
U.S.\$200,000,000



CLISA
Compañía Latinoamericana de
Infraestructura & Servicios S.A.

**CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.
Unconditionally and Irrevocably Guaranteed by
Benito Roggio e Hijos S.A. and Cliba Ingeniería Urbana S.A.
9.5% Senior Notes due 2023**

CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A., a corporation organized under the laws of the Republic of Argentina (“Argentina”) (“Clisa” or the “Issuer”), is offering U.S.\$200,000,000 aggregate principal amount of Clisa’s 9.5% Senior Notes due 2023 (the “Notes”). Interest on the Notes will accrue at a rate of 9.500% per year and will be payable on January 20 and July 20 of each year, beginning on January 20, 2017. The Notes will mature on July 20, 2023.

The Notes will be fully, unconditionally, jointly, severally and irrevocably guaranteed by our two main operating subsidiaries, Benito Roggio e Hijos S.A. (“BRH”) and Cliba Ingeniería Urbana S.A. (“Cliba”) (each a “Guarantor” and collectively, the “Guarantors”), each of which is organized under the laws of Argentina (each a “Guarantee” and collectively, the “Guarantees”). The Notes will be senior unsecured obligations of Clisa and will rank equal in right of payment with all other existing and future senior unsecured indebtedness of Clisa and rank senior in right of payment to all existing and future subordinated indebtedness of Clisa, if any. The Notes will be effectively subordinated to all existing and future secured indebtedness of Clisa to the extent of the value of the assets securing such indebtedness and will be subordinated to obligations of Clisa preferred by statute or by operation of law. The Notes will be Guaranteed by each Guarantor, with such Guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Guarantor. The Guarantees will be effectively subordinated to all existing and future secured indebtedness of the Guarantors to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to all existing and future indebtedness of any Subsidiary of Clisa that does not guarantee the Notes.

Clisa may redeem the Notes at any time prior to July 20, 2020, in whole or in part, at a redemption price equal to 100% of the principal amount of the Note to be redeemed plus a “make-whole” premium. Clisa may redeem the Notes in whole or in part, at any time on or after July 20, 2020 at the redemption prices listed under “Description of Notes—Optional Redemption—Optional Redemption Without a Make-Whole Premium.” Additionally, at any time prior to July 20, 2019, Clisa may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 109.500%, with the net cash proceeds or certain equity offerings. In addition, Clisa may redeem the Notes, in whole but not in part, at a price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest and any Additional Amounts to, but excluding, the redemption date, in the event of certain changes in the tax laws of Argentina (or any political subdivision or governmental authority thereof or therein having power to tax). For further information, see “Description of Notes—Optional Redemption” and “Description of Notes—Optional Redemption—Optional Redemption Upon Tax Event.”

Clisa intends to use a majority of the net proceeds of this offering for debt refinancing, including, but not limited to, the purchase of any and all of its outstanding U.S.\$87,106,000 Series 4 Notes due 2019 (the “Series 4 Notes”) that are validly tendered and in respect of which related consents are delivered in connection with the cash tender offer and consent solicitation that we have launched concurrently with this offering (the “Tender Offer and Consent Solicitation”). For further information about the application of proceeds, see “Use of Proceeds.”

Investing in the Notes involves significant risks. For further information, see “Risk Factors” beginning on page 20.

This Offering Memorandum comprises “Listing Particulars” for the purpose of the application to the Irish Stock Exchange for listing of the Notes. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

Clisa has also applied to have the Notes listed on the *Mercado de Valores de Buenos Aires S.A.* (“Merval”) through the Buenos Aires Stock Exchange (*Bolsa de Comercio de Buenos Aires*, the “BCBA”) pursuant to the delegation powers granted by the Merval to the BCBA, in accordance with the provisions of the Resolution No. 17,501 of the Argentine National Securities Commission (*Comisión Nacional de Valores*, the “CNV”), and to trade them on the *Mercado Abierto Electrónico S.A.* (the “MAE”). **The Notes and the Guarantees have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction. Unless they are registered, the Notes and the Guarantees may be offered only in transactions that are exempt from registration under the Securities Act or the securities law of any other jurisdiction. Accordingly, the Notes and the Guarantees are being offered only to qualified institutional buyers (“QIBs”) pursuant to Rule 144A under the Securities Act (“Rule 144A”) and persons outside the United States of America (the “United States”) in reliance on Regulation S of the Securities Act (“Regulation S”). For further details about eligible offerees and resale restrictions, see “Transfer Restrictions.”**

PRICE: 98.753% PLUS ACCRUED INTEREST, IF ANY FROM JULY 20, 2016

The public offering of the Notes has been authorized by the CNV pursuant to Resolution No. 18,109 dated July 6, 2016. This authorization only means that the Issuer has met the applicable information requirements set forth by CNV Regulations (as defined below). The CNV has not provided any opinion with respect to the information contained in this Offering Memorandum. In accordance with the provisions of Section 119 of Argentine Law No. 26,831 (as amended, and/or supplemented, including without limitation, by Argentine Decree No. 1023/13, the “Capital Markets Law”), issuers of securities, along with the members of their board of directors, and their supervisory committee, the latter to the extent applicable, the arrangers or underwriters in a public offering of notes, and the signatories of an offering memorandum of securities admitted to the public offering regime, will be responsible for all the information included in an offering memorandum registered with the CNV. Moreover, according to Section 120 of the Capital Markets Law, the agents involved as book-runners, arrangers or underwriters in a public offering of notes should duly review the information contained in the offering memorandum. Experts or third parties giving opinions on certain sections of the offering memorandum will be liable in Argentina for the portion of information on which they have issued an opinion.

Clisa expects that the Notes will be ready for delivery in book-entry form through the facilities of The Depository Trust Company (“DTC”), and its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear system (“Euroclear”), and Clearstream Banking, société anonyme (“Clearstream Luxembourg”), on or about July 20, 2016.

Joint Book-Running Managers

BCP Securities, LLC

Santander

Argentine Placement Agents

Banco Hipotecario S.A.

BACS Banco de Crédito y Securitización S.A.

The date of this Offering Memorandum is July 20, 2016.

NOTICE TO INVESTORS

In this Offering Memorandum, unless the context otherwise requires, references to the “Company,” “our Company,” “our business,” “we,” “our,” “us” and similar terms refer to the Issuer and its consolidated subsidiaries and any joint ventures or *uniones transitorias de empresas* (temporary associations of companies, or “UTEs”) in which we participate, except where otherwise specified or the context otherwise requires. Any references to “Clisa” or the “Issuer” refer only and exclusively to CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. Additionally, any references to “subsidiaries” are to entities where we hold the majority of the voting capital, and references to “affiliates” or “affiliated” companies are to companies in which we hold voting or non-voting capital but in which we hold less than the majority of the voting capital. References to “related” companies are to direct or indirect parent companies or companies under the common control of a direct or indirect parent company.

NOTWITHSTANDING ANYTHING IN THIS OFFERING MEMORANDUM THAT MAY OR MIGHT IMPLY THE CONTRARY, AND EXCEPT FOR THE OBLIGATIONS OF THE GUARANTORS ACCORDING TO THE INDENTURE (AS DEFINED BELOW), THE OBLIGATIONS ARISING FROM THIS OFFERING MEMORANDUM AND THE INDENTURE WILL BE BINDING SOLELY ON CLISA AND THE GUARANTORS, AS APPLICABLE, AND NOT ON ANY OF ITS OTHER SUBSIDIARIES, AFFILIATES, RELATED COMPANIES OR UTEs OR OTHER JOINT VENTURES. PROSPECTIVE INVESTORS ACKNOWLEDGE AND AGREE THAT NONE OF THE SUBSIDIARIES (OTHER THAN THE GUARANTORS), AFFILIATES, RELATED COMPANIES OR UTEs OR OTHER JOINT VENTURES OF CLISA WILL BE LIABLE FOR ANY OBLIGATION WITH RESPECT TO THE NOTES.

The information provided in this Offering Memorandum that relates to Argentina and its economy is based upon publicly available information, and we do not make any representation or warranty with respect thereto. Neither Argentina, nor any governmental agency or political subdivision thereof, in any way guarantees or otherwise supports Clisa’s and the Guarantors’ obligations in respect of the Notes and the Guarantees.

In making your investment decision in the Notes, you should rely only on your own examination of the Issuer and the Guarantors and the terms of the offering, including the merits and risks involved. Clisa, the Guarantors, BCP Securities LLC, Santander Investment Securities Inc. (collectively, the “Initial Purchasers”) and Banco Hipotecario S.A. and BACS Banco de Crédito y Securitización S.A. (the “Argentine Placement Agents” and jointly with the Initial Purchasers, the “Managers”) have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Memorandum is accurate as of the date on the front cover of this Offering Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the distribution nor the delivery of this Offering Memorandum nor any sale made hereunder will under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this Offering Memorandum.

The Issuer accepts responsibility for the information contained in this Offering Memorandum and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect the import of such information.

We are not providing you with any legal, business, tax or other advice in this Offering Memorandum. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

No representation or warranty, express or implied, is made by the Initial Purchasers, or their respective affiliates as to the accuracy or completeness of any of the information set out in this offering memorandum, and nothing contained in this offering memorandum is or shall be relied upon as a promise or representation by the Initial Purchasers, whether as to the past or to the future.

Clisa has also applied to have the Notes listed on the *Mercado de Valores de Buenos Aires S.A.* (“MERVAL”) through the Buenos Aires Stock Exchange (*Bolsa de Comercio de Buenos Aires*, the “BCBA”) pursuant to the delegation powers granted by the MERVAL to the BCBA, in accordance with the provisions of the Resolution No. 17,501 of the Argentine National Securities Commission (*Comisión Nacional de Valores*, the “CNV”), and to trade them on the *Mercado Abierto Electrónico S.A.* (the “MAE”).

This Offering Memorandum comprises “Listing Particulars” for the purpose of the application to the Irish Stock Exchange for listing of the Notes. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

This Offering Memorandum may only be used for the purpose for which it has been published. The market information in this Offering Memorandum has been obtained by Clisa from publicly available sources deemed by Clisa to be reliable. Clisa accepts responsibility for correctly extracting and reproducing such information, and as far as Clisa is able to ascertain from publicly available information, no facts have been omitted which would render such reproduced information inaccurate or misleading.

This Offering Memorandum is a document that we are providing only to prospective purchasers of the Notes. You should read this Offering Memorandum before making a decision whether to purchase any Notes. You must not:

- use this Offering Memorandum for any other purpose;
- make copies of any part of this Offering Memorandum or give a copy of it to any other person; or
- disclose any information in this Offering Memorandum to any other person.

The Notes offered through this Offering Memorandum are being offered in reliance on exemptions from the registration requirements of the Securities Act and are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration under, or exemption from, such laws. By purchasing the Notes, you will be deemed to have made certain acknowledgments, representations, restrictions and agreements as set forth under “Transfer Restrictions.”

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this Offering Memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither us nor any of the Managers will have any responsibility therefor. For further information, see “Transfer Restrictions.”

Since there is currently no market for the Notes, you should be aware that by investing in the Notes you may bear the financial risks of this investment for an indefinite period of time. In making an investment decision in the Notes, prospective investors must rely on their examination of Clisa, the Guarantors and the terms of this offering, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under the applicable legal investment or similar laws or regulations.

These Notes have not been approved by any United States, federal or state securities commission or any other United States regulatory authority. Any representation to the contrary is a criminal offense in the United States. Except for the CNV, the supervisory body with the authority of granting the authorization for the public offering of the Notes in Argentina, the offering of the Notes will not be subject to approval by any other regulatory authority in any other jurisdiction. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this document.

This Offering Memorandum relates to the Notes to be issued by the Issuer. Neither the delivery of this Offering Memorandum nor any sale hereunder will under any circumstance imply that there has been no change in the Issuer’s affairs or that the information set forth in this Offering Memorandum is correct as of any date subsequent to the date hereof.

No authorization has been granted to any of the Managers or any other person to provide information or statements of the Issuer or the Notes that are not contained in this Offering Memorandum and if provided or effected, such information or statements will not be considered or consented to by the Issuer and/or the Managers.

You acknowledge that (1) you have reviewed this Offering Memorandum, (2) you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this Offering Memorandum, (3) you have not relied on us, the Managers or any person affiliated with us or the Managers in connection with your investigation of the accuracy of the information or your investment decision, (4) this Offering Memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in material respects with the rules of the SEC that would apply to an offering document relating to a public offering of securities, and (5) no person has been authorized to give any information or to make any representation concerning us, the Notes or the Guarantees other than as contained in this Offering Memorandum. If given or made, that other information or representation should not be relied upon as having been authorized by us or the Managers.

The Notes will qualify as “*obligaciones negociables simples no convertibles*” under Argentine Law No. 23,576, as amended (*Ley de Obligaciones Negociables*, or the “Negotiable Obligations Law”), and will be entitled to the benefits set forth therein and subject to the procedural requirements set forth therein and in the Capital Markets Law. Notes marketed in Argentina will be placed in accordance with the Capital Markets Law and CNV’s General Resolution No. 622/2013 (as amended and/or supplemented, the “CNV Regulations”).

The issuance of the Notes offered hereby was approved by Clisa’s shareholders on May 31, 2016, and the general terms and conditions of the Notes were approved by Clisa’s Board of Directors on June 1, 2016. The pricing terms of the Notes will be authorized by a resolution of the Board of Directors Designee of Clisa on the pricing date. The Guarantees were approved by BRH’s shareholders on June 27, 2016; and by Cliba’s shareholders on June 27, 2016.

If the Issuer or the Guarantors are involved in bankruptcy proceedings, reorganization, out-of-court arrangements with creditors and/or like situations, the applicable rules governing the Notes and the Guarantees (including, without limitation, the provisions of the Negotiable Obligations Law) and the terms and conditions of the Notes and the Guarantees would be subject to the provisions of the Argentine laws of bankruptcy, reorganization, out-of-court arrangements and/or like and/or other applicable rules in force.

Under Argentine Law No. 24,587 on Private Securities in Registered Form, with effect from November 22, 1995, and its regulatory decree No. 259/1996, in each case, as amended and/or supplemented, an Argentine issuer may not issue negotiable securities in bearer form or transferable by endorsement. Under such provisions, in the case of securities representing debt, the registered form requirement will be deemed fulfilled if the securities are represented by global or partial certificates, entered or deposited with a domestic or foreign custody system, acknowledged by the CNV. Euroclear, Clearstream Luxembourg, DTC, and Caja de Valores S.A. of Argentina, have been acknowledged by CNV to act as collective deposit institutions. Clisa will only issue the Notes in accordance with these provisions. In addition, the Notes will comply with Section 7 of the Negotiable Obligations Law.

The Notes will be available in book-entry form only. The Notes contemplated in this Offering Memorandum will be issued in the form of global certificates, which will be deposited with, or in the name of, DTC. Beneficial interests in the global certificates will be evidenced by, and transfers of the global certificates will be effected only through, records maintained by DTC. After the initial issuance of the global certificates, Notes in certificated form will be issued in exchange for the global certificates only as set forth in the Indenture. For further information, see “Book-Entry, Delivery and Form.”

The Issuer reserves the right to declare that the allocation process has failed in respect of the Notes, in which case no Notes will be issued, and the Issuer and the Initial Purchasers reserve the right to reject any offer to purchase Notes, in whole or in part, and allocate less than the full amount of Notes subscribed for pursuant to the terms described herein, see “Plan of Distribution.”

Any and all website addresses included in this Offering Memorandum are included as active textual references only, and the information contained on any such websites (or accessed through them) is not incorporated in this Offering Memorandum and will not be regarded as a part hereof.

Notwithstanding anything in this document to the contrary, except as reasonably necessary to comply with applicable securities laws, prospective investors (and each of their employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to them relating to such tax treatment and tax structure. For this purpose, “tax structure” is limited to facts relevant to the U.S. federal income tax treatment of the offering.

See “Risk Factors” for a description of certain factors relating to an investment in the Notes, including information about our business. None of Clisa, the Guarantors, the Managers, or any of our or their respective affiliates or representatives, are making any representation to any offeree or purchaser of the Notes offered hereby regarding the legality of any investment by such offeree or purchaser under any applicable law.

Defined terms appearing herein are used in both the plural and the singular form.

IMPORTANT INFORMATION FOR FOREIGN INVESTORS

The provisions of Decree No. 616/2005, as amended, and the regulations issued by Argentine Central Bank (*Banco Central de la República Argentina*, the “Central Bank” or the “BCRA”) by virtue thereof, impose restrictions on the inflow of foreign currency into Argentina. Among other restrictions, foreign currency inflows aimed at acquiring securities issued by Argentine private sector companies, were subject to the requirement of setting up a U.S. dollar-denominated non-transferable non-remunerated nominative deposit with an Argentine bank for a 365 day period for the equivalent of 30% of the amount involved (a deposit known in Argentina as “*encaje*”).

In addition, the funds so entered were only to be transferred out of the local exchange market after a minimum 365-day term had elapsed as of the date of the inflow. However, foreign currency inflows for the acquisition of local securities in the primary market are exempted from the above referred requirements, as long as the securities have received authorization from CNV to be publicly offered and they are listed in an authorized securities market. Accordingly, based on the fact that the Notes have been granted the CNV's authorization for public offering in Argentina and will be listed on the Merval, the above mentioned requirement will not apply to the Notes acquired by foreign investors in the primary market.

Notwithstanding the foregoing under Resolution No. 3/2015, the Ministry of Public Finances of Argentina reduced the minimum lock-up period from 365 days to 120 calendar days for funds disbursed in Argentina and reduced the percentage of the fixed deposit to zero.

Foreign currency inflows for the acquisition of the Notes in the secondary market under the terms of Decree No. 616/2005 will be considered a portfolio investment of non-residents for private financial asset holding and will be subject to the mentioned 120-day lock-up period.

Investors that are not residents of Argentina may only transfer funds out of Argentina through the single and free exchange market (the “Single and Free Exchange Market” or “MULC”), provided that the investment in the Notes has remained in the country for at least 120 calendar days as of the time of the transfer.

For a description of the exchange restrictions and controls to capital inflows to, and outflows from, Argentina, see “Foreign Exchange Controls.”

SELLING EFFORTS

The Issuer and the Argentine Placement Agents intend to carry out their selling efforts in connection with the Notes in Argentina in accordance with the provisions of the Capital Markets Law and the applicable CNV Regulations, and the Issuer and the Initial Purchasers intend to carry out their selling efforts in connection with the Notes outside Argentina in accordance with applicable regulations of each jurisdiction where the Notes will be offered. The Initial Purchasers and the Argentine Placement Agents will make their best efforts to sell the Notes, which may include, among others things, any one or more of the following: (i) personal contact with potential investors; (ii) sending e-mails to potential investors containing written material, where applicable; (iii) publications and notices in reputable media where applicable or permitted; (iv) holding conference calls with potential investors; (v) distribution of written material to potential investors, including this Offering Memorandum and information contained herein; and (vi) road shows and/or one-on-one meetings with potential

investors, in all cases, in accordance with applicable law, including, without limitation, the CNV Regulations, the provisions of Regulation S, Rule 144A and the terms hereof, as applicable. For a description of the selling restrictions applying to the distribution of the Notes, see “Plan of Distribution.”

AVAILABLE INFORMATION

Clisa currently does not file information with the United States Securities and Exchange Commission. For so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, Clisa will, during any period in which it is neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser or subscriber of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser or subscriber, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

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ENFORCEABILITY OF CIVIL JUDGMENTS

Both Clisa and the Guarantors are corporations (*sociedades anónimas*) organized under the laws of Argentina, and all of Clisa's and the Guarantors' directors, senior managers and controlling persons named in this Offering Memorandum reside outside the United States. In addition, a substantial portion of Clisa's and the Guarantors' assets and a substantial portion of the assets of the persons referenced above are located in Argentina. As a result, it may not be possible for investors to effect service of process outside Argentina upon any of Clisa's or the Guarantors' directors, senior managers or controlling persons, or to enforce against Clisa and the Guarantors or such other parties in United States courts, judgments, including with respect to matters arising under the federal securities laws of the United States or other non-Argentine laws. In addition, McEwan, Roberts, Dominguez, Carassai, Clisa's and the Guarantors' Argentine counsel, has advised Clisa that there is doubt as to whether the courts of Argentina would enforce in all respects, to the same extent and in as timely a manner as a U.S. or other non-Argentine court, an original action with respect to matters arising under the federal securities laws of the United States or other non-Argentine laws; and that the enforceability in Argentine courts of judgments of U.S. or other non-Argentine courts with respect to matters arising under federal securities laws of the United States or other non-Argentine laws will be subject to compliance with certain requirements under Argentine law, including the condition that any such judgment does not violate Argentine public policy (*orden público*). Article 9 Agents, LLC will serve as Clisa's and the Guarantors' agent for service of process in New York under the purchase agreement to be entered into among Clisa, the Guarantors and the Initial Purchasers and under the indenture to be entered into among Clisa, the Guarantors, The Bank of New York Mellon, and Banco Santander Río S.A. For further information see "Risk Factors—Risks Related to Argentina."

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains statements that constitute “forward-looking statements.” The words “believe,” “could,” “may,” “estimate,” “continue,” “potential,” “anticipate,” “intend,” “expect,” “will,” “should” and “plan,” among others, are intended to identify forward-looking statements. These statements appear in a number of places in this Offering Memorandum, principally in “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “The Argentine Infrastructure Market” and “Business.” Such forward-looking statements are primarily based on current expectations and projections about future events and financial trends that affect, or may affect, our business, financial condition, results of operations and prospects.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions because they relate to future events and, therefore, depend on circumstances that may or may not occur in the future. Forward-looking statements include, but are not limited to, statements regarding our officers’ intent, belief or current expectations with respect to, among other things, the use of proceeds of this offering, our financing plans, trends affecting our business, the impact of competition and future plans and strategies. Our future results may differ materially from those expressed in or suggested by these forward-looking statements. Many of the factors that will determine these results are beyond our ability to control or predict. Investors are cautioned not to put undue reliance on any forward-looking statements.

Investors should understand that the following factors, in addition to those discussed in this Offering Memorandum, could affect our future results and could cause results to differ materially from those expressed in such forward-looking statements.

- general economic, political, legal, social, business or other conditions, both in Argentina and abroad;
- our management’s expectations and estimates concerning our future financial performance, financing plans and programs, and the effects of competition;
- changes in capital markets in general that may affect policies or attitudes toward lending to or investing in Argentina or Argentine companies;
- fluctuations and declines in the value of Argentina’s public debt;
- government intervention in the private sector, including through nationalization, expropriation, regulation or other actions;
- restrictions on transfer of foreign currencies and other exchange controls;
- restrictions on energy supply or prices in the Argentine market;
- technological changes and our potential inability to implement new technologies;
- deterioration in regional and national business and economic conditions in Argentina;
- our level of capitalization and debt;
- availability and cost of funding;
- natural disasters and other unforeseen events;
- our plans regarding capital expenditures;
- anticipated trends and competition in the Argentine infrastructure market;
- interest rate fluctuations, inflation, fluctuations in import tariffs and changes in the exchange rate of the *peso* in relation to the U.S. dollar, among other macroeconomic indicators;
- regulatory environment, including environmental, tax and acquisition-related rules and regulations;

- credit risk, market risk and other risks of investment activities;
- loss of clients and related lower revenues;
- ability to sustain or improve our operating performance and implement our business strategies successfully;
- inability to retain certain personnel and ability to hire key personnel;
- adverse outcome of legal actions and/or administrative/regulatory proceedings involving us; and
- other risks as set forth under “Risk Factors.”

Forward-looking statements speak only as of the date they were made and neither we nor the Managers undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PRESENTATION OF FINANCIAL INFORMATION

Clisa is a holding company with five direct subsidiaries: (i) BRH, (ii) Cliba, (iii) Benito Roggio Transporte S.A., (iv) Cliba Ingeniería Ambiental S.A. (“Cliba IASA”); and (v) Roggio Brasil Investimentos e Serviços Ltda. Clisa also directly holds a 46.18% equity interest in Polledo S.A.I.C. y F. and 5.0% of the total outstanding voting power and economic interests of Tecsan Ingeniería Ambiental S.A. Outside of Argentina, Clisa has an indirect wholly-owned subsidiary, Factoría Metálica Haug S.A. (“Haug”), which is organized under the laws of the Republic of Peru (“Peru”). Other indirect subsidiaries, including Benito Roggio Panamá S.A. and foreign branches of Argentine corporations also operate in foreign jurisdictions such as Panama, Brazil and Uruguay.

Financial Information

Clisa

Clisa’s audited consolidated financial statements (“Clisa’s Audited Consolidated Financial Statements”) as of and for the fiscal years ended December 31, 2015, 2014 and 2013 that are included in this Offering Memorandum present our financial position as of December 31, 2015, 2014 and 2013, as well as the results of operations and cash flows for each of the three years ended December 31, 2015, 2014 and 2013. Clisa’s unaudited condensed interim consolidated financial statements (“Clisa’s Unaudited Condensed Interim Consolidated Financial Statements”) included in this Offering Memorandum present our financial position as of March 31, 2016 and our results of operations and cash flows for the three months ended March 31, 2016 and 2015. Our consolidated financial statements and other financial information included in this Offering Memorandum, unless otherwise specified, are stated in *pesos*. Clisa’s Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements include the results of the Guarantors as well as the results of other subsidiaries that are not guaranteeing the Notes.

In this Offering Memorandum references to “*pesos*” or “Ps.” are to Argentine *pesos*, the official currency of Argentina; references to “U.S.\$,” “\$,” “U.S. dollars” or “dollars” are to United States dollars.

Clisa’s Audited Consolidated Financial Statements have been prepared in accordance with CNV Regulations, which established the applicability of Technical Resolutions No. 26, as amended, issued by the Argentine Federation of Economic Sciences Professional Councils (*Federación Argentina de Consejos Profesionales de Ciencias Económicas*) through the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), for entities included in the public offering regime, either for their stock or for debt instruments submitted for authorization to be included in such regime. Clisa’s Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard No. 34, “Interim Financial Information”.

The applicability of the regulations mentioned above became mandatory for Clisa as of the fiscal year beginning on January 1, 2012. Accordingly, Clisa’s Audited Consolidated Financial Statements have been prepared in accordance with the IFRS as issued by IASB, and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of the date of issuance of the relevant consolidated financial statements.

Clisa’s Audited Consolidated Financial Statements have been audited by Price Waterhouse & Co. S.R.L. (“PwC Argentina”), a member firm of the PricewaterhouseCoopers network, independent accountants whose reports are included in this Offering Memorandum. The Unaudited Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2016 and 2015 were reviewed by PwC Argentina, whose report is included in this Offering Memorandum. For more information see “Independent Accountants” in this Offering Memorandum.

Corporate Reorganization in the waste management sector

On March 14, 2016, Clisa, together with Benito Roggio Ambiental S.A. (“BRA”) and Cliba IASA executed a merger commitment (the “Preliminary Commitment”) pursuant to which (i) BRA was dissolved without liquidation and incorporated into Clisa; and (ii) Cliba IASA, without being dissolved, spun-off part of its assets and liabilities, then incorporated by merger into Clisa. Assets and liabilities spun-off from Cliba IASA and merged into Clisa consist of 90% of the capital stock of Cliba, and other financial assets and liabilities related to the value of that stock.

This corporate reorganization was aimed at facilitating the management of shared business, with a view to obtaining administrative and operating advantages, facilitating a better performance of the companies involved and reducing redundant costs as per Section 82 and related sections of General Corporations Law No. 19,550, as amended (*Ley General de Sociedades*, or the “General Corporations Law”), and Section 77 and related of Law No. 20,628 (as amended and/or supplemented, the “Income Tax Law”). Exchange ratios were calculated on the basis of special financial statements as of December 31, 2015, prepared for such purpose.

On March 31, 2016, the respective General Ordinary and Extraordinary Shareholders’ Meetings of Clisa, BRA and Cliba IASA, all of which took place on the same date, approved the Preliminary Commitment effective as of such date. After termination of the relevant legal periods, on May 5, 2016, the parties signed the definitive Preliminary Commitment.

As a result of this reorganization, Clisa now directly controls the assets and liabilities of Cliba.

On October 1, 2014, Cliba began providing waste management services in the so-called “Zone 2” of the City of Buenos Aires. The contract is for a term of ten years with an extension option of an additional twelve months, at the option of the City of Buenos Aires. Additionally, Cliba controls all operating subsidiaries in the waste management sector, consolidating all assets, liabilities and results.

Interests in UTEs, Controlled and Affiliated Companies

We participate in several UTEs, associations similar to joint ventures, in our Construction and Toll Road Concessions and Waste Management segments. We consolidate the results of UTEs either completely, proportionally or through the equity method, based on our level of our participation and control. We also participate in several other companies in which we have controlling and minority non-controlling interests. We fully consolidate the results of a company on a line-by-line basis if we have the capacity to solely determine its actions, but if there is joint control, under which the decisions require the express agreement of all parties, we consolidate the results of each shareholder on a pro rata basis according to our level of interest in the company. Results of affiliated entities are not fully consolidated on a line-by-line basis unless there is joint control between shareholders, in which case we consolidate the results of each shareholder on a pro rata basis according to its interest in the company. For further information on our accounting policies for UTEs and subsidiaries and affiliated companies, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Other Accounting Considerations.”

Market Information

Market data and other statistical information used throughout this Offering Memorandum are based on independent industry publications, government publications and reports issued by market research firms or other public independent sources. Some data are also based on our own internal estimates, which are derived from our review of internal surveys, as well as independent sources. Although we believe that these sources are reliable, they have not been independently verified and we cannot guarantee its accuracy or completeness.

In addition, in many cases, we have based certain statements contained in this Offering Memorandum regarding our industry and position in the industry on certain assumptions concerning our customers and competitors. These assumptions are based on our experience in the industry, conversations with our principal vendors and our own investigation of market conditions. We cannot assure you as to the accuracy of these assumptions, and they may not be indicative of our position in our industry.

Exchange Rates

Unless otherwise indicated, we have translated certain *peso* amounts included in this Offering Memorandum into U.S. dollars using a rate of Ps.14.70 per U.S.\$1.00 for figures corresponding to the three months period ended March 31, 2016 and a rate of Ps.13.04 per U.S.\$1.00 for figures corresponding to the fiscal year ended December 31, 2015, based on the U.S. dollar commercial selling rate as of March 31, 2016 and as of December 31, 2015 published by the *Banco de la Nación Argentina* (Argentine National Bank, or “Banco Nación”), respectively.

The U.S. dollar equivalent information presented in this Offering Memorandum is provided solely for your convenience and should not be construed as implying that the amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. The *peso*/U.S. dollar exchange rate may fluctuate widely and the exchange rates described above may not be indicative of future exchange rates. For a complete description of the exchange rates between the *peso* and U.S. dollar, see “Exchange Rates.”

Rounding

Certain figures included in this Offering Memorandum have been rounded for ease of presentation. Percentage figures included in this Offering Memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this Offering Memorandum may vary from those obtained by performing the same calculations using the figures in Clisa's Audited Consolidated Financial Statements and Clisa's Unaudited Condensed Interim Consolidated Financial Statements. Certain other amounts that appear in this Offering Memorandum may not sum due to rounding.

Estimates

In preparing the consolidated financial statements included in this Offering Memorandum, we made estimates and assumptions that we consider reasonable based on our historical experience and other factors. The presentation of our financial condition and results of operations requires that our management make estimates about inherently uncertain matters, such as depreciation, the recoverable value of our non-current assets and income tax and, consequently, our results of operations. Our financial presentation would be materially affected if we were to use different estimates or if we were to change our estimates in response to future events.

Guarantor Financials

Rule 3-10 of Regulation S-X under the Securities Act and the Exchange Act ("Rule 3-10") generally requires that a registrant provide detailed financial information with regard to entities that provide guarantees of that registrant's registered debt securities. The Notes will not be registered with the SEC and therefore we will not be required to comply with Rule 3-10. In addition, our reporting covenant in respect of the Notes and the Guarantees provides that we are not required to provide any of the information that might otherwise be required to be provided with respect to the Guarantors pursuant to Rule 3-10. Accordingly, we currently anticipate that we will not be required to comply with the requirements of Rule 3-10 with respect to providing information about the Guarantors, and holders of the Notes will obtain more limited information about the Guarantors than they would were we to register the Notes with the SEC.

Presentation of Non-GAAP Information

We report our financial results in accordance with IFRS. However, we have included in this Offering Memorandum certain financial measures and ratios that are not recognized financial measurements under IFRS or generally accepted accounting principles of the United States ("U.S. GAAP"), which we believe gives investors significant information related to our operational performance and our cash generation capability, facilitating comparisons among periods. Adjusted EBITDA is not a financial measure recognized by IFRS and should not be interpreted as an alternative measure of operational results or cash generated by the operations. "Adjusted EBITDA," a measure used by management to evaluate ongoing performance, refers to net income (loss) plus financial results, net, plus/less income tax, plus depreciation and amortization, less/plus net gain (loss) in associates and plus goodwill impairment. Adjusted EBITDA may also be measured as sales less cost of sales, less administrative expenses, less selling expenses and other operating expenses, plus/less other operating income and expenses, net, plus depreciations and amortizations. The measurements of Adjusted EBITDA contained herein are not defined under IFRS or U.S. GAAP, are not measures of operating profit, operating performance or liquidity presented in accordance with IFRS or U.S. GAAP and are subject to important limitations. Adjusted EBITDA does not have a standardized meaning and may not be comparable to those used by other companies. Accordingly, the measurements of Adjusted EBITDA contained herein may not be calculated in the same manner as similarly titled measurements used by other companies which may limit their usefulness as a comparative measurement. Because of these limitations, the measurements of Adjusted EBITDA contained herein should not be considered a measurement of discretionary cash available to us to invest in the growth of our business or as a measurement of cash that will be available to us to meet our obligations, nor should they be construed as alternatives to other titled measures determined in accordance with IFRS or U.S. GAAP. Investors should, therefore, rely primarily on the results of operations contained in Clisa's Audited Consolidated Financial Statements and Clisa's Unaudited Condensed Interim Consolidated Financial Statements prepared under IFRS and use the measurement of Adjusted EBITDA contained herein as a supplementary measurement only.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. This summary presents an overview of our business and does not contain all the information you should consider before investing in the Notes. You should read this entire Offering Memorandum carefully, including the sections “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” Clisa’s Audited Consolidated Financial Statements and Clisa’s Unaudited Condensed Interim Consolidated Financial Statements and related notes included elsewhere in this Offering Memorandum before investing in the Notes.

Overview

We are a leading Argentine infrastructure manager and developer with over 100 years of experience. We are currently organized along four principal business segments: (i) Construction and Toll Road Concessions, (ii) Waste Management, (iii) Transportation and (iv) Water Supply Services. We also engage in other minor business operations, which we report under the Other Activities segment which represented 0.5% of our total consolidated sales for the three months ended March 31, 2016 and 1.9% of our total consolidated assets as of March 31, 2016. We provide services to both the public and private sectors with a majority of our projects concentrated in the public sector. For the three months ended March 31, 2016, our consolidated sales amounted to Ps.2,184.1 million (approximately U.S.\$148.6 million) and our consolidated Adjusted EBITDA was Ps.438.9 million (approximately U.S.\$29.9 million). For the fiscal year ended December 31, 2015, our consolidated sales amounted to Ps.8,567.9 million (approximately U.S.\$657.0 million) and our consolidated Adjusted EBITDA was Ps.1,182.7 million (approximately U.S.\$90.7 million). We derive substantially all of our consolidated sales from the operations of our Waste Management, Construction and Toll Road Concessions and Transportation segments, which represented 47.1%, 30.0% and 13.1% of our consolidated sales, respectively, for the three months ended March 31, 2016 and 41.7%, 34.2% and 15.7% of our consolidated sales, respectively, for the fiscal year ended December 31, 2015.

Construction and Toll Road Concessions Segment

We are a major construction company in Argentina with over 100 years of experience in the construction industry. Our Construction and Toll Road Concessions Segment recorded Ps.655.1 million (approximately U.S.\$44.6 million) in sales for the three months ended March 31, 2016 and Ps.2,933.9 million (approximately U.S.\$225.0 million) in sales during the fiscal year ended December 31, 2015. We had over 2,000 employees in this business segment as of March 31, 2016. Through our subsidiary BRH, one of the Guarantors, and its subsidiaries, we provide a wide variety of construction services, including road and railway construction, underground transportation projects, port infrastructure and water-treatment related projects, industrial infrastructure and power lines, among others. In the past few years, we have focused our commercial efforts on major public works, and our main clients include the Argentine Federal Government, the Government of the City of Buenos Aires (the “GCBA”), the Provincial Governments and their ministries, secretaries and other governmental offices, such as the National Road Authority (*Dirección Nacional de Vialidad*, “DNV”), the Secretary of Railway Infrastructure Administration (*Administración de Infraestructura Ferroviaria*, “ADIF”) and the Subway of Buenos Aires State Company (*Subterráneos de Buenos Aires Sociedad del Estado*, “SBASE”) or ad-hoc operating units created to implement programs financed by international sources such as the World Bank and the Inter-American Development Bank, among others. Our most significant completed projects include the Western Access Expressway in Buenos Aires; various tranches of the Córdoba Rosario highway; port facilities in the Province of Santa Cruz; extensions of Buenos Aires subway Lines D and B; the Pichi Picún Leufú hydroelectric dam in the Province of Neuquén; international airports in Santiago, Chile and Asunción, Paraguay; corporate buildings for IBM and Telecom in Buenos Aires; the Sheraton and Hilton hotels in Buenos Aires; and the Antel Telecommunications Tower in Montevideo, Uruguay. For further information on our projects, see “Business—Construction and Toll Road Concessions Segment.”

Haug, our indirect wholly owned subsidiary in Peru, is engaged in the engineering, manufacturing, construction and assembly of industrial plants, storage tanks and metallic structures, including steel structures for buildings, conveyors, pipelines, intakes and water delivery systems. Haug is a leader in the construction and assembly of steel structures in Peru (based on revenues for the three-year period from 2012 through 2014 according to a ranking published by “Peru: The Top 10,000 Companies”). Through Benito Roggio Panamá, we are developing road projects in Panama. Through our participation in Sehos S.A. (“Sehos”), we provide maintenance services to hospitals and public buildings, and general architectural services, in particular, railway infrastructure services such as the refurbishment and renovation of railway stations, rail level crossing renewals, elevation of train platforms, delimitation of operating areas, among others. We also own a minority interest in a corporation in Paraguay called Benito Roggio e Hijos S.A. (“Benito Roggio Paraguay”), through which we have

developed construction projects in Paraguay since 1974. Through our branch in the Federative Republic of Brazil, in 2013 we commenced a road project located in the north of Brazil, in the State of Pará, consisting of the implantation of 112 kms of paved road which is part of Federal Road BR163, in the Campo Verde – Rurópolis tranche. Moreover, we began conducting civil works in passenger stations of Line 15 of São Paulo’s Metro.

Through our subsidiaries and our minority interests in other companies, we also participate in two toll road concessions spanning over 2,400 km: National Corridor No. 1 and the Atlantic Integrated Road System (*Sistema Vial Integrado del Atlántico*, or “SVIA”) in the Province of Buenos Aires.

Waste Management Segment

Through Cliba, one of the Guarantors, and its subsidiaries, we operate in four broad waste management areas: (i) urban waste management; (ii) landfill operations; (iii) industrial services; and (iv) waste valorization. Our Waste Management segment generated Ps.1,029.8 million (approximately U.S.\$70.1 million) in sales for the three months ended March 31, 2016 and Ps.3,571.1 million (approximately U.S.\$273.9 million) in sales for the fiscal year ended December 31, 2015. We had over 4,000 employees in this segment as of March 31, 2016. Our urban waste management services is a major supplier of municipal cleaning and waste collection services in four municipalities of Argentina: the City of Buenos Aires (Zone 2), San Isidro, Santa Fe and Neuquén, with more than 1.5 million people as of March 31, 2016. The main services we provide in the urban waste management business include the collection and, removal of residential and commercial waste and manual and mechanical street sweeping.

Our landfill operations include four landfills in Argentina: Norte III, Neuquén, Mar del Plata and Mendoza. We estimate that Norte III is one of the largest landfills in the region (based on waste disposal volumes according to specialized publications), as it handled an average of over 413,000 tons of waste per month in 2015. We believe that we currently are the leader in the Argentine landfill industry based on our 75.0% market share in the Argentine landfill market according to our estimates. Through our indirect subsidiary Taym S.A. (“Taym”), we provide treatment and disposal services of hazardous and industrial waste in a waste management plant near the City of Córdoba and we provide cleaning services to several clients in Uruguay. Additionally, through our controlled company Central Buen Ayre, we built and are currently operating an energy power plant, which operates with methane produced by the landfill (“biogas”) and has a nominal capacity of 11.8 MW. Finally, we are also in charge of the operation and maintenance of an urban solid waste treatment plant to perform the mechanic and biological treatment of at least 310,000 tons of solid urban waste per year.

Transportation Segment

Through Benito Roggio Transporte S.A. (“BRT”) and its subsidiaries, we transported more than 290 million passengers in 2015 and have more than 6,000 employees in this segment as of March 31, 2016. Our Transportation segment recorded Ps.285.6 million (approximately U.S.\$19.4 million) in sales for the three months ended March 31, 2016 and Ps.1,346.1 million (approximately U.S.\$103.2 million) in sales for the fiscal year ended December 31, 2015. We manage the following businesses in this segment: passenger railway, ground and underground transportation and industrial activities related to rolling railway stock, as well as other related activities such as technical assistance to other railway operators. Metrovías, a company in which BRT has a 90.66% equity interest, provides both aboveground and underground passenger railway transportation services within the Metropolitan Area of the City of Buenos Aires (“AMBA”). On April 5, 2013, Metrovías entered into the *Acuerdo de Operación y Mantenimiento* (the “AOM”) with SBASE, pursuant to which Metrovías was granted, on an exclusive basis, the maintenance and operation of the Subway (“SBA”) and Premetro Public Services of the City of Buenos Aires (“Premetro”). The AOM expires in December 2017 and may only be extended by the City of Buenos Aires. For further information, see “Business—Transportation Segment—Subway Network Operation and Maintenance Contract – Urquiza Railway Concession—Operation & Maintenance Agreement – Subway and Premetro.” SBA is composed of six subway lines with 53 km of double rail and 85 stations. The Premetro is a light surface train with more than 7 km of track and has 18 stations. Additionally, we own the concession granted by the Argentine Federal Government to manage and operate, on an exclusive basis, the Urquiza suburban railway (the “Urquiza Railway”) until December 31, 2017. According to the concession agreement and its amendment, this term may be extended indefinitely, for successive periods of 10 years. Any extension would be at the option of the Argentine Federal Government as grantor of the concession. For further information, see “Business—Subway Network Operation and Maintenance Contract – Urquiza Railway Concession—Concession Contract: Urquiza Railway.” The Urquiza Railway, which links the City of Buenos Aires to the suburb of San Miguel in the Province of Buenos Aires, is 26 km long and has 23 stations.

BRT also holds ownership interests in other companies, such as: (i) a majority interest in Benito Roggio Ferroindustrial S.A. (“BRF”), which provides maintenance and repair services for railway rolling stock; (ii) a minority interest in Consortium VLT Carioca, which was granted by the City of Rio de Janeiro Prefecture the concession for the installation, operation and maintenance of a light train (“VLT” or “Veículo Leve sobre Trilhos”) in the port and central area of such city; and (iii) a minority interest in the Consortium Line 18 of the São Paulo Metro, which will link São Paulo with São Bernardo del Campo with a monorail.

Water Supply Services Segment

We provide water supply services through Aguas Cordobesas S.A. (“ACSA”), a company controlled by BRH with a 61.15% ownership interest. ACSA has been involved in capturing, treating, preserving, distributing and selling water for residential, commercial and industrial use in the City of Córdoba since 1997. This segment generated sales of Ps.204.4 million (approximately U.S.\$13.9 million) for the three months ended March 31, 2016 and Ps.667.6 million (approximately U.S.\$51.2 million) during the fiscal year ended December 31, 2015. We had approximately 550 employees in the segment as of March 31, 2016. ACSA serves a population of 1.54 million through two water treatment plants, 19 pressure raising stations and a 4,059 km network. Our concession to perform water supply services in the City of Córdoba expires in May 2027.

Other Activities Segment

Through our indirect subsidiary Traditum S.A. (“Traditum”), we also provide health care management services through diverse telecommunication channels, interactive telephone voice response systems, point of sale terminals, internet, personal computer (“PC”) and software applications. Total sales and assets for this segment represented 0.5% of our total consolidated sales for the three months ended March 31, 2016 and 1.9% of our total consolidated assets as of March 31, 2016.

Other Financial Information

	For the three months ended March 31, 2016	For the three months ended March 31, 2015	For the fiscal year ended December 31,		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>				
	<i>(in millions of pesos)</i>				
Net income (loss).....	(188.4)	(32.3)	(716.5)	(176.3)	(46.3)
Financial income.....	(167.5)	(38.4)	(299.0)	(204.8)	(78.3)
Financial expenses	740.7	331.0	2,071.1	1,211.5	794.6
Income tax.....	(24.8)	18.4	(125.2)	87.1	55.7
Depreciation and amortization	84.2	52.1	233.0	186.5	239.5
Net (gain) loss in associates companies	(6.2)	(3.9)	15.6	(20.5)	(26.2)
Goodwill impairment	0.9	0.9	3.7	3.7	6.1
Adjusted EBITDA⁽¹⁾.....	438.9	327.8	1,182.7	1,087.3	945.1
Construction and Toll Road Concessions ...	105.3	100.7	360.9	453.3	411.2
Transportation	40.8	28.9	136.5	136.0	78.7
Waste Management.....	255.5	170.1	624.0	351.8	363.9
Water Supply Services	41.2	31.1	78.1	43.1	65.9
Other Activities	(0.3)	0.1	4.9	129.0	43.5
Adjustments and eliminations.....	(3.6)	(3.1)	(21.6)	(25.9)	(18.3)

(1) Adjusted EBITDA is calculated as net income (loss) plus/less income tax, plus goodwill impairment, less/plus net gain (loss) in associates, plus financial expenses, less financial income, plus depreciations and amortizations. Adjusted EBITDA may also be measured as sales less cost of sales, less administrative expenses, less selling expenses and other operating expenses, plus/less other operating income and expenses, net, plus depreciation and amortization. We believe Adjusted EBITDA gives investors significant information related to our operational performance and our cash generation capability, facilitating comparisons among periods. Adjusted EBITDA is not a financial measure recognized by IFRS and should not be interpreted as an alternative measure of operational results or cash generated by the operations. A reconciliation of net income (loss), the most directly comparable IFRS measure, to Adjusted EBITDA for the periods indicated is presented above. For further information, see “Presentation of Financial Information—Presentation of Non-GAAP Information.” This definition of Adjusted EBITDA differs from the definition of Consolidated Adjusted EBITDA as set out in “Description of Notes.”

Our Competitive Strengths

We believe that our principal strengths are:

Diversified revenue base. We operate in four different main business segments, which helps us balance our results and cash flows. Although our clients from our Argentine operations are mostly governmental entities, they are also diversified throughout different levels of the public administration. Our clients include national, provincial and municipal entities, as well as specific autonomous entities, and this diversity provides flexibility in case a level of government or a specific entity faces financial constraints. In addition to our government clients, we also provide services to different private entities including clients within the mining, energy, oil and gas and manufacturing industries, over 400,000 individuals through our Water Supply Services segment as of March 31, 2016 and over 290 million passengers in 2015 through our Transportation segment.

Operational and financial reliability. We have over 100 years of experience operating in the infrastructure industry in Argentina and other Latin American countries. Over this time, we have endured many economic crises and we have continued under different government administrations, with diverse political orientations and ideologies. We are committed to providing quality service to our customers, and have successfully completed our construction projects despite the Argentine economic environment. We were one of the first companies to successfully complete the renegotiation of our financial debt after the Argentine 2001 crisis and completed the exchange process of our debt at par value while many companies renegotiated their debt below par. We believe our operational and financial responsibility reflects our commitment to our clients and investors.

Nationwide and international presence and strong company recognition. We believe that we have a leading position in the Argentine infrastructure and waste management markets and a highly competitive one in the railway transportation sector. We currently have interests in two toll road concessions, spanning approximately 2,400 km, and railway and subway operations, spanning over 80 km. We have been involved in numerous high profile projects including the management of the SBA; the construction of the international airports in Santiago, Chile and in Asunción, Paraguay; the construction of the Pichi Picún Leufú hydroelectric dam in the Province of Neuquén, Argentina; the construction of the Córdoba-Rosario highway in Argentina; the management and development of landfills in Argentina, one of which is among the largest in the region (based on waste disposal volumes), handling over 413,000 tons of waste per month in 2015; the construction and operation of the first and largest mechanic and biological treatment plant in Argentina (based on tons of waste processed), and of the largest electric energy power plant powered with biogas in Argentina (based on installed capacity); and the distribution of water for residential, commercial and industrial use in the City of Córdoba. Through our numerous concessions and projects we have gained recognition and expertise, which we believe will allow us to continue to be granted new projects and concessions in the future.

Commitment to providing high quality and sustainable services. We believe that we provide high quality services in all of our business segments. We have been awarded a number of quality certifications for our construction, passenger transportation, water supply and waste management services. We believe that quality certifications, such as the ISO 9001:2008, which we received for high standards in our management systems, are representative of efficient and effective operations, which lead to increased client satisfaction and client retention. Further, we are committed to environmental sustainability, including minimizing the use of natural resources, developing alternative energy sources, and providing and developing long-term and sustainable waste disposal methods and mechanisms. In our Water Supply Services segment, BRH and many of our waste management projects have been awarded ISO 14000 certifications for environmental management standards, which we believe demonstrates our effort to minimize the negative effects that our operations have on the environment and to comply with applicable environmental legislation. We also train our personnel in this respect and analyze new waste management techniques in order to maintain our position as one of the leading Argentine infrastructure companies and to acquire new contracts for waste disposal and waste valorization.

Ownership of a substantial amount of equipment. As of March 31, 2016, we owned equipment worth a net carrying value of Ps.2,861.4 million. We primarily use this equipment in our Construction and Toll Road Concessions and Waste Management business segments. We believe owning these assets provides us with an important operational and economic advantage over other competitors which have to rely on leased equipment, which may, at times, be unavailable and may have higher operating costs.

Experienced management team, with entrepreneurial capability and a proven track record. Since we began our operations, our managers and directors have acquired extensive experience in the infrastructure business and government concessions. Our team of professionals is highly trained, and they have specific

knowledge regarding the government bidding and contract renegotiation processes. They are focused on our growth, the maintenance of financial stability, the profitability of our business and our continued sustainability measures. As an example of their dedication, our Chief Executive Officer has been with our Company for over 30 years, actively participating in the development of our activities. On average, the executive officers of our business segments have worked for our Company for over 20 years. We believe that this group of professionals and managers possess the necessary experience and qualifications for conducting our business and overcoming the challenges of the infrastructure sector.

Our Strategies

Our business strategy is to continue to strengthen our current position in the infrastructure industry, to improve our efficiency and to further expand our business. The principal components of our strategy are to:

Maintain and strengthen our current position among the leaders in the Argentine infrastructure industry. Argentina has a significant infrastructure deficit in numerous areas, including road, energy, ports, railway, and sanitation, among others. Its economy and infrastructure deficit have been negatively impacted by the economic model implemented over the last decade. Argentina's recently elected government (under President Mauricio Macri) has expressed its intentions to reverse the infrastructure deficit by increasing public and private investment, believing that this is a strategic investment for the growth of the country. We believe that as Argentina's real gross domestic product ("GDP") increases, more people will be able to purchase cars and use toll roads and railway lines, and more companies will need to use these roads and railways to transport cargo in order to sell their products and to obtain raw materials. Additionally, as the economy grows, companies and the government will continue to invest in new large construction projects to complement this growth. We are one of the leaders of the Argentine infrastructure industry (based on revenues as of fiscal year 2014 according to "The top 1,000 companies in terms of revenues" published by Mercado magazine) and we plan to continue to maintain our position. In our Construction and Toll Road Concessions segment, our strategy has been to focus on the sectors in which we have a large amount of both human resources and equipment. We will continue to take part in the bidding processes for the development of infrastructure projects, such as the construction and maintenance of roads, highways and railways; the construction of power plants; the erection of power lines; the extension of the SBA and other projected subway systems throughout Argentina; and the management of toll road concessions such as the SVIA in the Province of Buenos Aires. We do not participate in housing projects because we believe that our engineering and management capabilities do not give us a competitive advantage as compared to other smaller companies in this overly competitive market. In our Waste Management segment, we will participate in the bidding processes for urban waste management services in different cities of Argentina. We also plan to strengthen Clisa's landfill operations, an area in which Argentina currently has a large deficit, and we plan to develop new innovative technologies to reduce the emission of greenhouse gases, waste disposals and to generate electrical power from waste. In our Transportation segment, we will continue to consolidate our passenger transport services under our subway operation contract that was recently extended. We will also continue our repair shop for railway rolling stock. Finally, in our Water Supply Services segment, we expect to continue to focus on providing an efficient service, which has historically received high praise from our clients based on internal client surveys since the beginning of the ACSA's concession in 1997.

Expand our presence in the region. We are committed to expanding our activities in the infrastructure industry to other Latin American countries, such as Peru, Panama, Uruguay, Brazil, Paraguay and Chile. We believe this region presents numerous opportunities for companies like ours, which have a strong background in a variety of infrastructure areas. Examples of our commitment to this strategy include the following:

(i) We currently own 100% of Haug, a Peruvian corporation engaged in the engineering, manufacture, construction and assembly of industrial plants, storage tanks and metallic structures in Peru. Peru is among the fastest growing countries in Latin America and, in order to maintain its growth, it will need to invest in infrastructure.

(ii) We actively participate in the public construction market in Panama, where we have been awarded important road construction projects.

(iii) We are currently providing waste management services in Uruguay.

(iv) We are looking into numerous additional business opportunities in construction, toll road concessions, waste management and transportation sectors in Brazil.

(v) We are actively working on the infrastructure bidding processes conducted by Paraguay, where we have been present since 1974.

(vi) In Chile, Haug was recently awarded a 4-year contract for the maintenance of oil tanks.

Continue proactive approach to the presentation and development of new infrastructure projects.

We take a proactive approach to the presentation and development of new infrastructure projects by identifying new opportunities and presenting potential projects to our clients. Examples of projects that we presented to government entities and that we subsequently developed include a biogas-operated power plant and a plant for the mechanical and biological treatment of urban solid waste. We believe this proactive approach provides us with a competitive edge and helps us maintain our leadership position as it allows us to have more influence over a project. As part of this strategy, we also actively partner with international companies for the development of large-scale projects.

Our History

Clisa

Clisa is an entity controlled by Roggio S.A. (“Roggio”), and it is part of the Roggio Group, a leading business group in Argentina. The Roggio Group started its operations in 1908 in the City of Córdoba, Argentina, as a construction company founded by Mr. Benito Roggio. In 1955, BRH was incorporated as a *sociedad anónima*.

Clisa was incorporated as a *sociedad anónima* on November 15, 1996, when the Board of Directors of Roggio decided to consolidate all the infrastructure and utility development operations in order to manage these businesses more efficiently. In October 1996, the Roggio Group transferred all of its equity interests in business segments such as construction and toll road concessions, waste management and transportation to us. On September 24, 1997, both Clisa and Polledo S.A.I.C. y F (“Polledo”), entered into a spin-off and merger transaction with other third-parties which resulted in our acquisition of an equity interest in Polledo. We currently have a 46.18% equity interest in Polledo. In the late 1990s, we decided to focus on strategic infrastructure projects and divested our participation in several non-strategic projects. On June 29, 2001, we incorporated BRH in an effort to concentrate our transportation business operations in a single corporation. In 2006, we acquired a majority equity interest in ACSA.

As a part of our regional strategy, in July 2010, we acquired a 70% equity interest in Haug, which is involved in the engineering, manufacture, construction and assembly of industrial plants, storage tanks and metallic structures. In June 2014, we acquired the remaining 30% equity interest in Haug and now own, through BRH and Sehos, all of its equity.

The Guarantors

BRH and Cliba are Clisa’s two principal subsidiaries, and together will fully, unconditionally, jointly, severally and irrevocably guarantee the Notes. Both BRH and Cliba have numerous subsidiaries and minority participations in UTEs, none of which have provided guarantees of the Notes. For further information, see “Risk Factors—Risks Relating to the Notes—Clisa and its subsidiaries, including the Guarantors, may incur additional indebtedness ranking equal or senior to the Notes, which could adversely affect our financial health and our ability to satisfy our outstanding debt obligations.”

BRH. Clisa owns 97.2% of total outstanding voting power and economic interests of BRH, a subsidiary whose consolidated assets represented 50.6% (Ps.6,209.2 million) of our consolidated assets as of March 31, 2016, and whose consolidated sales and consolidated Adjusted EBITDA represented 39.2% (Ps.856.6 million) and 33.5% (Ps.147.0 million) of our consolidated sales and consolidated Adjusted EBITDA for the three months ended March 31, 2016, and 41.9% (Ps.3,591.7 million) and 37.0% (Ps.437.6 million) of our consolidated sales and consolidated Adjusted EBITDA for the fiscal year ended December 31, 2015, respectively. BRH represented 50.4% (Ps.1,784.1 million) of Clisa’s net assets as of December 31, 2015. BRH started its operations in 1908 in the City of Córdoba as a construction company. In 1955, BRH was incorporated as a *sociedad anónima* with registration number 455 F. 1663 T. 7. In the following decades, the Roggio Group used BRH to expand its lines of business throughout Argentina and Latin America. In the 1960’s, BRH was part of a group of companies that created the Corporación Argentina para la Vivienda S.A., a savings and loan entity used to purchase residential housing, which was later reorganized as Banco Suquia, a commercial bank under the leadership of BRH. The bank was ranked first in terms of deposits among regional private banks in Argentina outside the AMBA. In 1973, BRH began its international operations with the

construction of the Asunción International Airport in Paraguay. In 1986, BRH won its first public bid for the waste collection and street sweeping services in the City of Córdoba. BRH was involved in the privatization of public utility services in Argentina and, towards the end of 1994, it also acquired interests in several power companies, mobile telephone services, residential gas networks, the postal service and fuel distribution services. In September 1994, certain business lines such as banking, real estate and energy were divested from BRH and placed into separate holding companies, which were mostly owned by Roggio. Consequently, all assets, liabilities and allocated equity related to these business lines were transferred out of BRH as of September 1994. Currently, BRH's corporate address is Vito Remo Roggio 3531, City of Córdoba, Argentina. BRH's current Board of Directors was appointed at the General Shareholders' Meeting and at the Board of Directors' Meeting of BRH both held on April 22, 2016 and is composed of the following Members: Aldo Benito Roggio (President), Graciela Amalia Roggio (Vice-president) and Alberto Esteban Verra; its Alternate Members are: Carlos Alfredo Ferla, Adalberto Omar Campana and Henry Elso Perret. The Supervisory Board (*Comisión Fiscalizadora*) of BRH is composed of the following Members: Angelica Simán, Carlos Jose Molina and Jorge Alberto Mencarini and by the following Alternate Members: Matías Sebastian Bono, Martín Alberto Mencarini and Carlos Francisco Tarsitano.

Cliba. Clisa directly and indirectly owns 99.9% of the total outstanding voting power and economic interests of Cliba, a subsidiary whose consolidated assets represented 30.8% (Ps.3,778.1 million) of our consolidated assets as of March 31, 2016, and whose consolidated sales and consolidated Adjusted EBITDA represented 47.1% (Ps.1,028.0 million) and 57.7% (Ps.253.1 million) of our consolidated sales and consolidated Adjusted EBITDA for the three months ended March 31, 2016, and 41.7% (Ps.3,572.7 million) and 50.2% (Ps.594.2 million) of our consolidated sales and consolidated Adjusted EBITDA for the fiscal year ended December 31, 2015, respectively. Cliba represented 8.9% (Ps.316.5 million) of Clisa's net assets as of December 31, 2015. Cliba was incorporated in 1997, with registration number 14341 L. 123 T. A, to provide waste collection services to Zone 1 of the City of Buenos Aires. Cliba's initial contract began in February 1998, and ended in February 2005. On that date, another of Clisa's subsidiaries, Cliba IASA, took over the waste collection and sweeping service in Zone 1 of the City of Buenos Aires through September 2014. In October 2014, Cliba restarted its waste collection and sweeping services in Zone 2 of the City of Buenos Aires. The contract term expires in October 2024 with an option for a one-year extension. Currently, Cliba's corporate address is Leandro N. Alem 1050, City of Buenos Aires, Argentina. Cliba's current Board of Directors was appointed at the General Shareholders' Meeting held on March 30, 2016 and at the Board of Directors' Meeting of Cliba held on March 31, 2016 and is composed of the following Members: Alberto Esteban Verra (President), Rodolfo Ricardo Gatti (Vice-president) and Alberto Miguel Maletti; and as Alternate Member: Adalberto Omar Campana. Cliba's Supervisory Board is composed of the following Members: Jorge Alberto Mencarini, Carlos Francisco Tarsitano and Carlos José Molina; and by the following Alternate Members: Angélica Simán, Martín Mencarini and Alicia Silvia Manghi.

In December 2014, Cliba acquired 95% of the total outstanding voting power and economic interests of Tecsan Ingeniería Ambiental S.A. ("Tecsan"), which until then had been controlled by Cliba IASA. Tecsan's main activities are waste collection, landfill, transportation and waste treatment. Tecsan also has a 95% stake in the UTEs that provide urban waste management services in the cities of Neuquén, San Isidro in the Province of Buenos Aires and Santa Fe. Thus, Cliba currently has control of all operational activities in the waste management sector, including those related to industrial services and waste valorization.

On March 14, 2016, Clisa, BRA and Cliba IASA signed a "Prior Commitment" (*Compromiso Previo*) through which (i) BRA was dissolved without liquidation and was absorbed by Clisa, and (ii) Cliba IASA, without being dissolved, spun-off part of its assets and liabilities, then incorporated by merger into Clisa. Prior to the reorganization, Cliba IASA and BRA held a 95% and 5% equity interest in Cliba, respectively. The assets and liabilities spun-off from Cliba IASA that were merged into Clisa consist of a 90% equity interest of Cliba, plus other financial assets and liabilities related to the value of the shareholding turnover. As a result, Clisa and Cliba IASA hold a 95% and 5% equity interest in Cliba, respectively. This reorganization was implemented in order to facilitate the management of its business and administrative advantages, permitting improved performance by the companies involved and reducing redundant costs under Section 82 and related provisions of the Corporations Act as well as Section 77 and related provisions of the Income Tax Law (as defined in "Taxation") and related regulations. The exchange ratios were calculated on the basis of special financial statements as of December 31, 2015. On March 31, 2016 the Clisa, BRA and Cliba IASA Ordinary and Extraordinary Shareholder Meetings approved the "Prior Commitment". The parties effected the Prior Commitment on May 5, 2016. As a result of this reorganization, Clisa now directly controls Cliba's assets, liabilities and results.

BRH and Cliba. BRH and Cliba are subsidiaries of Clisa that represented, on a consolidated basis, 81.3% of our consolidated assets as of March 31, 2016 and as of December 31, 2015, respectively. They also represented 86.3% and 83.6% of our consolidated sales for the three months ended March 31, 2016 and for the fiscal year ended December 31, 2015, respectively. These amounts reflect the consolidated results of subsidiaries, and interests in UTEs, that are not guarantors of the Notes.

As of December 31, 2015, BRH and Cliba jointly accounted for Ps.2,100.6 million, or 59.4%, of our net assets before group eliminations. For the same year, the total consolidated Adjusted EBITDA of BRH and Cliba jointly accounted for Ps.1,031.7, or 87.2%, of our total Adjusted EBITDA.

As of December 31, 2015, our subsidiaries that will not guarantee the Notes accounted for Ps.934.8 million, or 26.4%, of our net assets before group eliminations. For the same year, the total Adjusted EBITDA of our subsidiaries that will not guarantee the Notes accounted for Ps.174.8 million, or 14.8%, of our total Adjusted EBITDA.

As of December 31, 2015, on a standalone basis, Clisa accounted for Ps.503.9 million, or 14.2%, of our net assets before group eliminations. For the same year, the total Adjusted EBITDA of the Issuer accounted for Ps.(23.9) million, or (2.0)%, of our total Adjusted EBITDA.

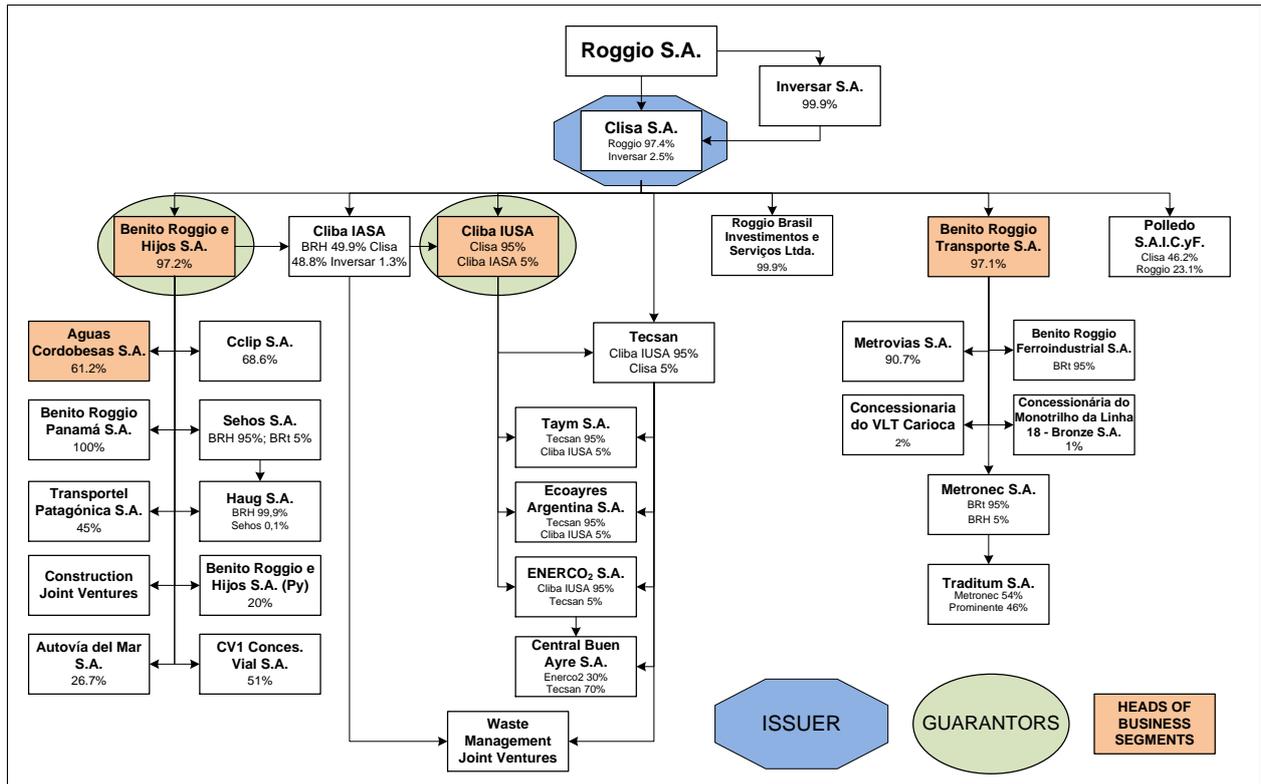
As of December 31, 2015, on a combined standalone basis, Cliba and BRH jointly accounted for Ps.1,811.1 million, or 43.3%, of our net assets before group eliminations. For the same year, the total Adjusted EBITDA of Cliba and BRH, on a combined standalone basis, jointly accounted for Ps.367.3 million, or 31.1%, of our total Adjusted EBITDA.

On March 14, 2016, Clisa, BRA and Cliba IASA signed a “Prior Commitment” (*Compromiso Previo*) through which (i) BRA was dissolved without liquidation and was absorbed by Clisa, and (ii) Cliba IASA, without being dissolved, spun-off part of its assets and liabilities, then incorporated by merger into Clisa. Prior to the reorganization, Cliba IASA and BRA held a 95% and 5% equity interest in Cliba, respectively. The assets and liabilities spun-off from Cliba IASA that were merged into Clisa consist of a 90% equity interest of Cliba, plus other financial assets and liabilities related to the value of the shareholding turnover. As a result, Clisa and Cliba IASA hold a 95% and 5% equity interest in Cliba, respectively. This reorganization was implemented in order to facilitate the management of its business and administrative advantages, permitting improved performance by the companies involved and reducing redundant costs under Section 82 and related provisions of the Corporations Act as well as Section 77 and related provisions of the Income Tax Law (as defined in “Taxation”) and related regulations. The exchange ratios were calculated on the basis of special financial statements as of December 31, 2015. On March 31, 2016 the Clisa, BRA and Cliba IASA Ordinary and Extraordinary Shareholder Meetings approved the “Prior Commitment”. The parties effected the Prior Commitment on May 5, 2016. As a result of this reorganization, Clisa now directly controls Cliba’s assets, liabilities and results.

Corporate Structure

Clisa is a *sociedad anónima* organized under the laws of Argentina under the provisions of the General Corporations Law. Its corporate name is CLISA — Compañía Latinoamericana de Infraestructura & Servicios S.A. Clisa was incorporated under the laws of Argentina on November 15, 1996, and this incorporation is valid until November 15, 2095. Its registration number is 11,458 L. 120 T. A and its corporate address is Leandro N. Alem 1050 – 9th Floor, City of Buenos Aires, Argentina, which serves as our administrative headquarters. Clisa’s main telephone number is +54 11 6091 7300 and its fax number is +54 11 6091 7301. Clisa’s e-mail address is info@roggio.com.ar. We are a holding company with five direct subsidiaries: BRH, Cliba, BRt, Cliba IASA, and Roggio Brasil Investimentos e Serviços Ltda. All of our direct subsidiaries except for Roggio Brasil Investimentos e Serviços Ltda., which is organized under the laws of Brazil, are organized under the laws of Argentina, and are all corporations. We also directly hold a 46.18% equity interest in Polledo S.A.I.C. y F. and 5.0% of the total outstanding voting power and economic interests of Tecsan Ingeniería Ambiental S.A. Outside of Argentina, we have one indirect subsidiary, Haug, which is organized under the laws of Peru. Other indirect subsidiaries, including Benito Roggio Panamá S.A. and foreign branches of Argentine corporations, also operate in foreign jurisdictions such as Panama, Brazil and Uruguay.

The chart below presents our current ownership structure in relation to our most relevant subsidiaries and affiliated companies.



Tender Offer and Consent Solicitation for Series 4 Notes

Concurrently with this offering, we have launched the Tender Offer and Consent Solicitation to buy any and all of our outstanding Series 4 Notes. Our cash tender offer and consent solicitation will expire on July 28, 2016, unless extended (the “Expiration Time”).

Upon the terms and subject to the conditions of our Tender Offer and Consent Solicitation, all Series 4 Notes validly tendered and related consents delivered and not validly withdrawn at or prior to the Expiration Time will be accepted for purchase and will be paid in full promptly after the Expiration Date. We intend to finance our purchase of the Series 4 Notes, and our payment of accrued and unpaid interest, pursuant to our Tender Offer and Consent Solicitation with a portion of the net proceeds of this offering. See “Use of Proceeds.”

The Initial Purchasers are acting as dealer managers and solicitation agents in the Tender Offer and Consent Solicitation.

THE OFFERING

This summary of certain terms and conditions of the Notes is subject to, and qualified in its entirety by, reference to the description thereof contained in “Description of Notes” and the Indenture.

