Financial Statements

Camargo Corrêa Infra Projetos S.A.

December 31, 2018
with Independent Auditor's Report

Camargo Corrêa Infra Projetos S.A.

Financial statements

December 31, 2018

Contents

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Independent auditor's report on financial statements

To the Shareholders, Board of Directors and Officers
Camargo Corrêa Infra Projetos S.A.
São Paulo - SP

Opinion

We have audited the financial statements of Camargo Corrêa Infra Projetos S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2018 and the statements of profit or loss, of comprehensive income (loss), of changes in equity and 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 respects, the financial position of Camargo Corrêa Infra Projetos S.A. as at December 31, 2018, its financial performance and cash flows for the year then ended, in accordance with the accounting practices described in Note 2.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. 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 of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 9.c to the financial statements, which indicates that the Company, through its direct subsidiary Camargo Corrêa Infra Projetos S.A. Colombian unit, has an indirect interest of 55% in Consórcio CCC Ituango (the "Consortium") located in Colombia, which is engaged in construction in the Ituango Hydroelectric Project. The contractual term of this project was terminated without completion of such work due to the incidents between April and May 2018. The Consortium has been negotiating with the counterparty and has signed contractual amendments to mitigate the effects of this claim, and service continuity for work completion will depend on damage evaluation and approval by the counterparty.

As mentioned in Notes 2 and 3.16, which describes accounting practices for the preparation of financial statements, the financial statements were prepared in Brazilian Reais. For the convenience of foreign users, the financial statements of December 31, 2018 were translated to US dollars (US$) and Colombian pesos (COP). Such translation is performed only for the convenience of the users and should not be read as a declaration that the values in Brazilian Reais could be translated to US dollars and Colombian pesos or in any other currency. Accordingly, financial statements may not serve other purposes. Our report is intended exclusively for the convenience of foreign users and should not be used for other purposes. Our opinion is not modified related to that subject.

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

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

In preparing the 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 responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International 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 an audit in accordance with Brazilian and International 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

São Paulo, March 29, 2019.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

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

Camargo Corrêa Infra Projetos S.A.

Statement of financial position
December 31, 2018 and 2017
(In thousands of R$, COP y US$)

	Note	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	12/31/2017 R$
Assets					
Current assets					
Cash and cash equivalents	4	**4,638**	**15,052,764**	**17,973**	1
Marketable securities	4	**-**	**-**	**-**	29,300
Trade accounts receivable	5	**1,061**	**3,444,724**	**4,113**	6,366
Inventories		**6**	**19,262**	**23**	-
Related parties	6	**13,735**	**44,574,539**	**53,222**	-
Assets available for sale	7	**80**	**258,794**	**309**	185
Other receivables	8	**5,258**	**17,063,652**	**20,374**	5,355
Total current assets		**24,778**	**80,413,735**	**96,014**	41,207
Noncurrent assets					
Other receivables	8	**1,419**	**4,603,853**	**5,497**	9,963
Related parties	6	**4,532**	**14,706,030**	**17,559**	-
		5,951	**19,309,883**	**23,056**	9,963
Investment	9	**19,169**	**62,208,543**	**74,277**	-
Property, plant and equipment	10	**29,606**	**96,077,052**	**114,716**	49,992
Intangible		**-**	**838**	**1**	-
Total noncurrent assets		**54,726**	**177,596,316**	**212,050**	59,955
Total assets		**79,504**	**258,010,051**	**308,064**	101,162
Liabilities and equity					
Current liabilities					
Trade accounts payable		**2,261**	**7,336,684**	**8,760**	13,800
Loans and financing	12	**1,914**	**6,211,055**	**7,416**	-
Related parties	6	**327**	**1,060,302**	**1,266**	5,289
Payroll, vacation and charges payable	11	**1,300**	**4,217,755**	**5,036**	1,657
Taxes payable		**105**	**341,709**	**408**	662
Advances from customers	13	**13,778**	**44,711,893**	**53,386**	-
Other obligations		**-**	**-**	**-**	716
Total current liabilities		**19,685**	**63,879,398**	**76,272**	22,124
Noncurrent liabilities					
Loans and financing	12	**5,005**	**16,242,881**	**19,394**	-
Deferred income and social contribution taxes	14 b.	**5,728**	**18,589,615**	**22,196**	9,818
Total noncurrent liabilities		**10,733**	**34,832,496**	**41,590**	9,818
Equity	15				
Capital		**48,080**	**156,031,826**	**186,302**	71,545
Other comprehensive income		**1,459**	**4,735,343**	**5,654**	-
Accumulated losses		**(453)**	**(1,469,012)**	**(1,754)**	(2,325)
Total equity		**49,086**	**159,298,157**	**190,202**	69,220
Total liabilities and equity		**79,504**	**258,010,051**	**308,064**	101,162

See accompanying notes.

Camargo Corrêa Infra Projetos S.A.

Statement of profit or loss
Year ended December 31, 2018 and period from August 10 to December 31, 2017
(In thousands of R$, COP y US$, except for earnings (loss) per share)

	Note	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	08/10/2017 to 12/31/2017 R$
Service revenue	16	**11,481**	**37,257,956**	**44,486**	5,762
Costs of services	17	**(11,325)**	**(36,752,931)**	**(43,883)**	(5,032)
Gross profit		**156**	**505,025**	**603**	730
Operating income (expenses)					
General and administrative expenses	17	**(7,876)**	**(25,558,626)**	**(30,517)**	(4,133)
Other operating income (expenses), net	17	**(519)**	**(1,683,417)**	**(2,010)**	252
Equity pickup	9	**6,091**	**19,765,494**	**23,600**	-
Loss before finance income (costs)		**(2,148)**	**(6,971,524)**	**(8,324)**	(3,151)
Finance income	18	**430**	**1,395,310**	**1,666**	29
Finance costs	18	**(259)**	**(839,196)**	**(1,002)**	(2)
Exchange gains (losses), net	18	**1**	**4,188**	**5**	-
		172	**560,302**	**669**	27
Loss before income and social contribution taxes		**(1,976)**	**(6,411,222)**	**(7,655)**	(3,124)
Income and social contribution taxes					
Current	14.a	**1,327**	**4,307,369**	**5,143**	-
Deferred	14.a	**796**	**2,582,077**	**3,083**	799
Income (loss) for the year		**147**	**478,224**	**571**	(2,325)
Earnings (loss) per share	15	**0.00**	**8.38**	**0.01**	(0.13)

See accompanying notes.

Camargo Corrêa Infra Projetos S.A.

Statement of comprehensive income (loss)
Year ended December 31, 2018 and period from August 10 to December 31, 2017
(In thousands of R$, COP y US$)

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	08/10/2017 to 12/31/2017 R$
Income (loss) for the year	**147**	**478,224**	**571**	(2,325)
Other comprehensive income (Note 9)	**761**	**2,470,730**	**2,950**	-
Total comprehensive income (loss) for the year	**908**	**2,948,954**	**3,521**	(2,325)

See accompanying notes.

Camargo Corrêa Infra Projetos S.A.

