Financial Statements

Camargo Corrêa Infra Construções S.A.
(previously named Camargo Corrêa Infraestrutura S.A.)

December 31, 2017
with the Report of the Independent Auditor

Camargo Corrêa Infra Construções S.A.
(previously named Camargo Corrêa Infraestrutura S.A.)

Financial Statements

December 31, 2017

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A free translation from Portuguese into English of Report of Independent Auditor on the financial statements prepared in Brazilian currency

Report of the independent auditor on the financial statements

To the
Shareholders and Administrators of
Camargo Corrêa Infra Construções S.A.
(previously named Camargo Corrêa Infraestrutura S.A.)
São Paulo - SP

Opinion

We have audited the financial statements of Camargo Corrêa Infra Construções S.A. (previously named Camargo Corrêa Infraestrutura S.A.) ("Company"), which comprise the balance sheet as of December 31, 2017 and the statements of operations, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Camargo Corrêa Infra Construções S.A. (previously named Camargo Corrêa Infraestrutura S.A.) as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Basis for the opinion

We conducted our audit in accordance with Brazilian and international audit standards. Our responsibilities, under those standards, are further described in the "*Auditor's responsibility for the audit of the financial statements*" section of our report. We are independent in relation to the Company and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by the Brazil's National Association of State Boards of Accountancy ("CFC"), and comply with the other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to support our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices adopted in Brazil and for such internal controls as management determines is necessary to enable the preparation of the financial statements that are free from any material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with Brazilian and international audit standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with the Brazilian and international audit standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to the Companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, regarding, among other matters, the planned scope, and timing of the audit and the significant audit findings, including any significant deficiencies in the internal controls that we identified during our audit.

São Paulo, April 20, 2018.

ERNST & YOUNG
Independent Auditors S.S.
CRC-2SP034519/O-6

Marcos Alexandre S. Pupo
Accountant CRC-1SP221749/O-0

Camargo Corrêa Infra Construções S.A.
(previously named Camargo Corrêa Infraestrutura S.A.)

Balance sheet
As of December 31, 2017 and 2016
(In thousands of Reais - R$)

	Note	2017	2016
Assets			
Current			
Cash and cash equivalents	4	5,586	17,567
Securities and exchange	4	40,899	3,200
Accounts Receivable from customers	5	21,143	10,972
Related Parties (intercompany)	6	4,274	23,976
Inventory		215	707
Assets destined for sale		569	44
Other credits	7	7,292	733
Total Current Assets		79,978	57,199
Noncurrent			
Deferred income tax and social contribution	10	-	1,147
Related Parties (intercompany)	6	92,360	88,253
Judicial Deposits		136	68
Other credits		388	14
		92,884	89,482
Fixed Assets	8	116,879	8,846
Intangible		61	81
Total Non-Current Assets		209,824	98,409
Total assets		289,802	155,608
Liabilities and equity			
Current			
Vendors		11,700	12,670
Loans and financing		3	18
Related Parties (intercompany)	6	450	1,636
Wages, vacation pay and charges payable	9	9,504	3,363
Income Tax and Social Contributions payable		-	1,646
Taxes payable		2,228	3,123
Advance from customers	6	-	22,815
Proposed dividends	11	4,408	4,408
Costs to be incurred		14,574	-
Other obligations		360	1,222
Total Current Liabilities		43,227	50,901
Noncurrent			
Loans and financing		-	3
Deferred income tax and social contribution	10	10,502	-
Reserve for labor risks		6	9
Total Non-Current Liabilities		10,508	12
Equity			
Share Capital	11	224,587	77,480
Profit Reserve		11,480	27,215
Total equity		236,067	104,695
Total liabilities and equity		289,802	155,608

The explanatory notes are an integral part of these financial statements.

Camargo Corrêa Infra Construções S.A.
(previously named Camargo Corrêa Infraestrutura S.A.)

Statement of operations
Years ended December 31, 2017 and 2016
(In thousands of Reais – R$, except the (loss) profit per share)

	Note	2017	2016
Revenue from Services	12	132,802	182,783
Cost of services provided	13	(141,548)	(159,926)
Gross (Loss) Profit		(8,746)	22,857
Operational Revenue (Expenses)			
General and administrative	13	(16,621)	(401)
Other operational, net income (expenses)	13	73	(263)
(Loss) earnings before financial result		(25,294)	22,193
Financial revenues	14	4,114	7,558
Financial expenses	14	(683)	(181)
		3,431	7,377
(Loss) profit before income tax and social contribution		(21,863)	29,570
Income Tax And Social Contribution			
Current	10	-	(5,257)
Deferred	10	6,128	(4,722)
(Loss) net profit of the fiscal year		(15,735)	19,591
(Loss) Basic profit and diluted per share	11	(1.09)	1.57

The explanatory notes are an integral part of these financial statements.

Camargo Corrêa Infra Construções S.A.
(previously named Camargo Corrêa Infraestrutura S.A.)

Statement of comprehensive income (loss)
Years ended December 31, 2017 and 2016
(In thousands of Reais - R$)

	2017	2016
(Loss) net profit of the fiscal year	(15,735)	19,591
Other comprehensive income	-	-
Total Comprehensive Income of the Fiscal Year	(15,735)	19,591

The explanatory notes are an integral part of these financial statements.

Camargo Corrêa Infra Construções S.A.
(previously named Camargo Corrêa Infraestrutura S.A.)

