



INTEVIAL - Gestão Integral Rodoviária, S.A.

AUDITOR'S REPORT

December 31, 2015

LISBOA

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AUDITOR'S REPORT

Introduction

1. We have examined the accompanying balance sheet of INTEVIAL - Gestão Integral Rodoviária, S.A., as of December 31, 2015, (which shows a total assets of € 9.344.380 and total shareholders' equity of € 4.902.174, including a net income for the period of € 1.048.976), and the income statement, the statement of changes in equity and the cash flows statement for the year then ended and the notes of the financial statements.

Responsibilities

2. The Management is responsible for the preparation of financial statements which give a true and fair view of the Company's financial position, the results of its operations, the changes in shareholder's equity and the cash flows. This responsibility also extends to the adoption of appropriate accounting policies and criteria, as well as the maintenance of a proper internal control system.

3. Our responsibility is to express a professional and independent opinion based on our audit of the above-mentioned financial statements.

Scope

4. We conducted our audit in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the audit be planned and performed in such a manner as to obtain an acceptable level of assurance that the financial statements do not contain material misstatements. To this end, our audit included:

- examining, on a test basis, evidence to support the amounts disclosed in the financial statements and assessing of the reasonableness of estimates, based on judgments and criteria defined by the Management, used in their preparation;
- assessing the appropriateness of the accounting policies adopted and their disclosure, taking into account the circumstances;
- verification of the applicability of the going concern principle, and
- consideration of the adequacy of the overall presentation of the financial statements.

5. Our audit also covered the verification of financial information included in the Management Report and its conformity with the financial statements.

6. We believe that the audit performed by us provides an acceptable basis for expressing our opinion.

Opinion

7. In our opinion the financial statements give, in all material aspects, a true and fair view of the financial position of INTEVIAL - Gestão Integral Rodoviária, S.A. as at December 31, 2015, and the results of its operations, the changes in equity and the cash flows for the year then ended, in accordance with the generally accepted accounting principles in Portugal.

Report on other legal requirements

8. It is also our opinion that the information in the management report is consistent with the financial statements.

Lisbon, February 12, 2016



RCA – Rosa, Correia & Associados, SROC, S.A.
(Statutory Auditors)
represented by Gabriel Correia Alves, Statutory Auditor

INTEVIAL, Gestão Integral Rodoviária, S.A.

Notes to the
Financial
Statements
31 DECEMBER
2015

The Board of Directors
01-02-2016

1. General information

INTEVIAL – Gestão Integral Rodoviária, S.A. is a Portuguese corporation. The address of its registered office is Avenida do Brasil n.º 43, 5º direito 1700-062 Lisbon, Portugal. The company dedicates its activity to the scope of construction, benefitting and conservation of roads, aerodromes and streets in urban zones, including all the valences namely, metallic bridges, of hardened bituminous, its protection and painting, parks and gardening and thus special installations of illumination, signalling and security, this way, being able to render contracting services of integral management conservation, maintenance and benefitting of road infrastructures, as well as to commercialize, to manufacture and to contract all the products and services related with these activities (Economic Activity Code 42110-R3). The Company's shares are owned by 100% by the company Elsamex Internacional S.L, which is incorporated in the spanish Group Elsamex.

2. Accounting reference of financial statements presentation

The financial statements were prepared according to Portuguese General Accepted Accounting Principles (Portuguese GAAP - Sistema de Normalização Contabilística (SNC)). The significant accounting policies that have been used in preparation of these financial statements are summarized below.

Whenever SNC doesn't respond to particular transactions or occurrences, international standards are applied, as adopted by the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards; These standards include International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations – SIC and IFRIC, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"), adopted by the European Union.

All accounting policies and measurement criteria adopted at 31 December 2015 are directly comparable with the ones used in the preparation of 31 December 2014 Financial Statements.

3. Summary of Significant Accounting Policies

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. Intangible assets are only recognized if it is probable that they will result in future economic benefits to the Company, they are controllable and can be reliably measured.

