 7 Principle 8 Principle 9
			G4 - EN15	Direct greenhouse gas emissions (scope 1)	Page 108	Principle 7 Principle 8 Principle 9
			G4 - EN19	Reduction of greenhouse gas emission	Page 108	Principle 7 Principle 8 Principle 9

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SPECIFIC BASIC CONTENT

MATERIAL ASPECT GRAÑA Y MONTERO	GRI G4 CATEGORY	GRI G4 ASPECT	INDICATOR	DESCRIPTION	PAGE	GLOBAL PACT
ENVIRONMENT	Environment	Effluents and residues	Generic DMA	Management approach	Page 105, 110 - 111	Principle 7 Principle 8 Principle 9
			G4 - EN23	Total weight of residues according to type and method of treatment	Page 109	Principle 7 Principle 8 Principle 9
			G4 - EN24	Total number and volume of significant spills	In 2015, GMP registered two hydrocarbons spills for a total of 2,066.6 liters. In both cases, the incidents were reported to the competent authority, the area was remedied and the contaminated material was removed and handled by a Solid Waste Service Provider	Principle 7 Principle 8 Principle 9

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SPECIFIC BASIC CONTENT						
MATERIAL ASPECT GRAÑA Y MONTERO	**GRI G4 CATEGORY**	**GRI G4 ASPECT**	**INDICATOR**	**DESCRIPTION**	**PAGE**	**GLOBAL PACT**
ENVIRONMENT	Environment	Products and services	Generic DMA	Management approach	Page 105, 110 - 111	Principle 7 Principle 8 Principle 9
			G4 - EN27	Degree of environmental impact mitigation of products and services	Page 110	Principle 7 Principle 8 Principle 9
		Environmental evaluation of suppliers	Generic DMA	Management approach	Page 124, 125	Principle 7 Principle 8 Principle 9
			G4 - EN32	Percentage of new suppliers that were examined according to environmental criteria	Page 124, 125	Principle 1 Principle 2 Principle 7 Principle 8 Principle 9

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SPECIFIC BASIC CONTENT

MATERIAL ASPECT GRAÑA Y MONTERO	GRI G4 CATEGORY	GRI G4 ASPECT	INDICATOR	DESCRIPTION	PAGE	GLOBAL PACT
COMMUNICA-TION	Responsibility with respect to products	Labeling of products and services	Generic DMA	Management approach	Page 118 - 122	
			G4 - PR5	Results of client satisfaction measurement surveys	In 2015, the companies that performed quantitative client satisfaction surveys were LÍNEA 1, with a result of 82.5% satisfaction; Viva GyM, with 65%; and GMD, with 90.23%.	Principle 1
			Own indicator	Number of client complaints and claims	Línea 1 Metro de Lima reported 3,731 Claims in the year, representing a 34.8 per million trips ratio	Principle 1

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REPORT REVIEW

REPORT REVIEW

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EMPRESARIOS SOCIALMENTE
COMPROMETIDOS

Lima, March 1, 2016

Messrs.
GRUPO GRAÑA Y MONTERO
Surquillo, Lima, Peru

Dear Sirs,

For the G4 Review of the Integrated Annual Report 2015 of **GRUPO GRAÑA Y MONTERO** in accordance with the Core option of the Global Reporting Initiative (GRI) Guidelines, we have proceeded as follows:

- The Integrated Annual Report 2015 has been read and thoroughly analyzed, based on GRI Sustainability Reporting Guidelines, version G4.
- The comments and notes correcting the aforementioned Annual Report have been incorporated by the company.
- A second review and analysis of the last version of the Integrated Annual Report 2015 has been conducted.

Aspects included in the review were the following:

- Application of the **GRI Principles for Defining Report Content and Quality** of the Annual Report.
- Compliance with the **General Standard Disclosures and Specific Standard Disclosures** required to be reported to be in accordance with the Core option of the Guidelines.
- **Recommendations** for future Integrated Annual Reports.

Below we provide a brief description of the aspects included in the analysis:

- **Principles for Defining Report Content and Quality of the Annual Report**

The Integrated Annual Report 2015 of **GRUPO GRAÑA Y MONTERO** adheres to the GRI Principles for Defining Reports, in terms of both definition of the contents and quality of preparation of the Annual Report.

In connection with Materiality, the Annual Report addresses all Material Aspect. The good practice of preparing various materiality processes, separated by business area, is recognized, as well as the integration of the results thereof in the Report.

In connection with Stakeholder Inclusiveness, **GRUPO GRAÑA Y MONTERO** has a structured and comprehensive approach that generates various formal dialogue spaces with a view to knowing the

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expectations and concerns of the stakeholders, prioritizing and incorporating them in its management and projects.

In connection with the Sustainability Context, the Report shows a modern and integrated management of the entire business. It uses current concepts, corporate policies and related operational, evaluation and communication systems.

In connection with Completeness, the Report presents the economic, social and environmental management of the Group and its companies, reporting on the practices of its operations.

The Report of **GRUPO GRAÑA Y MONTERO** has considered the Principles for Defining Report Quality: balance, comparability, accuracy, timeliness, clarity and reliability. Presentation of the Report is accurate, clear and understandable to the stakeholders. In regards to timeliness, the Report clearly sets forth that it is issued on a yearly basis. The information contained therein is reliable. In terms of balance, we recommend emphasizing not only the positive aspects of its management but including also the challenges as a learning opportunity. Also, in connection with comparability, we recommend furthering the principle and integrating the information from the various business lines.

Specific Standard Disclosures of the Report

The Report addresses 10 Aspects pertaining to the Specific Basic Contents. These are distributed as follows:

- 01 of Economic Performance
- 05 of Environmental Performance
- 03 of Social-Labor Practices and Decent Work Performance
- 01 of Product Responsibility

The Report also includes contents relevant that are specific to its business and stakeholders.

Recommendations

As part of our review, we suggest some features to be improved:

- ✓ Incorporate operational eco-efficiency topics.
- ✓ Prepare a comprehensive analysis of the financial consequences and other risks associated with climate change.
- ✓ Performance in Human Rights and Economic Performance in management is most relevant; we recommend taking these categories into account in the preparation of the materiality process.
- ✓ Lastly, we place a positive value on the effort of **GRUPO GRAÑA Y MONTERO** to report the progress in its integrated management using the new GRI G4 Guidelines.

PERÚ 2021 ES REPRESENTANTE
Y MIEMBRO DE
World Business Council for Sustainable Development
EMPRESA

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Perú 2021 is a leading organization in the promotion of Sustainability in Peru, and it has not participated in preparation of this Report. After the review conducted, we can confirm that the Integrated Annual Report 2015 of **GRUPO GRAÑA Y MONTERO** meets the conditions of a **Core GRI Report in accordance with the G4 Guidelines.**

Very truly yours,

Henri Le Bienvenu Mercado
General Manager
Perú 2021

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