

**LEONARDO
RAMIREZ & ASOCS.**

EXTERNAL AUDITORS' INTERIM REPORT

CONSORCIO DE OBRAS CIVILES, SRL
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015
STATED IN RD\$

AUDITORS & CONSULTANTS

Ave. Italia No. 13, 2do. Nivel, Honduras, Distrito Nacional, Dominican Republic • Tel.: 809.274.7550 • Fax:
809.274 5821 • www.rpm.com.do
Taxpayer Registry: 1-30-37530-5 • ICPARD Registry: 336

**LEONARDO
RAMIREZ & ASOCS.**

ICPARD Registry No.: 336

Independent Auditors' Report

**To the Board of Directors and Shareholders of:
Consortio de Obras Civiles, SRL**

We have audited the accompanying financial statements of "**CONSORCIO DE OBRAS CIVILES, SRL**", which comprise the balance sheet as at 31 December 2015, the income statement, the statement of equity and the statement of cash flows for the period ending on said date and a summary of the significant accounting policies and other notes to the accounts.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining the relevant internal control for preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, as well as to select and apply appropriate accounting policies and to make reasonable accounting estimates in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We performed our audit in accordance with International Audit Standards. These standards require us to comply with ethical requirements and to plan and perform the audit in order to obtain reasonable certainty about whether the financial statements are free of material misstatements.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant for preparation and fair presentation of the company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material aspects, the financial position of "CONSORCIO DE OBRAS CIVILES, SRL" as at 31 December 2015, its financial situation, net worth and cash flows for the year then ended in accordance with International Financial Reporting Standards.

LEONARDO RAMIREZ & ASOCS.

[Stamp: LEONARDO RAMIREZ & ASOCS.]

Leonardo Ramírez
Executive Director

4 March 2016
Santa Domingo, Dominican Republic

[Stamp: LEONARDO RAMIREZ & ASOCS.
AUDITORS & CONSULTANTS
SANTO DOMINGO, DOMINICAN REPUBLIC]

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CONSORCIO DE OBRAS CIVILES, SRL
BALANCE SHEET
AS AT 31 DECEMBER 2015
(STATED IN RD\$)

STATEMENT "A"

ASSETS

CURRENT

CASH AT BANK AND IN HAND (NOTE 2)	9,987.85
ACCOUNTS RECEIVABLE (NOTE 3)	254,803,856.89
INVENTORIES (NOTE 4)	-
EXPENSES PAID IN ADVANCE (NOTE 5)	23,051,163.08
	<hr/> 277,865,007.82
INVESTMENTS (NOTE 6)	-
FIXED ASSETS (NOTE 7)	-
OTHER ASSETS (NOTE 8)	-
TOTAL ASSETS	277,865,007.82

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

CURRENT PAYABLES (NOTE 9)	202,809,716.65
WITHHOLDINGS AND ACCRUALS (NOTE 10)	289,921.67

CAPITAL

SHARE CAPITAL	100,000.00
RESERVES	10,000.00
ASSET REVALUATION	
RETAINED EARNINGS	74,691,230.48
PROFIT (LOSS) FOR THE CURRENT YEAR (STATEMENT "B")	(35,860.98)
TOTAL CAPITAL	74,765,369.50

TOTAL LIABILITIES AND CAPITAL	277,865,007.82
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[Stamp: LEONARDO RAMIREZ & ASOCS.]

CONSORCIO DE OBRAS CIVILES, SRL
INCOME STATEMENT
FROM 1 APRIL TO 31 DECEMBER 2015
(STATED IN RD\$)

STATEMENT "B"

REVENUE:

NET SALES

FINANCE INCOME

TOTAL OPERATING REVENUE

-

-

LESS: COST OF SALES:

OPENING INVENTORY

PLUS: COSTS FOR THE PERIOD

AVAILABLE INVENTORY

LESS: CLOSING INVENTORY

TOTAL COST OF SALES

-

-

-

GROSS PROFIT

-

GENERAL AND ADMINISTRATIVE EXPENSES

GENERAL AND ADMINISTRATIVE EXPENSES

34,694.00

OTHER EXPENSES

-

TOTAL OPERATING EXPENSE

34,694.00

OPERATING LOSS

(34,694.00)

PLUS: FINANCE INCOME

-

LESS: FINANCE EXPENSE

(1,166.98)

NET LOSS BEFORE INCOME TAX

(35,860.98)

INCOME TAX NET PROFIT

LEGAL RESERVE

-

NET LOSS FOR THE PERIOD

(35,860.98)

[Stamp: LEONARDO RAMIREZ & ASOCS.]