Intangible assets with finite useful life are amortized on a straight-line basis as from the date they start being used. Intangible assets with no finite useful life are subjected to impairment tests.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated after the date on which assets are available for use by the straight-line method in accordance with the period of estimated useful life for each group of assets:

<u>Asset</u>	<u>Years</u>
Machinery and equipment	4 – 16
Transport equipment	5
Computers and other administrative equipment	3 – 10

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Costs regarding repairs of assets that have no effect on their useful life are recorded as cost of the period. Costs with inspection and conservation of assets are also recorded as cost of the period.

Gains and losses on the sale or write-off of tangible assets results from the difference between the asset selling price and the net book value at the date of sale or write-off. Net book value includes accumulated impairment losses. The gains and losses determined are recognized in the income statement captions "Other operating income" or "Other operating costs", respectively.

Leases

Lease contracts are classified as Finance leases if, substantially, all the risks and benefits of ownership are transferred and Operating leases where this does not occur. Finance and operating leases are classified based on the substance rather than the form of the legal contract.

All leases are recorded in Current Assets by their fair value or, if inferior, by the present value of all payments that will occur according to the legal contract. Depreciation of leased assets follows the policies applied to tangible assets.

Costs with operational leases are recorded as cost of the period.

Inventories

Source materials and consumables are valued at the average cost of acquisition. Impairment losses are recorded when all or part of the value of inventories is lower than their net realizable value. For such the entity takes into account market information.

Financial assets and liabilities

Financial assets and liabilities are recorded in the balance sheet in the exact moment that all legal dispositions start to produce their effects, according to cost criteria:

- Trade and other debtors – Trade and other receivables are recognized at cost less impairment losses;
- Cash and bank deposits – Include the cash values, bank deposits and other investments recognizes at fair value;
- Trade and other creditors – Suppliers and other creditors' balances are recorded at acquisition cost.

Impairment of financial assets:

Trade and other receivables are derecognized when the rights to receive cash flows from the assets expire or are transferred and substantially all the risks and rewards of ownership have been transferred. At each balance sheet date, trade and other receivables are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Company about one or more of the following loss events: Significant financial difficulty of the debtor; and it becoming probable that the debtor will enter bankruptcy or other financial reorganization. If any such objective evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in profit or loss of the period in which the impairment occurs.

Factoring:

- Factoring with recourse – the company holds substantially all the risks and benefits of the rights of recovery. In this case, a financial liability is recognized for each financing transaction, displayed by the financial entity that provides the factoring service, recorded at cost. Interest payable for delay or breach of contract is recognized as cost in the period.
- Factoring without recourse – the entity providing the factoring service assumes the risk of the right of recovery. In the case of factoring without recourse to 100%, the company adopts the policy of recording the amounts received as a reduction in trade receivables.

Revenue

Sales income is recognized in the income statement when the risks and benefits of ownership of the assets are transferred to the buyer and the amount of the income can be reasonably measured. Sales are recognized at the fair value of the amount received or receivable, net of taxes, discounts and other costs incurred to realize them.

Costs and income are recorded in the period to which they relate, independently of when they are paid or received. Where the actual amounts of costs and income are not known they are estimated.

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized as follows:

Works revenue is determined considering the stage of the works, independently of invoicing. The works executed are supported by internal measurements performed by our internal production management.

Contingent assets and liabilities

Contingent assets are not recognized in the entity's financial statements but are disclosed when it is likely that there is a future economic benefit.

Contingent liabilities are not recognized in the entity's financial statements, and they are disclosed unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not even disclosed.

Income tax

The expense relating to income tax of the period represents the sum of current tax and the deferred tax.

Income tax is calculated based on the taxable results of the company in accordance with the applicable tax rules in force in the area in which the Company's head office is located.

Deferred taxes are calculated based on the liability method and reflect the temporary differences between the amounts of assets and liabilities for accounting purposes and the amounts for tax purposes.

Deferred tax assets and liabilities are calculated and reviewed annually using the tax rates expected to be in force when the temporary differences revert.