Issuer	CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A.
Guarantors	Benito Roggio e Hijos S.A and Cliba Ingeniería Urbana S.A.
The Offering	U.S.\$200,000,000 9.5% Senior Notes due 2023.
Amount	U.S.\$200,000,000 aggregate principal amount.
Issue Price	98.753%, plus accrued interest from July 20, 2016.
Maturity Date	The Notes will mature on July 20, 2023.
Issue Date	July 20, 2016.
Indenture	<p>The Notes will be issued pursuant to an indenture, to be dated as of the closing date of this offering (the “Indenture”), among Clisa, BRH and Cliba, as Guarantors, The Bank of New York Mellon, as trustee, and Banco Santander Río S.A. as Trustee Representative in Argentina.</p> <p>The Indenture does not limit the aggregate principal amount of securities that may be issued under the Indenture and provides that additional securities (including additional notes) may be issued under the Indenture from time to time in one or more series.</p>
Interest	9.500% per year, payable semi-annually in arrears on January 20 and July 20 of each year, commencing on January 20, 2017.
Ranking	<p>The Notes will be senior unsecured obligations of Clisa and will rank equal in right of payment with all other existing and future senior unsecured indebtedness of Clisa and rank senior in right of payment to all existing and future subordinated indebtedness of Clisa, if any. The Notes will be effectively subordinated to all existing and future secured indebtedness of Clisa to the extent of the value of the assets securing such indebtedness and will be subordinated to obligations of Clisa preferred by statute or by operation of law.</p> <p>The Notes will be Guaranteed by each Guarantor, with such Guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Guarantor and effectively subordinated to all existing and future secured indebtedness of the Guarantors to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to all existing and future indebtedness of any Subsidiary that does not provide a Guarantee. Each Subsidiary that does not provide a Guarantee is a separate and distinct legal entity and will have no direct obligations, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether in the form of loans, dividends or otherwise other than the Guarantors pursuant to the Guarantees.</p> <p>A substantial portion of Clisa's assets are, and will be, held by Subsidiaries that do not provide a Guarantee, and any claims against Clisa in respect of the Notes will be structurally</p>

Form of Offering	subordinated to all existing obligations and liabilities (whether or not for borrowed money) of these Subsidiaries.
	Notes offered and sold to qualified institutional buyers pursuant to Rule 144A will initially be issued in the form of one or more registered Notes in global form, without interest coupons. The Rule 144A global note will be deposited on the date of the closing of the sale of the Notes with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC, and will remain in the custody of the trustee pursuant to the FAST Balance Certificate Agreement between DTC and the trustee. Interests in the Rule 144A global note will be available for purchase only by qualified institutional buyers in accordance with Rule 144A. For further information, see “Book-Entry Delivery and Form.”
	Notes offered and sold in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act will initially be issued in the form of one or more registered Notes in global form, without interest coupons. The Regulation S global note will be deposited upon issuance with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC, and will remain in the custody of the trustee pursuant to the FAST Balance Certificate Agreement between DTC and the trustee. For further information, see “Book-Entry Delivery and Form.”
Book-Entry System and Form and Denomination of the Notes	The Notes will be issued in denominations of U.S.\$1,000 and any integral multiple of U.S.\$1,000 and only in the form of beneficial interest in respect of one or more global notes registered in the name of Cede & Co., as nominee of DTC. Beneficial interest in respect of the global notes will be shown on, and transfers thereof will be effected only through, the book-entry records maintained by DTC and its participants, including Euroclear and Clearstream Luxembourg. The Notes will not be issued in definitive form except under certain limited circumstances described herein. For further information, see “Book-Entry Delivery and Form.”
Optional Redemption	Clisa may redeem the Notes at any time prior to July 20, 2020, in whole or in part, at a redemption price equal to 100% of the principal amount of the Note to be redeemed plus a “make-whole” premium. Clisa may redeem the Notes in whole or in part, at any time on or after July 20, 2020 at the redemption prices listed under “Description of Notes—Optional Redemption—Optional Redemption Without a Make-Whole Premium.” Additionally, at any time prior to July 20, 2019, Clisa may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 109.500%, with the net cash proceeds or certain equity offerings. See “Description of Notes—Optional Redemption.”
Optional Tax Redemption	If the Company determines that, as a result of any amendment to, expiration of, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction (as defined in “Description of Notes”), any taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to, expiration of, or change of such laws, rules or regulations becomes effective or, in the case of a change in official interpretation or application, is announced on or after the date of this Offering Memorandum (or on or after the date a

Relevant Jurisdiction becomes a Relevant Jurisdiction, if later), we (or a Guarantor) would be obligated to pay any Additional Amounts with respect to the Notes (see “Description of Notes—Additional Amounts” and “Taxation—Argentine Tax Considerations”); provided, that the Company, in its business judgment, determines that such obligation cannot be avoided by the Company taking reasonable measures available to it, then, at its option, all, but not less than all, of the Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the redemption date due thereon up to but not including the date of redemption, subject to the notice provisions described in “Description of Notes—Optional Redemption—Optional Redemption Upon Tax Event.”

Covenants

The Indenture contains covenants that, among other things:

- limit Clisa’s and its Restricted Subsidiaries’ (as defined in “Description of Notes—Certain Definitions”) ability to incur debt, subject to some exceptions as described under “Description of Notes—Covenants—Limitation on Incurrence of Additional Indebtedness”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to declare dividends, acquire Company stock, pay down Subordinated Indebtedness prior to maturity and make investments, as described under “Description of Notes—Covenants—Limitation on Restricted Payments”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to consummate asset sales as described under “Description of Notes—Covenants—Limitation on Asset Sales”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to enter into sale and leaseback transactions as described under “Description of Notes—Covenants—Limitation on Sale and Leaseback Transactions”;
- limit Clisa’s ability to designate Unrestricted Subsidiaries as described under “Description of Notes—Covenants—Limitation on Designation of Unrestricted Subsidiaries”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to impose dividend and other payment restrictions affecting Restricted Subsidiaries as described under “Description of Notes—Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to incur liens as described under “Description of Notes—Covenants—Limitation on Liens”;
- limit Clisa’s and its Restricted Subsidiaries’ ability to consolidate with or merge into any other corporation or convey or transfer their properties and assets substantially as an entirety to any person as described under “Description of Notes—Covenants—Limitation

on Merger, Consolidation and Sale of Assets”;

- limit Clisa’s and its Restricted Subsidiaries’ ability to enter into transactions with affiliates as described under “Description of Notes—Covenants—Limitations on Transactions with Affiliates;”
- restrict Clisa and its Restricted Subsidiaries from engaging in any business other than a Permitted Business (as defined in “Description of Notes—Certain Definitions”);
- require Clisa to use the net proceeds from the offering as described under “Use of Proceeds”;
- require Clisa and each of its Restricted Subsidiaries to, (a) maintain in effect its corporate existence and all registrations necessary therefor, (b) take all actions to maintain all rights, privileges, titles to its respective property or franchises necessary in the normal conduct of their businesses and (c) keep all its respective property used or useful in the conduct of its businesses in good working order and condition as described under “Description of Notes—Covenants—Maintenance of Existence; Properties”;
- require Clisa and its Restricted Subsidiaries to comply with all applicable laws, rules, regulations, orders and resolutions; and
- require Clisa to furnish to holders of the Notes and to prospective investors the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act and financial statements as described under “Description of Notes—Covenants—Reports to Holders”.

These covenants are subject to important exceptions and qualifications. For further information, see “Description of Notes—Covenants.”

Events of Default

The principal amount of the Notes, plus accrued and unpaid interest, may be declared immediately due and payable, if any of the following events of default under the Notes occurs:

- Clisa’s failure to pay any amount of principal or premium, if any, on (including, in each case, any related Additional Amounts) any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption;
- Clisa’s failure for 30 days or more to pay interest when due (including any related Additional Amounts) on any Notes;
- Clisa’s failure to perform or comply with any of the provisions described under “Description of Notes—Covenants—Limitation on Merger, Consolidation and Sale of Assets;”
- Clisa’s failure to perform or breach of the obligations described under the caption “—Repurchase of Notes

upon a Change of Control Triggering Event” and “—Covenants—Limitation on Asset Sales,” that continues for a period of 30 days after written notice is received from the Trustee;

- Clisa’s or any of its Restricted Subsidiary’s failure to comply with any other material covenant or agreement contained in the Indenture or the Notes for 60 days or more after written notice is received from the Trustee or holders of the Notes;
- certain payment related cross-defaults or the cross-acceleration of other debt by Clisa or either of the Guarantors or any Subsidiary amounting to a minimum of U.S.\$10.0 million;
- failure by the Company or any of its Restricted Subsidiaries to pay one or more final, non-appealable judgments against any of them, aggregating U.S.\$10.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (to the extent not covered by a reputable and creditworthy insurance company);
- certain events of bankruptcy, insolvency, concurso mercantil or quiebra affecting the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary; or
- except as permitted by the Indenture, any Guarantee of any Significant Subsidiary or group of Guarantors that, taken together, would constitute a Significant Subsidiary is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any such Guarantor or group of Guarantors denies or disaffirms its obligations under its Guarantee.

For further information, see “Description of Notes—Events of Default.”

Use of Proceeds

We estimate the net proceeds from the issuance and sale of the Notes to be approximately U.S.\$192.5 million after deducting fees, commissions and expenses, including fees and expenses of the initial purchasers, independent accountants, U.S. and Argentine counsels and publication costs. We intend to use the majority of the net proceeds of this offering for debt refinancing, including, but not limited to, the purchase of the Series 4 Notes that are tendered and in respect of which related consent are delivered in connection with the Tender Offer and Consent Solicitation, subject to the terms and conditions of the Tender Offer and Consent Solicitation (see “Summary—Tender Offer for the Series 4 Notes”). As of July 13, 2016, the early tender date and withdrawal deadline under the Tender Offer and Consent Solicitation, U.S.\$69,504,852 aggregate principal amount of the Series 4 Notes (representing approximately 79.79% of the aggregate principal amount of the Series 4 Notes outstanding) were validly tendered and accepted in the Tender Offer and Consent Solicitation. Clisa also intends to use a portion of the net proceeds of this offering to refinance certain

	<p>banking and financial liabilities described in “Other Company Indebtedness”. The remaining net proceeds, if any, will be applied to working capital requirements in Argentina, and/or to make capital contributions into Clisa’s subsidiaries or other affiliates, provided that the net proceeds are used by such subsidiaries or other affiliates only as specified above. Some of the indebtedness that may be refinanced with the net proceeds of this offering include loans where Banco Santander Río S.A., an affiliate of one of the Initial Purchasers, is a lending bank.</p>
Transfer Restrictions	<p>The Notes have not been registered under the Securities Act and are subject to restrictions on transfer and resale. For further information, see “Transfer Restrictions.”</p>
Selling Restrictions	<p>There are restrictions on persons to whom the Notes may be sold and on the distribution of this Offering Memorandum, as described in “Plan of Distribution.”</p>
ERISA Considerations	<p>Subject to certain conditions, the Notes (or any interests therein) may be purchased by an “employee benefit plan” as defined in and subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), a “plan” as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or any entity whose underlying assets are deemed for purposes of ERISA or the Code to include “plan assets” by reason of such employee benefit plan’s or plan’s investment in the entity. For further information, see “ERISA and Certain Other Considerations.”</p>
Listing	<p>Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market, the Merval and the MAE.</p>
Governing Law	<p>The Notes will be governed by the Negotiable Obligations Law as to all matters relating to the requirements necessary for the Notes to qualify as “negotiable obligations” (<i>obligaciones negociables</i>) thereunder. Furthermore, the General Corporations Law and other applicable Argentine regulations (including, but not limited to, the Capital Markets Law and the CNV Regulations) will govern the authority of Clisa to issue and place the Notes and the CNV’s authorization for the Notes’ public offering in Argentina. In respect of all other matters, the Notes and all matters arising from or connection with the Indenture (including the Guarantees) and the Notes are governed by, and will be construed in accordance with, the laws of the State of New York.</p>
Jurisdiction	<p>Clisa and the Guarantors have consented to the non-exclusive jurisdiction of any court of the State of New York or any United States Federal court sitting, in each case, in the Borough of Manhattan, the City of New York, New York, United States, and any appellate court from any of these courts, and any court sitting in the City of Buenos Aires, the BCBA Arbitral Tribunal (through the delegation of power granted by Merval under Resolution No. 17,501 of the CNV) or any other arbitral body that may replace it in the future, and any competent court in the place of its corporate domicile for purposes of any action or proceeding arising out of or related to the Indenture or the Notes, and have waived any immunity from the jurisdiction of these courts over any suit, action or proceeding that may be brought by the Trustee or a Holder of Notes based upon the</p>

Indenture, the Guarantees and the Notes. Pursuant to Article 29 of the Negotiable Obligation Law, in the event of a default by the Issuer in the payment of any amount due under any of the Notes, a holder will be entitled to initiate summary judicial proceedings in Argentina (*acción ejecutiva*) to recover payment of any such amount.

Trustee, Registrar, Paying Agent and Transfer Agent

The Bank of New York Mellon.

Registrar, Paying Agent, Transfer Agent and Trustee Representative in Argentina

Banco Santander Río S.A.

Risk Factors

We urge you to carefully review the risk factors beginning on page 20 for a discussion of factors you should consider before purchasing the Notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The tables below present summary financial data at and for the periods indicated. You should read the information below in conjunction with the Clisa's Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements and their notes, prepared in accordance with IFRS issued by the IASB, which are included in this Offering Memorandum, as well as the information included in "Presentation of Financial Information," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Memorandum.

The information included in this Offering Memorandum about our consolidated balance sheet as of December 31, 2015, 2014 and 2013 and our consolidated income statement and our consolidated cash flow statement for the fiscal years ended December 31, 2015, 2014 and 2013 are derived from Clisa's Audited Consolidated Financial Statements, which are included in, and form part of, this Offering Memorandum.

The consolidated income statement data and the cash flow statement data included in this Offering Memorandum for the three months ended March 31, 2016 and 2015 and the consolidated balance sheet data as of March 31, 2016 and 2015 are derived from Clisa's Unaudited Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2016 and 2015, which are included in, and form part of, this Offering Memorandum. Clisa's Unaudited Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2016 and 2015 have been prepared on the same basis as Clisa's Audited Consolidated Financial Statements and, in the opinion of our management, include all data necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results that may be expected for the full fiscal year or any future reporting period.

Income Statement Information

	For the three months ended March 31,		For the fiscal year ended December 31,		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>				
	<i>(in millions of pesos)</i>				
Sales	2,184.1	1,904.3	8,567.9	6,847.0	6,011.2
Construction and Toll Road Concessions	655.1	589.7	2,933.9	2,381.6	2,409.5
Transportation.....	285.6	289.4	1,346.1	1,289.6	920.4
Waste Management.....	1,029.8	866.9	3,571.1	2,682.2	2,154.9
Water Supply Services	204.4	151.1	667.6	482.9	386.5
Other activities.....	11.3	8.1	51.0	27.8	163.3
Adjustments and eliminations	(2.1)	(0.9)	(1.8)	(17.1)	(23.4)
Cost of sales ⁽¹⁾	(1,369.5)	(1,266.4)	(5,817.4)	(4,597.5)	(4,189.0)
Gross profit	814.6	637.9	2,750.5	2,249.5	1,822.3
Administrative expenses ⁽¹⁾	(320.3)	(240.4)	(1,120.3)	(928.1)	(697.3)
Selling expenses and other operating expenses ⁽¹⁾	(150.3)	(134.4)	(684.4)	(552.7)	(461.0)
Other operating income and expenses, net	10.6	12.8	3.9	132.0	41.6
Operating income	354.6	275.8	949.7	900.8	705.6
Construction and Toll Road Concessions	79.0	83.6	285.8	388.3	327.6
Transportation.....	34.7	24.6	117.4	118.9	60.7
Waste Management	212.5	146.6	514.8	273.7	255.1
Water Supply Services.....	32.9	24.2	49.4	17.7	46.0
Other activities	(0.9)	(0.2)	3.9	128.1	34.6
Adjustments and eliminations	(3.7)	(3.1)	(21.7)	(26.0)	(18.4)
Financial income.....	167.5	38.4	299.0	204.8	78.3
Financial expenses	(740.7)	(331.0)	(2,071.1)	(1,211.5)	(794.6)
Net (loss) / gain in associates	6.2	3.9	(15.6)	20.5	26.2
Goodwill impairment	(0.9)	(0.9)	(3.7)	(3.7)	(6.1)
Income (loss)/gain before taxes	(213.2)	(13.9)	(841.7)	(89.2)	9.3
Income tax.....	24.8	(18.4)	125.2	(87.1)	(55.7)
Net income (loss) for the period/year	(188.4)	(32.3)	(716.5)	(176.3)	(46.3)

(1) This includes a reduction in costs based on subsidies provided by the Argentine Federal Government and the GCBA to cover increases in the costs incurred by Metrovías.

Balance Sheet Information

	As of March 31,		As of December 31,		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>		<i>(in millions of pesos)</i>		
ASSETS					
Non-current assets					
Property, plant and equipment	2,861.4	1,784.7	2,692.2	1,754.2	1,483.7
Intangible Assets.....	362.5	308.1	349.7	310.1	295.2
Goodwill	159.8	111.0	140.8	112.4	99.2
Investments in associates.....	202.5	198.7	187.9	195.3	165.9
Deferred tax assets.....	276.1	120.1	222.3	109.0	70.2
Other receivables	1,215.6	928.8	1,344.2	736.8	166.6
Trade receivables.....	175.4	83.6	170.2	82.1	39.5
Total non-current assets.....	5,253.2	3,535.0	5,107.3	3,300.0	2,320.3
Current assets					
Other receivables	1,679.3	1,178.8	1,355.4	1,337.7	1,201.3
Inventories.....	393.7	301.9	349.7	278.5	201.0
Other assets	-	-	-	-	99.7
Trade receivables.....	4,098.2	3,016.0	4,033.0	2,897.8	2,287.7
Other investments.....	82.6	88.4	83.8	107.4	69.2
Cash and cash equivalents	776.1	655.5	695.7	933.8	539.9
Total current assets.....	7,029.9	5,240.6	6,517.5	5,555.2	4,399.0
Total assets.....	12,283.1	8,775.6	11,624.9	8,855.2	6,719.2
EQUITY					
Attributable to the owners of the parent.....	350.2	647.2	503.9	728.7	726.0
Non-controlling interests	311.3	266.3	291.0	254.3	282.7
Total Equity	661.4	913.6	794.9	983.0	1,008.8
LIABILITIES					
Non-current liabilities					
Bank and financial debts	2,241.0	1,443.1	2,205.5	1,433.6	751.1
Provisions for contingencies.....	258.5	179.8	246.0	173.7	140.1
Deferred tax liability	353.3	230.3	370.1	250.5	187.9
Other liabilities	2,310.7	1,694.6	2,187.0	1,632.0	698.3
Trade payables.....	51.9	47.4	55.0	53.6	16.7
Total non-current liabilities	5,215.4	3,595.2	5,063.5	3,543.4	1,794.1
Current liabilities					
Bank and financial debts	2,293.7	1,439.7	2,259.3	1,387.5	1,332.7
Provisions for contingencies.....	31.5	46.6	24.4	37.7	38.1
Other liabilities	2,379.0	1,511.4	2,000.8	1,590.1	1,435.1
Other debt	-	-	-	-	54.1
Trade payables.....	1,702.1	1,269.2	1,482.0	1,313.4	1,056.4
Total Current liabilities.....	6,406.3	4,266.8	5,766.5	4,328.7	3,916.4
Total liabilities	11,621.7	7,862.0	10,830.0	7,872.1	5,710.5
Total liabilities and equity.....	12,283.1	8,775.6	11,624.9	8,855.2	6,719.2

Other Financial Information

	For the three months ended March 31,		For the fiscal year ended December 31,		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>				
	<i>(in millions of pesos, except for ratios)</i>				
Adjusted EBITDA ⁽¹⁾	438.9	327.8	1,182.7	1,087.3	945.1
Depreciation and amortization	84.2	52.1	233.0	186.5	239.5
Interest expense ⁽²⁾	376.2	198.3	985.0	514.4	371.5
Ratio of Adjusted EBITDA to interest expense	1.17	1.65	1.20	2.11	2.54
Ratio of total bank and financial debts to Adjusted EBITDA	N/A	N/A	3.78	2.59	2.20
Liquidity ratio ⁽³⁾	1.10	1.23	1.13	1.28	1.12
Indebtedness ratio ⁽⁴⁾	17.57	8.61	13.62	8.01	5.66
Solvency ratio ⁽⁵⁾	0.1	0.1	0.1	0.1	0.2
Ratio of capital immobilization ⁽⁶⁾	0.4	0.4	0.4	0.4	0.3
Profitability ratio ⁽⁷⁾	N/A	N/A	(0.81)	(0.18)	(0.05)

(1) Adjusted EBITDA is calculated as net income (loss) plus/less income tax, plus goodwill impairment, less/plus net gain (loss) in associates, plus financial expenses, less financial income, plus depreciations and amortizations. Adjusted EBITDA may also be measured as sales less cost of sales, less administrative expenses, less selling expenses and other operating expenses, plus/less other operating income and expenses, net, plus depreciation and amortization. We believe Adjusted EBITDA gives investors significant information related to our operational performance and our cash generation capability, facilitating comparisons among periods. Adjusted EBITDA is not a financial measure recognized by IFRS and should not be interpreted as an alternative measure of operational results or cash generated by the operations. See “Summary—Other Financial Information” for reconciliation of net income (loss), the most directly comparable IFRS measure, to Adjusted EBITDA. For further information, see “Presentation of Financial Information—Presentation of Non-GAAP Information.” This definition of Adjusted EBITDA differs from the definition of Consolidated Adjusted EBITDA as set out in “Description of Notes.”

(2) Interest expense is equal to the interest generated by our liabilities as presented on the applicable income statement.

(3) The liquidity ratio is calculated by dividing current assets by current liabilities.

(4) The indebtedness ratio is calculated by dividing total liabilities by equity.

(5) The solvency ratio is calculated by dividing equity by total liabilities.

(6) The ratio of capital immobilization is calculated by dividing non-current assets by total assets

(7) The profitability ratio is calculated by dividing net income (loss) by the sum of equity as of year end and equity as of prior year end divided by two.

RISK FACTORS

Investment in securities issued by Argentine issuers is subject to a number of risks. In making an investment decision, potential investors should understand all terms, conditions and characteristics of the securities, as well as the scope of their risk exposure in investing in such securities.

Before making an investment decision, you should consider all of the information set forth in this Offering Memorandum, as supplemented or amended. In particular, you should consider the special considerations applicable to an investment in our business and in Argentina, including the risk factors set forth below.

Additional risks and uncertainties not currently known to us, or those that we currently deem to be immaterial, may also materially and adversely affect our business operations and the trading price of the Notes. Any of the following risks could materially affect our business, economic and financial condition or results of operations. In such case, you may lose all or part of your original investment in the Notes.

Risks Related to Argentina

Macroeconomic conditions in Argentina and, to a lesser extent, other countries in Latin America, may have a material adverse effect on our financial condition and results of operations.

We are a group of companies comprised mostly of corporations organized under the laws of Argentina. We collect most of our revenues in Argentina and most of our operations, developments and customers are located in Argentina. Accordingly, our business, financial condition, and our results of operations depend to a significant extent on the macroeconomic and political conditions prevailing in Argentina from time to time and, to a much lesser extent, in other Latin American countries in which we have specific operations, such as Peru, Chile, Paraguay, Panama and Brazil. Argentina, as well as Latin American countries in general, have historically experienced inconsistent periods of economic growth, as well as recession, periods of high inflation and economic instability. Currently, as a consequence of adverse economic conditions in global markets and diminishing commodity prices, the economic growth rates of the economies of Argentina and many other Latin American countries have slowed and some have entered mild recessions. Adverse economic conditions primarily in Argentina and, to a lesser extent, in any other countries could have a material adverse effect on our business, financial condition and results of operations.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency devaluation. As a consequence, our business and operations have been, and could in the future be, affected from time to time to varying degrees by economic and political developments and other material events affecting the Argentine economy, such as: inflation; price controls; foreign exchange controls; fiscal deficits; inconsistent fiscal and monetary policies; fluctuations in foreign currency exchange rates and interest rates; dependence on external financing; governmental policies regarding spending and investment, national, provincial or municipal tax increases and other initiatives increasing government involvement with economic activity; civil unrest and local security concerns. You should make your own investigation into Argentina's economy and its prevailing conditions before making an investment in us.

During 2001 and 2002, Argentina experienced a severe economic, social and political crisis. The main consequences were, among others, abrupt changes in the economic policies, a suspension in Argentina's sovereign debt and a significant depreciation of the *peso*, causing in turn, generalized defaults within the private sector on indebtedness in foreign currency as a result of an abrupt increase in such indebtedness. Although the economy has largely recovered from the crisis, during 2014, the Argentine economy showed signs of a slowdown due to the increase in the applicable exchange rates and decreases in commodity prices. The Argentine economy is suffering high inflation and has an increasing need for capital investment, with many sectors, particularly the energy sector, operating near full capacity.

Furthermore, the economy has suffered from a sustained lack of direct investment and capital investment. After the 2001 economic crisis, Argentina recovered with significant increases in GDP at an average of 8.5% on an annual basis between 2003 and 2008. As a result of the 2008 global financial crisis, Argentina GDP's growth rate decreased to 0.9% in 2009, though growth rebounded to 9.2% in 2010 and 8.9% in 2011. During 2012, the Argentine economy experienced a slowdown, with GDP increasing at a rate of 1.9%. In March 2014, the Argentine Federal Government announced a new method of calculating GDP and the Consumer Price Index (*Índice de Precios al Consumidor*, or "CPI") as requested by the International Monetary Fund ("IMF")

(using 2004 as the base year instead of 1993, which was the base reference year used in the prior method of GDP calculation). Following changes in the methodology used in calculating GDP, the National Institute of Statistics (*Instituto Nacional de Estadísticas y Censos*, or “INDEC”) reported that Argentina’s GDP’s growth rate for 2013 was 3% and 0.5% for 2014. This decrease was principally due to the deceleration of the global economy and macroeconomic conditions in Argentina during 2014. In March 2016, INDEC reported a GDP growth rate for 2015 of 2.1%. Argentina’s relative stability since 2002 has been affected by increased social and political tension and government intervention in the economy.

On December 15, 2014, the IMF recognized the progress of Argentine authorities in remedying the inaccurate provision of data, but has delayed the definitive evaluation of the new index. If the IMF finds that the methodology of the INDEC for calculating the new CPI or GDP is inaccurate, or concludes that its methodology should be adjusted, that could result in financial and economic consequences for Argentina, including a suspension of financing from the IMF. If the IMF adopts any measures against Argentina, the Argentine economy could suffer adverse effects, either by limiting access to international financial markets or increasing the financing cost associated therewith, which in turn would adversely affect our financial condition and results of operations.

Since assuming office on December 10, 2015, the Macri administration has announced several significant economic and policy reforms, including:

- *INDEC reforms.* Following the 2015 Presidential elections, the Macri administration appointed Mr. Jorge Todesca, previously a director of a private consulting firm, as head of the INDEC. It is expected that the INDEC will implement certain methodological reforms and adjust certain macroeconomic statistics on the basis of these reforms. On January 8, 2016, Decree No. 55/2016 was issued by the Argentine government declaring a state of administrative emergency on the national statistical system and on the official agency in charge of the system, the INDEC, until December 31, 2016. Following the declared emergency, the INDEC has ceased publishing statistical data until a rearrangement of its technical and administrative structure is finalized. During the implementation of these reforms, however, INDEC will use official CPI figures and other statistics published by the Province of San Luis and the City of Buenos Aires. Despite these expected reforms, there is uncertainty as to whether official data will be sufficiently corrected and within what time period such data will be corrected, and what effect these reforms will have on the Argentine economy and public accounts. In June 2016, INDEC published the CPI for the first time since the state of administrative emergency on the national statistical system was declared.

- *Foreign exchange reforms.* In addition, the Macri administration announced certain reforms to the foreign exchange market that are expected to provide greater flexibility and easier access to the foreign exchange market. The principal measures adopted as of the date of this Offering Memorandum include (i) the elimination of the requirement to register foreign exchange transactions in the Argentine tax authority (*Administración Federal de Ingresos Públicos*, the “AFIP”) Exchange Transactions Consultation Program, (ii) foreign debts are no longer subject to mandatory settlement into *pesos*; however, such settlement is required to repay such debt and interest thereon through the MULC, (iii) the re-establishment and the increase from U.S.\$2.0 million to U.S.\$5.0 million of the monthly limit per resident on the creation of offshore assets, (iv) a decrease to 0% (from 30%) of the registered, nontransferable and non-interest-bearing deposit required for 365 days in connection with certain transactions involving foreign currency inflows, (v) the reduction of the required period that the proceeds of any new financial indebtedness incurred by residents, held by foreign creditors and transferred through the MULC must be kept in Argentina from 365 calendar days to 120 calendar days from the date of the transfer of the relevant amount (notwithstanding the foregoing, the minimum stay period is not applicable to primary issuances of bonds or other securities that are listed on a stock exchange) and (vi) the elimination of the requirement of a minimum holding period (72 business hours as of the deposit of the securities in the transferor’s account) for purchases and subsequent sales of the securities in a foreign currency. In addition, on December 17, 2015, because certain restrictions were lifted, the *peso* devalued against the U.S. dollar. See “—Fluctuations in the value of the *Peso* could adversely affect the Argentine economy, and consequently our results of operations or financial condition” and “Foreign Exchange Controls.”

- *Foreign trade reforms.* The Argentine government eliminated export duties on wheat, corn, beef and regional products, and reduced the duty on soybeans by 5% to 30%. Further, the 5% export duty on most industrial exports was eliminated. With respect to payments for imports of goods and services, the Macri administration announced the elimination of amount limitations for access to the MULC for any new transactions as of December 17, 2015 and for existing debts for imports of goods and services as of April 22, 2016.

• *Infrastructure state of emergency and electricity and gas reforms.* The Argentine government has also declared a state of emergency with respect to the national electrical system, which will be effective until December 31, 2017. Under this state of emergency, the Argentine government will be permitted to take actions designed to guarantee the supply of electricity. In this context, subsidy policies were reexamined and new electricity tariffs went into effect on February 1, 2016 with varying increases depending on geographical location and consumption levels. In addition, through Resolution No. 31/2016 of the Ministry of Energy and Mining, the Macri administration announced the elimination of certain natural gas subsidies and adjustments to natural gas rates.

• *Financial Policy.* Soon after taking office, the Macri administration sought to settle the outstanding claims with holdout creditors. See “—A lack of financing for Argentine companies, whether due to market forces, government regulation or the unresolved litigation with holdout bondholders, may negatively impact our financial condition or cash flows.”

• *Tax Amnesty Draft Bill.* The Macri administration submitted to the Argentine Congress a draft law on tax amnesty aimed at promoting the voluntary declaration of assets by Argentine residents. The law, already passed by the Chamber of Representatives, sets forth a regime under which individuals and entities resident in Argentina who own previously undeclared money or assets located in Argentina or abroad may declare that property, provided that they provide evidence that the assets were held prior to a certain cut-off date (currently set at December 31, 2015). One of the purposes of the draft law is to promote investments of cash savings in debt instruments issued by the Federal Government. The main benefits of the draft law are, among others, general amnesty for breaches of the Fiscal Procedures Law No. 11,683 and Criminal Tax Law No. 24,769, as amended, and an exemption for all omitted taxes.

As of the date of this Offering Memorandum, the impact that these measures and any future measures taken by the Macri administration will have on the Argentine economy as a whole and the construction, waste management, water treatment and transportation sectors in particular cannot be predicted. We believe that the effect of the planned liberalization of the economy could be positive for our business by stimulating economic activity but it is not possible to predict such effect with certainty and such liberalization could also be disruptive to the economy and fail to benefit or harm our business. In addition, there is uncertainty as to which measures announced during the Presidential campaign the Macri administration will take and when. Since assuming office, the Macri administration has begun reviewing certain public employee contracts in several sectors and reformed energy, water and gas sector tariffs, and cut down several public service subsidies. However, we cannot predict how the Macri administration will address certain other political and economic issues that were central during the presidential election campaign, such as the financing of public expenditures, other public service subsidies and tax reforms, or the impact that any measures related to these issues that are implemented by the Macri administration will have on the Argentine economy as a whole. In addition, political parties opposed to the Macri administration retained a majority of the seats in the Argentine Congress in the recent elections, that will require the Macri administration to seek political support from the opposition for its economic proposals and creates further uncertainty in the ability of the Macri administration to pass any measure that it may expect to implement. Political uncertainty in Argentina relating to the measures to be taken by the Macri administration in respect of the infrastructure development or Argentine economy could lead to volatility in the market prices of securities of Argentine companies.

Continuing high levels of inflation may have an adverse effect on the Argentine economy.

In the past, inflation has materially impaired the ability of Argentina and the Argentine Federal Government to create favorable conditions for economic growth. High levels of inflation or price instability have materially adversely affected the volume of transactions within the financial sector, which, in turn, has materially adversely affected levels of economic activity and employment. High levels of inflation have also affected Argentina’s foreign competitiveness, as well as salaries, consumption and interest rates. Levels of inflation have been steadily rising since 2007. According to the INDEC, the CPI increased 23.9%, 10.9% and 10.8% in 2014, 2013 and 2012 and 11.9% for the first ten months of 2015, when INDEC interrupted the reporting of the CPI. Until then, private estimates, on average, referred to annual rates of inflation substantially in excess of those published by the INDEC. In April 2016, the Province of San Luis and the City of Buenos Aires CPIs reported increases of 3.4% and 6.5%, respectively, with respect to the CPI for March 2016. In June 2016, INDEC published the CPI for the first time since Decree No. 55/2016 declared the state of administrative emergency on the national statistical system and reported an increase of 4.2% for May 2016. Uncertainty surrounding future inflation rates has slowed any potential recovery in the long-term credit market.

These elevated levels of inflation during recent years have caused a significant increase in our costs of operations, which are mostly incurred in *pesos*. Further, a number of our contracts with our clients contain clauses allowing for a price redetermination due to inflation. This has often led to delays in payments being made by those customers and has had, and may continue to have a material adverse effect on our results of operations.

If the inflation pressures mentioned above persist or even increase in the future, this could have a significant adverse effect on our business, financial condition and results of operations. It is not possible to foresee the measures to be taken by the Argentine Federal Government against inflation and the effect such measures may have on the Argentine economy and on our business, financial condition and results of operations.

A high inflation rate also affects Argentina's competitiveness abroad, real salaries, employment, consumption and interest rates. A high level of uncertainty regarding these economic variables, and a general lack of stability in terms of inflation, could lead to shortened contractual terms and affect the ability to plan and make decisions. This may have a negative impact on economic activity and the income of customers and their purchasing power, all of which could materially and adversely affect our financial position, results of operations and business.

If the information regarding the CPI released by the INDEC proves to be inaccurate, figures related to such variables included in this Offering Memorandum may not be correct, which could result in higher CPI increases or lower GDP indicators. Distrust towards the INDEC and its methods could result in a lack of confidence in the Argentine economy, which in turn could reduce private sector access to financial markets. Further, as most of our contracts allow for price adjustments as a result of increases in our costs based on information produced by the INDEC, inaccuracy in such information may result in inaccurate adjustments under such contracts, which could affect our results of operations.

As of the date of this Offering Memorandum, the Macri administration has announced new authorities for the INDEC, which could lead to a shift in the measures taken by the INDEC with respect to the information used and bases for calculating CPI. As of the date of this Offering Memorandum, we cannot estimate the impact the potential measures that the new authorities of the INDEC may take, nor the influence that this may have on Argentina's relationship with the IMF regarding the provision of data and the accuracy of official statistics. If INDEC's past or future data is materially revised to reveal a different economic or financial situation in Argentina, the result may affect your investment decision with respect to the Notes and your evaluation of the Notes' market value.

The Argentine government has taken certain measures in order to control inflation, such as implementing a fair price program, by virtue of which supermarkets must offer certain products at a government determined price, and sectorial agreements in order to implement salary increases. Additionally, the Argentine government has recently enacted Law No. 26,991 (the "Supply Law"), which amends Law No. 20,680, and enables the federal government to intervene in certain markets when it considers that any party to such market is trying to impose prices or supply restrictions in such market. The Supply Law provides, among other measures, pecuniary sanctions, suspension, seizure of operations, and confiscation of goods.

If inflation remains high or continues to rise, Argentina's economy may be negatively impacted and our business could be adversely affected.

Fluctuations in the value of the peso generate uncertainty and could adversely affect the Argentine economy and our business, financial condition and results of operations.

Since early 2002, the *peso* has experienced a significant depreciation, which has had a positive effect on the competitiveness of certain sectors of the Argentine economy but has negatively impacted the Argentine economy and the financial condition of companies (such as ours) and individuals in Argentina. The devaluation of the *peso* has had a negative impact on the ability of Argentine businesses and the Argentine Federal Government to honor their foreign currency-denominated debt, which initially led to very high inflation, significantly reduced real wages and had a negative impact on businesses whose success is dependent on domestic market demand, such as utilities and the financial industry.

The increasing level of inflation in Argentina has also generated pressure on a further depreciation of the *peso*. The *peso* depreciated against the U.S. dollar by 8.0% in 2011, 14.4% in 2012, 32.5% in 2013 and 31.2% in 2014. In 2015, the *peso* lost approximately 52% of its value with respect to the U.S. dollar, including

a 10% devaluation from January 1, 2015 to September 30, 2015 and a 38% devaluation during the last quarter of the year, mainly concentrated after December 16, 2015. We are unable to predict the future value of the peso against the U.S. dollar.

Since the strengthening of exchange controls began in late 2011, and upon the introduction of measures that have limited access to foreign currency by private companies and individuals (such as requiring an authorization of tax authorities to access the foreign currency exchange market), the implied exchange rate, as reflected in the quotations for Argentine securities that trade in foreign markets compared to the corresponding quotations in the local market, has increased significantly over the official exchange rate. These measures were lifted on December 16, 2015, however, any reversal may expose us to the prior risks in relation to having U.S. dollar denominated debt and, if so, we cannot predict the impact of these changes on our financial condition and results of operations.

Despite the latter, the BCRA occasionally intervenes in the MULC in order to administer the currency exchange rate. Additional volatility, appreciations or depreciations of the *peso* or reduction of the BCRA's reserves as a result of currency intervention could adversely affect the Argentine economy and the market value of the Notes.

If the *peso* continues to devalue, all of the negative effects on the Argentine economy related to such devaluation could reappear, with adverse consequences on our business, since most of our revenues and assets are denominated in *pesos* and 36.1% of our indebtedness is denominated in U.S. dollars. We cannot assure you that any policies to be implemented by the Argentine Federal Government in the future, will achieve stability in the value of the *peso* against foreign currencies. Accordingly, the *peso* may continue to be subject to significant fluctuations and further devaluations which might significantly and adversely affect our business, financial condition and results of operations.

A decline in the international prices of commodities exported by Argentina could create new pressures on the exchange market, affect the economy and have a material adverse effect on our business, financial condition and results of operations.

Negative fluctuations in prices for commodities exported by Argentina (such as soybeans, corn and wheat) and increases in the value of the *peso* in real terms may reduce Argentina's competitiveness and significantly affect the country's export markets. A reduction in exports could lead to decreased tax revenues which would affect the Argentine Federal Government's ability to pay its debts. Additionally, the reduction could cause an imbalance in the country's exchange market which, in turn, could lead to increased exchange rate volatility. In addition, a significant appreciation of the *peso* could materially reduce the Argentine Federal Government's revenues in real terms and affect its ability to make payments on its debt obligations, as these revenues are heavily derived from export taxes (withholdings). This could adversely affect the economic and financial condition of the Argentine public sector and lead to an increase in taxes or inflation. Because of our extensive exposure to the Argentine public sector, a decrease in government revenues could result in a decrease in our revenues as we rely on payments and, in some cases, subsidies paid by the relevant governmental authority, such as our operation and maintenance agreement for the SBA and our railway concessions. As a result of the foregoing, our business, financial condition and the results of our operations, as well as our ability to comply with our payment obligations, could be materially adversely affected.

A lack of financing for Argentine companies, whether due to market forces, government regulation or unresolved litigation with holdout bondholders, may negatively impact our financial condition or cash flows.

In 2005 and 2010, Argentina conducted exchange offers to restructure part of its sovereign debt that had been in default since the end of 2001. As a result of these exchange offers, Argentina restructured over 92% of its eligible defaulted debt.

Commencing in 2002, holdout creditors filed numerous lawsuits against Argentina in several jurisdictions, including the United States, Italy, Germany and Japan. These lawsuits generally assert that Argentina failed to make timely payments of interest and/or principal on their bonds, and seek judgments for the face value of and/or accrued interest on those bonds. Judgments have been issued in numerous proceedings in the United States and Germany, but to date judgment creditors have not succeeded, with a few minor exceptions, in executing on those judgments. In February 2012, plaintiffs in 13 actions in New York, involving claims for U.S.\$428 million in principal, plus interest, obtained a U.S. district court order enjoining Argentina from making interest payments in full on the bonds issued pursuant to the 2005 and 2010 exchange offers ("Exchange Bonds") unless Argentina paid the plaintiffs in full, under the theory that the former payments

violated the pari passu clause in the 1994 Fiscal Agency Agreement (the “FAA”) governing those non-performing bonds. The U.S. district court order was stayed pending appeals. The Second Circuit Court of Appeals affirmed the so-called pari passu injunctions, and on June 16, 2014 the U.S. Supreme Court denied Argentina's petition for a writ of certiorari and the stay of the pari passu injunctions was vacated on June 18, 2015. Additionally, in 2015, plaintiffs that had obtained pari passu injunctions amended their complaints to include claims that Argentina's servicing of more recently issued BONAR 2024 bonds, as well as all external indebtedness in general, would violate the pari passu clause. On July 16, 2014, the U.S. district court ruled on these new claims in favor of the plaintiffs and granted motions for leave to amend and supplement their complaints. On October 30, 2015, the U.S. district court issued new pari passu injunctions, substantially identical to the ones already in effect, in 49 additional proceedings, involving claims for over U.S.\$2.1 billion under the 1994 FAA, plus billions more in pre- and post-judgment interest. Argentina appealed the decision on November 10, 2015.

In 2014, the Argentine government took a number of steps to continue servicing the bonds issued in the 2005 and 2010 exchange offers, which had limited success. Holdout creditors continued to litigate, expanding the scope of issues to include payment by the Argentine government on debt other than the Exchange Bonds and the independence of the BCRA.

The Macri administration engaged in negotiations with holders of defaulted bonds in December 2015 with a view to bringing closure to fifteen years of litigation. In February 2016, the Argentine government entered into an agreement in principle to settle with certain holders of defaulted debt and put forward a proposal to other holders of defaulted debt, including those with pending claims in U.S. courts, subject to two conditions: obtaining approval by the Argentine Congress and the lifting of the *pari passu* injunctions. On March 2, 2016, the U.S. district court agreed to vacate the *pari passu* injunctions, subject to two conditions: first, the repealing of all legislative obstacles to settlement with holders of defaulted debt securities issued under the FAA, and second, full payment to holders of pari passu injunctions with whom the Argentine government had entered into an agreement in principle on or before February 29, 2016, in accordance with the specific terms of such agreements. The U.S. district court's order was appealed and on April 13, 2016 was affirmed by the Second Circuit Court of Appeals. On March 31, 2016, the Argentine Congress repealed the legislative obstacles to the settlement and approved the settlement proposal. On April 22, Argentina issued U.S.\$16.5 billion of new debt securities in the international capital markets, and applied U.S.\$9.3 billion to satisfy settlement payments on agreements with holders of approximately U.S.\$8.2 billion principal amount of defaulted bonds. The district court ordered the vacatur of all *pari passu* injunctions upon confirmation of such payments.

As of the date of this Offering Memorandum, litigation initiated by bondholders that have not accepted Argentina's settlement offer continues in several jurisdictions, although the size of the claims involved has decreased significantly.

Although the vacatur of the *pari passu* injunctions removed a material obstacle to access to capital markets by the Argentine government, future transactions may be affected as litigation with holdout bondholders continues (though the size of the claims involved has decreased significantly), which in turn could affect the Argentine government's ability to implement certain expected reforms and foster economic growth, which may have a direct impact on our ability to gain access to international credit markets in order to finance our operations and growth.

In addition, although Argentina settled all of its outstanding debt with the IMF in 2006 and reached an agreement with the Paris Club in 2014, the default with some of its foreign creditors described above, the global economic crisis that started in the fourth quarter of 2008, the resulting international stock market crash and the insolvency of major financial institutions toward the end of 2008, have generally limited the ability of Argentine companies to access international financial markets as they had in the past or made such access significantly more costly for Argentine issuers. Between June 2009 and 2011, a greater number of Argentine companies gained access to the international capital markets, albeit on more onerous terms than other competitors in the region, but since 2012, with few exceptions, Argentine companies have had little access to such markets.

The implementation in the future of new exchange controls, restrictions on transfers abroad and capital inflow restrictions could limit the availability of international credit and could threaten the financial system, which may adversely affect the Argentine economy and, as a result, our business.

In 2001 and 2002, Argentina imposed exchange controls and transfer restrictions, substantially limiting the ability of companies to purchase foreign currency or make payments abroad. After 2002, these restrictions, including those requiring the BCRA's prior authorization for the transfer of funds abroad to pay principal and

interest on debt obligations, were substantially eased through 2007. In addition to the foreign exchange restrictions applicable to outflows, in June 2005 the Argentine government adopted various rules and regulations that established new restrictive controls on capital inflows into Argentina, which in turn resulted in a decrease in the availability of international credit for Argentine companies.

In addition, from 2011 until President Macri assumed office, the Argentine government increased controls on the sale of foreign currency and the acquisition of foreign assets by local residents, limiting the possibility of transferring funds abroad. Furthermore, new regulations were issued from 2012 until President Macri assumed office pursuant to which certain foreign exchange transactions were subject to prior approval by Argentine tax authorities. During the Fernández de Kirchner administration, through a combination of foreign exchange and tax regulations, the Argentine authorities significantly curtailed access to the foreign exchange market by individuals and private-sector entities. Furthermore, during the last few years under the Fernández de Kirchner administration, the BCRA has exercised a *de facto* prior approval power for certain foreign exchange transactions otherwise authorized to be carried out under the applicable regulations, such as dividend payments or repayment of principal of inter-company loans as well as the import of goods or services, by means of regulating the amount of foreign currency available to financial institutions to conduct such transactions.

The number of exchange controls introduced in the past and in particular after 2011, during the Fernández de Kirchner administration gave rise to an unofficial U.S. dollar trading market, and the *peso*/U.S. dollar exchange rate in such market substantially differed from the official *peso*/U.S. dollar exchange rate. See “Foreign Exchange Controls.”

As of the date of this Offering Memorandum, some of the exchange controls mentioned above have been eliminated or relaxed by the Macri administration. For additional information, see “Foreign Exchange Controls.”

Additionally, the level of international reserves deposited with the BCRA decreased significantly from U.S.\$47.4 billion as of November 1, 2011 to U.S.\$25.6 billion as of December 31, 2015, resulting in a reduced capacity of the Argentine government to intervene in the foreign exchange market and to provide access to such markets to private sector entities like us. The Macri administration recently announced a program intended to increase the level of international reserves deposited with the BCRA through the execution of certain agreements with several foreign entities. As a result of the measures taken under such program, the international reserves increased to U.S.\$31.2 billion as of May 2016.

Notwithstanding the measures recently adopted by the Macri administration, in the future the Argentine government could otherwise impose further exchange controls, transfer restrictions, required repatriation through the MULC of proceeds raised through capital markets transactions conducted abroad or restrictions on the movement of capital and/or take other measures in response to capital flight or a significant depreciation of the *peso*, which could limit our ability to access the international capital markets. Such measures could lead to political and social tensions and undermine the Argentine government's public finances, as has occurred in the past, which could adversely affect Argentina's economy and prospects for economic growth, which, in turn, could adversely affect our business and results of operations and the market value of the Notes.

In addition, the Argentine government or the BCRA may reinstate certain restrictions on the transfers of funds abroad, impairing our ability to make payments of principal and interest on the Notes, which may adversely affect the market value of the Notes. As of the date of this Offering Memorandum, however, the transfer of funds abroad to make payments of principal and interest on the Notes is permitted.

Argentina is the defendant in legal proceedings initiated by foreign shareholders of Argentine corporations, which could limit the country's financial resources and affect its capacity to implement reforms and foster economic growth.

The foreign shareholders of several Argentine companies, including public utilities and bondholders that did not participate in the exchange offers described above, have filed claims that exceed U.S.\$20 billion with the International Center for Settlement of Investment Disputes (“ICSID”) alleging that the emergency measures adopted by the Argentine Federal Government differ from the just and equal treatment dispositions set forth in several bilateral investment treaties to which Argentina is a party.

Litigation, as well as ICSID and the United Nations Commission on International Trade Law (“UNCITRAL”) 20 claims against the Argentine government, have resulted in material judgments and may

result in new material judgments against the government, and could result in attachments of or injunctions relating to assets of Argentina that the government intended for other uses.

In April 2016, the government ended a decade-long litigation paying up U.S.\$9.3 billion to sovereign bond creditors, which included the settlement of an ICSID dispute with Italian bondholders for U.S.\$1.35 billion. In May 2016, the government also announced it will use bonds to pay UNCITRAL award in favor of BG Group and an ICSID award in favor of El Paso Corporation for U.S.\$243 million and U.S.\$74 million, respectively.

Argentina funded those settlements through a U.S.\$16.5 billion placement of sovereign debt. We are unable to predict whether other adverse investment arbitration awards may be issued and whether the country will have the financial resources necessary to meet its obligations, implement reforms and foster growth, the failure of which could have a material adverse effect on our business, financial condition and results of operation.

Significant capital expenditure on the part of the Argentine Federal Government is required in energy infrastructure to avert a shortage of essential energy. Restrictions on the supply of energy or an energy crisis could materially adversely affect growth and the Argentine Federal Government's fiscal balance.

In recent years, there has been a lack of investment in gas and electricity generation, transport and distribution capacity in Argentina. At the same time, demand for natural gas and electricity has increased substantially, driven by a recovery in economic conditions and lack of price regulation. If the Argentine Federal Government fails to invest in a timely manner in certain areas of energy infrastructure, it is possible that Argentina would suffer a damaging shortage of energy so that the economic growth currently forecasted may not materialize. It is likely that any such adverse effect on economic growth would diminish government fiscal balance which, in turn, would materially adversely affect Argentine Federal Government expenditures on infrastructure and other construction projects of the Argentine Federal Government or provincial governments, which in turn, could materially adversely affect our construction business, financial condition and results of operations.

Certain measures that may be taken by the Argentine government may adversely affect the Argentine economy and, as a result, our business and results of operations.

During recent years, the Argentine government has increased its direct intervention in the economy through the implementation or change of laws and regulations, such as, among other things, nationalizations, or expropriations; restrictions on production, imports and exports; exchange and/or transfer restrictions; direct and indirect price controls; tax increases, changes in the interpretation or application of tax laws and other retroactive tax claims or challenges; cancellation of contract rights; delays or denials of governmental approvals.

In March 2008, the Argentine Federal Government introduced a system of sliding scale tax rates applicable to certain Argentine exports. This system which, according to farmers, established a maximum price for their products, caused general strikes and demonstrations within the agricultural sector, whose exports had driven the country's recovery to a large degree. These protests interrupted economic activity in the country for several months in the year ended December 31, 2008. Although the Federal Government subsequently terminated this new tax system, the adoption of higher tax rates, or the failure by the Federal Government to implement measures favorable to the agricultural sector, could lead to new unrest and similar ramifications for the economy in Argentina.

In November 2008, the Argentine government enacted Law No. 26,425 which provided for the nationalization of the AFJPs. More recently, beginning in April 2012, the Argentine government provided for the nationalization of YPF S.A. and imposed major changes to the system under which oil companies operate, principally through the enactment of Law No. 26,741 and Decree No. 1277/2012. In February 2014, the Argentine government and Repsol S.A. (the former principal shareholder of YPF S.A.) announced that they had reached agreement on the terms of the compensation payable to Repsol S.A. for the expropriation of the YPF S.A. shares. Such compensation totaled U.S.\$5 billion, payable by delivery of Argentine sovereign bonds with various maturities. On April 23, 2014, the agreement with Repsol S.A. was approved by the Argentine Congress and accordingly, on May 8, 2014, Repsol S.A. received the relevant Argentine government bonds.

The Supply Law, effective as of September 28, 2014, applies to all economic processes linked to goods, facilities and services which, either directly or indirectly, satisfy basic needs of the population ("Basic Needs Goods") and grants broad delegations of powers to its enforcing agency to become involved in such processes.

It also empowers the enforcing agency to order the sale, production, distribution and/or delivery of Basic Needs Goods throughout the country in case of a shortage of supply.

In February 2015, the Fernández de Kirchner administration sent a bill to Congress in order to revoke certain train concessions, return the national rail network to state control and provide powers to review all concessions currently in force. The bill was enacted on May 20, 2015 as Law No. 27,132.

On September 21, 2015, the Argentine government, through Resolution No. 653/2015 issued by the CNV, modified the valuation criteria applicable to securities traded outside of Argentina that comprise asset management portfolios. The resolution established that such securities must be valued considering the same valuation methods for similar securities traded in Argentina. The purchaser exchange rate applicable to financial transfers set by Banco de la Nación Argentina must be used to make such valuation. Resolution No. 653/2015 led to an accounting change in the valuation of mutual funds. In addition, on September 23, 2015 the Argentine Congress passed law No. 27.181, limiting the sale of the Argentine government's shares in Argentine companies (now deemed of public interest) without prior approval of two-thirds of the members of Congress, with the exception of the Argentine government's shares in YPF.

We cannot assure you that these or other measures that may be adopted by the Argentine government, such as expropriation, nationalization, forced renegotiation or modification of existing contracts, new taxation policies, changes in laws, regulations and policies affecting foreign trade, investment, etc., will not have a material adverse effect on the Argentine economy and, as a consequence, adversely affect our financial condition, our results of operations and the market value of our securities.

The President of Argentina and its Congress each have considerable power to determine governmental policies and actions that relate to the Argentine economy and, consequently, may affect our results of operations or financial condition. We can offer no assurances that the policies that may be implemented by the Argentine government after the recent Argentine presidential, congressional and for certain municipal and state government elections will not adversely affect our business, results of operations or financial condition.

In addition, the Argentine government may, in the future, impose additional controls on the foreign exchange market and on capital flows from and into Argentina. These restrictions may have a negative effect on the economy and on our business if imposed in an economic environment where access to local capital is constrained.

Argentina's economy and financial services and securities markets remain vulnerable to external shocks which could have a material adverse effect on the country's economic growth and our prospects.

Financial and securities markets in Argentina are influenced, to varying degrees, by the economic and market conditions in other countries. Although these conditions vary from country to country, investor reactions to events occurring in one country may substantially affect capital flows to issuers and securities of markets in other countries with similar characteristics, including Argentina. A decline in both capital inflows and stock market prices can negatively affect the economy of a country by increasing interest rates or exchange rate volatility.

In the past, Argentina's economy was adversely affected by developments in other markets, such as, among others, the events that occurred in Mexico at the end of 1994 and the collapse of various Asian economies between 1997 and 1998. Recent economic slowdowns, especially in Argentina's major trading partners, led to declines in Argentine exports in 2013. There is a risk that similar events may affect the Argentine economy in the future.

The Argentine economy is affected by the events that occur in the economies of its main regional partners. In addition, the Argentine economy may be affected by the events occurring in developed economies that have an impact on the global economy. Like most emerging economies, Argentina has been affected by the change in U.S. monetary policy, resulting in the sharp unwinding of speculative asset positions, depreciations and increased volatility in the value of their currencies and higher interest rates. The general appreciation of the U.S. dollar resulting from a more restrictive U.S. monetary policy contributed to a decrease in international prices for raw materials, increasing the difficulties of many emerging countries that are exporters of these products. There is global uncertainty about the degree of economic recovery in the United States, with no substantial positive signs from other developed countries and an increased risk of a general deceleration in developing countries, specifically China. Moreover, the recent challenges faced by the European Union to

stabilize certain of its member states, such as Greece, have had international implications affecting the stability of global financial markets, which has hindered economies worldwide.

In addition, Argentina is also affected by the economic conditions of its major trade partner, Brazil, which started to devalue its currency in early February 2015. The *real* devalued against the U.S. dollar by approximately 46% from January 2015 to September 2015, causing the *real* to suffer the steepest depreciation in over a decade in Brazil's attempt to increase exports. In addition, Brazil has suffered downgrades from the main rating agencies, cumulating in a loss of its investment grade rating. Moreover, Argentina may also be affected by other countries that have influence over world economic cycles, such as the United States or China. Particularly, China has recently devaluated the *yuan*, which has adversely affected companies with a substantial exposure to that country.

Increases in interest rates in developed countries could make the obtaining of credit more difficult and onerous for emerging economies, adversely affecting their economic growth. Moreover, if countries that have strong commercial relations with Argentina enter into recession, the Argentine economy will be affected by the decrease of exports, particularly of its agriculture and livestock products. All these factors could have an adverse effect on our financial results.

Although economic conditions vary from country to country, investors' perceptions of events occurring in other countries have, in the past, substantially affected, and may continue to substantially affect, capital flows into and investments in securities from issuers in other countries, including Argentina. International investors' reactions to events occurring in one market sometimes demonstrate a "contagion" effect in which an entire region or class of investment is disfavored by international investors. Argentina could be adversely affected by negative economic or financial developments in other countries, which in turn may have an adverse effect on our financial condition and results of operations.

The Argentine Federal Government and/or the Argentine Congress may order or promote measures in order to increase benefits to employees in the private sector, which would increase our costs and expenses.

The Argentine Federal Government and/or the Argentine Congress have in the past issued, and may in the future issue, laws, regulations and decrees requiring companies in the private sector to maintain minimum wage levels and provide specified benefits to employees. In May 2016, President Macri announced an increase in the minimum wage levels by over 30%, to be completed in three installments by January 2017. Earlier that month, the Argentine Congress passed a law barring companies from laying off workers for a 180-day period, which was later vetoed by Macri. The law will return to the Argentine Congress where it will need special majorities to override the veto. These actions have increased, and any future actions would increase, our costs and expenses and may cause a material adverse effect on our business, financial condition and results of operations.

The new regulations for the capital markets creates uncertainty for the future.

On November 29, 2012, the Argentine Senate passed the draft Capital Markets Law introduced by the Argentine Federal Executive and which had previously been approved by the Argentine House of Representatives. Such law repealed Law No. 17,811, the Decree 677/2001 and other supplementary regulations. On December 28, 2012, the Capital Markets Law was published in the Official Gazette of Argentina under No. 26,831 and regulated by Decree No. 1,023/2013. Moreover, through CNV General Resolution No. 622/2013, the CNV amended its existing regulations as of September 2013, thus incorporating the new CNV Regulations. The Macri administration appointed new CNV authorities who, since elected, have passed a series of new resolutions amending and supplementing the CNV Regulations formerly passed in 2013. Uncertainty remains as to the effects of the Capital Markets Law and its regulation, as well as the application of the new CNV Regulations and any further regulation to be issued by the CNV, shall cause on public offering of securities and, consequently, on us and the Notes.

Property values in Argentina could decline significantly.

Property values are influenced by multiple factors that are beyond our control, such as a decrease in the demand for real estate properties due to a deterioration of macroeconomic conditions or an increase in supply of real estate properties that could adversely affect the value of our current real estate properties. We cannot assure you that property values will increase or that they will not be reduced. The majority of properties we own are located in Argentina. As a result, a reduction in the value of properties in Argentina could materially affect the Argentine economy, including our business.

The judicial reform approved in 2013 creates uncertainty for the future.

On April 29, 2013, Law No. 26,854 was enacted, containing the judicial reform project led by the Argentine Congress. Among other things, the reform regulates injunctions in cases in which the Argentine Federal Government is a party or has intervened (the “Precautionary Proceedings Law”) and includes time limitations for these precautionary measures and creates three new Courts of Cassation Law which hear appeals prior to the intervention of the Supreme Court of Justice. Additionally, certain reforms were included for the Council of the Judiciary Law (which is the authority empowered to appoint judges, present charges against them, and suspend or remove them) and its functions. On June 18, 2013, the Supreme Court of Justice declared certain sections of the Council of the Judiciary Law unconstitutional, in particular those sections referring to the increase in the number of members of the Council of the Judiciary and the methodology for appointing such members. The Court of Cassation Law and the Precautionary Proceedings Law have also been challenged before the Argentine courts, although a final decision by the Supreme Court of Justice is still pending.

Although it is not possible to foresee the manner in which such situation might affect future administrative and/or judicial procedures, potential claims from us against the Argentine government might be affected by the legal framework referred to above.

The amendment of the BCRA’s Charter may adversely affect the Argentine economy.

On March 22, 2012, the Argentine Congress passed Law No. 26,739, which amended the charter of the BCRA and Law No. 23,928 (the “Convertibility Law”). This new law amends the objectives of the BCRA (established in its charter) and removes certain provisions previously in force. Pursuant to the amendment, the BCRA now focuses on promoting monetary and financial stability as well as development with social equity.

A key component of the amendment of the BCRA charter relates to the use of international reserves. Pursuant to this amendment, the BCRA reserves may be made available to the government for the repayment of debt or to finance public expenses. The currency reserves in U.S. dollars held by the Argentine government in the BCRA decreased significantly, U.S.\$47.4 billion as of November 1, 2011 to U.S.\$25.6 billion as of December 31, 2015.

Notwithstanding the fact the new administration announced its intention to reduce the Argentine Government’s reliance on BCRA financing, a continuous use of the BCRA reserves for expanded purposes by the Argentine government may result in Argentina being more vulnerable to inflation or external shocks, affecting the country’s capacity to overcome the effects of an external crisis.

High public expenditure could result in long-lasting adverse consequences for the Argentine economy.

During the last few years, the Argentine government has substantially increased public expenditures. In 2014, public sector expenditures increased by 43% year over year and the government reported a primary fiscal deficit of 0.9%. During recent years, the Argentine government has resorted to the BCRA and the ANSES to source part of its funding requirements. The Macri administration took specific measures in order to anchor public accounts to reduce the primary fiscal deficit that was 1.3% as of December 31, 2015.

Recently, the Argentine government has begun adjusting its subsidy policies, particularly those related to energy, electricity and gas, water and public transportation. Changes in these policies could materially and adversely impact consumer purchase capacity and economic activity and may lead to an increase in prices.

Moreover, the primary fiscal balance could be negatively affected in the future if public expenditures continue to increase at a rate higher than revenues due to subsidies to lower-income sectors, social security benefits, financial assistance to provinces with financial problems, increased spending on public works and subsidies to the energy and transportation sectors. A further deterioration in fiscal accounts could negatively affect the government’s ability to access the long-term financial markets and could in turn result in more limited access to such markets by Argentine companies.

To a lesser extent we may also be affected by adverse macroeconomic and political conditions in Peru, Panama, Uruguay and Brazil.

Although we carry out the majority of our operations in Argentina, indirectly we also provide construction services in Peru, Panama and Paraguay. In addition, we provide waste management services in Uruguay as well as providing limited services in the construction, toll road concessions, waste management and

transportation sectors in Brazil. Accordingly, our business, financial condition and results of operations may be affected by adverse macroeconomic or political conditions in those countries.

Risks Related to our Business

We are highly dependent upon the Argentine Federal Government at federal, state and municipal levels for our business operations.

Our main business segments, Construction and Toll Road Concessions, Waste Management, Transportation and Water Supply Services, are highly dependent upon contractual arrangements with the Argentine Federal Government at federal, state and municipal levels. Accordingly, we are dependent on both the solvency of the relevant government agency and on the relevant local government in honoring its contractual arrangements. We are exposed to political changes to the extent that a change of government may adversely affect spending programs, the willingness to honor contractual arrangements and/or the financial health of the government or the relevant agency.

This dependence upon the Argentine Federal Government also exposes us to the following risks:

- expropriation and nationalization;
- political and economic instability;
- social unrest;
- inflation;
- currency fluctuations, devaluations and conversion restrictions;
- confiscatory taxation or other adverse tax policies;
- government activities that limit or disrupt markets, restrict payments or limit the receipt or transfer of funds; and
- government activities that may result in the indirect deprivation of rights.

If the government is unable to successfully govern in a fiscally responsible manner, the ability of municipalities, provincial governments and the Argentine Federal Government to continue to support infrastructure projects could be negatively impacted, which, in turn, could result in a materially adverse effect on our business, financial condition or results of operations. See also “Risk Factors—Risks Related to Argentina.”

Our contractual arrangements with the Argentine Federal Government generally contain price, tariff and/or subsidy adjustment provisions, to enable us to make adjustments from time to time as necessary to cover increases in costs, inflation and/or to protect our profit margins. However, these sometimes require negotiation and usually depend on a political decision. Likewise, these adjustments may not be recognized by the Argentine Federal Government, or the effects of the adjustment may not fully compensate us. Any delays we might experience in reaching agreement on such matters or delays in payment by our counterparties for works completed, services provided or reimbursements owed can materially adversely affect our business, financial condition or results of operations.

We operate in a highly regulated environment, and our operating results could be materially adversely affected by the Argentine Federal Government’s actions.

Our transportation and water supply concessions are public services supported by their users. We are authorized to provide such services under concession contracts executed with the relevant government authorities, which set out our rights and obligations. However, the relevant granting authorities have the discretion to determine and unilaterally modify our tariffs and/or subsidies, as well as other provisions of our concession agreements. The discretionary use of these powers may materially adversely affect our business, financial condition or results of operations.

We may also be affected by decisions of the granting authorities to award new concessions in the areas in which we currently operate that create increased competition, which may limit our capacity to grow and implement our commercial strategy.

The concession agreements are administrative contracts under Argentine law, granted and governed in accordance with applicable laws and regulations. Such laws and regulations provide the granting authorities with the power to determine the obligations which the concession agreements impose and the tariffs we may charge. If our costs increase or our revenues decrease, or we are required to invest additional amounts without

being adequately compensated by the Argentine Federal Government, our financial position or results of operations would be materially adversely affected.

Our contracts and concession for transportation services contain, in addition to provisions relating to tariff adjustments, provisions for periodic subsidies from the granting authority designed to protect us against cost increases not adequately covered by tariff adjustment. In some cases, subsidies are necessary as fares are insufficient to cover the operational costs of the project, increasing our dependence on government subsidies. These subsidies are granted as a result of a decision by the relevant governmental grantor agency to increase subsidies rather than the tariffs paid by customers. Since the 2001 crisis, subsequent mandatory conversion of dollar-nominated liabilities, indebtedness, deposits and a wide range of contractual relationships (“pesification”) and the devaluation, we are highly dependent on such subsidies in this business area.

In November 2011, the Argentine Federal Government made several announcements regarding the gradual reduction, starting in January 2012, of several electricity, natural gas and potable water public service subsidies, which had been in place since 2001. As of the date of this Offering Memorandum, the Macri administration has already begun reducing some of the public services subsidies in an effort to reduce the fiscal deficit. Further announcements may materially adversely affect our business, financial condition or results of operations.

Our concessions and contracts may expire and not be renewed or be terminated prior to their expiration.

The concessions we currently hold may be terminated prior to their expiration upon the occurrence of certain events, including expropriation by the concession grantor or the failure to comply with the terms of the concessions. Pursuant to the terms of some of our concessions, we are required to meet certain investment targets in Argentina. If we fail to meet these targets, we may be subject to monetary penalties and, in the event of repeated failures resulting from our negligence, possible termination of the concession agreements. If any of our concession agreements were to be terminated for any reason, we would no longer be able to operate the relevant services under such concession agreements.

Following such termination, pursuant to the terms of the concession agreements, the rights and assets necessary to operate our services (together with any investments made by us in any assets under concession) may revert to the concession grantor at its discretion. Although the concession grantor is obligated to compensate us for such reversion of assets, this compensation may not be sufficient to cover the value of the assets and the amount of any compensation may be disputed, and payment may be delayed. As a result, our business, financial condition or results of operations may be materially adversely affected. In addition, if we do not comply with the terms of the concession agreements, the concession grantor may also foreclose on the performance bonds that we are required to maintain.

Moreover, our concessions and contracts, including without limitation, those related to our landfill and urban waste management operations, our subway management and operation operations and our railway and toll road concessions, may expire in accordance with their terms and may not be renewed on favorable terms or at all. For a detailed description of these concessions and contracts, including relevant expiration and renewal terms, see “Business—Construction and Toll Road Concessions Segment—Toll Road Concessions,” “Business—Waste Management Segment—Urban Waste Management,” “Business—Waste Management Segment—Landfill Operations” and “Business—Transportation Segment—Subway Network Operation and Maintenance Contract – Urquiza Railway Concession.”

Our participation in UTEs could expose us to risks derived from the other participants' economic and financial situation.

Our subsidiaries may participate in UTEs, or joint ventures, with other companies in order to carry out our operations. Any economic or financial difficulties of third-party participants of the UTE may negatively impact us in the event these difficulties prevent these third-party participants from complying with their respective contributions to the UTEs or meeting their obligations. It is possible that we would have to assume all or part of those commitments in order for the UTE to continue to operate or avoid liability.

The vote by the U.K. electorate in favor of the U.K. exit from the European Union could adversely impact our business, results of operations and financial condition.

On June 23, 2016, the U.K. electorate voted in a general referendum in favor of the U.K. exiting from the European Union (so-called “Brexit”). The resulting process of negotiations between the U.K. and the European Union will determine the future terms of the U.K.'s relationship with the European Union, including

access to European Union markets either during a transitional period or more permanently. As a result of Brexit, we may face new liquidity issues for certain of our indebtedness that is traded on the Euro Market. Additionally, Brexit could adversely affect European or worldwide economic or market conditions and could contribute to instability in global financial markets. Any of these effects of Brexit, and others we cannot anticipate, could have a material adverse effect on our business, results of operations or financial condition.

We are exposed to risks related to the reduction of passengers and traffic volumes.

Our transportation and toll road concessions depend on the amount of passengers utilizing such services and the traffic on our toll roads, respectively. Passenger and traffic volumes may decrease as a result of decreases in economic activity, inflation, increases in the price of fuel, increases in transportation and toll road tariffs, the development of new methods of transportation or changes in the personal preferences or habits of toll road users, among other factors. Any reduction in passenger and traffic volumes may materially adversely affect our business, financial condition or results of operations.

Decreases in governmental spending may materially adversely affect our business, financial condition and results of operations.

Our construction and transportation businesses are directly affected by changes in governmental spending and financing for infrastructure projects. Accordingly, reductions in available governmental spending for infrastructure projects may have an adverse impact on our business, financial conditions and results of operations. Economic downturns generally lead to decreases in the number of new projects awarded, as well as the delay or cancellation of major projects previously awarded (whether or not commenced), which could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially adversely affected by trade union action.

In times of economic or political crisis and/or instability, the level of trade union activity frequently increases. The labor force engaged in our transportation and waste management services is heavily unionized and a strike by workers in either sector can result in a total stoppage of services and, therefore, the suspension of tariff collection. For example, unionized workers on the subway concession went on strike in 2012 for one week. Actions of this nature can reduce our collections and, in general, have a material adverse effect on our business, financial condition or results of operations. For further discussions of our relationships with the unions that represent some of our employees, see “Directors, Senior Management, Members of the Supervisory Committee and Employees—Employees—Unions.”

The loss of members of our senior management or our inability to attract, hire and retain qualified senior management and key personnel could have an adverse effect on us.

We depend on the services rendered by our directors, senior executives, managers and key employees. Our ability to maintain our competitive position depends in large part on the performance of all of them, mainly because of our business model and our growth and expansion strategy. Our future success also depends on our continuous ability to identify, hire, train and retain other qualified members of our staff which comply with certain eligibility criteria required by law. We do not have long-term employment agreements or non-competition agreements with our senior management. There is no assurance that we will succeed in attracting, hiring and retaining qualified senior management personnel. The loss of the services of any of the above mentioned personnel or our inability to attract, hire and retain qualified personnel and related training costs could have an adverse effect on our ability to execute our business strategy.

Unforeseen expenses or investments may materially adversely affect us.

Our ability to acquire new concessions or other assets or companies related to our businesses and satisfactorily meet the obligations under our current projects is subject to fluctuations in costs of labor and raw materials, economic conditions, credit availability, business conditions, performance by our contractors and subcontractors of their contractual obligations, our relationship with the granting authorities, political risks and engineering issues, among others. These factors may significantly increase the costs related to the construction and management of our projects. If we are unable to pass such costs on to our clients, our cash flow, and consequently our business, financial condition or results of operations may be materially adversely affected.

Our businesses are susceptible to operational risks.

Our business, financial condition or results of operations may be adversely affected by natural disasters, adverse weather conditions, operator error, business interruption (through evacuation of personnel, curtailment of services or inability to deliver materials to jobsites in accordance with contract schedules), property or equipment damage and pollution or environmental damage. Although we maintain comprehensive insurance covering our assets and operations at levels that our management believes to be appropriate, such insurance coverage will not be adequate in all circumstances or against all risks.

We and our operations are subject to stringent environmental requirements.

We and our operations are subject to stringent laws and regulations for the protection of the environment. The landfill operations of our waste management services are subject to especially strict environmental protection regulations. Sanctions for any failure to comply with environmental regulations, many of which may be applied retroactively, may include administrative, civil and criminal penalties, revocation of permits and correction orders (including orders to investigate and/or clean up contamination). In addition, project contracts generally include environmental compliance obligations. Any breach of applicable environmental regulations or contractual obligations could adversely affect our business, economic and financial condition and results of operations. In addition, unanticipated regulatory or other developments may increase the amount of future expenditures required to maintain compliance and could materially adversely affect our business, financial condition or results of operations, including our availability of funding for capital expenditures and other purposes.

We are controlled by a small group of individuals, and there is no current succession plan.

As of March 31, 2016, 97.44% of our total capital was owned by Roggio S.A., which, in turn, is controlled by Aldo Benito Roggio and Graciela Amalia Roggio, who are 71 and 68 years old, respectively. Although we rely on professional management to run the businesses of our company, a small group of individuals has the ability to influence the outcome of certain major corporate decisions which require the approval of our shareholders or executive officers. At present, our principal shareholders are working on the development of a succession plan. However, we cannot assure you that any such plan will be developed or, if developed, successfully implemented.

We are a holding company and we conduct our business through our subsidiaries. Our ability to invest in our business developments will depend on our subsidiaries' ability to generate revenues to our investments.

As a holding company, we conduct our operations through our subsidiaries, the primary source of our revenues. Consequently, we do not operate or hold substantial assets, except for equity investments in our subsidiaries. Except for such assets, our ability to invest in our business developments and to repay obligations is subject to the funds generated by our subsidiaries and their ability to generate revenues to our investments. In the absence of such funds, we may have to resort to financing options at unappealing prices, rates and conditions. Additionally, such financing could be unavailable when we may need it.

The industries in which we operate are highly competitive. If we are unable to successfully compete in these markets, our margins could be materially adversely affected.

Our markets are highly competitive, and most of the projects executed by us or our subsidiaries require substantial resources, and in particular highly skilled and experienced technical personnel. Most of our ongoing construction projects and concession businesses were awarded through a competitive bidding process, and we generally face substantial competition for such projects and services. While price is generally the most important factor that determines whether a particular contract or concession will be awarded, other important factors include health, safety and environmental protection records, service quality, technological capacity and performance, as well as reputation, experience, access to funding sources and client relations.