CONSORCIO DE OBRAS CIVILES, SRL
STATEMENT OF EQUITY
FROM 1 APRIL TO 31 DECEMBER 2015
(STATED IN RD\$)

STATEMENT "C"

	Paid up Capital	Other Capital Reserves	Retained Earnings	Profit (loss) for the Year	Total Equity
Balance at 31 March 2015	100,000.00	10,000.00	74,705,434.71	(14,204.23)	74,801,230.48
Accumulated transfer from Income Statement	-	-	(14,204.23)	14,204.23	-
Dividends paid					
Cash	-	-	-	-	-
Shares	-	-	-	-	-
Profit (loss) for the year	-	-	-	(35,860.98)	(35,860.98)
Transferred to other capital reserves	-	-	-	-	-
Extraordinary Contributions	-	-	-	-	-
Balance at 31 December 2015	100,000.00	10,000.00	74,691,230.48	(35,860.98)	74,765,369.50

[Stamp: LEONARDO RAMIREZ & ASOCS.]

CONSORCIO DE OBRAS CIVILES, SRL
STATEMENT OF CASH FLOWS
FROM 1 APRIL TO 31 DECEMBER 2015
(STATED IN RD\$)

STATEMENT "D"

CASH FLOWS FROM OPERATING ACTIVITIES

CASH RECEIVED FROM CUSTOMERS	(123,056,873.64)
CASH PAID TO SUPPLIERS AND EMPLOYEES	1,486.00
OTHER NET INCOME	-
INTEREST PAID	(1,166.98)
EXPENSES PAID IN ADVANCE	126,233,804.39
INCREASE IN LEGAL RESERVE	-
INCOME TAX	-

NET CASH GENERATED BY OPERATING ACTIVITIES **3,177,249.77**

CASH FLOWS FROM INVESTMENT ACTIVITIES:

OTHER ASSETS	-
INCREASE IN INVESTMENTS	-
CAPITAL EXPENDITURE	-

CASH FLOWS FROM FINANCING ACTIVITIES:

CASH FROM BORROWINGS	(15.56)
CHANGE IN CAPITAL (RETAINED EARNINGS)	(3,181,127.25)
NET CASH INCREASE	(3,893.04)
CASH AT THE START OF THE YEAR	13,880.89

CASH AT THE END OF THE YEAR **9,987.85**

BREAKDOWN OF THE MAIN CASH FLOW ITEMS

CASH RECEIVED FROM CUSTOMERS:

REVENUE	
PLUS: DECREASE IN ACCOUNTS RECEIVABLE	(123,056,873.64)
TOTAL CASH RECEIVED FROM CUSTOMERS:	(123,056,873.64)

CASH PAID TO SUPPLIERS AND EMPLOYEES:

COST OF SALES (EXCLUDING DEPRECIATION)	-
PLUS: MARKETING EXPENSES	
PLUS: GENERAL AND ADMINISTRATIVE EXPENSES	34,694.00
PLUS: INCREASE IN INVENTORY	-
LESS: INCREASE IN ACCOUNTS PAYABLE	(36,180.00)
LESS: INCREASE IN ACCUMULATED EXPENSES	

TOTAL CASH PAID TO SUPPLIERS AND EMPLOYEES **(1,486.00)**

[Stamp: LEONARDO RAMIREZ & ASOCS.]

CONSORCIO DE OBRAS CIVILES, SRL
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015
(STATED IN RD\$)

NOTE No. 1

Organisation:

CONSORCIO DE OBRAS CIVILES, SRL, is a company incorporated and organised in accordance with the laws of the Dominican Republic, domiciled in the country by means of a decree dated 8 August 2006. It began its operations in November 2009 and is engaged in design, architecture, engineering, road construction, bridge construction and comprehensive maintenance, drafting of projects, quality control and technical management of all types of public or private works, whether industrial or agricultural, civil engineering, railways and roads, with its registered address and corporate headquarters at avenida 27 de Febrero No. 272, Distrito Nacional, Santo Domingo, Dominican Republic.

Its financial year ends on 31 March of each year and its main accounting policies are as follows:

A.: Accounting method: The accounting method used by the company for recording its operations is the accrual method.

B.: Inventories: these are measured at the lower of average or market price.

C.: Fixed assets: these are recorded at acquisition cost plus additions. Depreciation is determined in accordance with Law 11-92, its amendments and its regulation.

D.: Costs and expenses: these are considered as such in the period they arise.

E.: Currency: the financial statements are stated in Dominican pesos (RD\$).

F.: Income tax: the Tax Code establishes an income tax rate of 28% on surpluses or profits from commercial activities.

G.: Legal: as at 31 December 2015, the company has no lawsuits or legal cases pending a ruling.

H.: Capital or Contributions: there were no changes during the period in the composition of the capital or contributions. The accumulated surpluses or deficits remain undistributed.