Statement of changes in equity
Year ended December 31, 2018 and period from August 10 to December 31, 2017
(In thousands of R$, COP y US$)

	Note	Capital	Other comprehensive income	Accumulated losses	Total equity
Balances in the Company's incorporation (August 10, 2017)	1	1	-	-	1
Capital increase - net assets	15	41,544	-	-	41,544
Capital increase with funds	15	30,000	-	-	30,000
Loss for the year		-	-	(2,325)	(2,325)
Balances as of December 31, 2017		71,545	-	(2,325)	69,220
Comprehensive income (loss) for the year		**-**	**2,950**	**571**	**3,521**
Other comprehensive income due to investment split-off	1	**-**	**2,704**	**-**	**2,704**
Capital increase - net assets	1/15	**23,109**	**-**	**-**	**23,109**
Capital increase through investment split-off	1/9/15	**91,648**	**-**	**-**	**91,648**
Balances as of December 31, 2018 – R$		**186,302**	**5,654**	**(1,754)**	**190,202**
Balances at December 31, 2018 – COP		**156,031,826**	**4,735,343**	**(1,469,012)**	**159,298,157**
Balances at December 31, 2018 – US$		**48,080**	**1,459**	**(453)**	**49,086**

See accompanying notes.

Camargo Corrêa Infra Projetos S.A.

Statement of cash flows
Year ended December 31, 2018 and period from August 10 to December 31, 2017
(In thousands of R$, COP y US$)

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	08/10/2017 to 12/31/2017 R$
Cash flow from operating activities				
Loss before income and social contribution taxes	**(1,976)**	**(6,411,222)**	**(7,655)**	(3,124)
Adjustments to reconcile loss before income and social contribution taxes with net cash used in operating activities				
Depreciation and amortization (Note 17)	**680**	**2,206,030**	**2,634**	148
Equity pickup (Note 9)	**(6,091)**	**(19,765,494)**	**(23,600)**	-
Interest on loans and financing (Note 18)	**249**	**807,370**	**964**	-
Interest on marketable securities	**(234)**	**(758,795)**	**(906)**	(30)
Interest and monetary restatement and exchange differences	**1**	**2,513**	**3**	-
Set up of provision for impairment - property, plant and equipment (Note 17)	**22**	**70,352**	**84**	1,417
Loss on disposal of property, plant and equipment (Note 17)	**593**	**1,924,623**	**2,298**	419
(Decrease) increase in operating assets				
Trade accounts receivable	**581**	**1,886,935**	**2,253**	(6,366)
Inventories	**(6)**	**(19,263)**	**(23)**	-
Transactions with related parties	**(2,305)**	**(7,479,899)**	**(8,931)**	-
Other receivables	**(1,396)**	**(4,530,988)**	**(5,410)**	(15,318)
(Decrease) increase in operating liabilities				
Trade accounts payable	**(1,301)**	**(4,221,106)**	**(5,040)**	13,800
Transactions with related parties	**1,743**	**5,654,941**	**6,752**	5,289
Payroll, vacation and charges payable	**872**	**2,829,983**	**3,379**	1,657
Taxes payable	**(66)**	**(212,730)**	**(254)**	662
Advances from customers	**13,779**	**44,711,893**	**53,386**	-
Other obligations	**(185)**	**(599,665)**	**(716)**	716
Cash provided by (used in) operating activities	**4,960**	**16,095,478**	**19,218**	(730)
Interest paid	**(252)**	**(816,583)**	**(975)**	-
Net cash provided by (used in) operating activities	**4,708**	**15,278,895**	**18,243**	(730)
Cash flow from investing activities				
Marketable securities	**7,795**	**25,298,157**	**30,206**	(29,270)
Intercompany loans	**(6,710)**	**(21,775,544)**	**(26,000)**	-
Acquisition of property, plant and equipment and intangible assets (Note 10)	**(461)**	**(1,494,975)**	**(1,785)**	-
Cash from the disposal of property, plant and equipment	**(1,310)**	**(4,247,906)**	**5,072**	-
Net cash provided by (used in) investing activities	**1,934**	**6,275,544**	**7,493**	(29,270)
Cash flow from financing activities				
Capital increase	**-**	**-**	**-**	30,000
Repayment of loans and financing	**(2,004)**	**(6,502,513)**	**(7,764)**	-
Net cash (used in) provided by financing activities	**(2,004)**	**(6,502,513)**	**(7,764)**	30,000
Increase in cash and cash equivalents	**4,638**	**15,051,926**	**17,972**	-
Cash and cash equivalents at beginning of year (Note 4)	**-**	**838**	**1**	1
Cash and cash equivalents at end of year (Note 4)	**4,638**	**15,052,764**	**17,973**	1

See accompanying notes.

(In thousands of R$, COP y US$, unless otherwise stated)

1. Operations

Camargo Corrêa Infra Projetos S.A. (the “Company”), formerly named E&C Engenharia e Construções S.A., was incorporated on August 10, 2017, with initial capital of R$1 thousand, divided into 1,000 (one thousand) registered common shares with no par value, and is engaged in the following: 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, maintenance and assembly of hydroelectric plants, thermal plants and wind power plants; operation, maintenance and assembly of gas and oil pipelines; provision of public utility services by concession; provision of public cleaning, environmental and urbanization services; provision of real estate management services; 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; provision of services in waterway transportation and support; provision of port operation services; provision of services in the industrial assembly of modules and maritime rigs for prospecting, producing and storing oil and gas and similar equipment; execution of technical civil engineering installations, industrial assembly, consulting, planning and technical surveys and studies; representation; import; export; lease; sale and purchase of transportation equipment. The Company is also engaged in the exploration of activities in 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; and any related and derived activities in connection with those described in this Article. The Company may also hold interest in other companies, incorporate, organize and acquire them, subject to legal provisions.

Reorganization

On March 30, 2018, holding company Camargo Corrêa Construções e Participações S.A. (“CCCP”) partially split-off the assets, rights and obligations of subsidiary Construções e Comércio Camargo Corrêa S.A. (“CCCC”) at book value based on the statement of financial position of February 28, 2018, with transfer of the split-off portion of the net assets to the Company. The split-off net asset portion is substantially represented by the following items:

	02/28/2018 US$	**02/28/2018 COP**	**02/28/2018 R$**
Noncurrent assets:			
Investments (Note 9)	**24,350**	**79,021,776**	**94,352**
Other comprehensive income	**(698)**	**(2,264,657)**	**(2,704)**
Equipment (Note 10)	**18,879**	**61,266,331**	**73,152**
Noncurrent liabilities:			
Deferred income and social contribution taxes (Note 22)	**(3,990)**	**(12,948,911)**	**(15,461)**
Loans and financing (Note 22)	**(8,925)**	**(28,963,149)**	**(34,582)**
Net assets acquired	**29,616**	**96,111,390**	**114,757**

1. Operations (Continued)

Reorganization (Continued)

On March 30, 2018, CCCP paid R$114,757 – US$29,616 – COP96,111,390 referring to the investment in the Company, as capital increase of CCCC, at book value. Subsequently, CCCC paid R$114,757 – US$29,616 – COP96,111,390, with the transfer of interest in the Company, as capital increase in Camargo Corrêa Infra Participações S.A. ("CCIP") (Note 15).

The Company presented gross profit (loss) for the year in 2018 and 2017, mainly due to restructuring actions to establish the companies of the CCInfra Group set up by the Company, by parent company Camargo Corrêa Infra Participações S.A. and Camargo Corrêa Infra Construções S.A. The operations for the year correspond to legacy projects, received through the spin-off, mentioned above, which are in the closing phase. The new agreements of the Group set forth improvements in the profitability of its operations for the coming years.