Statement of changes in equity
Years ended December 31, 2017 and 2016
(In thousands of Reais - R$)

	Note	Share Capital	Profit Reserve: Legal Reserve	Profit Reserve: Reserve for Renewal of Equipment	Profit Reserve: Reserve of Retention of profits	Profits (loss) Accumulated	Total Net Equity
Balances of December 31, 2015		77,480	802	802	10,428	-	89,512
Net Profits of the year		-	-	-	-	19,591	19,591
Destinations							
Legal Reserve		-	980	-	-	(980)	-
Establishment of reserve for renewal of equipment		-	-	980	-	(980)	-
Minimum dividends		-	-	-	-	(4,408)	(4,408)
Establishment of profit retention reserve		-	-	-	13,223	(13,223)	-
Balances of December 31, 2016		77,480	1,782	1,782	23,651	-	104,695
Losses in the Fiscal Year		-	-	-	-	(15,735)	(15,735)
Capital Increase – Equity	11	97,107	-	-	-	-	97,107
Capital Increase with financial resources	11	50,000	-	-	-	-	50,000
Absorption of losses of the fiscal year	11	-	-	-	(15,735)	15,735	-
Balances of December 31, 2017		224,587	1,782	1,782	7,916	-	236,067

The explanatory notes are an integral part of these financial statements.

Camargo Corrêa Infra Construções S.A.
(previously named Camargo Corrêa Infraestrutura S.A.)

Statement of cash flows
Years ended December 31, 2017 and 2016
(In thousands of Reais - R$)

	2017	2016
Cash Flow of the Operational Activities		
(Loss) profit before income tax and social contribution	(21,863)	29,570
Adjustments to reconcile (loss) profit before income taxes and social contribution with net cash (invested in) generated by operating activities		
Depreciation and amortization (Note 13)	687	557
Establishment of allowance for *impairment* – Fixed Assets (Note 13)	6,198	-
Interests and charges provisioned for	-	2
Interests on securities and exchange (Note 14)	(1,249)	(5,080)
Interests on loan (Note 14)	(2,796)	(2,898)
Establishment (reversal) of reserve for labor risks	(3)	(1)
Loss in sale of fixed assets	111	684
Reduction (Increase) in operating assets		
Accounts Receivable from customers	(10,171)	(5,829)
Related Parties (intercompany)	(5,309)	(276)
Inventory	492	202
Judicial Deposits	(68)	(11)
Other credits	(6,903)	178
Increase (reduction) in operating liabilities		
Vendors	(970)	(2,701)
Related Parties (intercompany)	(1,186)	1,575
Wages, vacation pay and charges payable	6,141	1,166
Income Tax and Social Contributions payable	1,809	(1,378)
Taxes payable	(895)	819
Advance from customers	(22,815)	(36,912)
Other obligations and costs to be incurred	13,712	(50)
Cash invested in/generated by operations	(45,078)	(20,383)
Interests paid on loans and financing	-	(2)
Income tax and social contributions paid	(3,451)	(4,039)
Net cash applied in operating activities	(48,529)	(24,424)
Cash Flow of the Investment Activities:		
Securities and exchange	(36,448)	13,440
Acquisition of fixed assets (Note 8)	(1,651)	(169)
Cash received for the sale of fixed assets	965	-
Net cash (invested in) generated by investment activities	(37,134)	13,271
Cash flow from financing activities		
Intercompany loans	23,700	(58,746)
Capital increase (Note 11)	50,000	-
Payment of dividends	-	(1,011)
Payment of loans and financing	(18)	(18)
Net cash used in financing activities	73,682	(59,775)
Reduction of cash and cash equivalents	(11,981)	(70,928)
Cash and cash equivalent in the beginning of the fiscal year	17,567	88,495
Cash and cash equivalent at the end of the fiscal year	5,586	17,567

The explanatory notes are an integral part of these financial statements.

(Amounts stated in Reais - R$, except when provided otherwise)

1. Operating Context

Camargo Corrêa Infra Construções S.A. (the "Company"), previously named Camargo Corrêa Infraestrutura S.A., was organized on September 3, 2009, with the following main objects: (i) exploration of services in planning and performing civil construction and civil engineering projects, including earthworks, in the capacity as a contractor, carrying out management and other allowed services; (ii) construction, operation and assembly of Power lines, hydroelectric and wind power plants and photovoltaic solar panels; (iii) the construction, operation, maintenance and assembly of gas and oil pipelines; (iv) the provision of public utility services by concession; (v) providing public cleaning, environmental and urbanization services; (vi) providing Real Estate Management services; (vii) mining in general, by the company itself and/or through third parties, including the exploration and use of mines and trading of ore, including hydrocarbons; (viii) providing services in waterway transportation and support and port operation services; (ix) providing services in the industrial assembly of modules and maritime rigs for prospecting, producing and storing oil and gas and similar equipment; (x) Execution of technical civil engineering installations, industrial assembly, (xi) provision of services in consulting, planning, support and technical surveys and studies; (xii) representation, importation, exportation, lease, sale and purchase of transportation equipment; (xiii) exploration of activities of the naval industry, seeking to prepare projects, construction and execution of repairs, maintenance and modernization of vessels, including maritime rigs for prospection, production and storage of oil and gas; (xiv) planning and execution of any related and/or derived activities in connection with those referred in items (i) to (xiii) above; and (xv) direct or indirect participation in the share capital of other entities whose object is similar to that of the Company, as well as the organization of consortiums.

Reorganization

On October 30, 2017, the holding Camargo Corrêa Construções e Participações S.A. ("CCCP") approved the partial split-off of the assets, rights and obligations of Construções e Comércio Camargo Corrêa S.A. ("CCCC"), at the carrying amount based on the Balance Sheet of September 30, 2017, with the transfer of the split-off portion of the equity to the Company. The split-off equity portion is substantially represented by the following items:

	9/30/2017
Non-Current Assets:	
Equipment (Note 8)	114,883
Non-Current Liabilities:	
Deferred income tax and social contribution	(17,776)
Split-off Equity	**97,107**

1. **Operating Context** -- Continuation

On October 30, 2017, CCCP paid in R$ 197,241 referring to the investment in the Company, as an increase of the share capital of CCCC, at the carrying amount. Subsequently, CCCC paid in R$ 197,241 as increase of the share capital of Camargo Corrêa Infra Participações S.A. ("CCIP"), which became the direct parent company of the Company.