Deferred tax assets are recorded only when there is reasonable expectation of sufficient future taxable income to use them or whenever there are taxable temporary differences that offset the deductible temporary differences in the period they revert. Temporary differences underlying deferred tax assets are reviewed at each balance sheet date in order to recognize deferred tax assets not recorded previously due to not fulfilling the conditions needed for them to be recorded and/or to reduce the amounts of deferred tax assets recorded based on the current expectation of their future recovery.

Deferred tax is recorded in the income statement for the year, unless they result from items recorded directly in equity, in which case the deferred tax is also recorded in equity.

Estimates and judgments

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates to be made that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and costs recognized each year. All estimates and assumptions made by the Board of Directors were made based on the best knowledge existing at the date of approval of the financial statements.

The accounting principles and areas that require the greatest number of judgments and estimates in the preparation of financial statements are: (i) definition of useful life of tangible and intangible assets; (ii) impairment tests on trade debtors and other debtors and on inventories.

Subsequent events

Events that occur after the balance sheet date that provide additional information on conditions that existed at the end of the reporting period are recognized in the financial statements. Events that occur after the balance sheet date that provides information on conditions that exist after the balance sheet date, if material, are disclosed in the notes to the financial statements. The estimates were based on the best information available during the preparation of financial statements and based on the best knowledge and experience on past events and/or currents. However, situations could occur in subsequent periods,

which are not foreseeable at the time, were not considered in these estimates. Changes to these estimates, which occur after the date of the financial statements, will be recognized in the income statement prospectively.

4. Cash-flow

Cash and cash equivalents at December 31, 2015 and 2014 are detailed as follows:

	2015	2014
	Euros	Euros
Bank deposits (withdrawable)	1.467.428	1.014.430
	1.467.428	1.014.430

5. Related parties

The balances at December 31, 2015 relating to Group companies are as follows:

	Assets	Liabilities
	Euros	Euros
Elsamex Internacional SL	300.000	-
Elsamex SA	-	78
Elsamex Portugal	-	-
	300.000	78

In the current year, Elsamex Group, in which the society is incorporated, celebrated a financing contract with several financial entities in Spain, among them the Caixabank, SA and the Banco Santander, SA, through which has been conceded to Elsamex, SA a financing of forty million euros. Moreover, it was also celebrated a guarantee contract with the objective of the fulfilment of the obligations regarding the financial contract responsibilities, of about fifty million euros. Concerning the terms of both contacts, Inteval intervenes in the quality of guarantee, side-a-side with all other Group companies, according to article 6º, n.º 3 of 'Código das Sociedades Comerciais'.

6. Tangible fixed assets

	2015			Total
	Machinery	Equipment Transport	Administrative	
Initial gross carrying amount	2.984.699	785.420	101.444	3.871.563
Initial accumulated depreciation	2.880.808	52.528	72.011	3.005.347
Initial net carrying amount	103.891	732.892	29.433	866.216
Additions	16.047	75.757	5.612	97.416
Total additions	16.047	75.757	5.612	97.416
Decreases				
Depreciations	(33.731)	(186.440)	(15.735)	(235.906)
Impairment losses	-	-	-	-
Disposals				
- Gross value	(33.583)	(30.412)	-	(63.995)
- Accumulated depreciation	33.583	634	-	34.217
Total decreases	(45.126)	(32.547)	(11.793)	(89.466)
Final gross carrying amount	2.967.163	830.765	107.056	3.904.984
Final accumulated depreciation	2.880.956	238.334	87.746	3.207.036
Final net carrying amount	86.207	592.431	19.310	697.948