2. Presentation of the financial statements

The financial statements were prepared in accordance with accounting policies adopted in Brazil, which encompass corporate legislation and the standards, guidance and interpretations issued by the Brazilian FASB (CPC) and approved by Brazil's National Association of State Boards of Accountancy (CFC), except for conversion of financial statements to Colombian pesos (COP) and US dollars (US$), as described in Note 3.16. Company management presents all relevant information of the financial statements and this information corresponds to what is used by the Company in its management, in line with OCPC 07, issued by the CPC.

The Company adopted all standards, revised standards and interpretations issued by CPC effective at December 31, 2018.

The financial statements were prepared based on the historical cost, except for certain financial instruments, measured at fair value, as described below. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

Estimates

The financial statements were prepared under various measurement bases used in accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on both objective and subjective factors and on management's judgment to determine the appropriate amount to be recorded in the financial statements.

2. Presentation of the financial statements (Continued)

Estimates (Continued)

Significant items subject to these estimates and assumptions include review of costs and revenues from construction contracts, selection of useful lives and recoverability of property, plant and equipment, measurement of financial assets at fair value and under the present value adjustment method, credit risk analysis to determine the allowance for doubtful accounts, recognition/reversal of deferred income and social contribution taxes, as well as analysis of other risks to determine other provisions, including provision for contingencies.

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions at least once a year.

Management approved these financial statements for disclosure on March 29, 2019.

3. Summary of significant accounting policies

Significant policies adopted were as follows:

3.1. Cash and cash equivalents and marketable securities

Cash equivalents consist of short-term investments maturing within 90 days, or with repurchase commitments, promptly convertible into cash and with insignificant risks of change in value.

Marketable securities are represented by fixed income funds, exclusive funds and debentures, classified at: (a) fair value through profit or loss or (b) amortized cost. Securities classified at fair value have their effects recognized in profit or loss.

3.2. Trade accounts receivable and allowance for doubtful accounts

These are stated at realizable values. These also include amounts not billed through the statement of financial position date based on construction contracts, whose amounts are determined by the percentage-of-completion method.

3. Summary of significant accounting policies (Continued)

3.2. Trade accounts receivable and allowance for doubtful accounts (Continued)

They are recorded and held in the statement of financial position at the nominal value of securities, adjusted to present value, when applicable. The allowance for doubtful accounts is recorded based on the evaluation of the impact on estimated future credit losses. The Company deemed the effects of the first-time adoption of CPC 48 - Financial Instruments as immaterial.

3.3. Inventories

These comprise construction materials measured at average acquisition costs, which are lower than realizable values.

3.4. Property, plant and equipment

Property, plant and equipment are stated at cost, less depreciation and impairment, if applicable. Depreciation is recognized based on the useful life of each asset using the straight-line method or other systematic basis representing the time when economic benefits are used. Assets based on straight-line useful life have the following annual rates: real estate - 4%; machinery and equipment, vehicles, IT equipment and other - 10% to 25%; furniture and fixtures - 10%; and leasehold improvements, according to contractual terms. The useful lives of property, plant and equipment are annually valued.

The Company depreciates machinery and equipment based on the hours actually used. This procedure reflects the pattern of use of expected economic benefits. At December 31, 2018, the Company, through a specialized company, reviewed the realizable value of assets and concluded that the effects were not material. No evidence was identified for changes in the useful lives of PP&E.

3.5. Investment

Investment in subsidiary is accounted for under the equity method. Under the equity method, the investment is initially recorded at acquisition or buildup cost, and then adjusted for recognition of the Company's interest in profit or loss and other comprehensive income of the investee.

Gains and losses on equity interest in investee's profit or loss are presented in the Company's statement of profit or loss as a result of equity pickup.

3. Summary of significant accounting policies (Continued)

3.5. Investment (Continued)

After the equity method is applied, the Company determines whether there is a need to recognize additional impairment of its investment. At each statement of financial position date, the Company determines whether there is objective evidence of impairment of the investment in the subsidiary. If so, the Company calculates the impairment loss as the difference between the recoverable amount of the subsidiary and its book value, and recognizes such amount in the statement of profit or loss.

When there is loss of control over a subsidiary, the Company evaluates and recognizes the investment at this time at fair value, and the difference is recognized in profit or loss for the year.

3.6. Employee benefits

Benefits granted to Company's employees and managing officers include, in addition to fixed compensation (salaries, social security contributions (INSS), vacation pay and 13th monthly salary), variable compensation, such as profit sharing and bonus payments. These benefits are recorded to profit or loss for the year when the Company has a liability accounted for on an accrual basis, as incurred.

3.7. Lease agreements

The characterization of an agreement as (or if it contains) a lease is based on the substance of the agreement on the date of its execution. The agreement is (or contains) a lease if the compliance with this agreement is dependent on the use of a specific asset (or assets) and the agreement transfers the right to use a certain asset (or assets), even if this asset (or these assets) is/are not explicit in the agreement.

Finance leases that transfer basically all the risks and rewards of ownership of the leased item to the Company are capitalized at the beginning of the lease at fair value of the leased asset or, if lower, the present value of minimum lease payments. Initial direct costs are also added to the amount capitalized, when applicable. Finance lease payments are allocated to finance charges less finance lease liabilities so as to achieve a constant rate of interest on the remaining liability balance.

3. Summary of significant accounting policies (Continued)

3.7. Lease agreements (Continued)

Finance charges are recognized in the statement of profit or loss. The leased assets are depreciated over their useful lives. However, when there is no reasonable guarantee that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of its estimated useful life or the lease term. An operating lease is different from a finance lease. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

3.8. Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to their contractual provisions and are initially measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties on an arm's length basis. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities are accrued or deducted from the fair value of financial assets or liabilities, if applicable, after initial recognition, except for financial assets and liabilities recognized at fair value in the statement of profit or loss for the year.

Financial assets

The classification of assets is determined upon initial recognition in the following categories:

(a) Acquired primarily to be sold in the short term; or

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

(c) It is a derivative that is not designated as an effective hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, and any resulting gains or losses are recognized in profit or loss. They are mainly represented by cash and cash equivalents and short-term investments.

3. Summary of significant accounting policies (Continued)

3.8. Financial instruments (Continued)

Financial assets (Continued)

(i) Amortized cost is mainly represented by the financial asset receivable with fixed or determinable payments not quoted in an active market classified as "Amortized cost". Amortized cost is initially measured at fair value plus any directly attributable transaction costs. After its initial recognition, it is measured at amortized cost using the effective interest rate method.

Derecognition (write-off) of financial assets

A financial asset (or, whenever the case, a portion of a financial asset or a portion of a group of similar financial assets) is derecognized when: a) the rights to receive cash flows from the asset have expired; b) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to fully pay the cash flows received, without significant delay to a third party under an on-lending agreement; and (i) the Company has transferred substantially all risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control over the asset.

When the Company has transferred its rights to receive cash flows from the asset or has executed an on-lending agreement, and has neither transferred nor retained substantially all risks and rewards of the asset, an 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 transferred asset and the associated liability are measured on a basis that reflects the rights and obligations of the Company.