While our construction business is one of the largest and most experienced in Argentina, in recent years we have faced increasing competition, especially for large infrastructure projects, from Brazilian and other Latin American construction companies seeking to export their construction expertise and services which are assisted, in the case of Brazilian companies, by favorable financing terms provided by the *Banco Nacional de Desenvolvimento Economico e Social* (the Brazilian Development Bank, or "BNDES"). In addition, Chinese companies have become active in the sector, and often can obtain financing on favorable terms. The ability to finance projects on favorable terms is not available to us in Argentina or to our local competitors. If we are

unable to effectively compete in the markets in which we operate, our business, financial condition and results of operations may be materially adversely affected.

Unfavorable decisions in our legal or administrative proceedings may materially adversely affect our business, financial condition and results of operations.

We are defendants in legal and administrative proceedings arising from the ordinary conduct of our business, especially with respect to civil, tax and labor claims, which may be decided to our detriment. Adverse rulings that have material economic impacts on our business or impede the execution of our growth plan may materially adversely affect our business, financial condition and results of operations. For more information regarding our legal and administrative proceedings, see “Business—Legal Proceedings”.

In addition, the government currently governs in accordance with Argentine law No. 25,561, as amended (the “Emergency Law”), which grants the current administration significant powers, including the power to unilaterally amend concession agreements in certain circumstances.

Certain property dedicated to the provision of public services in Argentina may not be subject to attachment to secure a judgment.

Under Argentine law, attachment as a provisional measure and post-judgment attachment to secure a judgment will not be ordered by an Argentine court with respect to property which is located in Argentina and which is determined by such courts to be dedicated to the provision of essential public services. A portion of our assets may be considered by such court to be dedicated to the provision of an essential public service. If an Argentine court were to make such a determination with respect to certain of our assets, such assets would not be subject to attachment, execution or other legal process as long as such determination stands, and the ability of our creditors to realize a judgment against such assets may be adversely affected.

Risks Relating to the Notes

The Indenture and certain of our existing debt agreements contain various covenants that could restrict and/or limit the operation of our business.

The Indenture and our existing debt agreements contain various provisions that will limit our discretion in the operation of our business by restricting our ability to:

- sell assets;
- pay dividends and make other distributions;
- redeem or repurchase our capital stock;
- incur additional debt and issue capital stock;
- create liens;
- consolidate, merge or sell substantially all of our assets;
- enter into certain transactions with our affiliates;
- make loans, investments or advances;
- repay subordinated indebtedness;
- undergo a change in control;
- enter into certain transactions with our affiliates; and
- enter into sale and leaseback transactions.

These restrictions on our ability to operate our business in our discretion could seriously harm our business by, among other things, limiting our ability to take advantage of financing, mergers and acquisitions and other corporate opportunities. In addition, certain of our debt agreements are also subject to various

additional financial maintenance tests, some of which were not complied with as of December 31, 2015, but for which we obtained waivers from the lenders thereto. If in the future we were to breach these covenants and were unable to obtain waivers from our creditors, they could accelerate those loans. To the extent these existing debt agreements remain outstanding after the application of the proceeds of the issuance of the Notes, events beyond our control could affect our ability to meet these financial tests, and we cannot assure you that they will be met.

Clisa and its subsidiaries, including the Guarantors, may incur additional indebtedness ranking equal or senior to the Notes, which could adversely affect our financial health and our ability to satisfy our outstanding debt obligations.

As of March 31, 2016, we had Ps.4,534.7 million (approximately U.S.\$308.5 million) of indebtedness, of which Ps.2,435.6 million (approximately U.S.\$165.7 million) was secured indebtedness. We intend to use the net proceeds from this offering to repay a significant amount of our existing indebtedness as described under “Use of Proceeds”. However, the Indenture will permit Clisa and its subsidiaries, including the Guarantors, to incur additional debt, including debt that ranks on an equal and ratable basis with the Notes or on a senior or secured basis subject to the restrictions set out in “Description of Notes—Limitation on Incurrence of Additional Indebtedness” and “—Limitation on Liens.” If Clisa and/or the Guarantors incur additional debt or guarantees that rank on an equal and ratable basis with the Notes, the holders of that debt (and beneficiaries of those guarantees) would be entitled to share ratably with the holders of the Notes in any proceeds that may be distributed upon the insolvency, liquidation, reorganization, dissolution or other winding-up of Clisa or the Guarantors, as the case may be. Further, if Clisa and/or the Guarantors incur additional secured debt or guarantees, the holders of that debt (and beneficiaries of those guarantees) would be entitled to preferential rights vis-à-vis the rights of the holders of the Notes. The terms of the Notes will allow, subject to certain limitations, the Company and its subsidiaries to secure assets in connection with a broad range of circumstances, and any secured debt will be effectively senior to the Notes (up to the value of the security). Holders of secured debt would also be given preferential rights to proceeds upon our insolvency, liquidation, reorganization, dissolution or other winding-up of Clisa or the Guarantors, as the case may be. These factors would likely reduce the amount of any liquidation proceeds that would be available to be paid to holders of the Notes. For a further description of the ability of Clisa and its subsidiaries to incur debt, see “Description of Notes—Covenants—Limitation on Incurrence of Additional Indebtedness” and “—Limitation on Liens.”

In addition, our indebtedness could have important consequences. For example it could:

- make it more difficult for us to satisfy our obligations with respect to the Notes or our other indebtedness;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital and other activities;
- limit our flexibility in planning for, or reacting to, changes in our business and industry, which may place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit, particularly in concert with the financial and other restrictive covenants in our indebtedness, our ability to borrow additional funds or take other actions.

The claims of holders of the Notes against Clisa and the Guarantors are structurally subordinated to all existing obligations of our subsidiaries that do not guarantee the Notes.

Clisa is a holding company and the primary source of its revenues to enable it to make any payments under the Notes is from the operating revenues of its subsidiaries. Cliba and BRH, two of Clisa’s direct subsidiaries, in the construction and waste management segments, will Guarantee the Notes on the issue date. Many of the operating entities within those segments as well as the operating entities within Clisa’s other segments, including transportation, are not subsidiary guarantors.

As of December 31, 2015, on a combined stand-alone basis, Cliba and BRH jointly accounted for Ps.1,811.1 million, or 43.3%, of our consolidated net assets before group eliminations. For the same year, the

total Adjusted EBITDA of Cliba and BRH, on a combined stand-alone basis, was Ps.367.3 million, or 31.1%, of our total Adjusted EBITDA.

As of December 31, 2015, our subsidiaries that will not guarantee the Notes accounted for Ps.934.8 million, or 26.4%, of our consolidated net assets before group eliminations. For the same year, the total Adjusted EBITDA of our subsidiaries that will not guarantee the Notes accounted for Ps.174.8 million, or 14.8%, of our total Adjusted EBITDA.

As of March 31, 2016, our indebtedness totaled Ps.4,534.7 million (approximately U.S.\$308.5 million), of which Ps.1,089.7 million (approximately U.S.\$74.1 million) was held by subsidiaries that are not subsidiary guarantors. The Indenture governing the Notes will permit the non guarantor subsidiaries of Clisa to incur significant indebtedness subject to the restrictions set out in “Description of Notes—Limitation on Incurrence of Additional Indebtedness.”

Clisa’s subsidiaries are separate and distinct legal entities and will have no direct obligations, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether in the form of loans, dividends or otherwise other than the Guarantors pursuant to the Guarantees. Accordingly, since a substantial portion of its assets are, and will be, held by operating subsidiaries, any claims against Clisa in respect of the Notes will be structurally subordinated to all existing obligations and liabilities (whether or not for borrowed money) of such subsidiaries. Furthermore, the Indenture does not limit the ability of any subsidiary, including the Guarantors, to make investments in, or payments to, or transfer assets to, any other subsidiary or affiliate, including subsidiaries and affiliates that are not guarantors of the Notes. In addition, the requirements with respect to ensuring future subsidiaries become subsidiary guarantors are subject to numerous limitations, and the percentage of assets or Adjusted EBITDA represented by subsidiary guarantors could decrease in the future. Clisa’s right as a shareholder to participate in the distribution of assets of any of its subsidiaries, upon the liquidation thereof, will be structurally subordinated to the prior claims of such subsidiaries’ creditors (whether or not such claims are for borrowed money). In addition, any consequential claims against the Guarantors may also be subject to the same structural subordination issues described above in relation to the existing obligations and liabilities of the operating subsidiaries of such Guarantors.

Clisa and its Restricted Subsidiaries may make unlimited investments in non-recourse subsidiaries and joint ventures subject to certain conditions.

Clisa and its Restricted Subsidiaries are generally limited in their ability to make restricted payments as further described in “Description of Notes—Covenants—Limitations on Restricted Payments.” Under the carve-outs to the covenant, however, Clisa and its Restricted Subsidiaries may make unlimited investments in non-recourse subsidiaries or joint ventures, as long as Clisa meets its debt incurrence ratios under “Description of Notes—Covenants—Limitation on Incurrence of Additional Debt” and the relevant subsidiary or joint venture are not outside the scope of permitted business. This carve-out, which is further described, including defined terms, in “Description of Notes,” allows, under these limitations, funds that could be applied to payments of principal and interest under the Notes to instead be invested in non-recourse subsidiaries or joint ventures, which may limit the amounts available to pay amounts due under the Notes. In addition, these non-recourse subsidiaries or joint ventures may be limited, by contract or otherwise, in their ability to pay dividends or distributions to Clisa or its Restricted Subsidiaries.

The Notes constitute a new issue of securities for which there is no existing market, and Clisa cannot assure you that you will be able to sell your Notes in the future.

Although an application has been made for the securities to be listed on the Global Exchange Market of the Irish Stock Exchange, the Merval and the MAE, the Notes are new securities with no established trading market, and there can be no assurance that a liquid trading market for the Notes will develop or, if one develops, that it will be maintained. If an active market for the Notes does not develop, the price of the Notes and the ability of a holder of the Notes to find a ready buyer will be adversely affected. As a result, an investor may be unable to sell the Notes at a price equivalent to, or higher than, the price paid to purchase the Notes.

If such market were to develop, the Notes could trade at prices that may be lower than the face value of the Notes, depending on many factors including some beyond our control. Furthermore, the liquidity of, and trading market, if any, for the Notes may be adversely affected by changes in interest rates and by volatility in the market for similar securities as well as by any changes in our business, economic and financial condition or results of operations.

The market for Argentine securities is substantially smaller, less liquid and potentially more volatile than the markets for securities from the United States and other developed countries. These market characteristics may significantly limit the ability of the holders of the Notes to sell the Notes at the price and time desired, which may adversely affect the price of the Notes.

Clisa may be unable to satisfy its Note-purchase obligations upon a change of control.

Upon the occurrence of a Change of Control Triggering Event (as defined in “Description of Notes”), each holder of the Notes may require Clisa to purchase all or a portion of such holder’s Notes at a purchase price equal to 101% of the aggregate principal amount of such holder’s Notes, together with accrued and unpaid interest and Additional Amounts, if any, to the date of purchase. In such event, Clisa may not have the financial resources sufficient to purchase all of the Notes and its other indebtedness that might become payable upon the occurrence of a Change of Control Triggering Event. For further information, see “Description of Notes—Change of Control Triggering Event”.

Further, the repurchase of the Notes will be deemed a prepayment of its external debt obligations. Regulations issued by the BCRA allow Clisa to make principal prepayments under its foreign external debt as long as certain requirements are fulfilled. It is possible that if Clisa has to repurchase the Notes upon the occurrence of specified Change of Control Triggering Event, it may be unable to comply with these regulatory requirements.

Redemption may adversely affect your return on the Notes.

We have the right to redeem some or all of the Notes prior to maturity, as described under “Description of Notes—Optional Redemption.” We may redeem the Notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Failure of Clisa, the Guarantors or any of their subsidiaries to comply with certain of their financial obligations once they become due and payable could result in a default by Clisa and a cross-default of our repayment obligations under the Notes and other agreements.

Clisa, the Guarantors and their subsidiaries are subject to numerous financial obligations, including obligations under existing debt facilities and obligations to suppliers. If certain of Clisa’s financial obligations, the financial obligations of either of the Guarantors, or of any subsidiary thereof becomes due and payable prematurely by reason of an event of default (however described) or any of those parties fail to make any payment in respect of any of those financial obligations on the due date for such payment, or any security given by Clisa, the Guarantors or any of their subsidiaries for any financial obligation becomes enforceable and steps are taken to enforce the same, it could result in the acceleration of the obligations under these Notes and could trigger cross-default provisions under other agreements.

Fraudulent conveyance laws and other limitations on the enforceability and the amount of the Guarantees may adversely affect the validity and enforceability of the Guarantees.

The Guarantors have guaranteed the payment of the Notes. The Guarantees provide a basis for a direct claim against the Guarantors; however, it may be possible that the Guarantees may not be enforceable under Argentine law. While Argentine law does not prohibit the giving of guarantees and, as a result, does not prevent the Guarantees from being valid, binding and enforceable against the Guarantors, in the event that a Guarantor becomes subject to a reorganization proceeding or to bankruptcy, the Guarantees, if granted within two years from the date of suspension of payments of a Guarantor, may be deemed to have been a fraudulent transfer and declared void with respect to such Guarantor, if it is determined that such Guarantor did not receive a fair consideration in exchange for granting the Guarantees. According to prevailing judicial precedent, the validity and enforceability of the Guarantees, as granted by Guarantors that are Argentine entities, requires that the issuance of the Guarantees in favor of third party debts be within the Guarantors’ corporate purpose, the Guarantees be in the best interest of the Guarantors and that the Guarantors receive fair and adequate consideration for granting the Guarantees.

The Notes are subject to transfer restrictions.

The Notes have not been, and will not be, registered under the Securities Act, any state securities laws or any jurisdiction other than the jurisdiction of Argentina, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a

transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A under the Securities Act. For further information, see “Transfer Restrictions” and “Plan of Distribution.”

The obligations undertaken by Clisa pursuant to the Notes are subordinate to the payment of other claims established by Argentine law.

Pursuant to the laws of Argentina, indebtedness like the debt represented by the Notes which is not secured by a security interest in property owned by Clisa is subordinate to the payment of certain obligations established by law. In the event of Clisa’s bankruptcy, reorganization proceedings or liquidation, these prioritized obligations set forth by law, including any claims for employee of salaries up to a certain limit; payment of compensation following occupational accidents; any claims for fiscal or social security debts; labor claims up to a certain limit; any credit secured up to the limit of the security interest; or fiscal credit, will have priority over other unsecured claims, including claims of investors represented by the Notes.

Clisa cannot assure investors that a judgment of a court for liabilities under the securities laws of a jurisdiction outside Argentina would be enforceable in Argentina, or that an original action can be brought in Argentina against Clisa for liabilities under applicable securities laws.

Clisa and the Guarantors are incorporated under the laws of Argentina, and a substantial portion of their assets are located in Argentina. Substantially all of their directors, executive officers and certain advisors named herein reside in Argentina. As a result, it may not be possible for investors to effect service of process within the United States upon Clisa or the Guarantors or their directors, executive officers or advisors, or to enforce against Clisa or the Guarantors or their directors, executive officers or advisors, in U.S. or Argentinean courts, any judgments predicated upon the civil liability provisions of applicable securities laws. In addition, it may not be possible to bring an original action in Argentina against Clisa or the Guarantors for liabilities under the securities laws of the United States or other jurisdictions or to enforce the Notes or the Guarantees if the Indenture (including the Guarantees) or the Notes were to be declared void by a court applying the laws of the State of New York.

Any reduction in the credit ratings of the Notes could materially and adversely affect our business, financial condition or results of operations.

The ratings of the Notes address the likelihood of payment of principal at the maturity of the Notes. The ratings also address the timely payment of interest on each interest payment date. The ratings of the Notes are not a recommendation to purchase, hold or sell the Notes, and the ratings do not comment on market price or suitability for any particular investor. We cannot assure you that the ratings of the Notes will remain for any given period of time or that the ratings will not be lowered or withdrawn. The assigned ratings may be raised or lowered depending on the rating agencies’ respective assessment of our business or financial strength, as well as their assessment of Argentine sovereign risk generally.

In addition, credit ratings impact the interest rates we pay on funds that we borrow and the market’s perception of our financial strength. If the ratings on the Notes were reduced and the market were to perceive any such reduction as a deterioration of our financial strength, our cost of borrowing would likely increase and our cash flows, business, financial condition or results of operations could be materially adversely affected.

You may not be able to enforce your claims in Argentina.

Clisa and each of the Guarantors are corporations organized under the laws of Argentina. Most of their directors, members of the Supervisory Committee and officers and certain experts named herein reside in Argentina. All or a substantial portion of their assets, and the assets of their directors, are located in Argentina.

Under Argentine law, enforcement of foreign judgments would be recognized, provided that the requirements of Sections 517 through 519 of the Argentine Federal Code of Civil and Commercial Procedures (*Código Procesal Civil y Comercial de la Nación*) are complied with, including the requirement that the judgment does not violate the principles of public policy of Argentine law, as determined by an Argentine court. There can be no assurance that an Argentine court would not deem the enforcement of foreign judgments condemning Clisa and/or either of the Guarantors to make a payment under the Notes or the Guarantees in foreign currency and outside of Argentina to be contrary to Argentine public policy, if at the time the judgment

is rendered, there are legal restrictions prohibiting Argentine debtors or guarantors from transferring foreign currency outside of Argentina to cancel indebtedness.

The limitations imposed on creditors' rights in Argentina and the ability to foreclose on certain guarantees may adversely impact you.

The Argentine Federal Government passed various laws and regulations in the past limiting the ability of creditors to foreclose on collateral and to exercise their rights pursuant to guarantees and similar instruments upon the occurrence of a default by a debtor under a financing agreement. Such limitations restricted Argentine creditors from initiating collection actions and/or lawsuits to recover the repayment of defaulted loans. There can be no assurance that the Argentine Federal Government will not pass other restrictive rules and regulations limiting the ability of creditors to enforce their respective rights pursuant to debt agreements, guarantees and similar instruments. This could affect your ability to enforce the Guarantees or to pursue any payment under the Notes through the foreclosure of any of Clisa's assets.

Restrictions on the transfer of funds outside of Argentina may affect our ability to make payments in connection with the Notes.

There are restrictions on the transfer of funds outside of Argentina, which impacts the ability of companies to retain foreign currency or make payments abroad. While such restrictions have diminished, including those that used to require the prior approval of the BCRA in order to transfer funds abroad to make payments of principal and/or interest of foreign debts, the Argentine Federal Government may reinstate said restrictions in response to, among other circumstances, outflow of capital or a significant devaluation of the *peso*. In that case, Clisa's ability to make payments abroad may be affected and therefore the ability to receive payments in respect of the Notes might be adversely affected.

Also, foreign exchange control regulations do not specifically provide access to non-financial private sector companies issuing performance bonds or guarantees with respect to repayment of foreign debts incurred by residents with access to the local exchange market. If the Guarantors need to use funds located in Argentina in order to comply with their obligations under the Guarantees, they may first need to obtain the BCRA's approval. Such approval is granted at the sole discretion of the BCRA. For a description of the current restrictions on exchange controls, see "Foreign Exchange Controls."

In case Clisa files a petition for a concurso preventivo or an acuerdo preventivo extrajudicial, holders of the Notes will vote differently from other unsecured creditors.

In case Clisa files for a petition seeking reorganization or an arrangement with creditors or a *concurso preventivo de acreedores*, or an *acuerdo preventivo extrajudicial* ("APE"), which would ordinarily be applicable to the Notes, the Notes will be subject to the provisions of Law No. 24,522, as amended, or the Bankruptcy Law and the provisions of the Indenture regarding the voting powers of the holders of the Notes, and other regulations applicable to such type of reorganizations and, consequently, the Negotiable Obligations Law will not apply.

The Bankruptcy Law establishes, for the holders of securities issued in a series such as the Notes offered hereby, a differential voting procedure from the other unsecured creditors in relation to the calculation of the required majority under such law. Said majority equals to creditors representing two-thirds of the unsecured debt. In accordance to said differential procedure, the bargaining powers of the holders of the Notes can be significantly lower than the rest of Clisa's creditors.

In particular, Section 45 bis of the Bankruptcy Law establishes that in the case of securities issued in a series, such as the Notes, the issuer will obtain internal consent to a reorganization proposal and/or a restructuring agreement by means of a procedure described as follows: (1) holders of the Notes will gather in a meeting called by the trustee or the bankruptcy judge; (2) in such meeting the holders of the Notes will agree to or reject the insolvent company's proposal and, in case the proposal is accepted by the creditors, the holders of the Notes will express their preferences to the alternatives proposed by the insolvent company; (3) the agreement to the proposal will be calculated taking into account the principal amount represented by those holders of the Notes who vote favorably to the proposal and be considered as granted by one person. The rejection to the proposal will also be considered as issued by one person; (4) the agreement will be made public by the trustee or any other person appointed by the holders of the Notes; (5) the meeting of holders of the Notes will not be needed in case the trust or the applicable law establishes an alternative method of obtaining the consent of the holders of the Notes, provided that the judge finds it adequate; (6) in case the trustee is declared

admissible as creditor under the proceeding (in accordance to Section 32 bis of the Bankruptcy Law), he can split its vote in two to represent those holders of the Notes who vote favorably and those who reject the proposal. For calculating the majority, said votes will be calculated as issued by two persons; (7) the same procedure will be applicable to other collective representatives; and (8) in all the cases, the judge can issue measures to assure the participation of the creditors and the regularity of the procedure to obtain their conformity.

In addition, there are some legal precedents where it was decided that those holders of the Notes who did not attend the meeting or did not vote will not be considered for purposes of calculating the majorities of creditors representing two-thirds of the debtor's unsecured debt.

Therefore, in case Clisa files for a petition seeking reorganization or an arrangement with creditors, or an APE, the bargaining power of the holders of the Notes in relation to other creditors can be adversely affected as a consequence of applicable Bankruptcy Law and the aforementioned legal precedents.

The perception of higher risk in other countries, especially in emerging economies, may adversely affect the Argentine economy, our business and the market price of Argentine securities issued by Argentine issuers, including the Notes.

Emerging markets like Argentina are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Argentina and adversely affect the price of the Notes. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Argentina and adversely affect the Argentine economy in general, and the interest of investors in the Notes, in particular in Argentina. Clisa cannot assure you that the value of the Notes will not be negatively affected by events in other emerging markets or the global economy in general.

Holders of the Notes will not be entitled to registration rights, and we do not currently intend to register the Notes under applicable securities laws. There are restrictions on your ability to transfer or resell the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws, and we do not currently intend to register the Notes, other than in the jurisdiction of Argentina. The holders of the Notes will not be entitled to require us to register the Notes for resale or otherwise. Therefore, you may transfer or resell the Notes only in a transaction registered under or exempt from the registration requirements of the Securities Act and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See "Transfer Restrictions."

Because the Notes are represented by global securities registered in the name of a depository, you will not be a "holder" under the Indenture and your ability to transfer or pledge the Notes could be limited.

Because the Notes are represented by global securities registered in the name of a depository, you will not be considered a "holder" under the Indenture and your ability to transfer or pledge the Notes could be limited. The Notes will be represented by one or more global securities registered in the name of Cede & Co., as nominee for DTC. Except in the limited circumstances described in this Offering Memorandum, owners of beneficial interests in the global securities will not be entitled to receive physical delivery of the Notes in certificated form and will not be considered "holders" of the Notes under the Indenture for any purpose. Instead, owners must rely on the procedures of DTC and its participants to protect their interests under the Indenture and to transfer their interests in the Notes. Your ability to pledge your interest in the Notes to persons or entities that do not participate in the DTC system may also be adversely affected by the lack of a certificate.

EXCHANGE RATES

The following table sets forth the low, high, average and period-end exchange rates for the periods indicated, expressed in *pesos* per U.S. dollar and not adjusted for inflation. For the annual periods, the average exchange rate is calculated by using the average of Banco Nación's reported selling exchange rates on the last day of each month. For the monthly periods, the averages are calculated using the averages of the lowest and highest daily selling rates in the period. The exchange rate as of June 22, 2016, was Ps.14.070 per U.S.\$1.00.

<u>Year ended December 31,</u>	Exchange Rates			Year End
	Low	High	Average ⁽¹⁾	
2010.....	3.794	3.988	3.924	3.976
2011.....	3.972	4.304	4.145	4.304
2012.....	4.304	4.918	4.578	4.918
2013.....	4.925	6.521	5.546	6.521
2014.....	6.545	8.557	8.227	8.551
2015.....	8.555	13.400	9.447	13.040

<u>2016</u>	Exchange Rates			Period End
	Low	High	Average ⁽²⁾	
January.....	13.200	13.960	13.580	13.960
February.....	14.130	15.800	14.965	15.800
March.....	14.390	15.800	15.095	14.700
April.....	14.050	14.790	14.420	14.250
May.....	13.920	14.240	14.080	13.991
June (through June 22).....	13.745	14.070	13.908	14.070

- (1) Represents the average exchange rate, which is calculated by using the average of Banco Nación's reported selling exchange rates on the last day of each month during an annual period.
- (2) Represents the average of the lowest and highest daily selling rates in the period.

FOREIGN EXCHANGE CONTROLS

Measures Adopted as a Result of the Implementation of Foreign Exchange Controls in Argentina

During the first quarter of 2002, as the economic crisis increased, the Argentine Federal Government imposed exchange restrictions and controls which were gradually relaxed towards the end of 2002.

Foreign Exchange Controls

As of December 2001, Law No. 25,561 declared a public emergency with respect to social, economic, administrative, financial and exchange matters (which was extended by Law No. 27,200 until December 31, 2017), Argentine authorities implemented a series of monetary and exchange controls including limitations on the withdrawal of funds deposited in local banks and restrictions or prohibitions to the transfer of hard currency abroad. At the beginning of 2002, through Decree No 260/2002 Argentine authorities established the MULC through which all foreign currency transactions must be channelled. These transactions must be done at an exchange rate freely agreed, but subject to regulations issued by BCRA.

On June 9, 2005, the Argentine government issued Decree No. 616/2005, pursuant to which, all foreign currency inflow not deemed a foreign trade transaction, direct foreign investment or an initial public offering of debt instruments authorized by CNV in Argentina and quoted in a self-regulated exchange market would be subject to a fixed, non-remunerated deposit of 365 days to be made at a local financial institution. Such deposit had to be made in U.S. Dollars in an amount equivalent to 30% of the amounts transferred to the local market and could neither be assigned to third parties nor used as collateral for any other transaction. Afterwards, communications issued by BCRA regulated such deposits and established certain exceptions, including loans of which the proceeds were to be applied towards repayment of other loans with foreign creditors or for purposes of long-term investments to be made by local residents outside Argentina and financial loans with an average duration of at least, two years and applied towards the acquisition of non-financial assets, including investments in fixed assets or inventories to be made by the debtor.

On December 18, 2015, Decree No. 616/2005 was amended through Resolution No. 3/2015 issued by the Ministry of Public Finances, by reducing (i) the percentage for the fixed deposit above from 30% to 0%; and (ii) the mandatory lock-up period for funds disbursed in Argentina in connection with new financial indebtedness incurred by local residents, granted by foreign creditors and converted into *pesos* through the MULC, from 365 days to 120 calendar days as of inflow of the relevant funds.

By the end of 2015 and start of 2016, most of the foreign exchange restrictions in force were either eliminated or softened, and the general framework of the MULC modified, mainly in connection with transfers of foreign currency to and from Argentina. However, it cannot be assured that in the future such eliminations will not be reinstated and, if so, if new restrictions will be more or less permissive than in the past.

Inflow

Capital

As of December 17, 2015, new borrowings granted by foreign creditors to the local private financial sector, local private non-financial sector and local governments, will not be subject to mandatory transfer and channeling of funds through the MULC. Settlement of funds through the MULC will be necessary as a condition to access such MULC only for repayment purposes (principal and interest). If funds are transferred to local foreign currency-denominated accounts, such funds must be channelled through the MULC (BCRA Communication "A" 5850).

Foreign currency-denominated debt instruments issued by financial or non-private sector entities, from which principal and interest are not payable exclusively in *pesos* in Argentina, must be subscribed for in foreign currency and such proceeds must be channeled through the MULC. Until then, funds must remain deposited in local financial entities. Subscription in *pesos* of foreign currency-denominated debt instruments or issuance of foreign currency-denominated debt instruments in exchange for notes or indebtedness in *pesos* is allowed only if the amounts due under the new issuance of foreign currency-nominated indebtedness are payable in *pesos* in Argentina. Proceeds from the channeling of funds must be credited to a current account in the name of the client at a local financial institution (Communications BCRA "A" 3820 and 5265, as amended and supplemented).

For borrowings intended to finance local entities' activities under public concessions, the MULC may be accessed to acquire foreign currency in an amount equal to the indebtedness so long as the amount is applied towards acquiring goods and services for that project. Additionally, the borrowing must have an average term (including payments of principal and interest) of at least five years, and at least 50% of the funds must be applied towards financing public services infrastructure projects lasting more than two years. The funds must be deposited in a special account especially created to pay for infrastructure works under the concession agreements.

New borrowings channeled through the MULC and renewals of foreign debt by local private financial and non-financial sectors, channeled or renewed as of December 17, 2015, must be agreed and maintained for a minimum term of 120 calendar days (as of the entry of funds into Argentina), cannot be cancelled prior to the expiration of that period, whatever the form of cancellation of the foreign obligation and regardless of whether such prepayment or repayment is made to access the MULC (BCRA Communications "A" 5265 and 5850). This minimum term is also applicable to debt renewals.

Initial public offerings of debt instruments authorized by the CNV and quoted in exchange markets, and balances of correspondence from entities authorized to operate in the exchange market (for so long as such balances do not constitute a credit line, in which case requirements for financial loans apply) are exempted from the restrictions set out above.

The minimum term required by foreign exchange regulations for the renewal of foreign financial debts incurred before December 17, 2015, will be deemed complied with if payments of principal are made as part of a refinancing process, for so long as: (i) such payments may be applied towards payment of principal installments due and outstanding at least for 365 days before the date of access to the MULC, even if the refinancing agreement was executed within a shorter period; or (ii) the refinancing proposal was submitted for consideration by the foreign creditors at least 365 days before the date of access to the MULC, and provided that such proposal includes all financing transactions with due dates older than the date of the proposal.

Outflows

Rent Payments (interests, dividends)

Access to the MULC is allowed for the payment of interest on unpaid debts or on debts cancelled simultaneously with the payment of interest, subject to the following conditions: (i) if applicable laws allow for the payment of the indebtedness corresponding to the interests being paid and if all other conditions for payment of principal are met; (ii) if currency settlement is made not more than ten business days in advance as of the due date of each interest payment date; and (iii) if payment of interest corresponds to outstanding amounts accrued as of the date of currency settlement for the sale of foreign currency originating such foreign indebtedness, or, as of the effective disbursement date, if the funds were credited to correspondent accounts of entities authorized for settlement through the MULC, within 48 business hours as of disbursement date.

Before authorizing any interest payment, the financial entity must verify the submission by the client, if applicable, of a debt affidavit of the indebtedness in accordance with the reporting requirements set forth in BCRA Communication "A" 3602, as supplemented, and of a statement required by the survey of direct investments set out in BCRA Communication "A" 4237, if the foreign creditor belongs to the same economic group as the debtor.

Pursuant BCRA Communication "A" 5377, the MULC may be accessed for purposes of transferring abroad dividends, for so long as such dividends correspond to issued financial statements approved and certified by external auditors bearing all formalities applicable to the certification of annual financial statements.

Foreign Indebtedness

Payments of principal of foreign financial debts incurred by debtors in the financial and non-financial private sector (save in cases of initial public offerings of debts instruments listed in exchange markets and balances of correspondence from entities authorized to operate in the foreign exchange market, for so long as such balances do not constitute credit lines, in which case all requirements for inflow of financial loans must be met), will be made through the MULC solely after 120 calendar days as of settlement of foreign currency in such market.

In the case of foreign financial indebtedness, channeled through the MULC as of December 17, 2015, financial and non-financial private sector debtors will have access to the MULC for payments of principal of

their foreign indebtedness, in advance at any time, whether in whole or in part, as long as the applicable minimum term requirement are met.

Pursuant to BCRA Communications “A” 5604 and 5850, for foreign financial indebtedness settled through the MULC until December 16, 2015, financial and non-financial private sector debtors will have access to the MULC for advance payment of principal, in the following cases:

- at any time within a ten business days before maturity, provided that the applicable minimum remaining term is observed;
- within such reasonable period as is required for operating reasons for payment to the creditor at maturity of principal installments, the payment whereof depends upon the occurrence of specific conditions expressly contemplated in the relevant contract;
- for prepayments for terms longer than ten business days before maturity, whether in whole or in part, as long as the applicable minimum remaining term is complied with and if (i) payment is totally financed with inflow of funds for capital contributions; or (ii) all payments to be made in order to carry out the transaction be financed with the settlement through the MULC of new indebtedness with foreign creditors and/or by issuance of notes or other debts instruments complying with the conditions to be deemed foreign issuances.

The preceding condition will be deemed fulfilled in the case of transactions involving foreign liabilities of more than one resident entity, belonging to the same economic group, when such condition is met on an aggregate basis.

For prepayments of more than ten business days of notes or other debt instruments complying with the conditions to be deemed foreign issuances and being listed on stock exchanges, access to the MULC is allowed for repurchase and prepayment in amounts exceeding the nominal value of such notes or instruments, for so long as the transaction is within market conditions. Access to MULC will also be allowed for other circumstances related to prepayment of financial indebtedness with international entities, official credit agencies and foreign banks, provided that such prepayments are contemplated in the relevant agreements and for so long as the relevant entity evaluates the reasonableness of the amounts involved as part of the verification of the transaction.

All prepayments of principal must be made to the creditor or the payment agent for immediate payment to the creditor, and the indebtedness will not accrue interest over the prepaid amounts as of the effective payment to the creditor.

Further, pursuant to BCRA Communication “A” 5899, entities are permitted to grant access to the MULC for payment of principal and interest on foreign financial indebtedness, without settlement of foreign currency through the MULC, originated in a financing granted by a foreign seller for the purchase of direct investment assets in Argentina and/or non-financial non-produced assets, so long as certain documentary and operating requirements are met.

Guarantees

Regulations on foreign exchange controls do not currently provide for access to the local exchange market by non-financial private sector companies which have issued performance guarantees or security interests with respect to repayment of foreign debts incurred by residents. Should such companies need to use funds located in Argentina to comply with obligations incurred under such guarantees, the BCRA’s approval should be obtained prior to the making of such payment with funds located in Argentina.

Sales of Foreign Currency to Non-Residents

By the end of 2015, the BCRA introduced amendments in order to reorganize the provisions related to access to the MULC by non-residents, regulated by Central Bank Communication “A” 4662. The new regulations were set forth in Central Bank Communication “A” 5850 and 5899.

Such amendments established that no previous authorization by the BCRA will be required for the purchase of foreign currency by a non-resident for so long as, in each case, the relevant entity receives all requisite supporting documents and all other requirements for the purchase and transfer of foreign currency are met when the transactions are carried out by, or correspond to collections in Argentina of (among others):

1. Repatriation of direct investments in the non-financial private sector, in companies not in controlled by local financial institutions, and/or in real estate, for so long as the foreign beneficiary is either an individual or a legal entity residing or incorporated or domiciled in domains, jurisdictions, territories or countries considered “cooperating for tax transparency purposes” in connection with Section 1 of Decree No. 589/2013, as amended and supplemented, by, among others, sale and/or settlement of the direct investment.

2. Collection of services or settlement for sale of other portfolio investments (and their revenues), for so long as the foreign beneficiary is either an individual or a legal entity residing or incorporated or domiciled in domains, jurisdictions, territories or countries considered “cooperating for tax transparency purposes” in connection with Section 1 of Decree No. 589/2013, as amended and supplemented. Repatriations of portfolio investments include, among others, local bonds issued in *pesos* and in foreign currency, payable locally. Non-residents will have access to the MULC in order to repatriate their investment without prior approval by the BCRA, for so long as the minimum lock-up 120-day period is met (as of the date of settlement of funds in Argentina).

Foreign investment portfolio by residents

Pursuant to Central Bank Communications “A” 5850, 5899 and 5963, resident individuals, private sector legal entities incorporated in Argentina which are not authorized to operate in the MULC, estates and other legal entities incorporated in Argentina and local governments will access the MULC without prior approval by BCRA for the following transactions: foreign investment in real estate, loans granted to non-residents, contributions of foreign direct investments by residents, foreign portfolio investments by individuals, other foreign investments by residents, foreign portfolio investments by legal entities, purchase of foreign currency to be held in Argentina, traveller-checks and certain donations: in each case, subject to the following conditions:

(i) The transactions do not exceed U.S.\$5,000,000 within any given calendar month and in the aggregate of all entities authorized to operate in the foreign exchange market.

(ii) The intervening entity receives an affidavit from the client stating that with the relevant transaction, all limits in the aggregate of all entities authorized to operate in the foreign exchange market are met.

(iii) For purchases of foreign exchange currency exceeding U.S.\$500 per calendar month in the aggregate of entities authorized to operate in the foreign exchange market, the relevant transaction may only be perfected through debit against a current account held at a local financial institution in the name of the client, or by means of transfer *via* Electronic Payment Means (“MEP”) to the intervening entity, of the relevant funds from current accounts in the name of the client held in a financial institution, or by payment with check against the client’s account.

(iv) In case of sale of foreign currency to residents for foreign portfolio investments, the transfer must be addressed to an account in the name of the client making the exchange transaction, held in foreign financial institutions, investment banks or other foreign institutions providing financial services and controlled by foreign banks, not incorporated in countries or territories not deemed “cooperating for tax transparency purposes” pursuant to Section 1 of Decree 589/2013, as supplemented, or in countries or territories in which Recommendations from Financial Action Task Force (“FATF”) are not (or are insufficiently) regarded. To that extent, such countries or territories will be those indicated by FATF (www.fatf-gafi.org).

Further, residents are permitted to access the MULC in excess of the limit set forth in (i) above, when (y) such funds are applied simultaneously to the payment to residents for acquisition of real estate in the country, by means of deposit or transfer to local bank accounts denominated in foreign currency held by the seller; and (z) sales of foreign assets of the relevant resident are registered in the MULC, for purposes of acquisition of foreign currency for up to the amount of such sales.

For a detailed list of all the exchange restrictions and controls upon the inflow and outflow of capitals from Argentina, effective at the date hereof, investors are strongly recommend to consult with their legal counsels and read all foreign trade and exchange regulations published by the BCRA, Decree No. 616/2005, Resolution No. 3/2015 by the Ministry of Public Finances and Criminal Foreign Exchange Law No. 19,359, as supplemented and amended, for the purposes of which all interested parties may consult the Ministry of Public Finances’ legislation website (<http://www.infoleg.gov.ar>), the Ministry of

Public Finances' website (<http://www.economia.gob.ar>) and in the BCRA's website (<http://www.bcra.gob.ar>). These websites do not form a part of this Offering Memorandum.

USE OF PROCEEDS

We estimate the net proceeds from the issuance and sale of the Notes to be approximately U.S.\$192.5 million after deducting fees, commissions and expenses, including fees and expenses of the initial purchasers, independent accountants, U.S. and Argentine counsels and publication costs. We intend to use the majority of the net proceeds of this offering for debt refinancing, including, but not limited to, the purchase of the Series 4 Notes that are tendered and in respect of which related consent are delivered in connection with the Tender Offer and Consent Solicitation, subject to the terms and conditions of the Tender Offer and Consent Solicitation (see “Summary—Tender Offer and Consent Solicitation for Series 4 Notes”). As of July 13, 2016, the early tender date and withdrawal deadline under the Tender Offer and Consent Solicitation, U.S.\$69,504,852 aggregate principal amount of the Series 4 Notes (representing approximately 79.79% of the aggregate principal amount of the Series 4 Notes outstanding) were validly tendered and accepted in the Tender Offer and Consent Solicitation. Clisa also intends to use a portion of the net proceeds of this offering to refinance certain banking and financial liabilities described in “Other Company Indebtedness”. The remaining net proceeds, if any, will be applied to working capital requirements in Argentina. We may also make capital contributions into Clisa’s subsidiaries or other affiliates, provided that the proceeds are used by such subsidiaries or other affiliates only as specified above.

OTHER COMPANY INDEBTEDNESS

We have indebtedness both at the Clisa level and at the level of various subsidiaries of Clisa (including the Guarantors and at some of the subsidiaries of the Guarantors). Additionally, we have granted guarantees to ensure the performance of obligations under concession contracts or procurement contracts. For a description of our guarantees, see Clisa's Audited Consolidated Financial Statements which are included in this Offering Memorandum.

In the ordinary course of business, we incur short-term debt with a number of banks. These transactions tend to be secured through the assignment of collection rights under trade receivables for works performed or services rendered to our clients, which are mostly from the public sector. We also enter into financial operations through which various banks purchase from us deferred payments checks which we received as payment from our clients. In both cases, these operations are entered into with recourse against us, consequently, we register them as financial liabilities and maintain the trade receivables as assets until they are collected.

We also borrow under financial loans with a term of up to sixty months which are secured through the assignment of future collection rights that accrue in our favor under certain construction or services agreements.

Below is a description of our most significant indebtedness, as well as any guarantees granted by us and our subsidiaries. As set out in "Use of Proceeds," we intend to use a majority of net proceeds of the offering of the Notes to pre-pay or redeem some of our outstanding indebtedness, including some loans from bank syndicates which include Banco Santander Río S.A., which is an affiliate of one of the Initial Purchasers. As of March 31, 2016, Clisa and its subsidiaries were in compliance with the covenants under the agreements governing the indebtedness described below, except for certain financial covenants as described below, for which we obtained a waiver from the lenders thereto on or before March 31, 2016.

Clisa indebtedness

In December 2010, Clisa issued Series No. 3 Notes (the "Series 3 Notes") in the principal amount of U.S.\$120.0 million under the MTN Programme authorized by the CNV of up to U.S.\$300.00 million, with principal amortizations of which 33.33% was due in December 2014 and in December 2015, respectively, and of which 33.34% is due in December 2016. The Series 3 Notes are nonconvertible and accrue interest at an annual rate of 9.5% payable semi-annually in June and December of each year, and the subscription price was 94.38% of their nominal value. The Series 3 Notes are subject to a call redemption provision and are guaranteed by BRH and Cliba IASA.

In October 2014, Clisa completed an exchange offer of its Series 3 Notes for its Series 4 Notes under its MTN Programme. As part of the exchange offer, Clisa received acceptances by holders of Series 3 Notes for a total nominal value of U.S.\$87,106,000, as a result of which Clisa issued Series 4 Notes for the same amount. The Series 4 Notes are payable in one installment due in October 2019 and accrue interest at a nominal annual rate of 11.5% payable semi-annually, in April and October of each year. BRH and Cliba IASA are also guarantors of the Series 4 Notes.

The exchanged Series 3 Notes were cancelled, with a balance remaining at the time of the exchange of U.S.\$32,894,000. As of March 31, 2016, the outstanding balance of the Series 3 Notes is U.S.\$10.9 million.

On August 6, 2015, holders of Clisa's Series 3 Notes and Series 4 Notes approved the modification to certain covenants at the respective extraordinary meetings.

The terms and conditions of the Series 3 Notes and the Series 4 Notes include typical European-style covenants. As of March 31, 2016, we were in compliance with all of them.

Indebtedness of Construction Segment

As of March 31, 2016, BRH was a party to various short-term transactions with various banking institutions for a total amount of Ps.319.6 million. As security for some of those loans, BRH assigned collection rights corresponding to progress certificates in different projects in an amount substantially equivalent to the debt undertaken. This type of transaction is frequently entered into by BRH in order to finance its working capital.

In September 2015, BRH issued non-convertible Series 3 notes in the nominal amount of Ps.112.3 million, which were paid (i) in cash; and (ii) in kind, by means of the tender of Series 1 and Series 2 Notes. The

Series 3 Notes are payable in two equal installments each in an amount equal to 50% of its nominal value, due in December 2016 and March 2017, and accrue interest at the higher rate between (i) an annual nominal variable rate equal to the sum of BADLAR rate (private banks) *plus* 5%, or (ii) a minimum annual nominal rate of 28.49%.

As of March 31, 2016, BRH had overdraft balances with several financial institutions for a total amount of Ps.191.9 million.

In November 2015, Banco Itaú Argentina S.A. granted BRH a loan of Ps.60.0 million. This loan is payable starting in March 2016, in nine monthly installments. The outstanding balance as of March 31, 2016 was Ps.56.4 million. As security, BRH assigned collection rights under a construction agreement.

On December 10, 2014, BRH entered into a loan agreement with Banco Santander Río S.A. in an amount of Ps.70.0 million. The loan is payable in thirty monthly installments with a six-month grace period. The outstanding balance of this loan as of March 31, 2016 was Ps.50.1 million. As guarantee, BRH assigned in trust the collection rights under certain construction agreements.

In May 2014, BRH entered into a syndicated loan agreement with Banco Santander Río S.A., Banco de Galicia y Buenos Aires S.A. and Banco Hipotecario S.A. in the amount of Ps.130.0 million. In June 2014 Banco de la Ciudad de Buenos Aires, Banco de Servicios y Transacciones S.A. and Banco Provincia del Neuquén joined the transaction, and in September 2014 Banco de Galicia y Buenos Aires S.A. made a new disbursement under this facility, increasing the total amount of the loan to Ps.210.0 million. The loan is payable in twenty-eight monthly installments beginning in January 2015. As a security for the transaction, BRH assigned in trust certain collection rights it holds under certain construction projects. As of March 31, 2016, the outstanding balance on the loan was Ps.99.2 million. The loan contains a certain financial covenant which requires the maintenance of an indebtedness ratio measured on an annual basis. BRH exceeded this ratio on its financial statements as of December 31, 2015, but on December 31, 2015 it received a waiver for the breach. We intend to cause BRH to prepay the loan with the proceeds of the issuance of the Notes contemplated by this Offering Memorandum.

In May 2014, BRH entered into a loan agreement with Banco Santander Río S.A. for an amount of Ps.30.0 million. This loan is payable in twenty-five monthly installments with an eleven-month grace period. The outstanding balance of this loan as of March 31, 2016 was Ps.15.6 million. As security, BRH assigned in trust the collection rights it holds under certain construction projects.

In April 2015, BRH entered into a loan agreement with Banco CMF S.A. in the amount of Ps.90.0 million. This loan is payable in forty-eight monthly installments with a twelve-month grace period. The outstanding balance of this loan as of March 31, 2016 was Ps.88.6 million. As security, BRH granted a first-ranking mortgage lien over a property owned by BRH in the Province of Córdoba.

As of March 31, 2016, BRH was party to several loan agreements with Banco de la Provincia de Córdoba S.A. for a total amount of Ps.33.9 million. As of March 31, 2016, BRH was party to a number of loan agreements with Banco de la Pampa S.E.M. for a total amount of Ps.9.0 million. Additionally, BRH had short-term debts in the total amount of Ps.9.2 million with various banking institutions.

As of March 31, 2016, Sehos, a company in which BRH owns 95% of its capital stock, had short-term liabilities with Banco Ciudad de Buenos Aires that totaled Ps.18.6 million. As security, Sehos assigned collection rights corresponding to invoices issued for services and deferred-payment checks received in payment for services provided.

As of March 31, 2016, Benito Roggio Panamá S.A. (“Benito Roggio Panamá”), a company incorporated under the laws of Panama, fully owned by BRH, had indebtedness in the form of a mortgage loan entered into with Banesco in an amount equivalent to Ps.7.2 million in U.S. dollars.

As of March 31, 2016, Haug had liabilities in U.S. dollars and Peruvian soles with several Peruvian financial institutions in a total amount equivalent to Ps.373.4 million. This figure includes leasing for Ps.13.9 million, derivatives for Ps.7.0 million and loans with various banking institutions for Ps.352.5 million.

Indebtedness in the Waste Management Segment

As of March 31, 2016, Cliba IASA, Cliba and its subsidiaries registered short-term indebtedness with several financial institutions in a total amount of Ps.443.9 million. As a guarantee for this indebtedness, Cliba

and its subsidiaries assigned collection rights related to several invoices for waste management services. This type of transaction is recurrently entered into by Cliba IASA, Cliba and its subsidiaries in order to finance its working capital.

As of March 31, 2016, Cliba's registered amortizable short-term indebtedness amounted to Ps.4.4 million.

As of March 31, 2016, Cliba IASA, Cliba and its subsidiaries had overdraft balances in checking accounts with several financial institutions that amounted to Ps.130.7 million.

As of March 31, 2016, Cliba IASA, Cliba and its subsidiaries' debts with several financial institutions amounted to Ps.33.3 million due to the purchase of equipment. Such debts are guaranteed with a first-ranking chattel mortgage over the purchased equipment and are repayable monthly along terms within the range of thirty-four to sixty months.

As of March 31, 2016, Cliba IASA, Cliba and its subsidiaries were parties to several financial leasing agreements in a total amount of Ps.110.0 million, of which Ps.107.9 were entered into with Caterpillar Financial Services Argentina S.A. These agreements were executed for the acquisition of assets to be utilized in the ordinary course of our business. These transactions have a term within a range of thirty months to sixty-one months, during which a monthly amortization payment is made. By the end of the transaction, the lessee has the option to acquire the property of these assets through the payment of the purchase option price.

On December 22, 2014, Cliba entered into a syndicated loan agreement with Banco de Galicia y Buenos Aires S.A., Banco Itaú Argentina S.A. and HSBC Bank Argentina S.A. in the amount of Ps.210.0 million. On January 20, 2015, Banco de la Ciudad de Buenos Aires and Banco Hipotecario S.A. joined the transaction, increasing the total amount of the loan to Ps.330.0 million. This loan is payable in thirty-six monthly installments as of July 2015. As of March 31, 2016, the outstanding balance was Ps.241.3 million. The loan contains certain financial covenants which require the maintenance of an indebtedness ratio and an interest coverage ratio, and certain restrictions on intercompany loans, measured on a semi-annual basis. Cliba did not comply with these covenants on its financial statements as of December 31, 2015, but on December 31, 2015 it received a waiver for the breach. In the event that Cliba is in breach of these covenants with respect to any new financial statements, we will seek a further waiver from the lenders. We intend to cause Cliba to prepay the loan with the proceeds of the issuance of the Notes contemplated by this Offering Memorandum.

On August 28, 2015, Cliba entered into a syndicated loan agreement with Banco de Galicia y Buenos Aires S.A., Banco Hipotecario S.A., Banco Santander Río S.A. and HSBC Bank Argentina S.A. in the amount of Ps.400.0 million. On October 6, 2015, Banco de la Ciudad de Buenos Aires and Banco de la Pampa S.E.M. joined the transaction and Banco Hipotecario S.A., Banco Santander Río S.A. and HSBC Bank Argentina S.A. made a new disbursement, increasing the total amount of the loan to Ps.550.0 million. This loan is payable in forty-two monthly installments, beginning in March 2016. As of March 31, 2016, the outstanding balance of the loan was Ps.545.9 million. The loan contains certain financial covenants which require the maintenance of an indebtedness ratio and an interest coverage ratio, both measured on a semi-annual basis. Cliba exceeded these ratios on its financial statements as of December 31, 2015, but on December 31, 2015 it received a waiver for the breach. In the event that Cliba is in breach of these covenants with respect to any new financial statements, we will seek a further waiver from the lenders. We intend to cause Cliba to prepay the loan with the proceeds of the issuance of Notes contemplated by this Offering Memorandum.

As guarantee for the two syndicated loans mentioned above, Cliba assigned in trust in favor of Banco de Galicia y Buenos Aires S.A., for the benefit of all the lending institutions, 75% of credits it owns and/or will acquire in connection with its collection rights accrued against the GCBA under the agreement executed for providing waste management service in Zone 2 of the City of Buenos Aires. Additionally, these indebtednesses are secured by corporate guarantees issued by Clisa and Cliba IASA, and Clisa and Tecsan, respectively.

On July 26, 2011, Tecsan entered into a syndicated loan agreement in the amount of Ps.100.0 million with Banco de Galicia y Buenos Aires S.A., Banco Itaú Argentina S.A. and Banco de la Ciudad de Buenos Aires. The loan is payable in forty-five monthly installments, that commenced in October 2012. As a guarantee, Tecsan and BRH, as members of a joint venture that operates the Norte III landfill for the Environmental Coordination Agency for the Metropolitan Area (*Coordinación Ecológica Área Metropolitana Sociedad del Estado*, or "CEAMSE"), assigned in trust to Banco de Galicia y Buenos Aires S.A., for the benefit of the lenders, their collection rights under a contract with CEAMSE, as amended, for the construction, operation and maintenance of a mechanical and biological treatment plant for urban solid waste (see

“Business—Waste Management Segment—Waste Valorization”). Tecsan’s indebtedness under this loan is also guaranteed by Cliba and Clisa. As of March 31, 2016, the outstanding principal balance of this loan was Ps.8.9 million. As of the date of this Offering Memorandum, this debt has been cancelled by Tecsan.

On November 17, 2011 Central Buen Ayre entered into a loan agreement with Caterpillar Financial Services Corporation to provide financing for up to U.S.\$16.2 million for the construction and operation of a biogas-operated power plant (see “Business—Waste Management Segment—Waste Valorization”). The loan will be repaid as follows: (i) U.S.\$1.0 million, in five quarterly installments payable as of December 2013; and (ii) U.S.\$15.2 million, in twenty-four quarterly installments payable as of September 2013. The debt is secured through a chattel-mortgage over the equipment that comprise the power plant and other additional equipment of Cliba IASA, Taym and Tecsan and a guarantee provided by Cliba IASA. As of March 31, 2016, the outstanding principal balance of the loan was Ps.105.1 million.

Additionally, on May 23, 2016, Tecsan entered into a loan agreement with Banco Santander Río S.A. for an amount of Ps.100.0 million. This loan is payable in six monthly installments commencing in December 2016. As a guarantee, Tecsan and BRH, as members of a joint venture that operates the Norte III final disposition facility for CEAMSE, assigned their collection rights under a contract with CEAMSE, as amended, for the construction, operation and maintenance of a mechanical and biological treatment plant for urban solid waste (see “Business—Waste Management Segment—Waste Valorization”).

Additionally, on June 2, 2016, Tecsan entered into a syndicated loan agreement with Banco Hipotecario S.A. and BACS Banco de Crédito y Securitización S.A for a total amount of Ps.350.0 million. This loan is payable in thirty-six monthly installments commencing in July 2017. As security, a joint venture between Tecsan and Cliba IASA assigned their collection rights under accounts receivables from the Municipality of Neuquén under urban waste management and landfill agreements. The loan contains certain financial covenants which require the maintenance of an indebtedness ratio and an interest coverage ratio, and certain restrictions on intercompany loans, measured on a quarterly basis. Tecsan’s indebtedness under this loan is also guaranteed by Cliba IASA and Clisa.

Guarantees granted by Clisa

Obligations of Coviare. In March 2001, Coviare S.A. (“Coviare”), a company in which Clisa has a minority interest of 31.8% through Polledo, obtained a long-term loan for U.S.\$238.8 million from a bank syndicate in which HSBC Bank Argentina S.A. acts as the administrative agent. In September 2004, Coviare agreed with its creditors to restructure the loan, and it was decided that the debt, which amounted to Ps.370.4 million at the time, would be repaid in 134 monthly installments commencing in September 2004. The loan is secured by (i) a first pledge created by the majority shareholders of Coviare (including Polledo) over shares of common stock representing 60% of the shareholders’ equity and voting rights in Coviare; (ii) a trust assignment of, among others rights, toll payment rights corresponding to Coviare under its concession contract for the construction and operation of the Buenos Aires – La Plata Highway. Pursuant to the latest available financial statements of Coviare as of December 31, 2012 the outstanding principal under such loan amounted to approximately Ps.1,267.2 million. BRH guaranteed 10.8093% of the performance of Coviare’s obligations to Banco de la Provincia de Buenos Aires, one of the banking entities under a syndicated loan agreement, representing an estimated indebtedness of Ps.65.7 million as of December 31, 2012. Coviare has not prepared financial statements since December 31, 2012 as it is currently subject to “*concurso preventivo*” proceedings. This guarantee may only be enforced in the event of termination of Coviare’s concession contract for reasons for which Coviare is responsible. Clisa is jointly and severally liable for the obligations of BRH under that guarantee.

On July 12, 2013, the Province of Buenos Aires published Decree No. 419 of its Executive Branch, terminating the concession contract and transferred it to the Province of Buenos Aires pursuant Law No. 14,443 alleging breach by the concessionaire. Coviare wrote to reject the termination, denying the alleged breaches of concession contracts and requesting a declaration of unlawfulness and absolute and incurable nullity of Decree No. 419/2013. Coviare also argued a lack of competence by the Province of Buenos Aires to declare the termination, a lack of cause, false facts and the violation of due process established by the applicable laws, as well as the violation of the purpose of the concession rights and obligations transfer agreement. Coviare rejected the alleged breaches in the preliminary section of Decree 419, as well as the claim of abandonment of the concession, its maintenance, the execution of works and failure to provide basic services to users. Coviare reserved its rights and causes of action against the Province and the National Federal Government in connection with the termination of the concession contract. In December 2013, Coviare filed a judicial claim against the Province of Buenos Aires and the Argentine Federal Government before the National Supreme Court,

requesting nullification of the administrative decision and monetary compensation for damages stemming from contract termination. The damages claimed have been assigned as collateral to the concession trust acting as administrative agent under the Coviare's syndicated loan, so that the trustee must join the claim as a mandatory third party.

Additionally, on June 13, 2014, Coviare's began its reorganization procedure (*concurso preventivo de acreedores*) before the National Commercial Court No. 22, Secretariat No. 43. The credit-filing period for creditors ended on October 3, 2014. Two of such creditors were the DNV and the Province of Buenos Aires. Both submitted credits which included penalties and reserved their rights based on the fact that final liquidation of the concession had not occurred. Coviare's rejected the credits submitted by those two entities on similar grounds as those of the legal claim for termination of concession and the inapplicability of fines. On April 7, 2015, through the opinion of the judicial trustee in the reorganization proceeding, the credits were endorsed in accordance with Section 36 of the Bankruptcy Law. On February 19, 2015, the court granted an extension of the exclusivity period, increasing the term established in Section 43 of Law No. 24,522 until June 30, 2016, and set the hearing of Section 45 of Law No. 24,522 for June 30, 2016 at 10 a.m.

Roggio, our controlling shareholder, has entered into an agreement with Banco de la Provincia de Buenos Aires aimed at preventing the enforcement of this guarantee by such entity, which will not imply any recognition in connection with Coviare's judicial situation.

Obligations of Covimet S.A. Covimet S.A. ("Covimet"), an entity in which Polledo has a 31.8% ownership interest, entered into a debt restructuring agreement in 2005 with Key Largo Trust as creditor under which BRH provided a guarantee for the payment of such obligation, which as of March 31, 2016 amounted up to Ps.18.8 million. Key Largo Trust assigned its rights under such agreement in favor of Hupizalfim Trust which is the current creditor. The beneficiary of such guarantee declared the termination of the underlying agreement, with a retroactive effect to December 2012. Covimet understands that such guarantee is no longer enforceable.

Obligations of Autovía del Mar S.A. Autovía del Mar S.A., a company in which BRH has a 26.6% ownership interest, has entered a loan agreement with Banco Credicoop C.L. which is guaranteed by BRH, up to the percentage of its participation in Autovía del Mar S.A.. As of March 31, 2016, the obligations secured by BRH amounted to Ps.20.0 million.

Obligations of Prominente S.A. Prominente S.A., a company in which Metronec S.A. has a 40% ownership interest, has entered into a loan agreement with Banco Mariva S.A., which is guaranteed by BRH. As of March 31, 2016, the obligations guaranteed by BRH amounted to Ps.8.0 million.

Reasons for the Issuance of the Notes and Use of Proceeds

We estimate the net proceeds from the issuance and sale of the Notes to be approximately U.S.\$192.5 million after deducting fees, commissions and expenses, including fees and expenses of the initial purchasers, independent accountants, U.S. and Argentine counsels and publication costs. We intend to use a majority of net proceeds of this offering for debt refinancing, including, but not limited to, the purchase of the Series 4 Notes that are tendered in connection with the Tender Offer, subject to the terms and conditions of the Tender Offer (see "Summary—Tender Offer for the Series 4 Notes"), and the refinancing of certain banking and financial liabilities described in "Other Company Indebtedness". The remaining net proceeds, if any, will be applied to working capital requirements in Argentina. We may also make capital contributions into Clisa's subsidiaries or other affiliates, provided that the net proceeds are used by such subsidiaries or other affiliates only as specified above.

CAPITALIZATION

The following table sets forth our capitalization represented by the sum of our current and non-current bank and financial indebtedness and equity as of March 31, 2016, as derived from Clisa's Unaudited Condensed Interim Consolidated Financial Statements, prepared in accordance with IFRS on an actual basis and on an as-adjusted basis to give effect to the issuance of the Notes and the expected application of the net proceeds therefrom as described under "Use of Proceeds." This table should be read in conjunction with "Summary Financial and Other Information," "Use of Proceeds," "Selected Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Offering Memorandum.

	As of March 31, 2016 (Actual)		As of March 31, 2016 (As Adjusted) ⁽²⁾	
	(unaudited)		(unaudited)	
	(in millions of pesos)	(in millions of U.S.\$) ⁽¹⁾	(in millions of pesos)	(in millions of U.S.\$) ⁽¹⁾
Current liabilities				
Bank and financial debts (Secured)	1,475.1	100.3	1,018.7	69.3
Bank and financial debts (Unsecured)	818.7	55.7	289.4	19.7
Total current bank and financial indebtedness	<u>2,293.7</u>	<u>156.0</u>	<u>1,308.1</u>	<u>89.0</u>
Non-current liabilities				
Bank and financial debts (Secured)	960.5	65.3	384.5	26.2
Bank and financial debts (Unsecured)	1,280.5	87.1	3,087.0	210.0
Total non-current bank and financial indebtedness	<u>2,241.0</u>	<u>152.4</u>	<u>3,471.5</u>	<u>236.2</u>
Equity				
Share capital	96.7	6.6	96.7	6.6
Capital adjustment	115.7	7.9	115.7	7.9
Legal reserves	3.1	0.2	3.1	0.2
Effect of currency translation differences	288.1	19.6	288.1	19.6
Balances of revaluation of subsidiaries	989.9	67.3	989.9	67.3
Retained earnings/(Accumulated losses)	(1,143.4)	(77.8)	(1,260.6)	(85.8)
Total equity attributable to the owners of the parent	<u>350.2</u>	<u>23.8</u>	<u>233.0</u>	<u>15.8</u>
Non-controlling interest	311.3	21.2	311.3	21.2
Total equity	<u>661.4</u>	<u>45.0</u>	<u>544.2</u>	<u>37.0</u>
Total capitalization	<u>5,196.2</u>	<u>353.5</u>	<u>5,323.9</u>	<u>362.2</u>

- (1) Amounts stated in U.S. dollars have been converted from Argentine pesos at the exchange rate of Ps.14.70 per U.S.\$1.00, based on the U.S. dollar selling rate as of March 31, 2016, as published by Banco Nación. For further information, see "Exchange Rates" for additional information on the exchange rate.
- (2) As adjusted to reflect the issuance of the Notes and assuming net proceeds of U.S.\$192.5 million, after deducting fees, commissions and expenses, including fees and expenses of the initial purchasers, independent accountants, U.S. and Argentine counsels and publication costs, converted from U.S. dollars to pesos using the rate of Ps.14.70 to U.S.\$1.00, the U.S. dollar selling rate as of March 31, 2016, as published by Banco Nación, as well as the expected application of proceeds, including the funding of the offer to purchase the Series 4 Notes. For further information, see "Exchange Rates" and "Use of Proceeds."

SELECTED FINANCIAL INFORMATION

The tables below present selected financial data at and for the periods indicated. You should read the information below in conjunction with the Clisa's Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements and their notes, prepared in accordance with IFRS, which are included in this Offering Memorandum, as well as the information included in "Presentation of Financial Information," "Summary Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Memorandum.

The information included in this Offering Memorandum about our consolidated balance sheet as of December 31, 2015, 2014 and 2013 and our consolidated income statement and our consolidated cash flow statement for the fiscal years ended December 31, 2015, 2014 and 2013 are derived from Clisa's Audited Consolidated Financial Statements, which are included in, and form part of, this Offering Memorandum.

The consolidated income statement data and the cash flow statement data included in this Offering Memorandum for the three months ended March 31, 2016 and 2015 and the consolidated balance sheet data as of March 31, 2016 and 2015, are derived from Clisa's Unaudited Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2016 and 2015 which are included in, and form part of, this Offering Memorandum. Clisa's Unaudited Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2016 and 2015 have been prepared on the same basis as Clisa's Audited Consolidated Financial Statements and, in the opinion of our management, include all data necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results that may be expected for the full fiscal year or any future reporting period.

Income Statement Information

	For the three months ended March 31,		For the fiscal year ended December 31,		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>				
	<i>(in millions of pesos)</i>				
Sales	2,184.1	1,904.3	8,567.9	6,847.0	6,011.2
Construction and Toll Road Concessions	655.1	589.7	2,933.9	2,381.6	2,409.5
Transportation.....	285.6	289.4	1,346.1	1,289.6	920.4
Waste Management.....	1,029.8	866.9	3,571.1	2,682.2	2,154.9
Water Supply Services	204.4	151.1	667.6	482.9	386.5
Other activities.....	11.3	8.1	51.0	27.8	163.3
Adjustments and eliminations	(2.1)	(0.9)	(1.8)	(17.1)	(23.4)
Cost of sales ⁽¹⁾	(1,369.5)	(1,266.4)	(5,817.4)	(4,597.5)	(4,189.0)
Gross profit	814.6	637.9	2,750.5	2,249.5	1,822.3
Administrative expenses ⁽¹⁾	(320.3)	(240.4)	(1,120.3)	(928.1)	(697.3)
Selling expenses and other operating expenses ⁽¹⁾	(150.3)	(134.4)	(684.4)	(552.7)	(461.0)
Other operating income and expenses, net	10.6	12.8	3.9	132.0	41.6
Operating income	354.6	275.8	949.7	900.8	705.6
Construction and Toll Road Concessions	79.0	83.6	285.8	388.3	327.6
Transportation.....	34.7	24.6	117.4	118.9	60.7
Waste Management	212.5	146.6	514.8	273.7	255.1
Water Supply Services.....	32.9	24.2	49.4	17.7	46.0
Other activities	(0.9)	(0.2)	3.9	128.1	34.6
Adjustments and eliminations	(3.7)	(3.1)	(21.7)	(26.0)	(18.4)
Financial income.....	167.5	38.4	299.0	204.8	78.3
Financial expenses	(740.7)	(331.0)	(2,071.1)	(1,211.5)	(794.6)
Net (loss) / gain in associates	6.2	3.9	(15.6)	20.5	26.2
Goodwill impairment	(0.9)	(0.9)	(3.7)	(3.7)	(6.1)
Income (loss) before tax	(213.2)	(13.9)	(841.7)	(89.2)	9.3
Income tax.....	24.8	(18.4)	125.2	(87.1)	(55.7)
Net (loss) for the period/year	(188.4)	(32.3)	(716.5)	(176.3)	(46.3)

(1) This includes a reduction in costs based on subsidies provided by the Argentine Federal Government and the GCBA to cover increases in the costs incurred by Metrovías.

Balance Sheet Information

	As of March 31,		As of December 31,		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>		<i>(in millions of pesos)</i>		
ASSETS					
Non-current assets					
Property, plant and equipment	2,861.4	1,784.7	2,692.2	1,754.2	1,483.7
Intangible Assets.....	362.5	308.1	349.7	310.1	295.2
Goodwill	159.8	111.0	140.8	112.4	99.2
Investments in associates.....	202.5	198.7	187.9	195.3	165.9
Deferred tax assets.....	276.1	120.1	222.3	109.0	70.2
Other receivables	1,215.6	928.8	1,344.2	736.8	166.6
Trade receivables.....	175.4	83.6	170.2	82.1	39.5
Total non-current assets.....	5,253.2	3,535.0	5,107.3	3,300.0	2,320.3
Current assets					
Other receivables	1,679.3	1,178.8	1,355.4	1,337.7	1,201.3
Inventories.....	393.7	301.9	349.7	278.5	201.0
Other assets	-	-	-	-	99.7
Trade receivables.....	4,098.2	3,016.0	4,033.0	2,897.8	2,287.7
Other investments.....	82.6	88.4	83.8	107.4	69.2
Cash and cash equivalents	776.1	655.5	695.7	933.8	539.9
Total current assets.....	7,029.9	5,240.6	6,517.5	5,555.2	4,399.0
Total assets.....	12,283.1	8,775.6	11,624.9	8,855.2	6,719.2
EQUITY					
Attributable to the owners of the parent.....	350.2	647.2	503.9	728.7	726.0
Non-controlling interests	311.3	266.3	291.0	254.3	282.7
Total Equity	661.4	913.6	794.9	983.0	1,008.8
LIABILITIES					
Non-current liabilities					
Bank and financial debts	2,241.0	1,443.1	2,205.5	1,433.6	751.1
Provisions for contingencies.....	258.5	179.8	246.0	173.7	140.1
Deferred tax liability	353.3	230.3	370.1	250.5	187.9
Other liabilities	2,310.7	1,694.6	2,187.0	1,632.0	698.3
Trade payables.....	51.9	47.4	55.0	53.6	16.7
Total non-current liabilities	5,215.4	3,595.2	5,063.5	3,543.4	1,794.1
Current liabilities					
Bank and financial debts	2,293.7	1,439.7	2,259.3	1,387.5	1,332.7
Provisions for contingencies.....	31.5	46.6	24.4	37.7	38.1
Other liabilities	2,379.0	1,511.4	2,000.8	1,590.1	1,435.1
Other debt	-	-	-	-	54.1
Trade payables.....	1,702.1	1,269.2	1,482.0	1,313.4	1,056.4
Total current liabilities.....	6,406.3	4,266.8	5,766.5	4,328.7	3,916.4
Total liabilities	11,621.7	7,862.0	10,830.0	7,872.1	5,710.5
Total liabilities and equity.....	12,283.1	8,775.6	11,624.9	8,855.2	6,719.2

Other Financial Information

	As of and for the three months ended March 31,		As of and for the fiscal year ended December 31,		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>				
	<i>(in millions of pesos, except for ratios)</i>				
Adjusted EBITDA ⁽¹⁾	438.9	327.8	1,182.7	1,087.3	945.1
Depreciation and amortization	84.2	52.1	233.0	186.5	239.5
Interest expense ⁽²⁾	376.2	198.3	985.0	514.4	371.5
Ratio of Adjusted EBITDA to interest expense	1.17	1.65	1.20	2.11	2.54
Ratio of total bank and financial debts to Adjusted EBITDA	N/A	N/A	3.78	2.59	2.20
Liquidity ratio ⁽³⁾	1.10	1.23	1.13	1.28	1.12
Indebtedness ratio ⁽⁴⁾	17.57	8.61	13.62	8.01	5.66
Solvency ratio ⁽⁵⁾	0.1	0.1	0.1	0.1	0.2
Ratio of capital immobilization ⁽⁶⁾	0.4	0.4	0.4	0.4	0.3
Profitability ratio ⁽⁷⁾	N/A	N/A	(0.81)	(0.18)	(0.05)

(1) Adjusted EBITDA is calculated as net income (loss) plus/less income tax, plus goodwill impairment, less/plus net gain (loss) in associates, plus financial expenses, less financial income, plus depreciations and amortizations. Adjusted EBITDA may also be measured as sales less cost of sales, less administrative expenses, less selling expenses and other operating expenses, plus/less other operating income and expenses, net, plus depreciation and amortization. We believe Adjusted EBITDA gives investors significant information related to our operational performance and our cash generation capability, facilitating comparisons among periods. Adjusted EBITDA is not a financial measure recognized by IFRS and should not be interpreted as an alternative measure of operational results or cash generated by the operations. See “Summary—Other Financial Information” for reconciliation of net income (loss), the most directly comparable IFRS measure, to Adjusted EBITDA. For further information, see “Presentation of Financial Information—Presentation of Non-GAAP Information.” This definition of Adjusted EBITDA differs from the definition of Consolidated Adjusted EBITDA as set out in “Description of Notes.”

(2) Interest expense is equal to the interest generated by our liabilities as presented on the applicable income statement.

(3) The liquidity ratio is calculated by dividing current assets by current liabilities.

(4) The indebtedness ratio is calculated by dividing total liabilities by equity.

(5) The solvency ratio is calculated by dividing equity by total liabilities.

(6) The ratio of capital immobilization is calculated by dividing non-current assets by total assets

(7) The profitability ratio is calculated by dividing net income by the sum of equity as of year end and equity as of prior year end divided by two.

Material Changes

Other than as described in this Offering Memorandum, there have been no material changes in our economic or financial condition since March 31, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on, and should be read in conjunction with, Clisa's Audited Consolidated Financial Statements and related notes as of and for the years ended December 31, 2015, 2014 and 2013 and Clisa's Unaudited Condensed Interim Consolidated Financial Statements and related notes as of and for the three months ended March 31, 2016, included elsewhere in this Offering Memorandum and with the financial information included under "Selected Financial Information." This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and the matters set forth in this Offering Memorandum in general.

Clisa's Audited Consolidated Financial Statements and Clisa's Unaudited Condensed Interim Consolidated Financial Statements were prepared in accordance with IFRS.