2014	Equipment			Total
	Machinery	Transport	Administrative	
Initial gross carrying amount	2.956.729	35.300	74.848	3.066.877
Initial accumulated depreciation	2.853.712	19.981	60.218	2.933.911
Initial net carrying amount	103.017	15.319	14.630	132.966
Additions	46.000	750.120	26.596	822.716
Total additions	46.000	750.120	26.596	822.716
Decreases				
Depreciations	(45.126)	(32.547)	(11.793)	(89.466)
Impairment losses	-	-	-	-
Disposals				
- Gross value	(18.030)	-	-	(18.030)
- Accumulated depreciation	18.030	-	-	18.030
Total decreases	(45.126)	(32.547)	(11.793)	(89.466)
Final gross carrying amount	2.984.699	785.420	101.444	3.871.563
Final accumulated depreciation	2.880.808	52.528	72.011	3.005.347
Final net carrying amount	103.891	732.892	29.433	866.216

7. Leases

The present value of all payments that will occur according to the legal contracts regarding operating leases are as follows:

	Less than 1 year	Between 1 and 5 years	More than 5 years
Offices	103.196	94.596	-
Vehicles	48.000	35.000	-

The Company has presently two offices, one in Lisboa (Head office) and the other in Leça da Palmeira. The Company has celebrated several rental agreements of construction-site offices, which are used in the different construction works that the Company has all over Portugal. The Company has also several renting and fit-rent contracts of vehicles.

8. Income tax

The income tax recognized in the income statement for the years ended December 31, 2015 and 2014 are detailed as follows:

	31.12.2015	31.12.2014
	Euros	Euros
Current tax	(371.210)	(382.447)
Deferred tax	-	-
	(371.210)	(382.447)

Reconciliation of profit before tax for the tax year is as follows:

	31.12.2015	31.12.2014
	Euros	Euros
Profit before tax	1.420.186	1.384.885
Tax Rate	21%	23%
Taxable income	1.415.022	1.383.851
Tax losses deducted	-	-
Income tax	371.210	382.447
Decrease in deferred tax assets	-	-
Current tax	371.210	382.447

9. Financial assets

Trade debtors

	2015	2014
	Euros	Euros
Customers - current account	6.695.118	6.505.969
Customers - guarantees	363.679	387.313
Customers – Invoices to be issued	259.102	27.222
Accumulated impairment losses	(708.571)	(708.571)
	6.609.328	6.211.933

The company has a factoring agreement without recourse to 100% with a financial entity, which focuses on the billing of its main client.

The caption “Customers – Invoices to be issued” includes the accrual of services provided by INTEVIAL in 2015 but only invoiced in 2016.

During the fiscal year of 2011 Inteval initiated a lawsuit against the company Pavia Brasil. For this reason, considering the age of the debt, as well as the lack of expectation about receiving any amount, the company recognized an impairment loss of the total amount of its balance (671.490 Euros). The total amount of impairment losses in 2013 is of 37.081 Euros. No impairment losses had been recognized during the years of 2014 and 2015.

Sundry debtors

	2015	2014
	Euros	Euros
Advances to suppliers	-	-
Other debtors	20.477	4.285
	20.477	4.285

10. State and other public entities

Currently there are no overdue debts to the State or to Social Security.

11. Deferrals

This heading includes expenses with legal fees and expenses with works insurances that extend throughout their implementation period, office rents, and expenses for the acquisition of tools and work consumables that will be consumed in 2016.

12. Equity

The capital is divided into 280.000 registered shares with a nominal value of 5 Euros.

The following entities owned more than 10%, 33% or 50% of the share capital subscribed as at 31 December 2014: Elsamex Internacional S.L.: 280.000 shares (100%).

13. Financial liabilities

Financing obtained

The total financing obligations are classified as follows:

	2015	2014
	Euros	Euros
Current liabilities		
Bank loans	-	-
Leasings	246.345	247.949
Non-current liabilities		
Bank loans	-	-
Leasings	238.676	493.458
	485.021	741.407

During 2014, the company celebrated one new leasing contract to finance the acquisition of 45 vehicles.

