

Financial Statements

Camargo Corrêa Infra Projetos S.A.

December 31, 2017

with the Report of the Independent Auditor

Camargo Corrêa Infra Projetos 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 Projetos S.A.
São Paulo - SP

Opinion

We have audited the financial statements of Camargo Corrêa Infra Projetos S.A. (“Company”), which comprise the balance sheet as of December 31, 2017 and the statements of operations, of comprehensive loss, of changes in equity and of cash flows for the period from August 10, 2017 to December 31, 2017, 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 Projetos S.A., as of December 31, 2017, the performance of its operations and its cash flows for the period from August 10, 2017 to December 31, 2017, according to 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 Responsibilities 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.

Responsibility 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 controls, 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.

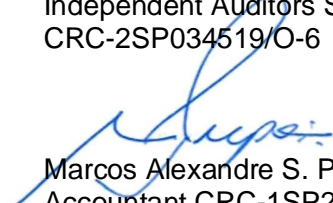


- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

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 Projetos S.A.

Balance sheet

As of December 31, 2017

(In thousands of Reais - R\$)

| | Note | 31-Dec-17 |
|---|-------------|-----------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | 4 | 1 |
| Securities and exchange | 4 | 29,300 |
| Receivable from clients | 5 | 6,366 |
| Assets destined for sale | 7 | 185 |
| Other credits | 8 | 5,355 |
| Total Current Assets | | <u>41,207</u> |
| Noncurrent | | |
| Other credits | 8 | 9,963 |
| Fixed Assets | 9 | 49,992 |
| Total Non-Current Assets | | <u>59,955</u> |
| Total assets | | <u><u>101,162</u></u> |
| Liabilities and equity | | |
| Current | | |
| Vendors | | 13,800 |
| Related Parties (intercompany) | 6 | 5,289 |
| Wages, vacation pay and charges payable | | 1,657 |
| Taxes payable | | 662 |
| Other obligations | | 716 |
| Total Current Liabilities | | <u>22,124</u> |
| Noncurrent | | |
| Deferred income tax and social contribution | 10 | 9,818 |
| Total Non-Current Liabilities | | <u>9,818</u> |
| Equity | | |
| Share Capital | 11 | 71,545 |
| Accumulated Losses | | (2,325) |
| Total equity | | <u>69,220</u> |
| Total liabilities and Equity | | <u><u>101,162</u></u> |

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

Camargo Corrêa Infra Projetos S.A.

Statement of operations

Period from August 10, 2017 to December 31, 2017

(In thousands of Reais – R\$, except for profit per share)

| | Note | 08.10.2017 to 12.312.2017 |
|---|-------------|--------------------------------------|
| Revenue from Services | 12 | 5,762 |
| Cost of services provided | 13 | <u>(5,032)</u> |
| Gross profit | | 730 |
| Operational Revenue (Expenses) | | |
| General and administrative | 13 | (4,133) |
| Other operational, net income (expenses) | 13 | <u>252</u> |
| Operational loss before financial profit & loss | | (3,151) |
| Financial revenues | | 29 |
| Financial expenses | | <u>(2)</u> |
| | | <u>27</u> |
| Loss before income tax and social contribution | | (3,124) |
| Income Tax And Social Contribution Deferred | 10.a | 799 |
| Losses in the Fiscal Year | | <u>(2,325)</u> |
| Loss per share | 11 | <u>(0.13)</u> |

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

Camargo Corrêa Infra Projetos S.A.

Statement of comprehensive loss
Period from August 10, 2017 to December 31, 2017
(In thousands of Reais - R\$)

| | 08.10.2017 to 12.312.2017 |
|---|--------------------------------------|
| Losses in the Fiscal Year | (2,325) |
| Other comprehensive income | - |
| Total Comprehensive Income of the Fiscal Year | <u>(2,325)</u> |

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

Camargo Corrêa Infra Projetos S.A.

Statement of changes in equity
 Period from August 10, 2017 to December 31, 2017
 (In thousands of Reais - R\$)

| | Note | Share Capital | Losses Accumulated | Total Net Equity |
|---|-------------|--------------------------|-------------------------------|---------------------------------|
| Balances upon the organization of the Company (August 10, 2017) | 1 | 1 | - | 1 |
| Capital Increase – Equity | 11 | 41,544 | - | 41,544 |
| Capital Increase with financial resources | 11 | 30,000 | - | 30,000 |
| Losses in the Fiscal Year | | - | (2,325) | (2,325) |
| Balances of December 31, 2017 | | <u>71,545</u> | <u>(2,325)</u> | <u>69,220</u> |

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

Camargo Corrêa Infra Projetos S.A.