Overview

We are a leading Argentine infrastructure manager and developer with over 100 years of experience. We are currently organized along four principal business segments: (i) Construction and Toll Road Concessions, (ii) Waste Management, (iii) Transportation and (iv) Water Supply Services. We also engage in other minor business operations, which we report under the Other Activities segment which represented 0.5% of our total consolidated sales for the three months ended March 31, 2016 and 1.9% of our total consolidated assets as of March 31, 2016. We provide services to both the public and private sectors with a majority of our projects concentrated in the public sector. For the three months ended March 31, 2016, our consolidated sales amounted to Ps.2,184.1 million (approximately U.S.\$148.6 million) and our consolidated Adjusted EBITDA was Ps.438.9 million (approximately U.S.\$29.9 million). For the fiscal year ended December 31, 2015, our consolidated sales amounted to Ps.8,567.9 million (approximately U.S.\$657.0 million) and our consolidated Adjusted EBITDA was Ps.1,182.7 million (approximately U.S.\$90.7 million). We derive substantially all of our consolidated sales from the operations of our Waste Management, Construction and Toll Road Concessions and Transportation segments, which represented 47.1%, 30.0% and 13.1% of our consolidated sales, respectively, for the three months ended March 31, 2016 and 41.7%, 34.2% and 15.7% of our consolidated sales, respectively, for the fiscal year ended December 31, 2015.

Argentine Macro-Economic Situation

We mainly operate in Argentina and our revenues and results of operations are greatly affected by economic conditions in Argentina. In particular, the general performance of the Argentine economy affects local demand for infrastructure and services in the areas in which we operate, and inflation and fluctuations in currency exchange rates affect our costs and our margins. Inflation primarily affects our business by increasing operational costs, while at the same time nominally increasing our revenues. After a decade of relative stability and economic prosperity, in December 2001, Argentina experienced an unprecedented social, economic and political crisis that led to radical changes in government policies. By the third quarter of 2002, Argentina started a period of economic growth driven primarily by the imports-substitution and exports, both facilitated by the lasting effect of the devaluation of the Argentine *peso* in January 2002, which fostered a reactivation of domestic production as the sharp decline in the value of the Argentine *peso* against foreign currencies made Argentine products relatively inexpensive in the export markets. In the following years, the Argentine economy experienced economic growth.

By 2008, Argentina's real GDP had completed six years of continuous growth in an environment of increasing domestic demand and exports driven by the industrial, construction and services sectors.

During 2009, the economy continued to grow, although at a less rapid pace due to the global economic slowdown that started in the last quarter of 2008 and that continued into 2009. Since the second half of 2009, Argentina's economy has shown a recovery driven primarily by a record harvest (especially soybeans), expansive economic policies (fiscal, monetary and income) and a favorable international context, and such recovery accelerated in 2010.

As a response to the impact of the global financial crisis, Argentina implemented a counter-cyclical fiscal policy during 2009 in order to mitigate the effects of the shocks of the global financial crisis on the domestic economy.

After the negative impact caused by the global financial crisis in 2009, the Argentine economy exhibited a strong recovery in 2010. Real GDP growth for 2010 was 9.2%. Industrial activity, in turn, showed a substantial increase, along with a strong rise in the agricultural sector, following a drought experienced in 2009.

While in 2011 the economy continued to grow at 2010 levels, with a growth of 8.9%, it later retracted, showing a growth of 1.9% in 2012. Subsequently, the INDEC has made preliminary estimates, calculated on a different statistical basis, indicating a real GDP growth of 3% in 2013, 0.5% in 2014 and 0.9% in 2015.

The *peso* exchange rate depreciated by 8.2% in 2011, closing at Ps.4.304 per U.S. dollar by the year-end. During 2012, the *peso* exchange rate depreciated 14.3%, closing at Ps.4.918 per U.S. dollar by the year end. During 2013, the *peso* exchange rate depreciated by 32.6%, closing at Ps.6.521 per U.S. dollar by the year end. During 2014, the *peso* exchange rate depreciated by 31.1%, closing at Ps.8.551 per U.S. dollar by the year-end. During 2015, the *peso* exchange rate depreciated by 52.5%, closing at Ps.13.040 per dollar by the year-end. As of March 31, 2016, the exchange rate was Ps.14.700 per U.S. dollar, representing a depreciation of the *peso* exchange rate of 12.7% since the beginning of the year.

Financial Presentation

In the presentation of the line items of the income statement, we have provided both consolidated and segment results. The segment results are divided into the following categories: Construction and Toll Roads, Waste Management, Transportation, Water Supply Services and Other Activities.

Critical Accounting Policies

In connection with the preparation of the financial statements included in this Offering Memorandum, we have relied on variables and estimates derived from our historical experience and various other factors that we deemed reasonable and relevant. Although we review these variables and estimates in the ordinary course of business, the portrayal of the financial condition and results of operations often requires our management to make judgments regarding the effects of matters that are inherently uncertain on the market value of its assets and liabilities. Actual results may differ from those estimated under different variables or conditions. In order to provide an understanding about how management forms its judgments about future events, including the variables underlying the estimates, and the sensitivity of those judgments to different variables and conditions, comments have been included relating to the most critical accounting policies.

Basis for consolidation

Subsidiaries

Subsidiaries are all entities over which we have control. We control an entity when we are exposed to, or have the rights to obtain variable returns in relation to, our interest in that entity, and may use our power over the entity to exert influence on those returns. A subsidiary is fully consolidated from the date on which control of the subsidiary is transferred to us and are de-consolidated from the date on which we cease to have control over the subsidiary.

We use the purchase method of accounting to account for business combinations. The cost of acquisition of a subsidiary corresponds to the fair value of the transferred assets, the liabilities incurred with the former owners of the acquiree and the equity interests we issued. The cost of acquisition includes the fair value of any assets or liabilities arising under a contingent purchase agreement. The acquired identifiable assets and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value as of the acquisition date. For each business combination, we may opt to recognize any non-controlling interest in the acquiree at fair value or the proportional part of the non-controlling interest of the recognized amounts of the acquiree's identifiable net assets.

The costs of the acquisition are recognized as expenses in the year in which they are incurred.

If the business combination is achieved in stages, the fair value as of the date of acquisition of the previously held equity interest in the acquiree is remeasured at fair value through profit or loss for the year on the acquisition date.

We recognize at fair value on the acquisition date any contingency cost to be transferred by us. Subsequent changes in the fair value of the cost of acquisition that is deemed an asset or a liability are

recognized in income or as a change in other comprehensive income. The contingent cost of acquisition that is classified in equity is not remeasured and its subsequent settlement is recognized in equity.

We record as goodwill the excess of the cost of acquisition transferred over the fair value of the non-controlling interest in the identifiable net assets acquired and liabilities assumed. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of income.

Intercompany transactions, balances and income and expenses under transactions between our entities are eliminated. We also eliminated gains and losses from intra-group transactions that are recognized as assets. The accounting policies of the subsidiaries have been amended in the cases where it was necessary to ensure consistency with the policies that we have adopted.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions, i.e., as transactions with owners in their capacity as owners. We recognized directly in equity the difference between the amount of the adjustment on non-controlling interests and the fair value of the consideration paid or received.

Change of control

When we cease to have control of a subsidiary, the investment retained in the former subsidiary is recognized at its fair value at the date on which our control in the subsidiary is lost. The fair value corresponds to the initial measurement for the purpose of subsequent accounting for the interest retained as an associate, joint venture or financial asset. In addition, any amounts previously recorded in other comprehensive income are reclassified to the statement of income.

Associates

Associates are entities over which we have significant influence, but not control nor joint control, generally represented by our ownership of between 20% and 50% of the voting rights of such entity. We may, however, in some cases, hold less than 20% of the voting rights of an associate and still have significant influence over the associate, considering other factors, including but not limited to representation on the board of directors or equivalent governing body; participation in policy making process; entering into material transactions with the associate; and provision of essential technical information. Investments in associates are accounted by the equity method, whereby investments are initially recognized at cost, and this amount increases or decreases to recognize the investor's share of profits and losses of the entity after the acquisition date. The value of associates includes goodwill recognized as of the acquisition date.

The share of associates' profits and losses is recognized in income for the period, and the changes in equity other than income for the period are allocated to equity reserves (and, if applicable, they are included in other comprehensive income).

When our share of the associates' losses is equal to or exceeds the value of the interest in the associates, we do not recognize additional losses, except when there are legal or assumed obligations to make payments on behalf of those associates.

Gains and losses on transactions between us and the associates are recognized in our financial statements only in proportion to the unrelated portion of those associates. The accounting policies used by the associates are amended, where necessary, to ensure consistency with our accounting policies.

We evaluate at each balance sheet issuance date whether there is objective evidence that an investment in an associate will not be recoverable. In that case, we calculated the impairment amount as the difference between the recoverable value of that associate and its carrying amount in the statement of income.

Joint arrangements

Jointly controlled entities are companies and joint ventures in which we hold joint control. Interests in jointly controlled entities are classified into two types: (i) joint operations and (ii) joint ventures in accordance with IFRS 11. Joint arrangements are accounted for by the equity method. Joint operations are accounted for by proportionate consolidation, i.e., the share of joint ventures' individual income and expenses, assets,

liabilities, and cash flow is recognized on a line-by-line basis in our financial statements in a proportionate basis. We recognize the portion of gains or losses on the disposals of the assets to the joint arrangement that is attributable to the other ventures. When we purchase assets in a joint arrangement, we recognize our portion of the joint venture's gain or loss when the assets are re-sold to a third party; however, the loss on that sale is recognized immediately if the loss represents a reduction of the recoverable value of the asset or an impairment of the asset.

Participation in corporate collaboration agreements

We participate in joint ventures and consortiums. The interest we hold in these ventures is measured in the consolidated financial statements in accordance with the control capacity over those businesses, considering legal regulations and contractual terms. According to the degree of control, joint ventures are accounted for following the criteria described for subsidiaries (if control is held), joint arrangements (if jointly controlled) and associate (if not controlled).

Property, plant and equipment

All property, plant and equipment items are shown at historical cost, which includes expenditure that is directly attributable to the acquisition of these items, less subsequent depreciation and impairment losses, where applicable. We include subsequent costs in the asset's carrying amounts only if future economic benefits are expected to arise from their disposals and their cost is measured reliably. The value of replacement parts is written off. We charge to earnings the other repair and maintenance expenses in the year when incurred.

Depreciation of assets is recorded under income (loss) for the period, following a straight-line method and on the basis of the useful lives of the different types of assets. Land is not depreciated. We review the residual value, the useful life and the depreciation method for property, plant and equipment at the end of each year. Changes of criteria initially established are recognized, as the case may be, as a change of estimate.

Property, plant and equipment items are written down to their recoverable amount if the asset's residual value is greater than its estimated recoverable value. Gains and losses on sales of assets are measured by comparing the income received with their residual value.

Also, the assets categorized under the items Heavy machinery and equipment, Buildings and Land are accounted for at the fair value shown by the latest revaluation performed, applying the revaluation model described in IAS 16. Revaluations are performed if there are indications that the carrying value significantly differs from value that could be determined using the fair value at the end of the reporting year.

To obtain the fair values of an asset, the existence of an active market for the assets in their present condition, or lack of it, is considered. For those assets for which there is an active market in their present condition, the fair values are determined in relation to their market values. For the remaining cases, the market values for brand-new assets are analyzed, applying a discount rate according to the condition and wear-out of each asset, and considering the distinctive features of each of the assets being revalued (for instance, improvements made, degree of maintenance, levels of productivity, use, among others).

Intangible assets

Intangible assets are non-monetary assets, without physical substance, that are identifiable separately or which result from legal or contractual rights. Intangible assets are recorded when they can be measured reliably and are expected to produce benefits.

Public utility concession rights

A concession of public utility services is a contractual mechanism for providing public utility services to a group of users. Through concession agreements, the grantor transfers to the concessionaire the right and the obligation to provide the service over the term of the concession. Through our subsidiaries Metrovías and ACSA, we hold concessions of public utility services and invest in assets that are included in the essential infrastructure of services provided by those subsidiaries. The assets owned by Metrovías and ACSA that are essential infrastructure for the provision of the services covered by the respective concessions have not been recognized as Property, plant and equipment items; instead, they were recognized as "concession rights" in Intangible assets, and represent the right or license of each of the subsidiaries to receive a return on investments for the rate charged to users. This intangible asset is amortized on a straight-line basis over the term of the concession.

Goodwill

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase price over the fair values of the assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (“CGUs”) or group of CGUs that are expected to benefit from the business combination in which the goodwill arose. Each unit or group of units to which goodwill is identified as the lowest level at which goodwill is monitored for internal management purposes.

Goodwill is not amortized. Goodwill impairment is reviewed annually or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying amount of goodwill is compared with its recoverable value, which is the higher of the value in use and the fair value, less costs to sell. Impairment is immediately recognized as an expense and it is not reversed.

Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. Other amortizable assets are reviewed for impairment when there are events or circumstances indicating that their carrying amount might not be recovered. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs or group of CGUs expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Impairment losses are recognized by the excess of the carrying amount of an asset over its recoverable value. Recoverable value is the higher of the value in use and the fair value of the assets, less costs to sell. The value in use of each CGU is determined based on the present value of future cash flows expected to be generated by each CGU.

Non-financial assets, excluding goodwill, which have depreciated during past fiscal years are reviewed to determine their possible reversal at the end of each year.

Bank and financial debts

Bank loans and financial debts, including overdraft facilities, and other financial liabilities are initially recognized at fair value of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method.

When financial liabilities have been paid or settled, they are removed from the balance sheet. When a debt instrument exchange is not recorded as a repayment of the original debt, the costs and commissions are adjusted to the carrying value of the liability and are amortized throughout the remaining useful life of the new recorded liability. If this debt exchange is recorded as a repayment of the original liability, the costs or commissions incurred are recognized in the statement of income as financial costs.

Share Capital and Capital Adjustment

Share Capital represents the portion of shareholders’ equity that has been furnished by the shareholders, and which, in the case of *sociedades anónimas*, is represented by shares.

Following applicable accounting principles, our financial statements have been prepared in constant monetary units during certain periods of time. Under this accounting method, all lines of the shareholders’ equity are re-expressed to recognize the effect of inflation, except for Capital which must remain at its nominal value, and the effect of inflation on it is recorded on a separate line called Capital Adjustment.

Income tax and minimum notional income tax

Income Tax

The income tax charge comprises current and deferred taxes. Taxes are recognized in the consolidated statement of income, except for items that must be recognized directly in the statement of Other comprehensive

income. In this case, the income tax related to these items is recognized in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws effective at the date of the balance sheet, in the countries where we operate and generate taxable income.

Deferred income tax is computed in its entirety according to the liability method, on the basis of the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts shown in the consolidated financial statements. However, the deferred tax generated by the initial recognition of an asset or a liability in a transaction not corresponding to a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit, is not recorded. Deferred tax is calculated using tax rates effective at the date of the consolidated balance sheet and which are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that tax benefits are likely to be obtained in the future to be able to offset the temporary differences.

We record a deferred tax liability in the case of taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

- (i) We control the timing of reversal of the temporary differences; and
- (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Balances of deferred assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same tax authority, where there is an intention and possibility to settle the tax balances on a net basis.

Minimum notional income tax

For our business in Argentina, we compute the minimum notional income tax by applying the current 1% rate on computable assets at the end of the period. This tax complements the income tax. Our tax obligation will be the higher of the two taxes. However, if in the course of a fiscal year, the minimum notional income tax obligation exceeds income tax liability, the surplus will be computable as a payment on account of income tax for the next ten years.

Provisions for contingencies

Provisions are recognized in the balance sheet when:

- (a) We have a present legal or constructive obligation as a result of past events;
- (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- (c) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure required to settle the obligation considering the best information available at the balance sheet date and are re-estimated at the end of each reporting period. The discount rate used to determine the present value reflects market assessments at the balance sheet date of the time value of money and the risks specific to the liability.

Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable, and represents the amounts receivable for sales of goods and/or services, net of discounts and value added tax. Revenue are recognized when the amounts can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria are met for each of our business operations, as described below.

Construction contracts

Revenue from our construction contracts under way which extend over time are recognized as defined in IAS 11 “Construction Contracts”, as a contract specifically negotiated for the construction of an asset.

When the amount of revenue from a construction contract can be reliably measured and it is probable that the contract will result in revenue, incomes and costs of construction contracts are recognized over the period of the contract based on the percentage of completion. When it is probable that the total costs of the construction contract will exceed total revenue from the contract, the loss is recognized to profit and loss immediately.

When the amount of revenue from a construction contract cannot be reliably measured, revenue from the contracts is recognized only up to the amount of the costs incurred at that date which are likely to be recovered.

Changes in the costs of contracts, as well as the payments for claims and incentives are included in revenue from the contracts if they have been agreed with the customer and can be reliably measured.

We use the percentage of completion method to determine the amount of revenue to be recognized in each year. The percentage of completion of the construction work is measured on the basis of the costs of contracts incurred until the end of the reporting year-end as a percentage of the total estimated costs of each contract.

At the end of each reporting year, we report the contractual net position of each contract, either as assets or liabilities. A contract represents an asset when the costs incurred plus their margin recognized in income exceeds billings issued to date; otherwise it represents a liability.

Service provision

Revenue is recognized at the fair value of the consideration received or receivable in the period when such services have been rendered, and represents the amounts receivable for sales of services, net of discounts and value added tax. We recognize revenue from services when the amounts can be measured by reliable means and when it is likely that future economic benefits are generated for the entity.

The result arising from the provision of services may be estimated by reliable means when the following conditions are fulfilled: (i) the amount of revenue can be measured by reliable means, (ii) it is likely that we will receive the benefits related to the service, (iii) the degree of provision or completion of the service can be measured by reliable means, and (iv) the costs already incurred in the provision of services as well as the costs to be incurred for the completion can be measured by reliable means.

Revenue from passenger transport, given the nature of the service, the provision of which involves a short period of time, is recognized based on the passengers transported.

Government Subsidies

We currently receive government subsidies for transportation services rendered by Metrovías.

Metrovías, which manages the SBA, the Premetro and the Urquiza Railway, receives monthly subsidies from the Argentine Federal Government for its Urquiza Railway services, and from the GCBA for the SBA and Premetro services, to cover part of its cost increases. These subsidies are not recorded as sales but are deducted from cost of sales, administrative expenses or other operating expenses.

Principal Factors Affecting Our Results of Operations

Our results of operations have been influenced and will continue to be influenced by a variety of factors, including those set out below.

Inflation

Inflation affects both our revenues and our costs. It affects salary costs, professional fees and equipment maintenance and costs. In general, we have mechanisms to adjust our revenues for an increase in costs. For example, we may increase fares or tariffs, adjust the price for the works or services we provide to a

public client or increase government subsidies. These adjustments are usually not automatic, and there is often a delay between the increase in costs and the time in which our income reflects the corresponding correction. In these instances, we increase our working capital requirements to ensure that we can provide our normal services during this delay. For a further discussion on how the effect of increased costs translates into increases in prices, see “Business—Construction and Toll Road Concessions Segment—Large Scale Construction Projects—Revenues,” “Business—Waste Management Segment—Increased Costs,” “Business—Transportation Segment—Operation and Maintenance Agreement for Subway.Urquiza Railway Concession—Revenues derived and Subsidies received from the Concession and the Operation and Maintenance Agreement” and “Business—Water Supply Services Management—Revenues.”

Government Concessions

Our experience with government concessions started in the 1990s, following the privatization of public utilities services in Argentina. Towards the end of 1994, we acquired ownership interests in several companies, including mobile telephone services, residential gas networks, the postal service and fuel and power distribution services. Around this time period, the government granted a concession to Metrovías. These concessions normally involve the right of the concessionaire to collect a certain amount through a tariff or fare, and in exchange, the concessionaire must provide certain services and meet other obligations, such as paying the government royalties or making certain investments. The concession involves an economic risk for the concessionaire as it is subject to the service price in the concession contract, but the concessionaire also has the opportunity to maximize its profit by performing its services more efficiently.

Under the Emergency Law enacted in 2002, all government concessions in Argentina are subject to a renegotiation process during which certain price adjustment mechanisms are no longer valid. At the same time, most investment obligations for concessionaires have also been suspended. As of December 31, 2015, several public utility contracts have been renegotiated, while others remain pending renegotiation.

Depreciation of the peso; Financial expenses

The *peso* depreciated by 12.7% against the U.S. dollar during the three months ended March 31, 2016 and by 52.5%, 31.1% and 32.6% in 2015, 2014 and 2013, respectively. The depreciation of the *peso* affected our financial expenses, as our dollar-denominated debt increase in *peso* terms. In addition, local currency debt increased in absolute terms because the government delayed payment by extending payment terms and paying by post-dated checks in 2013, 2014 and 2015 and the three months ended March 31, 2016. As a result, we increased our levels of borrowings to fund our working capital.

Discontinued activities

Communication and data transfer

In March 2014, Clisa sold the assets of CPS Comunicaciones S.A. (“Metrotel”) which was directly controlled by BRt. Metrotel provided data transmission, telephone and Internet services, among others, to several companies, including banks, TV production entities and technology companies. Sales for its activities were registered until December 2013 and amounted to Ps.142.0 million during the fiscal year ended on December 31, 2013.

Dolores – Mar del Plata Tranche of the Buenos Aires – Mar del Plata Expressway

Covisur S.A. (“Covisur”), a company in which BRH holds a 25% ownership interest, became the concessionaire for the maintenance, improvement and operation of Provincial Road No. 2, in accordance with the concession contract dated September 1990, approved by Decree No. 2039/1990 from the Executive National Branch, as amended. Provincial Road No. 2, a 363 km expressway, is the direct road between the City of Buenos Aires and Mar del Plata – the most important tourist area in the country – and to several other tourist destinations along the Atlantic coast. The concession was subsequently transferred to the Province of Buenos Aires.

On July 19, 2010, Covisur executed a memorandum agreement with the Ministry of Infrastructure of the Province of Buenos Aires, through which the government approved: (i) the partial termination of the concession contract with Covisur regarding the construction, improvement, repair, conservation, expansion, remodelling and operation of a tranche of approximately 174 km of Provincial Road No. 2; (ii) an amendment to the terms and conditions regarding the remaining 189 km of Provincial Road No. 2, from Dolores to Mar del Plata; and (iii) an extension of the amended concession term, for an additional four years, until June 30, 2016.

These amendments to the Covisur concession agreement were subject to fulfillment of certain conditions precedent, which were met on July 1, 2011 when Autovía del Mar S.A., a company in which BRH holds a 26.67% ownership interest, took possession of the Provincial Road No. 2 tranche. As of that date, the new terms and conditions became effective regarding the Dolores – Mar del Plata tranche, extending the concession until June 30, 2016.

On December 4, 2015, the Ministry of Infrastructure of the Province of Buenos Aires, Covisur and Autovía del Mar S.A. agreed to terminate the concession early in a memorandum agreement. As a result, Autovía del Mar S.A. took possession of the Dolores – Mar del Plata tranche as of December 10, 2015.

Sales from Covisur during the fiscal years ended on June 30, 2015 and 2014 were Ps.116.9 million and Ps.109.8 million, respectively.

Agreements on operation of urban passenger railway services

Corredores Ferroviarios S.A. (“COFESA”), a company in which BRt holds a 95% ownership interest, was in charge of the operation, on behalf of the Argentine Federal Government, of the railway passenger services the Mitre and the San Martín Railways from February 2014 until March 2015. As of that date, COFESA’s agreements regarding Mitre and San Martín Railways were terminated. COFESA is currently undergoing administrative and legal procedures aimed at cancelling outstanding liabilities, implementation of the transference of assets utilized for the operation of the service and rights and obligations still pending execution or cancellation, as well as regarding works, pending litigation and management compensation, all of which will be treated in the credit and debit liquidation and cancellation procedure as part of the final accountability process, all in accordance with the agreements currently in force.

Through Metrovías, Clisa participates with a 50% ownership interest both in Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. en Liquidación (“UGOFE”) and in Unidad de Gestión Operativa Mitre Sarmiento S.A. en Liquidación (“UGOMS”). UGOFE operated, on behalf of the Argentine Federal Government, the passenger railway service of the San Martín Railway from January 2005 until February 2014 and General Roca and Belgrano Sur Railways from July 2007 until February 2014. Meanwhile, UGOMS operated, on behalf of the Argentine Federal Government, the passenger railway services of the Sarmiento Railway from May 2012 until October 2013 and General Mitre Railway from May 2012 until February 2014. Pursuant to Resolutions 848 and 1083 dated August and September 2013, respectively, issued by the National Ministry of Interior and Transport, UGOFE and UGOMS’ operating agreements regarding the abovementioned railways – originally executed with the Secretariat of Transport – were assigned to Sociedad Operadora Ferroviaria Sociedad del Estado (“SOFSE”) and were later on terminated by SOFSE. At present, UGOMS and UGOFE’s operating agreements are terminated and they must negotiate with SOFSE the cancellation of outstanding liabilities, the implementation of the transfer of those assets used to operate the service and the rights and obligations still pending execution and/or cancellation, as well as with respect to works, any pending litigation and management compensation. All of these items will be treated in the credit and debit liquidation and cancellation procedure as part of the final accountability process. UGOFE and UGOMS will execute, with SOFSE and the new operators of the service, any agreements necessary for the transfer. For further information, see note 3.2.2 in Clisa’s Audited Consolidated Financial Statements as of December 31, 2015.

Sales for these activities were recognized until March, 2015. Sales of COFESA, UGOFE and UGOMS totaled Ps.21.3 million, Ps.137.1 million and Ps.156.4 million for during the fiscal years ended on December 31, 2015, 2014 and 2013, respectively.

Surveillance services

Compañía Metropolitana de Seguridad S.A. (“CMS”), a company in which Metronec holds a 95% ownership interest, was created as a provider of surveillance services for Metrovías, later expanding its activities to other companies within our group and other third parties. During 2013, CMS completed its obligations under all agreements then in force and is currently assessing new business opportunities.

CMS had no sales during the fiscal year ended on December 31, 2015. The sales registered during the fiscal years ended on December 31, 2014 and 2013 amounted to Ps.0.1 million and Ps.35.2 million, respectively.

Capital expenditures and other investments

Our capital expenditures during 2014 and 2015 were primarily for the construction and waste management sectors. Investments in capital goods related to the construction sector were closely linked to the

type of projects awarded. In general, we apply funds for the purchase of construction equipment or, for long-term contracts, for set-up and organizational costs. The vast majority of these investments are made at the beginning of the project, when specialized equipment is acquired in order to be utilized in the establishment of the work place. In our Waste Management segment, investments in capital goods are directly related to the term of our service contracts. The vast majority of these investments are made at the beginning of the contractual relationship, when we purchase a new fleet of trucks for urban collection or heavy machinery to be utilized in the waste management of our landfills.

Results of Operations for the three months ended March 31, 2016, compared to the three months ended March 31, 2015

The following table sets forth the components of our consolidated statement of income for the three months ended March 31, 2016 and 2015:

	For the three months ended March 31,		
	2016	2015	Variation (%)
	<i>(unaudited)</i>		
	<i>(in millions of pesos, except for ratios)</i>		
Sales	2.184.1	1.904.3	14.7%
Cost of sales	(1.369.5)	(1.266.4)	8.1%
Gross Profit	814.6	637.9	27.7%
Administrative expenses	(320.3)	(240.4)	33.2%
Selling expenses and other operating expenses	(150.3)	(134.4)	11.8%
Other operating income and expenses, net	10.6	12.8	(17.1)%
Operating income	354.6	275.8	28.6%
Operating Margin	16.2%	14.5%	
Financial income	167.5	38.4	336.6%
Financial expenses	(740.7)	(331.0)	123.8%
Net gain in associates	6.2	3.9	62.0%
Goodwill impairment	(0.9)	(0.9)	0.0%
Net (loss) before income tax	(213.2)	(13.9)	1430.5%
Income tax	24.8	(18.4)	(235.2)%
Net (loss) income for the period	(188.4)	(32.3)	483.4%

Sales

Sales increased by Ps.279.8 million, or 14.7%, for the three months ended March 31, 2016, to Ps.2,184.1 million from Ps.1,904.3 million in the same period during 2015. This increase was primarily due to an increase in sales in the Waste Management segment by Ps.162.8 million, in Construction and Toll Road Concessions segment by Ps.65.5 million, Water Supply Services by Ps.53.4 million and Other Activities segment by Ps.3.2 million, partially offset by a decrease of Transportation segment of Ps.3.8 million.

Cost of sales

Cost of sales increased by Ps.103.1 million, or 8.1%, to Ps.1,369.5 million for the three months ended March 31, 2016, from Ps.1,266.4 million in the same period during 2015. This increase was due to an increase in the cost of sales in the Waste Management segment by Ps.55.3 million, the Construction and Toll Road Concessions segment by Ps.42.6 million and Water Supply Services by Ps.22.2 million, partially offset by a decrease in the Transportation segment of Ps.14.4 million and a decrease in the Other Activities segment of Ps.0.5 million.

Administrative expenses

Administrative expenses increased by Ps.79.8 million, or 33.2%, to Ps.320.3 million for the three months ended March 31, 2016, from Ps.240.4 million in the same period during 2015. This increase was primarily due to an increase in the administrative expenses in the Waste Management segment by

Ps.44.5 million, an increase in the Construction and Toll Road Concessions segment by Ps.15.5 million, in the Water Supply Services segment by Ps.11.5 million, in the Other Activities segment by Ps.4.3 million and an increase in the Transportation segment by Ps.2.6 million.

Selling expenses and other operating expenses

Selling expenses and other operating expenses increased by Ps.15.8 million, or 11.8%, to Ps.150.3 million for the three months ended March 31, 2016, from Ps.134.4 million in the same period during 2015. This increase was primarily due to an increase in the operating expenses in the Water Supply Services segment by Ps.11.4 million and the Construction and Toll Road Concessions segment by Ps.5.6 million and an increase of Other Activities segment by Ps.0.2 million, partially offset by a decrease in the operating expenses of the Transportation segment by Ps.1.3 million. Other operating expenses of Waste Management Segment remained constant.

Other operating income and expenses, net

Other net operating income and expenses decreased by Ps.2.2 million, or 17.1 %, to Ps.10.6 million for the three months ended March 31, 2016, from Ps.12.8 million in the same period during 2015. This variation was due to the decrease in results in the Construction and Toll Roads Concessions segment by Ps.6.3 million, partially offset by increases in the Waste Management segment by Ps.2.8 million, the Transportation segment by Ps.0.7 million and the Water Supply segment by Ps.0.5 million. Other net operating income and expenses in the Other Activities segment remained constant.

Operating income

For the reasons described above, operating income for the three months ended March 31, 2016 increased by Ps.78.8 million, or 28.6% to a profit of Ps.354.6 million, from a profit from Ps.275.8 million in the same period during 2015.

Operating margin

Operating margin, defined as the percentage of operating income to sales, increased to 16.2% for the three months ended March 31, 2016, from 14.5% in the same period during 2015.

Financial income

Financial income increased by Ps.129.1 million, or 336.6%, to Ps.167.5 million for the three months ended March 31, 2016, from Ps.38.4 million in the same period during 2015. This increase was primarily due to the recognition of interest accrued for the delay in the payments of our receivables with the CEAMSE.

Financial expenses

Financial expenses increased by Ps.409.7 million, or 123.8%, to Ps.740.7 million during the three months ended March 31, 2016, as compared to Ps.331.0 million for the same period during 2015 as a result of increased prevailing interest rates (which increased our interest costs in local currency), the depreciation of the *peso* against the U.S. dollar (which increased our U.S. dollar debt in *peso* terms) and the increase in borrowings to fund working capital due to longer delays in receiving payment from our counterparties.

Net gain in associates

Net gain in associates increased by Ps.2.4 million, or 62.0%, to Ps.6.2 million for the three months ended March 31, 2016, from Ps.3.9 million in the same period during 2015. This increase was primarily due to the increases in the results contributed by Covisur S.A. and Transportel Patagónica S.A., partially offset by the decrease of the results contributed by Benito Roggio e Hijos de Paraguay.

Goodwill impairment

Goodwill impairment remained constant at Ps.0.9 million for the three months ended March 31, 2016, as compared to the same period during 2015.

Income tax

Income tax decreased by Ps.43.2 million to a benefit of Ps.24.8 million for the three months ended March 31, 2016, from an expense of Ps.18.4 million in the same period during 2015. This decrease was primarily due to the increase in deferred tax assets in BRa, BRH and Haug.

Depreciation and amortization

Depreciation and amortization is not a separate line item in our statement of operations, but it is included in several of the other line items, including cost of sales, administrative and commercialization expenses, other operating expenses and goodwill impairment. Depreciation and amortization expenses increased by Ps.32.2 million, or 61.8%, to Ps.84.2 million expense for the three months ended March 31, 2016, from Ps.52.1 million for the same period during 2015. This increase was primarily due to an increase in the carrying value of property, plant and equipment following application of the revaluation model.

Net (loss) for the period

As a result of the factors discussed above, net loss decreased by Ps.156.1 million, or 483.4%, to Ps.188.4 million during the three months ended March 31, 2016, from Ps.32.3 million for the same period during 2015.

Results of Construction and Toll Road Concessions Segment

The following table sets out the components of the consolidated statement of income for our Construction and Toll Road Concessions segment for the three months ended March 31, 2016 and 2015:

	For the three months ended March 31,	
	2016	2015
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	655.1	589.7
Cost of sales	(467.2)	(424.6)
Administrative expenses.....	(67.6)	(52.1)
Selling expenses and other operating expenses.....	(40.6)	(35.0)
Other operating income and expenses, net	(0.6)	5.6
Operating income	79.0	83.6
Operating margin	12.1%	14.2%

Sales

Sales in our Construction and Toll Road Concessions segment increased by Ps.65.5 million or 11.1%, to Ps.655.1 million for the three months ended March 31, 2016, from Ps.589.7 million for the same period during 2015. This increase was primarily due to an increase in Haug's sales, of Ps.116.9 million, partially offset by a decrease in BRH's sales by Ps.46.9 million.

The decrease in BRH's sales was primarily due to: (i) the termination of certain contracts, including the renovation and rehabilitation of the Belgrano Cargas Branch C Railway tracks from Km. 173.100 to Km. 211.340, between La Lucila and Santurce in the Province of Santa Fe; (ii) the decrease in sales under certain contracts such as (1) the paving of National Road No. 76 in the La Quebrada de Santo Domingo and Pircas Negras tranche, in the Province of La Rioja; (2) the extension and repair of the Rosario City beltway in the Province of Santa Fe; (3) the construction of a four-lane road for Provincial Road No. 1, linking Provincial Road No. 1 with National Road No. 66 By-Pass San Juan street; (4) San Salvador de Jujuy – Palpalá tranche, Province of Jujuy and extension works on Subway E, Bolivar – Retiro tranche, in the City of Buenos Aires; partially offset by (iii) the initiation of new contracts, such as services for the culverting of "Los Molinos" channel; and the construction of pumping plants in the Province of Córdoba and other services to optimize and update the electric infrastructure in the Yacimiento Carbonífero Río Turbio and the Rail and Port Services with Terminals in Punta Loyola and Río Gallegos, Province of Santa Cruz; and (iv) the increase in the sales under certain contracts, such as (1) the expansion of paved surface of National Road No. 36; (2) the connection with future Perilago in the Province of Córdoba; and (3) work on the Yacyreta dam to improve coastal protection for the cities of Posadas, Garupá and Candelaria.

Cost of sales

Cost of sales in our Construction and Toll Road Concessions segment increased by Ps.42.6 million, or 10.0%, to Ps.467.2 million for the three months ended March 31, 2016, from Ps.424.6 million during the corresponding period in 2015. This increase in the cost of sales was primarily due to the increase in Haug's cost of sales by Ps.94.7 million, partially offset by a decrease in BRH's cost of sales by Ps.36.9 million.

Administrative expenses

Administrative expenses primarily include salaries, wages, social security contributions and professional fees. Administrative expenses in our Construction and Toll Road Concessions segment increased by Ps.15.5 million, or 29.8%, to Ps.67.6 million for the three months ended March 31, 2016, from Ps.52.1 million during the corresponding period in 2015. This increase was primarily due to the increase in professional fees and in salaries in line with inflation and an increase in personnel.

Selling expenses and other operating expenses

Selling expenses and other operating expenses of the Construction and Toll Road Concessions segment consist primarily of salaries, taxes, depreciation of fixed assets and equipment and facility maintenance expenses. Selling expenses and other operating expenses of our Construction and Toll Road Concessions segment increased by Ps.5.6 million, or 16.1%, to Ps.40.6 million for the three months ended March 31, 2016, from Ps.35.0 million during the corresponding period in 2015. This increase was primarily due to an increase in the carrying value following application of the revaluation method, and an increase in salaries due to an increase in personnel and the effect of inflation.

Other operating income and expenses, net

Other net operating income and expenses in our Construction and Toll Road Concessions segment decreased by Ps.6.3 million, or 111.3%, to a loss of Ps.0.6 million for the three months ended on March 31, 2016, from a gain of Ps.5.6 million during the corresponding period in 2015. This decrease was primarily due to gains realized by Haug due to termination of operations in the Dominican Republic during the three month period ended March 31, 2015.

Operating income

For the reasons described above, operating income of our Construction and Toll Road Concessions segment decreased Ps.4.5 million, or 5.4% to a gain of Ps.79.0 million during the three months ended on March 31, 2016, from a gain of Ps.83.6 million during the corresponding period in 2015.

Operating margin

Operating margin of our Construction and Toll Road Concessions segment decreased to 12.1% for the three months ended March 31, 2016, from 14.2% during the corresponding period in 2015.

Results of Transportation Segment

The following table sets forth the components of the consolidated statement of income for our Transportation segment for the three months ended March 31, 2016 and 2015:

	For the three months ended March 31,	
	2016	2015
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	285.6	289.4
Cost of sales	(168.9)	(183.3)
Administrative expenses	(30.4)	(27.8)
Selling expenses and other operating expenses.....	(52.5)	(53.8)
Other operating income and expenses, net	0.9	0.2
Operating income	34.7	24.6
Operating margin	12.1%	8.5%

Sales

Sales of our Transportation segment decreased by Ps.3.8 million, or 1.3%, to Ps.285.6 million for the three months ended March 31, 2016, from Ps.289.4 million during the corresponding period in 2015. This decrease was due to a decrease in revenues for the transportation service by Ps.7.0 million, mainly due to the decrease in the activity of BRF and the termination of the COFESA contract, partially offset by an increase in transportation sales from an increase in Metrovías passengers. The decrease in transportation revenues was partially offset by an increase in sales from technical management related to the investment plan by Ps.4.0 million.

Cost of sales

Cost of sales of our Transportation segment decreased by Ps.14.4 million, or 7.8%, to Ps.168.9 million for the three months ended March 31, 2016, from Ps.183.3 million during the corresponding period in 2015. This decrease in cost of sales is mainly due to a decrease in costs arising from transportation services of Ps.13.2 million related to increased government subsidies since January 2016 to account for seasonal passengers.

Administrative expenses

Administrative expenses consist principally of salaries, expenses related to collection services, information technology services, insurance expenses and professional fees, partially offset for subsidies received. Administrative expenses in our Transportation segment increased by Ps.2.6 million, or 9.3%, to Ps.30.4 million for the three months ended March 31, 2016, from Ps.27.8 million during the corresponding period in 2015. This increase was primarily due to an increase, in line with inflation, in salaries, collection, information technology and insurance, partially offset by an increase in subsidies collected.

Selling expenses and other operating expenses

Selling expenses and other operating expenses consist primarily of salaries and social security contributions, taxes, insurance and fees paid for the use of SUBE (a state-issued plastic smartcard which can hold credit to be used to travel on multiple transportation systems, including subways and railways), partially offset by the subsidies received. Selling expenses and other operating expenses in our Transportation segment decreased by Ps.1.3 million or 2.4%, to Ps.52.5 million for the three months ended March 31, 2016, from Ps.53.8 million during the corresponding period in 2015. This decrease was primarily due to the increase of subsidies collected due to seasonal passengers, partially offset by the increase in labor and insurance costs in line with inflation.

Other operating income and expenses, net

Other net operating income and expenses in the Transportation segment increased by Ps.0.7 million, or 468.6% to Ps.0.9 million for the three months ended March 31, 2016, from Ps.0.2 million during the corresponding period in 2015. This increase was primarily due to gains registered for sales of equipment in the three month period ended March 31, 2016.

Operating income

For the reasons explained above, operating income of our Transportation segment increased by Ps.10.0 million, or 40.7%, to a gain of Ps.34.7 million for the three months ended March 31, 2016, from Ps.24.6 million during the corresponding period in 2015.

Operating margin

Operating margin of our Transportation segment increased to 12.1% for the three months ended March 31, 2016, from 8.5% during the corresponding period in 2015.

Results of the Waste Management Segment

The following table sets forth the components of the statement of income for our Waste Management segment for the three months ended March 31, 2016 and 2015:

	For the three months ended March 31,	
	2016	2015
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	1,029.8	866.9
Cost of sales	(652.6)	(597.3)
Administrative expenses.....	(171.6)	(127.1)
Other operating income and expenses, net	6.9	4.1
Operating income.....	212.5	146.6
Operating margin.....	20.6%	16.9%

Sales

Sales of our Waste Management segment increased by Ps.162.8 million, or 18.8%, to Ps.1,029.8 million for the three months ended March 31, 2016, from Ps.866.9 million during the corresponding period in 2015. This increase in sales was primarily due to (i) an increase in urban waste management of Ps.144.8 million mainly due to the urban waste contract with the City of Buenos Aires; (ii) an increase in industrial services by Ps.25.9 million mainly due to industrial services provided by Taym; and (iii) an increase in revenues of waste valorization by Ps.20.4 million, partially offset by (iv) a decrease in sales of landfill operations by Ps.28.3 million related to the termination of the construction of the Mendoza landfill disposal.

Cost of sales

Cost of sales in our Waste Management segment increased by Ps.55.3 million, or 9.3%, to Ps.652.6 million during the three months ended March 31, 2016, from Ps.597.3 million during the first three months of 2015. This increase in cost of sales was primarily due to (i) an increase in cost of sales for urban waste management by Ps.84.6 million and (ii) an increase in industrial services by Ps.13.3 million, partially offset by (iii) a decrease in the cost of sales of landfill operations by Ps.40.0 million and (iv) a decrease in the cost of sales of waste valorization by Ps.2.6 million.

Administrative expenses

Administrative expenses include primarily salaries, taxes, press and public awareness campaigns costs and professional fees. Administrative expenses in our Waste Management segment increased by Ps.44.5 million, or 35.0%, to Ps.171.6 million for the three months ended March 31, 2016, from Ps.127.1 million during the corresponding period in 2015. This increase was primarily due to the increase in salaries and social security contributions, as a result of the increase in inflation, and in sales taxes as a result of increased sales.

Other income and expenses, net

Other net income and expenses in the Waste Management segment increased by Ps.2.8 million, or 68.2%, to a gain of Ps.6.9 million for the three months ended March 31, 2016, from a gain of Ps.4.1 million during the corresponding period in 2015. This increase was primarily due to a recovery in provisions in our waste valorization segment, partially offset by a reduction in gains from the sale of equipment.

Operating income

For the reasons described above, operating income in our Waste Management segment increased by Ps.65.9 million, or 44.9%, to a gain of Ps.212.5 million for the three months ended March 31, 2016, from a gain of Ps.146.6 million during the corresponding period in 2015.

Operating margin

Operating margin in our Waste Management segment increased to 20.6% for the three months ended March 31, 2016, from 16.9% during the corresponding period in 2015.

Results of Water Supply Services Segment

The following table sets forth the components of the consolidated statement of income for our Water Supply Services segment for the three months ended March 31, 2016 and 2015:

	For the three months ended March 31,	
	2016	2015
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	204.4	151.1
Cost of sales	(80.1)	(57.9)
Administrative expenses.....	(39.3)	(27.8)
Selling expenses and other operating expenses.....	(55.5)	(44.1)
Other operating income and expenses, net	3.4	2.9
Operating income	32.9	24.2
Operating margin.....	16.1%	16.0%

Sales

Sales of our Water Supply Services segment increased by Ps.53.4 million, or 35.3%, to Ps.204.4 million for the three months ended March 31, 2016, from Ps.151.1 million during the corresponding period in 2015. This increase was primarily due to rate increases by the concession grantor, in accordance with the concession contract.

Cost of sales

Cost of sales of our Water Supply Services segment increased by Ps.22.2 million, or 38.4%, to Ps.80.1 million for the three months ended March 31, 2016, from Ps.57.9 million during the corresponding period in 2015. This increase was primarily due to an increase in salaries, social security and other expenses due mainly to an increase in the rate of inflation.

Administrative expenses

Administrative expenses include salaries, professional fees and outsourcing costs. The administrative expenses of our Water Supply Services segment increased by Ps.11.5 million, or 41.3%, to Ps.39.3 million for the three months ended March 31, 2016, from Ps.27.8 million during the corresponding period in 2015. This increase was primarily due to the increase in labor costs and professional fees due to an increase in the rate of inflation.

Selling expenses and other operating expenses

Selling expenses and other operating expenses include mainly the provision for contingencies in connection with damaged property, salaries and social security taxes, as well as labor costs and outsourcing. Selling expenses and other operating expenses of our Water Supply Services segment increased by Ps.11.4 million or 26.0%, to Ps.55.5 million for the three months ended March 31, 2016, from Ps.44.1 million during the corresponding period in 2015. This increase was primarily due to an increase in labor costs and outsourcing and provisions for contingency damages on properties due mainly to an increase in the rate of inflation.

Other operating income and expenses, net

Other net operating income and expenses of our Water Supply Services segment increased by Ps.0.5 million, or 19.1%, to a gain of Ps.3.4 million for the three months ended March 31, 2016, from a gain of Ps.2.9 million during the corresponding period in 2015.

Operating income

For the reasons above, operating income of our Water Supply Services segment increased by Ps.8.7 million, or 36.1%, to a gain of Ps.32.9 million for the three months ended March 31, 2016, from a gain of Ps.24.2 million during the corresponding period in 2015.

Operating margin

Operating margin of our Water Supply Services segment increased to 16.1% for the three months ended March 31, 2016, from 16.0% during the corresponding period in 2015.

Results of Other Activities Segment

The following table sets forth the components of the statement of income for our Other Activities segment for the three months ended March 31, 2016 and 2015:

	For the three months ended March 31,	
	2016	2015
	<i>(unaudited)</i>	
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	11.3	8.1
Cost of sales	(6.4)	(6.9)
Administrative expenses.....	(5.2)	(0.9)
Selling expenses and other operating expenses.....	(0.6)	(0.5)
Other operating income and expenses, net	(0.0)	(0.0)
Operating income	(0.9)	(0.2)
Operating margin.....	(7.7)%	(1.9)%

Sales

Sales of our Other Activities segment increased by Ps.3.2 million, or 39.5%, to Ps.11.3 million for the three months ended March 31, 2016, from Ps.8.1 million during the corresponding period in 2015. This increase was primarily due to an increase in the rates we charged for our services as a result of an increase in the rate of inflation.

Cost of sales

Cost of sales of our Other Activities segment decreased by Ps.0.5 million, or 7.4%, to Ps.6.4 million for the three months ended March 31, 2016, from Ps.6.9 million during the corresponding period in 2015. This decrease was primarily due to a decrease in salaries due to a reallocation of the labor costs to administrative expenses, partially offset by an increase in outsourcing services and an increase in the depreciation of certain assets.

Administrative expenses

Administrative expenses of our Other Activities segment increased by Ps.4.3 million, or 466.9%, to Ps.5.2 million for the three months ended March 31, 2016, from a loss of Ps.0.9 million during the corresponding period in 2015. This increase was primarily due to the reallocation of labor costs to administrative expenses from cost of sales.

Selling expenses and other operating expenses

Selling expenses and other operating expenses of our Other Activities segment increased by Ps.0.2 million, or 35.1%, to Ps.0.6 million for the three months ended March 31, 2016, from Ps.0.5 million during the corresponding period in 2015. This increase was primarily due to an increase in sales taxes.

Other operating income and expenses, net

Other net operating income and expenses of the Other Activities segment remained stable at Ps.0.0 million for the three months ended March 31, 2016 and 2015.

Operating income

For the reasons above, the operating income of the Other Activities segment decreased by Ps.0.7 million, or 459.9%, to a loss of Ps.0.9 million for the three months ended March 31, 2016, from a loss of Ps.0.2 million loss during the corresponding period in 2015.

Operating margin

Operating margin of the Other Activities segment decreased to (7.7)% for the three months ended March 31, 2016, from (1.9)% during the corresponding period in 2015.

Results of Operations for the fiscal year ended December 31, 2015 compared to the fiscal year ended December 31, 2014

The following table sets forth the components of the statement of income for the years ended December 31, 2015 and 2014:

	For the fiscal year ended December 31,		
	2015	2014	Variation (%)
	<i>(in millions of pesos, except percentages)</i>		
Sales	8,567.9	6,847.0	25.1
Cost of sales	<u>(5,817.4)</u>	<u>(4,597.5)</u>	<u>26.5</u>
Gross result	2,750.5	2,249.5	22.3
Administrative expenses	(1,120.3)	(928.1)	20.7
Selling expenses and other operating expenses	(684.4)	(552.7)	23.8
Other income and expenses, net	3.9	132.0	(97.1)
Operating income	949.7	900.8	5.4
Operating margin	11.1%	13.2%	
Financial income	299.0	204.8	46.0
Financial expenses	(2,071.1)	(1,211.5)	71.0
Net (loss) gain in associates	(15.6)	20.5	(176.1)
Goodwill impairment	(3.7)	(3.7)	0.0
Loss before income tax	(841.7)	(89.2)	844.0
Income tax	125.2	(87.1)	(243.7)
Net loss for the year	(716.5)	(176.3)	306.4

Sales

Sales increased by Ps.1,720.9 million, or 25.1% during the fiscal year ended December 31, 2015 to Ps.8,567.9 million, from Ps.6,847.0 million during 2014. This increase was primarily due to an increase in the sales of the Waste Management segment by Ps.888.9 million, Construction and Toll Road Concessions segment by Ps.552.3 million, the Water Supply Services segment by Ps.184.6 million, the Transportation segment by Ps.56.5 million and the Other Activities segment by Ps.23.2 million

Cost of sales

Cost of sales increased by Ps.1,219.9 million, or 26.5%, to Ps.5,817.4 million for the fiscal year ended December 31, 2015, from Ps.4,597.5 million during 2014. This increase was primarily due to an increase in the cost of sales of the Construction and Toll Road Concessions segment by Ps.604.8 million, the Waste Management segment by Ps.490.2 million, the Water Supply Services segment by Ps.55.3 million, the Transportation segment by Ps.41.6 million and Other Activities segment by Ps.11.9 million.

Administrative expenses

Administrative expenses increased by Ps.192.2 million, or 20.7%, to Ps.1,120.3 million for the fiscal year ended December 31, 2015, from Ps.928.1 million during 2014. This increase was primarily due to an increase in administrative expenses in the Waste Management segment by Ps.171.4 million, in the Water Supply Services segment by Ps.30.5 million, in the Transportation segment by Ps.9.7 million and in the Other Activities segment by Ps.7.4 million, partially offset by a decrease in the Construction and Toll Road Concessions segment by Ps.22.8 million.

Selling expenses and other operating expenses

Selling expenses and other operating expenses increased by Ps.131.7 million, or 23.8%, to Ps.684.4 million for the fiscal year ended December 31, 2015, from Ps.552.7 million during 2014. This increase was primarily due to an increase in the operating expenses in the Water Supply Services segment by Ps.69.7 million, the Construction and Toll Road Concessions segment by Ps.54.3 million, the Transportation segment by Ps.7.7 million and the Other Activities segment by Ps.1.1 million.

Other operating income and expenses, net

Other net operating income and expenses decreased by Ps.128.2 million, or 97.1%, to a gain of Ps.3.9 million for the fiscal year ended December 31, 2015, from a gain of Ps.132.0 million during 2014. This decrease was primarily due to the gains registered in the Other Activities segment during 2014 deriving from the result obtained from Clisa's transfer of assets related to data transmission, telephone and Internet services developed by Metrotel.

Operating income

For to the reasons described above, operating income increased by Ps.48.9 million, or 5.4%, to a gain of Ps.949.7 million in the fiscal year ended December 31, 2015, from a gain of Ps.900.8 million during 2014.

Operating margin

Operating margin decreased to 11.1% during the fiscal year ended December 31, 2015, from 13.2% during 2014.

Financial income

Financial income increased by Ps.94.2 million, or 46.0%, to Ps.299.0 million during the fiscal year ended December 31, 2015, from Ps.204.8 million during 2014. This increase was primarily due to an increase in the foreign exchange rate, increasing the value of assets denominated in U.S. dollars, and higher Argentine interest rates.

Financial expenses

Financial expenses increased by Ps.859.6 million, or 71.0%, to Ps.2,071.1 million during the fiscal year ended December 31, 2015, from Ps.1,211.5 million during 2014. This increase was primarily due to an increase in interest rates and the additional debt financing we entered into during 2015 and the depreciation of the *peso* against the U.S. dollar (which increased our U.S. dollar debt in *peso* terms).

Net (loss) gain in associates

Net (loss) gain in associates decreased Ps.36.1 million, or 176.1%, to a loss of Ps.15.6 million during the fiscal year ended December 31, 2015, from a gain of Ps.20.5 million during 2014. This decrease was primarily due to the decrease in results contributed by Polledo S.A.I.C. y F., Benito Roggio e Hijos de Paraguay, CV1 – Concesionaria Vial S.A. and the consortiums in which BRH participates. Net (loss) and gain in associates refers to the results of Clisa's Minority Investees that are recorded by Clisa in one line in the income statements. The explanation refers to the variation in the results of these companies.

Goodwill impairment

The cost of goodwill impairment remained constant at Ps.3.7 million during both fiscal year 2015 and 2014.

Income tax

Income tax decreased by Ps.212.3 million to a benefit of Ps.125.2 million during the fiscal year ended December 31, 2015, while we incurred an income tax expense of Ps.87.1 million during 2014, due primarily to the increase in deferred tax assets in BRa, BRH and Haug.

Depreciations and amortizations

Depreciations and amortizations are not shown in a separate line in our statement of operations. They are a combination of various items, including cost of sales, administrative expenses and commercialization and other operating expenses. Costs for depreciations and amortizations increased Ps.46.5 million, or 24.9%, to Ps.233.0 million during the fiscal year ended December 31, 2015, from Ps.186.5 million during 2014. This increase was primarily due to an increase in the carrying value of property, plant and equipment following the application of the revaluation model.

Net loss for the year

As a result of the factors above, our results for the fiscal year ended December 31, 2015 decreased by Ps.540.2 million, or 306.4%, resulting in a net loss of Ps.716.5 million during the fiscal year ended December 31, 2015, as compared to a net loss of Ps.176.3 million during 2014.

Results of Construction and Toll Road Concessions Segment

The following table sets forth the components of the statement of income for our Construction and Toll Road Concessions segment for the years ended December 31, 2015 and 2014:

	For the fiscal years ended December 31,	
	2015	2014
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	2,933.9	2,381.6
Cost of sales	(2,215.8)	(1,611.1)
Administrative expenses	(223.1)	(246.0)
Selling expenses and other operating expenses.....	(186.1)	(131.9)
Other operating income and expenses, net	(23.1)	(4.4)
Operating income	285.8	388.3
Operating margin.....	9.7%	16.3%

Sales

Sales of our Construction and Toll Road Concessions segment increased by Ps.552.3 million, or 23.2%, to Ps.2,933.9 million for the fiscal year ended December 31, 2015, from Ps.2,381.6 million during 2014.

This increase was primarily due to the increase in sales of BRH of Ps.702.1 million, partially offset by the decrease of Haug's sales by Ps.112.6 million.

The increase in sales in BRH was primarily due to: (i) the initiation of new contracts, such as the rehabilitation of the Los Molinos channel in the Province of Córdoba, and the construction of an underground vehicle and pedestrian crossing in Beiró Avenue in the City of Buenos Aires; (ii) the increase in sales under certain contracts such as: (1) services provided to Section 2 of Beltway Avenue between the Pueyrredón Variation of National Road No. 20 and Colón Avenue Distributor of Provincial Road E55 in the Province of Córdoba; (2) the construction of a four lane avenue as Central Division of Provincial Road No. 1, connection: Provincial Road No. 1 with National Road No. 66 By Pass San Juan street; (3) the tranche between San Salvador de Jujuy and Palpalá in the Province of Jujuy; and (4) widening the pavement of National Road No. 36 between Berrotarán and Perilago in the Province of Córdoba; partially offset by (iii) a decrease in sales under certain contracts such as works for the extension of Subway E in the Bolívar – Retiro tranche in the City of Buenos Aires, and the repaving of Road Corridor No. 1 in the Province of Buenos Aires; and (iv) the termination of certain contracts, such as the repair and maintenance services of the road system along the Atlantic coast (including National Road No. 2, National Road No. 22, among others) in the Province of Buenos Aires and works in Dique Los Molinos in the Province of Jujuy.

Cost of sales

Cost of sales of our Construction and Toll Road Concession segment increased by Ps.604.8 million, or 37.5%, to Ps.2,215.8 million during the fiscal year ended December 31, 2015, from Ps.1,611.1 million during 2014. This increase was primarily due to an increase in sales costs in BRH by Ps.613.3 million, partially offset by a decrease in costs in Benito Roggio Panamá S.A. by Ps.24.3 million.

Administrative expenses

Administrative expenses include, mainly, salaries, wages and social security contributions and professional fees. Administrative expenses in our Construction and Toll Road Concessions segment decreased Ps.22.8 million or 9.3%, to Ps.223.1 million for the fiscal year ended December 31, 2015, from Ps.246.0 million during 2014. This decrease was primarily due to a decrease of labor costs due to a decrease in personnel.

Selling expenses and other operating expenses

Selling expenses and other operating expenses from the Construction and Toll Road Concession segment consist primarily of taxes and charges, salaries, amortization of fixed assets and equipment and facilities maintenance costs. Selling expenses and other operating expenses of our Construction and Toll Road Concessions segment increased by Ps.54.3 million, or 41.1%, to Ps.186.1 million for the fiscal year ended December 31, 2015, from Ps.131.9 million during 2014. This increase was primarily due to an increase in tax charges resulting from increased sales.

Other operating income and expenses, net

Other net operating income and expenses of the Construction and Toll Road Concessions segment increased by Ps.18.7 million, or 427.9%, to a loss of Ps.23.1 million for the fiscal year ended December 31, 2015, from a loss of Ps.4.4 million during 2014. This increase was primarily due to a gain relating to the anticipated termination of one of BRH contracts within the mining sector.

Operating income

For the reasons described above, the operating income of our Construction and Toll Road Concessions segment decreased by Ps.102.5 million, or 26.4%, to a gain of Ps.285.8 million during the fiscal year ended December 31, 2015, from a gain of Ps.388.3 million during 2014.

Operating margin

Operating margin of our Construction and Toll Road Concessions segment decreased to 9.7% during the fiscal year ended December 31, 2015, from 16.3% during 2014.

Results of Transportation Segment

The following table sets forth the components of the statement of income for our Transportation segment for the fiscal years ended December 31, 2015 and 2014:

	For the fiscal years ended December 31,	
	2015	2014
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	1,346.1	1,289.6
Cost of sales	(830.8)	(789.2)
Administrative expenses	(139.2)	(129.5)
Selling expenses and other operating expenses.....	(260.8)	(253.1)
Other operating income and expenses, net	2.1	1.0
Operating income	117.4	118.9
Operating margin.....	8.7%	9.2%

Sales

Sales from our Transportation segment increased by Ps.56.5 million, or 4.4%, to Ps.1,346.1 million for the fiscal year ended December 31, 2015, from Ps.1,289.6 million during 2014. This increase in sales was primarily due to: (i) an increase in income for transportation services of Ps.116.8 million due to the increase in passengers carried by Metrovías, partially offset by (ii) a decrease in BRf activity due to the termination of the COFESA contract and (iii) a decrease in income from other activities related to transportation of Ps.46.5 million.

Cost of sales

Cost of sales in our Transportation segment increased by Ps.41.6 million, or 5.3%, to Ps.830.8 million during the fiscal year ended December 31, 2015, from Ps.789.2 million during 2014. This increase was primarily due to an increase in costs originated in transportation services of Ps.62.1 million, principally due to an increase in salaries resulting mainly from an increase in the rate of inflation, partially offset by a decrease in costs of other activities related to transportation of Ps.18.9 million.

Administrative expenses

Administrative expenses consist primarily of salaries, collection services expenses, professional fees and software and IT services, partially offset by the subsidies collected. Administrative expenses of our Transportation segment increased by Ps.9.7 million, or 7.5%, to Ps.139.2 million during the fiscal year ended December 31, 2015, from Ps.129.5 million during 2014. This increase was primarily due to an increase, in line with inflation, on salaries and collection services expenses, partially offset by an increase in the subsidies collected from the government.

Selling expenses and other operating expenses

Selling expenses and other operating expenses consist primarily of salaries and social security contributions, insurance expenses, taxes and fees paid for the use of SUBE, partially offset by subsidies received from the government. Selling expenses and other operating expenses of our Transportation segment increased by Ps.7.7 million, or 3.1%, to Ps.260.8 million for the fiscal year ended December 31, 2015, from Ps.253.1 million during 2014. This increase was primarily due to an increase in salaries to account for inflation, partially offset by an increase of subsidies received from the government.

Other operating income and expenses, net

Other net operating income and expenses from the Transportation segment increased Ps.1.1 million, or 110%, to a gain of Ps.2.1 million for the fiscal year ended December 31, 2015, from a gain of Ps.1.0 million during 2014. This increase was primarily due to a gain realized from the sale of a minority investment in Brazil.

Operating income

As a result of the foregoing, operating income of our Transportation segment decreased by Ps.1.4 million, or 1.2%, to a gain of Ps.117.4 million for the fiscal year ended December 31, 2015, from a gain of Ps.118.9 million during 2014.

Operating margin

Operating margin of our Transportation segment decreased by 8.7% for the fiscal year ended December 31, 2015, from 9.2% during 2014.

Results of the Waste Management Segment

The following table sets forth the components of the statement of income for our Waste Management segment for the years ended December 31, 2015 and 2014:

	For the fiscal years ended December 31,	
	2015	2014
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	3,571.1	2,682.2
Cost of sales	(2,480.5)	(1,990.2)
Administrative expenses	(590.3)	(418.9)
Other operating income and expenses, net	14.6	0.8
Operating income	514.8	273.7
Operating margin.....	14.4%	10.2%

Sales

Sales of our Waste Management segment increased by Ps.888.9 million, or 33.1%, to Ps.3,571.1 million for the fiscal year ended December 31, 2015, from Ps.2,682.2 million during 2014. This increase in sales was primarily due to an increase in sales of (i) landfill operations by Ps.548.5 million, mainly in connection with the Norte III landfill; (ii) urban waste management by Ps.338.3 million in connection with the Buenos Aires and San Isidro contracts; and (iii) industrial services by Ps.8.2 million, partially offset by (iv) a decrease in sales of waste valorization services of Ps.6.0 million.

Cost of sales

Cost of sales of our Waste Management segment increased by Ps.490.2 million, or 24.6%, to Ps.2,480.5 million during the fiscal year ended December 31, 2015, from Ps.1,990.2 million during 2014. This increase was primarily due to the increase in costs in landfill operations by Ps.340.4 million, urban waste management by Ps.160.9 million and the cost of industrial services by Ps.10.1 million, due to expenses related to the increases in sales.

Administrative expenses

Administrative expenses are primarily composed of salaries, taxes, press and public awareness campaigns and professional fees. Administrative expenses increased by Ps.171.4 million, or 40.9%, to Ps.590.3 million for the fiscal year ended December 31, 2015, from Ps.418.9 million during 2014. This increase was primarily due to an increase of salaries and social security contributions, in line with inflation, and in taxes and fees.

Other operating income and expenses, net

Other net operating income and expenses of our Waste Management segment increased by Ps.13.8 million, or 1821.2%, to a gain of Ps.14.6 million for the fiscal year ended December 31, 2015, from a gain of Ps.0.8 million during 2014 due to the gain realized in 2015 from the sale of certain equipment.

Operating income

For the reasons described above, operating income for our Waste Management segment increased by Ps.241.1 million, or 88.1%, to a gain of Ps.514.8 million for the fiscal year ended December 31, 2015, from a gain of Ps.273.7 million during 2014.

Operating margin

Operating margin of our Waste Management segment increased to 14.4% for the fiscal year ended December 31, 2015, from 10.2% during 2014.

Results of Water Supply Services Segment

The following table sets forth the components of the statement of income for our Water Supply Services segment for the years ended December 31, 2015 and 2014:

	For the fiscal years ended December, 31	
	2015	2014
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	667.6	482.9
Cost of sales	(268.5)	(213.1)
Administrative expenses	(130.9)	(100.3)
Selling expenses and other operating expenses.....	(229.0)	(159.3)
Other operating income and expenses, net	10.2	7.5
Operating income	49.4	17.7
Operating margin.....	7.4%	3.7%

Sales

Sales of our Water Supply Services segment increased by Ps.184.6 million, or 38.2%, to Ps.667.6 million during the fiscal year ended December 31, 2015, from Ps.482.9 million during 2014. This increase was primarily due to increases in tariffs authorized by the grantor in accordance with the concession contract.

Cost of sales

Cost of sales of our Water Supply Services segment increased by Ps.55.3 million, or 26.0%, to Ps.268.5 million during the fiscal year ended December 31, 2015, from Ps.213.1 million during 2014. This increase was primarily due to an increase in salaries, social security contributions and maintenance expenses in line with inflation.

Administrative expenses

Administrative expenses include salaries, outsourcing costs and professional fees. Administrative expenses in our Water Supply Services segment increased by Ps.30.5 million, or 30.4%, to Ps.130.9 million for the fiscal year ended December 31, 2015, from Ps.100.3 million during 2014. This increase was primarily due to an increase of labor costs caused by inflation.

Selling and other operating expenses

Selling and other operating expenses consist primarily of provisions for contingency damages on property, outsourcing costs and salaries and social security contributions. Selling expenses and other operating expenses of our Water Supply Services segment increased by Ps.69.7 million or 43.8%, to Ps.229.0 million for the fiscal year ended December 31, 2015, from Ps.159.3 million during 2014. This increase was primarily due to an increase in the provisions for contingency damages to property, outsourcing costs and increase in labor costs.

Other operating income and expenses, net

Other net operating income and expenses of our Water Supply Services segment increased by Ps.2.7 million, or 35.7%, to a gain of Ps.10.2 million for the fiscal year ended December 31, 2015, from a gain of Ps.7.5 million during 2014. This increase was primarily due to the recovery of materials for reutilization and gains made on leases of certain properties for the installation of communications equipment such as cell towers.

Operating income

As a result of the foregoing, operating income of our Water Supply Services segment increased by Ps.31.7 million, or 179.4%, to a gain of Ps.49.4 million for the fiscal year ended December 31, 2015, from a gain of Ps.17.7 million during 2014.

Operating margin

Operating margin of our Water Supply Services segment increased to 7.4% for the fiscal year ended December 31, 2015, from 3.7% during 2014.

Results of Other Activities Segment

The following table sets forth the components of the statement of income for our Other Activities segment for the fiscal years ended December 31, 2015 and 2014:

	For the fiscal year ended December 31,	
	2015	2014
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	51.0	27.8
Cost of sales	(34.6)	(22.7)
Administrative expenses	(9.7)	(2.4)
Selling expenses and other operating expenses.....	(2.8)	(1.7)
Other operating income and expenses, net	(0.0)	127.1
Operating income	3.9	128.1
Operating margin.....	7.6%	461.1%

Sales

Sales of our Other Activities segment increased by Ps.23.2 million, or 83.6%, to Ps.51.0 million for the fiscal year ended December 31, 2015, from Ps.27.8 million during 2014. This increase was primarily due to an increase in the rates we charged for our services resulting mainly from the increase in the rate of inflation.

Cost of sales

Cost of sales of our Other Activities segment increased by Ps.11.9 million, or 52.4%, to Ps.34.6 million for the fiscal year ended December 31, 2015, from Ps.22.7 million during 2014. This increase was primarily due to the increase in the rate of inflation, principally on salaries and outsourcing.

Administrative expenses

Administrative expenses of our Other Activities segment increased by Ps.7.4 million, or 309.4%, to Ps.9.7 million for the fiscal year ended December 31, 2015, from Ps.2.4 million during 2014. This increase was primarily due to an increase in professional fees due to an increase in the rate of inflation.

Selling expenses and other operating expenses

Selling expenses and other operating expenses of our Other Activities segment increased by Ps.1.1 million, or 63.3%, to Ps.2.8 million for the fiscal year ended December 31, 2015, from Ps.1.7 million during 2014. This increase was primarily due to an increase in sales tax and in labor costs resulting from the increase in the rate of inflation.

Other operating income and expenses, net

Other net operating income and expenses in the Other Activities segment decreased by Ps.127.1 million, or 100%, to Ps.0.0 million for the fiscal year ended December 31, 2015, from Ps.127.1 million during 2014. This decrease was primarily due to gain realized from the transfer during 2014 of Clisa's assets related to data transmission, telephone and Internet services provided by Metrotel.

Operating income

For the reasons described above, operating income of our Other Activities segment decreased by Ps.124.2 million, or 97.0%, to a gain of Ps.3.9 million for the fiscal year ended December 31, 2015, from a gain of Ps.128.1 million during 2014.

Operating margin

Operating margin of our Other Activities segment decreased to 7.6% for the fiscal year ended December 31, 2015, from 461.1% during 2014.

Results of Operations for the fiscal year ended December 31, 2014 compared to fiscal year ended December 31, 2013

The following table sets forth the components of the statement of income for the years ended December 31, 2014 and 2013:

	For the fiscal year ended December 31,		
	2014	2013	Variation (%)
	<i>(in millions of pesos, except percentages)</i>		
Sales	6,847.0	6,011.2	13.9
Cost of sales	<u>(4,597.5)</u>	<u>(4,189.0)</u>	<u>9.8</u>
Gross profit	2,249.5	1,822.3	23.4
Administrative expenses	(928.1)	(697.3)	33.1
Selling expenses and other operating expenses	(552.7)	(461.0)	19.9
Other income and expenses, net	<u>132.0</u>	<u>41.6</u>	<u>217.2</u>
Operating income	900.8	705.6	27.7
Operating margin	13.2%	11.7%	
Financial income	204.8	78.3	161.4
Financial expenses	(1,211.5)	(794.6)	52.5
Net gain in associates	20.5	26.2	(21.7)

	For the fiscal year ended December 31,		
	2014	2013	Variation (%)
Goodwill impairment	(3.7)	(6.1)	(40.1)
Net (loss) income before income tax	(89.2)	9.3	N/A
Income tax	(87.1)	(55.7)	56.5
Net loss of the Fiscal Year	(176.3)	(46.3)	280.4

Sales

Sales increased by Ps.835.8 million, or 13.9%, during the fiscal year ended December 31, 2014, to Ps.6,847.0 million, from Ps.6,011.2 million during 2013. This increase was primarily due to an increase in sales in the Waste Management segment of Ps.527.2 million, the Transportation segment of Ps.369.2 million and the Water Supply Services segment of Ps.96.4 million, partially offset by a decrease in sales from the Other Activities segment of Ps.135.5 million and from the Construction and Toll Road Concession segment of Ps.27.9 million.

Cost of sales

Cost of sales increased by Ps.408.6 million, or 9.8%, to Ps.4,597.5 million for the fiscal year ended December 31, 2014, from Ps.4,189.0 million during 2013. This increase was primarily due to the increase in the cost of sales in the Waste Management segment of Ps.347.8 million, the Transportation segment of Ps.204.7 million and the Water Supply Services segment of Ps.69.5 million, partially offset by a decrease in the cost of sales in the Construction and Toll Road Concessions segment of Ps.146.9 million and the Other Activities segment of Ps.70.2 million.

Administrative expenses

Administrative expenses increased by Ps.230.8 million, or 33.1%, to Ps.928.1 million for the fiscal year ended December 31, 2014, from Ps.697.3 million during 2013. This increase was primarily due to an increase in the administrative expenses in the Waste Management segment of Ps.157.0 million, the Transportation segment of Ps.31.1 million, Water Supply Services of Ps.20.9 million and the Construction and Toll Road Concessions segment of Ps.19.2 million, partially offset by a decrease in the Other Activities segment of Ps.9.2 million.

Selling expenses and other operating expenses

Selling expenses and other operating expenses increased by Ps.91.7 million, or 19.9%, to Ps.552.7 million for the fiscal year ended December 31, 2014, from Ps.461.0 million during 2013. This increase was primarily due to an increase in the operating expenses of the Transportation segment of Ps.72.5 million, the Water Supply Services segment of Ps.39.1 million and the Construction and Toll Road Concessions segment of Ps.4.2 million, partially offset by a decrease in the Other Activities segment of Ps.22.5 million.

Other operating income and expenses, net

Other net operating income and expenses increased by Ps.90.4 million, or 217.2%, to a gain of Ps.132.0 million for the fiscal year ended December 31, 2014, from a gain of Ps.41.6 million during 2013. This increase was primarily due to gains recorded in such item in the Other Activities segment, produced by the result obtained by the transfer of the Company's assets related to data, telephone and Internet services developed by Metrotel.

Operating income

For to the reasons described above, operating income for the fiscal year ended December 31, 2014 increased Ps.195.2 million, or 27.7%, to a gain of Ps.900.8 million, as compared to a gain of Ps.705.6 million during 2013.

Operating margin

Operating margin increased to 13.2% during the fiscal year ended December 31, 2014, as compared to 11.7% during 2013.

Financial income

Financial income increased by Ps.126.4 million, or 161.4%, to Ps.204.8 million during the fiscal year ended December 31, 2014, from Ps.78.3 million during 2013. This increase was primarily due to an increase in income generated by certain assets denominated in foreign currencies as a result of changes in foreign currency exchange rates.