The continuous involvement as a guarantee over the transferred asset is measured at the original book value of the asset or by the maximum consideration required by the Company, whichever is lower.

Impairment test of financial assets

CPC 48 replaces the "incurred losses" model of CPC 38 with a prospective "expected losses" model. This new model applies to financial assets measured at amortized cost, except for investments in equity instruments and contractual assets.

The Company had no material effects on credit losses, given the favorable conditions of its counterparties.

3. Summary of significant accounting policies (Continued)

3.8. Financial instruments (Continued)

Financial liabilities

These are classified as "Financial liabilities at fair value through profit or loss" or "Other financial liabilities".

(i) *Financial liabilities at fair value through profit or loss* are those held for trading or designated at fair value through profit or loss. Changes in fair value are recognized in profit or loss for the year.

(ii) *Amortized cost:* it includes loans and financing initially measured at fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method, and finance cost is recognized based on the actual yield.

The effective interest rate method is used to calculate amortized cost of a financial liability and to allocate interest expenses for the respective period. The effective interest rate is the rate that exactly discounts the estimated future cash flows over the estimated life of the financial liability.

Revenue is recognized based on effective interest for debt instruments not characterized as financial assets at fair value through profit or loss.

Net presentation of financial assets and liabilities

Financial assets and liabilities are presented net in the statement of financial position if, and only if, there is a current enforceable legal right of offsetting the amounts recognized and if there is the intention to offset or realize the asset and settle the liability simultaneously.

Derivative financial instruments

Derivatives are initially recognized at fair value on the contracting date and are subsequently remeasured at fair value at the end of each year. Any gains or losses are recognized in profit or loss immediately, unless the derivative is designated and effective as a "cash flow hedge"; in this case, recognition in profit or loss depends on the nature of the hedge relationship. The Company had no derivative financial instruments at December 31, 2018 and 2017.

3. Summary of significant accounting policies (Continued)

3.9. Construction contracts and onerous contracts

Service revenue is determined and recognized by virtue of the evolution of each construction. Revenue comprises the initial amount agreed in the contract plus variations resulting from additional requests, complaints and contractual incentive payments, provided that it is virtually certain that they will result in revenue and can be reliably measured.

Contract revenue is recognized in the statement of profit or loss in accordance with POC in the light of CPC 47. The costs of each contract are recognized as profit or loss in the period in which they are incurred, unless they determine an asset related to the future contract activity.

When profit or loss from a construction contract cannot be reliably estimated, its revenue is recognized up to the amount of costs incurred as long as its recovery is probable. If it is probable that total costs will exceed total contract revenue (characterizing an onerous contract), the loss relating to the excess between contracted revenue and estimated total cost is recognized immediately in profit or loss for the year in "Cost of services", matched against "Other obligations".

The amounts received prior to the provision of the corresponding services are recorded in the statement of financial position as liabilities in "Advances from customers". The amounts billed or unbilled recorded based on the service performed per construction, but not yet paid by the customer, are recorded in the statement of financial position as an asset in "Trade accounts receivable".

This conclusion was obtained through the analysis of construction contracts in progress, as well as the current procedures for revenue recognition.

Currently, the Company already carries out the accounting records based on CPC 47 - Revenue from Contracts with Customers, and performance obligations are already recognized in accordance with each contract and its amendments. In the management's opinion, there will be no significant variations in the determination of the impacts of contractual amendments and whether they will be considered a separate contract, part of the original contract or termination of the original contract and creation of a new one.

In the management's opinion, the Company will continue to meet at least one of the criteria necessary for the continued recognition of revenue over time.

3. Summary of significant accounting policies (Continued)

3.10. Impairment of tangible assets

At the end of each year, the Company reviews its tangible assets with a finite useful life to determine if there is any indication that such assets have impaired. If there is any indication, the recoverable amount of the asset is estimated for the purpose of identifying the need for provision for loss. When it is not possible to estimate the recoverable amount of an asset individually, the Company calculates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of a calculated asset is lower than its book value, the book value of the asset is reduced to its recoverable amount. Impairment loss is recognized immediately in the statement of profit or loss.

3.11. Income and social contribution taxes

3.11.1. Current taxes

Income taxes comprise both income and social contribution taxes. Income tax is calculated at a rate of 15%, plus a 10% surtax on taxable profit exceeding R$240 over 12 months, whereas social contribution tax is computed at a rate of 9% on taxable profit, both recognized on an accrual basis; therefore, additions to book income deriving from temporarily nondeductible expenses or exclusions from temporarily nontaxable income upon determination of current taxable profit generate deferred tax assets or liabilities.

3.11.2. Deferred taxes

Deferred taxes arise from temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their book values. Deferred tax liabilities are recognized for all temporary tax differences, except:

- When the deferred tax liability arises from initial recognition of a goodwill or of an asset or liability in a transaction other than a business combination and does not affect, on the transaction date, the book profit or income or loss for tax purposes.
- On temporary differences related to investments in subsidiaries, when the period for reversal of such differences can be controlled and the temporary differences are not likely to be reversed in the near future.

3. Summary of significant accounting policies (Continued)

3.11. Income and social contributions taxes (Continued)

3.11.2. Deferred taxes (Continued)

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and tax losses to the extent that taxable profit will likely be available so that deductible temporary differences can be realized, and unused tax credits and tax losses can be used, except:

- When the deferred tax asset related to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination and does not affect, on the transaction date, the book profit or income or loss for tax purposes.
- On deductible temporary differences related to investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that temporary differences will be reversed in the coming future and taxable profit will likely be available so that temporary differences can be used.

The book value of deferred tax assets is reviewed at each statement of financial position date and written off to the extent that taxable profits will not likely be available so that deferred tax assets can be used in whole or in part. Deferred tax assets written off are reviewed at each statement of financial position date and recognized to the extent that future taxable profits are likely to allow deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to be applicable in the year in which the asset will be realized or the liability settled, based on tax rates (and tax law) in force at the statement of financial position date.

3.12. Basic/diluted earnings (loss) per share

These are calculated by dividing net income (loss) for the year by the average number of outstanding shares during each fiscal year, in accordance with CPC 41 - Earnings per Share.

3. Summary of significant accounting policies (Continued)

3.13. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's financial statements requires management to make judgments and estimates and to adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as disclosures of contingent liabilities, at the financial statement date. However, uncertainty about these assumptions and estimates could lead to results that would require a material adjustment to the book value of assets or liabilities affected in future periods.

Estimates and assumptions

Key assumptions about sources of uncertainty in future estimates and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the book value of assets and liabilities in the next financial year are described below:

Impairment of nonfinancial assets

An impairment loss exists when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to sell is based on information available on sales transactions of similar assets or market prices less additional costs for the disposal of the asset.

The Company engaged a specialized company for the purpose of measuring the recoverable amount of significant PP&E at the end of the year ended December 31, 2018. The study considered a fair value analysis based on asset replacement costs and market value less costs to sell the asset.

Revenue recognition, margin of construction contracts and provisions for contracts

Construction contracts correspond to construction carried out, and gross revenue is recognized in profit or loss based on the proportion of work performed through the statement of financial position date and calculated by the proportion of costs incurred, as opposed to total estimated costs of the contract (POC), as set forth in CPC 47 – Revenue from Contracts with Customers.