2. Presentation of Financial Statements

The financial statements were prepared in accordance with the accounting practices adopted in Brazil, which encompass corporate legislation and the standards, guidance and interpretations issued by the Accounting Reports Committee - CPC and approved by the Federal Accounting Board - CFC. The Company's Management presents all relevant information of the financial statements and this information corresponds to what is used by the Company in its management.

The Company adopted all standards, reviews of rules and interpretations issued by the CPC, which were in force on December 31, 2017.

The financial statements were prepared based on the historic cost, except for certain financial instruments, measured by fair value, as provided by the following practices. The historical cost is based on the value of consideration paid in exchange for assets.

Estimates

The financial statements were prepared based on several evaluation bases used in accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on both objective and subjective factors, based on the judgment of Management for determining the adequate amount to be reported in the financial statements.

Significant items subject to these estimates and premises include the review of the cost and revenues arising of construction contract, selection of the useful lives of fixed assets and recoverability thereof in operations, evaluation of financial assets by fair value and by the method of adjustment to present value, credit risk analysis for determining the allowance for doubtful accounts, registration/reversal of deferred income tax and social contribution, as well as analysis of other risks for determining other reserves, including for contingency.

2. Presentation of the financial statements -- Continuation

Settlement of transactions including these estimates may result in amounts significantly diverging of those provided in these financial statements due to the inherent probability-based treatment of the estimate process. The Company reviews its estimates and premises at least on an annual basis.

Management has approved these financial statements for disclosure on April 20, 2018.

3. Summary of the main accounting practices

The main practices adopted were the following:

3.1. Cash and cash equivalent and securities

Equivalent to cash, those are financial investments with maturity within 90 days, or with a rebuy commitment, immediately convertible into cash with insignificant risk of change in value.

The securities are represented by fixed income fund investments, exclusive funds and debentures, classified into: (a) fair value by income or (b) loans and receivables. Securities classified by fair value have their effects recognized in income, and loans and receivables are measured by amortized cost.

3.2. Accounts receivable from clients and allowance for doubtful accounts

Presented by realization values, if accounts receivable from customers in the foreign market are adjusted based on the exchange rates in force on the date of the financial statements. Are also included amounts still not invoiced up to the date of the balance sheet, due to construction contracts, which amounts are determined by the physical progress of projects.

Are recorded and kept in the Balance Sheet by the par value of the securities, adjusted to present value, when applicable. The allowance for doubtful accounts is established based on the evaluation of the balances with a risk of realization and ongoing negotiations by customer.

3.3. Inventory

Comprised by materials destined for application in projects and evaluated by the average cost of acquisition, which are inferior to the amounts of the realization.

3. Summary of the main accounting practices -- Continuation

3.4. Fixed Assets

Items of the fixed assets are reported by their cost value, deducted of depreciation and impairment, if applicable. Depreciation is recognized based on the useful life of each asset on a linear basis on another systematic basis representing the time when the financial benefits will be enjoyed. Assets based on a linear useful life have the following annual rates: Real Estate - 4%; machines and equipment, vehicles, IT equipment and others - 10% to 20%; furniture and utensils - 10%; and improvements to third-party property, according to the relevant contract terms. The useful life of fixed assets is appraised on an annual basis. The Company depreciates machines and equipment based on hours effectively used. This procedure reflects the standard of use of the expected financial benefits. On December 31, 2017, the Company, through a specialized firm, reviewed the useful life of assets and concluded the effects were immaterial.

3.5. Employee Benefits

Benefits granted to employees and administrators of the Company include, in addition to the fixed compensation (salaries and contributions to social security - INSS, vacation pay, 13th wage), variable compensation in the form of profit sharing and bonuses. These benefits are recorded in the profit & loss of a fiscal year when the Company has an obligation on an accounting basis, to the extent those are incurred.

3.6. Financial Instruments

Financial assets and liabilities are recognized when the Company is a party to contractual provisions of the instrument and are initially measured by fair value. The fair value is the amount for which an asset could be traded, or a liability could be settled, between parties both knowing and willing to this transaction without any special favoring conditions. The transaction costs, directly attributable to the acquisition or issuance of financial assets and liabilities are added or deducted from the fair value of the financial assets and liabilities. If applicable, it occurs after the initial recognition, except for financial assets and liabilities recognized by fair value in the fiscal year's profit & loss.

3. Summary of the main accounting practices -- Continuation

3.6. Financial Instrument -- Continuation

Financial Assets

The classification of assets is determined upon initial recognition, classified into the following categories:

(i) Financial asset at fair value through income correspond to assets held for trading. A financial asset is classified as held for trading if:

(a) It is acquired mainly for being sold on the short term; or

(b) Upon the initial recognition, it is part of a portfolio of identified financial instruments that the Company manages and has a recent real pattern of earning profits on the short term; or

(c) It is a derivative that has not been named an effective hedge instrument.

Financial assets at fair value through income are stated at fair value, and any resulting earnings or losses will be recognized in the income.

(ii) Loans and receivables: represent accounts receivable, loans and other receivables with fixed or determinable payments and which are not quoted in an active market are classified as "Loans and receivables”. Loans and receivables are measured by the value of amortized cost using the effective interest method, deducted from any loss due to impairment.