Financing expenses

Financing expenses increased by Ps.416.9 million, or 52.5%, to Ps.1,211.5 million during the fiscal year ended December 31, 2014, from Ps.794.6 million during 2013. This increase was primarily due to an increase in interest bearing liabilities and the effect of the depreciation of the *peso* on U.S. dollar obligations when measured in pesos.

Net gain in associates

Net gain in associates decreased by Ps.5.7 million, or 21.7%, to a gain of Ps.20.5 million during the fiscal year ended December 31, 2014, from a gain of Ps.26.2 million during 2013. This decrease was primarily due to the decreases in the results contributed by the consortiums in which BRH participates, partially offset by the increase in the result of Benito Roggio e Hijos de Paraguay.

Goodwill impairment

Charges for goodwill impairment decreased by Ps.2.4 million, or 40.1%, to a loss of Ps.3.7 million during the fiscal year ended December 31, 2014, from a loss of Ps.6.1 million during 2013.

Income tax

Income tax charges increased by Ps.31.4 million, or 56.5%, to a loss of Ps.87.1 million during the fiscal year ended December 31, 2014, from a loss of Ps.55.7 million during 2013. This increase was primarily due to the increase of charges for income tax in Haug, partially offset for a decrease in income tax charges from BRH.

Depreciations and amortizations

Depreciations and amortizations are not shown in a separate line in our statement of operations, but are reflected in a combination of several items, including cost of sales, administrative expenses and selling expenses and other operating expenses. Costs for depreciations and amortizations decreased by Ps.52.9 million, or 22.1%, to Ps.186.5 million during the fiscal year ended December 31, 2014, from Ps.239.5 million during 2013. This increase was primarily due to an increase in the carrying value of property, plant and equipment following application of the revaluation model.

Net loss for the fiscal year

For to the reasons described above, net loss for the fiscal year decreased to Ps.129.9 million, or 280.4%, resulting from a net loss of Ps.176.3 million during the fiscal year ended December 31, 2014, from a net loss of Ps.46.3 million during 2013.

Results of Construction and Toll Road Concessions Segment

The following table sets forth the components of the statement of income for our Construction and Toll Road Concessions segment for the years ended December 31, 2014 and 2013:

	For the fiscal year ended December 31,	
	2014	2013
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	2,381.6	2,409.5
Cost of sales	(1,611.1)	(1,758.0)
Administrative expenses	(246.0)	(226.8)
Selling expenses and other operating expenses.....	(131.9)	(127.6)
Other operating income and expenses, net	(4.4)	30.5
Operating income	388.3	327.6
Operating margin.....	16.3%	13.6%

Sales

Sales of our Construction and Toll Road Concessions segment decreased by Ps.27.9 million, or 1.2%, to Ps.2,381.6 million for the fiscal year ended December 31, 2014, from Ps.2,409.5 million during 2013.

This decrease was primarily due to the decrease of sales in BRH of Ps.80.9 million, in Benito Roggio Panamá S.A. of Ps.65.0 million and in Sehos of Ps.34.3 million, partially offset by the increase in sales of Haug of Ps.152.3 million.

The decrease in sales of BRH was primarily due to: (i) the termination of certain contracts including (1) its "Pascua Lama" mining project in the Province of San Juan; (2) its maintenance services on Railway C of General Belgrano in the Province of Santa Fe; (3) the construction of the Holmberg passage in Mitre Railroad tracks in the City of Buenos Aires; and (4) the construction of the water purification plant in the City of Tigre, Province of Buenos Aires; (ii) the decrease in amounts of sales under certain contracts such as (1) its expansion and repair services in the city of Rosario's Beltway in the Province of Santa Fe; (2) coastal protection services in the cities of Posadas, Guarupá and Candelaria relating to the Yacyretá dam; (3) paving National Roads No. 9 and No. 60 in the Province of Córdoba; (4) extending Subway E in the City of Buenos Aires and extending the pavement of National Road No. 9 of the Asunción del Paraguay – Yala tranche in the Province of Jujuy; partially offset by (iii) the increase in sales under certain contracts such as paving National Road No. 76 of the Quebrada de Santo Domingo – Pircas Negras tranche in the Province of La Rioja; and renovation and rehabilitation of the Belgrano Cargas C Tranche Railway, between La Lucila and Santurce in the Province of Santa Fe; track renovation of the General B. Mitre Railway between the cities of Buenos Aires and Rosario; and (iv) the initiation of new contracts, such as the construction of a four lane avenue as part of Provincial Road No. 1 in the City of Palpalá in the Province of Jujuy.

Cost of sales

Cost of sales of our Construction and Toll Road Concessions segment decreased by Ps.146.9 million or 8.4%, to Ps.1,611.1 million during the fiscal year ended December 31, 2014, from Ps.1,758.0 million during 2013. This decrease was primarily due to the decrease in the cost of sales of (i) Benito Roggio Panamá S.A. by Ps.68.3 million; (ii) Sehos S.A. by Ps.46.1 million; and (iii) BRH by Ps.42.3 million.

Administrative expenses

Administrative expenses include, primarily, salaries, wages and social security contributions and professional fees. Administrative expenses of our Construction and Toll Road Concessions segment increased by Ps.19.2 million or 8.5%, to Ps.246.0 million for the fiscal year ended December 31, 2014, from Ps.226.8 million during 2013. This increase was primarily due to the increase of labor costs and professional fees in line with inflation, partially offset by a decrease in outsourcing costs.

Selling expenses and other operating expenses

Selling expenses and other operating expenses of the Construction and Toll Road Concessions segment consist primarily of taxes and charges, salary cost, amortization of fixed assets and equipment and facilities maintenance costs. Selling expenses and other operating expenses of the Construction and Toll Road Concessions segment increased by Ps.4.2 million, or 3.3%, to Ps.131.9 million for the fiscal year ended December 31, 2014, from Ps.127.6 million during 2013. This increase was primarily due to an increase in salary costs due to the effect of inflation and tax charges, partially offset by a reduction in maintenance expenses.

Other operating income and expenses, net

Other net operating income and expenses of our Construction and Toll Road Concessions segment decreased by Ps.34.9 million, or 114.4%, to a loss of Ps.4.4 million for the fiscal year ended December 31, 2014, from a gain by Haug of Ps.30.5 million during 2013 related to the anticipated termination of a contract.

Operating income

For the reasons above, operating income of our Construction and Toll Road Concessions segment increased by Ps.60.7 million, or 18.5%, to a gain of Ps.388.3 million during fiscal year ended December 31, 2014, from a gain of Ps.327.6 million during 2013.

Operating margin

Operating margin of our Construction and Toll Road Concessions segment increased to 16.3% during the fiscal year ended December 31, 2014, from 13.6% during 2013.

Results of Transportation Segment

The following table sets forth the components of the statement of income for our Transportation segment for the years ended December 31, 2014 and 2013:

	For the fiscal year ended December 31,	
	2014	2013
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	1,289.6	920.4
Cost of sales	(789.2)	(584.5)
Administrative expenses.....	(129.5)	(98.4)
Selling expenses and other operating expenses.....	(253.1)	(180.5)
Other operating income and expenses, net	1.0	3.7
Operating income.....	118.9	60.7
Operating margin.....	9.2%	6.6%

Sales

Sales of our Transportation segment increased by Ps.369.2 million, or 40.1% to Ps.1,289.6 million for the fiscal year ended December 31, 2014, from Ps.920.4 million during 2013. This increase was primarily due to an increase in Metrovias' sales primarily due to an increase in the tariff recorded under the AOM.

Cost of sales

Cost of sales of our Transportation segment increased by Ps.204.7 million, or 35.0%, to Ps.789.2 million during the fiscal year ended December 31, 2014, from Ps.584.5 million during 2013. This increase was primarily due to the different recognition criteria of the increase in the tariff for Metrovias.

Administrative expenses

Administrative expenses consist principally of salaries, expenses related to collection services, professional fees and IT services, partially offset by collected subsidies. Administrative expenses of our Transportation segment increased by Ps.31.1 million, or 31.6%, to Ps.129.5 million during fiscal year ended December 31, 2014, from Ps.98.4 million during 2013. This increase was primarily due to increase in salaries and collection services in line with inflation, partially offset by an increase in subsidies received from the government.

Selling expenses and other operating expenses

Selling expenses and other operating expenses consist primarily of salaries and social security contributions, tax costs and fees paid for the utilization of SUBE, partially offset by subsidies received from the government. Selling expenses and other operating expenses of our Transportation segment increased by Ps.72.5 million, or 40.2%, to Ps.253.1 million for the fiscal year ended December 31, 2014, from Ps.180.5 million during 2013. This increase was primarily due to an increase in salaries due to the effect of inflation, partially offset by a decrease in fees paid for the use of SUBE and an increase in subsidies received from the government.

Other operating income and expenses, net

Other net operating income and expense for our Transportation segment decreased by Ps.2.7 million, or 73.0%, to a gain of Ps.1.0 million for the fiscal year ended December 31, 2014, from a gain of Ps.3.7 million during 2013. This decrease was primarily due to gains realized in anticipation of the termination of certain outsourcing contracts in 2013.

Operating income

For the reasons described above, operating income of our Transportation segment increased by Ps.58.2 million or 95.8%, to a gain of Ps.118.9 million for the fiscal year ended December 31, 2014, from a gain of Ps.60.7 million during 2013.

Operating margin

Operating margin for our Transportation segment increased to 9.2% for the fiscal year ended December 31, 2014, from 6.6% during 2013.

Results of the Waste Management Segment

The following table sets forth the components of the statement of income for our Waste Management Segment for the years ended December 31, 2014 and 2013:

	For the fiscal year ended December 31,	
	2014	2013
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	2,682.2	2,154.9
Cost of sales	(1,990.2)	(1,642.5)
Administrative expenses.....	(418.9)	(261.9)
Other operating income and expenses, net	0.8	4.6
Operating income	273.7	255.1
Operating margin.....	10.2%	11.8%

Sales

Sales of our Waste Management segment increased by Ps.527.2 million, or 24.5%, to Ps.2,682.2 million for the fiscal year ended December 31, 2014, as compared to Ps.2,154.9 million during 2013. This increase was primarily due to an increase in sales of (i) urban waste management by Ps.263.7 million; (ii) waste valorization by Ps.130.2 million; and (iii) industrial services by Ps.70.5 million.

Cost of sales

Cost of sales of our Waste Management segment increased by Ps.347.8 million, or 21.2%, to Ps.1,990.2 million during the fiscal year ended December 31, 2014, as compared to Ps.1,642.5 million during 2013. This increase was primarily due to an increase in the cost of waste collection services by Ps.184.5 million, in valorization by Ps.96.0 million and in costs of industrial services by Ps.60.8 million.

Administrative expenses

Administrative expenses mainly include salaries, taxes and press and public awareness campaigns costs, and professional fees. Administrative expenses of our Waste Management segment increased by Ps.157.0 million, or 59.9%, to Ps.418.9 million for the fiscal year ended December 31, 2014, from Ps.261.9 million during 2013. This increase in administrative expenses was primarily due to an increase in salaries and social security contributions due to the effect of inflation and sales tax related to an increase in sales.

Other operating income and expenses, net

Other net operating income and expenses in our Waste Management segment decreased by Ps.3.8 million, or 83.4%, to a gain of Ps.0.8 million for the fiscal year ended December 31, 2014, from a gain of Ps.4.6 million during 2013. This decrease was primarily due to gains in relation to equipment sales during the fiscal year ended 2013.

Operating income

As a consequence of the above, operating income of our Waste Management segment increased by Ps.18.7 million, or 7.3%, to a gain of Ps.273.7 million for the fiscal year ended December 31, 2014, from a gain of Ps.255.1 million during 2013.

Operating margin

Operating margin of our Waste Management segment decreased to 10.2% for the fiscal year ended December 31, 2014, from 11.8% during 2013.

Results of Water Supply Services Segment

The following table sets forth the components of the statement of income for our Water Supply Services segment for the years ended December 31, 2014 and 2013:

	For the fiscal year ended December 31,	
	2014	2013
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	482.9	386.5
Cost of sales	(213.1)	(143.7)
Administrative expenses.....	(100.3)	(79.5)
Selling expenses and other operating expenses.....	(159.3)	(120.2)
Other operating income and expenses, net	7.5	2.8
Operating income	17.7	46.0
Operating margin.....	3.7%	11.9%

Sales

Sales of our Water Supply Services segment increased by Ps.96.4 million, or 24.9%, to Ps.482.9 million during the fiscal year ended December 31, 2014, from Ps.386.5 million during 2013. This increase was primarily due to tariff increases authorized by the grantor.

Cost of sales

Cost of sales of our Water Supply Services increased by Ps.69.5 million, or 48.3%, to Ps.213.1 million during the fiscal year ended December 31, 2014, from Ps.143.7 million during 2013. This increase was primarily due to an increase in salaries and social security contributions and maintenance expenses resulting from the increase in the rate of inflation.

Administrative expenses

Administrative expenses are primarily composed of salaries, outsourcing costs and professional fees. Administrative expenses of our Water Supply Services segment increased by Ps.20.9 million, or 26.2%, to Ps.100.3 million for the fiscal year ended December 31, 2014, from Ps.79.5 million during 2013. This increase was primarily due to an increase in labor costs resulting from the increase in the rate of inflation.

Selling expenses and other operating expenses

Selling expenses and other operating expenses consist primarily of provisions for contingencies for damages to properties, outsourcing costs and salaries and social security contributions. Selling expenses and other operating expenses of our Water Supply Services segment increased by Ps.39.1 million, or 32.6%, to Ps.159.3 million for the fiscal year ended December 31, 2014, from Ps.120.2 million during 2013. This increase was primarily due to an increase in provisions for contingencies for damages to properties, outsourcing and increase in labor costs resulting from the increase in the rate of inflation.

Other operating income and expenses, net

Other net operating income and expenses for our Water Supply Services segment increased by Ps.4.7 million, or 168.3%, to a gain of Ps.7.5 million for the fiscal year ended December 31, 2014, from a gain of Ps.2.8 million during 2013.

Operating income (loss)

As a consequence of the above, operating income of our Water Supply Services segment decreased by Ps.28.3 million, or 61.5%, to a gain of Ps.17.7 million for the fiscal year ended December 31, 2014, from a gain of Ps.46.0 million during 2013.

Operating margin

Operating margin of our Water Supply Services segment decreased to 3.7% for the fiscal year ended December 31, 2014, from 11.9% during 2013.

Results of Other Activities Segment

The following table sets forth the components of the statement of income for our Other Activities segment for the years ended December 31, 2014 and 2013:

	For the fiscal year ended December 31,	
	2014	2013
	<i>(in millions of pesos, except for ratios)</i>	
Sales.....	27.8	163.3
Cost of sales	(22.7)	(92.9)
Administrative expenses.....	(2.4)	(11.6)
Selling expenses and other operating expenses.....	(1.7)	(24.2)
Other operating income and expenses, net	127.1	0.1
Operating income.....	128.1	34.6
Operating margin.....	461.1%	21.2%

Sales

Sales of our Other Activities segment decreased by Ps.135.5 million, or 83.0%, to Ps.27.8 million for the fiscal year ended December 31, 2014, from Ps.163.3 million during 2013. This decrease was primarily due to the removal of results of Metrotel from our consolidated results after its sale in 2013.

Cost of sales

Cost of sales of our Other Activities segment decreased by Ps.70.2 million, or 75.5%, to Ps.22.7 million for the fiscal year ended December 31, 2014, as compared to Ps.92.9 million for during 2013. This decrease was primarily due to the removal of results of Metrotel from our consolidated results.

Administrative expenses

Administrative expenses of our Other Activities segment decreased by Ps.9.2 million, or 79.6%, to Ps.2.4 million for the fiscal year ended December 31, 2014, from Ps.11.6 million during 2013. This decrease was primarily due to the removal of results of Metrotel from our consolidated results.

Selling expenses and other operating expenses

Selling expenses and other operating expenses of our Other Activities segment decreased by Ps.22.5 million, or 92.9%, to Ps.1.7 million for the fiscal year ended December 31, 2014, from Ps.24.2 million during 2013. This decrease was due primarily to the removal of results of Metrotel from our consolidated results.

Other operating income and expenses, net

Other net operating income and expenses of the Other Activities segment increased by Ps.127.1 million, to a gain of Ps.127.1 million for the fiscal year ended December 31, 2014, from a gain of Ps.0.1 million during 2013. This increase was primarily due to the gains accounted for the transfer during the fiscal year 2014 of Clisa's assets related to data transmission, telephone and Internet services provided by Metrotel.

Operating income

For the reasons described above, the operating income of our Other Activities segment increased by Ps.93.5 million, or 270.4%, to a gain of Ps.128.1 million for the fiscal year ended December 31, 2014, from a gain of Ps.34.6 million during 2013.

Operating margin

Operating margin of our Other Activities segment increased 461.1% for the fiscal year ended December 31, 2014, as compared to 21.2% during 2013.

Capital Expenditures

The nature and timing of our capital expenditures varies throughout our different business segments.

Capital expenditures in the construction business are directly related to the opportunity and nature of the projects awarded. Generally, funds are allotted for the purchase of construction equipment or, in the case of long-term contracts, for the start-up and organizational costs. Most of the investment is made at the beginning of the project when we purchase special equipment for the work. Capital expenditures for toll road concessions are established in the respective concession contracts. For the three months ended March 31, 2016 and the fiscal years ended December 31, 2015, 2014 and 2013, capital expenditures in our Construction and Toll Road Concessions segment were Ps.5.6 million, Ps.52.3 million, Ps.42.9 million and Ps.23.4 million, respectively.

In our Waste Management segment, capital expenditures are directly associated with the terms of our service contracts. For urban waste management, these expenditures are limited to purchasing and maintaining equipment, such as trucks, compacting boxes, dredges and sweepers, and preparing and equipping our operating facilities. The majority of these expenditures occur at the start of the contractual relationship, when we purchase a new fleet of trucks and other equipment. Similarly, for landfill operations, capital expenditures generally occur at the beginning of the contractual relationship and mainly consist of infrastructure expenses and purchases of heavy machinery intended for the handling of urban solid waste. Capital expenditures for industrial services are also generally the highest at the beginning of the contractual relationship. The main expenses are associated with machinery specifically used for cleaning or civil works intended to adapt facilities (as in the case of safety cells). Finally, our capital expenditures related to waste valorization services, also occur at the beginning of the contractual relationship and mainly consist of infrastructure expenses and installation of equipment to carry out the activities. For the three months ended March 31, 2016 and the fiscal years ended December 31, 2015, 2014 and 2013, capital expenditures were Ps.138.9 million, Ps.304.7 million, Ps.213.1 million and Ps.84.5 million, respectively.

At present we do not have any contractual obligation to make any significant capital expenditures in our Transportation segment other than through the management of investment initiatives of the grantor. For the three months ended March 31, 2016 and the fiscal years ended December 31, 2015, 2014 and 2013, capital expenditures were Ps.8.2 million, Ps.18.4 million, Ps.9.8 million and Ps.9.9 million, respectively.

Capital expenditures in our Water Supply Services segment include preventive and remedial repairs and maintenance relating to the water network infrastructure financed with ACSA's revenues and capital expenditures financed with the tariff charge approved by Decree No. 1284 (see "Business—Water Supply Services Segment—The Concession"). For the three months ended March 31, 2016 and for the years ended December 31, 2015, 2014 and 2013, capital expenditures were Ps.20.3 million, Ps.67.4 million, Ps.37.7 million and Ps.59.4 million, respectively.

Capital expenditures in our Other Activities segment for the three months ended March 31, 2016 and the fiscal years ended December 31, 2015, 2014 and 2013 were Ps.2.7 million, Ps.0.3 million, Ps.0.3 million and Ps.20.6 million, respectively.

The table below describes our capital expenditures for the given periods (not including investment in subsidiaries):

	For the three months ended March 31,		For the fiscal year ended December 31,		
	2016	2015	2014	2013	
	<i>(unaudited)</i>				
	<i>(in millions of pesos)</i>				
Construction and Toll Road Concessions.....	5.6	52.3	42.9	23.4	
Transportation	8.2	18.4	9.8	9.9	
Waste Management	138.9	304.7	213.1	84.5	
Water Supply Services	20.3	67.4	37.7	59.4	
Other Activities	2.7	0.3	0.3	20.6	
Adjustments and eliminations	0.0	0.1	0.1	0.2	
Total	175.8	443.1	304.0	198.0	

As of March 31, 2016, our working capital was sufficient to meet current requirements.

Liquidity and Capital Resources

Our capital requirements are primarily for the following purposes: capital expenditures, working capital, and investments in consortia for the development of construction works. Our borrowing requirements are not seasonal, as they take place throughout the year without any particular arrangement. We also have various authorized overdraft lines in different banking institutions which cover our short term financial needs. For further information on our indebtedness, see “Other Company Indebtedness” in this Offering Memorandum.

Dividends

We have not paid dividends to our shareholders during the three months ended March 31, 2016 or during the fiscal years ended December 31, 2015, 2014 and 2013.

Sources of Funds

Our main sources of funds derive principally from our operating results and bank and financial loans.

Cash Flows

The table below sets forth our cash flows from operating, investing and financing activities for the periods / fiscal years indicated:

	For the three months ended March 31,		For the fiscal year ended December 31,		
	2016	2015	2015	2014	2013
	<i>(unaudited)</i>				
	<i>(in millions of pesos except for percentages)</i>				
Cash flow provided by (used in) operating activities	490.5	(187.8)	(776.4)	104.4	356.8
Cash flow used in investing activities	(87.6)	(79.0)	(303.8)	(101.5)	(152.1)
Cash flow (used in) provided by financing activities	(334.2)	(9.9)	813.9	376.8	(46.7)
Effects of currency conversion.....	11.8	(1.5)	28.3	14.1	37.5
Cash and cash equivalents as of the beginning of the period/year..	695.7	933.8	933.8	539.9	344.5
Cash and cash equivalents as of the end of the period/year	<u>776.1</u>	<u>655.5</u>	<u>695.7</u>	<u>933.8</u>	<u>539.9</u>
Increase (decrease) in cash and cash equivalents.....	80.4	(278.2)	(238.1)	393.8	195.5
Increase (decrease) in cash and cash equivalents (%)	11.6%	-29.8%	-25.5%	72.9%	56.7%

Operating activities

Net cash provided by operating activities totaled Ps.490.5 million for the three months ended March 31, 2016, an increase of Ps.678.2 million as compared to net cash used in operating activities of Ps.187.8 million for the same period in 2015. This increase in generation of cash was primarily due to an increase of operating debts and a decrease of operating credits, partially offset by a decrease of the results originating cash. Net cash applied towards operating activities totaled Ps.776.4 million for the fiscal year ended December 31, 2015, a decrease of Ps.880.8 million, as compared to Ps.104.4 million generated during 2014. This utilization of cash was produced, primarily, by a decrease in operating debts, a reduction in the operating results generating cash and an increase in operating credits. Net cash generated by operating activities totaled Ps.104.4 million for the

fiscal year ended December 31, 2014, a decrease of Ps.252.4 million, as compared to Ps.356.8 million generated during 2013. This decrease in cash generation was produced, primarily, by an increase in operating credits and a decrease in the operating results generating cash, partially offset by an increase in operating debts.

Investing activities

Net cash applied towards investing activities totaled Ps.87.6 million for the three months ended March 31, 2016, a decrease by Ps.8.6 million, or 10.9%, as compared to Ps.79.0 million applied during the same period in 2015. This decrease in cash was due, mostly, to the increase in investments in non-tangible assets, partially offset by a decrease in investments in fixed assets. Net cash applied towards investing activities totaled Ps.303.8 million for the fiscal year ended December 31, 2015, a variation of Ps.202.3 million, or 199.3%, as compared to Ps.101.5 million applied during 2014. This application of cash was due, mostly, to the decrease in cash received from variations in investments in assets. Net cash applied in the investing activities totaled Ps.101.5 million for the fiscal year ended December 31, 2014, a variation of Ps.50.6 million, or 33.3% as compared to Ps.152.1 million applied during 2013. This decrease in the application of cash was mostly due to cash received from variation in net investments, partially offset by the increase in fixed assets and the decrease in collected dividends.

Financing activities

The amount used in financing activities totaled Ps.334.2 million for the three months ended March 31, 2016, a variation of Ps.324.2 million, as compared to an application of cash of Ps.9.9 million for the same period in 2015. This variation was due primarily to a decrease in bank and financial loans, a decrease in other financial liabilities, partially offset by a decrease in other financial credits. Cash generated by financing activities totaled Ps.813.9 million for the fiscal year ended December 31, 2015, a variation of Ps.437.1 million, as compared to a generation of cash of Ps.376.8 million during 2014. This variation was mostly due to an increase in banking and financial debts and an increase in other liabilities, partially offset by an increase of other credits. Cash generated by financing activities totaled Ps.376.8 million for the fiscal year ended December 31, 2014, a variation of Ps.423.5 million, as compared to an application of cash of Ps.46.7 million during 2013. This variation was mostly due to an increase in banking and financial debts and an increase in other liabilities, partially offset by an increase in other credits.

Indebtedness

We have indebtedness both at the level of Clisa and at the level of many of Clisa's subsidiaries. Likewise, we have granted guarantees to ensure the performance of obligations under concession contracts or procurements. For a description of our other guarantees, see the Clisa's Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements attached to this Offering Memorandum. For further information on the indebtedness of Clisa and its subsidiaries see, "Other Company Indebtedness."

Qualitative Disclosures about Market Risk

We are exposed to market risk in the normal course of our activities, as follows:

Currency risk due to foreign exchange variations

The currency variation risks refer to the possibility that we could have losses due to fluctuations in foreign exchange rates. In most of our operations we do not depend on raw materials that have prices denominated in foreign currencies. However, the exchange rate depreciation usually has a negative impact on the Argentine economy, translating to high levels of inflation, which in turn could affect the costs of our operations. Moreover, because a relevant portion of our indebtedness is denominated in U.S. dollars, a significant devaluation of the *peso* could cause a material financial loss. We currently do not use hedges for exchange rate fluctuations, but we regularly re-evaluate the potential benefits of hedging.

Credit risk

Our cash and cash equivalents and accounts receivable subject us to credit risks. The credit risk to accounts receivable in each business segment where our clients are governmental entities, whether state, national, provincial or municipal, is affected by the activity level of these entities and their compliance with payments, which may be subject to expansion or contraction of public spending. We have expertise as to their intricate administrative procedures and we regularly analyze public budgets to assess the entity's capability to

pay for our services. In our Waste Supply services, our sales are spread among a large client base, which helps to minimize the credit risk.

Interest rate risk

Interest rate risk arises from the possibility that we could incur losses as a result of interest rate fluctuations which would increase financial expenses, especially expenses from contracted loans. We are exposed to interest rate risk because a portion of our outstanding indebtedness is subject to variable interest rates. As of March 31, 2016, nearly 38% of our outstanding indebtedness was subject to variable interest rates, whereas nearly 62% of such indebtedness had fixed rates of interest. The majority of our variable interest rate debt is denominated in *pesos* and loaned from local Argentine banks, while the majority of our fixed interest rate debt is related to Clisa's Series 3 Notes and Series 4 Notes, both denominated in U.S. dollars. We do not have any instrument in force to hedge the risk of variations in interest rates, but we regularly re-evaluate the benefits of these hedges.

Liquidity risk

Liquidity risk is the risk of cash shortage and the risk that we would be unable to honour our debts. We attempt to align the maturity of our debts with our cash generation to avoid any discrepancy in timing and to avoid the need for higher leverage. For example, in our Waste Management and Construction segments, in which we regularly use receivables as a guarantee to short term loans, the term of the loans is set so that it exceeds the normal delay in customer payment. We also have various authorized overdraft lines in different banking institutions to cover our short term financial needs.

Off Balance Sheet Arrangements

As of the date of this Offering Memorandum, we did not have any off balance sheet arrangements.

Recent Developments

There have been no material changes in production, sales, stocks, costs and selling prices since the end of the last financial statements dated March 31, 2016.

THE ARGENTINE INFRASTRUCTURE MARKET

The following information has been sourced from INDEC and the Instituto de Estadística y Registro de la Industria de la Construcción (“IERIC”). The Issuer accepts responsibility for accurately reproducing the information and as far as the Issuer is aware and is able to ascertain from information published by INDEC and IERIC, no facts have been omitted which would render such reproduced information inaccurate or misleading.

The Argentine Construction Market

The construction industry has a significant impact on the Argentine economy and represented approximately 4.8% of GDP in the second quarter 2015 according to INDEC. It has been a public policy of the Argentine Federal Government to stimulate economic growth through investments from the public sector in government projects, a large portion of which are infrastructure projects. These investments have a direct impact on the growth of the construction sector. Important infrastructure projects have been announced for the upcoming years in sectors such as roads, rail transportation, energy, oil and gas, water and water treatment, public housing, among others, some of which are expected to receive foreign financing, which alongside the projects necessary to improve existing infrastructure assumes that such public policy will be maintained and even increased. The expected foreign financing from multilateral credit institutions will complement other already existing infrastructure financing arrangements with, for instance, China.

In 2015, the Argentine construction sector provided employment to around 413,000 individuals (annual average, according to IERIC). Employment experienced an increase during the first half of 2015, remained stable during the rest of the year, and registered a slight decrease during the last two months of that year. The average values of employment in the Argentine construction sector in 2015 exceed those of 2014.

The Argentine infrastructure market experienced a recovery in activity during the second quarter of 2015, reaching values similar to those in 2013. During the first half of 2014 the market experienced a slower rate of growth in activity, but still reached relatively high levels of activity.

The Short Construction Index (*Indice Sintético de la Actividad de la Construcción*, or “ISAC”), published by INDEC, measures the development of traditional, representative sector measurements. This index has shown an upward trend for several years, reaching successive historical records, such as those registered during certain months in 2014 and the second and third quarters of 2015. The following chart shows a slight reduction in activity during mid-2012, with a clear recovery during the second quarter of 2013, then a slight reduction during the first quarter of 2014 and a subsequent recovery from the second quarter of 2014 into the third quarter of 2015. There is no available data for the fourth quarter of 2015. In the first quarter of 2016, there was a reduction compared to the same quarter in 2015.

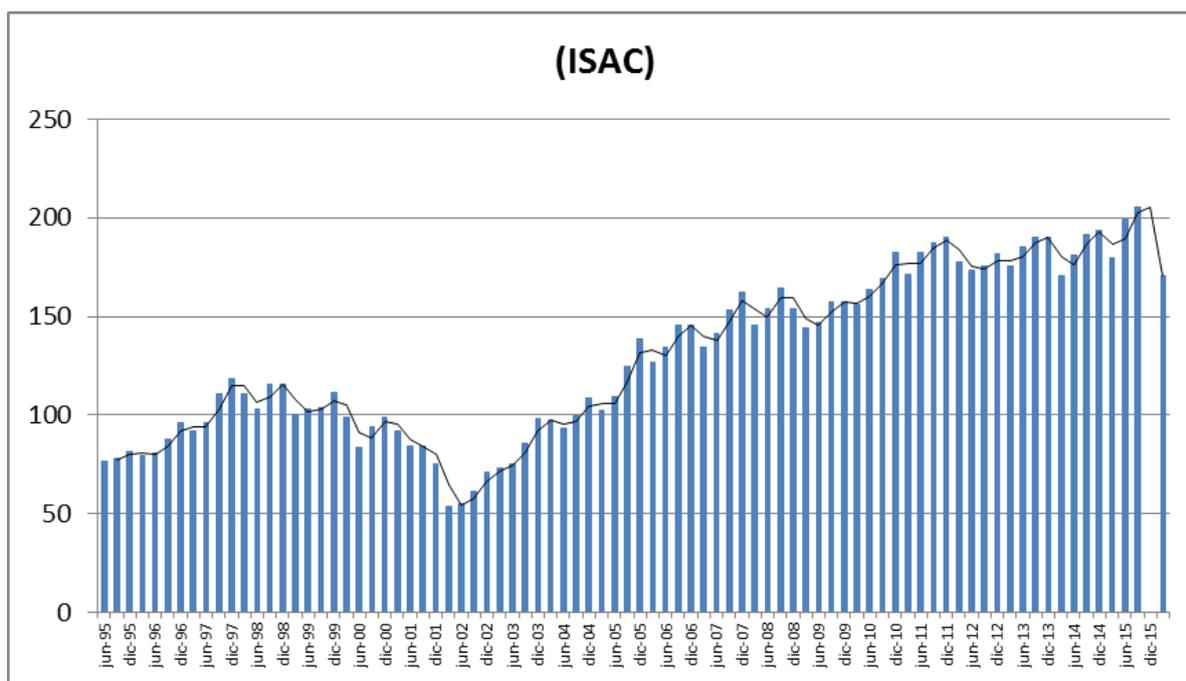


Chart: ISAC base 2004=100. Source: INDEC

At the same time, depending on the characteristics of the services, ISAC can be split in blocks. We can see the growth trend is primarily boosted by housing buildings, a sector in which we do not actively participate. Meanwhile, we are an active participant in the road works sector, which is the sector that shows the lowest growth rate during last years, growing slightly since 2011 and remaining constant in 2015 since a peak in 2013. With this high growth potential and in light of recent announcements of road projects, we expect the sector to become more dynamic within the next years. Similarly, construction for other purposes and infrastructure projects have also experienced a low growth rate in recent years, and are expected to also recover in the future. Investment in the oil industry was the only sector which decreased during 2015 and, according to the ISAC data below, behaves differently than the other infrastructure sectors due to the impact of relative oil prices. However, projects have also been announced for the oil sector, and we expect it to also grow in the future.

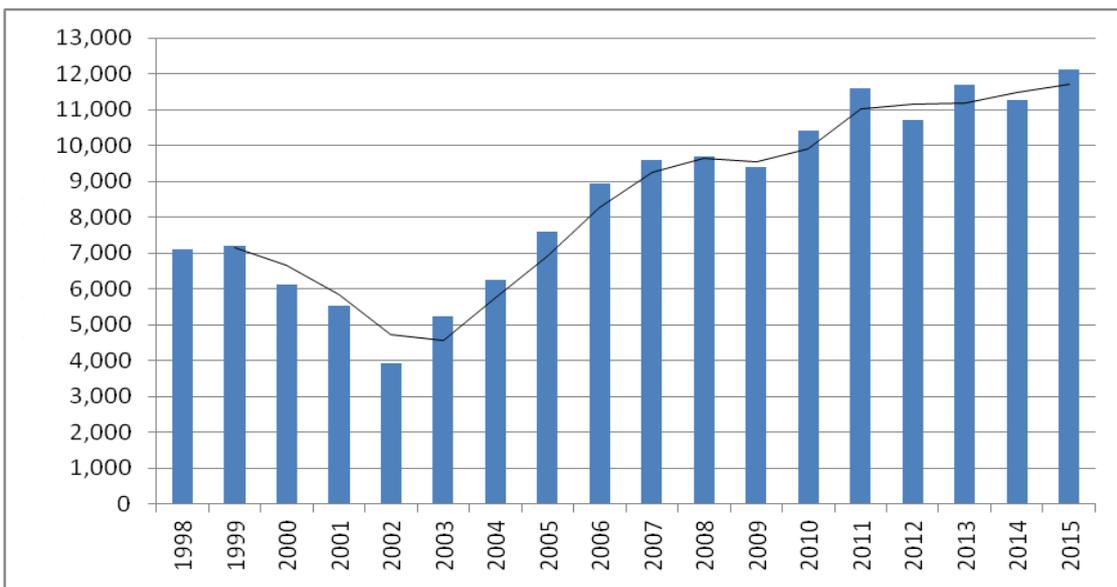


*Until August 2015
 Chart: ISAC, series by sector, base 2003=100. Source: INDEC

The relative stability of high activity levels and the slight decrease during the first quarter of 2014 is further evident in the trend in cement deliveries, a representative parameter of industry performance.

The following graph shows that cement deliveries have grown over the last six years, reaching a record high level in 2015 after a slight decrease in deliveries in 2014.

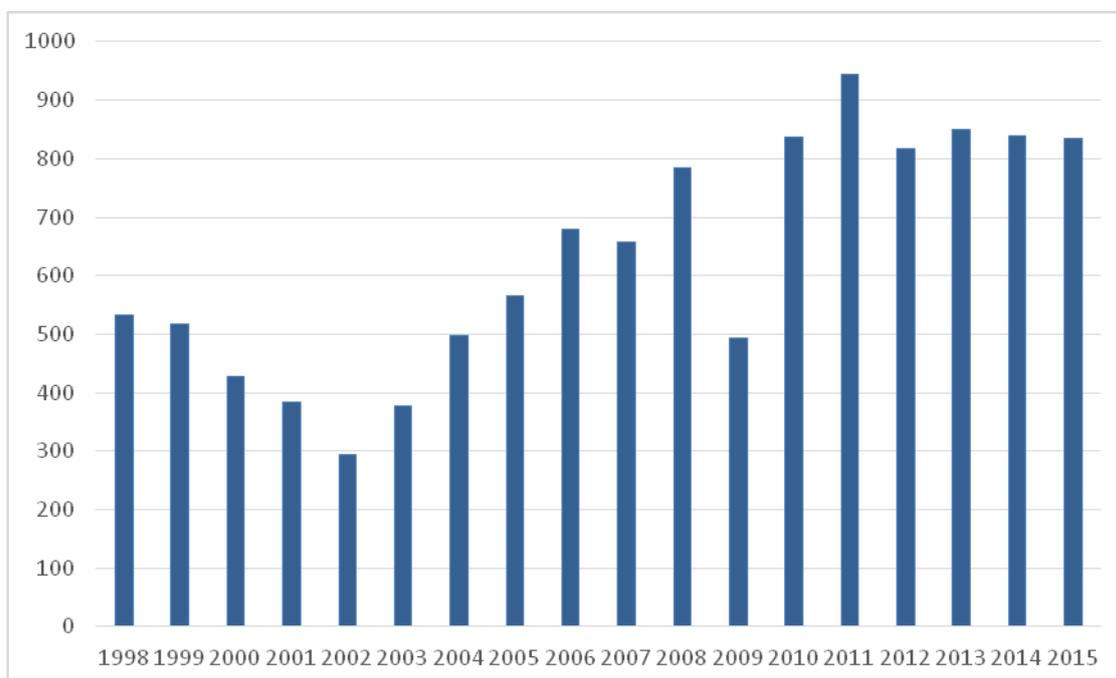
Graph: Cement Deliveries (in thousands of tons)



Source: INDEC. As of 2013: Portland Cement Manufacturers Association

Other basic construction materials more moderately tracked cement delivery trends. Among the main inputs, the consumption of round iron has remained around 835,000 tons in 2015, similar to consumption in 2013 and 2014.

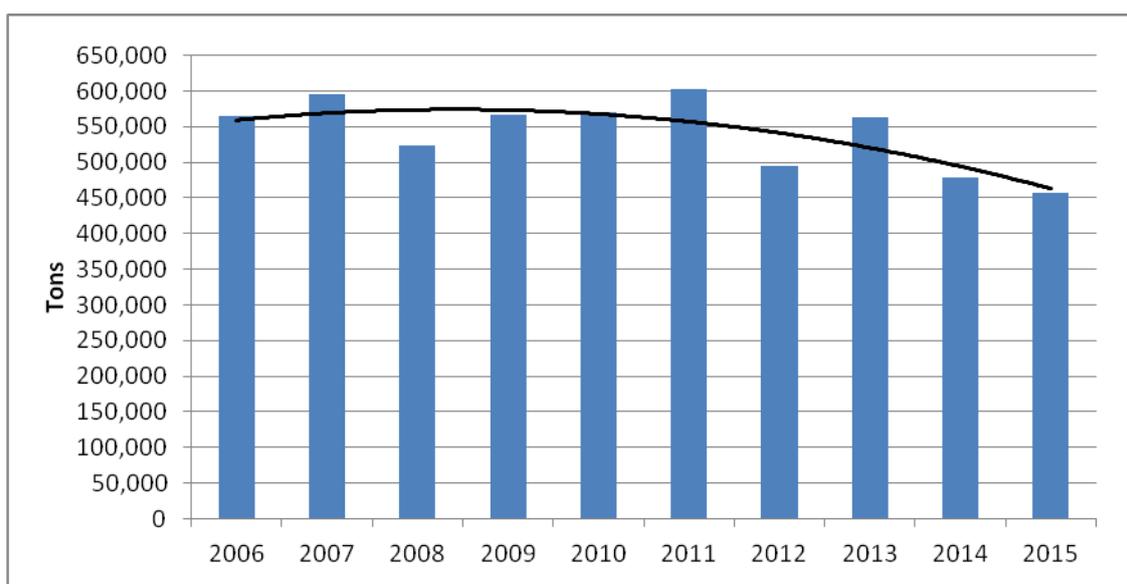
Graph: Round Iron Consumption (in thousands of tons). Totals during each Year 1998-2015



Source: INDEC until 2009 – Data estimated for 2010 - 2015

Another important raw material in construction is asphalt, which experienced a decrease in consumption, reaching even lower volumes than during 2012.

Graph: Asphalt Consumption (in tons). Tons per each year 2006-2015

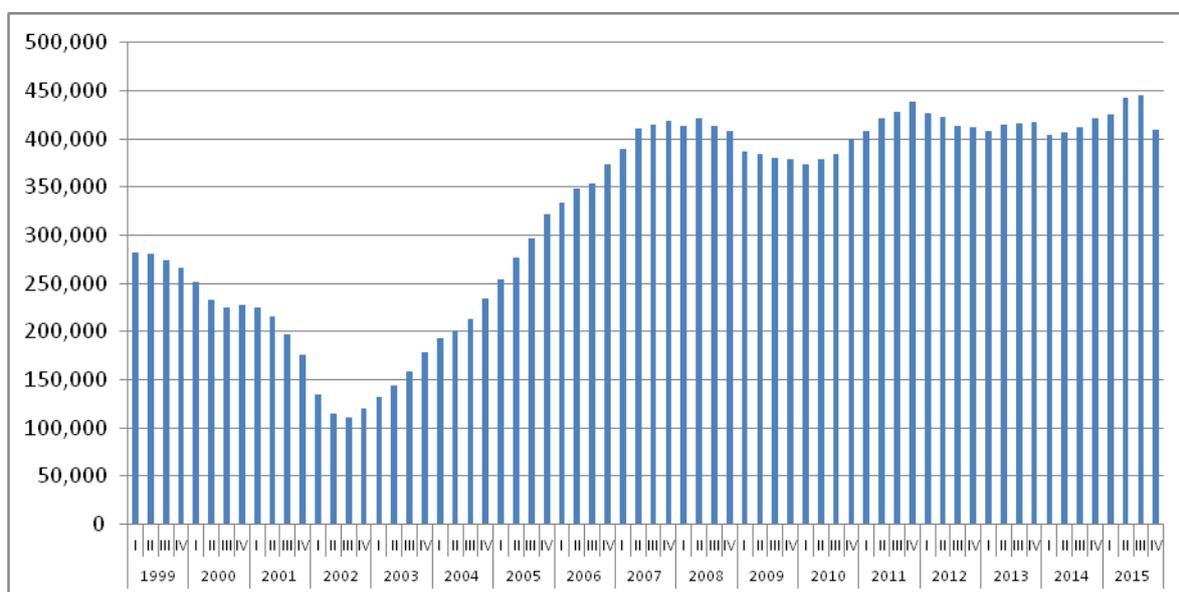


Source: Estimations based on various economic reports (Secretary of Energy, Roads Argentine Association and industry suppliers)

As the construction industry is labor-intensive, the sector employment index confirms recent activity levels. The graph below shows recovery in 2011, which reached the historic levels achieved in 2008 and stabilized during subsequent years. During 2015 there was an increase in employment positions, reaching

maximum values with a sharp decline during the last quarter yet still within range of high levels of employment (409,700 jobs).

Graph: Permanent Jobs in the Construction Sector, quarterly average in thousands



Source: INDEC. Last quarter of 2015 by IERIC

The Argentine Waste Management Market

Originally, waste management services in Argentina were almost exclusively provided by the public sector and financed by local taxes. By the mid-1980s, however, municipal governments began to privatize urban waste management services and, consequently, the private sector began to serve the population in urban areas and deliver urban waste collection, street sweeping services, public square maintenance services, etc. Today, according to our estimates, approximately 75% of the population in Argentina (including towns with more than 70,000 inhabitants) is served by private sector urban waste management operators, while local municipalities continue to provide collection service to the remaining 25% of the population.

As urban waste management services continue to be financed by public funding, municipalities are the clients of private operators. Currently, cleaning services are provided (with respect to urban waste management), regardless of the waste collected. Through this, fees are collected per served area, per services effectively provided or per amount of served blocks. Consequently, amounts invoiced do not depend on the origination of waste but on the services effectively provided.

In relation to landfill sites, Decree No. 9,111/78 issued by the Government of the Province of Buenos Aires requires that waste of any type be disposed of in controlled landfills. The decree has also created CEAMSE, the state-owned entity created by the Province of Buenos Aires and the City of Buenos Aires, which is responsible for coordinating residential solid waste management in the AMBA. Today, landfill construction and landfill operations are also mainly handled by private operators. 46% of urban solid waste produced daily in Argentina are delivered to controlled landfills (Source: SAyDS – INDEC– ENGIRSU; ad hoc survey).

Growing concerns with the environment and environmental protection since the early 1990s set the basis for a new line of business that would meet the demands of industry and, in particular, the private sector.

Overall, the lack of investment in Argentina in landfill operations grants Clisa a lot of potential for expansion of its operations in that area in the near future.

As environmental awareness continues to develop, the federal and provincial governments have continued to pass laws and regulations to protect the environment, such as: General Environmental Law No. 25,675, Law No. 25,612 regarding holistic industrial waste management and other services, Law No. 25,916 on

residential waste management; National Laws No. 24,051 and hazardous waste regulated by Decree No. 831/93, Law No. 24,449, as amended, in connection with transportation of hazardous substances, regulated by Decree No. 779/95 on hazardous and toxic waste management (Annex 5) and the laws of the Province of Buenos Aires No. 13,592, as amended, regarding urban solid waste management, No. 11,723, as amended, on protection, conservation, improvement and restoration of natural resources and the environment in general, and No. 11,338 on hazardous and radioactive waste management; Narcotics Law No. 23,737, regulated by Decree No. 1,095/96 and Law No. 26,045 which creates the National Registry of Chemical Precursors; Law No. 11,347 on pathogenic waste management, as amended by Law No. 12,019 and regulated by Decrees 450/94 and No. 403/97 on pathological waste management and Law No. 11,720 and Decree No. 806/97 on hygiene, handling, storage, transportation, treatment and disposal of special toxic waste, regulated by Decree No. 806/1997; and Law No. 14,321 on sustainable management of waste of electric and electronic devices.

The Argentine Transportation System

The Argentine transportation system is well developed in comparison to the transportation system of other Latin American nations. The country has more than 200,000 km of roads (around 30% of which are paved) and the public transportation system, which includes subways and buses, is extensive.

AMBA is a large urban area and the principal market in which we operate. It covers the riverside area of the River Plate and the Delta of the Paraná River, along more than 60 km, with a total area in the order of 1,600 km², including the city of Buenos Aires. The population of this area currently exceeds 13 million people, or about 33% of the population of Argentina.

Over the previous three decades, the increase in the population of the AMBA has occurred in peripheral areas. This so-called “second belt” area (i.e. the areas of AMBA located at distances ranging from 20 to 35 km to downtown Buenos Aires) has accounted for 75% of the population growth. While there have been internal population redistributions, the City of Buenos Aires has not shown any population change since the 1947 census.

AMBA comprises two jurisdictions at the provincial level (City of Buenos Aires and the Province of Buenos Aires) and numerous municipalities (the figure varies depending on the definition of municipality adopted; there are at least 24 under the most traditional concept). As the area is inter-jurisdictional and includes the federal capital (City of Buenos Aires), the Argentine Federal Government is also involved in the development of this urban area more than in any other urban area in the country. This is especially noticeable in the transportation sector.

The AMBA transportation system is comprised of the following:

- 18,600 buses
- 800 km of railway tracks
- 53 km of subways
- 7 km of Premetro
- 91,591 taxis
- 4 million automotive vehicles
- 1.7 million vans
- 0.9 million motorcycles
- 0.7 million bicycles

Together, this system has about 29 million passengers per day, divided amongst the different kinds of transportation.

Since the privatization of subway and railway services in 1994, the public passenger transportation system (“APP”) has experienced a loss of passengers. The decrease is made clear by the comparison of the

AMBA passenger numbers of 1993 (the last year of government management of ground and subway railway services) with the numbers obtained in 2015 (in millions):

Year	Subway+Premetro	Railway	APP (Nat. Jurisd.)	Total
1993.....	145.3	212.1	2,036.5	2,393.9
2010.....	295.7	419.1	1,607.7	2,322.5
2011.....	310.7	343.9	1,696.5	2,351.1
2012.....	236.6	282.4	1,801.4	2,320.4
2013.....	252.3	236.0	1,669.1	2,157.4
2014.....	242.0	265.7	1,618.6	2,126.3
2015.....	272.7	329.5	1,561.1	2,163.3

The following table sets out participation shares (in percentages):

Year	Subway +Premetro	Railway	APP (Nat. Jurisd.)	Total
1993.....	6.1	8.9	85.1	100.0
2010.....	12.7	18.0	69.2	100.0
2011.....	13.2	14.6	72.2	100.0
2012.....	10.2	12.2	77.6	100.0
2013.....	11.7	10.9	77.4	100.0
2014.....	11.4	12.5	76.1	100.0
2015.....	12.6	15.2	72.2	100.0

Prior to the privatization of the ground and subway railway systems, the SBA was operated by SBASE, a company owned by the City of Buenos Aires, while the passenger railway lines operating in Buenos Aires, including the Urquiza Railway, were operated by FEMESA, a company owned by the Argentine Federal Government. On June 14, 1991, the National Executive approved a regulatory environment for the concession and development of railway and subway services in the AMBA, and called a public procurement for the granting of such concessions. Metrovías was the first public service to be privatized, in December 1993, and railway lines were privatized within the following 17 months.

Currently, and after several amendments to the concession agreements and legal framework, the passenger railway system in AMBA and the subway system of the City of Buenos Aires are operated as follows:

- Metrovías is in charge of: (i) operating and maintaining the Subway and Premetro Public Service of the City of Buenos Aires, within the framework of the AOM entered into in April 2013 with SBASE (and its amendment dated February 2016), within control of the Government of the City of Buenos Aires; and (ii) exclusively managing and operating the Urquiza Railway, under a concession agreement executed with the Argentine Federal Government.
- Ferrovías S.A. is in charge of exclusively managing and operating Belgrano Norte Railway, under a concession agreement originally executed by the Argentine Federal Government.
- COFESA was in charge of the management and whole operation of railway passenger services corresponding to railway systems of San Martín and Mitre Railways, on behalf of the Argentine Federal Government as of February 10, 2014 until February 27, 2015, when the Argentine Federal Government assumed all such activities through SOFSE.

The Argentine Federal Government, through SOFSE, is in charge of the operation, administration and management of the railway urban passenger system of the Sarmiento Railway as of October 24, 2013 and, as of February 28, 2015, of the Roca, Belgrano Sur, San Martín and Mitre Railways.

The agency responsible for enforcing the rules and controlling operations of the railway and transportation services is the CNRT, a self-regulated body created in 1996 by Decree No. 1,388. The CNRT has jurisdiction over automotive and railway transportation of passengers and cargo. CNRT also regulates compliance with transport policies but does not have any responsibility for determining such policies and only acts under the regulatory guidelines provided by the controlling authority.

BUSINESS

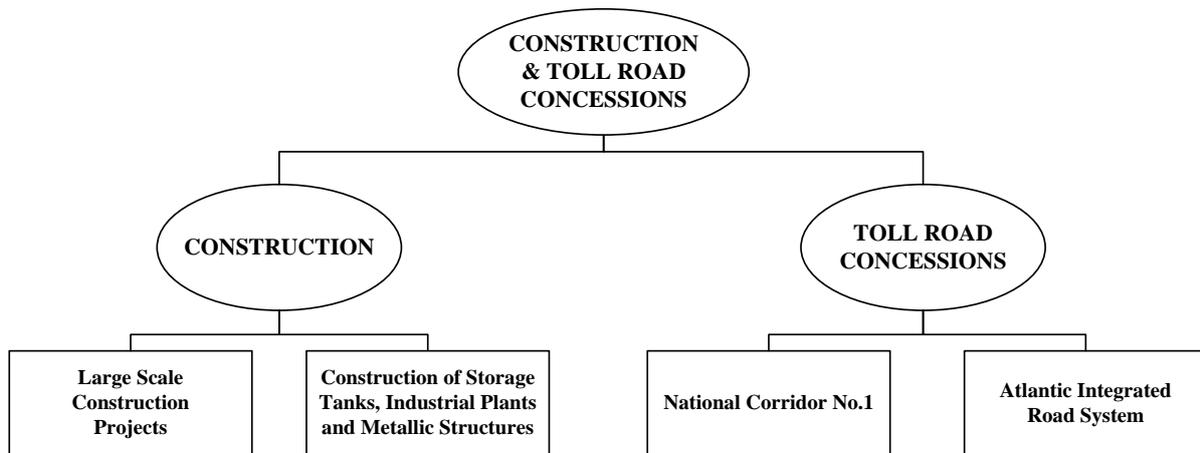
Overview

We are a leading Argentine infrastructure manager and developer with over 100 years of experience. We are currently organized along four principal business segments: (i) Construction and Toll Road Concessions, (ii) Waste Management, (iii) Transportation and (iv) Water Supply Services. We also engage in other minor business operations, which we report under the Other Activities segment which represented 0.5% of our total consolidated sales for the three months ended March 31, 2016 and 1.9% of our total consolidated assets as of March 31, 2016. We provide services to both the public and private sectors with a majority of our projects concentrated in the public sector. For the three months ended March 31, 2016, our consolidated sales amounted to Ps.2,184.1 million (approximately U.S.\$148.6 million) and our consolidated Adjusted EBITDA was Ps.438.9 million (approximately U.S.\$29.9 million). For the fiscal year ended December 31, 2015, our consolidated sales amounted to Ps.8,567.9 million (approximately U.S.\$657.0 million) and our consolidated Adjusted EBITDA was Ps.1,182.7 million (approximately U.S.\$90.7 million). We derive substantially all of our consolidated sales from the operations of our Waste Management, Construction and Toll Road Concessions and Transportation segments, which represented 47.1%, 30.0% and 13.1% of our consolidated sales, respectively, for the three months ended March 31, 2016 and 41.7%, 34.2% and 15.7% of our consolidated sales, respectively, for the fiscal year ended December 31, 2015.

Construction and Toll Road Concessions Sector

General

We have more than 100 years of experience providing a wide variety of construction services in Argentina. We are also expanding our activities to the rest of the region, and we currently have projects in Peru, Chile, Brazil, Paraguay and Panama through various subsidiaries and affiliated companies. Below is a diagram showing our major areas of business in this sector.



We also have extensive experience in toll road concessions in Argentina and other Latin American countries. We currently have an interest in the National Corridor No. 1 and the SVIA, two toll road concessions in Argentina with a total road extension of about 2,400 km, in which we participate through our indirect minority equity interests in certain other companies. Due to the fact that we do not control the entities involved in these concessions, we do not consolidate these toll road projects on a line by line basis in our financial statements, and our consolidated sales and consolidated adjusted EBITDA do not reflect income or results of operations for those projects. Sales from construction-related and toll road activities for the three months ended March 31, 2016 and for the fiscal years ended December 31, 2015, 2014 and 2013, were Ps.655.1 million, Ps.2,933.9 million, Ps.2,381.6 million and Ps.2,409,5 million, respectively.

Construction

We hold a 97.22% equity interest in BRH, a construction company that has operated for over 100 years. BRH provides a broad range of construction services, including work related to road and railway construction, underground transportation, water treatment and port infrastructure, electricity lines and industrial infrastructure, among others. BRH complements its own construction activities, which are carried out either (i)

directly by BRH; (ii) through UTEs (joint ventures) in which we may have a majority participation, a minority participation or even a participation similar to that of our partners, which are other non-affiliated construction companies; (iii) through a minority interest in other affiliated companies; and (iv) through other subsidiaries of BRH. Some projects, like public-private partnerships, commonly require the incorporation of special purpose vehicles which we may or may not control. Larger projects usually require that we associate with other non-affiliated construction companies, either through a UTE or a special purpose vehicle which we may or may not control.

Sehos is a subsidiary of BRH that specializes in railway projects and maintenance services for hospitals and other public buildings. Through BRH and Sehos, we also hold a 100% interest in the capital stock of Haug, a Peruvian corporation we acquired in 2010, which is engaged in the engineering, manufacture, construction and assembly of industrial plants, storage tanks and metallic structures. Through Benito Roggio Panama, a company in which BRH has a 100% equity interest, we develop road projects in the Republic of Panama. Likewise, through our minority shareholding in Benito Roggio Paraguay, we develop several construction activities, including road projects. Finally, through our branch in the Federative Republic of Brazil, we have started road projects in the northern part of Brazil, in the State of Pará, which includes building 112 km of paved road as part of Federal Route BR 163, between Campo Verde and Rurópolis. We have also have started civil works in passenger stations for Line 15 of the Metro in the city of São Paulo. Sales from construction-related activities, for the three months ended March 31, 2016 and for the fiscal year ended December 31, 2015, 2014 and 2013, were Ps.655.1 million, Ps.2,933.9 million, Ps.2,381.6 million and Ps.2,409.5 million, respectively.

Large Scale Construction Projects

General

Except for Haug, which serves mainly private companies in the oil, mining, energy and manufacturing industries, our main clients are the Argentine Federal Government, the GCBA, the provincial governments and their ministries and secretaries, and other governmental agencies, such as the DNV, the ADIF and SBASE, or specific entities that perform special programs financed by international sources such as the World Bank and the Inter-American Development Bank, among others.

We have completed numerous construction projects, including: the IBM corporate building in Buenos Aires; the Buenos Aires Sheraton Hotel; the International Airport in Santiago, Chile; the Piedras Moras dam in the Province of Córdoba; the Mario Alberto Kempes (formerly known as Chateau Carrera) soccer stadium in the City of Córdoba, Province of Córdoba; the Telecom corporate building in Buenos Aires; the Western Access Expressway in the Province of Buenos Aires; the Conrad Hilton Hotel & Casino in Punta del Este, Uruguay; port facilities in the Province of Santa Cruz; the beltway in the City of Córdoba; the Pichi Picún Leufú hydroelectric dam in the Province of Neuquén; communications antennas to provide mobile telephone services across the Argentine territory for CTI; the 9 de Julio Norte Highway in Buenos Aires; the Hilton Hotel in Puerto Madero in the City of Buenos Aires; the extension of SBA Line D and several subway stations; the Antel Telecommunications Tower in Montevideo, Uruguay; the prison facilities for men and women in the Province of Córdoba; the Paso de Jama road in the Province of Jujuy; various tranches of the Córdoba-Rosario highway; the passenger Transfer Center in the district of Moreno, Province of Buenos Aires; hospitals in the Province of Entre Ríos; the Southern Access to San Salvador de Jujuy, and also the Line B extension of the SBA.

The Argentine Federal Government's plan to improve and expand the national roads and highway system has helped us to further expand one of our stronger business sectors. Our strategy has been to focus on the sectors in which we have a large amount of both human resources and equipment. We do not participate in housing projects because we believe that our engineering and management capabilities do not give us a competitive advantage as compared to other smaller companies in this overly competitive market.

Operations

We provide construction services through BRH and its subsidiaries to a wide variety of industrial clients, both individually and through joint ventures. We develop different types of projects, which are briefly described below:

Road and Railway Infrastructure. The road construction sector is currently the most important component of our construction business. Our clients include the DNV and the provincial road authorities of several provinces. We are also involved in the reconstruction of various railway tracks, and our main railway

client is the Argentine Federal Government through its different entities. We also take part in road and/or railway works in the Republic of Panama, the Federative Republic of Brazil and the Republic of Paraguay.

Architecture. Our construction projects include office buildings, residential ventures, hospitals, hotels and vacation resorts, parking lots, shopping malls, stadiums, airports and bus stations for clients including the Argentine Ministry of the Interior, Public Works and Housing, the Government of the Province of Córdoba, the Planning Authority of the Province of Mendoza, the Government of the Province of Buenos Aires, the Argentine Catholic University, Antel (the telecommunications company of Uruguay), Metrovías, Telecom Argentina S.A., Empalme S.A. and Concesionaria de Entretenimientos y Turismo S.A.

Port Infrastructure and Water Treatment. Our water treatment-related projects include the construction of hydroelectric dams, ports, tunnels and sewage systems. Our clients in this sector include the Ministry of Economy of the Province of Santa Cruz, the Government of the Province of Entre Ríos, the water system company in Paraguay (*Corporación de Obras Sanitarias, Paraguay*), Santiago del Estero Water and Sanitation Agency, provincial water companies such as Aguas Provinciales de Santa Fe in Santa Fe, ACSA and Aguas y Saneamientos Argentinos S.A., the Yacyretá Binational Entity and the Ministry of the Interior, Public Works and Housing.

Industrial Infrastructure. We have worked on gas pipelines, oil and by-product processing plants and power distribution networks. BRH's clients in this sector include the Provincial Electric Power Company of Córdoba (*Empresa Provincial de Energía de Córdoba*), Edesal S.A., Transportadora Gas del Sur S.A. and Distribuidora de Gas Cuyana S.A.

Electricity Projects. Through different companies in which BRH has a 45% equity interest, we have constructed the Recreo – La Rioja power line, which is 219 km long, another 277 km-long power line and a 220KV transformer station in the southern region of Argentina.

Underground Transport Projects. We have participated in four projects associated with subway extensions in the City of Buenos Aires, where our main clients are SBASE and the Federal Secretariat of Transportation.

Hospital Maintenance. Through Sehos, we provide preventive, corrective, operating and clean-up maintenance in five hospitals in the City of Buenos Aires under contracts for services with the GCBA. Sehos has also been awarded contracts for the maintenance of 36 schools in the City of Buenos Aires.

BRH and Sehos have both received an ISO 9001:2008 quality certification with respect to most of their services and ISO 14.001:2004 (Environmental Management) and OHSAS 18.001:2007 (Occupational Safety and Health) certifications. We believe these quality certifications show their commitment to the best performance in their respective projects.

Revenue

BRH's sales for the three months ended March 31, 2016 and for the fiscal years ended December 31, 2015, 2014 and 2013 were Ps.358.6 million, Ps.2,107.8 million, Ps.1,408.0 million and Ps.1,488.5 million, respectively.

In Argentina, there are mechanisms designed to offset increased costs in our projects, under which we can demand an adjustment in the price of works from the government when actual costs exceed the pre-determined percentages. Different public clients use these compensation schemes, and we believe these adjustments have been crucial in maintaining reasonable profitability levels.

An example of one of these regulations was Decree No. 1,295/2002, which was applicable to public works executed under National Law No. 13,064, as modified (the "Public Works Law" or *Ley de Obras Publicas*), until May 2016. Under the Public Works Law, we were permitted to request a new price determination every time the main costs of the public works increased over 10%. The adjustment then applied to the outstanding portion of the contract, except for 10% of the original price which remained unchanged throughout the maturity of the contract. Normally, there is a delay between the approval of our request for an increase and the actual payment, and this usually results in retroactive payments to cover the unpaid period.

The effectiveness of Decree No. 1,295/2002 was affected by general price increases, restrictions on supply imports and the time consuming procedure inherent in the new contract price redetermination, which paralyzed or significantly delayed many key public works. In May, 2016, Decree No. 691/2016 amended the

methodology of price redetermination of public work contracts executed under the Public Works Law, allowing requests for a price redetermination if costs related to the particular public works increase more than 5%. In addition, adjustments of prices will be applied to 100% of the outstanding balance of the contract pending completion.

Backlog

“Backlog” is the total projected revenues under construction contracts executed to a certain date, less the total revenues already accrued to that same date for these contracts. The following table shows the backlog of BRH and its construction subsidiaries (except for Haug), affiliates and UTEs as of March 31, 2016. Where applicable, backlog figures represent BRH’s portion of revenue in those entities.

Contracts	Type of Project	Grantor	Backlog (in millions of Ps.)	% of Progress (*)	Contract Termination Date
BRH's Backlog					
Closing of Córdoba city beltway – Section I – UTE	Road project	Agencia Córdoba Inversión y Financiamiento S.E.M.	334.1	0.0%	24 months from initiation of works
Rosario city beltway – UTE	Road project	National Road Authority (DNV)	344.9	71.0%	December 2015 (9)
National Road No. 76 - Quebrada Santo Domingo – UTE	Road project	La Rioja Provincial Road Authority	386.2	37.5%	April 2017
Tigre Water Treatment Plant – Joint Venture (UTE)	Sanitation	Agua y Saneamientos Argentinos S.A.	65.0	93.9%	September 2015 (9)
National No. 158 Road – Villa María By pass	Road project	National Road Authority (DNV)	185.5	0.0%	18 months from initiation of works
Roads No. 9 and No. 60 Jesús María – Catamarca	Road project	National Road Authority (DNV)	172.1	63.7%	May 2017
Buenos Aires Subway Line E extension – Bolívar-Retiro	Engineering project	Subterráneos de Buenos Aires Sociedad de Estado (SBASE)	68.4	93.4%	July 2014 (9)
Sao Paulo Monorail civil works (Brazil) – Lot 1 – Joint Venture (6)	Architecture	Companhiado Metropolitano de Sao Paulo	172.0	35.2%	August 2018
Road repairs and maintenance (C.RE.MA Malla 308) – La Rioja	Road project	National Road Authority (DNV)	102.8	47.0%	December 2016
Closing of Córdoba city beltway – Córdoba Tropezón – Joint Venture (UTE)	Road project	Agencia Cordoba Inversión y Financiamiento S.E.M.	1.1	99.7%	August 2016
Repavement of National No. 9 Road – Yala – Jujuy	Road project	Jujuy Provincial Road Authority	42.4	91.8%	February 2017
Rosario city beltway (side roads) – Joint Venture (UTE)	Road project	National Road Authority (DNV)	25.9	85.4%	April 2016 (9)
Pavement Rodovía BR-163/PA – Joint Venture (6)	Road project	National Transportation Infrastructure Department – Brazil	14.3	19.5%	December 2017
Branch C San Cristóbal - Santa Fe - Joint Venture (UTE)	Railroad project	Railway Infrastructure Administration SE (ADIF)	11.6	89.9%	May 2015 (9)
Las Cortaderas Dam – Córdoba	Hydraulic project	Ministry of the Interior, Public Works and Housing	20.7	2.2%	30 months from initiation of works
National Road No. 127 – Entre Ríos – Joint Venture (UTE)	Road project	National Road Authority (DNV)	91.7	0.4%	May 2016 (9)
Branch C Santa Fe – Belgrano Cargo Joint Venture (UTE)	Railroad project	Railway Infrastructure Administration SE (ADIF)	11.5	89.9%	May 2013 (9)
Coastal protection works – Yacyretá - Joint Venture (UTE)	Road project	Yacyretá Binational Entity	108.7	94.4%	December 2016
Rehabilitation of Los Molinos channel	Hydraulic project	Agencia Córdoba Inversión y Financiamiento S.E.M.	861.4	8.0%	June 2017
Branch C25 – Formosa – Joint Venture (UTE)	Railroad project	Railway Infrastructure Administration SE (ADIF)	91.1	0.0%	22 months from initiation of works

Contracts	Type of Project	Grantor	Backlog (in millions of Ps.)	% of Progress (*)	Contract Termination Date
BRH's Backlog					
Line E Renovation	Railroad project	Subterráneos de Buenos Aires Sociedad de Estado (SBASE)	277.9	26.2%	May 2017
Buenos Aires – Rosario – tracks renovation	Railroad Project	Railway Infrastructure Administration SE (ADIF)	86.8	67.5%	November 2016
Renovation of Pumping Station and Wastewater Treatment Plant – Santiago del Estero – Joint Venture (UTE)	Hydraulic project	Program and Projects with Foreign Financing Coordination Unit - Ministry of the Interior, Public Works and Housing	68.8	63.2%	March 2016 (9)
Underground vehicles passage – Beiró Ave. – Joint Venture (UTE)	Road project	Autopistas Urbanas S.A.	29.5	62.6%	June 2016 (9)
National Road No. 36 (Motorway) Los Córdobas – Berrotarán – Joint Venture (UTE)	Road project	Road Authority of the Province of Córdoba	80.1	80.3%	July 2016
Provincial Road No. 1 – San Salvador Jujuy – Palpalá – Joint Venture (UTE)	Road Project	Program and Projects with Foreign Financing Coordination Unit - Ministry of the Interior, Public Works and Housing	40.4	75.2%	June 2016 (9)
Optimization of electricity supply network - Río Turbio Field – Joint Venture (UTE)	Electricity project	Secretariat of Mining - Ministry of Energy and Mining	122.3	19.8%	August 2017
National Road No. 9 – Humahuaca	Road project	National Road Authority (DNV)	33.0	0.0%	9 months from initiation of works
Underground vehicles passage - Quilmes – Joint Venture (UTE)	Railroad project	Municipality of Quilmes	31.6	0.0%	18 months from initiation of works
National Road No. 9 – Tres Cruces	Road project	National Road Authority (DNV)	30.5	0.0%	9 months from initiation of works
Drinkable Water Master Plan – Posadas and Garupá – Joint Venture (UTE)	Hydraulic	Water treatment Institute of Misiones	138.4	3.9%	November 2017
Construction of the Second Emissary of Vegas Creek (11)	Hydraulic	Ministry of Urban Development GCBA	536.8	0.0%	27 months from initiation of works
Closing of Córdoba city beltway – Tropezon-Spilimbergo – (UTE) (11)	Road project	Caminos de las Sierras S.A.	945.4	0.0%	24 months from initiation of works
Backlog - subsidiaries					
Benito Roggio Panamá (3) (7)	Road projects	Ministry of Public Works of Panamá	92.3	95.5%	July 2017
Sehos (4)	Railroad projects	National Federal Government – through various organisms	51.5	75.5%	September 2016 (10)
Sehos (4)	Hospital services	Government of the City of Buenos Aires	328.5	34.0%	April 2019
Sehos (4)	Road projects	Government of the City of Buenos Aires	33.1	8.5%	September 2016 (10)
Sehos (4)	Architecture projects	Government of the City of Buenos Aires	36.2	33.4%	March 2017 (10)
Backlog – Minority interests, pursuant percentage of participation					
Benito Roggio Paraguay (1)(8)	Road and other projects	Various	179.3	55.0%	July 2018 (10)
CV1 Concesiones Viales S.A.	Road project	National Road Authority (DNV)	123.4	65.9%	April 2017
Transportel Patagónica (5)	Electricity	Electricity Transportation Trust Fund – Administration Committee	267.9	71.9%	May 2017
Total (12)			6,645.2		

(*) Represents the ratio between the total amount of earned income and the total amount of each contract

(1) BRH has a 20% equity interest in Benito Roggio Paraguay

(2) BRH has a 51% equity interest in CV1 Concesionaria Vial S.A.

- (3) BRH has a 100% equity interest in Benito Roggio Panamá
- (4) Clisa has an indirect interest of 100% in Sehos.
- (5) BRH has a 45% interest in Transportel Patagónica S.A.
- (6) Contracts nominated in *Reais*
- (7) Contracts nominated in *Balboas*
- (8) Contracts nominated in *Guaraníes*
- (9) Term under extension process
- (10) Average Term
- (11) Project Awarded after March 31, 2016
- (12) Data included in backlog correspond to the Company's internal information. Prices referred to herein do not include value-added tax nor include pending contract price redetermination.

The following map shows the location of the projects listed above.



The backlog amounts listed in the table above may not be indicative of the revenues that BRH will receive for the related project. The backlog amounts assume that (i) neither BRH nor any of its clients will default on any of their contractual duties and (ii) payments to BRH under the contracts will be made in a timely manner. Although the backlog only includes work related to contracts already signed or awarded, there can be no assurance that these projects will actually be completed or that the terms thereof will not be cancelled or modified.

BRH and its subsidiaries (except Haug) have also presented competitive proposals for several projects that have not yet been awarded or for which contracts have not yet been entered into. These works amount to estimated revenues of Ps.631.1 million over an estimated period of approximately two years. BRH obtains its

construction contracts through public and private bids and through direct contracts with public and private parties. In recent years, most contracts have been obtained through public bidding processes.

For further information about the UTEs in which we participate through our subsidiaries, please see note 2.2(g)(iii) of our financial statements as of December 31, 2015. Additionally, for a description of the risks associated with our participation in the UTEs, see “Risk Factors—Risks Related to Our Business—Our participation in UTEs could expose us to risks derived from the other participants' economic and financial situation.”

Competition

BRH is one of the market leading construction companies in Argentina. Its reputation has developed over more than one hundred years of activity, positioning it as a traditional Argentine company that competes mainly in the Argentine infrastructure sector with companies such as Techint Compañía Técnica Internacional S.A.C.I. and José Cartellone Construcciones Civiles S.A.

There are other companies that are also very active in the Argentine infrastructure sector such as IECSA S.A., Electroingeniería S.A., Supercemento S.A.I.C., J. Chediack S.A.I.C.A., Rovella Carranza S.A., JCR S.A., CPC S.A. and Esuco S.A., with whom BRH competes in various types of infrastructure projects.