Statement of cash flows

Period from August 10, 2017 to December 31, 2017

(In thousands of Reais - R\$)

| | 08.10.2017 to 12.31.2017 |
|---|-------------------------------------|
| Cash Flow of the Operational Activities | |
| Loss before income tax and social contribution | (3,124) |
| Adjustments to reconcile (loss) profit before income taxes and social contribution with net cash invested in operating activities | |
| Depreciation and amortization (Note 9) | 148 |
| Interests on securities and exchange | (30) |
| Establishment of allowance for impairment – Fixed Assets (Note 13) | 1,417 |
| Derecognition of fixed assets (Note 9) | 419 |
| (Increase)/ decrease in operating assets | |
| Receivable from clients | (6,366) |
| Other Credits (Note 8) | (15,318) |
| Increase of operating liabilities | |
| Vendors | 13,800 |
| Related Parties (intercompany) | 5,289 |
| Wages, vacation pay and charges payable | 1,657 |
| Taxes payable | 662 |
| Other obligations | 716 |
| Net cash applied in operating activities | <u>(730)</u> |
| Cash Flow of the Investment Activities: | |
| Securities and exchange | <u>(29,270)</u> |
| Net cash used by investment activities | (29,270) |
| Cash flow from financing activities | |
| Capital increase (Note 11) | <u>30,000</u> |
| Cash generated by financing activities | 30,000 |
| Net increase of cash and cash equivalent | - |
| Cash and cash equivalent in the beginning of the period (August 10, 2017) | 1 |
| Cash and cash equivalent in the closing of the period (December 31, 2017) | <u>1</u> |

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

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

1. Operating Context

A Camargo Corrêa Infra Projetos S.A. (the “Company”), previously named E&C Engenharia e Construções S.A., was organized in August 10, 2017, with a share capital of R\$1 thousand, divided into 1,000 (one thousand) common, registered shares, with no par value, with the following main objectives: 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; operation and assembly of Power lines, thermal power plans, and wind power plants; operation, maintenance and assembly of gas and oil pipelines; the provision of public utility services by concession; providing public cleaning, environmental and urbanization services on its own and/or outsourcing; including the exploration and use of mines and trading of ore, including hydrocarbons; providing support services in waterway transportation and support and port operation services; providing services in the industrial assembly of modules and maritime rigs for prospecting, producing and storing oil and gas and similar equipment; technical civil engineering installations, industrial assembly, provision of services in consulting, planning, support and technical surveys and studies; representation, importation, exportation, lease, sale and purchase of transportation equipment. The Company's object encompasses, moreover, exploration of the naval industry, for engaging in the preparation of projects, construction, performing repairs, maintenance and modernization of vessels, including maritime rigs for prospecting, producing and storing oil and gas; and other related activities arising of those mentioned in this Article. The Company may also participate in other entities, organize and acquire them, complying with the provisions of law.

Reorganization

On October 30, 2017, the holding Camargo Corrêa Construções e Participações S.A. (“CCCP”) approved the partial split-off of the rights, assets and obligations of Construções e Comércio Camargo Corrêa S.A. (“CCCC”), for the book value based on the Balance Sheet of September 30, 2017, transferring the split equity to the Company. The split-off equity portion is substantially represented by the following items:

| | <u>30-Sep-17</u> |
|---|------------------|
| Non-Current Assets: | |
| Equipment (Note 9) | 52,161 |
| Non-Current Liabilities: | |
| Deferred income tax and social contribution | (10,607) |
| Split-off Equity | <u>41,554</u> |

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

1. Operating Context -- Continuation

On October 30, 2017, CCCP paid in R\$ 41,554 referring to the investment in the Company, as an increase of the share capital of CCC, at the carrying amount. Subsequently, CCC paid in R\$ 41,554 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.

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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

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. 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. The assets, based on the linear useful life, have the following annual rates: machines, equipment and vehicles - 10% to 20%; according to the contractual 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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

3.4. Benefits to employees

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.

3.5. 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.

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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

3.5. Financial Instrument -- Continuation

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 thereof.

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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

3.5. Financial Instrument -- Continuation

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.

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.

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.

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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

3.6. 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.

When the result 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 likely. 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".

3.7. Income Tax And Social Contribution

3.7.1. 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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

3.7. Income tax and social contribution – Continuation

3.7.2. 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.

3.8. 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.

3.9. 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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

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

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.

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 exceed 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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

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

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.

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.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

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

Provisions for tax, civil and labor risks - Continuation

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.

3.10. 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. |

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December 31, 2017

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

3. Summary of the main accounting practices -- Continuation

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

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.