Derecognition (write-off) of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: a) the rights to receive cash flows from the asset expire; b) The Company has transferred its right to receive cash flows from the asset or assumed an obligation to integrally paying the cash flows received, without a significant delay, to a third party, through a "transfer' agreement; and (i) the Company has substantially transferred to all risks and benefits of the asset, or (ii) the Company has neither transferred nor retained substantially all risks and benefits relative to the asset, but transferred control of the asset.

3. Summary of the main accounting practices -- Continuation

3.6. Financial Instrument -- Continuation

When the Company has transferred its rights to receive cash flows from an asset or has executed a transfer contract, and has not transferred or held substantially all risks and rewards relative to the asset, the asset is recognized to the extent of the Company's continued involvement with the asset. In this case, the Company also recognizes an associated liability. The asset transferred and the associated liability are measured based on the rights and obligations the Company held.

The continued involvement in the form of a guarantee on the transferred asset is measured by the original carrying amount of the asset or by the maximum consideration that can be demanded from the Company, the lowest of them.

Financial Assets Recoverability Analysis

A financial asset, or a group of financial assets is considered non-recoverable if, and only if there is objective evidence of the lack of recoverability as the result of one or more events that have taken place after the initial recognition of the asset ("a loss event" incurred) and that loss event has impacted the future estimated cash flow of the financial asset, or group of financial assets, which can be reliably estimated. Evidence of impairment may include indicators that the borrowers of a loan are undergoing a relevant financial hardship moment. The probability that they will file for bankruptcy or another type of financial reorganization, default or delay payment of interests or the principal may be indicated by a measurable drop of estimated future cash flow, such as changes in maturity or financial standing relative to default.

Financial Liabilities

Classified as "Financial liabilities at fair value through income" or "Other financial liabilities".

(i) Financial assets are classified by fair value through income: those kept for trading or stated by fair value through income. Changes to fair value are recognized in the fiscal year's profit & loss.

(ii) Amortized Cost: including loans and financing, originally measured by fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method, and the financial expenses are recognized based on the effective yield.

3. Summary of the main accounting practices -- Continuation

3.6. Financial Instrument -- Continuation

The effective interest method is used to calculate the amortized cost of a debt instrument and allocate its interest revenue throughout the corresponding period. The interest rate is the one, which discounts exactly the future estimated cash flows throughout the estimated life of the financial liability.

Income is recognized based on effective interests for debt instruments that are not characterized as financial assets at fair value through income.

Reporting net of financial assets and liabilities

Financial assets and liabilities are presented in net form in the Balance Sheet if, and only if, there is a current and enforceable legal right to offset the recognized amounts and if there is an intention to offset, or of realizing the asset and settling the liability simultaneously.

Derivative Financial Instruments

Derivatives are initially recognized at fair value on the date they are entered into and are subsequently re-measured at fair value at the end of the fiscal year. Eventual gains or losses are recognized in income immediately, unless the derivative is stated as a "cash flow hedge" instrument; in this case, the moment of recognition in income depends on the nature of the "hedge" relationship. The Company had no derivative financial instruments as of December 31, 2017 and 2016.

3.7. Construction service agreements and onerous contracts

Service income is calculated and recognized pursuant to the progress of each project. Income encompasses the initially agreed upon amount set forth in the contract added of any variations arising of additional claims and requests, to the extent that is possible they will result in income and may be reliably measured.

Contract income is recognized in profit & loss in the extent of the completion of the contract pursuant to the rate of completion of each of the projects (“POC”) as per CPC 17. The cost of each contract is recognized as income in the period when it is incurred, unless it determines an asset related to the activity of a future contract.

3. Summary of the main accounting practices -- Continuation

3.7. Construction service agreements and onerous contracts -- Continuation

When the income of a construction services contract cannot be reliably estimated, its income is recognized up to the amount of the cost incurred, so long as recovery thereof is probable. If probable that the total cost will exceed the total income of a contract (thus characterizing an onerous contract) the loss referring to the excess between the income hired and the total estimated cost is immediately recognized in the fiscal year's profit & loss under the title "Cost of services provided", with a record under the title "other obligations".

The amounts received prior to the performance of the corresponding services are recorded in the balance sheet as a liability, under the title "Advance from customers". The amounts invoiced or to be invoiced, recognized based on the services carried out by project, but still not paid by the customer, are recorded in the Balance Sheet as an asset, under the title "Accounts Receivable from Customers".

3.8. Asset Impairment

At the end of each fiscal year, the Company reviews its tangible assets based on the defined useful life, for determining whether there is any indication that these assets suffered a loss due to impairment. If there is such an indication, the recoverable amount of the asset is estimated for the purposes of identifying the need for provisioning for a loss. When it is not possible to estimate the recoverable amount of an asset individually, the Company calculates the recoverable amount of a cash-generating unit to which the asset belongs.

If the recoverable amount of an asset, as calculated, is lower than its carrying amount, the book value of the asset is reduced to its recoverable amount. A loss due to impairment is recognized in the income.

3. Summary of the main accounting practices -- Continuation

3.9. Income Tax And Social Contribution

3.9.1. Current Taxes

Taxation on profit encompasses income tax and social contribution. The income tax is calculated on the taxable income at the rate of 15%, added of the additional 10% for profits exceeding R$240 in a period of 12 months, whereas social contribution is applied at the 9% rate on
taxable income, recognized on an accounting basis, therefore, inclusions to the book profit of expenses, temporarily non-deductible, or revenue exclusions, temporarily non-taxable, considered for calculating the taxable tax create deferred tax credits or debits.

3.9.2. Deferred taxes

Recognized on the temporary differences at the end of each reporting period between the balances of assets and liabilities recognized in the financial statements and the corresponding tax basis used in the calculation of taxable profit, including the balance of tax losses, when applicable.