Foreign companies are also active in the Argentine infrastructure sector, including Constructora Norberto Odebrecht S.A. and Andrade Gutiérrez, headquartered in Brazil, which have been involved in projects financed in their country of origin, certain European companies such as Ghella S.p.A. and certain Chinese companies such as China Gezhouba Group Company Limited, China Communications Construction Company Ltd., China Machinery Engineering Corporation and Power Construction Corporation of China. All of these companies are very active in the Argentine infrastructure sector, especially in energy generation, gas and oil, sanitation and transportation. Their participation in general includes financing, and they often work jointly with local construction companies. For further information see “Risk Factors—The industries in which we operate are highly competitive. If we are unable to successfully compete in these markets, our margins could be materially adversely affected.”

Construction Projects Involving Storage Tanks, Industrial Plants and Metallic Structures

General

Through Haug, a leading Peruvian company in the metal-mechanic sector with over 67 years of experience, we provide engineering, construction services and assembly of storage and process tanks, equipment for the mining industry (thickeners, clarifiers, hoppers, cells), industrial plants, metallic structures, pipelines, pressure pipelines and industrial plants and mining or oil refining maintenance systems. Haug also operates in Chile and in Argentina.

With a modern production plant nearly 80,000 square meters in size, Haug develops products for the mining, energy, oil and gas and manufacture sectors. Its contracts in the mining sector account for a significant portion of its revenues. Important worldwide mining companies, such as Barrick-Gold, Xstrata, Angloamerican, Chinalco, Southern Copper and Gold Fields, and their agents, such as Bechtel, Fluor, Jacobs and SNC Lavalin, are amongst Haug's current clients.

Operations

Among its various services, Haug engineers, constructs and assembles tanks for storing hydrocarbons, acids, gas, water, oils, chemicals, mining and industrial products. Since it began operations, Haug has produced tanks with a storage capacity of over 16 million barrels.

Haug also manufactures and builds various types of metallic structures, pipelines and pressure pipelines, and it follows strict quality control processes to ensure their quality and integrity.

In addition, Haug provides comprehensive construction services for plants of a diverse nature, including transportation, assembly, testing and delivery. Haug also acts as an engineering, procurement and construction (“EPC”) contractor, providing engineering services for metallic and non-metallic structures, as well as coordinating the procurement of materials from third parties and overseeing the execution of projects. We believe Haug's ability to participate in various aspects of the construction process gives Haug a competitive advantage for horizontal diversification in, for example, civil works, which are required in large scale projects.

Haug has many quality certifications that we believe show its commitment to a superior performance in its projects. It has received an ISO 9001:2008 quality certification with respect to all of its services, and was the first Peruvian company involved in the engineering, construction and assembly of storage tanks, industrial plants and metallic structures to receive ISO 9001:2001. It has also obtained ISO 14.001:2004 (Environmental Management) and OHSAS 18.001:2007 (Occupational Safety and Health) certifications and other certifications issued by *API (American Petroleum Institute)* and *ASME (American Society of Mechanical Engineers)*. It has also received national awards for occupational safety and health, work environment and corporate-social responsibility.

Haug is currently looking to expand its activities into other Latin American countries such as Ecuador, Colombia, Bolivia and Brazil, where it believes there are many opportunities for companies with its technical capabilities and expertise.

Revenue

Haug's sales for the three months ended March 31, 2016 and for the fiscal years ended December 31, 2015, 2014 and 2013 equaled an equivalent of Ps.239.4 million, Ps.592.2 million, Ps.704.8 million and Ps.552.5 million, respectively.

Backlog

Haug's backlog as of March 31, 2016 amounted to U.S.\$93.5 million and included projects in Peru and Chile. With the exception of a project with a four-year execution term, on average, Haug's projects are built, on average, over a twelve-month period.

Competition

Haug is part of a group of specialized companies in Peru with experience in the metal-mechanic sector. Its main competitors are *Técnicas Metálicas*, *Esmetal* and *Fiansa* for metallic structure manufacturing, *Imecon* and *Fima* for manufacturing and assembly of storage or process tanks and *Fima* for the manufacturing of pressure pipelines for the hydrocarbon and energy sectors.

Toll Road Concessions

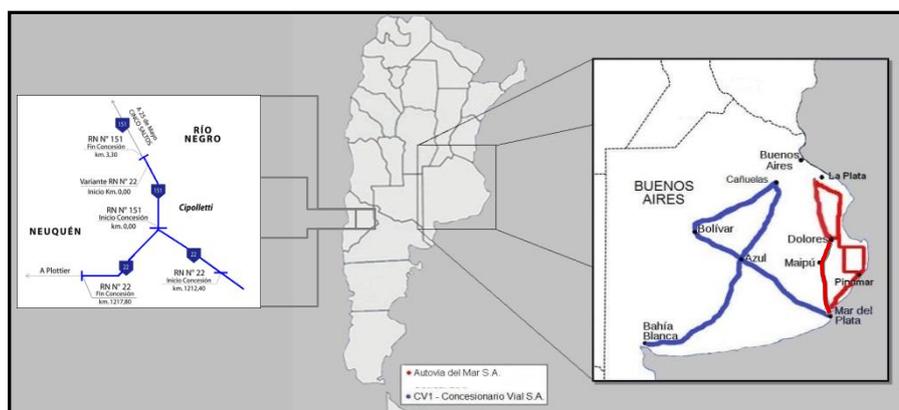
General

Our operations in the toll road industry began in the early 1990s when the Argentine Federal Government implemented a plan of concessions of major sections of federal roads. At that time, different companies in which we had an ownership interest were awarded concessions for the renovation and maintenance of a total of approximately 2,500 km of federal roads. In October 2003, our concession agreements for the management of four major roads expired, and we returned these assets to the Argentine Federal Government. We also have actively participated in toll road concessions in some of the main access roads to the City of Buenos Aires, and have had an interest in toll road concessions in Brazil, Ecuador and Paraguay.

At present, we have interests in toll road concessions in the Argentine Provinces of Buenos Aires and Neuquén.

Because we do not hold majority interests in any of the companies involved in these concessions, we have not consolidated those interests on a line by line basis in our financial statements. Accordingly, sales and costs related to our Construction and Toll Road Concessions segment do not include sales and costs of those companies.

The following map shows the location of our toll road concessions:



Road Concessions in Force

National Corridor No. 1

CV1 was incorporated to construct, improve, repair, maintain, expand, remodel, manage and develop the National Corridor No. 1 through a toll road concession, for an initial term of six years. The concession grantor could extend the term for an additional year. We took possession of the concession on April 22, 2010. The concession is comprised of different roads in the Provinces of Buenos Aires, Rio Negro and Neuquén with a total length of 1,290 km. There are several obligations associated with this concession including, but not limited to, the maintenance of roads, bridges and lighting systems and the provision of road safety services.

Under the concession contract, revenues generated by CV1 were divided into three categories: (i) revenues from tolls; (ii) revenues from works, including infrastructure reconditioning and new works; and (iii) revenues from subsidies, calculated as a percentage of net collections at the toll booth stations and certain compensation from several regulations which reduce the toll for multi-passenger and cargo vehicles.

On December 27, 2012, through Resolution No. 3,064/12, the DNV approved the Restructuring Minutes of the National Corridor No. 1 concession contract. The revised contract became effective on November 1, 2012 and included a significantly favorable amendment to CV1's economic structure. Even though revenues from subsidies were eliminated, revenues from tolls were still effective and with respect to revenues from works, the work plan was adjusted by restructuring infrastructure reconditioning and new works, including the provision of services to the user as well as support services as a sole notion entitled "Maintenance Work and Support Services" (*Obra de Mantenimiento y Servicios de Apoyo*, or "OMSA").

Additionally, as of May 1, 2013, Corridor No. 29 was incorporated into the CV1 concession contract, adding the section between National Road No. 22 between Km 1,212.40 and Km 1,217.80 and a section of National Road No. 151 between Cipolletti Turnaround and Cipolletti Beltway in the Provinces of Neuquén and Río Negro.

On March 28, 2016, through Resolution No. 181/16, the DNV approved a Memorandum of Agreement on the restructuring of the OMSA signed with CV1, which is retroactive and became effective on February 1, 2015. As a result of the restructuring, the parties to the CV1 concession contract set out the price and number of new operating and maintenance tasks and support services for National Corridor No. 1 to be performed by CV1, which together with the existing services make up the new OMSA. As of the execution of the resolution, all tasks inherent to the contract are included in an OMSA certificate. Consequently, toll collection will be considered as an advance of the relevant OMSA payment certificate.

On April 19, 2016, through Resolution No. 296/16, the DNV extended the CV1 Concession Contract for an additional year until April 20, 2017.

Sales from CV1 during the nine-month period ended January 31, 2016 amounted to Ps.420.3 million and during the fiscal years ended April 30, 2015, April 30, 2014 and April 30, 2013 amounted to Ps.602.5 million, Ps.505.9 million and Ps.231.0 million, respectively.

Atlantic Integrated Road System

In 2009, the Province of Buenos Aires passed Law No. 14,105 authorizing the creation of a concession known as SVIA, which merged a network of roads providing access to many cities and seaside resorts on the Atlantic coast of Argentina into a single concession. On July 1, 2011, Autovía del Mar S.A. (“Autovía del Mar”), a company in which BRH holds 26.67% equity interest, took possession of the concession. The concession will expire in 2041.

The SVIA includes Provincial Roads No. 2, 11, 36, 56, 63 and 74, totalling approximately 1,140 km, and may incorporate certain other roads without altering the investment amounts included in the concessionaire’s offer and the economic and financial equations under the concession contract. Among the roads that have been incorporated into the concession is included a 189 km section of Provincial Road No. 2 between Dolores and Mar del Plata that was previously under Covisur’s management. Autovía del Mar took possession of the section as of December 10, 2015. Provincial Road No. 36 will also be incorporated into the SVIA in 2019.

Autovía del Mar will perform certain maintenance, improvement, expansion and construction works over the course of the concession. According to the last update to the economic and financial plan passed through Decree No. 1,799/15, the concessionaire will perform works for about Ps.1,950 million (VAT included) between 2016 and 2017. Works to be performed until the expiration of the concession are estimated to be approximately Ps.40,500 (VAT included).

The concession contract provides for annual fare increases during the first six years in real terms. As of the date of this Offering Memorandum, three fare increases were granted and three further increases are expected. The concession contract also provides for tariff adjustments to compensate for the increase in costs due to inflation. The average basic toll is currently Ps.13.4 (VAT included) per 100 km section of road. A complete review of the concession contract will be conducted every three years in order to preserve its economic and financial condition. Additionally, under Law No. 14,105, the concessionaire must contribute 4% of the collection of toll tariffs net of taxes instead of paying taxes and municipal rights.

Expired road concessions

Buenos Aires – La Plata Expressway

Coviare, a company in which we have a 31.78% direct and indirect equity interest through Polledo and its subsidiaries, is a public works concessionaire established for the execution, maintenance, repair and upkeep of the La Plata – Buenos Aires Expressway (the “La Plata – Buenos Aires Expressway”), the Riverside Expressway (*Autopista Ribereña*), in the City of Buenos Aires and the New Bridge on the Riachuelo Creek. The La Plata – Buenos Aires Expressway unites the City of Buenos Aires with La Plata, the capital of the Province of Buenos Aires. The concession term of 22 years commenced on July 1, 1995.

As a result of Argentina’s economic crisis in 2001, the economic and financial conditions of the Coviare concession contract were substantially altered by a number of factors such as the conversion of tolls into *pesos*, the removal of adjustment systems and the increase in operating costs. Consequently, Coviare attempted to renegotiate its concession contract with the government for approximately ten years. In spite of that, the parties have only entered into one amended agreement on October 9, 2009, that provided for fare increases and a new investment schedule, among others, and which was only partially fulfilled.

In February 2013, the Province of Buenos Aires assumed the role of grantor of the Autopista Buenos Aires – La Plata concession contract. Coviare then made several presentations to procure compliance by the Province with its contractual duties, as well as to renegotiate contractual terms and conditions.

Coviare did not obtain a response to its attempts and on July 12, 2013, through Provincial Decree No. 419, the Province of Buenos Aires unilaterally terminated the Coviare concession contract.

Consequently, Coviare made a presentation rejecting the termination, and in December 2013, it filed an action against the Province of Buenos Aires and the Argentine Federal Government before the Argentine Supreme Court of Justice, claiming the invalidity of the administrative act in which the termination was resolved as well as a

compensation for damages. In August, 2015, the legal proceeding was transferred to the Contentious Administrative Federal Court No. 7 as a result of the ruling by the Argentine Supreme Court of Justice stating that, by accepting the transfer of the concession, the Province of Buenos Aires had also accepted the jurisdiction clause agreed to in the concession agreement.

As of June 2014, Coviare commenced a reorganization procedure (*concurso preventivo de acreedores*).

Starting with the fiscal year ended in December 31, 2011, we have valued our investment in Coviare at Ps.0 (zero). Although we consider that the final outcome of the legal proceedings would be favorable, there is no certainty that such investment would be recoverable in the short or medium term. According to IFRS, if there is objective evidence that an investment will not be recoverable, an impairment must be recorded.

Rosario – Victoria Bridge

Puentes del Litoral S.A. (“PDL”), a company in which we hold a 20% equity interest both directly and indirectly through BRH, is responsible for the construction, conservation and maintenance of a road nearly 60 km long connecting the cities of Rosario in the Province of Santa Fe, and Victoria in the Province of Entre Ríos. The term of the concession expires on September 13, 2023. As a result of Argentina’s economic crisis in 2001, the economic and financial conditions of the concession contract were substantially altered and an extensive contractual renegotiation started. In May 2007, PDL commenced a reorganization procedure (*concurso preventivo de acreedores*). In December 2009, the reorganization process was approved, but it was only partially fulfilled. In May 2014, PDL commenced legal proceedings against the Argentine Federal Government in order to declare the concession contract’s termination under the exclusive fault of the grantor, and requested damages deriving from the Argentine Government’s refusal to compensate based upon the initial economic and financial equation of the concession. On August 29, 2014 the DNV notified PDL of the termination of the concession agreement and PDL surrendered the concession on September 1, 2014. The DNV’s resolution was then challenged by PDL and extended the already initiated legal proceedings for termination of contract.

Starting with the fiscal year ended June 30, 2006, we have valued the investment in PDL at Ps.0 (zero). Although we consider that the final outcome of the legal proceedings would be favorable, there is no certainty that such investment would be recoverable in the short or medium term. According to IFRS, if there is objective evidence that an investment will not be recoverable, an impairment must be recorded. We did not furnish any guarantees as security for the performance of PDL’s obligations.

9 de Julio Highway - Northern Section

Covimet S.A, a company in which we hold a 31.8% equity interest both directly and indirectly through Polledo and its subsidiaries, held a concession dated December 21, 1993 for the construction, maintenance and development of 9 de Julio Highway – Northern Section in the City of Buenos Aires. On February 25, 2003, the GCBA issued Decree No. 149/GCABA/2003 to terminate the concession agreement, invoking a breach by Covimet. Covimet filed a claim against GCBA for the termination of the concession agreement. The judgment issued by the court of first instance was unfavorable for Covimet and an appeal has been filed.

Starting with the fiscal year ended June 30, 2010, we have valued the investment in Covimet at Ps.0 (zero). Although we consider that the final outcome of the legal proceedings would be favorable, there is no certainty that such investment would be recoverable in the short or medium term. According to IFRS, if there is objective evidence that an investment will not be recoverable, an impairment must be recorded.

National Roads

On October 31, 2003, Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., companies in which BRH holds a 53.77%, 38.47%, 38.46% and 57.00% equity interest, respectively, returned their assets relating to a road concession to the Argentine Federal Government. Generation of revenue and maintenance and exploitation duties ended on that date. However, the concession grantor and those companies have not yet expressly agreed to the full termination of the concession contract, and there are administrative and legal actions still pending among the parties that aim to address pending contractual issues. The concessionaires’ shareholders jointly guarantee any cost difference arising as a consequence of the termination process.

The termination of these contracts could result in additional rights and obligations not currently shown in our financial statements which could have a negative or positive impact on our financial condition or results

of operations. Even though we are unable to estimate the amount such impact may have, the termination of such contracts could not derive in significant losses or obligations for Clisa.

Considering the current negotiation status, our management has decided to value our interest in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A. at Ps.0 (zero) as of the fiscal year ended December 31, 2009 for the reasons set out above.

Competition

In 2010, the Argentine Federal Government awarded eight toll road concessions covering a federal road network of approximately 7,760 km. CV1’s concession is the second longest, representing 16.5% of the total length as compared to 17.2% for the longest concession. All of the other concessions are controlled by companies that compete with BRH in the construction market for large public works, and these companies include Esuco, José Cartellone Construcciones Civiles S.A., IECSA S.A., Electroingeniería S.A. and Supercemento S.A.I.C., among others.

Property, Plant and Equipment

The head office of our construction activity is located in Córdoba. This property is adjacent to the warehouse containing construction equipment. All pieces of property have a first-degree mortgage as a security for a bank loan.

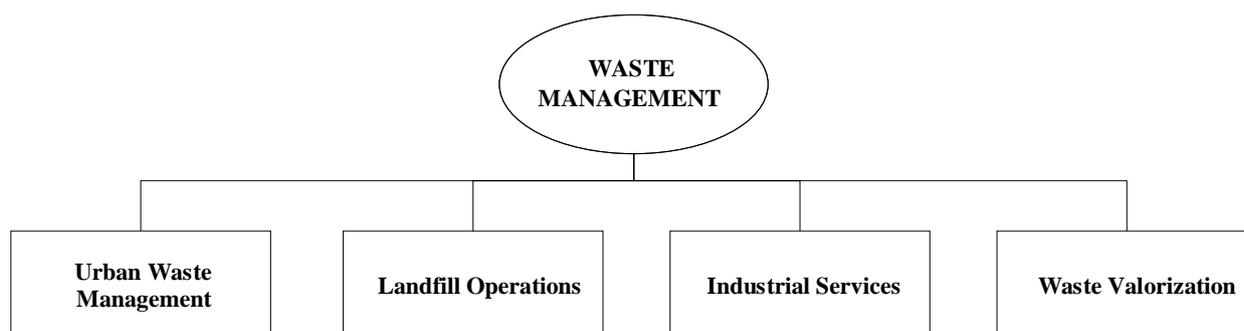
Highways and associated installations on the roads under the concessions are owned by the respective provincial, federal and municipal authorities.

We own cranes, transportation equipment, water pumps, air compressors, power generators, electric equipment, concrete mixers and concrete feeders, among others. We also provide maintenance services for this equipment. As of March 31, 2016, the net carrying value of property, plant and equipment used in the Construction and Toll Road Concessions sector amounted to Ps.1,414.9 million.

Waste Management Segment

General

We have operations in four major waste management businesses: (i) urban waste management, (ii) landfill operations; (iii) industrial services; and (iv) waste valorization. The chart below illustrates these sectors.



For the three months ended March 31, 2016, consolidated sales for waste management activities were Ps.1,029.8 million, the percentages of which, broken down by sector, represent: (i) urban waste management: 48.5%; (ii) landfill operations: 38.8%; (iii) waste valorization: 6.5%; and (iv) industrial services: 6.1%. For the fiscal year ended December 31, 2015, consolidated sales for our waste management activities amounted to Ps.3,571.1 million, the percentages of which, broken down by sector, represent: (i) landfill operations: 45.6%; (ii) urban waste management: 43.9%; (iii) waste valorization: 5.8% and (iv) industrial services: 4.8%. For the fiscal year ended December 31, 2014, consolidated sales in the waste management sector amounted to Ps.2,682.2 million, the percentages of which, broken down by sector, represent: (i) landfill operations: 45.8%; (ii) urban waste management: 40.2%; (iii) waste valorization: 8.0%; and (iv) industrial services: 6.0%. For the fiscal year ended December 31, 2013, consolidated sales for our waste management activities amounted to

Ps.2,154.9 million, the percentages of which, broken down by sector, represent: (i) landfill operations: 47.2%; (ii) urban waste management: 44.8%; (iii) industrial services: 4.2%; and (iv) waste valorization: 3.9%.

History

We started our waste management operations in 1986 when we were awarded our first urban waste management contract to serve the City of Córdoba. We later expanded this business through bids for urban waste management services in the City of Buenos Aires (1987), San Isidro (1991) and other cities, and we eventually provided waste management services in sixteen cities in Argentina, four cities in Uruguay, as well as in Puebla (Mexico), La Paz (Bolivia), and São Paulo (Brazil).

Since 2008, we decided not to renew our contracts or participate in new bidding processes for certain municipalities when we believed that the profitability of providing services or the client's financial conditions were not satisfactory. Consequently, between 2008 and 2010, we stopped providing services in the municipalities of Tres de Febrero, Ituzaingo, Quilmes, Bahía Blanca and the City of Córdoba. Finally, in 2013 we stopped providing services in the City of Rosario.

In 1994, through a joint venture between BRH and Tecsan ("UTE Norte III"), we were awarded a project for construction, management and treatment services for a landfill at the Norte III site. We currently operate the CEAMSE landfills in Norte III under UTE Norte III. Norte III landfill receives solid waste from the City of Buenos Aires and 27 districts from the Greater Buenos Aires area, generated by a population of 11.7 million people (29% of the total Argentine population). We receive payment for many services rendered to CEAMSE under these operations, the most important of which are waste disposal and waste transportation from the city of Buenos Aires and other sites in the AMBA. Revenues are based on tons of waste disposed of or transported.

Our services in Norte III started in 1994 with the construction and operation of module "Norte III", which received 10.5 million tons of solid waste. After that, we developed modules "Norte IIIA" (10.5 million tons), "Norte IIIB" (14.8 million tons), Norte IIIC (24.5 million tons) and Norte III B+C (6.0 million tons). We are currently operating the "Norte III Unification of Modules A+B" (11.0 million tons), in which we dispose of approximately 413,000 tons of waste every month. As of the date of this Offering Memorandum, this module has capacity to receive approximately 7.5 million tons more of waste, which will allow approximately eighteen months more of operation at the current rate of disposal. Our contract with CEAMSE represented 91.1% of our sales from landfill operations for the three months ended March 31, 2016. We also operate landfills in Neuquén, Mar del Plata and Mendoza through other subsidiaries.

In 2001, we sold most of our assets in connection with our waste management business. These assets were reacquired by Roggio in 2004, who assigned participating interests in these assets to us in 2006.

We began providing industrial services through cleaning contracts for railway concessionaires in the AMBA. Subsequently, Taym, an industrial and commercial waste management service provider owned by us, was given national standing to service the manufacturing sector throughout Argentina.

We began our waste valorization business in December 2005 with an agreement between Ecoayres, our subsidiary, and CEAMSE, whereby we were given the right to invest in and the extraction of biogas generated at the Norte IIIB site within the framework of the Clean Development Mechanism under the Kyoto Protocol. In December 2010, UTE Norte III executed an agreement with the CEAMSE for the construction, operation and maintenance of a urban solid waste biological and mechanical treatment plant, with a capacity of at least 310,000 tons of urban solid waste per year. Finally, through Central Buen Ayre, our subsidiary, we built and are currently operating a generation plant powered with biogas produced in the landfill with a nominal capacity of 11.8 MW.

Urban Waste Management

General

We provide a variety of urban waste management services through different subsidiaries and joint ventures which include waste collection, street sweeping (manual & mechanical), road washing, maintenance of containers and unblocking and clearing of drains, among others.

We believe that we, through our ownership interest in several subsidiaries and UTEs between those subsidiaries, are one of the largest municipal urban waste management operators in Argentina in terms of

population served, providing services to four municipalities. As of March 31, 2016, we served over 1.5 million people.

Sales from these services were Ps.499.3 million, Ps.1,566.4 million, Ps.1,228.1 million and Ps.964.4 million for the three months ended March 31, 2016 and for fiscal years ended December 31, 2015, 2014 and 2013, respectively.

Our urban waste management contracts were awarded through public bids. The following table briefly describes the services provided:

City	Population Served	Our Interest in Project (%)	Services (1)
Buenos Aires (Zone 2)	615,000	100%	A/B/C/D
San Isidro	290,000	100%	A/B/C/D
Neuquén.....	360,000	100%	A/B/D
Santa Fe (Zone 1)	260,000	100%	A/B/D

- (1) Services:
A — Waste collection
B — Street sweeping (manual & mechanical)
C — Road washing
D — Other services

Services in the City of Buenos Aires. We have provided urban waste management services in the City of Buenos Aires since 1987. We currently provide the following services through Cliba services in “Zone 2” of the city, including the neighborhoods of Recoleta, Palermo, Belgrano, Colegiales and Nuñez. We are in charge of waste collection and transportation to the transfer stations and street sweeping (manually and mechanically), among other services. For the three months ended March 31, 2016, our contract with GCBA represented 64.6% of our sales from urban waste management services. As of March 31, 2016, we employed 1,257 people for these tasks and we used 211 pieces of heavy and light machinery, such as crushers, dredges, roll-off trucks, dump trucks and light trucks.

Services in the City of Neuquén. We provide urban waste management services in Neuquén through a joint venture between Cliba and Tecsan called Cliba Neuquén, since the year 2000. Cliba Neuquén is in charge of waste collection, street sweeping (manually and mechanically) and sewer cleaning, among other services. As of March 31, 2016, Cliba Neuquén employed 307 people and had 72 pieces of heavy and light machinery (crushers, dredges, roll-off trucks, dump trucks, light trucks, etc.).

Services in the City of San Isidro. We provide urban waste management services in San Isidro through a joint venture between Cliba and Tecsan called Cliba San Isidro, since 1991. Cliba San Isidro is in charge of the collection, street sweeping (manually and mechanically), public space maintenance (parks, squares and open spaces), and the collection of leaves and branches. As of March 31, 2016, Cliba San Isidro employed 382 people and had 77 pieces of heavy and light machinery.

Services in the City of Santa Fe. We provide urban waste management services in Zone No. 1 of the City of Santa Fe through a joint venture between Cliba and Tecsan, called Cliba Santa Fe, since 1996. Cliba Santa Fe is in charge of the collection and transportation of residential and commercial urban waste, street sweeping, assistance and elimination of small dumps and unblocking and clearing of drains. As of March 31, 2016, Cliba Santa Fe employed 229 people and had 38 pieces of heavy and light machinery.

Services provided – contractual features. The scope, specifications, services and duration of urban waste management service contracts vary from one city to another. Under these contracts, the municipality usually pays a monthly fee directly to us, which is determined by the size of the area served, either in terms of number of blocks (served with sweeping or collection services) (depending on the service under consideration), or by a fixed monthly fee.

Service Contract Term. Services usually terminate at the end of a contract term, which is set out in the bid terms. These terms normally allow for an extension at the client’s option. The term of our current contracts are as follows:

- The contract for services to Zone 2 of the City of Buenos Aires was awarded in December 2013, after GCBA called for a national and international bid. The contract became effective on

October 1, 2014 and will be in force during a 10-year term, with an extension of 12 additional months at the option of the GCBA.

- The contract for services in the City of San Isidro has expired; however, the provision of services, billing and collection continues on a regular basis through purchase orders in force until August 2016. We believe that this contract will be renewed for consecutive short-term periods until a new bid is called for.
- The current contract for services in the City of Neuquén has an 8-year term, as of January 2016, with an extension option for one additional year. It was awarded under a bidding process called for by the Municipality of Neuquén.
- The contract for services for the City of Santa Fe has been renewed until there is a call for bids. As of the date of this Offering Memorandum, there has been no announcement as to the start date for the bidding process. The provision of services, billing and collection continues on a regular basis.

Competition

Because of the cost of machinery and equipment, the start-up costs for waste management services are very high. We believe we have a competitive advantage over other companies, especially new companies, because we already have the experience and know-how of operations and the cost structure as well as the required equipment from our other contracts. Our most relevant competitors are Covelia, Transportes 9 de Julio, Martín y Martín and Urbaser.

We estimate that we rank among the top five companies in the urban waste management market in Argentina, with a 7.5% market share (in terms of population served among cities with more than 70,000 residents in which private operators provide services). The leader has a 14.9 % market share, while the rest of our closest competitors have a market share of 11.7%, 11.0% and 8.8% respectively.

Landfill Operation

General

We provide a wide range of services through different UTEs among our subsidiaries in our landfill operation area. These services include civil works and construction of infrastructure for the final disposal of residential waste, the disposal of waste through different mechanisms (either by directly depositing the waste from the trucks or by compacting the waste first), the treatment of leachate and solid waste in the landfill, the transportation of waste from the transfer stations to the landfill and the composting of organic waste.

We currently operate four landfills in Argentina (Norte III, Neuquén, Mar del Plata and Mendoza) and we estimate we are the market leader in landfill operation services (based on tons of waste disposed during 2015). Sales from these services were Ps.399.9 million for the three months ended March 31, 2016 and Ps.1,627.5 million, Ps.1,079.1 million and Ps.1,016.2 million for the fiscal years ended December 31, 2015, 2014 and 2013, respectively.

We have operated and we currently operate the CEAMSE landfills in Norte III under UTE Norte III. Norte III landfill receives solid waste from the City of Buenos Aires and 27 districts from the Greater Buenos Aires area, generated by a population of 11.7 million people (29% of the total Argentine population). We receive payment for many services rendered to CEAMSE under these operations, the most important of which are waste disposal and waste transportation from the city of Buenos Aires and other sites in the AMBA. Revenues are based on tons of waste disposed of or transported, as it may correspond.

Our services in Norte III started in 1994, with the construction and operation of module “Norte III”, which received 10.5 million tons of solid waste. After that, we developed modules “Norte IIIA” (10.5 million tons), “Norte IIIB” (14.8 million tons), Norte IIIC (24.5 million tons) and Norte III B+C (6.0 million tons). We are currently operating the “Norte III Unification of Modules A+B” (11.0 million tons), in which we dispose of approximately 413,000 tons of waste every month. Our contract with CEAMSE represented 91.1% of our sales from landfill operations for the three months ended March 31, 2016.

We also operate landfills in the City of Neuquén in which we dispose of approximately 11,000 tons of waste every month. The landfill is part of the Neuquén Environmental Complex, which also includes a biogas generation plant and a waste classification and separation plant, both to be built by us. Services provided also include the collection, treatment and disposal of pathogenic waste. The contract will be in force until August 2022, with an extension option for an additional year.

On December 28, 2010, Tecsan entered into an agreement with Secretaria de Ambiente y Desarrollo Sustentable de la Nación (National Secretariat of Environment and Sustainable Development or “SAyDS”) and the Municipality of General Pueyrredón to design, construct and manage a landfill and related units in Mar del Plata. It began operating in May 2012, with a disposal volume of approximately 38,000 monthly tons. The contract will be in force until June 2016 and we believe that this contract will be renewed until a new bid is called for.

Finally, on December 27, 2013, Tecsan entered into an agreement with SAyDS and the Government of the Province of Mendoza to design, construct and manage a landfill, related units and two transfer stations for the east area of the Province of Mendoza. Operations commenced in January 2016, for a 36-month term. The disposal volume is of approximately 3,000 tons per month.

Competition

We estimate that we are the market leader in Argentina in urban solid waste treatment and disposal in landfills (based on tons of waste disposed according to our own estimates). While we handled approximately 75% of the waste that is disposed of through this procedure during 2015, none of our competitors, which include companies like Crese, Resicom, Estre, EVASA, Impsa, Proactiva and Urbaser, has a market share above 10%.

Industrial Services

General

Through Taym, our subsidiary, we operate a treatment and final disposal facility for hazardous and special waste located near the City of Córdoba. Since 2009, Taym has achieved major growth in Uruguay through its Montevideo branch. Under its main contracts, Taym provides cleaning services to Banco de la República Oriental del Uruguay and to the ports of Montevideo and Colonia, Uruguay. Our industrial services include: collection, transport, treatment and disposal of industrial and hazardous wastes; design, development and management of programs to minimize and separate industrial waste and operation of plants for industrial waste. Sales from these services were Ps.63.2 million for the three months ended March 31, 2016 and Ps.169.8 million, Ps.161.6 million and Ps.91.0 million during the fiscal years ended December 31, 2015, 2014 and 2013, respectively.

Competition

The market for industrial services is comprised of various specialized services, such as land farming, blending and co-processing, security landfill, incineration and distillation. We are currently focusing our efforts on the treatment and final disposal of special waste in a security landfill as well as in cleanup of affected sectors (i.e., asbestos, hydrocarbons) and waste cleaning and transportation services. According to our estimates, the leader in the province of Buenos Aires is Recovering S.A., but we believe we hold a leading position in the rest of the country. Other competitors include IDM S.A., Ecoblend, IBS Córdoba S.A. and Recycomb S.A.

Waste Valorization

General

We started our waste valorization activities with a greenhouse gas emission reduction project. The project was registered on April 27, 2007 by the United Nations Framework Convention on Climate Change (“UNFCCC”), and it is based on a contract entered into with CEAMSE that grants the company the right to carry out the investments for the extraction of biogas generated in Norte IIIB landfill, and its potential use. The project was classified under the Kyoto Protocol as a Clean Development Mechanism. As of the date of this Offering Memorandum, Ecoayres has obtained the approval of UNFCCC for the issuance of 2,423,954 emission reduction certificates (*certificados de reducción de emisiones*, or “CERs”), each of which is equal to one ton of carbon dioxide.

On December 23, 2010, UTE Norte III entered into an agreement with CEAMSE for the construction, operation and maintenance of a mechanical and biological treatment plant for urban solid waste, to treat at least 310,000 tons of urban solid waste per year. The plant has been operating since October 2012, for 15 years and UTE Norte III will have the option to extend it for a 15-year additional period, at its discretion.

Likewise, in December 2015, the GCBA preawarded Tecsan the bid for the design, construction, operation and maintenance of a biological and mechanical treatment plant of urban solid waste in the south of the City of Buenos Aires. Tecsan will execute this project under an UTE together with Sorain Cechini Tecno España S.L. The term is for 10 years with the possibility of extending it for another 10 years. Additionally, Tecsan submitted the only offer in the bidding process for the construction of another mechanical and biological treatment plant in the north of the City of Buenos Aires.

Furthermore, Tecsan was awarded a contract by Energía Argentina S.A. (“ENARSA”) for the provision of power generated through biogas extracted from the Norte IIC landfill. The project is carried out by our subsidiary Central Buen Ayre, which constructed and currently operates and maintains a 11.8 MW-biogas-operated power plant. The contract is in force until the year 2026, with an extension option of 18 additional months.

Sales for waste valorization amount to Ps.67.3 million for the three months ended March 31, 2016 and Ps.207.4 million, Ps.213.5 million and Ps.83.3 million for the fiscal year ended December 31, 2015, 2014 and 2013, respectively.

We believe that this market offers opportunities for numerous projects and we will continue to look for related business opportunities.

Competition

Our biogas power plant, operated by Central Buen Ayre, doubles the generation capacity of the only other plant existing in the country with similar characteristics. Additionally, the mechanical and biological treatment plant was the first of its kind in Argentina and has by far, the highest installed treatment capacity.

Property, plant and equipment

We have a substantial fleet of heavy and light machinery. We own a number of trucks with different types of mounted equipment (compactors, roll-offs, sweepers, clam cranes, dump trucks, among others) used to collect residential waste and industrial and hospital waste. We also own heavy equipment such as bulldozers, backhoes, motor-graders and soil compacters that are used for disposal of waste at different landfills. Maintenance of the fleet is conducted by us and third-party contractors engaged for this purpose.

As of March 31, 2016, we owned property, plant and equipment used in these services with a book value of Ps.1,261.9 million.

Generally, the operating facilities for waste management services are owned by the Municipalities and must be returned at the end of the contract. However, we own property in the City of Córdoba, which includes the treatment and final disposal facility for hazardous waste and serves as a base for our activities in the region; property in San Isidro in the Province of Buenos Aires used for urban waste management in this municipality; property in Montevideo, the Oriental Republic of Uruguay, used for operations in that country and plots of land in the Partido de la Costa, the Province of Buenos Aires, formerly used for our activities in such area.

Increased Costs

Under our urban waste management and landfill contracts, the price of our services will be adjusted in the event there is a change in our costs.

Our urban waste management contracts contain price adjustment clauses whereby, upon a certain change in the cost structure, which varies from 5% to 7% depending on the contract, we are entitled to a price adjustment. Once the mechanism is activated, we file for the price correction with our client, who evaluates our request and eventually authorizes the adjustment in prices. Normally, there is a delay between the approval of our claim and the actual payment, but we are always provided with a retroactive payment to cover such a period.

Under our landfill operation contracts, we have a right to an adjustment either after a fixed period of time or after a 5% increase in costs, depending on the contract. Normally, there is a delay between the approval

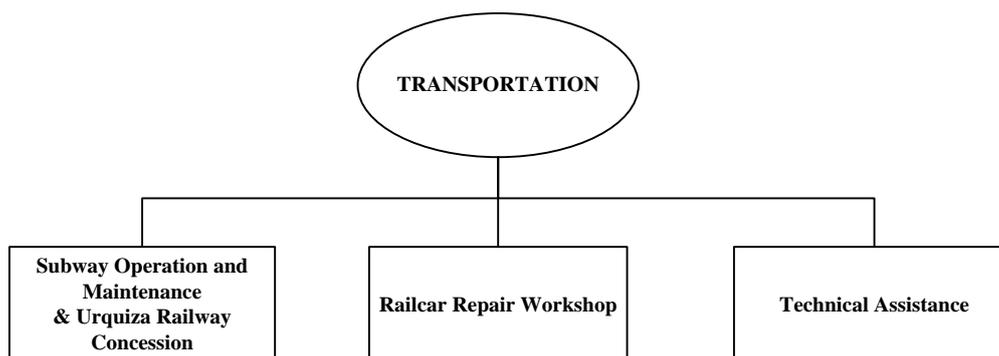
of our claim and the actual payment, but we are always provided with a retroactive payment to cover such a period.

In our industrial activities, we negotiate price adjustments on an individual basis with each private client.

Transportation Segment

General

Through our interest in BRt, we actively participate in a group of ventures and businesses related to ground and underground rail transportation, in Argentina. BRt also operates a railcar maintenance workshop and provides advisory services. It also holds a minority interest in transportation businesses in Brazil. The table below summarizes the activities in our Transportation business.



Subway Network Operation and Maintenance Contract - Urquiza Railway Concession

General

Metrovías, a company in which BRt holds a 90.66% equity interest, provides ground and underground railway transportation services in the AMBA. Metrovías is the operator of the concession, granted by the Argentine Federal Government, for the exclusive management and development of the Urquiza Railway until December 31, 2017. The concession grantor has the option to renew the concession for successive additional 10-year terms. On April 5, 2013, Metrovías executed the AOM (“Operation and Maintenance Agreement”) with SBASE, whereby within the framework of the provisions of Law No 4,472, SBASE granted Metrovías the exclusive operation and management of SBA and Premetro. The term of the AOM expires on December 31, 2017.

The SBA is comprised of six subway lines totaling 53 km of two-rail track with 85 stations, whereas the Premetro is more than 7 km long with 18 stations. The fleet has 625 train carriages available for use and a total of 654 train carriages in all. In 2015, Metrovías carried approximately 272.7 million paying passengers on the SBA and Premetro.

The Urquiza Railway, linking the City of Buenos Aires line with urban low-density suburbs in Greater Buenos Aires, is 26 km long and has 23 stations. It is the newest line in the suburban passenger railway service, with 108 train carriages available for service and 128 train carriages in all. In 2015, Metrovías carried a total of 18.5 million paying passengers on the Urquiza Railway.

The sales of Metrovías during the three months ended March 31, 2016 amounted to Ps.252.7 million and for the fiscal year ended December 31, 2015, 2014 and 2013 were Ps.1,137.3 million, Ps.990.7 million and Ps.618.2 million, respectively. These values do not include subsidies received in compensation for cost increases.

Concession Contract - Background

Before 1994, the Subway Network was operated by SBASE, owned by the former Municipality of the City of Buenos Aires, and passenger railway lines providing services in Buenos Aires, including the Urquiza

Railway, were operated by Ferrocarriles Metropolitanos S.A. (“FEMESA”), a company owned by the Argentine Federal Government.

With the intention of reverting the acute deterioration that the Subway Network service as well as suburban railways suffered at that time, on June 14, 1991, the Argentine Federal Government approved the regulatory framework for the concession of the exploitation of railway services in AMBA, together with underground railway services, and a public bid was called for the award of such concessions.

Towards the end of 1993, Metrovías executed with the Argentine Federal Government the concession agreement for the provision of the passenger railway services in the SBA and Premetro and the Urquiza Railway.

Under the original concession contract, Metrovías had to execute on behalf of the Argentine Federal Government an investment program in the SBA and the Premetro (the “Investment Plan”) for approximately Ps.1,695 million, equivalent to U.S.\$1,695 million at the time of its creation. Once completed all the works would become property of SBASE (with respect to works to be performed for the SBA network and the Premetro) or of the Argentine Federal Government (with respect to works for the Urquiza Railway).

On April 16, 1999, Metrovías entered into an addendum with the Argentine Federal Government in order to amend the concession contract. The addendum created a more ambitious project schedule and a new fare schedule, both for the SBA and for the Urquiza Railway. Pursuant to Resolution No. 153/1999 by the Secretariat of Transport of Argentina, Metrovías was permitted to determine new fares under the addendum. However, the addendum was executed only in part due to the shortage of budget resources of the Argentine Federal Government. The rate increases were therefore delayed until the Decree of Railway Emergency No. 2,075/2002 of October 16, 2002, eventually declared a state of emergency in the passenger (ground and subway) railway system in the AMBA, which led to the temporary suspension of the works scheduled and the planned rate increases. Subsequently, the Argentine Federal Government ordered the approval of the emergency investment programs and gave priority to projects and works that were most urgent and necessary.

As part of that emergency investment plan, in 2003, the National Railway Investment Program (*Plan Nacional de Inversiones Ferroviarias*, or “PLANIFER”), which is related to suburban railway lines and the subway, came into effect. Under PLANIFER, Metrovías has been involved in some projects, including:

- The addition of train carriages to the subway lines in order to improve the supply of services and the safety conditions and frequency of trains.
- Improving the comfort of train carriages by installing soundproof panels, lubricators and noise eliminating wheels, among other things, to reduce sound levels in the SBA.
- Projects aimed at making the stations more accessible for people with reduced mobility.
- Integral rail track renovation on most of the SBA Lines.

Additionally and separately from PLANIFER, Metrovías has used its own funds to install modern ticketing equipment in the SBA, including turnstiles that use contactless magnetic cards (*Smartcards*), as well as multitrip magnetic tickets.

Ever since the railway emergency was declared as explained above, the Argentine Federal Government has taken a number of emergency actions aimed at regulating the relations arising from the concession contract to ensure a continued service on a provisional basis until comprehensive contractual renegotiations were held. Emergency measures included, among others, suspension of the original investment plan explained above and the payment of subsidies to Metrovías in compensation for the suspended fare increases as set forth in the concession contract.

Operation & Maintenance Agreement – Subway and Premetro

During November 2011, the Argentine Federal Government publicly declared its intention to transfer control of SBA and Premetro services operated by Metrovías to the GCBA. Accordingly, in January 2012, the Argentine Federal Government entered into an Agreement with the GCBA, pursuant to which, effective January 2012, the GCBA accepted to take control over the SBA and Premetro concession contract and become the sole legal authority to set tariffs for those services. The Agreement did not involve the services of the Urquiza Railway regulated by Metrovías concession contract.

The differences between the Argentine Federal Government and the GCBA regarding the interpretation of the terms and conditions of the Agreement prevented performance thereof within the terms set therein. Throughout 2012, Metrovías filed many requests and made several claims to the signatories to such Agreement, considering that the rights acquired were impaired as a result of this situation.

On December 19, 2012, pursuant to Law No. 4,472, the Buenos Aires City Legislature resolved that: (i) the GCBA would take control of the public passenger transportation service involving the subway and ground railway system operating exclusively in its jurisdiction, as well as of any new lines or expansions of existing lines as may be built in the future after January 1, 2013; (ii) such service involved a utility; (iii) such utility service was at the time in a state of emergency; (iv) the necessary legal instruments would be provided to operate such utility service; (v) Metrovías and/or its parent would be convened, once the Law had been enacted, to enter into an agreement within sixty (60) days of notice of the call to meeting, extendable for an additional term of thirty (30) days at the sole discretion of the Executive Branch, to be awarded a contract, on a direct basis, for the provisional operation of the service for an initial maximum term of two (2) years, extendable for one additional year based on the duration of the emergency declared; and (vi) a maintenance and investment fund would be set up from which the GCBA would obtain funds.

On January 8, 2013, the company was called to negotiate the terms of the new service operation and maintenance agreement with SBASE, the company appointed as ordered by GCBA Chief of Government through Decree No. 5/2013 passed for such purpose, and the call was accepted on January 9, 2013, through Note GAJ No. 8/13.

In addition, during the first quarter of 2013 until the execution of the AOM, Metrovías continued providing the SBA and Premetro services based on the terms set in the concession contract entered into with the Argentine Federal Government, as provided for in Section 77 of Law No. 4,472.

Finally, on April 5, 2013, Metrovías and SBASE executed the AOM whereby, within the terms of Law No 4,472, SBASE awarded to Metrovías, on an exclusive basis, the contract for the operation and maintenance of the Subway and Premetro Public Service within the City of Buenos Aires, including Lines A, B, C, D, E, and H, and the Premetro, as well as those eventually added to the network during the term of the AOM; excluding the operation of any collateral services (see below, “—Revenue derived and subsidies received from the Concession and from the Operation & Maintenance Agreement—(iii) Other revenue derived from contracts—b. Revenue from collateral operations”), and the performance of works and investments.

The initial term of the AOM was two years from the date of execution, and it could be extended by SBASE provided, however, that the aggregate duration of the AOM did not exceed the effective term of emergency declared by Section 6 of Law No. 4,472. The emergency period was initially set for two years, extendable for one additional year at the discretion of the GCBA Executive Branch. On April 6, 2015, SBASE notified Metrovías of the extension of the effective term of the AOM for one additional year. Law No. 4,472 was later amended by Law No. 4,790 which provided that the emergency period would last four years as of December 2012, and the GCBA would be entitled to extend such period for one additional year, which was subsequently confirmed and supplemented by the GCBA’s Executive Branch through Decree No. 127/16 of February 1, 2016. As a result, Metrovías and SBASE signed an addendum amending the AOM in order to extend the term of operation through December 31, 2017.

Notwithstanding the terms agreed upon, in Exhibit XIII to the AOM, the company set forth its reservation of rights in relation to the fact that the execution of the AOM did not purport a waiver or acknowledgment in favor of the Argentine Federal Government regarding the rights acquired by the company in light of the original concession contract and the related amending addendum signed with the Argentine Federal Government; and specifically, (i) it did not purport a waiver of the 2012 pending economic claims for the benefit of SBASE and/or the City of Buenos Aires, or (ii) a waiver in relation to the effective term and termination of the concession granted by the Argentine Federal Government, which provided for an extension of the effective term of the Concession through December 31, 2017.

Concession Contract: Urquiza Railway

Without prejudice of the situation regarding the SBA and Premetro, Metrovías continues operating the Urquiza Railway under the concession agreement executed in 1993. Pursuant to Resolution No. 748/12 issued by the Ministry of the Interior and Transport, the Joint Technical Committee for Cost Follow-up and Redetermination of Ground Railway Passenger Transportation Concessionaires within the AMBA, in conjunction with the Renegotiation and Analysis Unit of Public Service Contracts (*Unidad de Renegociación y*

Análisis de Contratos de Servicios Públicos, or “UNIREN”) completed the readjustments to the Operation Account, which came into effect upon release of Resolution No. 1,604/14 of the Ministry of the Interior and Transport, dated December 16, 2014 (on a provisional basis awaiting completion of the renegotiation procedures started under Law No. 25,561, as extended, and Decree No. 311/03). Such Resolution approved: (i) a new operation account as of July 1, 2014; (ii) a monthly subsidy of Ps.25.9 million as of March 2014 values, not including the salary increase guideline of 2014; (iii) the gradual hiring of new employees and a new operation account to be considered upon completing all such new hirings; (iv) a “Leveling Plan” including “Works & Maintenance Tasks” with an allocation of Ps.350.1 million and “Necessary Investment Works” with an allocation of Ps.20.3 million, the completion of which may not exceed 18 months; and (v) the method for assessing the own fare, subsidy, and/or operating cost compensation to adjust the Operation Account, the reassessment of which may take place only upon an increase of over 6% in any of the cost items other than personnel, the assessment of which may occur upon changes in the related collective bargaining agreement and/or the hiring of new employees.

Revenue derived and subsidies received from the Concession and from the Operation and Maintenance Agreement

Under the terms of the concession contract in effect so far in relation to the Urquiza Railway and the AOM for the SBA and the Premetro, Metrovías receives: (i) fare-related revenues; (ii) subsidies in compensation for cost increases and (iii) other revenue derived from contracts.

Fare-related revenue

Until January 2012, the SBA had a single basic fare of Ps.1.10. Since January 2012, the GCBA, pursuant to its recent authority to set tariffs, increased tariffs to Ps.2.50, notwithstanding the fact that the company continued accounting for fare-related revenues at the rate of Ps.1.10, net of taxes per passenger, until the AOM came into effect in April 2013, and recognizing the difference of Ps.1.40 as Subsidies received (see “Subsidies Received Compensating Cost Increases”).

Ever since the AOM became effective, the fare paid by the user (and collected by Metrovías) has been as follows: (i) Ps.2.5 through November 11, 2013; (ii) Ps.3.5 from November 12, 2013, through March 13, 2014; (iii) and currently Ps.4.50 for contactless cards with a discount as of the 21st trip from March 14, 2014 (based on the fare schedule approved by SBASE through Resolution No. 1,995/14). A tariff revision is currently in progress that is expected to raise the tariff to Ps.7.50.

The Urquiza Railway has implemented three different fares based on the length of the trip and the payment method since April 8, 2016, namely: Ps.2.20, Ps.3.00, or Ps.3.60 for trips paid with the SUBE card, and Ps.4.50, Ps.6.00, and Ps.7.50 for trips paid in cash.

Below are the numbers of paying passengers for the SBA, Premetro and Urquiza Railway from 2000 to 2015, based on Metrovías' internal information:

	SBA and Premetro	Urquiza Railway
2000.....	258,824,602	25,115,427
2001.....	241,743,735	22,572,083
2002.....	222,067,124	21,855,349
2003.....	228,503,679	26,816,631
2004.....	241,186,229	28,307,109
2005.....	253,318,336	27,704,721
2006.....	267,256,700	27,472,881
2007.....	265,064,631	24,860,919
2008.....	286,682,956	24,212,133
2009.....	289,094,324	22,639,350
2010.....	295,737,481	22,495,408
2011.....	310,667,921	18,509,348
2012.....	236,648,525	18,963,418
2013.....	252,310,907	15,419,210
2014.....	241,966,082	12,585,106
2015.....	272,723,210	18,530,364

Metrovías' fare revenues were the following: Ps.239.7 million during the three months ended March 31, 2016, Ps.1,089.5 million for the fiscal year ended December 31, 2015, Ps.932.8 million for the fiscal year ended December 31, 2014 and Ps.564.4 million for the fiscal year December 31, 2013.

Subsidies Received Compensating Cost Increases

The concession contract entered into with the Argentine Federal Government in 1993 provided for three mechanisms to adjust the economic financial equation of the concession and thus increase revenues received by Metrovías: (i) recalculation of the fare, (ii) reduction of royalty payments and (iii) payment of a compensation for higher operating costs. As a consequence of the economic crisis suffered in Argentina towards the end of 2001, the Argentine Federal Government opted to pay a subsidy to Metrovías for the increase in the cost of services on a monthly basis.

After the execution of the AOM, Metrovías continued to receive a subsidy in compensation for operating costs as a supplement to the fare for the Subway service provided. This subsidy is adjusted whenever either party claims an increase or decrease above 7% in operating costs measured based on a baseline structure including price indexes representative of such costs, or upon a change in the conditions of the Baseline Budget Equation. The monthly subsidy amounts to Ps.194.1 million as of May 2016.

The subsidy from the Argentine Federal Government received by the Urquiza Railway is based on the same terms and conditions of the original concession contract, but quantified based on the operating costs attributable to the Urquiza Railway, according to the new Operation Account, that came into effect upon release of the abovementioned Resolution No. 1,604/14 of the Ministry of the Interior and Transport. This subsidy is adjusted following an increase of over 6% in any of the cost items other than personnel, the assessment of which may occur upon changes in the related collective bargaining agreement or the hiring of new employees. The monthly subsidy amounts to Ps.49.1 million as of May 2016. However, there are adjustments pending approval by the Argentine Federal Government, which would increase the monthly subsidy to Ps.58.8 million.

Subsidies received by Metrovías' in compensation for cost increases during the three months ended March 31, 2016, totaled Ps.732.2 million, and for the fiscal year ended December 31, 2015, 2014 and 2013, amounted to Ps.2,147.8 million, Ps.1,295.4 million and Ps.1,141.6 million, respectively. Subsidies are not recorded together with the other revenues of Metrovías, and are instead subtracted from operating costs.

Other revenues derived from the contracts

Revenue from Investment Plan

Under the Investment Plan, both costs and revenues were recognized in Metrovías' income statement. Since PLANIFER came into effect in 2003, only the management fee charged by Metrovías and the related costs were recorded in the income statement.

After the execution of the AOM, works and investments in the SBA and Premetro have been expressly excluded from the AOM and are currently within the exclusive competency of SBASE.

In the fiscal years 2013, 2014 and 2015, revenue from investments only includes fees charged by Metrovías derived from specific agreements entered into with the Argentine Federal Government or SBASE. Because of its know-how, Metrovías has been invited to coordinate certain works involving investments and/or adaptations within the field of its Concession or the AOM, such as the technological update of the SUBE magnetic card, adaptation of the infrastructure involving a change in the rolling stock fleet or pre-operating expenses for newly opened stations.

Metrovías' revenue from Investment Plan during the three months ended March 31, 2016, totaled Ps.8.7 million and during the fiscal years ended December 31, 2015, 2014 and 2013, Ps.27.7 million, Ps.41.5 million and Ps.20.6 million, respectively.

Revenue from collateral operations

Pursuant to the concession contract entered into with the Argentine Federal Government, Metrovías was entitled to use, lease or grant a concession for the retail spaces and kiosks located in the stations, including in the platforms, waiting rooms, corridors and other passenger areas. In 2000, Metrovías entered into a contract with Metronec, an entity controlled by us, under which, in return for a fee, Metrovías granted an exclusive sub-concession to Metronec for the commercial operation of the retail spaces.

As of the execution of the AOM, the operation of any collateral services by Metrovías in the SBA and Premetro was excluded, except for the charge of travel cards or other devices. Consequently, Metrovías' revenues from collateral operations currently derive from the fees for the charge of travel cards and/or other devices in the SBA and Premetro and the Urquiza Railway and from the fees paid by Metronec for the commercial operation only of the areas within Metrovías' concession in the Urquiza Railway.

Metrovías' revenue from collateral lines of business during the three months ended March 31, 2016, totaled Ps.4.3 million and during the fiscal years ended December 31, 2015, 2014, and 2013, Ps.20.1 million, Ps.16.4 million, and Ps.33.2 million, respectively.

Service Quality

From the beginning of the concession, Metrovías has shown a special interest in service quality. In October 2000, Metrovías affirmed its management, operation and maintenance quality policies in subway Lines A, B, C, D, E and the Premetro of the City of Buenos Aires and in the Suburban Urquiza Railway through a IRAM 9002/1994 certification. Metrovías is the first subway operator in Latin America to obtain this certification. In 2003, it received the new ISO 9001:2000 (now ISO 9001:2008) certification for subway Lines A, B, C, D and E, Premetro and Urquiza Railway, and in the year 2010 the company obtained this certification for Line H, which is a formal acknowledgment by an external organization that Metrovías complies with a quality requirements verified through permanent audits. Additionally, since 2003, Metrovías has been part of NOVA International Railway Benchmarking Group, under which permanent surveys and analyzes regarding improvements and best practices followed by world subway lines are conducted in conjunction with leading world metros and the transportation school of the Imperial College of London.

The average number of failures recorded for every 100,000 railcar-km travelled decreased 81.0% from 1991 to 2015, from 69 failures every 100,000 railcar-km in 1991 (according to information from the terms and conditions of the bid) to only 13 in 2015.

Railcar Repair Workshop

BRt, through its subsidiary BRf, has developed and operates a railway maintenance and repair workshop located in Juárez Celman (Province of Córdoba) to service the needs of the domestic railway market. BRf started doing business in February 2008 in a railway plant that was designed and fully constructed by the Company.

BRf provides solutions for the industry by performing reconditioning and repair works on cargo railcars, passenger railcars (electric or towed), locomotives, boggies, and other pieces of rolling stock, among others. BRf has a direct railway deviation from the mainline of the former Belgrano Railway, as well as the equipment and machinery required for any intervention on railway material and agricultural and road machinery. The company has opened a new division that currently develops major high-tech electronic components.

Since the company was founded in 2008, BRf has been awarded contracts to repair 138 cargo railcars, 115 passenger railcars, 9 locomotives, 352 km of ultrasound rail inspection, and several pieces of the rolling stock as well as mechanical, pneumatic, electric, and electronic components of rolling stock.

In addition, BRt and BRf have created a joint venture for the general repair of rolling stock involving 78 Nagoya passenger railcars under a contract awarded through public tender by SBASE in August 2013.

BRf has made investments and conducted research work for developing rail products to provide improvement solutions on existing infrastructure and rolling stock. As a result, the company has been awarded a contract to install 25 pieces of ATS equipment, a dead man's vigilance device system, and 51 train event recorders, as well as 182 signs with public address equipment.

Technical Assistance

BRt provides technical assistance to the VLT Carioca Consortium as well as to the consortium in charge of building and operating São Paulo Metro Line 18. Until September 28, 2015, BRt also provided technical assistance on various operating, technical, commercial, and financial matters to São Paulo Metro Line 4 Consortium.

Technical Assistance, Construction, and Operation of VLT Rio de Janeiro. The Rio de Janeiro Prefecture has awarded the concession for implementing, operating, and maintaining a light rail in the port and central region of Rio de Janeiro to the VLT Carioca Consortium, whose members are the following Brazilian companies: CCR, Ivepar, Odebrecht, Riopar, RATP (Paris Metro operator), and BRt. The construction of this light rail, known in Brazil as VLT (*veículo leve sobre trilhos*), is intended to meet urban commuting needs and provide more suitable transport infrastructure to the city. Project completion is scheduled for 2016 when the Olympic Games are planned to be held in city of Rio de Janeiro. Based on the estimates made so far, this new means of transportation will be used by over 230,000 passengers daily. BRt will provide technical assistance for the project in conjunction with RATP during the first 5 years.

São Paulo Metro Line 18. BRt is a member of the consortium that has been awarded the public concession for constructing, equipping, and operating – for a term of 25 years – the new São Paulo Metro Line 18 (also known as the “bronze line”) that will link this city to São Bernardo do Campo. It is a monorail about 15 km long, involving 13 stations and travelling across the municipalities of São Paulo, São Caetano do Sul, Santo André, and São Bernardo do Campo. BRt, holding a 1% stake in the concessionaire, will also provide technical assistance in urban rail transport implementation, operation, and management processes, thus contributing its expertise in the railway sector.

Competition

The main competition for our subway and railway operations is public automotive passenger transportation in the AMBA. For further information, see “*The Argentine Infrastructure Market—The Transportation Market in Argentina.*”

There is another private train operator within the AMBA, Ferrovías S.A., which runs the North Belgrano Railway.

The following table shows the changes in the market share within the AMBA transportation system for each railway operator since 2008.

Year	Metrovías	TBA		UGOFE ⁽²⁾⁽⁶⁾	SOFSE ⁽⁵⁾⁽⁶⁾	COFESA ⁽³⁾⁽⁶⁾	Argentren ⁽⁴⁾⁽⁶⁾	Total
		UGOMS ⁽¹⁾⁽⁶⁾	Ferrovías					
2008.....	13.0%	8.0%	1.9%	7.8%	—	—	—	30.7%
2009.....	13.3%	7.4%	1.9%	8.2%	—	—	—	30.8%
2010.....	13.5%	6.8%	1.8%	8.2%	—	—	—	30.3%
2011.....	14.0%	6.0%	1.4%	6.5%	—	—	—	27.8%
2012.....	11.0%	3.2%	1.3%	6.8%	—	—	—	22.4%
2013.....	12.2%	0.7%	1.5%	7.3%	0.5%	—	—	22.3%
2014.....	12.0%	—	1.4%	—	1.9%	2.7%	5.9%	23.9%
2015...	13.5%	—	1.2%	—	13.1%	—	—	27.8%

(1) UGOMS operated the Sarmiento Railway from May 2012 until October 2013 and the Mitre Railway from May 2012 until February 2014. Previously, both railway lines were operated by Trenes de Buenos Aires S.A. (“TBA”).

(2) UGOFE operated the San Martín, General Roca and South Belgrano Railways until February 2014.

(3) COFESA operated the Mitre and San Martín railways from February 2014 until February 2015.

(4) Argentren operated the Roca and South Belgrano Railways from February 2014 until February 2015.

(5) SOFSE started to operate the Sarmiento Railway in October 2013, and the Mitre, San Martín, Roca and South Belgrano Railways in February 2015.

(6) Market shares were calculated considering that the operator providing services at the end of each year provided services for the whole year.

Other Activities Related to Transportation

Real Estate and Advertising

On September 7, 2000, Metrovías entered into an agreement with Metronec, a company 95% controlled by BRt, which granted Metronec the exclusive right to the commercial operation of the retail areas which are part of Metrovías' concession. Under this sub-concession, Metronec was allowed to use, lease and grant operating permits in several areas including subway stations, corridors and passenger waiting areas, and to lease any available spaces for advertising in stations, train carriages and other concession property.

Following the execution of the AOM, described above, the AOM has expressly excluded the operation of any other collateral services by Metrovías in the SBA and the Premetro, except for the fees for the recharge of trip cards and/or other devices, which have remained as part of the operator's compensation mentioned above. In spite of having claimed the reservation of its rights over such items in various notes and filings before the SBASE, the company has discontinued recognizing other revenues from those items. At present, Metronec earns revenues only from the commercial operation of the areas within Metrovías' concession in the Urquiza Railway.

Metronec's sales during the three months ended March 31, 2016, totaled Ps.0.9 million and during the fiscal years ended December 31, 2015, 2014 and 2013, Ps.3.3 million, Ps.38.7 million and Ps.84.1 million, respectively. For the fiscal years ended December 31, 2013 and 2014, figures include sales related to ticketing and electronic payment services that Metronec no longer provides.

Property, Plant and Equipment

We own the railway workshop Planta Juárez Celman (Province of Córdoba) and all the machinery and equipment used in that facility.

The property received by Metrovías at the beginning of the concession continues to be owned by SBASE and ADIF, a company into which FEMESA has been merged. Accordingly, such property has not been added to the company's assets.

Upon termination of the concession or AOM, this property and the assets that may have replaced, expanded, or improved such property will be delivered to the enforcement authority for no valuable consideration.

Water Supply Services Segment

General

ACSA, a company in which BRH has a 61.15% equity interest and the main subsidiary of this segment, provides services for the collection, purification, preservation, transportation, distribution and commercialization of water for domestic, business and industrial consumption in the City of Córdoba since May 7, 1997. This segment sales during the three months ended March 31, 2016, and during the fiscal years ended December 31, 2015, 2014, and 2013, were Ps.204.4 million, Ps.667.6 million, Ps.482.9 million, and Ps.386.5 million, respectively.

The Concession

ACSA holds a 30-year concession granted in 1997 by the Province of Córdoba. The territory under the concession is the Municipality of the City of Córdoba. ACSA may work outside the City of Córdoba only for the purposes of collecting, filtering and transporting water. Under the concession contract, fifty-six neighborhoods are now served by ACSA. On March 28, 2000, Law No. 8,835 created the Public Utilities Regulatory Agency ("ERSeP"), which regulates all public utilities in the Province, except national and municipal utilities.

Until January 1, 2006, ACSA had to pay an annual amount of Ps.9.9 million as concession fee, and it had to pay a monthly water royalty payment per cubic meter of raw water taken from all water intakes and wells. Both payments were suspended beginning January 1, 2006. For these payments to restart, the Province of Córdoba would have to reflect their impact on the cost of the services by adjusting the tariffs.

Through two purification plants, 19 pressure stations, and 4,059 km of distribution network, ACSA currently provides drinking water to approximately 1.54 million residents. There are two raw water supply sources: (i) the San Roque Reservoir, with a 201 cubic hectometers (“hm³”) capacity, and through which raw water is driven to the water intakes in La Calera, and (ii) Los Molinos reservoir, with a 307 hm³ capacity, and through which raw water is driven to the water intakes in Los Molinos Channel. Los Molinos Reservoir is farther away and therefore poses transportation problems, while San Roque Reservoir, although it is more contaminated, is the most reliable supply system.

The concession contract has a mechanism to review and define the goals and objectives every three years through a Service Improvement and Expansion Plan (“PMES”). The PMES includes: (i) a management and results plan which contains operating commitments and efficiency levels as well as any action necessary to achieve the management goals and objectives; and (ii) an investment plan, which contains (x) the applicable investments for preventive and remedial repairs and maintenance necessary to deliver service, (y) the quality levels required under the contract and (z) the different investment scenarios necessary for ACSA to meet its obligations under the contract, detailing in each case, the tariff requirements and the financing scheme for each scenario.

ACSA has submitted the PMES required for the three-year periods 2008 through 2010, 2011 through 2013, and 2014 through 2016 to ERSeP for its consideration and approval. It has also requested compensation for different circumstances which, since year 2006, require substantial alterations in the contractual terms and which have caused losses to ACSA. ACSA also filed a request for compensation with the Province of Córdoba for failure to approve and execute the successive PMES filed for reasons beyond ACSA’s control.

Under the tariff levels established by the concession contract, ACSA only has to perform preventive and remedial repairs and maintenance necessary to provide the quality of service required for the assets of the extension as of December 31, 2005, and for the meters installed in 2006 and 2007. At any time, the Province of Córdoba may introduce additional investments to renovate or expand the networks, but it must provide ACSA with the necessary financing or execute the work on its own or through third parties. All of these improvements will be considered concession assets once completed. ACSA must modify the PMES once these assets become part of the concession, and it must clearly identify the impact of these investments on the cost of operation.

In August 2010, through Decree No. 1284, the Province of Córdoba approved an additional 18% tariff charge (the “Tariff Charge”) for the installation of meters and other necessary works for a three-year term beginning September 2010. During 2011, 2012, and 2013, meters were installed, connections were renovated, and supplementary works were performed according to the programs authorized by the ERSeP. Provincial Decree No. 1,268/13 published November 28, 2013, approved the extension of the Tariff Charge for an additional term of five years. In November 2014, Resolution No. 333/14 by the Department of Water Resources and Coordination approved the supplementary works to be financed with the revenues from the extended Tariff Charge; such works include expansion of treatment plants, pumping stations, backbone networks and distribution networks, as well as renovation of meter connections.

While the Province of Córdoba is the owner of the concession assets, an operator appointed under an agreement with ACSA is in charge of the management and technical operations, which includes supervising and auditing, either by itself or through third parties, the management of ACSA in all economic, financial and technical aspects. In addition, the operator may oppose any administrative act that it believes is not appropriate for the concession. ACSA must pay the operator 6% of the gross operating margin, but it can request technical assistance from the operator, including specific surveys and analysis. Since December 22, 2006, BRH has served as the operator.

ACSA and its shareholders are responsible to the Province of Córdoba for all obligations under the contract. ACSA’s shareholders are secondarily liable to the Province of Córdoba and jointly liable among themselves. If any of ACSA’s shareholders fails to comply with its joint obligations, the remaining shareholders are liable to the extent not covered by the non-complying shareholder, in proportion to their participation.

Revenues

Under the basic tariff scheme, customers are charged at a fixed tariff based on cadastral values, and if the service is metered, they are further charged a consumption fee if they exceed 25 cubic meters per month. Moreover, ACSA charges an infrastructure fee for service connection, disconnection and reconnection. ACSA

may suspend or discontinue the service for any delay in payment, irrespective of its right to collect additional charges, compensatory and penalty fees and charges for any legal actions.

There is a tariff review system in place:

- *A cost increase review:* ACSA can request an increase in the tariff from ERSeP when it records an increase equal to or higher than 8% for the costs of the service, or when six months have elapsed since the last review, whichever occurs first. First, ERSeP reviews the adjustment, and then it is subject to a public audience. Finally, the Province of Córdoba approves the increase. The tariff revisions made so far have represented a 627.9% tariff increase for residential clients and a 804.7% increase for non-residential clients. These adjustments are related to cost increases reported from February 2006 through July 2015. A petition has been recently filed requesting that a new tariff discussion meeting be held for the period considering the cost increases occurred from July 2015 through January 2016.
- *Regular reviews:* These reviews define the PMES, and they must include alternative tariffs and financing options. The adjustments are based on an assessment of the costs of services under the proposed scenario.

Operations

According to recent technical audits, approximately 98.93% of the residents in the City of Córdoba receive water from ACSA. As for the continuity of service, 731 cuts in water supply have been reported during 2015, 885 in 2014, and 849 in 2013. The general customer satisfaction rate based on company surveys was 88.08% in 2015, 86.29% in 2014, and 86.83% in 2013, respectively. Finally, there is a Revenue Participation Program in place for employees, which is calculated as 4% of net income.

Competition

As ACSA is the exclusive concessionaire for the distribution of drinking water in the City of Córdoba, it has no competitors in the area. There are currently few private providers of Water Supply Services in the major Argentine cities.

Property, Plant and Equipment

The head office of the Water Supply Services segment is a property located in the City of Córdoba and is owned by us. Assets related to these services, including water filtration plants, pumping stations and distribution networks, were transferred to ACSA, who became the holder of the assets under Argentine law. In addition, any assets acquired or constructed by ACSA related to its Water Supply Services must be returned to the service owner upon expiration of the concession. All these assets may not be attached or given as a guarantee, and they must be kept in good repair during the life of the concession.

Other Activities

Other business activities of Clisa included in our Other Activities segment are described below. This activity has accounted for 0.5% of our total consolidated sales for the three months ended March 31, 2016 and 1.9% of our total consolidated assets as of March 31, 2016.

Health Transaction Management.

Traditum, a corporation controlled by Metronec, is the leading supplier of communication services in the health care sector. With the solutions developed by Traditum, an individual or entity associated with the health care sector, such as health care institutions, funding institutions, prepaid health care businesses, providers, and suppliers is able to communicate online making their daily activities more efficient, providing access to updated information and allowing people to request services and health care in accordance with their needs. In order to ensure that its services reach all users and suppliers in the health area, Traditum's services uses various communication channels: interactive voice response by telephone, point of sale terminals, internet, personal computers and integration of software applications.

Traditum's main customers include several private health care businesses in the country (Swiss Medical Group, Galeno, Sancor Salud, among others), Ob.S.B.A. (a health care institution of the City of Buenos Aires), *Instituto de Previsión Social de la Provincia de Misiones* (health care institution of the Province of

Misiones), *Caja de Servicios Sociales de la Provincia de Santa Cruz* (health care institution of the Province of Santa Cruz), and *Administración Provincial de Seguros de Salud de la Provincia de Córdoba* (provincial administration of health insurance of the Province of Córdoba).

Traditum's sales revenues for the three months ended March 31, 2016, and for the fiscal years ended December 31, 2015, 2014, and 2013 were: Ps.11.3 million, Ps.51.0 million, Ps.27.8 million and Ps.21.5 million, respectively.

Government Regulation

General

Generally, except for the terms determined by governmental agencies in our concession contracts, we are not subject to any special governmental regulation. We believe that we have complied with Argentine laws and regulations applicable to our business in all material respects.

Construction and Toll Road Concessions.

Our main clients in our construction activities are the Argentine Federal Government, the GCBA, the provincial governments and their ministries, departments and other governmental agencies, such as the DNV, ADIF, and SBASE. The procedures upon which the government elects the constructor are regulated at federal and local level. The public tender is an administrative procedure in which the public administration invites the interested parties to submit offers to be presented in accordance with the conditions set out in the invitation to bid. The bidder submitting the most attractive offer will be selected to perform the public works. At federal level the basis framework for public tenders is provided by the Public Works Law.

In our toll road concessions similar considerations apply. At the federal level, Law No. 17,520 sets out the basic framework for concessions for construction, maintenance and operations of public works through the collection of tolls or tariffs.

Waste Management.

Our activities are subject to the general framework established by the General Environmental Law No. 25,675 (*Ley General del Ambiente*), which sets out minimum standards for the adequate and sustainable management of the environment, the preservation and protection of bio diversity and the implementation of sustainable development, as well as to Provincial regulations. Urban waste management contracts, which comprise collecting residential waste, sweeping streets and the final disposal of waste, are regulated by national and provincial environmental law. Law No. 25,916 provides minimum standards for environmental protection that must be observed in the management of residential waste. Activities associated with the collection and treatment of pathogenic and industrial waste are regulated by specific provisions at federal and provincial levels, which include provisions requiring the registration of an operator, inspection and control. At federal level, Law No. 24,051 on hazardous waste provides the regulatory framework regarding the generation, handling, transportation and treatment of this type of waste under federal jurisdiction. Likewise, Law No. 25,612 on the management of industrial waste and other services provides minimum environmental protection standards for such activities.

In addition, the General Environmental Law No. 25,675, Decree No. 1,638/12, as well as other provincial and municipal rules and regulations applicable to us provide that any individual or legal entity, whether government- or privately-owned, performing activities that pose a threat to the environment, ecosystems, and related components, is required to provide sufficient insurance to guarantee that the necessary funds are available for remediation in case of potential damage. As set forth in the laws and regulations on environmental insurance, our waste management activities fall within those requiring environmental insurance. Alternatively, the law authorized companies to set up an environmental remediation fund to facilitate the implementation of remediation actions. Argentine authorities enforce these laws on an occasional basis; however, they may start enforcing them more strictly in the future. Accordingly, we may become exposed, like all other industry players, to higher costs or other civil or criminal liability if we fail to meet any such requirements, with the ensuing adverse impact on our company.