3. Summary of significant accounting policies (Continued)

3.13. Significant accounting judgments, estimates and assumptions (Continued)

Estimates and assumptions (Continued)

Revenue recognition, margin of construction contracts and provisions for contracts (Continued)

When review of the estimated income from contracts indicates that total contract costs exceed total revenue, the estimated loss is immediately recognized as expense in profit or loss for the year.

Estimated income from contracts is reviewed monthly over the contract period and represents the best estimate of future economic contract benefits, in addition to associated risks and obligations.

Taxes

There are uncertainties about the interpretation of complex tax regulations and the amount and timing of future taxable profit or loss. Given the broad aspect of international business relationships and the long-term nature and complexity of existing contractual agreements, differences between the actual results and the assumptions made, or future changes in such assumptions, could require future adjustments to tax income and expenses already recorded.

Provisions for tax, civil and labor contingencies

The Company recognizes a provision for civil, labor and tax claims. Assessment of the likelihood of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors.

Provisions are reviewed and adjusted considering changes in existing circumstances, such as the applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions.

(In thousands of R$, COP y US$, unless otherwise stated)

3. Summary of significant accounting policies (Continued)

3.14. Consolidated financial statements

The Company opted not to prepare the consolidated financial statements, as permitted by CPC 36 (R3) - Consolidated Financial Statements, since (a) the Company is a wholly-owned subsidiary, and the parent company has no objection; (b) there are no equity or debt instruments traded on the open market, nor is there an IPO process; and (c) the parent company will prepare and publish the consolidated financial statements in accordance with the CPC's accounting pronouncements.

3.15. New, revised standards and interpretations issued

The Company decided not to early adopt any other standard, interpretation or amendment issued but not yet in force. The nature and effectiveness of each of the new standards and amendments are described below:

Pronouncement	Description	Effectiveness
CPC 06 (R2) - Leases	Correlation with international accounting standards – IFRS 16. It refers to the definition and guidance for the lease agreement provided for in IAS 17.	Annual periods beginning on or after January 1, 2019.
ICPC 22 - Uncertainty Over Income Tax Treatments	Correlation with international accounting standards – IFRIC 23. It addresses the recognition of income taxes in cases where tax treatment involves uncertainty that affects the application of IAS 12 (CPC 32) and does not apply to taxes outside the scope of IAS 12, nor does it specifically include the requirements relating to interest and fines associated with uncertain tax treatment.	Annual periods beginning on or after January 1, 2019.

The Company intends to adopt the new standards and/or amendments on the required effective date based on the method applicable to each pronouncement, which may be presented retrospectively or prospectively. In the Company's preliminary assessment, these amendments are not expected to have a significant impact on its financial statements.

3.16. Convenience Conversion to US Dollars (US$) and Colombian Pesos (COP)

The financial statements were prepared originally in Brazilian Reais. For convenience of the users, the financial statements of December 31, 2018 were translated to US dollars (US$) and Colombian pesos (COP), at the exchange rate of R$3,8748 for US$1.00 and R$0.001194 for COP1.00, as of December 31, 2018. The purpose of translation is only for convenience of the users and should not be read as a declaration that the values in Brazilian Reais could be translated to US dollars and Colombian pesos or in any other currency.

(In thousands of R$, COP y US$, unless otherwise stated)

4. Cash and cash equivalents and marketable securities

	Cash and cash equivalents				Marketable securities			
	2018 US$	**2018 COP**	**2018 R$**	**2017 R$**	**2018 US$**	**2018 COP**	**2018 R$**	**2017 R$**
Cash and banks	**4**	**11,725**	**14**	1	**-**	**-**	**-**	-
Repurchase agreements	**4,634**	**15,041,039**	**17,959**	-	**-**	**-**	**-**	29,300
Total	**4,638**	**15,052,764**	**17,973**	1	**-**	**-**	**-**	29,300

Short-term investments correspond to transactions held with first-tier national financial institutions in CDBs. These transactions mostly yield based on the CDI variation, under normal market conditions and rates.

At December 31, 2018 and 2017, investments in Repurchase Agreements yielded on average between 50% and 60% of the Interbank Deposit Certificate (CDI).

5. Trade accounts receivable

Breakdown of accounts receivable

	12/31/2018 US$	**12/31/2018 COP**	**12/31/2018 R$**	**12/31/2017 R$**
National service provision - unbilled	**911**	**2,956,751**	**3,530**	6,366
National service provision - billed balances	**150**	**487,973**	**583**	-
Total	**1,061**	**3,444,724**	**4,113**	6,366

Aging list of accounts receivable

	12/31/2018 US$	**12/31/2018 COP**	**12/31/2018 R$**	**12/31/2017 R$**
Unbilled	**911**	**2,956,751**	**3,530**	6,366
Falling due	**48**	**156,281**	**187**	-
Overdue - 0 to 30 days	**1**	**2,242**	**3**	-
Overdue - 61 to 90 days	**101**	**329,450**	**393**	-
Total	**1,061**	**3,444,724**	**4,113**	6,366

(In thousands of R$, COP y US$, unless otherwise stated)

6. Related parties

	Current assets		Noncurrent assets		Current liabilities	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Services provided abroad:						
Consórcio CCC Ituango	**253**	-	**-**	-	**-**	-
Reimbursement of costs:						
Construções e Comércio Camargo Corrêa S.A. (a)	**3,537**	-	**-**	-	**-**	3,155
Camargo Corrêa Infra Construções S.A. (a)	**2,801**	-	**-**	-	**-**	2,134
Instituto Camargo Correa (a)	**4**	-	**-**	-	**-**	-
Camargo Corrêa Naval Participações S.A. (a)	**2**	-	**-**	-	**-**	-
Dividends receivable						
Camargo Corrêa Infra Projetos - Colombian unit	**46,625**	-	**-**	-	**-**	-
Intercompany loan:						
Camargo Corrêa Infra Construções S.A (b)	**-**	-	**17,559**	-	**-**	-
Accounts payable:						
Vexia Administradora Ltda	**-**	-	**-**	-	**757**	-
Camargo Corrêa Construções e Participações S.A.	**-**	-	**-**	-	**234**	-
Mover Participações S.A.	**-**	-	**-**	-	**233**	-
Intercement Brasil S.A.	**-**	-	**-**	-	**36**	-
Consórcio Construtor São Lourenço	**-**	-	**-**	-	**6**	-
Total – R$	**53,222**	-	**17,559**	-	**1,266**	5,289
Total – COP	**44,574,539**		**14,706,030**		**1,060,302**	
Total – US$	**13,735**		**4,532**		**327**	

(a) It refers to reimbursement of costs between companies of the same economic group.

(b) It refers to an intercompany loan agreement with Camargo Corrêa Infra Construções S.A. maturing on January 31, 2020 and with interest of 3% p.a.