I.: The appendices and notes to the financial statements form an integral part thereof.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015 (STATED IN RD\$)**

NOTE No. 2

CASH AT BANK AND IN HAND

CASH AND CASH EQUIVALENTS	-
CASH IN HAND	-
BANCO BHD AUTOMATIC-013	37.85
BANCO DEL PROGRESO	9,950.00
BANCO POPULAR AUTOMATIC	-
BANCO POPULAR SAVINGS RD\$	-
TOTAL	9,987.85

NOTE No. 3

ACCOUNTS RECEIVABLE

TRADE RECEIVABLES	-
PUBLIC OFFICIALS AND EMPLOYEES RELATED COMPANIES	-
ADVANCE PAYMENTS TO SUBCONTRACTORS	131,746,780.73
	123,057,076.16
TOTAL	254,803,856.89

NOTE No. 4

INVENTORIES

INV. RAW MATERIALS	
WORK IN PROGRESS	
TOTAL	<hr/> <hr/>

CONSORCIO DE OBRAS CIVILES, SRL
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015 (STATED IN RD\$)

NOTE No. 5

EXPENSES PAID IN ADVANCE

INSURANCE PAID IN ADVANCE	-
INTERIM INCOME TAX PAYMENTS	10,261,471.61
WITHHOLDINGS	11,041,489.65
TAX ON ASSETS 1%	146.52
GUARANTEE DEPOSITS	1,675,072.17
WITHHOLDING ATTACHMENT BANKS	72,983.13
ADVANCE PAYMENTS OF TAX ON TRANSFER OF INDUSTRIALISED GOODS AND SERVICES (ITBIS) IN PURCHASES	-
TOTAL	23,051,163.08

NOTE No. 6

INVESTMENTS

INVESTMENTS IN OTHER COMPANIES	-
OTHER INVESTMENTS	-
TOTAL	-

NOTE No. 7

FIXED ASSETS (NET VALUE)

LAND	
BUILDINGS	-
OFFICE FURNITURE	-
EQUIPMENT AND MACHINERY	-
TOTAL	-

CONSORCIO DE OBRAS CIVILES, SRL
NOTES TO THE FINANCIAL STATEMENTS AS
AT 31 DECEMBER 2015 (STATED IN RD\$)

NOTE No. 8

OTHER ASSETS

NON-DEPRECIABLE EXTENSION AND

CONSTRUCTION

-

TOTAL

-

NOTE No. 9

ACCOUNTS PAYABLE

TRADE PAYABLES

14,080,434.15

CUSTOMER DEPOSITS

188,729,282.50

INCOME TAX PAYABLE

OTHER ACCOUNTS PAYABLE

-

ACCRUALS

ADVANCES FROM CUSTOMERS

INCOME TAX PAYABLE

FOREIGN SUPPLIERS

TOTAL

202,809,716.65

WITHHOLDINGS 30% OF 18 ITBIS

172,248.96

WITHHOLDINGS EMPLOYEE PENSION FUND (AFP)

.

WITHHOLDINGS EMPLOYEE FAMILY HEALTH INSURANCE (SFS)

SALARIES PAYABLE

2,584.93

WITHHOLDINGS 10% THIRD-PARTY INCOME TAX

4,444.44

WITHHOLDINGS 2% THIRD-PARTY INCOME TAX

1,111.09

WITHHOLDINGS 100% THIRD-PARTY ITBIS

4,000.00

GUARANTEE WITHHELD FROM LABOUR CONTRACTORS

105,532.25

TOTAL

289,921.67

CONSORCIO DE OBRAS CIVILES, SRL
GENERAL, ADMINISTRATIVE AND FINANCIAL EXPENSES
FROM 1 APRIL TO 31 DECEMBER 2015
(STATED IN RD\$)

GENERAL AND ADMINISTRATIVE EXPENSES:

SALARIES AND WAGES	-
SECURITY, MENS, AND TRANSPORT	-
SOCIAL SECURITY AFP	-
HOLIDAYS	-
BONUSES	-
EMPLOYEE BENEFITS	-
INFOTEP (National Institute of Technical and Vocational Training)	-
PRIVATE MEDICAL INSURANCE	-
CONTRIBUTION SFS	-
DEPRECIATION CAT. 1	-
DEPRECIATION CAT. II	-
DEPRECIATION CAT. III	-
AUDITORS' FEES	33,750.00
OFFICE SUPPLIES	-
INSURANCE	-
LEGAL COSTS	944.00
TAXES AND FINES	-
BANK COMMISSIONS AND CHARGES	-
OTHER EXPENSES	-
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	34,694.00

FINANCE EXPENSE

INTEREST	
BANK COMMISSIONS AND CHARGES	1,166.98
TOTAL FINANCE EXPENSE	1,166.98