Transportation.

Since 1993, Metrovías has provided passenger railway services in the SBA and Premetro and the Urquiza Railway under a concession contract executed with the Argentine Federal Government. In January

2012, the Argentine Federal Government and the GCBA entered into an agreement whereby the GCBA assumed (or agreed to assume), as of January 2012, control and oversight of the entire concession contract with respect to the SBA and the Premetro, as well as full exercise of the power to set the service rates. The differences between the Argentine Federal Government and the GCBA's interpretation of the terms and conditions of the agreement prevented performance of the contractual terms set. On March 28, 2012, pursuant to Law No. 26,749, the Argentine Congress confirmed the transfer of the Subway and Premetro Transportation Services to the City of Buenos Aires, and understood that the City of Buenos Aires was the appropriate entity to have exclusive jurisdiction over the services and exercise control over those services.

However, the GCBA did not accept the Congress' terms, and on December 19, 2012, Buenos Aires City Legislature passed Law No. 4,472, for the Regulation and Restructuring of the Rail Transport System in the City of Buenos Aires, which provides the legal framework for rail (underground and surface) transport in the jurisdiction of the City of Buenos Aires. The law states, among other things, that: (i) the GCBA would take control of the public passenger transportation service involving the subway and ground railway system operating exclusively in its jurisdiction, as well as of any new lines or expansions of existing lines as may be built in the future after January 1, 2013; (ii) the service involved a utility; (iii) the utility service was at the time in a state of emergency; (iv) SBASE would be the authority responsible for enforcing the rules and controlling operations; (v) a maintenance and investment fund would be set up from which the GCBA would obtain funds, and (v) Metrovías and/or its parent would be convened to enter into an agreement to be awarded a contract, on a direct basis, for the provisional operation of the service for a term that could not exceed the duration of the emergency declared.

Law No 4,472 also provides the general guidelines for service provision, stating that service must be rendered in a manner that guarantees its continuity, regularity, uniformity and quality, and sets the concessionaire duties and the subsidy adjustment mechanism, among others.

On April 5, 2013, Metrovías and SBASE entered into an AOM for the SBA and the Premetro whereby, within the terms of Law No 4,472, SBASE awarded to Metrovías, on an exclusive basis, the operation and maintenance of the SBA and Premetro Public Service, and set the rules that govern Metrovias activities. The AOM was amended on February 26, 2016.

Without prejudice of the situation regarding the SBA and Premetro, Metrovias continues operating the Urquiza Railway under the rules of the concession contract entered into force by National Executive Branch Decree No. 2608/93 dated December 22, 1993 and amended by means of an addendum approved by Decree No. 393/99 dated April 21, 1999.

As of December 2001, Law No. 25,561 declared a public emergency with respect to social, economic, administrative, financial and exchange matters (which was extended by Law No. 27,200 until December 31, 2017), starting renegotiation procedures for the concession contract that have not been completed yet, despite the presentations made by Metrovías and the time elapsed.

The last relevant change in the concession contract was introduced by Resolution No. 1,604/14 of the Ministry of the Interior and Transport on December 16, 2014 (on a provisional basis awaiting completion of the renegotiation procedures started under Law No. 25,561, as extended, and Decree No. 311/03) which provided for readjustments to the Operation Account. The resolution approved, among other things: (i) a new operation account as of July 1, 2014; (ii) a new monthly subsidy and adjustment mechanisms; and (iii) a "Leveling Plan" including "Works & Maintenance Tasks" and "Necessary Investment Works".

As of the date of this Offering Memorandum, the regulatory framework for the railway business nationwide is provided for by Law 27,132, enacted on May 20, 2015, which revoked certain railway concessions, returned the national rail network to state control and provided powers to review all concessions currently in force including the Urquiza Railway concession contract

The agency responsible for enforcing the rules and controlling operations of the railway and transportation services is the National Commission for Transport Regulation ("CNRT"), a self regulated body created in 1996 by Decree No. 1,388. The CNRT has jurisdiction over automotive and railway transportation of passengers and cargo. CNRT also regulates compliance with transport policies but does not have any responsibility for determining such policies and only acts under the regulatory guidelines provided by the controlling authority.

Water Supply Services. ACSA provides its services under the concession contract, the Provincial Water Code (*Código de Aguas de la Provincia*), resolutions passed by ERSeP, the Department of Water Resources and Coordination, and Provincial Decree No. 529/1994. Under these regulations, the water supply services must be maintained in a manner that guarantees its continuity, regularity, quantity and quality. Additionally, we are generally required to ensure the protection of public health and the environment.

Labor Legislation. We must comply with labor legislation enacted by the Argentine Federal Government and numerous provisions enacted by the Ministry of Labor and Social Security and other agencies. Employment contracts are governed by Law No. 20,744, as amended, which sets out certain rules that must be observed in all labor contracts, including provisions on their effective term, leave of absence and termination. In addition, business and union representatives of the different industrial sectors may from time to time negotiate collective bargaining agreements. In addition to wages, an employee is entitled to receive an annual bonus which is paid in two installments in June and December, and the value of such installments is 50% of the highest monthly salary received in the immediately preceding six-month period. An employer is also required to contribute amounts equal to a certain percentage of its total payroll to the National Institute for Social Security and to other agencies. Argentine legislation does not currently require companies to implement a profit-sharing program.

Argentine law No. 24,557, known as the Occupational Risk Law, provides a mandatory insurance plan for coverage of occupational accidents and diseases. Additionally, we must observe Law No. 19,587, as amended, on occupational health and safety. These laws provide minimum standards which must be observed by all employers, and refer to matters including health and safety conditions at the work place, employee life conditions, ventilation of the facilities, handling of tools and machinery and environmental and sound pollution.

Insurance

We consider our insurance coverage to be suitable both in terms of risk and amounts for the type of activities we conduct. The risks for which we have obtained insurance may be classified as follows:

Liability: for property damage and bodily injuries to third parties, resulting from our business.

Operating Risk: damage to our property or property for which we are legally responsible or which is under our care, control or custody, including transportation, electric equipment, damage caused by water and glass.

Property Damage: total and partial loss due to an accident, fire or theft occurring to our fleet of vehicles, automotive equipment and trucks, including liability coverage.

Technical Insurance: all risk to electronic equipment and computer accessories, including installation and assembly of electromagnetic turnstiles at SBA stations.

Theft of valuables: theft of valuables from the safety box, petty cash, dispenser machines, ticket dispensers, counter box or register box.

Performance bond: insuring the development of services provided under concession contracts, the performance of agreed work, the performance of maintenance and agreed operations.

Transportation: transported goods, materials, machinery and other property inherent in our activities.

Occupational: we are insured by occupational risk administrators and other insurance companies. The coverage taken with occupational risk administrators consists of medical care, unpaid wages, disabilities, death and occupational diseases. This insurance program is in accordance with Law No. 24,557. We also have coverage with other insurance companies providing mandatory life insurance, regulated under Decree No. 1,567/1974, which covers all employees, regardless of the cause of death.

Environmental: Pursuant to General Environmental Law No. 25,675, prior to performing any tasks or activities that, within the Argentine territory, may harm the environment and/or any of its components, or significantly affect the quality of life of the population, the Company conducts an environmental impact assessment procedure and, as required, obtains sufficient insurance to guarantee that the necessary funds are available for remediation in case of potential damage. We also take out environmental insurance if requested by our customers in the bidding documents related to the works and concessions performed.

Intellectual Property

The National Institute of Industrial Property (*Instituto Nacional de la Propiedad Industrial*), is the government agency responsible for the granting and registration of patent and trademark rights in Argentina. We have a large number of registered trademarks (*marcas*) including the following: “CLISA,” “Benito Roggio e Hijos,” “CLIBA,” “TECSAN,” “Benito Roggio Ambiental,” “Metrovías,” “Aguas Cordobesas,” “Haug,” “TECSAN Ingeniería Ambiental,” “Benito Roggio Transporte,” “Ecoayres Argentina” and “Sehos.”

Legal Proceedings

General

We are a party to several administrative, legal and out-of-court proceedings that have arisen in the ordinary course of our business. The parties to such proceedings are our subsidiaries and/or affiliates. We do not believe that these proceedings, individually or on aggregate, will have a material adverse impact on our economic and financial condition or on our results of operations, taking into account the contingency provisions accounted for at the end of the last interim period ended before the date hereof. For further information on our accounting policies regarding the provision for litigation costs, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Allowances and Provisions.”

Below follows a summary of relevant contingencies related to Clisa’s subsidiaries and affiliates, specified in note 21 to Clisa’s Unaudited Condensed Interim Consolidated Financial Statements as of March 31, 2016. We have not made provisions for these contingencies in our financial statements as we believe the risks associated with these actions are remote.

Tax Disputes

On November 27, 1995, Covisur filed an appeal for the recovery of Ps.1.3 million for VAT on collected indemnities in February 1993 and October 1995. On December 19, 2001, the AFIP ordered Covisur to pay Ps.6.1 million as VAT and interest on indemnities collected in December 1995 and November 1999. Covisur filed an appeal before the National Tax Court, which decided in favor of Covisur and required the tax authorities to make a settlement. In the event that the settlement calculated by AFIP is approved by the Court but it does not accurately reflect the Court’s decision, Covisur will appeal the decision. AFIP also demanded that Covisur pay income tax on indemnities for a total of Ps.3.6 million. Covisur filed an appeal with the National Tax Court, and it received a decision that it believes is favorable to its interests.

As of March 31, 2016, ACSA continues under investigation by the AFIP initiated in 2005 in relation to the omission of (i) withholding tax imposed on the commissions paid to La Caixa and West LB, as foreign beneficiaries, and (ii) equalization tax on the payment of dividends for fiscal year ended 2000.

On December, 2008, AFIP served a notice of adjustment in connection with the omission to withhold the tax on the interest paid to the European Investment Bank from December 2003 to December 2007. According to the tax authority, the amount of tax that was not withheld amounts to Ps.2.5 million net of interest and fines, which amount to Ps.4.3 million. ACSA filed a brief in which it did not accept the proposed adjustment. On November 15, 2010, AFIP rejected the evidence offered by ACSA and determined on its own motion that the sums owned by ACSA amounts to Ps.6.8 million (including tax, interests and fine) AFIP’s resolution was appealed by ACSA before the National Tax Court. ACSA believes that the probability of this contingency materializing is remote.

Haug’s affidavit income tax for the period 2008 has been audited by the tax authorities of Peru having received an observation for unearned income staffing by approximately 4.2 million Peruvian soles, and as of March 31, 2016 has not been resolved. The management of this company and its legal advisors believe that the outcome of this claim will not have significant effects on Haug’s financial statements.

The General Revenue Service of the Province of Buenos Aires (“DGRPBA”) served a notice of adjustment against Metrovías for Ps.0.7 million for improper payment of turnover tax for the 2002 and 2003 fiscal years. The tax authority confirmed the adjustment. Metrovías has appealed the decision before the Tax Court of the Province of Buenos Aires (“*Tribunal Fiscal de la Provincia de Buenos Aires*”), and the decision is still pending. Based upon the opinion Metrovías’ legal counsel, Metrovías believes that a favorable decision is probable.

Civil Disputes

The GCBA imposed a Ps.3.2 million fine on Metrovías for alleged health and safety violations. This decision was appealed by Metrovías. Recently, the judge of the court of first instance ruled partially in favor of Metrovías, reducing the fine to Ps.2.5 million. However, Metrovías appealed the judicial decision. Metrovías' legal counsel believes that a favorable decision is probable.

DIRECTORS, SENIOR MANAGEMENT, MEMBERS OF THE SUPERVISORY COMMITTEE AND EMPLOYEES

Board of Directors

Pursuant to Argentine law and section 10 of Clisa’s by-laws, Clisa’s management and administration is governed by a board of directors (the “Board of Directors”), consisting of three to nine permanent members, each of whom is a director that is appointed at a General Shareholders’ Meeting, where the number of directors for the following fiscal year is established. The Board of Directors has broad powers to manage, organize and administer Clisa, without any limitation other than those resulting from Argentine laws or Clisa’s by-laws. The address of Clisa’s Board of Directors is Av. Leandro N. Alem 1050, 9th Floor, City of Buenos Aires, Argentina.

Each director holds office for one fiscal year, and may be re-elected indefinitely, if approved at a General Shareholders’ Meeting. Each director remains in office until his successor has been appointed at a General Shareholders’ Meeting and has taken office. The Board of Directors validly meets with an absolute majority of its members, and decisions are taken by an absolute majority of members present.

Clisa’s current Board of Directors was appointed at the General Shareholders’ Meeting and at the Board of Directors’ Meeting both held on March 31, 2016. The table below indicates the composition of Clisa’s current Board of Directors, the age of each director and the year when each member was originally appointed to such position:

Name and Surname	Position	Original Appointment Year:	Current Appointment Date:	Age	Expiration of Term of Office (*)
Aldo Benito Roggio	Chairman	1996	03/31/2016	71	12/31/2016
Alberto Esteban Verra	Vice-chairman	1996	03/31/2016	66	12/31/2016
Graciela Amalia Roggio	Director	1996	03/31/2016	68	12/31/2016

(*) According to Clisa’s by-laws, Directors are elected and appointed for one fiscal year and a Director’s term of office will be extended to the date of his re-election or to the date his/her replacement takes office.

The following discussion briefly sets out the professional background of each of Clisa’s directors:

Aldo Benito Roggio is Clisa’s Chairman. He is a civil engineer who graduated from the National University of Córdoba. In 1968, he joined BRH. Mr. Roggio has held executive positions since 1978 in BRH’s different subsidiaries. Currently, he is the Chairman of the Board of Directors of Roggio, and Chairman of the Board of Directors of the following companies: BRH, Servicios del Centro S.A., El Mundo S.A. and Benito Roggio Panamá S.A. among others. He is also Vice-chairman of Doya S.A. and Director of Desarrollos Inmobiliarios S.A. Mr. Roggio was Chairman and is currently Vice-chairman of the *Cámara Argentina de la Construcción*, the “Argentine Chamber of Construction.” Mr. Roggio is Benito Roggio’s grandson and Graciela Amalia Roggio’s brother.

Alberto Esteban Verra is Vice-chairman of the Board of Clisa. Mr. Verra is an accountant and graduated from the National University of Córdoba. Mr. Verra is currently Roggio’s Vice-chairman and Executive Director, and also serves as Chairman of the Board of Directors of the following companies: Metrovías, Polledo S.A.I.C.y.F., Tecsan Ingeniería Ambiental S.A., Cliba IASA, Cliba, Cliba Rosario S.A., Sehos S.A., Ecoayres Argentina S.A., Taym S.A., Vientos de Senillosa S.A., Biogás Río Cuarto S.A., Multiplataforma S.A., Las Heras S.A., B.R.H. S.A., Tranelpa S.A. de Inversión, Mobatio S.A., Jismelt S.A., Corredores Ferroviarios S.A., among others. Mr. Verra also serves as Vice-chairman of the Board of Directors of the following companies: Servicios del Centro S.A., Inversar S.A., Intelcel S.A. de Inversión, Catastros y Relevamientos S.A., Aguas Cordobesas S.A., Compañía Metropolitana de Seguridad S.A., Benito Roggio Transporte S.A., Servicios Fiduciarios S.A., Benito Roggio Ferroidustrial S.A., Benito Roggio Agroindustrial S.A., Metronec S.A., Fruta S.A., Neoservice S.A., Caminos Australes Operadora S.A., among others; and as permanent director of Benito Roggio e Hijos S.A., Prominente S.A., Doya S.A., Traditum S.A., VRR Games S.A., VRR Mobile S.A., Ferrometro S.A. and Benito Roggio Panamá S.A., among others.

Graciela Amalia Roggio is a Director of Clisa. Mrs. Roggio is a systems analyst and graduated from *Instituto Superior Pascal* (Pascal Superior Institute). In 1984, she joined BRH as a director. She is currently the

Chairman of the Board of Directors of the following companies: Prominente S.A. and Doya S.A. She is also Vice-chairman of BRH and Traditum S.A. Mrs. Roggio also serves as permanent director of Roggio, Benito Roggio Panamá S.A., Servicios del Centro S.A. and Inversar S.A., among others. She is the Administrative Systems' Coordinator of BRH and Roggio. Mrs. Roggio is Benito Roggio's granddaughter and Aldo Benito Roggio's sister.

All Directors are domiciled at the registered office of Clisa, which is located at Av. Leandro N. Alem 1050, 9th floor, in the City of Buenos Aires.

Directors' "Independence" or "Non-independence"

Pursuant to the CNV Regulations, members of the board of directors of a company subject to the public offering regime shall inform the CNV whether they are "independent." A director is not considered independent in certain situations, including when he or she (i) is also a member of the board of directors of, or depends on, shareholders who own 15% equity interest in a company (hereinafter "significant participation"), or in other companies in which these shareholders directly or indirectly own significant participations or have a significant influence; (ii) is or has been in the previous three years employed by a company; (iii) has a professional relationship with, or is a member of a company that maintains professional relationships with, or receives remuneration (other than the one received in consideration of his performance as a director) from, the company or the company's shareholders having a direct or indirect significant participation or significant influence on the same company, or with third-party companies in which these shareholders also have a direct or indirect significant participation or a significance influence; (iv) directly or indirectly owns a significant participation in a company or in a company having a significant participation or a significant influence on that company; (v) directly or indirectly sells or provides goods or services to the company or to the shareholders of the same company who have a direct or indirect significant participation or significant influence, for amounts that exceed his remuneration as a member of the administrative body; or (vi) is the spouse or certain relative of persons who, if they were members of the administrative body, would not be independent, according to the above listing rules.

References to "significant participations" are also to be understood as such when a person owning less than 15% equity interest in a company is still entitled to appoint one or more directors of any class of shares, or, along with other shareholders have an agreement relating to the control and administration of the company, or its controlling shareholder.

Set out below is the "independence" or "non-independence" for each of Clisa's directors, pursuant to the regulations of the CNV currently in effect:

<u>Name and Surname</u>	<u>Nature</u>
Aldo Benito Roggio	Non-independent
Alberto Esteban Verra	Non-independent
Graciela Amalia Roggio	Non-independent

Additionally, there are no potential conflicts of interest between any duties owed by the members of the board of directors and any private interests or other duties which such persons may have.

Senior Managers

The table below identifies Clisa's senior managers, the age of each of them, and the position and the year such senior manager was originally appointed to such position. The address of our senior managers is Av. Leandro N. Alem 1050, 9th Floor, City of Buenos Aires, Argentina.

<u>Name and Surname</u>	<u>Position</u>	<u>Original Appointment Year:</u>	<u>Age</u>
Alberto Esteban Verra	Chief Executive Officer	1998	66
Adalberto Omar Campana	Chief Financial Officer	2001	53

Below is the professional background of Clisa's senior managers.

Alberto Esteban Verra: Mr. Verra is currently Clisa's Chief Executive Officer. For further information, see "—Board of Directors."

Adalberto Omar Campana is Clisa's Chief Financial Officer. Mr. Campana graduated as an accountant from the National University of Córdoba and has a master's degree in Business Administration from

Universidad Católica de Córdoba (Catholic University of Córdoba). He joined BRH in 1988 and has worked for Clisa since 1997, first as a controller and from 2001 as Clisa's Chief Financial Officer. Mr. Campana is also Chairman of Haug S.A. (Argentina), Vice-chairman of Polledo S.A.I.C.y.F., Cclip S.A., Prominente S.A., Benito Roggio Saneamiento S.A. y Las Heras S.A. Mr. Campana is also a permanent director of Caminos Australes Operadora S.A, Metrovías S.A., Metronec S.A., Plan Azul S.A., Intelcel S.A.de Inversión, Sehos S.A., Cliba IASA, Benito Roggio Transporte S.A., Enerco2 S.A., Central Buen Ayre S.A., Vientos de Senillosa S.A., CV1 Concesionaria Vial S.A. y Factoría Metálica Haug S.A. Mr. Campana also serves as alternate director of Roggio S.A. and BRH.

Other Relationships

Currently none of the members of the Board of Directors has entered into an employment contract with us. Only one of Clisa's senior managers has entered into an employment contract with Clisa. There are no family relationships between Clisa's directors and senior managers, except for the one existing between Aldo Benito Roggio and Graciela Amalia Roggio, who are siblings. There are no agreements or understandings between directors and the senior managers and majority shareholders, customers, suppliers or others, pursuant to which any of the directors or senior managers may have been appointed as such.

Supervisory Committee

Pursuant to Argentine law and section 17 of Clisa's by-laws, oversight of Clisa is carried out by a Supervisory Committee consisting of three permanent auditors and three alternate auditors, appointed at the General Shareholders' Meeting. A permanent auditor holds office for one fiscal year and may be re-elected indefinitely.

Decisions are made by an absolute majority. The members of the Supervisory Committee appoint a Chairman to represent them before the Board of Directors. In case of temporary or definitive vacancy, absence or impediment, the Supervisory Committee's members shall appoint a substitute.

The current members of the Supervisory Committee were appointed at Clisa's General Shareholders' Meeting held on March 31, 2016. The table below indicates the composition of Clisa's Supervisory Committee, the age and title of each member and the year when members were originally appointed to such position:

<u>Name and Surname</u>	<u>Title</u>	<u>Original Appointment Year</u>	<u>Current Appointment Date</u>	<u>Age</u>	<u>Expiration of Term of Office (*)</u>
Angélica Simán	Permanent Auditor	2006	03/31/2016	47	12/31/2016
Carlos José Molina	Permanent Auditor	2003	03/31/2016	44	12/31/2016
Jorge Alberto Mencarini.....	Permanent Auditor	2005	03/31/2016	65	12/31/2016
Matías Sebastián Bono.....	Alternate Auditor	2012	03/31/2016	42	12/31/2016
Carlos Francisco Tarsitano	Alternate Auditor	2006	03/31/2016	68	12/31/2016
Martín Alberto Mencarini	Alternate Auditor	2013	03/31/2016	37	12/31/2016

(*) According to Clisa's by-laws Controllers hold office for one (1) fiscal year

Angélica Simán is an attorney who graduated from the National University of Córdoba in 1990. She holds a post-graduate degree in business law from the School of Law and Social Sciences at the National University of Córdoba. She serves as in-house counsel to several construction and service companies and banking institutions.

Carlos José Molina is an attorney who graduated from the National University of Córdoba. He has worked as a Clerk of the Civil and Commercial Court in the Province of Córdoba. He currently works as a lawyer for several construction and services companies and banking institutions.

Jorge Alberto Mencarini is an accountant who graduated from the National University of Buenos Aires. He has worked as an Assistant Professor of the School of Economic Sciences of the University of Buenos Aires and of the School of Economic Sciences of the Catholic University of Argentina. He was a professor of post-graduate tax law courses at the School of Law and Social Sciences of the University of Buenos Aires. He has worked as an advisor for the Argentine Chamber of Construction and is a consultant for several construction, service and industrial companies.

Matías Sebastián Bono is an attorney who graduated from the National University of Córdoba in 1999. He holds a post-graduate degree in business law from the *Universidad Empresarial Siglo 21*. He currently works as a lawyer for several construction and services companies and banking institutions.

Carlos Francisco Tarsitano is an accountant who graduated from the National University of Buenos Aires. He was a professor at the Business School of the University of Buenos Aires. He has given lectures in different courses related to accounting, auditing and banking security matters and he works as a consultant for construction, service and industrial companies.

Martín Alberto Mencarini is an attorney who graduated from the *Universidad de Belgrano*. He has worked as advisor and counsel for construction, service, and industrial companies.

Mrs. Angélica Simán and Messrs. Carlos José Molina and Matías Sebastián Bono are domiciled at Av. Hipólito Irigoyen 146, 6th Floor, City of Córdoba. Messrs. Jorge Alberto Mencarini, Carlos Francisco Tarsitano and Martín Alberto Mencarini are domiciled at San Martín 627, 5th Floor, City of Buenos Aires.

“Independence” or “Non-independence” of a Member of the Supervisory Committee

According to the provisions of the first paragraph of Section 79 of the Capital Market Law all members of the Supervisory Committee should be independent.

Pursuant to Section 12, Chapter III, section 3, Title II of the CNV Regulations, the independence of the auditors will be evaluated considering the guidelines provided by the Technical Resolutions of the *Federación Argentina de Consejos Profesionales de Ciencias Económicas* (“FACPCE”). According to the provisions of Technical Resolution No. 15 of the FACPCE, all members of the Supervisory Committee are independent.

Legal Advisers

The main legal adviser with which we have a continual relationship is the Law Firm Estudio Ferla & Muzi Abogados, domiciled at Hipólito Irigoyen 146, 6th floor, City of Córdoba. Clifford Chance LLP, domiciled at Rua Funchal, 418 – 15th floor – 04551-060 – São Paulo – SP – Brazil, advises Clisa on New York Law and English Law for the issuance of the Notes. McEwan, Roberts, Dominguez, Carassai, domiciled at Av del Libertador 498, 9th floor, City of Buenos Aires, Argentina, provides legal advice to Clisa on matters related to Argentine law for the issuance of the Notes.

Auditors

PwC Argentina, a member of Price Waterhouse & Coopers, independent accountants, is Clisa’s external auditor domiciled at Bouchard 557, 7th floor, City of Buenos Aires, with a professional registration number with the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Professional Council of Economic Sciences of the City of Buenos Aires). PwC Argentina is registered as a professional association with the Professional Council of Economic Sciences of the City of Buenos Aires.

Compensation

Clisa’s shareholders are responsible for establishing the aggregate compensation for Clisa’s key personnel. Pursuant to the General Corporations Law, the maximum amount of aggregate compensation that may be paid to Clisa’s directors, including salary and other compensation, may not exceed 25% of our profits, or 5% of our profits in case no dividends are distributed to our shareholders. When Clisa’s directors perform certain technical administrative duties, they may be awarded additional compensation if expressly approved at a General Shareholders’ Meeting. Clisa’s shareholders are entitled to determinate the compensation of the members of the Board of Directors and the compensation of the members of the Supervisory Committee at the General Shareholders’ Meeting each year. Currently, the members of the Board of Directors and the members of the Supervisory Committee have waived their right to compensation. In 2015, we paid to Clisa’s managers an aggregate annual compensation of Ps.8.5 million.

As of the date of this Offering Memorandum, Clisa’s directors, senior managers, executive officers and members of the Supervisory Committee have no stock options, and there is no stock option plan in effect. Clisa does not maintain any retirement plans or voluntary retirement plans for directors, members of the supervisory boards, senior managers and executive officers, and Clisa has not made any payments under a retirement program in 2015. We do not have a profit-sharing plan for Clisa’s directors, members of the supervisory bodies, senior managers and executive officers.

Currently directors and members of the Supervisory Committee do not have employment contracts with Clisa. With respect to the senior managers, only one of them has a labor contract pursuant to Section 272 of the General Corporations Law. There are no agreements under which Clisa's directors, supervisory committee members, senior managers, or executive officers are allowed to hold interests contrary to Clisa's interests. Furthermore, there are no contracts for services between Clisa and Clisa's directors which benefit the directors after the expiration of their mandates.

Employees

As of March 31, 2016, we had 13,063 employees. As of December 31, 2015, 2014 and 2013, our employees totaled approximately 12,619, 13,026 and 13,410, respectively.

Construction and Toll Road Concessions Segment. As of March 31, 2016, our Construction and Toll Road Concessions segment employed 2,370 individuals, of which 237 were enrolled in trade unions and 2,133 were not affiliated with trade unions. As of December 31, 2015, 2014 and 2013, this segment employed approximately 2,056, 2,395 and 2,634 people, respectively.

Waste Management Segment. As of March 31, 2016, our Waste Management segment employed 4,055 individuals, of which 2,398 were enrolled in trade unions and 1,657 were not affiliated with trade unions. As of December 31, 2015, 2014 and 2013, this segment employed approximately 3,908, 3,943 and 3,981 people, respectively.

Transportation Segment. As of March 31, 2016, our Transportation segment employed 6,029 individuals, of which approximately 2,556 were enrolled in trade unions and approximately 3,473 were not affiliated with trade unions. As of December 31, 2015, 2014 and 2013, this segment employed approximately 6,048; 6,080 and 5,932 people, respectively.

Water Supply Services Segment. As of March 31, 2016, our Water Supply Services segment employed 550 individuals, of which 359 individuals were enrolled in trade unions and 191 were not affiliated with trade unions. As of December 31, 2015, 2014 and 2013, this segment employed approximately 553, 560 and 579 people, respectively.

Other Activities Segment. As of March 31, 2016, our Other Activities segment employed 56 individuals, of which none of them were enrolled in trade unions. As of December 31, 2015, 2014 and 2013, our Other Activities segment employed approximately 51, 54 and 280 people, respectively.

Unions

As of March 31, 2016, there are two trade unions available for construction workers: *Unión Obrera de la Construcción de la República Argentina* ("UOCRA") and *Unión Empleados de la Construcción y Afines de la República Argentina* ("UECARA"). These unions comprise BRH's entire workforce and are duly registered and acknowledged by the Argentine Federal Government under Unions Law No. 23,551 (*Ley de Asociaciones Sindicales*) as amended. Each union has a collective bargaining agreement in effect that specifically governs the relationship between the workers/employees and their employer, which is supplemented by Employment Contract Law No. 20,744 (*Ley de Contrato de Trabajo*), as amended, which provides for benefits and rights for workers. For construction workers there is also a construction regulation (*Estatuto de la construcción*) in place that provides guidelines for the construction activity. Collective bargaining agreements may be renegotiated every two or more years by Business Chambers and the Unions.

The construction labor system provides for the creation of an unemployment fund for the workers who have terminated their employment relationship. This fund receives a monthly contribution from the Employers for every active worker and replaces the termination pay required under other labor systems.

Construction worker unions and their collective bargaining agreements are effective nationwide.

With respect to the SBA and Premetro, employees are represented by two unions duly registered: the *Asociación del Personal de Supervisión de Subterráneos de Buenos Aires* ("APSESBA"), and the *Unión Tranviarios Automotor* ("UTA"). APSESBA represents supervisors and UTA represents low-skilled workers, each in the operating services sectors. However, there is a third union, the *Asociación Gremial de Trabajadores de Subterráneos y Premetro* ("AGTSYP"), which is disputing UTA's legal recognition and has received a favorable response from the Ministry of Labor and Social Security. The dispute has not yet been resolved by the Justice of Labor.

In the case of the Urquiza Railway, low-skilled workers are represented by three unions, depending on their specialization: *La Fraternidad*, for the drivers, *Asociación de Señaleros Ferroviarios Argentinos*, for the signal operators, and *Unión Ferroviaria*, for the rest of the personnel. There is one additional union, the *Asociación del Personal de Dirección de Ferrocarriles Argentinos* (“APDFA”), for senior personnel, with whom no collective bargaining agreement has been entered into.

Operating personnel at BRf are represented by *Unión Obrera Metalúrgica de la República Argentina* (“UOM”). The company has a good relationship with the relevant authorities and with the employee delegates.

In Water Supply Services, the workers are represented by three unions: *Sindicato de Obras Córdoba*, whose union agreement applies to the provincial area, UOCRA and UECARA.

In our Waste Management segment, there are various unions on behalf of the workers, depending on the work done. At Urban Waste Management, the operating personnel is encompassed by the teamster union (*Sindicato de Choferes de Camiones*) collection branch. In each jurisdiction there is a local teamster union which are collectively grouped into the *Federación de Camioneros* at the national level.

With regard to the Landfill Operations services, the operating personnel are members of UOCRA, whereas for industrial services, the workers are members of *Federación Argentina de Trabajadores de Industrias Químicas y Petroquímicas*.

The operating personnel in our waste valorization activities are members of *Asociación Gremial de Obreros y Empleados del CEAMSE*.

Finally, the employees of our Waste Management segment in Uruguay, are represented in different groups, according with the activity carried out within the framework of the Uruguayan Salary Council No. 19.

Our human resources policy is to work in conjunction with our employee representatives for appropriate management of the employment relationship to achieve improvements in working conditions for the benefit of our employees and their families.

Shareholding

As of March 31, 2016, the directors Aldo Benito Roggio and Graciela Amalia Roggio directly owned 25,471 and 22,549 of Clisa’s shares, respectively; corresponding to 0.02635% and 0.02332%, respectively, of Clisa’s voting shares. Furthermore, they indirectly participated in Clisa’s controlling companies with 52.45% and 47.03%, respectively, of Clisa’s capital stock, which amounted to a total direct and indirect interest of 52.47% and 47.05%, respectively, in Clisa’s capital stock. The remaining directors, members of the Supervisory Committee and senior managers did not hold Company shares or stock option. There were no agreements granting interests in the capital of Clisa to Clisa’s employees, or agreements that bring about the issuance or the granting of stock options, shares or corporate bonds.

RELATED PARTY TRANSACTIONS

From time to time we enter into transactions with related parties, as follows:

Loans to directors and officers

We have not granted any loans to any of our directors or officers.

Transactions with related parties

In our normal course of business, we develop a number of operations with related parties, all of which are entered into on an arm's length basis. The main operations with such related parties are the following:

Services Purchase and Sale

Through BRH and during the three months ended March 31, 2016, we provided construction services to the following associates: (i) manpower services and a management control system to Transportel Patagónica, valued at Ps.0.1 million; and (ii) horizontal demarcation works to Autovía del Mar valued at Ps.3.2 million. We also provide management services and repaving services for the toll road concession awarded to CV1, which amounted to Ps.4.3 million.

Through Benito Roggio Transporte and during the three months ended March 31, 2016, we provided specialized technical assistance services for the implementation and operating phases of the railway projects of both Concessionaria Do VLT Carioca S.A., amounting to Ps.4.0 million, and Concessionaria Monotrilho Linha 18, amounting to Ps.0.8 million.

Prominente S.A., a company controlled by Roggio, provided information technology services to us amounting to Ps.15.3 million during the three months ended March 31, 2016.

Intercompany Loans

We maintain a Ps.488.0 million credit line with Roggio ACE joint venture.

We also maintain similar credit lines with some of our related companies of toll road concessions, including Autovía del Mar, CV1 and Coviare, the balance of which amounted to Ps.75.7 million, Ps.12.3 million and Ps.15.9 million, respectively, as of March 31, 2016.

As of March 31, 2016, Ferrometro S.A., our transportation segment associate, owed Clisa a net amount of Ps.20.8 million.

As of March 31, 2016, we have a credit with Polledo S.A.I.C. y F for a total amount of Ps.13.6 million and with the B.R.H. S.A. - Const. N. Odebrecht S.A. - Superceemento S.A.C.I. - J. Cartellone Const. Civ. joint venture a credit for a total amount of Ps.29.3 million.

As of March 31, 2016 we owe our associates Covisur, Concessionaria Monotrilho Linha 18 and Prominente S.A. a total amount of Ps.13.5 million, Ps.12.0 million and Ps.26.6 million, respectively.

With the exception of the abovementioned transactions, no substantial operations have taken place during the fiscal years covered in this Offering Memorandum, in which we or our subsidiaries have been involved with the following persons (i) any of our directors, members of our Supervisory Committee or officers, (ii) any person that controls or holds a significant interest in us or our controlling shareholders, (iii) any person that is under common control with us, (iv) any relative or spouse or relative of such spouse of the persons mentioned before or that is director, member of the supervisory committee or officer of the controlling company or any of our subsidiaries, and/or (v) any company in which any of the persons mentioned before hold directly or indirectly a significant interest.

PRINCIPAL SHAREHOLDERS

As of March 31, 2016, the aggregate amount of Clisa's issued and subscribed share capital was Ps.96,677,524 of common shares plus a capital adjustment of Ps.115,738,740. All of Clisa's outstanding shares are "Class A" shares with a face value of Ps.1.00, with voting rights of five votes per share. All of Clisa's shares are fully subscribed and paid in.

Shareholders

Clisa's principal shareholders, the amount of shares they hold and the interest percentage upon outstanding shares are as follows:

Holder's name	Amount of "Class A" Shares	Total Face Value	% of Issuer's Capital	Votes Represented	% of Total Votes
Roggio	94,205,784	94,205,784	97.44%	471,028,920	97.44%
Inversar	2,405,310	2,405,310	2.49%	12,026,550	2.49%
Doya	18,410	18,410	0.02%	92,050	0.02%
Aldo Benito Roggio	25,471	25,471	0.03%	127,355	0.03%
Graciela Amalia Roggio	22,549	22,549	0.02%	112,745	0.02%
Totals	96,677,524	96,677,524	100.00%	483,387,620	100.00%

Roggio, Clisa's controlling company, is owned and controlled by siblings Aldo Benito Roggio and Graciela Amalia Roggio, both the grandchildren of BRH's founder and of Argentine nationality.

As of March 31, 2016, Roggio's capital stock was comprised of a total amount of 10,957,347 shares composed of 5,715,334 Class A Shares of a value of Ps.1.00 per share, with a voting right of one vote per share and of 5,242,013 Class B Shares of a value of Ps.1.00 per share, with a voting right of one vote per share. Roggio's shareholders were Aldo Benito Roggio, who held 4,197,084 Class A Shares with one vote per share and an interest of 38.30% in the capital stock, Graciela Amalia Roggio, who held 3,723,763 Class B Shares with one vote per share and an interest of 33.98% in the capital stock, and Doya S.A., which held 1,518,250 Class A Shares with one vote per share, 1,518,250 Class B Shares with one vote per share and an interest of 27.71% of the capital stock.

Inversar S.A. is currently owned by Roggio and Doya, which hold 99.94% and 0.06% of Inversar S.A.'s capital stock and voting rights, respectively.

Doya S.A. is currently owned by Aldo Benito Roggio, Graciela Amalia Roggio and Fundación Benito Roggio, who hold 51.13%, 47.15% and 1.71%, respectively of Doya S.A.'s capital stock and voting rights.

Payments of Dividends to Shareholders

Since 2001, we have not paid dividends to Clisa's shareholders.

DESCRIPTION OF NOTES

We will issue the Notes under an indenture (the “Indenture”) to be entered into by and among us, the Subsidiary Guarantors and The Bank of New York Mellon, as trustee (the “Trustee”). We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You may obtain a copy of the Indenture in the manner described under “Available Information” in this Offering Memorandum, and, for so long as the Notes are admitted to listing on the Official List of the Irish Stock Exchange and to trading on the Global Exchange Market, at the office of the paying agent in Ireland.

You can find the definition of capitalized terms used in this section of this Offering Memorandum under “—Certain Definitions.” In this section, when we refer to:

- the “Company,” we mean CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A., and not its Subsidiaries; and
- the “Notes” in this section, we mean the notes offered pursuant to this Offering Memorandum and, unless the context otherwise requires, any Additional Notes, as described below under “—General.”

General

The Notes will:

- be senior unsecured obligations of the Company;
- rank equal in right of payment with all other existing and future senior unsecured indebtedness of the Company;
- rank senior in right of payment to all existing and future subordinated indebtedness of the Company, if any;
- be effectively subordinated to all existing and future secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness;
- be subordinated to obligations of the Company preferred by statute or by operation of law;
- be Guaranteed by each Subsidiary Guarantor with such Subsidiary Guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Subsidiary Guarantor; which Subsidiary Guarantee will be effectively subordinated to all existing and future secured indebtedness of the Subsidiary Guarantors to the extent of the value of the assets securing such indebtedness; and
- be structurally subordinated to all existing and future indebtedness of any Subsidiary that does not provide a Subsidiary Guarantee.

As of March 31, 2016, we had Ps.4,534.7 million (approximately U.S.\$308.5 million) of outstanding Consolidated Indebtedness, of which Ps.2,435.6 million (approximately U.S.\$165.7 million) was secured Indebtedness. The Company, subject to the conditions set out in the cash tender offer and consent solicitation that it has commenced concurrently with this offering, intends to use a portion of the net proceeds of this offering to purchase any and all of its outstanding U.S.\$87,106,000 Series 4 Notes due 2019 that are tendered in connection with the cash tender offer that it has commenced concurrently with this offering..

The Company will initially issue U.S.\$200 million aggregate principal amount of Notes, but may, subject to the limitations set forth under “—Covenants—Limitation on Incurrence of Additional Indebtedness,” issue an unlimited principal amount of securities under the Indenture. The Company may, without your consent, issue additional Notes (“Additional Notes”) in one or more transactions, which have substantially identical terms (other than issue price, issue date and date from which the interest will accrue) as Notes issued on the Issue Date. Any Additional Notes will be consolidated and form a single class with the Notes issued on the Issue Date, so that, among other things, Holders of any Additional Notes will have the right to vote together with Holders of Notes issued on the Issue Date as one class. Unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes, such notes shall be issued with a separate CUSIP number.

The Notes will be issued in the form of one or more Global Notes without coupons registered in the name of a nominee of DTC, as depository. The Notes will be issued in minimum denominations of U.S.\$1,000 and integral multiples of U.S.\$1,000 in excess thereof. See “Book-Entry, Delivery and Form” in this Offering Memorandum. No service charge will be made for any registration of transfer or exchange of Notes, but the Trustee may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

Principal, Maturity and Interest

The Notes will mature on July 20, 2023, unless earlier redeemed in accordance with the terms of the Notes. See “—Optional Redemption.”

The Notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the Notes will accrue at the rate of 9.500% per year and will be payable semi-annually in arrears on January 20 and July 20 of each year, commencing on January 20, 2017. Payments will be made to the persons who are registered Holders at the close of business on January 5 and July 5, as the case may be, immediately preceding the applicable interest payment date (whether or not a Business Day).

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Initially, the Trustee will act as registrar, transfer agent and paying agent for the Notes. The Company may change the registrar, transfer agent and paying agent without notice to Holders. If a Holder of a non-Global Note in an aggregate principal amount of at least U.S.\$1,000,000 has given wire transfer instructions to the Company and the Trustee, the Trustee, as paying agent, will remit all principal, premium, if any, and interest payments in respect of those Notes received from the Company in accordance with those instructions. All other payments on the non-Global Notes will be made at the office or agency of the paying agent in New York City unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses. Payments on Global Notes shall be made to DTC in accordance with its applicable procedures.

Subsidiary Guarantees

General

The obligations of the Company pursuant to the Indenture and the Notes will be fully and unconditionally Guaranteed, jointly and severally, on an unsecured basis, by each Subsidiary Guarantor.

Only two of our existing Subsidiaries, Benito Roggio e Hijos S.A. (“BRH”) and Cliba Ingeniería Urbana S.A. (“Cliba”), will provide a Subsidiary Guarantee on the Issue Date. As of March 31, 2016, (i) the total combined assets of BRH and Cliba, on a standalone basis, represented 45.8% of the Company’s Consolidated Assets; and (ii) the total combined Indebtedness of BRH and Cliba, on a standalone basis, was Ps.1,931.3 million (approximately U.S.\$131.4 million), of which Ps.1,543.9 million (approximately U.S.\$105.0 million) was secured indebtedness.

The Indenture will require any Restricted Subsidiary that Guarantees Indebtedness of the Company or any Subsidiary Guarantor after the Issue Date in excess of 15% of the Company’s Consolidated Assets (cumulative with any and all Guarantees provided by Restricted Subsidiaries to Guarantee any Indebtedness of the Company or any Subsidiary Guarantors) to provide a Subsidiary Guarantee. Please see “—Future Subsidiary Guarantees” below.

Each Subsidiary Guarantee of a Subsidiary Guarantor will be limited to the maximum amount that would not render such Subsidiary Guarantor’s obligations subject to avoidance under applicable fraudulent conveyance provisions of applicable law or under similar laws affecting the rights of creditors generally. By virtue of this limitation, a Subsidiary Guarantor’s obligation under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may have effectively no obligation under its Subsidiary Guarantee. See “Risk Factors—Risks Relating to the Notes—Fraudulent conveyance laws and other limitations on the enforceability and the amount of the Guarantees may adversely affect the validity and enforceability of the Guarantees.”

We cannot assure you that this limitation will protect the Subsidiary Guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the Subsidiary Guarantees would suffice, if necessary, to pay the Notes in full when due. In a Florida bankruptcy case, this kind of provision was found to be unenforceable and, as a result, the subsidiary guarantees in that case were found to be fraudulent conveyances. We do not know if that case will be followed if there is litigation on this point under the Indenture. However, if it is followed, the risk that the Subsidiary Guarantees will be found to be fraudulent conveyances will be significantly increased.

Future Subsidiary Guarantees

If the Company or any Restricted Subsidiary acquires or creates any Significant Subsidiary on or after the Issue Date, then that newly acquired or created Significant Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture providing for its Subsidiary Guarantee and deliver an Opinion of Counsel to the Trustee; provided that (i) such Significant Subsidiary's Subsidiary Guarantee will be limited to the maximum amount that would not result in a breach or violation by such Significant Subsidiary of any provision of any agreement to which it is party existing at the time of such acquisition or creation; provided, further, that such provision was not adopted in connection with, or in contemplation of, such acquisition or creation or to avoid guaranteeing the Notes or the Indenture, and (ii) such Significant Subsidiary shall not be required to execute any such supplemental indenture if the execution or enforcement of such supplemental indenture and the resultant Subsidiary Guarantee thereunder is prohibited by, or in violation of, any applicable law to which such Significant Subsidiary is subject and the Company has delivered to the Trustee an Opinion of Counsel to that effect.

Notwithstanding the foregoing, (A) if at the time of such acquisition or creation, such Significant Subsidiary has no Indebtedness, such Significant Subsidiary shall not be required to become a Subsidiary Guarantor or execute any such supplemental indenture; provided that if at any time after such acquisition or creation, such Significant Subsidiary Incurs any Indebtedness, at the time of such Incurrence such Significant Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture providing for its Subsidiary Guarantee and deliver an Opinion of Counsel to the Trustee in accordance with the preceding sentence; (B) if at the time of such acquisition or creation, (i) the Consolidated Assets of the Subsidiary Guarantors represent at least 60% of the Consolidated Assets of the Company as of the last date of the most recently ended fiscal quarter for which financial statements of the Company have been provided to the Trustee pursuant to the covenant described under “—Certain Covenants—Reports to Holders”, and (ii) the Consolidated Adjusted EBITDA of the Subsidiary Guarantors represent at least 60% of the Consolidated Adjusted EBITDA of the Company for the most recently ended fiscal year for which financial statements of the Company have been provided to the Trustee pursuant to the covenant described under “—Certain Covenants—Reports to Holders”, such Significant Subsidiary shall not be required to become a Subsidiary Guarantor or execute any such supplemental indenture. In the event a newly acquired or created Significant Subsidiary is required to become a Subsidiary Guarantor, the Company, alternatively, may cause any one or more of its Restricted Subsidiaries to become a Subsidiary Guarantor and execute a supplemental indenture providing for its Subsidiary Guarantee in lieu of such newly acquired or created Significant Subsidiary so that (i) the Consolidated Assets of the Subsidiary Guarantors (including any such Restricted Subsidiaries that become Subsidiary Guarantors) represent at least 60% of the Consolidated Assets of the Company as of the last date of the most recently ended fiscal quarter for which financial statements of the Company have been provided to the Trustee pursuant to the covenant described under “—Certain Covenants—Reports to Holders”, and (ii) the Consolidated Adjusted EBITDA of the Subsidiary Guarantors (including any such Restricted Subsidiaries that become Subsidiary Guarantors) represent at least 60% of the Consolidated Adjusted EBITDA of the Company for the most recently ended fiscal year for which financial statements of the Company have been provided to the Trustee pursuant to the covenant described under “—Certain Covenants—Reports to Holders”.

The Company will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee any Indebtedness of the Company or any Subsidiary Guarantor in excess of 15% of the Company's Consolidated Assets (cumulative with any and all Guarantees provided by Restricted Subsidiaries to Guarantee any Indebtedness of the Company or any Subsidiary Guarantors) unless such Restricted Subsidiary (a) is a Subsidiary Guarantor or (b) becomes a Subsidiary Guarantor within 10 days of such Guarantee and executes and delivers to the Trustee an Opinion of Counsel and a supplemental indenture providing for its Subsidiary Guarantee, which Subsidiary Guarantee will rank senior in right of payment to or equally in right of payment with such Subsidiary's Guarantee of such other Indebtedness.

Release of the Subsidiary Guarantees

The Subsidiary Guarantee of a Subsidiary Guarantor will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect) upon:

- the consent of holders of Notes representing 75% of the aggregate principal amount of Notes outstanding in connection with a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor otherwise permitted by the Indenture;
- the designation in accordance with the Indenture of the Subsidiary Guarantor as an Unrestricted Subsidiary or the Subsidiary Guarantor otherwise ceases to be a Restricted Subsidiary in accordance with the Indenture;
- defeasance or discharge of the Notes, as provided in “—Legal Defeasance and Covenant Defeasance” and “—Satisfaction and Discharge;”
- solely in the case of a Subsidiary Guarantee created of the covenant described under “—Future Subsidiary Guarantees,” upon the release or discharge of the Guarantee that resulted in the creation of such Subsidiary Guarantee pursuant to that covenant, except a discharge or release by or as a result of payment under such Guarantee;
- upon the final liquidation or dissolution of such Subsidiary Guarantor; provided that no Default or Event of Default occurs as a result thereof or has occurred or is continuing; or
- payment in full of the aggregate principal amount of all Notes then outstanding and all other obligations under the Indenture and the Notes then due and owing.

Upon any occurrence giving rise to a release of a Subsidiary Guarantee as specified above, the Trustee, upon receipt of an Officer’s Certificate from the Company and an Opinion of Counsel each stating that all conditions precedent to such release have been satisfied, will execute any documents reasonably required by the Company in order to evidence or effect such release, discharge and termination in respect of such Subsidiary Guarantee. None of the Company, any Subsidiary Guarantor or the Trustee will be required to make a notation on the Notes to reflect any Subsidiary Guarantee or any such release, termination or discharge.

Unrestricted Subsidiaries

As of the Issue Date, all of the Company’s Subsidiaries will be “Restricted Subsidiaries.” Under the circumstances described below under the caption “—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” If so designated, the Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture.

Additional Amounts

All payments in respect of the Notes will be made free and clear of and without any deduction or withholding for or on account of any present or future taxes, duties, levies, imposts, assessments or other government charges imposed by any law of Argentina or any Relevant Jurisdiction (as defined below) and any interest, penalties or other liabilities with respect thereto (“Taxes”), unless the withholding or deduction of such Taxes is required by law or the official interpretation thereof, or by the administration thereof. If we are required by any law of Argentina or any jurisdiction where the Company or any Subsidiary Guarantor is incorporated or resident for tax purposes, or any political subdivision thereof (a “Relevant Jurisdiction”) or any taxing authority of a Relevant Jurisdiction, to withhold or deduct any Taxes from or in respect of any sum payable under the Notes, the Company (or the relevant Subsidiary Guarantor) shall (i) pay such additional amounts (“Additional Amounts”) as may be necessary in order that the net amounts receivable by Holders of any Notes after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction, (ii) make such withholding or deduction, and (iii) pay the full amount withheld or deducted to the relevant tax or other authority in accordance with applicable law, except that no such Additional Amounts will be payable in respect of:

- any present or future Taxes that would not have been imposed but for any present or former connection between the Holder or beneficial owner of a Note (or a fiduciary, settlor, beneficiary, member or shareholder of the Holder or beneficial owner of a Note) and the Relevant Jurisdiction (other than the mere receipt of a payment, the ownership or holding of a Note, or enforcing rights thereunder);
- any estate, inheritance, capital gains, excise, personal property tax, sales, transfer, gift or similar tax, assessment or other governmental charge imposed with respect to the Notes;
- any Taxes that would not have been imposed but for the failure of the Holder or any other Person to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction, for tax purposes, of the Holder or any beneficial owner of the Note if compliance is required by law, regulation or by an applicable income tax treaty to which the Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of the Tax, and we have given the Holder at least 30 days' notice, in writing, that the Holder will be required to provide such certification, identification, information or documentation;
- any Tax payable otherwise than by deduction or withholding from payments on or in respect of the Notes;
- any present or future Taxes with respect to a Note presented for payment, where presentation is required, more than 30 days after (i) the date on which the payment became due and payable or (ii) the date on which payment thereof is duly provided for and notice is provided to Holders, whichever occurs later, except to the extent that the Holder of such Note would have been entitled to such Additional Amounts on presenting such Note for payment on the last day of such 30-day period;
- any Tax required to be withheld by any paying agent from any payment of principal, premium (if any) or interest on the Note, if such Tax results from the presentation of such Note for payment (where presentation is required) in the European Economic Area and the payment can be made without such withholding or deduction by the presentation of such Note for payment to at least one other paying agent in the European Economic Area;
- any payment on the Note to a Holder that is a fiduciary, a partnership, a limited liability company or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership, an interest holder in such a limited liability company or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the Note;
- any Note presented for Payment (where presentation is required) at an office of a paying agent in Argentina (provided the Notes can also be presented at an office of a paying agent outside of Argentina without any such withholding or deduction); or
- in the case of any combination of the items listed above.

Upon request, the Company (or the relevant Subsidiary Guarantor) will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Taxes in respect of which we have paid any Additional Amount within thirty (30) days of payment to the relevant taxing authority. The Company (or the relevant Subsidiary Guarantor) will make copies of such documentation available to the Holders of the Notes or the relevant paying agent upon request.

The Company will pay promptly when due any present or future stamp, court or documentary taxes or any excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Note or any other document or instrument referred to in the Indenture or such Note, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Tax Jurisdiction except those resulting from, or required to be paid in connection with, the enforcement of such Note or any other such document or instrument after the occurrence and during the continuance of any Event of Default with respect to the Note in default.

Any reference in this Offering Memorandum, the Indenture or the Notes to principal, premium, interest or any other amount payable in respect of the Notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this section.

Optional Redemption

Optional Redemption with a Make-Whole Premium

At any time and from time to time prior to July 20, 2020, the Company will have the right, at its option, to redeem the Notes, in whole or in part, at a redemption price per Note equal to 100% of the principal amount of the Note to be redeemed plus the greater of (1) 1% of the then outstanding principal amount of the Note to be redeemed, and (2) the excess of: (a) the present value (as determined by the Independent Investment Banker) at such redemption date of (i) the redemption price of the Note at July 20, 2020 (such redemption price being set forth in the table below under “—Optional Redemption Without a Make-Whole Premium”) plus (ii) all required interest payments thereon through July 20, 2020 (excluding accrued but unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, over (b) the then outstanding principal amount of the Note (the “Make- Whole Amount”), plus in each case any accrued and unpaid interest on the principal amount of the Note to the date of redemption; provided, however, that if the Notes are redeemed in part only, Notes in an aggregate amount of at least U.S.\$100 million shall remain outstanding immediately after any such partial redemption.

“*Treasury Rate*” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“*Comparable Treasury Issue*” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to July 20, 2023, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity comparable to July 20, 2023.

“*Independent Investment Banker*” means one of the Reference Treasury Dealers appointed by the Company.

“*Comparable Treasury Price*” means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“*Reference Treasury Dealer*” means not less than three leading primary United States government securities dealers in New York City (each, a “Primary Treasury Dealer”) reasonably designated by the Company; provided that if any of the foregoing cease to be a primary United States government securities dealer in New York City, the Company will substitute therefor another Primary Treasury Dealer.

“*Reference Treasury Dealer Quotation*” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm New York City time on the third Business Day preceding such redemption date.

Optional Redemption Without a Make-Whole Premium

At any time and from time to time on or after July 20, 2020, the Company may, at its option, redeem the Notes, in whole or in part, at the redemption prices, expressed as percentages of principal amount, set forth below, plus accrued and unpaid interest thereon, if any, to the applicable redemption date, if redeemed during the 12-month period beginning on July 20 of the years indicated below; provided, however, that if the Notes are redeemed in part only, Notes in an aggregate amount of at least U.S.\$100 million shall remain outstanding immediately after any such partial redemption.

Year	Percentage
2020	104.750%
2021	102.375%
2022 and thereafter	100.000%

Optional Redemption with Proceeds of Equity Offerings

At any time prior to July 20, 2019, the Company may, at its option, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes at a redemption price of 109.500% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that:

- (1) Notes in an aggregate principal amount equal to at least 65% of the aggregate principal amount of Notes issued on the first Issue Date remain outstanding immediately after the occurrence of such redemption; and
- (2) the redemption must occur within 90 days of the date of the closing of such Equity Offering.

Optional Redemption Upon Tax Event

If the Company determines that, as a result of any amendment to, expiration of, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, any taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to, expiration of, or change of such laws, rules or regulations becomes effective or, in the case of a change in official interpretation or application, is announced on or after the date of this Offering Memorandum (or on or after the date a Relevant Jurisdiction becomes a Relevant Jurisdiction, if later), we (or a Subsidiary Guarantor) would be obligated to pay any Additional Amounts with respect to the Notes (see “—Additional Amounts” and “Taxation—Argentine Tax Considerations”); provided, that the Company, in its business judgment, determines that such obligation cannot be avoided by the Company taking reasonable measures available to it, then, at its option, all, but not less than all, of the Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the redemption date due thereon up to but not including the date of redemption; provided that (1) no notice of redemption for tax reasons may be given earlier than 60 days prior to the earliest date on which the Company (or a Subsidiary Guarantor) would be obligated to pay these Additional Amounts if a payment on the Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts has not ceased to be in effect.

Prior to the giving of any notice of redemption pursuant to this provision, the Company will deliver to the Trustee:

- an Officer’s Certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred (including that we cannot avoid the obligation to pay such Additional Amounts by taking reasonable measures available); and
- an Opinion of Counsel from legal counsel in a Relevant Jurisdiction of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment.

The Trustee may conclusively rely upon and will accept such Officer’s Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above.

Notice of the redemption, once delivered by us to the Trustee, will be irrevocable.

Optional Redemption Procedures

Notice of any redemption will be given at least 30 but not more than 60 days before the redemption date to Holders of Notes to be redeemed in accordance with the provisions described in “—Notices” below.

Notes called for redemption will become due on the date fixed for redemption. The Company will pay the redemption price for the Notes together with accrued and unpaid interest thereon to but not including the date of

redemption (subject to the rights of the relevant Holders as of the record date to receive payments of interest on the related interest payment date). On and after the redemption date, interest will cease to accrue on the Notes as long as the Company has deposited with the paying agent funds in satisfaction of the applicable redemption price together with accrued and unpaid interest thereon pursuant to the Indenture. Upon redemption of the Notes by the Company, the redeemed Notes will be cancelled and cannot be reissued.

If fewer than all of the Notes are being redeemed, the Notes to be redeemed shall be selected as follows: (1) if the Notes are listed on an exchange, in compliance with the requirements of such exchange or (2) on a pro rata basis to the extent practicable, or, if the pro rata basis is not practicable for any reason, by lot or by such other method as most nearly approximates a pro rata basis, in each case as long as the Notes are in global form, subject to customary DTC procedures (in integral multiples of U.S.\$1,000; provided that the remaining principal amount of such Holder's Note will not be less than U.S.\$1,000). Upon surrender of any Note redeemed in part, the Holder will receive a new Note equal in principal amount to the unredeemed portion of the surrendered Note. Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and, commencing on the redemption date, Notes redeemed will cease to accrue interest (unless the Company defaults in the payment of the redemption price).

In addition to the Company's right to redeem the Notes as set forth above, the Company may purchase the Notes in open-market transactions, tender offers or otherwise at any price, in compliance with applicable securities laws. Any Note so purchased by the Company may be surrendered to the Trustee for cancellation.

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, each Holder will have the right to require that the Company purchase all or a portion (in integral multiples of U.S.\$1,000; provided that the remaining principal amount of such Holder's Note will not be less than U.S.\$1,000) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon to the purchase date (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control Triggering Event occurs, the Company must send a notice to each Holder, with a copy to the Trustee, offering to purchase the Notes as described above (a "Change of Control Offer") as described in "—Notices" below. The Change of Control Offer will state, among other things, the purchase date, which must be at least 30 but not more than 60 days from the date the notice is given, other than as may be required by law (the "Change of Control Payment Date"). The Change of Control Offer may, at the Company's discretion, be subject to the consummation of the transactions triggering the Change of Control Triggering Event as a condition precedent.

On the Business Day immediately preceding the Change of Control Payment Date, the Company will, to the extent lawful, deposit with the paying agent funds in an amount equal to the Change of Control Payment, in respect of all Notes or portions thereof so tendered.

On the Change of Control Payment Date, as applicable, the Company will, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered and not withdrawn; and
- (2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, as applicable, a new Note in an authorized principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer, as applicable, will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes in connection with a Change of Control Offer, as applicable. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control Triggering Event provisions of the Indenture, the Company will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

Other existing and future indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be purchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes upon a Change of Control Triggering Event may cause a default under such indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, we cannot assure you that the Company would be able to obtain necessary financing and the terms of the Indenture may restrict the ability of the Company to obtain such financing.

Holdings will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which does not lead to a Change of Control Triggering Event.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if: (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (b) prior to the date the Change of Control Offer is required to be made, the Company has given notice of redemption in respect of all of the outstanding Notes in accordance with the Indenture.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon the consummation of the required Change of Control Triggering Event, if a definitive agreement is in place for the applicable Change of Control at the time of making of the Change of Control Offer.

Covenants in the Indenture restricting the ability of the Company and its Restricted Subsidiaries to Incur additional Indebtedness, to grant Liens on property, to make Restricted Payments and to make Asset Sales may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management or its Board of Directors. Consummation of any Asset Sale may, in certain circumstances, require redemption or repurchase of the Notes, and the Company or the acquiring party may not have sufficient financial resources to effect such redemption or repurchase. In addition, restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries. While these restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the Indenture may not afford the Holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger, recapitalization or similar transaction.

One of the events that constitutes a Change of Control under the Indenture is the disposition of “all or substantially all” of the Company’s assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of “all or substantially all” of the assets of a Person and a Change of Control Triggering Event. In the event that Holders elect to require the Company to purchase the Notes and the Company contests such election, there can be no assurance as to how a court interpreting New York State law would interpret that phrase under certain circumstances.

Covenants

Limitation on Incurrence of Additional Indebtedness

- (1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness), except that the Company and its Restricted Subsidiaries may Incur Indebtedness if, at the time of and immediately after giving pro forma effect to the Incurrence thereof and the application of the net proceeds therefrom, (i) the Consolidated Net Debt to EBITDA Ratio of the Company will not exceed 3.5 to 1.0 and (ii)

the Consolidated Fixed Charge Coverage Ratio of the Company will be greater than (a) 1.25 to 1.0 (if the Indebtedness is Incurred on or before the first anniversary of the Issue Date), and (b) 2.0 to 1.0 (if the Indebtedness is Incurred after the first anniversary of the Issue Date).

- (2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may, at any time, Incur the following Indebtedness (“Permitted Indebtedness”):
- (a) Indebtedness in respect of the Notes (excluding Additional Notes) and the Subsidiary Guarantees (including in respect of any Additional Notes);
 - (b) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date;
 - (c) Hedging Obligations entered into by the Company and its Restricted Subsidiaries for bona fide hedging purposes and not for speculative purposes, including without limitation, Hedging Obligations with respect to the Notes;
 - (d) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; provided that such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the Notes and the Indenture, in the case of the Company, or a Subsidiary Guarantor’s Subsidiary Guarantee, in the case of a Subsidiary Guarantor; and provided further, that in the event that at any time any such Indebtedness ceases to be held by the Company or any Restricted Subsidiary, such Indebtedness will be deemed to be Incurred by the Company or the relevant Restricted Subsidiary, as the case may be, and not permitted by this clause (d) at the time such event occurs;
 - (e) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five Business Days of receipt of notice of insufficient funds;
 - (f) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of any obligations under workers’ compensation claims, severance payment obligations, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, reclamation, statutory obligations, regulatory or other similar legal obligations, and factoring and other financing of payables or receivables in the ordinary course of business (including, without limitation, the discount of “*cheques de pago diferido*”, or deferred payment checks);
 - (g) Indebtedness consisting of letters of credit, banker’s acceptances, performance bonds, appeal bonds, surety bonds, promissory notes, customs bonds and other similar bonds and reimbursement obligations Incurred by the Company or any Restricted Subsidiary in the ordinary course of business securing the performance of contractual, concession, construction, franchise or license obligations of the Company or any Restricted Subsidiary (in each case, other than for an obligation for borrowed money);
 - (h) Indebtedness of the Company or any of its Restricted Subsidiaries to the extent the net proceeds thereof are promptly used to redeem the Notes in full or deposited to defease or discharge the Notes, in each case in accordance with the Indenture;
 - (i) Refinancing Indebtedness in respect of:
 - (i) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1)); or
 - (ii) Indebtedness Incurred pursuant to subclauses (a), (b), (f), (j) and (m) of this clause (2);

- (j) Acquired Indebtedness of any Restricted Subsidiary that was not Incurred to finance the acquisition thereof provided that, after giving effect to the Incurrence of such Acquired Indebtedness, the Company would be permitted to Incur at least U.S.\$1.00 of additional Indebtedness under clause (1) above;
 - (k) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations (including in respect of earn-outs not for financing purposes) or from customary guarantees or performance bonds, in each case, incurred in connection with the disposition of any business, assets or Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness will at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiary in connection with such disposition;
 - (l) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness (other than Non-Recourse Financing) of the Company or a Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant;
 - (m) Capitalized Lease Obligations and mortgage financings or Purchase Money Indebtedness of the Company or any Restricted Subsidiary, in each case Incurred for the purpose of acquiring or financing all or any part of the purchase price or cost of design, installation, construction or improvement of any asset (including without limitation property or equipment) used or useful in a Permitted Business, in an aggregate principal amount at any one time outstanding, including any Refinancing Indebtedness Incurred to Refinance any Indebtedness Incurred pursuant to this subclause (m), not to exceed the greater of U.S.\$15 million and 2% of the Company's Consolidated Assets (or the equivalent in other currencies);
 - (n) Indebtedness that constitutes Non-Recourse Financing that is incurred by a Non-Recourse Subsidiary;
 - (o) Indebtedness of the Company or any Restricted Subsidiaries represented by working capital Indebtedness in an aggregate outstanding principal amount at any one time outstanding not to exceed U.S.\$20 million (or the equivalent in other currencies); and
 - (p) in addition to Indebtedness referred to in clauses (a) through (o) above, Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount at any one time outstanding not to exceed the greater of U.S.\$20 million and 2.5% of the Company's Consolidated Assets (or the equivalent in other currencies).
- (3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant:
- (a) the outstanding principal amount of any item of Indebtedness will be counted only once;
 - (b) in the event that an item of Indebtedness meets the criteria of clause (1) above or more than one of the categories of Permitted Indebtedness described in clauses (a) through (o) of clause (2) above, the Company may, in its sole discretion, divide and classify (or at any time reclassify) such item of Indebtedness in any manner that complies with this covenant;
 - (c) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;
 - (d) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP;

- (e) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness will not be included; and
 - (f) the accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; provided that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) above will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision.
- (4) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or, in the case of revolving credit Indebtedness, first committed; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may incur pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a “Restricted Payment”):

- (a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:
 - dividends or distributions payable in Qualified Capital Stock of the Company;
 - dividends or distributions payable to the Company and/or a Restricted Subsidiary; or
 - dividends, distributions or returns of capital made on a pro rata basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than pro rata basis to any minority holder);
- (b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company held by Persons other than the Company or any of its Restricted Subsidiaries;
- (c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness; or
- (d) make any Investment (other than Permitted Investments);
 - if at the time of the Restricted Payment and immediately after giving pro forma effect thereto:
 - (1) a Default or an Event of Default has occurred and is continuing;

(2) the Company is not able to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to paragraph (1) of “—Limitation on Incurrence of Additional Indebtedness;”

or

(3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof will exceed the sum of:

(A) 50% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, from the first date of the quarter following the Issue Date to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; plus

(B) 100% of the aggregate net cash proceeds received by the Company from any Person from any:

- contribution to the Capital Stock of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case subsequent to the Issue Date; or
- issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company;

excluding, in each case, any net cash proceeds:

(x) received from a Subsidiary of the Company; or

(y) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; plus

(C) an amount equal to the sum, for all Unrestricted Subsidiaries, of the following:

(x) the cash return, and the fair market value of assets or property received, after the Issue Date, on Investments in an Unrestricted Subsidiary made after the Issue Date pursuant to this paragraph as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above); plus

(y) all distributions or dividends to the Company or a Restricted Subsidiary from Unrestricted Subsidiaries (provided that such distributions or dividends shall be excluded in calculating Consolidated Net Income for purposes of clause 3(A) to the extent already included in clause 3(A) above); plus

(z) the portion (proportionate to the Company’s equity interest in such Subsidiary) of the Fair Market Value of the assets less liabilities of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; plus

(D) the cash return, and the fair market value of property received, after the Issue Date, on any other Investment made after the Issue Date pursuant to this paragraph, as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above).

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration pursuant to the preceding paragraph;

(2) the purchase, redemption or other acquisition or retirement of any Capital Stock of the Company or any of its Restricted Subsidiaries made in exchange for or out of the proceeds of the issuance or sale of Qualified Capital Stock of the Company or any of its Restricted Subsidiaries;

provided, that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such net cash proceeds will be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net cash proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of:

(x) Qualified Capital Stock of the Company; or

(y) Refinancing Indebtedness for such Subordinated Indebtedness;

provided, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net cash proceeds referred to above shall be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(4) if no Default or Event of Default has occurred and is continuing or would exist after giving pro forma effect thereto, repurchases by the Company of Capital Stock of the Company or options, warrants or other securities exercisable or convertible into Capital Stock of the Company from employees or directors of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of the employees or directors, in an amount not to exceed U.S.\$3.0 million (or the equivalent in other currencies) in the aggregate;

(5) repurchases of Capital Stock deemed to occur upon the exercise of stock options if the Capital Stock represents all or a portion of the exercise price thereof (or related withholding taxes), and Restricted Payments by the Company to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of the Company; and

(6) if no Default or Event of Default has occurred and is continuing or would exist after giving pro forma effect thereto, Restricted Payments in an aggregate amount which, when taken together with all other Restricted Payments made after the Issue Date pursuant to this clause (6), does not exceed U.S.\$10 million (or the equivalent thereof in other currencies).

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend) and (4) above will be included in such calculation and amounts expended pursuant to clauses (2), (3), (5) and (6) above will not be included in such calculation.

The amount of any Restricted Payments not in cash will be the Fair Market Value on the date of such Restricted Payment of the property, assets or securities proposed to be paid, transferred or issued by the Company or the relevant Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) permitted pursuant to this covenant or a Permitted Investment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described above or one or more clauses of the definition of "Permitted Investment," the Company shall be permitted to classify such Restricted Payment or Permitted Investment (or any portion thereof) on the date it is made, or later reclassify all or any portion of such Restricted Payment or Permitted Investment, in any manner that complies with this covenant, and such Restricted Payment or Permitted Investment (or portion thereof) shall be treated as having been made pursuant to only one of such clauses of this covenant or of the definition of Permitted Investment.

Limitation on Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets sold or otherwise disposed of; and
- (b) at least 75% of the consideration received for the assets sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale is in the form of (1) cash or Cash Equivalents; (2) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; (3) Capital Stock in a Person engaged solely in a Permitted Business that will become a Restricted Subsidiary as a result of such Asset Sale; or (4) a combination of cash, Cash Equivalents and such assets. For purposes of this clause (b), the assumption by the purchasers of Indebtedness or other obligations (other than Subordinated Debt) of the Company or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received from the purchasers that are promptly, but in any event within 90 days of the closing, converted by the Company or a Restricted Subsidiary to cash, to the extent of the cash actually so received, shall be considered cash received at closing.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof:

- (1) to repay, prepay or purchase any Senior Indebtedness of the Company or any Restricted Subsidiaries, in each case for borrowed money or constituting a Capitalized Lease Obligation and permanently reduce the commitments with respect thereto without Refinancing;
- (2) to purchase:
 - (A) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; or
 - (B) Capital Stock of a Person engaged solely in a Permitted Business that will become, upon purchase, a Restricted Subsidiary, from a Person other than the Company and its Restricted Subsidiaries; and
- (3) any combination of (1) and (2).

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within 365 days after the Asset Sale as described in clauses (1) through (3) of the immediately preceding paragraph (any such Net Cash Proceeds not so applied, "Excess Proceeds"), the Company will make an offer (within 10 Business Days of such 365th day (subject to deferral as described below)) equal to the Excess Proceeds to purchase Notes (the "Asset Sale Offer"), at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus any accrued and unpaid interest thereon, to the purchase date (the "Asset Sale Offer Amount"). The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a pro rata basis, and, at the Company's option, on a pro rata basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of Notes and the other Senior Indebtedness to be purchased equal to such Excess Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant period set forth above.

The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of Excess Proceeds from one or more Asset Sales equal to or in excess of U.S.\$20.0 million (or the equivalent in other currencies). At that time, the entire amount of Excess Proceeds, and not just the amount in excess of U.S.\$20.0 million (or the equivalent in other currencies), will be applied as required pursuant to this covenant.

Pending application in accordance with this covenant, Net Cash Proceeds may be Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be at least 30 and not more than 60 days from the date the notice is given, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of U.S.\$1,000 in exchange for cash; provided that the principal amount of such tendering Holder's Note will not be less than U.S.\$1,000.

On the Business Day immediately preceding the Asset Sale Offer Payment Date, the Company will, to the extent lawful, deposit with the Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all Notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and
- (2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

To the extent that Holders of Notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of Excess Proceeds, the Company will purchase the Notes and the other Senior Indebtedness on a pro rata basis (based on amounts tendered). If only a portion of a Note is purchased pursuant to an Asset Sale Offer, a new Note in an authorized principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of Notes and other Senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of Excess Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds in any manner not prohibited by the Indenture.