	Revenue		Expense	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Construction services				
Intercement Brasil S.A.	**-**	-	**(36)**	-
Administrative services				
Construções e Comércio Camargo Corrêa S.A.	**301**	-	**-**	(4,120)
Camargo Corrêa Construções e Participações S.A.	**-**	-	**(155)**	-
Camargo Corrêa Infra Participações S.A.	**-**	-	**(8)**	-
Camargo Corrêa Infra Construções S.A.	**-**	-	**(1,409)**	(1,633)
Camargo Corrêa Naval Participações S.A.	**22**	-	**-**	-
Mover Participações S.A.	**-**	-	**(312)**	-
Vexia Administradora Ltda.	**-**	-	**(1,513)**	-
Instituto Camargo Corrêa	**4**	-	**-**	-
Sistema Produtor São Lourenço S.A.	**22**	-	**-**	-
Consórcio Const. São Lourenço	**-**	-	**(6)**	-
Services provided abroad				
Consórcio CCC Ituango	**253**	-	**-**	-
Interest on intercompany loan				
Camargo Corrêa Infra Construções S.A.	**203**	-	**-**	-
Total – R$	**805**	-	**(3,439)**	(5,753)
Total – COP	**674,204**		**(2,880,235)**	
Total – US$	**208**		**(888)**	

Management compensation is disclosed in Note 17.

(In thousands of R$, COP y US$, unless otherwise stated)

7. Assets held for sale

These represent equipment and property, plant and equipment for trading. For the year ended December 31, 2018, the Company reclassified the amount of R$124 - US$32 – COP103,853 (R$185 in 2017) from PP&E, see Note 10.

8. Other receivables

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	12/31/2017 R$
Insurance to be appropriated (a)	**2,797**	**9,076,215**	**10,837**	14,912
Advances to suppliers	**964**	**3,128,141**	**3,735**	-
Other taxes recoverable	**783**	**2,541,876**	**3,035**	-
Income and social contribution taxes recoverable (b)	**1,689**	**5,480,737**	**6,544**	-
Other	**444**	**1,440,536**	**1,720**	406
	6,677	**21,667,505**	**25,871**	15,318
Classified in current assets	**5,258**	**17,063,652**	**20,374**	5,355
Classified in noncurrent assets	**1,419**	**4,603,853**	**5,497**	9,963
	6,677	**21,667,505**	**25,871**	15,318

(a) It refers to the insurance premium contracted for the period from August 11, 2017 to June 4, 2022, for the Transmission Line projects.

(b) It refers substantially to the income tax paid abroad of Camargo Corrêa Infra Projetos – Colombian unit, with expected short-term realization.

(In thousands of R$, COP y US$, unless otherwise stated)

9. Investment

	Total equity interest (%)		Investee's data: Equity		Investee's data: Net income		Other comprehensive income		Equity pickup (b)		Investment balance	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Subsidiary												
Camargo Corrêa Infra Projetos - Colombian unit (a) (c)	**100.00**	-	**74,277**	-	**23,600**	-	**2,950**	-	**23,600**	-	**74,277**	-
Total – R$							**2,950**	-	**23,600**	-	**74,277**	-
Total – COP							**2,470,730**		**19,765,494**		**62,208,543**	
Total – US$							**761**		**6,091**		**19,169**	

Changes in investments accounted for under the equity method:

	US$	COP	R$
Balance at December 31, 2017	**-**	**-**	**-**
Investment subscription - Camargo Corrêa Infra Projetos S.A - Colombian unit (Note 1)	**24,350**	**79,021,776**	**94,352**
Other comprehensive income	**761**	**2,470,687**	**2,950**
Equity pickup (b)	**6,091**	**19,765,494**	**23,600**
Dividends receivable (Note 6)	**(12,033)**	**(39,049,414)**	**(46,625)**
Closing balance at December 31, 2018	**19,169**	**62,208,543**	**74,277**

(a) On March 30, 2018, the Company acquired 100% interest in Camargo Corrêa Infra Projetos – Colombian unit, through partial split-off of Construções e Comércio Camargo Corrêa S.A. (Note 1).

(b) It refers to equity pickup corresponding to the period from March 30, 2018 to December 31, 2018.

(c) Camargo Corrêa Infra Projetos S.A. - Colombian unit has an indirect interest of 55% in Consórcio CCC Ituango (the "Consortium") located in Colombia, which is engaged in construction in the Ituango Hydroelectric Project. The deadline for work completion was December 28, 2018. Between April and May 2018, there were serious incidents, which resulted in obstruction of the Cauca river diversion tunnel and water impoundment, suspending the work originally contracted. The contractual term of this project was terminated without completion of such work, but the Consortium has been carrying out contingency work to mitigate the effects of this incident, duly formalized through contractual amendments (AMBs) with the contracting party (currently AMB34 is in force with deadline for June 2019). In addition, the Consortium has been devoting every effort with the contracting party to evaluate the damage caused and any services to be rendered for work completion.

(In thousands of R$, COP y US$, unless otherwise stated)

10. Property, plant and equipment

	12/31/2018			12/31/2017
	Cost	**Accumulated depreciation**	**Residual value**	**Residual value**
Properties	**592**	**-**	**592**	-
Machinery and equipment	**128,830**	**(60,268)**	**68,562**	40,756
Vehicles	**82,108**	**(37,619)**	**44,489**	9,236
IT equipment and other	**881**	**(22)**	**859**	-
Furniture and fixtures	**105**	**(1)**	**104**	-
Construction in progress	**110**	**-**	**110**	-
Total – R$	**212,626**	**(97,910)**	**114,716**	49,992
Total – COP	**178,078,727**	**(82,001,675)**	**96,077,052**	
Total – US$	**54,874**	**(25,268)**	**29,606**	

Changes in PP&E are as follows:

	US$	**COP**	**R$**
Balance at August 10, 2017	-	-	-
Increase through capital contribution	13,462	43,685,930	52,161
Write-offs	(108)	(350,21)	(419)
Depreciation (Note 17)	(38)	(123,953)	(148)
Provision for impairment (Note 17)	(366)	(1,186,767)	(1,417)
Transfer to assets held for sale (Note 7)	(48)	(154,941)	(185)
Balance at December 31, 2017	12,902	41,869,348	49,992
Additions	**461**	**1,494,975**	**1,785**
Increase through capital contribution (Note 1)	**18,879**	**61,266,331**	**73,152**
Write-offs	**(1,902)**	**(6,172,529)**	**(7,370)**
Depreciation (Note 17)	**(680)**	**(2,206,030)**	**(2,634)**
Provision for impairment (Note 17)	**(22)**	**(70,352)**	**(84)**
Transfer to intangible assets	**-**	**(838)**	**(1)**
Transfer to assets held for sale (Note 7)	**(32)**	**(103,853)**	**(124)**
Balance at December 31, 2018	**29,606**	**96,077,052**	**114,716**

11. Payroll, vacation and charges payable

	12/31/2018 US$	**12/31/2018 COP**	**12/31/2018 R$**	**12/31/2017 R$**
Accrued vacation pay and charges	**443**	**1,438,023**	**1,717**	639
Social Security Tax (INSS)	**78**	**253,769**	**303**	65
Withholding Tax on salaries	**244**	**790,620**	**944**	328
Unemployment Compensation Fund (FGTS)	**57**	**185,092**	**221**	59
Provision for profit sharing	**471**	**1,526,800**	**1,823**	543
Other	**7**	**23,451**	**28**	23
	1,300	**4,217,755**	**5,036**	1,657

(In thousands of R$, COP y US$, unless otherwise stated)

12. Loans and financing

At December 31, 2018, the Company has a balance of R$26,810 – US$6,919 – COP22,453,936 as loans and financing in the form of FINAME - Financing Fund for the Acquisition of Industrial Machinery and Equipment, with R$7,416 – US$1,914 – COP6,211,055 classified in current liabilities and R$19,394 – US$5,005 – COP16,242,881 in noncurrent liabilities, maturing until 2024 and with interest rate of 3% to 10% p.a. / TJLP (Long-Term Interest Rate), rate applicable for 2018 of 6.98% (7% in 2017).