Recovery of the balance of deferred tax assets is reviewed at the end of each fiscal year and, when it is no longer likely that the future taxable profits will be available to allow recovery of the entire assets, or part thereof, the balance of the asset is adjusted by the amount for which it is expected to be recovered for.

Deferred taxes are measured by the applicable rates in the period when expected that the liability will be settled or the asset will be realized, based on the rates set forth by the tax legislation in force at the end of each fiscal year, or when new legislation has been substantially approved.

Deferred tax assets and liabilities will be presented in their net form if there is a legal or contractual right to offset the tax asset against the tax liability and deferred taxes are relative to the same taxed entity and subject to the same tax authority.

3.10. Profit (Loss) basic/diluted by share

Calculated by dividing the net profit (loss) of the fiscal year by the average number of outstanding shares during each fiscal year, pursuant to technical standard CPC 41-Profit&Loss per Share.

3. Summary of the main accounting practices -- Continuation

3.11. 2.4 Significant judgment, estimates and accounting premises

Judgment

The preparation of the Company's financial statements requires Management to use judgment and estimates and adopt premises that affect the amounts stated for income, expenses, assets and liabilities, as well as statements of contingent liabilities on the base date of the financial statements. However, the uncertainty relative to these premises and estimates could lead to results that require a significant adjustment to the book value of the asset or liability impacted in future events.

Estimates and premises

The main assumptions relative to sources of uncertainty in future estimates and other significant sources of uncertainties in estimates as of balance sheet date, involving a significant risk of causing a significant adjustment to the book value of assets and liabilities in the next financial period are discussed below:

Loss due to impairment of non-financial assets

Impairment happens when the carrying value of an asset or a cash-generating unit exceeds its recoverable value, which is the higher between the fair value minus the cost of sale and the value in use. The calculation of the fair value minus the cost of sale is based on information available from the sale transactions of other similar assets or market prices minus additional cost for disposal of the asset. The Company hired a specialized firm for appraising the recoverable value of the main assets of the group of fixed assets in the closing of the fiscal year ended December 31, 2017. The study prepared considered the analysis of the fair value by the method of cost for replacement of the assets and the market value minus sale cost. It was not identified the need for establishing a reserve for impairment.

3. Summary of the main accounting practices -- Continuation

3.11. Significant judgment, estimates and accounting premises -- Continuation

Recognition of income and margin of construction contracts and provisioning for contracts.

Construction contracts correspond to several projects executed, whose recognition of the gross revenue in profit & loss is made considering the proportion of the work performed up to the date of the balance sheet and calculated through the proportion of the cost incurred, in relationship to the total estimated contract cost (completed percentage method - POC), as per CPC 17 - Construction Contracts.

When the review of the estimated income of contracts indicates that the total cost of the contract exceeds the total contract income, the expected loss is immediately recognized as an expense in the fiscal year's income.

The estimated income of contracts is reviewed on a monthly basis during performance of the contracts and represents the best estimate of the future economic rewards of the contract, as well as the risks and obligations associated thereto.

Taxes

There are uncertainties regarding the interpretation of complex tax regulations and the value and the time of future taxable income. Given the broad aspect of international business relations, as well as the long-term nature and the complexity of the existing contracts, differences between actual results and the adopted premises, or future changes to those, could require future adjustments to income and expenses with taxes already recognized. The Company makes reserves, based on suitable estimates, for assessments resulting of audits by tax authorities in the respective jurisdictions where the Company operates. The amount of these reserves is based on several factors, such as the experience of the previous tax auditors and diverging interpretations of the tax regulations by the tax authority and by the taxpaying entity. These differences in interpretation may arise on a variety of matters, depending on the current conditions in force in the Company's jurisdiction.

Significant judgment by management is required for determining the amount of the deferred tax that can be recognized, based on a probable term and the level of future taxable profits, in conjunction with the future tax planning strategies.

3. Summary of the main accounting practices -- Continuation

3.11. Significant judgment, estimates and accounting premises -- Continuation

Provision for tax, civil and labor risks

The Company recognizes reserves for civil and labor litigation. The evaluation of the likelihood of loss includes evaluation of available evidence, the hierarchy of law, case law available, the most recent rulings of courts and their relevance in the legal system, as well as the evaluation of external counsel. The reserves are revised and adjusted to take in consideration the circumstances, such as the applicable statute of limitations, conclusions of tax inspection or additional exposure identified based on new matters or court rulings.

Settlement of transactions including these estimates may result in amounts significantly diverging of those provided in these financial statements due to the inherent inaccuracy of the estimate process. The Company revises its estimates and premises on a monthly frequency.

The preparation of the financial statements according to the accounting practices adopted in Brazil requires Management to use judgment, estimates and premises affecting the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may be different from these estimates.

The information on uncertainty, premises and estimates with a significant risk of resulting in a material adjustment within the next fiscal year related, mostly, to the following aspects: useful life of fixed assets, quoted cost of projects, reserves for tax, civil and labor risks, intercompany transactions and accounts receivable and projections for realization of deferred income tax and social contribution.

Estimates and premises are reviewed in a continuous fashion. The impact of these reviews is recognized in the fiscal year when they are made.

3.12. Consortiums

Pursuant to CPC 19 (R2) - Joint Venture, interests in consortiums are classified as joint ventures and, consequently, have their assets, liabilities, income and expenses recognized line by line in the equity and profit & loss accounts, at the proportion of the interest held in each consortium.