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

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

4. Cash and cash equivalent and securities

| | Cash and Cash equivalent | Securities and Exchange |
|----------------------|-----------------------------|----------------------------|
| | <u>12/31/2017</u> | <u>12/31/2017</u> |
| Cash and Banks | 1 | - |
| Committed Operations | - | 29,300 |
| Total | <u>1</u> | <u>29,300</u> |

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 yield between 50% to 95% of the Interbanking Deposit Certificate - CDI, substantially comprised by fixed income investments.

5. Receivable from clients

On December 31, 2017, it refers to national services to be invoiced, in the amount of R\$6,366, for which was not established an allowance for doubtful accounts, since there is no indication the amounts will not be realized.

6. Related Parties (intercompany)

| | <u>Current Liabilities</u> |
|------------------------|---------------------------------|
| | <u>31-Dec-17</u> |
| Cost reimbursement (*) | 5,289 |
| Total | <u>5,289</u> |
| | <u>Expense</u> |
| | <u>08.10.2017 to 12.31.2017</u> |
| Cost reimbursement | (5,753) |
| Total | <u>(5,753)</u> |

(*) Refers to reimbursement of cost between entities of the same economic group: Construções e Comércio Camargo Corrêa S.A. and Camargo Corrêa Infra Construções S.A.

Compensation of the administrators is disclosed in Note 13.

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Explanatory notes to the financial statements

December 31, 2017

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

7. Assets destined for sale

Represent equipment and items of the fixed assets for trading. In 2017, it was transferred from the fixed assets R\$185 (Note 9).

8. Other credits

| | <u>31-Dec-17</u> |
|------------------------------|------------------|
| Insurance to appropriate (*) | 14,912 |
| Others | 406 |
| | <u>15,318</u> |
| Current Assets | 5,355 |
| Non-Current Assets | 9,963 |
| | <u>15,318</u> |

(*) Refers to the premium of the surety bond hired for the period of August 11, 2017 to January 30, 2021 for the Power Line Projects.

9. Fixed Assets

| | <u>31-Dec-17</u> | | |
|------------------------|------------------|---------------------------------|--------------------------|
| | <u>Cost</u> | <u>Depreciation Accrued</u> | <u>Cost Residual</u> |
| Machines and equipment | 88,747 | (47,991) | 40,756 |
| Vehicles | 25,374 | (16,138) | 9,236 |
| Total | <u>114,121</u> | <u>(64,129)</u> | <u>49,992</u> |

Changes in fixed assets are stated in the following manner:

| | |
|--|---------------|
| Balance on Thursday, August 10, 2017 | - |
| Increase through capital contribution (Note 1) | 52,161 |
| Derecognition | (419) |
| Depreciation (Note 13) | (148) |
| Allowance for impairment (Note 13) | (1,417) |
| Transfer to assets destined to sale (Note 7) | (185) |
| Balance on Sunday, December 31, 2017 | <u>49,992</u> |

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December 31, 2017

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

10. Income Tax and Social Contribution - current and deferred

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

| | 08.10.2017 to 12/31/2017 |
|---|-------------------------------------|
| Loss before income tax and social contribution | (3,124) |
| Rates (15% for income tax plus another 10% to 9% additional to social contribution) | 34% |
| Income tax and social contributions calculated at nominal rates | 1,062 |
| Adjustments for calculation of effective income tax and social contribution: | |
| Net additions (exclusions) | (263) |
| Income tax and social contribution - deferred | 799 |

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

| | 31-Dec-17 |
|--|------------------|
| Active Nature: | |
| Reserve for profit sharing | 185 |
| Reserve for impairment – fixed assets | 482 |
| Others | 45 |
| | 712 |
| Passive nature: | |
| Useful life difference in fixed assets | 10,530 |
| Net balance in non-current liabilities | 9,818 |

11. Equity

Share Capital

The Share Capital, as of December 31, 2017 is of R\$71,545, represented by 41,544,515 common, registered shares, with no par value.

On August 10, 2017, the parent company organized the Company with a starting share capital of R\$1 (one thousand), divided into 1,000 common shares.

On October 30, 2017 the parent company ("CCIP") paid in R\$41,544 by transferring a part of the split-off portion of the equity of CCCC with the issuance of 41,543,515 (forty-one million, five hundred and forty-three thousand, five hundred and fifteen) common, registered shares, with no par value.

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

11. Equity -- Continuation

On December 23, 2017, the parent company ("CCIP") paid in the capital in the amount of R\$30,000 without issuing 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.