At December 31, 2018, the aging list of noncurrent portions is as follows:

	US$	**COP**	**R$**
2020	1,528	4,957,286	5,919
2021	1,344	4,360,972	5,207
2022	1,305	4,233,668	5,055
2023 – 2024	828	2,690,955	3,213
Total	5,005	16,242,881	19,394

Guarantees

In guarantee of financing in the FINAME BNDES modality, assignments in trust of the acquired equipment were granted.

In such loans and financing, there are no contractual clauses requiring the maintenance of covenants.

13. Advances from customers

The Company had advances from customers related to the construction of Transmission Lines of Lots 13, 18, 21 and Piratininga Bandeirantes amounting to R$53,386 – US$13,778 – COP44,711,893, at December 31, 2018.

(In thousands of R$, COP y US$, unless otherwise stated)

14. Current and deferred income and social contribution taxes

a) Reconciliation of income and social contribution taxes:

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	08/10/2017 to 12/31/2017 R$
Loss before income and social contribution taxes	**(1,976)**	**(6,411,222)**	**(7,655)**	(3,124)
Rates (15% for income tax, plus 10% surtax, and 9% for social contribution tax)	**34%**	**34%**	**34%**	34%
Income and social contribution taxes at statutory rates	**672**	**2,179,815**	**2,603**	1,062
Adjustments to determine effective income and social contributions taxes:				
Equity pickup	**2,071**	**6,720,267**	**8,024**	-
Managing officer compensation	**(613)**	**(1,990,787)**	**(2,377)**	-
Other additions (exclusions), net	**(7)**	**(19,849)**	**(24)**	(263)
	2,123	**6,889,446**	**8,226**	799
Income from current income and social contribution taxes (*)	**1,327**	**4,307,369**	**5,143**	-
Income from deferred income and social contribution taxes	**796**	**2,582,077**	**3,083**	799

(*) Income from credit generated from tax payment in the subsidiary in Colombia.

b) Deferred income and social contribution taxes:

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	12/31/2017 R$
Assets:				
Temporary differences:				
Provision for profit sharing	**160**	**519,263**	**620**	185
Provision for third-party services	**350**	**1,135,678**	**1,356**	-
Impairment adjustments - Law No. 11638/07	**124**	**402,848**	**481**	482
Other	**3**	**9,213**	**11**	45
Noncurrent assets	**637**	**2,067,001**	**2,468**	712
Liabilities:				
PP&E useful life difference	**2,375**	**7,707,705**	**9,203**	10,530
PP&E useful life difference – Split-off (Note 1)	**3,990**	**12,948,912**	**15,461**	-
Noncurrent liabilities	**6,365**	**20,656,617**	**24,664**	10,530
Net balance in noncurrent liabilities	**5,728**	**18,589,615**	**22,196**	9,818

The realization of deferred income and social contribution taxes has an expected term of less than ten years, according to economic or financial realization.

(In thousands of R$, COP y US$, unless otherwise stated)

15. Equity

Capital

At December 31, 2018, capital amounts to R$186,302 – US$48,080 – COP156,031,826 (R$71,545 at December 31, 2017), represented by 115,088,847 (41,544,515 at December 31, 2017) registered common shares with no par value.

On March 30, 2018, parent company CCCP paid the amount of R$114,757 – US$29,616 – COP96,111,390 through transfer of part of the split-off portion of CCCC's equity by issuing 73,544,332 (seventy-three million, five hundred and forty-four thousand, three hundred and thirty-two) new registered common shares with no par value (Note 1).

Earnings (loss) per share

The reconciliation of net income (loss) with amounts used to calculate basic earnings (loss) per share is as follows:

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	12/31/2017 R$
Numerator				
Allocation of net income (loss) for the year to shareholders	**147**	**478,224**	**571**	(2,325)
Denominator				
Weighted average number of shares	**97,308,899**	**97,308,899**	**97,308,899**	18,012,874
Basic earnings (loss) per share (in R$, COP y US$)	**0.00**	**8.38**	**0.01**	(0.13)

The Company has no convertible debt or stock options granted that could dilute earnings (loss) per share and presents net loss.

16. Service revenue

The reconciliation between gross revenue and net revenue presented in the statements of profit or loss for the year is as follows:

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	08/10/2017 to 12/31/2017 R$
Gross service revenue - national	**12,625**	**40,969,012**	**48,917**	6,366
Revenue deductions				
Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) (*)	**(22)**	**(70,352)**	**(84)**	-
ISS (*)	**(554)**	**(1,797,320)**	**(2,146)**	(318)
Social Security Contribution (*)	**(568)**	**(1,843,384)**	**(2,201)**	(286)
	(1,144)	**(3,711,056)**	**(4,431)**	(604)
Total	**11,481**	**37,257,956**	**44,486**	5,762

(*) The Company recognizes the Social Security Contribution on Gross Revenue (CPRB) based on the rate of 4.5%, according to Law No. 13161, dated August 31, 2015, and RFB Revenue Procedure No. 1597, dated December 1, 2015. In addition to CPRB, the Company recognizes the other taxes levied on revenues, based on current rates and on an accrual basis.

(In thousands of R$, COP y US$, unless otherwise stated)

17. Information on the nature of costs and expenses recognized in the statement of profit or loss

The Company presented its statement of profit or loss classifying expenses based on their function. Information on the nature of expenses recognized in the statement of profit or loss is as follows:

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	08/10/2017 to 12/31/2017 R$
Depreciation (Note 10)	**(680)**	**(2,206,030)**	**(2,634)**	(148)
Store and supplies	**(1,475)**	**(4,788,107)**	**(5,717)**	(1,852)
Rental expenses and condominium fees	**(229)**	**(742,881)**	**(887)**	(842)
Transportation, travel and meal expenses	**(401)**	**(1,302,345)**	**(1,555)**	(261)
Tax expenses	**(52)**	**(170,017)**	**(203)**	-
Raw materials and materials	**(555)**	**(1,802,345)**	**(2,152)**	(147)
Other revenues, net	**74**	**241,206**	**288**	-
(Loss) gain on disposal of property, plant and equipment	**(593)**	**(1,924,623)**	**(2,298)**	252
Provision for impairment losses (Note 10)	**(22)**	**(70,352)**	**(84)**	(1,417)
Management compensation (Note 6)	**(2,961)**	**(9,608,878)**	**(11,473)**	(788)
Salaries and employee benefits	**(5,367)**	**(17,417,923)**	**(20,797)**	(2,707)
Third-party services	**(7,459)**	**(24,202,679)**	**(28,898)**	(1,003)
Total	**(19,720)**	**(63,994,974)**	**(76,410)**	(8,913)
Cost of services	**(11,325)**	**(36,752,931)**	**(43,883)**	(5,032)
General and administrative expenses	**(7,876)**	**(25,558,626)**	**(30,517)**	(4,133)
Other operating income (expenses), net	**(519)**	**(1,683,417)**	**(2,010)**	252
	(19,720)	**(63,994,974)**	**(76,410)**	(8,913)

18. Finance income (costs)

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	08/10/2017 to 12/31/2017 R$
Finance income				
Financial income	**381**	**1,233,668**	**1,473**	29
Interest on intercompany loan (Note 6)	**52**	**170,017**	**203**	-
Other	**(3)**	**(8,375)**	**(10)**	-
	430	**1,395,310**	**1,666**	29
Finance costs				
Interest on loans	**(249)**	**(807,370)**	**(964)**	-
Other finance costs	**(10)**	**(31,826)**	**(38)**	(2)
	(259)	**(839,196)**	**(1,002)**	(2)
Exchange gains (losses), net	**1**	**4,188**	**5**	-
Finance income (costs), net	**172**	**560,302**	**669**	27

(In thousands of R$, COP y US$, unless otherwise stated)

19. Insurance

At December 31, 2018, the Company had insurance covering several risks, such as: engineering risks, construction, installation and assembly, civil liability and property damage, among others.