(Amounts stated in Reais - R$, except when provided otherwise)

3. Summary of the main accounting practices -- Continuation

3.13. New Standards, revised standards and issued interpretations

The Company has decided not to make an early adoption of any other standards, rules, interpretations or changes that have been issued, but which are still not in force. The nature and the term of each of the new standards and amendments are described below:

Standard	Description	Term
CPC 48 - Financial Instruments	Correlation of international financial reporting standards - IFRS 9 - Financial Instruments: classification, impairment and hedge accounting.	Annual fiscal years starting as of January 1, 2018.
CPC 47 - Revenue from contracts with customers	Correlation of international financial reporting standards - IFRS 15 - on income recognition in transactions of contracts with customers.	Annual fiscal years starting as of January 1, 2018.
CPC 06 (R2) - Financial Lease	Correlation of international financial reporting standards - IFRS 16. Refers to the definition and guidance of the lease agreement provided by IAS17.	Annual fiscal years starting as of January 1, 2019.
CPC 10 (R1) - Stock-based payment	Correlation of international financial reporting standards - IFRS 2. Refers to changes to the measurement of transactions with stock-based payments.	The IASB has indefinitely postponed the date when the standard comes into force.

The Company intends to adopt the new standards and/or changes to the required effective date based on the method applicable to each standard, and the presentation may be either retrospective or prospective. In the Company's preliminary assessment, it is not expected that these changes may have a significant impact on its financial statements.

This conclusion was reached through the analysis of the ongoing construction contract, as well as the current procedures used for recognizing income. Currently, the Company already makes accounting records based on CPC17 – Construction Contracts, and these performance obligations are already recognized pursuant to
each contract and the respective addendums. In the assessment of the Management, there will be no significant variations in the determination of the impacts of contractual changes and if it will be considered as a separate contract, as part of the original contract or as the ending of the original contract and the creation of a new contract.

In the Management's assessment, the Company will continue to meet at least one of the criteria necessary for continuing the recognition of income throughout time.

Relative to CPC06 there are no lease operations that will require significant changes to the reported amounts.

(Amounts stated in Reais - R$, except when provided otherwise)

3. Summary of the main accounting practices -- Continuation

3.13. New Standards, revised standards and issued interpretations -- Continuation

Finally, are not expected significant effects upon the initial adoption of CPC48, considering the Company has no hedge.

4. Cash and cash equivalent and securities

	Cash and cash equivalents		Securities and exchange	
	2017	**2016**	**2017**	**2016**
Cash and Banks	48	36	-	-
Committed Operations	-	12,145	37,393	-
Exclusive Funds	2,496	4,130	3,506	3,200
Bank Deposit Certificates – CDB	3,042	1,256	-	-
Total	5,586	17,567	40,899	3,200

Financial investments correspond to operations with national, first-line financial institutions in CDBs. These operations are compensated, mostly, based on the variation of the CDI, in regular market rates and conditions.

On December 31, 2017, committed operations and exclusive funds yield between 50% to 115% (102% to 112.7% on December 31, 2016) of the Inter-Banking Deposit Certificate - CDI, substantially composed by fixed income investments, Federal Bonds and Treasury Bonds.

The exclusive fund is managed by Banco Itaú, which invests in fixed income, public federal bonds (Treasury SELIC (LFT) and Prefixed Treasury (LTN)), debentures and financial letters of first-line banks.

5. Accounts Receivable from customers

Breakdown of accounts receivable

	2017	**2016**
National Provision of Services - to be invoiced	9,159	8,787
National Provision of Services - invoiced balances	11,984	2,185
Total	21,143	10,972

(Amounts stated in Reais - R$, except when provided otherwise)

5. Accounts receivable from customers -- Continuation

Breakdown by maturity of accounts receivable

	2017	2016
To invoice	**9,159**	8,787
Yet to reach maturity	**10,189**	2,185
Due - 0 to 30 days	**-**	-
Due - 31 to 60 days	**595**	-
Due - 61 to 90 days	**1,069**	-
Due - 91 to 180 days	**131**	-
Total	**21,143**	10,972

6. Related Parties (intercompany)

	Current Assets		Non-Current Assets		Current Liabilities	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Cost reimbursement	4,274	276	**-**	-	**-**	-
Loans (a)	**-**	23,700	92,360	88,253	**-**	-
Accounts payable	**-**	-	**-**	-	450	1,636
Total	4,274	23,976	92,360	88,253	450	1,636

(a) Refers to loan contract with application of 3% interests per annum, with the CCCP parent company, without a determined payment term.

Furthermore, the Company had advances from customers with SPE São Lourenço of R$22,815 on December 31, 2016.

	Income		Expense	
	2017	**2016**	**2017**	**2016**
Construction Services (a)	41,001	127,290	(282)	(405)
Administrative Services	374	-	-	(1,223)
Interests on loan (Note 14)	2,796	2,898	**-**	-
Total	44,171	130,188	(282)	(1,628)

(a) In 2017 and 2016, income refers substantially to the SPE São Lourenço project.

Compensation of the administrators is disclosed in Note 13.

(Amounts stated in Reais - R$, except when provided otherwise)

7. Other credits

	2017	2016
Advance to vendors	1,740	-
Income Tax	1,665	4
Accounts receivable from consortiums (a)	1,495	13
Contract Withholdings	1,062	-
Social Contribution	546	-
Vacation advance	271	81
Others	513	635
	7,292	733

(a) On December 31, 2017, refers to amounts advanced, contributed to consortiums above the interest held by the Company, especially in the consortiums Corredor Bileo Soares (R$486) and Terminal de Itaquera (R$993).