The Company has liabilities for guarantees provided in favor of the Portuguese State for a 1 to 5 year period distributed by the following financial institutions:

	2015	2014
	Euros	Euros
Caixa Geral de Depósitos	3.736.683	3.545.416
COSEC	1.524.413	691.551
ASEFA	685.092	783.361
Montepio	605.907	319.918
BANIF	463.447	471.898
Mapfre	327.145	417.316
Santander	-	65.415
	7.342.687	6.294.875

Suppliers

	2015	2014
	Euros	Euros
Suppliers - current account	3.263.087	3.203.343
Suppliers – Invoices to be issued	275.898	185.264
Suppliers – other	-	-
	3.538.985	3.388.607

The balance of “Suppliers – Invoices to be issued” refers to the accrual of services provided by subcontractors in 2015.

Sundry creditors

	2015	2014
	Euros	Euros
Accrued payroll costs	285.170	261.432
Other creditors	3.914	2.564
	289.084	263.996

Accrued payroll costs include the accruals with amounts related with vacation and holiday pay (plus social security charges) to settle in 2016.

14. Revenue

	2015	2014
	Euros	Euros
Services rendered in the domestic market	21.366.334	15.515.232
Services rendered in the foreign market	-	-
	21.366.334	15.515.232

15. Cost of goods sold and materials consumed

	2015			2014		
	Euros			Euros		
	Goods	Materials	Total	Goods	Materials	Total
1. Initial inventories	-	37.321	37.321	-	37.321	37.321
2. Acquisitions	-	161.552	161.552	-	120.909	120.909
3. Reclassification and adjustment of inventories	-	-	-	-	-	-
4. Final Inventory	-	31.540	31.540	-	37.321	37.321
5. (1+2+/-3-4)	-	167.333	167.333	-	120.909	120.909

16. Supplies and services

	2015	2014
	Euros	Euros
Subcontracts	15.175.612	10.049.380
Maintenance and repairs	442.071	357.472
Fuel	387.480	318.026
Rents	210.790	461.254
Insurance	132.498	104.976
Tools	125.431	105.417
Specialized works	94.384	96.771
Travel, hotel and transports	91.978	74.153
Communication	43.774	34.679
Other	172.309	153.215
	16.876.327	11.755.343

17. Personnel costs

	2015	2014
	Euros	Euros
Remunerations	2.158.140	1.739.814
Charges on remunerations	383.933	316.523
Insurance of occupational accidents and occupational diseases	29.238	25.845
Other	11.283	4.609
	2.582.594	2.086.791

The average number of employees during the year, and the final number of employees at December 31, 2015 and 2014 were as follows:

	2015	2014
Average number of employees	125	96
Number of employees at end of period	127	127

There was no allocation of any post-employment benefit to any employee during the year.

18. Other income and gains

	2015	2014
	Euros	Euros
Discounts for prompt payment	86.852	78.663
Other	17.656	29.448
	104.508	108.111

19. Other Expenses and Loss

	2015	2014
	Euros	Euros
Taxes	20.370	18.451
Legal fees	21.815	29.193
Other	62.276	61.171
	104.461	108.815

20. Interest and other similar expenses

	2015	2014
	Euros	Euros
Interest expense	18.114	4.201
Losses on Guarantees	63.663	75.842
Other expenses and loss on funding	5.597	7.763
	87.374	87.806

21. Disclosures issued by legal requirements

During the fiscal year of 2015 the Company remunerated the Audit Committee in the amount of 14.500 Euros.

22. Events after the balance sheet date

Authorization to issue

The financial statements for the year ended December 31, 2015 were approved by the Board of Directors and authorized for issue on February 1, 2016.

Update disclosure about conditions at the balance sheet date

No information was received after the balance sheet date about conditions that existed at the balance sheet date.

Events after the balance sheet date which have not led to adjustments

There were no major events subject to disclosure.

THE ACCOUNTABILITY TECHNICIAN N. º 71167

André Pinho de Sousa Sequeira

THE FINANCIAL DIRECTOR

António Miguel Gomes Matos de Oliveira

THE BOARD OF DIRECTORS

Fernando Jaime Bardisa Jorda

(In representation of Elsamex Internacional, SA)

Ignácio Maria Chueca Garcia

(In representation of Elsamex, SA)

Jose Luis Gonzalez Romero

(In representation of Grusamar Ingenieria y Consulting, SL)