Loss per share

Below, it is showed the reconciliation of the net loss with the amounts used for calculating the basic loss per share:

| | 08.10.2017 to 31-Dec-17 |
|--|------------------------------------|
| Numerator | |
| Allocation net losses of the fiscal year to shareholders | (2,325) |
| Denominator | |
| Weighted average of shares | 18,012,874 |
| Basic loss per share (in reais) | <u>(0.13)</u> |

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

12. Income

Below, it is showed the reconciliation between gross income and net income stated in the fiscal year's financial statements:

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

12. Income -- Continuation

| | <u>08.10.2017 to 31-Dec-17</u> |
|--|------------------------------------|
| Gross income from provision of services - national | 6,366 |
| Income deduction | |
| ISS (*) | (318) |
| Social Security Contribution (*) | (286) |
| | <u>(604)</u> |
| Total | <u>5,762</u> |

(*) The Company recognizes that the Social Security Contribution on Gross Income (CPRB) 4.5% or 20% (employer's contribution) on payroll, pursuant to Law 13.161, of August 31, 2015 and Regulatory Directive RFB# 1.597, of December 1, 2015. In addition to the CPRB, the Company recognizes other taxes applicable to income, based on the rates in force and following the accounting basis regime

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

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

| | <u>08.10.2017 to 31-Dec-17</u> |
|---|------------------------------------|
| Wages and employee benefits | (2,707) |
| Expenses with consumables | (1,852) |
| Reserve for loss due to impairment (Note 9) | (1,417) |
| Expenses with outsourced services | (979) |
| Expenses with rent and condominium charges | (842) |
| Management compensation | (788) |
| Travel Expenses | (261) |
| Raw materials and usable and consumables | (171) |
| Depreciation and amortization (Note 9) | (148) |
| Other operational, net income (expenses) | 252 |
| Total | <u>(8,913)</u> |
| Cost of services rendered | (5,032) |
| General and administrative expenses | (4,133) |
| Other operational, net income (expenses) | 252 |
| | <u>(8,913)</u> |

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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14. 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.

| | <u>31-Dec-17</u> |
|-------------------|------------------|
| Financial Damages | 274,707 |

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.

15. 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\$25 recorded under the title "Wages, provisions and social contributions".

16. Financial Instruments

16.1. 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 3.5, on December 31, 2017, the Company had no balances of derivative financial instruments.

16.2. Categories 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 | <u>31-Dec-17</u> |
|----------------------------------|--------------------|--|------------------|
| Financial Assets | | | |
| Securities and exchange (Note 4) | 2 | Fair value in income | 29,300 |
| Financial Liabilities | | | |
| Vendors | 2 | Amortized Cost | 13,800 |
| Intercompany (Note 6) | 2 | Amortized Cost | 5,289 |

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Explanatory notes to the financial statements

December 31, 2017

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

16. Financial Instrument -- Continuation

16.2. Category of financial instruments -- Continuation

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:

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

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 period of August 10 to December 31, 2017, there was no transfer between Level 1 and Level 2 fair value evaluations, nor transfers between Level 3 and Level 2 fair value evaluations. The Company uses level 2 fair value hierarchy, as provided by CPC 39.

16.3. Exposure to interest rate risks

The fluctuating interest rates in financial investments are mostly attached to the variation of the CDI. These positions are showed below:

| | <u>31-Dec-17</u> |
|---|------------------|
| Assets | |
| Cash equivalent and securities and exchange | |
| CDI | 29,300 |

Camargo Corrêa Infra Projetos S.A.

Explanatory notes to the financial statements

December 31, 2017

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

16. Financial Instrument -- Continuation

16.4. Financial Instruments 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:

| <u>Operation</u> | <u>Scenario 1</u> | <u>Scenario 2</u> | <u>Scenario 3</u> |
|---|-------------------|-------------------|-------------------|
| Exposure to variable indices | | | |
| Cash equivalent and securities and exchange | | | |
| CDI/SELIC - Estimated financial revenues | 1,966 | 1,475 | 983 |

Scenario 1 is considered by Management as the one that best reflects its expectations, calculated based on projections made available in the financial market for calculating the future values of the aforementioned operations, considering 12 months' maturity. Due to the Company's position, Scenario 2 considers a devaluation of the indices relative to scenario 1 of 25% and scenario 3, a 50% devaluation.

16.5. 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.

The resources maintained by the Company are invested in instruments with appropriate maturity dates or sufficient liquidity as determined by the aforementioned forecasts.

17. Additional information on cash flow

| | <u>08.10.2017 to</u> <u>31-Dec-17</u> |
|--|--|
| Transactions of investments and financing that did not involve cash | |
| Capital increase due to the split-off of assets (Note 9) | 52,161 |
| Transfer of deferred income tax and social contributions - split-off of fixed assets | (10,619) |

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18. 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 the 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\$114,757. 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 subsidiary after the split-off, which, on its turn, increased the capital in the parent company Camargo Corrêa Infra Participações in R\$114,757.