8. Fixed Assets

	2017			2016
	Cost	Depreciation Accrued	Cost Residual	Cost Residual
Machines and equipment	244,083	(139,364)	104,719	7,199
Vehicles	30,967	(20,231)	10,736	1,407
IT Equipment and others	143	(76)	67	48
Tools	16	(7)	9	45
Furniture and fixtures	166	(45)	121	146
Fixed Assets in Progress	1,227	-	1,227	1
Total	276,602	(159,723)	116,879	8,846

Changes in fixed assets are stated in the following manner:

Balance on December 31, 2015	**9,619**
Additions	169
Derecognition	(684)
Depreciation	(545)
Transference to intangible	(91)
Transfer of "assets destined to sale"	378
Balance on December 31, 2016	**8,846**
Additions	1,651
Increase through capital contribution (Note 1)	114,883
Derecognition	(1,106)
Depreciation	(672)
Allowance for impairment (Note 13)	(6,198)
Transfer to "assets destined to sale"	(525)
Balance on December 31, 2017	**116,879**

(Amounts stated in Reais - R$, except when provided otherwise)

9. Wages, vacation pay and charges payable

	2017	2016
Reserve for vacation and social charges	5,690	2,486
National Social Security Institute	1,346	480
Taxes withheld from wages	1,175	238
Government Severance Pay and Unemployment Fund	410	110
Others	883	49
	9,504	3,363

10. Income Tax and Social Contribution - current and deferred

a) Income tax and social contribution registered in the profit & loss of the fiscal year

	2017	2016
Profit (loss) before income tax and social contributions	(21,863)	29,570
Rates (15% for income tax plus another 10% to 9% additional to social contribution)	34%	34%
Income tax and social contributions calculated at nominal rates	7,433	(10,054)
Adjustments for calculation of effective income tax and social contribution:		
Net exclusions	-	75
Non-deductible expenses	(1,305)	-
	6,128	(9,979)
Income tax and social contribution - current	-	(5,257)
Income tax and social contribution - deferred	6,128	(4,722)

b) Deferred Income Tax and Social Contribution are composed as below:

	2017	2016
Active Nature:		
Tax loss and negative social contribution basis (*)	7,937	1,076
Reserves for third-party services	27	-
Useful life difference in fixed assets	353	131
Reserve for profit sharing	272	-
Reserve for labor risks	2	3
	8,591	1,210
Passive nature:		
Profits not realized - Public Administration	63	63
Useful life difference in fixed assets	19,030	-
	19,093	63
Net balance in noncurrent assets	-	1,147
Net balance in noncurrent liabilities	10,502	-

(*) The realization of current temporary differences has an expectation of a term under ten years, with economic or financial realization.

11. Equity

Share Capital

The share capital, on December 31, 2017 is of R$224,587 (R$77,480 on December 31, 2016), represented by 24,503,156 (12,440,191 on December 31, 2016) common, registered shares, with no par value.

On October 30, 2017 the parent company CCCP paid in R$97,107 by transferring a part of the split-off portion of the equity of CCCC with the issuance of 12,062,965 (twelve million, sixty-two thousand, nine hundred and sixty-five) common, registered shares, with no par value.

On December 23, 2017 the parent company Camargo Corrêa Infra Participações S.A. paid in R$50,000, received in cash, without the issuance of new shares.

Legal Reserve

Represents 5% of the net profit of the fiscal year, as the limit set by Law was observed.

Reserve for renewal of equipment

Destined a portion of 5% to the equipment renewal reserve, observing the top limit of 30% of the share capital.

Dividends

To the shareholders, it is assured in each fiscal year, the minimum dividend of 25% of the adjusted net profit, pursuant to the Bylaws and the Joint-Stock Company Act.

On December 31, 2017, the Company has not paid reserves or dividends due to having absorbed the profits with accumulated losses.

(Loss) Profit per share

Below, it is demonstrated the reconciliation of the net (loss) profit with the amounts used for calculating the basic profit per share:

	2017	**2016**
Numerator		
Allocation of (losses) net profits of the fiscal year to shareholders	(15,735)	19,591
Denominator		
Weighted average of shares	14,494,872	12,440,191
(Loss) basic profit per share (in reais)	(1.09)	1.57

(Amounts stated in Reais - R$, except when provided otherwise)

11. **Equity** -- Continuation

The Company does not have any debts convertible into shares, neither stock option that would be able to dilute the income per share.

12. Revenues

	2017	2016
Gross income from provision of services - national	142,359	196,536
Income deduction		
PIS and COFINS(*)	(5,195)	(7,287)
ISS(*)	(4,362)	(6,466)
	(9,557)	(13,753)
Total	132,802	182,783

(*) The company recognizes taxes levied on income, based on the rates in force on an accounting basis, among the most relevant ones, PIS/Cofins and ISS.

13. Information on the nature of the costs and expenses in the statement of operations

The Company has presented the statement of operations for the fiscal year using a function-based expense classification. The information on the nature of these expenses recognized in the statement of profit & loss are presented below:

	2017	2016
Raw materials and usable and consumables	(47,167)	(55,847)
Third-party services	(39,295)	(51,558)
Wages and employee benefits	(52,928)	(42,627)
Expenses with rent and condominium charges	(7,980)	(6,761)
Reserve for loss due to impairment (Note 8)	(6,198)	-
Expenses with consumables	(2,184)	(2,909)
Management compensation (*)	(948)	-
Travel Expenses	(784)	(626)
Depreciation and amortization	(687)	(557)
Other operational, net income (expenses)	75	295
Total	(158,096)	(160,590)
Cost of services rendered	(141,548)	(159,926)
General and administrative expenses	(16,621)	(401)
Other operational, net income (expenses)	73	(263)
	(158,096)	(160,590)

(*) In 2016, there was no compensation paid to the administrators.