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	12/31/2017 R$
Property damage	**69,863**	**226,722,781**	**270,707**	274,707
Engineering risk	**171,863**	**557,735,343**	**665,936**	-

The work scope of our auditor does not include expressing an opinion on the sufficiency of the insurance coverage, which was determined by Company management and considered sufficient to cover any losses.

20. Employee benefits

The Company has a private pension plan as defined contribution and, for the year ended December 31, 2018, the contribution was R$405 – US$105 – COP339,196 (R$25 at December 31, 2017), recorded in "Payroll, provisions and social contributions".

21. Financial instruments

21.1. Policy for taking out derivative financial instruments

Due to the financial obligations assumed by the Company, following guidelines established by the Board of Directors, derivative financial instruments may be taken out to minimize exchange and interest rate risks assumed from the operations, complying with exposure levels associated with those risks. As mentioned in Note 3.8, at December 31, 2018, the Company did not have derivative financial instruments.

21.2. Financial instruments by category

Significant financial instruments and their amounts stated in the financial statements, by category, are as follows: The book values of these financial instruments are shown below:

(In thousands of R$, COP y US$, unless otherwise stated)

21. Financial instruments (Continued)

21.2. Financial instruments by category (Continued)

	Fair value hierarchy	Financial instruments by category	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	12/31/2017 R$
Financial assets						
Cash equivalents (Note 4)	2	Fair value in profit or loss	**4,634**	**15,041,039**	**17,959**	-
Marketable securities (Note 4)	2	Fair value in profit or loss	**-**	**-**	**-**	29,300
Transactions with related parties (Note 6)	2	Amortized cost	**18,267**	**59,280,570**	**70,781**	-
Financial liabilities						
Trade accounts payable	2	Amortized cost	**2,261**	**7,336,684**	**8,760**	13,800
Transactions with related parties (Note 6)	2	Amortized cost	**327**	**1,060,302**	**1,266**	5,289
Loans and financing (Note 12)	2	Amortized cost	**6,919**	**22,453,936**	**26,810**	-

For the determination of fair values of financial instruments and investments measured at fair value through profit or loss, at the end of each year, the Company calculates these amounts based on information available in the futures market, in addition to consulting financial institutions with which the transactions were conducted. There are no significant differences between book values and fair values of the financial instruments.

<u>Fair value hierarchy</u>

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments through the measurement technique:

Level 1: prices quoted (without adjustments) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the fair value recorded are observable, whether directly or indirectly;

Level 3: techniques using inputs that have a significant effect on the fair value recorded that are not based on observable market data.

For the year ended December 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements or transfers between Level 3 and Level 2 fair value measurements. The Company uses Level 2 of the fair value hierarchy, as defined by CPC 39.

(In thousands of R$, COP y US$, unless otherwise stated)

21. Financial instruments (Continued)

21.3. Exposure to interest rate risks

Floating interest rates on short-term investments are mostly related to CDI, TJLP and US dollar fluctuations. These positions are shown below:

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	12/31/2017 R$
Assets				
Cash equivalents and marketable securities				
CDI	**4,635**	**15,041,039**	**17,959**	29,300
Liabilities				
Loans and financing				
TJLP	**80**	**260,469**	**311**	-

21.4. Exposure to currency risks

The significant balance denominated in foreign currency represented by the US dollar is as follows:

	12/31//2018 US$	12/31/2018 COP	12/31/2018 R$	12/31/2017 R$
Assets				
Transactions with related parties:				
Camargo Corrêa Infra Projetos S.A. Colombian unit	**12,033**	**39,049,414**	**46,625**	-
Total assets exposed	**12,033**	**39,049,414**	**46,625**	-

21.5. Sensitivity analysis of financial instruments

The sensitivity analysis of financial instruments, of changes in the Company's relevant assets and of those exposed to CDI fluctuations is as follows:

	Scenario 1	Scenario 2	Scenario 3
Exposure to variable rates			
Cash equivalents and marketable securities			
CDI/SELIC - Estimated finance income	1,166	874	583
Finame – TJLP	22	16	11
Related parties - US$	(900)	10,531	21,962

Scenario 1 is considered by management to best reflect its expectations, calculated based on financial market projections for the calculation of future amounts of the transactions above, taking into account a 12-month maturity. Due to the Company's position, scenario 2 considers a rate devaluation in relation to scenario 1 of 25% and scenario 3 a devaluation of 50%.

(In thousands of R$, COP y US$, unless otherwise stated)

21. Financial instruments (Continued)

21.6. Liquidity risk

The Company's liquidity depends mainly on cash from operating activities, shareholder contributions and loans and financing from financial institutions. Liquidity risk management considers the assessment of liquidity requirements to ensure that the Company has sufficient cash to meet its capital and operating expenses, as well as for the payment of debts.

The funds held by the Company are invested in instruments with appropriate maturities or adequate liquidity to provide sufficient margins as determined by the above-mentioned forecasts.

22. Additional information on cash flows

	12/31/2018 US$	12/31/2018 COP	12/31/2018 R$	08/10/2017 to 12/31/2017 R$
Noncash financing and investment transactions				
Capital increase through investment split-off (Note 9)	**23,652**	**76,757,119**	**91,648**	-
Capital increase through asset split-off (Note 10)	**18,879**	**61,266,331**	**73,152**	52,161
Loan transfer due to property, plant and equipment split-off	**(8,925)**	**(28,963,149)**	**(34,582)**	-
Transfer of deferred income and social contribution taxes - property, plant and equipment split-off	**(3,990)**	**(12,948,911)**	**(15,461)**	(10,619)
Dividends receivable from Camargo Corrêa Infra Projetos - Colombian unit	**(12,033)**	**(39,049,414)**	**(46,625)**	-
Transactions with related parties – assets - matching of accounts with related parties	**(2,781)**	**(9,025,126)**	**(10,776)**	-
Transactions with related parties – liabilities - matching of accounts with related parties	**2,781**	**9,025,126**	**10,776**	-
Income tax recoverable - income tax paid abroad Camargo Corrêa Infra Projetos - Colombian unit	**(2,781)**	**(9,025,963)**	**(10,777)**	-
Income tax offset - income tax paid abroad Camargo Corrêa Infra Projetos - Colombian unit	**1,454**	**4,718,593**	**5,634**	-