(Amounts stated in Reais - R$, except when provided otherwise)

14. Financial Income

	2017	2016
Financial revenues		
Financial yield	1,249	4,612
Interests on loan (Note 6)	2,796	2,898
Others	69	48
	4,114	7,558
Financial expenses		
Interests on loans	(1)	(2)
Banking Expenses	(41)	(20)
Fine on obligations	(82)	(26)
Taxes on financial operations – IOF	(368)	(133)
Other financial expenses	(191)	-
	(683)	(181)
Net financial income	3,431	7,377

15. Insurance

On December 31, 2017, the Company had insurance covering several risks, such as engineering, civil construction work, installation and assembly, civil liability and damages, among other risks.

	2017	2016
Financial Damages	6,422	108,174
Engineering risk	652,247	459,984
Civil liability	69,400	68,900
Others	-	15,239

The scope of the work of our auditors does not include the issuance of an opinion on the sufficiency of insurance coverage, which was determined by the Company's Management who considers it sufficient for covering eventual claims.

16. Benefits to employees

The Company has a private pension plan, in the form of a defined contribution, and during the fiscal year ended December 31, 2017, the contribution was of R$130 (R$24 on December 31, 2016), registered under the title "Wages, provisions and social contributions".

(Amounts stated in Reais - R$, except when provided otherwise)

17. Financial Instruments

17.1 Policy for hiring derivative financial instruments

Due to the financial obligations assumed by the Company, according to the guidelines set by the Executive Board, it may enter into operations with financial derivative instruments for minimizing exchange risks and rates of interests assumed by the operations, respecting the exposure levels attached to such risks. As mentioned in Note 3.6, on December 31, 2017, the Company had no balances of derivative financial instruments.

17.2 Category of Financial Instruments

The main financial instruments and their values stated in the financial statements, by category, are showed below. The carrying values of these financial instruments are provided below:

	Fair Value Rank	Category of the Financial Instruments	2017	2016
Financial Assets				
Cash equivalent (Note 4)	2	Fair value in income	5,586	17,567
Securities and exchange (Note 4)	2	Fair value in income	40,899	3,200
Accounts Receivable - invoiced (Note 5)	2	Loans and receivables	11,984	2,185
Intercompany (Note 6)	2	Loans and receivables	96,634	112,229
Financial Liabilities				
Vendors	2	Amortized Cost	11,700	12,670
Loans and financing	2	Amortized Cost	3	21
Intercompany (Note 6)	2	Amortized Cost	450	1,636

For determining the market values of financial instruments and investments evaluated by fair value through income, the Company, at the closing of each period, calculates these values based on the information available in the future market, in addition to consulting with financial institutions with whom these operations were transacted. There are no significant differences between the book values and the fair values of financial instruments.

Fair Value Rank

The Company uses the following hierarchy to determine the fair value of financial instruments by the evaluation technique:

<u>Level 1</u> - Quoted Prices (unadjusted) in active markets for identical assets and liabilities.

(Amounts stated in Reais - R$, except when provided otherwise)

17. Financial Instruments -- Continuation

17.2 Category of financial instruments -- Continuation

Level 2: other techniques for which the data have significant effects on the fair value that can be measured, directly or indirectly;

Level 3: techniques that use data, which have a significant effect to the recorded fair value that is not based on data that can be observed in the market.

Throughout the fiscal year ended December 31, 2017, there was no transfer between the Level 1 and Level 2 fair value evaluations, nor transfers between Level 3 and Level fair value evaluations. The Company uses level 2 fair value hierarchy, as provided by CPC 39.

17.3 Exposure to interest rate risks

The Company is exposed to fluctuating interest rates and inflation indices, especially those relative to the variations of both CDI and Selic. The interest rates in financial investments are mostly attached to the variation of the CDI. These positions are showed below:

	2017	**2016**
Assets		
Cash equivalent and securities and exchange		
CDI	42,102	17,358
SELIC -	4,236	2,424

17.4 Sensitivity Analysis

The sensitivity analysis of financial instruments, variations of relevant assets and liabilities of the Company and those exposed to CDI variations are in the following manner:

Operation	**Carrying Amount**	**Scenario 1**	**Scenario 2**	**Scenario 3**
Exposure to variable indices				
Cash equivalent and Securities and Exchange CDI/SELIC	46,338	3,109	2,332	1,555

(Amounts stated in Reais - R$, except when provided otherwise)

17. Financial Instruments -- Continuation

17.4 Sensitivity Analysis -- Continuation

Due to the Company's position, the following scenarios were considered:

	Scenario 1	Scenario 2	Scenario 3
Investments and loans (a)	Market projection for 12 months (best case scenario)	Reduction of indices in 25%	Reduction of indices in 50%

(a) Most conservative scenario, considering that the investment position is superior to the position of loans.

17.5 Liquidity Risk

The Company's liquidity depends especially on the cash generated by operating activities, shareholder contributions and loans and financing from financial institutions. Management of the liquidity risk considers the evaluation of liquidity requirements for assuring the Company has sufficient cash for meeting its capital and operating expenses, as well as for paying debt.

18. Additional information on cash flow

	2017	**2016**
Transactions of investments and financing that did not involve cash		
Proposed dividends	-	4,450
Capital increase due to the split-off of assets	114,883	-
Transfer of deferred income tax and social contributions - split-off of fixed assets	17,777	-

19. Subsequent events

On March 30, 2018, the holding Camargo Corrêa Construções e Participações S.A. transacted the partial split-off of the assets, rights and obligations of its subsidiary Construções e Comércio Camargo Corrêa S.A. for the book value based on the Balance Sheet of February 28, 2018, transferring the split-off portions of the equity of Construções e Comércio Camargo Corrêa S.A. to the Company, in the total amount of R$35.123. Subsequently, the holding Camargo Corrêa Construções e Participações S.A. increased the share capital of Construções e Comércio Camargo Corrêa S.A. with the interest acquired in the indirect its subsidiary after the split-off, which, on its turn, increased the capital in the parent company Camargo Corrêa Infra Participações in R$35.123.