If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition will be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof will be applied in accordance with this covenant within 365 days of conversion or disposition.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any property or asset unless:

- (1) the Company or the Restricted Subsidiary would be entitled to:
 - (A) Incur Indebtedness in an amount equal to the Attributable Indebtedness with respect to such Sale and Leaseback Transaction pursuant to the covenant described under the caption "—Limitation on Incurrence of Additional Indebtedness," and
 - (B) create a Lien on such property or asset securing such Attributable Indebtedness without equally and ratably securing the Notes pursuant to the covenant described under the

caption “—Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions, and

- (2) the Company complies with the covenant described under the caption “—Limitation on Asset Sales” in respect of such transaction.

Limitation on Designation of Unrestricted Subsidiaries

The Company may designate after the Issue Date any Subsidiary of the Company as an “Unrestricted Subsidiary” under the Indenture (an “Unrestricted Subsidiary Designation”) only if:

- (1) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Unrestricted Subsidiary Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with “—Limitation on Transactions with Affiliates”; and
- (2) the Company would be permitted to make an Investment at the time of such Unrestricted Subsidiary Designation (assuming the effectiveness of such Unrestricted Subsidiary Designation and treating such Unrestricted Subsidiary Designation as an Investment at the time of such Unrestricted Subsidiary Designation) as a Restricted Payment pursuant to the first paragraph of “—Limitation on Restricted Payments” or a Permitted Investment in an amount (the “Designation Amount”) equal to the amount of the Company’s Investment in such Subsidiary on such date.

The Company may revoke any Unrestricted Subsidiary Designation of a Subsidiary as an Unrestricted Subsidiary (a “Revocation”) only if:

- (1) no Default or Event of Default has occurred and is continuing at the time of and after giving effect to such Revocation; and
- (2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the Indenture.

Upon a Restricted Subsidiary becoming an Unrestricted Subsidiary,

- (1) all existing Investments of the Company and the Restricted Subsidiaries therein (valued at the Company’s proportional share of the fair market value of its assets less liabilities) will be deemed made at that time;
- (2) all existing Capital Stock or Indebtedness of the Company or a Restricted Subsidiary held by it will be deemed Incurred at that time, and all Liens on property of the Company or a Restricted Subsidiary held by it will be deemed incurred at that time;
- (3) all existing transactions between it and the Company or any Restricted Subsidiary will be deemed entered into at that time;
- (4) it is released at that time from its Subsidiary Guarantee, if any; and
- (5) it will cease to be subject to the provisions of the Indenture as a Restricted Subsidiary.

Upon an Unrestricted Subsidiary becoming, or being deemed to become, a Restricted Subsidiary,

- (1) all of its Indebtedness and Disqualified or Preferred Stock will be deemed Incurred at that time for purposes of “—Limitation on Incurrence of Additional Indebtedness”;
- (2) Investments therein previously charged under “Limitation on Restricted Payments” will be credited thereunder;
- (3) it may be required to issue a Subsidiary Guarantee; and
- (4) it will thenceforward be subject to the provisions of the Indenture as a Restricted Subsidiary.

The designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be deemed to include the designation of all of the Subsidiaries of such Subsidiary. All Unrestricted Subsidiary Designations and Revocations, other than those made on the Issue Date pursuant to the Indenture, must be evidenced by Board Resolutions of the Company's Board of Directors and an Officer's Certificate, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;
 - (2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or
 - (3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.
- (b) Paragraph (a) above of this covenant will not apply to encumbrances or restrictions existing under or by reason of:
 - (1) applicable law, rule, regulation or order;
 - (2) the Indenture, the Notes or the Subsidiary Guarantees;
 - (3) the terms of any Indebtedness outstanding on the Issue Date;
 - (4) the terms of any binding agreement with respect to any Restricted Subsidiary relating to its Capital Stock or assets in effect on the Issue Date, and any amendments or restatements thereof; provided that any amendment or restatement is not materially more restrictive with respect to such encumbrances or restrictions than those in existence on the Issue Date;
 - (5) restrictions on the transfer of assets subject to any Permitted Lien;
 - (6) customary provisions restricting the ability of any Restricted Subsidiary to undertake any action described in clauses (a)(1) through (a)(3) above in joint venture agreements and other similar agreements entered into in the ordinary course of business and with the approval of the Company's Board of Directors;
 - (7) customary restrictions on cash or other deposits imposed by customers under contracts or other arrangements entered into or agreed to in the ordinary course of business;
 - (8) customary non-assignment provisions of any license agreement or other contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset that is subject to a Lien that secures Indebtedness, in each case permitted to be Incurred under the Indenture;
 - (9) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; provided that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;
 - (10) customary restrictions imposed on the transfer of copyrighted or patented materials;

- (11) Indebtedness permitted to be incurred pursuant to clause 2(m) under “—Covenants— Limitation of Incurrence of Additional Indebtedness” that impose encumbrances and restrictions on the assets so acquired or subject to the lease;
- (12) restrictions (A) with respect to any Person, or to the property or assets of any Person, at the time the Person is acquired by the Company or any Restricted Subsidiary, or (B) with respect to any Unrestricted Subsidiary at the time it is designated or is deemed to become a Restricted Subsidiary, which encumbrances or restrictions (i) are not applicable to any other Person or the property or assets of any other Person and (ii) were not put in place in anticipation of such event and any extensions, renewals, replacements or refinancings of any of the foregoing, provided that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;
- (13) restrictions on Non-Recourse Subsidiaries in documentation evidencing Project Obligations and any agreements relating to Non-Recourse Financing that is permitted by the Indenture to be Incurred; and
- (14) an agreement that amends, extends, renews, refinances or replaces an agreement referred to in clauses (1)-(13) of this paragraph (b); provided that such agreement is, taken as a whole, not materially more restrictive with respect to such encumbrances or restrictions than those contained in the agreement that it amends, extends, renews, refinances or replaces.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables, unless contemporaneously therewith effective provision is made to secure the Notes, the Subsidiary Guarantees and all other amounts due under the Indenture equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the Notes or the Subsidiary Guarantees prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company’s properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries) to any Person unless:

- (a) either:
 - (1) the Company is the surviving or continuing Person; or
 - (2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company’s Restricted Subsidiaries substantially as an entirety (the “Surviving Entity”):
 - (A) is a corporation organized and validly existing under the laws of Argentina, the United States of America, any State thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD); and
 - (B) expressly assumes, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of all amounts payable pursuant to the Indenture and the

principal of, and premium, if any, and interest on all of the Notes and the performance and observance of the covenants of the Notes and the Indenture on the part of the Company to be performed or observed;

- (b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a pro forma basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be, will be able to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to clause (1) of “Limitation on Incurrence of Additional Indebtedness”;
- (c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a pro forma basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default has occurred or is continuing;
- (d) if the surviving or continuing Person is not the Company, each Subsidiary Guarantor has confirmed by supplemental indenture that its Subsidiary Guarantee will apply to the Obligations of the Surviving Entity in respect of the Indenture and the Notes;
- (e) if the Company is organized under the laws of Argentina and merges with a corporation that is (or the Surviving Entity is) organized under the laws of the United States, any State thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD), or if the Company is organized under the laws of the United States, any State thereof or the District of Columbia and merges with a corporation that is (or the Surviving Entity is) organized under the laws of Argentina or any other country member of the Organization for Economic Co-operation and Development (OECD), the Company or the Surviving Entity will have delivered to the Trustee:
 - (1) an Opinion of Counsel from U.S. counsel to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the transaction and will be subject to U.S. federal income tax in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the Notes) and at the same times as would have been the case if the transaction had not occurred; and
 - (2) an Opinion of Counsel from Argentine counsel to the effect that Holders of the Notes will not recognize income, gain or loss for Argentine income tax purposes as a result of the transaction and will be subject to Argentine income taxes in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the Notes) and at the same times as would have been the case if the transaction had not occurred; and
- (f) the Company or the Surviving Entity has delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture(s), if any, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction and the execution of the supplemental indenture(s), if any, have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to any merger or consolidation of the Company into an Affiliate of the Company incorporated solely for the purpose of reincorporating the Company in another

jurisdiction so long as the Indebtedness of the Company and its Restricted Subsidiaries taken as a whole is not increased thereby.

The foregoing shall not apply to (i) any transfer of assets by the Company to any Subsidiary Guarantor or (ii) any transfer of assets among Subsidiary Guarantors or (iii) any transfer of assets by any Subsidiary Guarantor to the Company.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing Person, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such Surviving Entity had been named as such and the Company shall be relieved of its obligations under the Indenture and the Notes. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under “—Change of Control Triggering Event” if applicable.

No Subsidiary Guarantor may consolidate with or merge with or into any Person, or sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or permit any Person to merge with or into the Subsidiary Guarantor unless:

- (a)
 - (i) the other Person is the Company or any Restricted Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction; or
 - (ii) (1) either (x) the Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person (if not such Subsidiary Guarantor) expressly assumes by supplemental indenture all of the obligations of the Subsidiary Guarantor under its Subsidiary Guarantee; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or
 - (iii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture; and
- (b) the Company or the surviving entity has delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, if any, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction and the execution of the supplemental indenture, if any, have been satisfied.

Limitation on Transactions with Affiliates

- (1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an “Affiliate Transaction”), unless:
 - (a) the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm’s-length basis from a Person that is not an Affiliate of the Company;
 - (b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.\$5.0 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be approved by a majority of the members of the Company’s Board of Directors (including a majority of the disinterested members thereof, if any), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with clause (a) above; and

- (c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.\$20.0 million (or the equivalent in other currencies), the Company will, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company and any such Restricted Subsidiary, if any, from a financial point of view from an Independent Financial Advisor and deliver the same to the Trustee.
- (2) Paragraph (1) above will not apply to:
- (a) Affiliate Transactions with or among the Company and any Restricted Subsidiary and any Non-Recourse Subsidiary or between or among Restricted Subsidiaries or between or among Non-Recourse Subsidiaries;
 - (b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors and employees of the Company or any Restricted Subsidiary;
 - (c) Affiliate Transactions undertaken pursuant to the terms of any agreement or arrangement to which the Company or any of its Restricted Subsidiaries is a party as of or on the Issue Date, as these agreements or arrangements may be amended, modified, supplemented, extended, renewed or replaced from time to time; provided that any future amendment, modification, supplement, extension, renewal or replacement entered into after the Issue Date will be permitted to the extent that its terms are not more materially disadvantageous to the Holders of the Notes than the terms of the agreements or arrangements in effect on the Issue Date;
 - (d) the entering into of a customary agreement providing registration rights to the shareholders of the Company and the performance of such agreements;
 - (e) transactions or payments, including grants of securities, stock options and similar rights, pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business or approved by the Company's Board of Directors in good faith;
 - (f) any employment agreements entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;
 - (g) any Restricted Payments made in compliance with “—Limitation on Restricted Payments” and Permitted Investments;
 - (h) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business, which are on terms no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company; and
 - (i) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary in the ordinary course of business and not exceeding U.S.\$1.0 million (or the equivalent in other currencies) outstanding at any one time.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Use of Proceeds

The Company will use the net proceeds from the offering of the Notes as described under “Use of Proceeds.”

Compliance with Laws

The Company shall, and shall cause each of its Restricted Subsidiaries to, comply with all applicable laws, rules, regulations, orders and resolutions of each government agency having jurisdiction over their businesses.

Reports to Holders

So long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will furnish to the Holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Company will furnish or cause to be furnished to the Holders of the Notes and to the Trustee (for distribution to the Holders of Notes upon their written request), copies of (or written notice of a password protected URL address providing access to) the following items in English:

- within 60 days after the end of each first, second and third quarters of the Company’s fiscal year, quarterly unaudited financial statements (consolidated) prepared in accordance with GAAP of the Company for such period; and
- within 135 days after the end of each fiscal year of the Company, annual audited financial statements (consolidated) prepared in accordance with GAAP of the Company for such fiscal year and a report on such annual financial statements by the Auditors.

Each such annual report will include a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” substantially similar to that provided in this offering memorandum and including, without limitation, the information required to calculate the Consolidated Net Debt to EBITDA Ratio of the Company and the Consolidated Fixed Charge Coverage Ratio of the Company.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee’s receipt of such reports shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company’s or any other Person’s compliance with any of its covenants under the Indenture, the Notes or any Subsidiary Guarantee (as to which the Trustee is entitled to rely exclusively on Officer’s Certificates).

The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company’s or any other Person’s compliance with the covenants described above or with respect to any reports or other documents filed under the Indenture; provided, however, that nothing herein shall relieve the Trustee of any obligations to monitor the Company’s timely delivery of all reports described in the second paragraph of this section “—Reports to Holders.”

Covenant Suspension

If on any date following the Issue Date (i) the Notes have Investment Grade Ratings from at least two of Fitch, Moody’s and S&P, and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Suspension Event”), the Company and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the “Suspended Covenants”):

- (1) “—Covenants—Limitation on Incurrence of Additional Indebtedness”;
- (2) “—Covenants—Limitation on Restricted Payments”;
- (3) “—Covenants—Limitation on Asset Sales”;
- (4) “—Covenants—Limitation on Designation of Unrestricted Subsidiaries”;
- (5) “—Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (6) Clause (b) of the first paragraph of “—Covenants—Limitation on Merger, Consolidation and Sale of Assets”; and

(7) “—Covenants—Limitation on Transactions with Affiliates.”

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the “Reversion Date”) at least two of Fitch, Moody’s or S&P no longer give the Notes an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture.

The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to in this description as the “Suspension Period.” In the event of any such reinstatement, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries in respect of the Suspended Covenants prior to such reinstatement will give rise to a Default or Event of Default under the Indenture; provided that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under “—Covenants—Limitation on Restricted Payments” had been in effect prior to, but not during, the Suspension Period, provided further that any Subsidiaries designated as Unrestricted Subsidiaries during the Suspension Period shall automatically become Restricted Subsidiaries on the Reversion Date (subject to the Company’s right to subsequently designate them as Unrestricted Subsidiaries pursuant to “—Covenants—Limitation on Designation of Unrestricted Subsidiaries”), and (2) all Indebtedness Incurred, or Disqualified Capital Stock or Preferred Stock issued, during the Suspension Period will be classified to have been Incurred or issued pursuant to clause (b) of the second paragraph of “—Covenants—Limitation on Incurrence of Additional Indebtedness.”

No representation is made that the Notes will ever achieve or maintain Investment Grade Ratings.

Repurchase of Notes

The Company and its Affiliates may at any time purchase or otherwise acquire any Note in the open market or otherwise at any price and may resell or otherwise dispose of such Note at any time; *provided* that in determining at any time whether the Holders of the requisite principal amount of the Notes outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes then owned by the Company or any of its Affiliates will be disregarded and deemed not outstanding.

Notices

Notices to Holders of non-Global Notes will be mailed to them at their registered addresses. Notices to Holders of Global Notes will be given to DTC in accordance with its applicable procedures.

In addition, from and after the date the Notes are listed on the Irish Stock Exchange and so long as it is required by the rules of such exchange, all notices to Holders of Notes will be published in English on the website of the Irish Stock Exchange.

Notices will be deemed to have been given on the date of delivery to DTC or mailing, as applicable, or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

In addition, we will be required to cause all such other publications of such notices as may be required from time to time by applicable Argentine law. Neither the failure to give notice nor any defect in any notice given to any particular Holder of a Note will affect the sufficiency of any notice with respect to any other Notes.

Events of Default

The following are “Events of Default” under the Indenture:

- (1) default in the payment when due of the principal of or premium, if any, on (including, in each case, any related Additional Amounts) any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption;
- (2) default for 30 days or more in the payment when due of interest (including any related Additional Amounts) on any Notes;
- (3) the failure to perform or comply with any of the provisions described under “—Covenants—Limitation on Merger, Consolidation and Sale of Assets” for 60 days or more after written notice

to the Company thereof from the Trustee upon request of Holders of at least 25% in aggregate principal amount of the outstanding Notes;

- (4) default in the performance or breach of the obligations described under the caption “—Repurchase of Notes upon a Change of Control Triggering Event” and “—Covenants—Limitation on Asset Sales”, and such default or breach continues for a period of 60 days or more after written notice to the Company thereof from the Trustee upon request of Holders of at least 25% in aggregate principal amount of the outstanding Notes;
- (5) the failure by the Company or any Restricted Subsidiary to comply with any other material covenant or agreement contained in the Indenture or the Notes for 60 days or more after written notice to the Company thereof from the Trustee upon request of Holders of at least 25% in aggregate principal amount of the outstanding Notes;
- (6) default by the Company or any Restricted Subsidiary under any Indebtedness (whether such Indebtedness now exists or is created after the Issue Date) which:
 - (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness and continues following the expiration of any applicable grace period provided in such Indebtedness and has not been cured or waived; or
 - (b) results in the acceleration of such Indebtedness prior to its Stated Maturity;and the principal or accreted amount of Indebtedness covered by clause (a) or (b) at the relevant time, aggregates U.S.\$10.0 million (or the equivalent in other currencies) or more;
- (7) failure by the Company or any of its Restricted Subsidiaries to pay one or more final judgments against any of them, aggregating U.S.\$10.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (to the extent not covered by a reputable and creditworthy insurance company);
- (8) certain events of bankruptcy, insolvency, concurso preventivo or quiebra affecting the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary; or
- (9) except as permitted by the Indenture, any Subsidiary Guarantee of any Significant Subsidiary or group of Subsidiary Guarantors that, taken together, would constitute a Significant Subsidiary is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any such Subsidiary Guarantor or group of Subsidiary Guarantors denies or disaffirms its obligations under its Subsidiary Guarantee.

If an Event of Default (other than an Event of Default specified in clause (8) above with respect to the Company) has occurred and is continuing, the Trustee upon the request of the Holders of at least 25% in principal amount of outstanding Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes to be immediately due and payable by notice in writing to the Company (and the Trustee if given by the Holders) specifying the Event of Default and that it is a “notice of acceleration.” If an Event of Default specified in clause (8) above occurs with respect to the Company, then the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the outstanding Notes may rescind and cancel such declaration and its consequences:

- (1) if the rescission would not conflict with any judgment or decree;
- (2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;
- (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

- (4) if the Company has paid the Trustee its compensation and reimbursed the Trustee for its expenses, disbursements and advances (including without limitation, reasonable and documented counsel fees and expenses) outstanding at that time.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The Holders of a majority in principal amount of the outstanding Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

The Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security reasonably satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

- (1) such Holder gives to the Trustee written notice of a continuing Event of Default;
- (2) Holders of at least 25% in principal amount of the then outstanding Notes make a written request to pursue the remedy;
- (3) such Holders of the Notes provide to the Trustee satisfactory indemnity and/or security;
- (4) the Trustee does not comply within 60 days; and
- (5) during such 60-day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, on such Note on or after the respective due dates expressed in such Note and, in the case of the interest, after 30 days or more of the default in payment of said interests.

The Company is required, within five Business Days of becoming aware of any Default or Event of Default, to deliver to the Trustee an Officer's Certificate describing such Default or Event of Default, the status thereof and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. In the absence of receipt by a responsible officer of the Trustee of an Officer's Certificate regarding any such notice of Default or Event of Default from the Company or written notice from any Holder of such Default or Event of Default, the Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default. The Indenture provides that if a Default or Event of Default occurs and a responsible officer of the Trustee has received written notice thereof, the Trustee must give to each Holder notice of the Default or Event of Default within 45 days after it is known to the Trustee. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding Notes and all obligations of the Subsidiary Guarantors discharged with respect to the Subsidiary Guarantees ("Legal Defeasance"). Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes on the 91st day after the deposit specified in clause (1) of the second following paragraph, except for:

- (1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on, the Notes when such payments are due from the trust referred to below;
- (2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of transfer and exchange Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;
- (3) the rights, powers, trusts, duties, immunities and indemnities of the Trustee and obligations of the Company and the Subsidiary Guarantors in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to the covenants that are described under “—Covenants” (other than “Limitation on Merger, Consolidation and Sale of Assets”) (“Covenant Defeasance”) and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (other than non-payment and bankruptcy, receivership, reorganization and insolvency events with respect to the Company or any Significant Subsidiary) described under “—Events of Default” will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;
- (2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:
 - (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or
 - (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

- (3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from any failure to comply with “—Covenants—Limitation on Incurrence of Additional Indebtedness” as a result of the borrowing of the funds required to effect such deposit);
- (5) the Company has delivered to the Trustee an Officer's Certificate stating that such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

- (6) the Company has delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;
- (7) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and
- (8) the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary qualifications and exclusions) to the effect that the trust resulting from the deposit does not constitute, or is not qualified as, a regulated investment company under the Investment Company Act of 1940.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes and the rights, powers, trust, duties, immunities and indemnities of the Trustee and the obligations of the Company and the Subsidiary Guarantors in connection therewith, as expressly provided for in the Indenture) as to all outstanding Notes when:

- (1) either:
 - (a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or
 - (b) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable or will become due and payable within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States or a combination thereof sufficient without reinvestment in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent accountants delivered to the Trustee to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit (in the case of Notes that have become due and payable), or to the stated maturity or redemption date, as the case may be, together with irrevocable instructions (which may be subject to one or more conditions) from the Company directing the Trustee to apply such funds to the payment;
- (2) the Company has paid all other sums payable by it under the Indenture and the Notes; and
- (3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company, the Subsidiary Guarantors and the Trustee, without the consent of the Holders, may amend, modify or supplement the Indenture and the Notes for the following purposes:

- (1) to cure any ambiguity, defect or inconsistency contained therein;
- (2) to provide for the assumption by a surviving entity of the obligations of the Company or a Subsidiary Guarantor under the Indenture;
- (3) to add Subsidiary Guarantees or additional Guarantees in accordance with the terms of the Indenture;

- (4) to secure the Notes;
- (5) to add to the covenants of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;
- (6) to provide for the issuance of Additional Notes in accordance with the Indenture;
- (7) to evidence the replacement of the Trustee as provided for under the Indenture;
- (8) if necessary, in connection with any release of any security permitted under the Indenture;
- (9) to make any other change that does not adversely affect the rights of any Holder in any material respect;
- (10) to provide for uncertificated Notes in addition to or in place of certificated Notes; or
- (11) to conform the text of the Indenture, the Subsidiary Guarantees or the Notes to any provision of this “Description of the Notes,” to the extent such provision was intended to be a verbatim recitation of the text of the Indenture, the Subsidiary Guarantees or the Notes (as applicable), which such intention shall be evidenced to the Trustee by delivery of an Officer’s Certificate from the Company, upon which the Trustee may conclusively rely.

Other modifications to, amendments of, and supplements to, the Indenture or the Notes may be made with the consent of the Holders of a majority in principal amount of the then outstanding Notes issued under the Indenture, except that, without the consent of each Holder affected thereby, no amendment may:

- (1) reduce the percentage of the principal amount of the outstanding Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the rate of or change or have the effect of changing the time for payment of interest on any Notes;
- (3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;
- (4) make any Notes payable in money other than that stated in the Notes;
- (5) make any change in provisions of the Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of outstanding Notes to waive Defaults or Events of Default (other than a default in payment of principal or interest on any Note);
- (6) make any change in the provisions of the Indenture described under “—Additional Amounts” that adversely affects the rights of any Holder or amend the terms of the Notes in a way that would result in a loss of exemption from any applicable taxes; and
- (7) make any change to the provisions of the Indenture or the Notes that adversely affects the ranking of the Notes.

In addition, any amendment to the provisions of the Indenture, the Notes or any Subsidiary Guarantees that releases any Subsidiary Guarantee shall require the consent of the Holders of at least 75% in aggregate principal amount of Notes then outstanding, except as provided in the Indenture.

Governing Law; Jurisdiction

The Indenture, the Notes and the Subsidiary Guarantees will be governed by, and construed in accordance with, the Negotiable Obligations Law No. 23,576 as to all matters relating to the requirements necessary for the Notes to qualify as “negotiable obligations” (“*obligaciones negociables*”) thereunder. Furthermore, the General Corporation Law No. 19,550 (“*Ley General de Sociedades*”) and other applicable Argentine regulations (including but not limited to the Capital Markets Law No. 26,831 and the Argentine

National Securities Commission regulations (“CNV”) will govern the authority of the Company to issue and place the Notes and the CNV authorization for the Notes’ public offering.

In respect of all other matters, the Notes and all matters arising from or in connection with the Indenture (including the Guarantee) and the Notes are governed by, and shall be construed in accordance with, the law of the State of New York.

Each of the Company and the Subsidiary Guarantors will submit to the jurisdiction of the U.S. federal and New York state courts located in The City of New York, Borough of Manhattan and will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture, the Notes or any Subsidiary Guarantee and any court sitting in the City of Buenos Aires, the Bolsa de Comercio de Buenos Aires Arbitral Tribunal (through the delegation of power granted by Mercado de Valores de Buenos Aires S.A. (“MERVAL”) under Resolution No. 17,501 of the CNV) or any other arbitral body that may replace it in the future, and any competent court in the place of its corporate domicile for purposes of any action or proceeding arising out of or related to the Indenture or the Notes, and have waived any immunity from the jurisdiction of these courts over any suit, action or proceeding that may be brought by the Trustee or a Holder of Notes based upon the Indenture, the Guarantee and the Notes.

Clisa and each Subsidiary Guarantor have appointed Corporation Service Company, located at 1180 Avenue of the Americas, Suite 210 New York, NY 10036, New York, NY, as its initial authorized agent upon which all writs, process and summonses may be served in any suit, action or proceeding brought by the Trustee or a Holder of Notes based upon the Indenture or the Notes against Clisa or the Guarantors in any court of the State of New York or any United States Federal court sitting in the Borough of Manhattan, The City of New York and have agreed that such appointment shall be irrevocable so long as any of the Notes or the Guarantee remain outstanding or until the irrevocable appointment by the Company or the Subsidiary Guarantors of a successor in the City of New York as its authorized agent for such purpose and the acceptance of such appointment by such successor.

According to the laws of the State of New York, claims against us for the payment of principal of and premium, if any, and interest on the Notes must be made within six years from the due date for payment thereof.

The Trustee

The Bank of New York Mellon is the Trustee under the Indenture. The office of the Trustee at which its corporate trust business is principally administered is located at 101 Barclay Street, 7th Floor East, New York, New York, 10286.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

No Personal Liability

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company or any Subsidiary Guarantor will have any liability for any obligations of the Company under the Notes, the Indenture or the Subsidiary Guarantee or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws or under Argentine corporate or securities law.

Currency Indemnity

The Company, and each Subsidiary Guarantor, will pay all sums payable under the Indenture, the Notes or such Subsidiary Guarantee solely in U.S. Dollars. Any amount received or recovered in a currency other than U.S. Dollars by any payee, in respect of any sum expressed to be due to it from the Company or any Subsidiary Guarantor, will only constitute a discharge to the Company or any such Subsidiary Guarantor to the extent of the U.S. Dollar amount which such payee is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such payee is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the Trustee under the Indenture or any Holder under the Indenture or any Note, the Company, and any Subsidiary Guarantor, will indemnify such payee against any loss it sustains as a

result. In any event, the Company and the Subsidiary Guarantors will indemnify each payee against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for a payee to certify in a satisfactory manner that it would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which it was able to do so. In addition, payees will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any Holder or the Trustee; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Indenture, any Note or any Subsidiary Guarantee.

Foreign Exchange Restrictions

In the event that, on any payment date in respect of the Notes, any restrictions or prohibition of access to the Argentine foreign exchange market exists, the Company or each Subsidiary Guarantor, as applicable, will seek to pay all amounts payable under such Notes in U.S. dollars either (i) by purchasing at market price securities of any series of U.S. dollar denominated Argentine sovereign bonds or any other securities or private or public bonds issued in Argentina, and transferring and selling such instruments outside Argentina for U.S. dollars, to the extent permitted by applicable law, or (ii) by means of any other reasonable means permitted by law in Argentina, in each case, on such payment date. All costs and taxes payable in connection with the procedures referred to in (i) and (ii) above shall be borne by the Company or each Subsidiary Guarantor, as applicable. The amount of U.S. dollars to be received by the Holders of such Notes will be based on the average firm bid quotation expressed in U.S. dollars, for the foreign or composite currency in which such Note is denominated, received by the paying agent, at approximately 11:00 A.M. New York City time on the second Business Day preceding the applicable payment date, from three recognized foreign exchange dealers in New York City, selected by the paying agent and approved by the Company or the relevant Subsidiary Guarantor, as applicable, for the purchase by the quoting dealer, for settlement on such payment date, of the aggregate amount of the U.S. dollars payable on such payment date in respect of such Notes. All currency exchange costs, including any taxes on the performance of any operation to obtain U.S. dollars, will be borne by the Company or the relevant Subsidiary Guarantor, as applicable. In the event that the exchange rate quotation is not available on the second Business Day next preceding the applicable payment date, the rate at which the amounts due shall be converted into U.S. dollars shall be on the basis of the most recently available market exchange rate quotations.

Listing

In the event that the Notes are listed on the Official List of the Irish Stock Exchange for trading on the Global Exchange Market, the Company will use its commercially reasonable efforts to maintain such listing; provided that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the "Transparency Directive") or any legislation implementing the Transparency Directive or other directives or legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the Notes from the Irish Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the Notes on a different section of the Irish Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Company's Board of Directors may decide.

Certain Definitions

The following sets forth certain of the defined terms used in the Indenture. Reference is made to the Indenture for full disclosure of all such terms, as well as any other terms used herein for which no definition is provided.

“*Acquired Indebtedness*” means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Acquired Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

“*Additional Amounts*” has the meaning set forth under “—Additional Amounts” above.

“*Additional Notes*” has the meaning set forth under “—General” above.

“*Affiliate*” means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“*Asset Acquisition*” means:

- (1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;
- (2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or
- (3) any Revocation with respect to an Unrestricted Subsidiary.

“*Asset Sale*” means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including, without limitation, a Sale and Leaseback Transaction (each, a “disposition”), by the Company or any Restricted Subsidiary of:

- (a) any Capital Stock other than Capital Stock of the Company (other than directors’ qualifying shares and shares issued to foreign nationals to the extent required by applicable law); or
- (b) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

- (1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under “—Covenants—Merger, Consolidation and Sale of Assets” or any disposition which constitutes a Change of Control;
- (2) the sale of property or equipment that, in the reasonable determination of the Company, has become worn out, obsolete or damaged or otherwise unused in connection with the business of the Company or any Restricted Subsidiary;
- (3) sales or other dispositions of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

- (4) for purposes of “—Covenants—Limitation on Asset Sales” only, the making of a Restricted Payment permitted under “—Covenants—Limitation on Restricted Payments” and any Permitted Investment;
- (5) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;
- (6) the creation of a Permitted Lien;
- (7) dispositions of receivables and related assets or interests in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (8) (i) the licensing or sublicensing of intellectual property or other general intangibles, including entering into cross-licensing arrangements, in the ordinary course of business and (ii) the abandonment or other disposition of intellectual property that is, in the reasonable judgment of management of the Company or the relevant Restricted Subsidiary, no longer economically convenient to maintain or useful in the conduct of the Permitted Business;
- (9) any sale of Capital Stock in, or Indebtedness of other securities of, an Unrestricted Subsidiary;
- (10) a Sale and Leaseback Transaction permitted under the proviso at the end of “—Covenants—Limitation on Sale and Leaseback Transactions”;
- (11) the good faith surrender or waiver of contract rights, tort claims or statutory rights in connection with a settlement;
- (12) the lease, assignment, licensing or sub-lease or sub-licensing of any real or personal property in the ordinary course of business;
- (13) Sale and Leaseback Transactions, as lessee or sublessee, and other dispositions by a Non-Recourse Subsidiary in connection with Non-Recourse Financings Incurred by such Non-Recourse Subsidiary; and
- (14) any transaction or series of related transactions involving property or assets with a Fair Market Value not in excess of U.S.\$2.0 million (or the equivalent in other currencies).

“*Asset Sale Offer*” has the meaning set forth under “—Covenants—Limitation on Asset Sales.”

“*Asset Sale Offer Amount*” has the meaning set forth under “—Covenants—Limitation on Asset Sales.”

“*Asset Sale Offer Payment Date*” has the meaning set forth under “—Covenants—Limitation on Asset Sales.”

“*Asset Sale Transaction*” means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

“*Attributable Indebtedness*” means, in respect of a Sale and Leaseback Transaction the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“*Board of Directors*” means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

“*Board Resolution*” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“*Business Day*” means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in the City of Buenos Aires, Argentina.

“*Capital Stock*” means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated and whether or not voting) of equity of such Person, including each class of Common Stock, Preferred Stock, limited liability interests or partnership interests, but excluding any debt securities convertible into such equity.

“*Capitalized Lease Obligations*” means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

“*Cash Equivalents*” shall mean:

- (1) United States dollars, Euros, Argentine pesos, or the local currencies of the countries of incorporation of the Company and the Restricted Subsidiaries held by the Company or any Restricted Subsidiary from time to time;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than 12 months from the date of acquisition;
- (3) certificates of deposit, demand and time deposits and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers’ acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any commercial bank having capital and surplus in excess of U.S.\$250 million and the outstanding indebtedness of which is rated at least “A-2” by S&P, at least “P-2” by Moody’s or at least “F-2” by Fitch (or the equivalent of such rating by such rating organization, or, if no rating of S&P, Moody’s or Fitch then exists because none of the foregoing then rates obligations of the type described in this clause, the equivalent of such rating by any other United States nationally recognized securities rating agency);
- (4) commercial paper having one of the two highest rating categories obtainable from either Moody’s or S&P and in each case maturing within 12 months after the date of acquisition;
- (5) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof, in either case having one of the two highest rating categories obtainable from either Moody’s or S&P and in each case maturing within 12 months after the date of acquisition; and
- (6) money market funds (including money market funds authorized by the Argentine *Comisión Nacional de Valores*) that invest primarily in securities described in clauses (1) through (5) of this definition

“*Change of Control*” means the occurrence of any of the following events:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than to one or more Permitted Holders;
- (2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that (i) any Person other than one or more Permitted Holders (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares or (ii) the Permitted Holders cease to be the beneficial owners, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; or
- (3) the adoption of a plan relating to the liquidation or dissolution of the Company.

“*Change of Control Offer*” has the meaning set forth under “—Change of Control Triggering Event.”

“*Change of Control Payment*” has the meaning set forth under “—Change of Control Triggering Event.”

“*Change of Control Payment Date*” has the meaning set forth under “—Change of Control Triggering Event.”

“*Change of Control Triggering Event*” means the occurrence of both a Change of Control and a Rating Decline.

“*Commodity Agreement*” means, with respect to any Person, any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity or raw material futures contract or any other agreement as to which such Person is a party designed to manage commodity risk of such Person.

“*Common Stock*” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

“*Consolidated Adjusted EBITDA*” means, with respect to any Person for any period, the sum of the following, without duplication:

- (1) Consolidated operating income of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) for such period, plus
- (2) Depreciation and amortization and any other Consolidated Non-cash Charges of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) (to the extent deducted in determining consolidated operating income) for such period,

in each case as determined in accordance with GAAP.

“*Consolidated Assets*” means the total consolidated assets of the Company and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Company provided to the trustee pursuant to “—Covenants—Reports to Holders” (or required to be provided thereunder); all calculated in accordance with GAAP and calculated on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Company and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

“*Consolidated Fixed Charge Coverage Ratio*” means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Adjusted EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the “Four Quarter Period”) to Consolidated Interest Expense for such Person for such Four Quarter Period. For purposes of this definition, Consolidated Adjusted EBITDA and Consolidated Interest Expense will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation for the following:

- (1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period and at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and
- (2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of such Four Quarter Period.

For purposes of making such pro forma computation:

- (a) interest on any Indebtedness bearing a floating rate of interest will be calculated as if the rate in effect on the applicable date of determination had been the applicable rate for the entire Four Quarter Period (taking into account any Interest Rate Agreements applicable to such Indebtedness);
- (b) interest on any Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such Four Quarter Period, or if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation; and
- (c) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, will be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

“*Consolidated Indebtedness*” means, with respect to any Person as of any date of determination, an amount equal to the aggregate amount (without duplication) of all Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) outstanding at such time determined in accordance with GAAP and as set forth in the most recent consolidated balance sheet of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries).

“*Consolidated Interest Expense*” means, with respect to any Person for any period, the sum (without duplication) determined on a consolidated basis in accordance with GAAP of: the aggregate amount of the accrued interest, commission, fees, discounts and prepayment penalties or premiums generated by liabilities of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) (on a consolidated basis) for such period net from the aggregate amount of the accrued interest, commission, fees, discounts and prepayment penalties or premiums generated by assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) (on a consolidated basis) for such period, provided that, in any fiscal period during which inflationary accounting shall be in effect in accordance with GAAP, the aggregate effects of inflation included in the aforementioned concepts generated by assets and liabilities shall be excluded.

“*Consolidated Net Debt to EBITDA Ratio*” means, with respect to any Person as of any date of determination, the ratio of (i) the aggregate amount of Consolidated Indebtedness for such Person as of such date, deducting (x) the aggregate amount of freely available cash and cash equivalents (as determined in accordance with GAAP) held by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries) (on a consolidated basis) at that time, and (y) the aggregate amount of recorded Indebtedness consisting of discounted factoring arrangements with respect to accounts receivable from Argentine governmental entities at all levels (national, provincial and municipal), including without limitation any public organism or state-owned corporation, and payable within 180 days; to (ii) Consolidated Adjusted EBITDA for such Person for the Four Quarter Period.

For purposes of this definition, Consolidated Indebtedness and Consolidated Adjusted EBITDA will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation for the following:

- (1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries), and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period or at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, to the extent, in the case of an Incurrence, such Indebtedness is outstanding on the date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period;
- (2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company other than Non-Recourse Subsidiaries), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four

Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of the Four Quarter Period; and

- (3) in the case of the Company and the Subsidiary Guarantors, any reductions in net Indebtedness due to Investments made pursuant to clause (2) of “Permitted Investments” that are held as of the time of such calculation.

For purposes of making such pro forma computation, the amount of Indebtedness under any revolving credit facility will be computed based on:

- (a) the average daily balance of such Indebtedness during such Four Quarter Period; or
- (b) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation,

in each case giving pro forma effect to any borrowings related to any transaction referred to in clause (2) above.

“*Consolidated Net Income*” means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with GAAP; provided that there will be excluded therefrom to the extent reflected in such aggregate net income (loss):

- (1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;
- (2) net after-tax items classified as extraordinary gains or losses or income or expenses or charges;
- (3) the net income (or loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that the Company’s equity in the net income of any Person will be included up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (4) below); and except further that the Company’s equity in the net loss of any Person will be included to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary;
- (4) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(A) of “—Covenants—Limitation on Restricted Payments,” the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;
- (5) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;
- (6) any gain (or loss) from foreign exchange translation or change in net monetary position;
- (7) any net gain or loss (after any offset) resulting in such period from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; provided that the net effect on income or loss (including in any prior periods) will be included upon any termination or early extinguishment of such Hedging Obligations, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness; and
- (8) the cumulative effect of changes in accounting principles.

“*Consolidated Non-cash Charges*” means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses or losses of such Person and its Subsidiaries (Restricted

Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

“*Contractual Obligation*” means, as applied to any Person, any provision of (i) any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as “securities” or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing; or (ii) any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

“*Covenant Defeasance*” has the meaning set forth under “—Legal Defeasance and Covenant Defeasance.”

“*Covenant Suspension Event*” has the meaning set forth under “—Covenant Suspension.”

“*Currency Agreement*” means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed solely to hedge foreign currency risk of such Person.

“*Default*” means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

“*Designation Amount*” has the meaning set forth under “—Covenants—Limitation on Designation of Unrestricted Subsidiaries” above.

“*Disqualified Capital Stock*” means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof.

“*Equity Offering*” means an offering for cash, after the Issue Date, of Qualified Capital Stock of the Company or of any direct or indirect parent of the Company (to the extent the proceeds thereof are contributed to the common equity of the Company).

“*Event of Default*” has the meaning set forth under “—Events of Default.”

“*Excess Proceeds*” has the meaning set forth under “Covenants—Limitation on Asset Sales.”

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“*Fair Market Value*” means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm’s-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; provided that the Fair Market Value of any such asset or assets, if greater than U.S.\$2.0 million, will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution.

“*Fitch*” means Fitch Ratings Ltd. and its successors.

“*Four Quarter Period*” has the meaning set forth in the definition of Consolidated Fixed Charge Coverage Ratio above.

“*GAAP*” means IFRS applied on a consistent basis.

“*Guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

- (1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part;

provided that “*Guarantee*” will not include endorsements for collection or deposit in the ordinary course of business. “*Guarantee*,” when used as a verb, has a corresponding meaning.

“*Hedging Obligations*” means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

“*Holder*” means the Person in whose name a Note is registered in the note register pursuant to the terms of the Indenture.

“*IFRS*” means the International Financial Reporting Standards as adopted by the International Accounting Standards Board, as in effect from time to time.

“*Incur*” means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and “*Incurrence*” and “*Incurred*” will have meanings correlative to the foregoing); provided that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Company and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Capital Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Capital Stock or Preferred Stock will be considered an Incurrence of Indebtedness.

“*Indebtedness*” means, with respect to any Person, without duplication:

- (1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;
- (2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all Capitalized Lease Obligations of such Person;
- (4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable in the ordinary course of business);
- (5) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1), (2) and (4) above) entered into in the ordinary course of business of such Person, to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third business day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);
- (6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (11) below;
- (7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) above which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness

being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the Indebtedness so secured;

- (8) all net obligations under Hedging Obligations of such Person (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);
- (9) all liabilities recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivables and related assets;
- (10) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; provided that:
 - (a) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to the Indenture;
 - (b) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof; and
- (11) all liabilities recorded on the balance sheet of such Person in connection with any equity commitments, whether pursuant to letters of credit or otherwise, other than any such liabilities in connection with any equity contribution commitment that (i) is or would be permitted under the covenant “—Limitation on Restricted Payments” so long as treated as an Investment and (ii) the corresponding amount of the equity contribution commitment is deposited in a reserve account and is not recognized as cash, Cash Equivalents or marketable securities of the Person or any of its Subsidiaries in calculating the Consolidated Indebtedness thereof.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingency obligations at such date.

“*Independent Financial Advisor*” means an accounting firm, appraisal firm, investment banking firm or consultant of internationally recognized standing that is, in the judgment of the Company’s Board of Directors, qualified to perform the task for which it has been engaged and which is independent in connection with the relevant transaction.

“*Interest Rate Agreement*” means, with respect to any Person, any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed solely to hedge interest rate risk of such Person.

“*Investment*” means, with respect to any Person, any:

- (1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) or performance guarantee to any other Person (other than advances or extensions of credit to customers in the ordinary course of business);
- (2) capital contribution (including any commitment to make such capital contribution) (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person; or
- (3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

“*Investment*” will exclude accounts receivable or deposits arising in the ordinary course of business. “Invest,” “Investing” and “Invested” have corresponding meanings.

For purposes of the “—Limitation on Restricted Payments” covenant, the Company will be deemed to have made an “Investment” in an Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Unrestricted Subsidiary Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

“*Investment Grade Rating*” means a rating equal to or higher than (a) BBB-, in the case of S&P and Fitch, and (b) Baa3, in the case of Moody’s.

“*Issue Date*” means the first date of issuance of Notes under the Indenture.

“*Joint Venture*” means any Person (including, without limitation, an Argentine *Union Transitoria de Empresas*) engaged in a Permitted Business that is not a direct or indirect Subsidiary of the Company in which the Company or any of its Restricted Subsidiaries makes any Investment.

“*Legal Defeasance*” has the meaning set forth under “—Legal Defeasance and Covenant Defeasance.”

“*Lien*” means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); provided that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder; provided that in no event shall an operating lease be deemed to constitute a Lien.

“*Moody’s*” means Moody’s Investors Service, Inc., or any successor thereto.

“*Net Cash Proceeds*” means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

- (1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);
- (2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;
- (3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale;
- (4) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale; and
- (5) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

“*Non-Recourse Financing*” means any Indebtedness owed to a Person unrelated to the Company or any of its Subsidiaries or Affiliates with respect to which neither the Company nor any Restricted Subsidiary (a) is, or has any obligation (contingent or otherwise) to become, an obligor under any agreements or contracts

evidencing such Indebtedness (other than pursuant to Permitted Project Undertakings, Permitted Equity Commitments or Permitted Business Investments) or (b) has granted a Lien (other than Permitted Liens) on any of its assets as security (or has any obligation, contingent or otherwise, to do so).

“*Non-Recourse Subsidiary*” means (a) any Subsidiary of the Company that (i) (x) is the owner, lessor, in charge of maintenance of and/or operator of (or is formed to own, lease, maintain, or operate) one or more Projects or conducts activities reasonably related or ancillary thereto, (y) is the lessee or borrower (or is formed to be the lessee or borrower) in respect of Non-Recourse Financing financing one or more Projects, and/or (z) develops, maintains or constructs (or is formed to develop, maintain or construct) one or more Projects, (ii) has no Subsidiaries and owns no material assets other than those assets or Subsidiaries necessary for the ownership, leasing, development, construction, or maintenance or operation of such Projects or any activities reasonably related or ancillary thereto and (iii) has no Indebtedness other than Non-Recourse Financings and intercompany Indebtedness to the extent permitted under the Indenture and (b) any Subsidiary of the Company that (i) is the direct or indirect owner of all or a portion of the Capital Stock in one or more Persons, each of which meets the qualifications set forth in (a) above, (ii) has no Subsidiaries other than Subsidiaries each of which meets the qualifications set forth in clause (a) or clause (b)(i) above, (iii) owns no material assets other than those assets necessary for the ownership, leasing, development, construction, maintenance or operation of Projects or any activities reasonably related or ancillary thereto and (iv) has no Indebtedness other than Non-Recourse Financings and intercompany Indebtedness to the extent permitted under the Indenture.

“*Obligations*” means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), premium, Additional Amounts, penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the Notes and the Subsidiary Guarantees, the Indenture.

“*Officer*” means, with respect to any Person, the chairman of the Board of Directors, president, chief executive officer, chief financial officer, chief operating officer, or any vice president, treasurer or secretary of such Person.

“*Officer’s Certificate*” means, in connection with any action to be taken by the Company or any Subsidiary Guarantor a certificate signed by an Officer of such Person in accordance and compliance with the terms of the Indenture and that is delivered to the Trustee.

“*Opinion of Counsel*” means a written opinion of counsel, who may be counsel for the Company (except as otherwise provided in the Indenture), obtained at the expense of the Company, a Surviving Entity or a Restricted Subsidiary, and who is reasonably acceptable to the Trustee.

“*Permitted Business*” means the business or businesses conducted by the Company, its Restricted Subsidiaries and any Joint Ventures of the Company or its Restricted Subsidiaries as of the Issue Date; any business ancillary or complementary thereto; and any business or businesses relating to infrastructure, including, without limitation, the investment, construction, operation and maintenance in sectors such as waste management, construction, water supply, transportation, energy, logistics, airports, mining, oil and gas and toll road, and information technology related thereto, and/or concession of public services or utilities, including public and private partnerships.

“*Permitted Business Investments*” means Investments by the Company or any of its Restricted Subsidiaries in, or for the benefit of, any Non-Recourse Subsidiary or in any Joint Venture, *provided* that:

- (1) at the time of such Investment and immediately thereafter, the Company could Incur \$1.00 of additional Indebtedness under (i) both the Consolidated Net Debt to EBITDA Ratio test and the Consolidated Fixed Charge Coverage Ratio test set forth in paragraph (1) of the covenant described under “—Covenants—Limitation on Incurrence of Additional Indebtedness” or (ii) clauses (o) and (p) of paragraph (2) of the covenant described under “—Covenants—Limitation on Incurrence of Additional Indebtedness”; and
- (2) such Non-Recourse Subsidiary’s or Joint Venture’s activities are not outside the scope of the Permitted Business.

“*Permitted Equity Commitments*” means obligations of the Company or any of its Restricted Subsidiaries to make any payment in respect of any Capital Stock in any Non-Recourse Subsidiary (and any related guarantee by the Company or any of its Restricted Subsidiaries proportional to the equity commitment) as long as each such payment in respect of such Capital Stock would constitute a Permitted Investment.

“*Permitted Holders*” means one or more of the following (i) Aldo Benito Roggio and Graciela Amalia Roggio, (ii) any spouse, descendant, heirs or estate of the individuals referred to in the preceding clause (i), and (iii) any non-natural Person that is an Affiliate of any of the Persons referred to in the preceding clauses (i) and (ii) and with respect to which a Person or Persons listed in the preceding clauses (i) and (ii) owns the majority of the aggregate of the total voting power of the Voting Stock in such non-natural Person, on a fully diluted basis.

“*Permitted Indebtedness*” has the meaning set forth under clause (2) of “—Covenants—Limitation on Incurrence of Additional Indebtedness.”

“*Permitted Investments*” means:

- (1) any Investment in the Company or in a Restricted Subsidiary that is engaged in a Permitted Business;
- (2) any Investment in the Notes;
- (3) any Investment in Cash Equivalents;
- (4) any Investment by the Company or any Subsidiary of the Company in a Person, if as a result of such Investment,
 - (a) such Person becomes a Restricted Subsidiary, or
 - (b) such Person is merged or consolidated with or into, or transfers or conveys substantially all its assets to, or is liquidated into, the Company or a Restricted Subsidiary;
- (5) Investments received as non-cash consideration in an Asset Sale made pursuant to and in compliance with the provisions of “—Covenants—Limitation on Asset Sales” or a disposition excluded under the definition of Asset Sale;
- (6) any Investment acquired solely in exchange for Qualified Capital Stock of the Company or the licensing of intangible property;
- (7) Hedging Obligations otherwise permitted under the Indenture;
- (8) (i) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business, (ii) Cash Equivalents or other cash management investments or liquid or portfolio securities pledged as collateral pursuant to the covenant described under the caption “—Covenants—Limitation on Liens,” (iii) endorsements for collection or deposit in the ordinary course of business, and (iv) securities, instruments or other obligations received in compromise or settlement of debts created in the ordinary course of business, or by reason of a composition or readjustment of debts or reorganization of another Person, or in satisfaction of claims or judgments;
- (9) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date, or as otherwise permitted under the Indenture);
- (10) guarantees of Indebtedness permitted under “—Covenants—Limitation on Incurrence of Additional Indebtedness” and the creation of Liens on the assets of the Company or any Restricted Subsidiary in compliance with the covenant described under “—Covenants—Limitation on Liens”;
- (11) advances, loans or extensions of trade credit in the ordinary course of business by the Company or any of its Restricted Subsidiaries;
- (12) payroll, travel and other loans or advances to, or Guarantees issued to support the obligations of, officers and employees, in each case in the ordinary course of business;
- (13) Permitted Business Investments; and

- (14) in addition to Investments listed above, Investments in Persons engaged in Permitted Businesses in an aggregate amount, taken together with all other Investments made in reliance on this clause (14), not to exceed U.S.\$10 million.

“*Permitted Liens*” means any of the following Liens:

- (1) Liens existing on the Issue Date and any extension, renewal or replacement thereof; provided, however, that any Liens securing Indebtedness to be repaid, prepaid, repurchased and/or cancelled with the proceeds from the offering of the Notes as described under Use of Proceeds in this offering memorandum and which Indebtedness is not repaid, prepaid, repurchased and/or cancelled on the Issue Date shall not be extended, renewed or replaced pursuant to this clause (1);
- (2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;
- (3) (a) licenses, sublicenses, leases or subleases granted by the Company or any of its Restricted Subsidiaries to other Persons not materially interfering with the conduct of the business of the Company or any of its Restricted Subsidiaries and (b) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the Indenture to which the Company or any Restricted Subsidiary is a party;
- (4) Liens Incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, customs duties, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);
- (5) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person’s obligations in respect of bankers’ acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (6) Liens on patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the extent such Liens arise from the granting of license to use such patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to any Person in the ordinary course of business of the Company or any of its Restricted Subsidiaries;
- (7) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;
- (8) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;
- (9) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings, provided that appropriate reserves required pursuant to GAAP have been made in respect thereof;
- (10) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

- (11) deposits in the ordinary course of business securing liability for reimbursement obligations of insurance carriers providing insurance to the Company or its Restricted Subsidiaries and any Liens thereon;
- (12) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;
- (13) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution;
- (14) Liens securing Hedging Obligations;
- (15) any Lien securing an extension, renewal or refunding of Indebtedness secured by a Lien permitted hereunder; *provided* that such new Lien is limited to the property which was subject to the prior Lien immediately before such extension, renewal or refunding; and *provided further* that the principal amount of Indebtedness secured by the prior Lien immediately before such extension, renewal or refunding is not increased;
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary and permitted to be Incurred under the Indenture;
- (17) Liens securing Acquired Indebtedness Incurred in accordance with “—Covenants—Limitation on Incurrence of Additional Indebtedness” not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; provided that
 - (a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary; and
 - (b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;
- (18) Liens securing Indebtedness permitted to be Incurred or assumed under the Indenture for the purpose of financing all or any part of the cost of constructing, acquiring or improving any asset, which Liens attach to such asset concurrently with or within 365 days after the acquisition, or the completion of the construction or improvement thereof;
- (19) Liens securing the Notes and any Subsidiary Guarantees;
- (20) Sale and Leaseback Transactions pursuant to the proviso at the end of the covenant described under the caption “—Covenants—Limitation on Sale and Leaseback Transactions”;
- (21) Liens arising from precautionary Uniform Commercial Code financing statement and similar filings in other jurisdictions regarding operating leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;
- (22) Liens securing Indebtedness permitted to be Incurred pursuant to clause 2(f) under “—Covenants—Limitation of Incurrence of Additional Indebtedness”;
- (23) Liens given to a public authority or other service provider or any other governmental authority by a Non-Recourse Subsidiary when required by such public authority or other service provider or other governmental authority in connection with the operations of such person in the ordinary course of business;

- (24) reservations, limitations, provisos and conditions, if any, expressed in any grants, permits, licenses or approvals from any governmental authority or any similar authority;
- (25) Liens in the nature of restrictions on changes in the direct or indirect ownership or control of any Non-Recourse Subsidiary;
- (26) Liens in the nature of rights of first refusal, rights of first offer, purchase options and similar rights in respect of the Capital Stock or assets of Non-Recourse Subsidiaries included in documentation evidencing contemplated purchase and sale transactions permitted under the Indenture, any Non-Recourse Financing or any Project Obligations;
- (27) Liens on the Capital Stock of any Non-Recourse Subsidiary or any participation in a Joint Venture to secure Indebtedness of such Non-Recourse Subsidiary or Joint Venture; and
- (28) Liens securing an aggregate amount of Indebtedness outstanding at any one time (including, without limitation, Liens consisting of assignment of collection rights as security for Indebtedness and Indebtedness provided by the International Finance Corporation (IFC), the Inter-American Development Bank (IDB), the Corporación Andina de Fomento (CAF) or any other government owned development bank or agency in Argentina), not to exceed 15% of the Company's Consolidated Assets (or the equivalent in other currencies).

“*Permitted Project Undertakings*” means guarantees by or obligations of the Company or any Restricted Subsidiary in respect of any Project Obligation.

“*Person*” means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, *unión transitoria de empresas*, *acuerdo de colaboración empresarial* or a governmental agency or political subdivision thereof.

“*Post-Petition Interest*” means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

“*Preferred Stock*” means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

“*Project*” means any project related to a Permitted Business.

“*Project Obligations*” means, as to the Company or any Subsidiary, any Contractual Obligation (excluding, for avoidance of doubt, Indebtedness for borrowed money) under contracts entered into in connection with a Project.

“*Purchase Money Indebtedness*” means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; provided that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of the Refinancing.

“*Qualified Capital Stock*” means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

“*Refinance*” means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. “*Refinanced*” and “*Refinancing*” have correlative meanings.

“*Rating Agencies*” means (i) S&P, (ii) Moody's and (iii) Fitch. In the event that any of S&P, Moody's or Fitch is no longer in existence or issuing ratings, such organization, as the case may be, may be replaced by

an internationally recognized statistical rating organization designated by the Company with notice to the Trustee.

“*Rating Date*” means in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (i) the occurrence of a Change of Control or (ii) public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control.

“*Rating Decline*” means in connection with a Change of Control Triggering Event, the occurrence, on or within 90 days after the earlier to occur of public notice of (i) the occurrence of a Change of Control or (ii) the intention by the Company or any other Person or Persons to effect a Change of Control (which period will be extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change as a result of a Change of Control), of any of the events listed below, in each case expressly as a result of such Change of Control:

- (a) in the event the Notes have an Investment Grade Rating by any two or more Rating Agencies on the Rating Date, the rating of the Notes by any such Rating Agency will be changed to below an Investment Grade Rating;
- (b) in the event the Notes have an Investment Grade Rating by any, but not two or more, of the Rating Agencies on the Rating Date, the rating of the Notes by such Rating Agency will be changed to below an Investment Grade Rating; or
- (c) in the event the Notes are rated below an Investment Grade Rating by any two or more Rating Agencies on the Rating Date, the rating of the Notes by any such Rating Agency will be decreased by one or more gradations (including gradations within rating categories as well as between rating categories).

“*Refinancing Indebtedness*” means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary (including any successive refinancing) so long as:

- (1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (including any amortization payments made prior to the date of any refinancing) (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);
- (2) such new Indebtedness has:
 - (a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; and
 - (b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and
- (3) if the Indebtedness being Refinanced is:
 - (a) Non-Recourse Financing, then such Refinancing Indebtedness is Non-Recourse Financing incurred by one or more Non-Recourse Subsidiaries; and
 - (b) Subordinated Indebtedness, then such Refinancing Indebtedness will be subordinated to the Notes or any relevant Subsidiary Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

“*Restricted Payment*” has the meaning set forth under “—Covenants—Limitation on Restricted Payments.”

“*Restricted Subsidiary*” means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

“*Reversion Date*” has the meaning set forth under “—Covenant Suspension.”

“*Revocation*” has the meaning set forth under “—Covenants—Limitation on Designation of Unrestricted Subsidiaries.”

“*Sale and Leaseback Transaction*” means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

“*S&P*” means Standard & Poor’s Rating Service or any successor thereto.

“*Senior Indebtedness*” means the Notes and the Subsidiary Guarantees and any other Indebtedness of the Company or any Restricted Subsidiary that ranks equal in right of payment with the Notes or the relevant Subsidiary Guarantee, as the case may be.

“*Significant Subsidiary*” means a Restricted Subsidiary of the Company that would constitute a “Significant Subsidiary” of the Company in accordance with Rule 1-02 under Regulation S-X under the Securities Act in effect on the Issue Date.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

“*Subordinated Indebtedness*” means, with respect to the Company or any Restricted Subsidiary, any Indebtedness of the Company or such Restricted Subsidiary, as the case may be, which is expressly subordinated in right of payment to the Notes or the relevant Subsidiary Guarantee, as the case may be.

“*Subsidiary*” means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50% of the voting power of the other Person’s outstanding Voting Stock or decision rights, in the case ownership is not represented through securities.

“*Subsidiary Guarantee*” means the unconditional guarantee, on a joint and several basis, of the full and prompt payment of all Obligations of the Company under the Indenture and the Notes, in accordance with the terms of the Indenture.

“*Subsidiary Guarantor*” means (i) each of Benito Roggio e Hijos S.A. (“BRH”) and Cliba Ingeniería Urbana S.A. (“Cliba”), and (ii) any other Subsidiary of the Company that provides a Subsidiary Guarantee in accordance with the provisions of the Indenture after the Issue Date.

“*Surviving Entity*” has the meaning set forth under “—Covenants—Limitation on Merger, Consolidation and Sale of Assets.”

“*Suspended Covenants*” has the meaning set forth under “—Covenant Suspension.”

“*Suspension Period*” has the meaning set forth under “—Covenant Suspension.”

“*Unrestricted Subsidiary*” means any Subsidiary of the Company designated as an Unrestricted Subsidiary pursuant to “—Covenants—Limitation on Designation of Unrestricted Subsidiaries.” Any such Unrestricted Subsidiary Designation may be revoked by a Board Resolution of the Company, subject to the provisions of such covenant.

“*Unrestricted Subsidiary Designation*” has the meaning set forth under “—Covenants—Limitation on Designation of Unrestricted Subsidiaries” above.

“*Voting Stock*” means, with respect to any Person, securities of any class of Capital Stock of such Person then outstanding and normally entitled to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person. The term “normally entitled” means without regard to any contingency.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

- (1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into
- (2) the sum of the products obtained by multiplying:
 - (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by
 - (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

BOOK-ENTRY, DELIVERY AND FORM

Book-Entry System; Delivery and Form

The Notes are being offered and sold in connection with the initial offering thereof solely to “qualified institutional buyers,” as that term is defined in Rule 144A under the Securities Act pursuant to Rule 144A, and in offshore transactions to persons other than “U.S. persons,” as defined in Regulation S under the Securities Act, in reliance on Regulation S. Following the initial offering of the Notes, the Notes may be resold to qualified institutional buyers pursuant to Rule 144A, non-U.S. persons in offshore transactions in reliance on Regulation S, and pursuant to Rule 144 under the Securities Act, as described under “Transfer Restrictions.”

The Global Notes

Rule 144A Global Note

Notes offered and sold to qualified institutional buyers pursuant to Rule 144A will initially be issued in the form of one or more registered notes in global form, without interest coupons. The Rule 144A global Note will be deposited on the date of the closing of the sale of the Notes with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC, and will remain in the custody of the Trustee pursuant to the FAST Balance Certificate Agreement between DTC and the Trustee. Interests in the Rule 144A global note will be available for purchase only by qualified institutional buyers.

Regulation S Global Note

Notes offered and sold in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act will initially be issued in the form of one or more registered notes in global form, without interest coupons. The Regulation S global Note will be deposited upon issuance with, or on behalf of, a custodian for DTC in the manner described in the preceding paragraph for credit to the respective accounts of the purchasers.

Investors may hold their interests in the Regulation S global note directly through Euroclear or Clearstream as participant in DTC, if they are participants in such systems, or indirectly through organizations which are participants in such systems. After the expiration of the restricted period (defined below under “—Exchanges Among the Global Notes”), investors may also hold such interests through organizations other than Euroclear or Clearstream that are participants in the DTC system. Euroclear and Clearstream will hold such interests in the Regulation S global note on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositaries. Such depositaries, in turn, will hold such interests in the Regulation S global note in customers’ securities accounts in the depositaries’ names on the books of DTC.

Except as set forth below, the Rule 144A global note and the Regulation S global note, collectively referred to in this section as the “global notes,” may be transferred, in whole and not in part, solely to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in respect of the global notes may not be exchanged for Notes in physical, certificated form (referred to as “certificated notes”) except in the limited circumstances described below.

The Notes will be subject to certain restrictions on transfer and will bear a restrictive legend as set forth under “Transfer Restrictions.”

All interests in the global notes, including those held through Euroclear or Clearstream, shall be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

Exchanges Among the Global Notes

Prior to the 40th day after the later of the commencement of the offering of the Notes and the date of the closing of the sale of the Notes (through and including the 40th day, the “restricted period”), transfers by an owner of a beneficial interest in respect of the Regulation S global note to a transferee who takes delivery of this interest through the Rule 144A global note will be made only in accordance with applicable procedures and upon receipt by the Trustee of a written certification from the transferor of the beneficial interest in respect of the form provided in the Indenture to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting

the requirements of Rule 144A. Such written certification will no longer be required after the expiration of the restricted period.

Transfers by an owner of a beneficial interest in respect of the Rule 144A global note to a transferee who takes delivery of such interest through the Regulation S global note, whether before or after the expiration of the restricted period, will be made only upon receipt by the Trustee of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or (if available) Rule 144 under the Securities Act and that, if such transfer is being made prior to the expiration of the restricted period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Any beneficial interest in respect of one of the global notes that is transferred to a person who takes delivery in the form of an interest in another global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other global note for as long as it remains such an interest.

Certain Book-Entry Procedures for the Global Notes

The descriptions of the operations and procedures of DTC, Euroclear and Clearstream set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Clisa, the initial purchasers and the Trustee do not take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised Clisa that it is (i) a limited purpose trust company organized under the laws of the State of New York, (ii) a “banking organization” within the meaning of the New York Banking Law, (iii) a member of the Federal Reserve System, (iv) a “clearing corporation” within the meaning of the Uniform Commercial Code, as amended, and (v) a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC’s participants include securities brokers and dealers (including the initial purchasers), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies, or indirect participants that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

Clisa expects that pursuant to procedures established by DTC (i) upon deposit of each global note, DTC will credit the accounts of participants designated by the initial purchasers with an interest in the global note and (ii) ownership of the Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of participants) and the records of participants and the indirect participants (with respect to the interests of persons other than participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the Notes represented by a global note to such persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in Notes represented by a global note to pledge or transfer such interest to persons or entities that do not participate in DTC’s system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by the global note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in respect of a global note will not be entitled to have Notes represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes, and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee thereunder. Accordingly, each beneficial owner of interest in respect of a global note must rely on the procedures of DTC and, if such beneficial owner is not a participant or an indirect participant, on the procedures of the participant through which such beneficial owner owns its interest, to exercise any rights of a Holder of Notes under the Indenture or such global note. Clisa understands that under existing industry

practice, in the event that Clisa requests any action of holders of Notes, or a beneficial owner that is an owner of a beneficial interest in respect of a global note desires to take any action that DTC, as the Holder of such global note, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instruction of such holders. Neither Clisa nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such Notes.

Payments with respect to the principal of, premium, if any, liquidated damages, if any, and interest on any Notes represented by a global note registered in the name of DTC or its nominee will be payable by the Trustee to or at the direction of DTC or its nominee in its capacity as the registered Holder of the global note representing such Notes under the Indenture. Under the terms of the Indenture, Clisa and the Trustee may treat the persons in whose names the Notes, including the global notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither Clisa nor the Trustee has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in respect of a global note (including principal, premium, if any, liquidated damages, if any, and interest). Payments by the participants and the indirect participants to the owners of beneficial interests in respect of a global note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interest in a global security by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither Clisa nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If (i) Clisa notifies the Trustee in writing that DTC is no longer willing or able to act as a depository or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depository is not appointed within 90 days of such notice or cessation, (ii) Clisa, at its option, notifies the Trustee in writing that Clisa elects to cause the issuance of Notes in definitive form under the Indenture or (iii) upon the occurrence of certain other events as provided in the Indenture, then, upon surrender by DTC of the global notes, certificated notes will be issued to each person that DTC identifies as the beneficial owner of the Notes represented by the

global notes. Upon any such issuance, the Trustee is required to register such certificated notes in the name of such person or persons (or the nominee of any thereof) and cause the same to be delivered thereto.

Neither Clisa nor the Trustee shall be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related Notes and each such person may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Notes to be issued).

ADDITIONAL INFORMATION

Capital Stock

As of March 31, 2016 the issued capital stock of Clisa was Ps.96,677,524 plus a capital adjustment of Ps.115,738,740, which amounts to a total of Ps.212,416,264, all corresponding to a sole series of outstanding shares.

Clisa has 96,677,524 common outstanding “Class A” shares with a face value of Ps.1 and voting rights of five votes per share. These shares are fully paid up.

Clisa’s capital stock has only been modified once since January 1, 2013, due to the corporate reorganization process in which: (i) we absorbed BRA, which was dissolved without liquidation; and (ii) we absorbed the assets split off from Cliba IASA and we acquired assets and liabilities spun-off from Cliba IASA consisting of 90% of the capital stock of Cliba and other financial assets and liabilities related to the value of that stock, effective as of March 31, 2016.

Articles of Incorporation and By-laws

Clisa was registered before the *Inspección General de Justicia* (“IGJ”) (Office of Corporations) on November 15, 1996 under registration No. 11,458 of book 120, volume A of Corporations. Clisa’s By-laws were modified and registered before the IGJ on February 19, 1997 (registration 1,389 of book 120 volume A of Corporations), October 8, 1997 (registration 11,541 of book 122 volume A of Corporations), September 14, 1998 (registration 9,592 of book 2 of Stock Companies) and March 16, 2000 (registration 3,759 of book 10 of Stock Companies).

Pursuant to Section 3 of the By-laws, the corporate purpose of Clisa is to carry out on its own account, on third party’s accounts or in association with third parties, the necessary investment and the required or convenient capital contributions to constituted companies or companies to be constituted, the purchase, sale and administration of securities, debentures and other personal property, whether private or public instruments, the granting of guarantees and bonds and the performance of any kind of investments and financial operations, save for those within the reach of Law No. 21,526, as amended (*Ley de Entidades Financieras*: Financial Institutions Act), and any other involving solicitation of funds from the public. Notwithstanding this, Clisa is able to participate in companies or enterprises that carry out the operations provided for in the abovementioned Act. Clisa is able to trade the securities it may issue in local or foreign stock exchanges and markets. Clisa counts on complete legal qualification for the fulfillment of its corporate purpose.

Pursuant to Section 14 of Clisa’s By-laws, the Board of Directors has broad powers conferred upon it to manage and direct the Issuer to fulfill its corporate purpose.

In accordance with Section 237 of the General Corporations Law, shareholders’ meetings will be called by the Board of Directors, the Supervisory Committee or shareholders representing at least five per cent of the Issuer’s capital stock. In case of the latter, the meeting will be called within forty days. First and second calls for General Shareholders’ Meetings will be made simultaneously according to the General Corporations Law. The General Shareholders’ Meeting to take place in a second call will be summoned for the same date, one hour later than the time set forth for holding the meeting in the first call. Second call for an Extraordinary Shareholders’ Meeting will take place within thirty days of the first call, and notice must be given at least eight days in advance and published for a minimum of three days.

Shareholders’ meetings may take place without publications of the calls when shareholders totalizing one hundred percent of the capital stock attend them and the decisions are taken unanimously. In order to attend the meetings, shareholders must deposit with Clisa their shares or a deposit certificate or other proof issued by a bank, depositary or other authorized entity in case the shares has been created in a book-entry form at least three business days in advance of the meeting. Shares so deposited will be registered in the Shareholders’ Meeting Attendance Book. Clisa will ensure that such shareholders are issued with the necessary paperwork to enable them to attend the meeting.

The shareholders meeting of Clisa held on July 19, 2007 resolved to establish December 31 of each year as the closing date of the fiscal year and thus, amend Section 21 of the by-laws. Such amendment was registered before the *Inspección General de Justicia* on August 23, 2007 (registration 14,007 in Book 36 of Stock Companies).

Regulations on Crimes against the Financial System.

Law No. 26,733, published in the Official Gazette of Argentina on December 28, 2011, amended the Argentine Criminal Code by incorporating certain crimes related to behaviors deployed in the context of transactions within the capital markets. With such amendment, and in connection with the improper utilization of privileged information, Section 307 of the Criminal Code sets forth that any member of the board of directors, member of a controlling organism, shareholder, representative of a shareholder or any other individual who, due to its work, profession or position within an issuer, directly or through a third party delivers or utilizes privileged information accessed in the context of its activity relating to such issuer for the negotiation, quote, purchase, sale or settlement of negotiable instruments will be punished with one to four years of imprisonment, a fine equivalent to the amount of the transactions made and up to five years of special impediment. Section 308 of the Code sets forth that the minimum of penalty will be increased by up to two years of imprisonment and the maximum will be increased up to six years of imprisonment, if: (i) the wrongdoers utilize or deliver privileged information on a regular basis; (ii) the use or delivery of privileged information grants a benefit or avoids an economic prejudice to themselves or to any third parties, and the maximum will be increased up to eight years of imprisonment, if (a) the use or delivery of privileged information causes a material adverse effect in the relevant market; or (b) the crime is committed by a member of the board of directors, member of the controlling organism, member or employee of a self-regulated entity or a rating agency, or a person pursuing a profession requiring enrollment or registration by any authority, or a public officer. In these cases, a special impediment penalty, prohibiting acting on capital markets related activities, for up to eight years will apply.

Regarding prohibited transactions within the capital markets, Section 309 of the Criminal Code establishes a penalty of one year to four years of imprisonment, a fine equivalent to the amount of the transaction and a prohibition on acting on capital markets related activities for up to five years, to any individual (i) making transactions or conducting operations resulting in an increase, maintenance or decrease in the value of securities or other financial instruments by means of false news, faked negotiations, meetings amongst the main holders of such securities, with the purpose of producing the appearance of more liquidity or negotiating it at a specific price; or (ii) offering securities or financial instruments, altering or concealing true facts or circumstances or asserting or suggesting false facts or circumstances. Further, with respect to information, the Code establishes a penalty of two to six years of imprisonment to any representative, manager or controller of a business organization obliged to appoint an internal controlling organism, who provides false information to shareholders, whether by concealing or falsely altering material facts necessary in order to correctly assess the economic situation of the company, or who incorporates false or incomplete information in financial statements or other accounting documentation.

In connection with unauthorized financial intermediation activity, Section 310 of the Criminal Code establishes a penalty of imprisonment of one to four years, a fine in an amount equivalent to two to eight times the value of the relevant transactions and a prohibition on acting on capital markets related activities for up to six years, to any individual that, on its own behalf or on behalf of third parties, directly or indirectly, deploys financial intermediation activity under any structure without due authorization issued by the relevant supervising authority. The same penalty will be applied to any individual who collects savings from the general public within stock exchanges or who provides intermediary services for the acquisition of securities without due authorization issued by the relevant supervision authority. The minimum threshold of the penalty will be increased by up to two years when such services are offered by advertisements in the media, radio or TV transmissions, internet, projections in cinemas, posters, signs, printed communications and any other means of mass distribution.

Additionally, Section 311 of the Criminal Code establishes penalties of imprisonment of one to four years, fines of two to six times the amount of the relevant transactions and prohibition on acting on capital markets related activities for up to six years, for employees and officers of financial institutions or any entity dealing in the stock exchanges that, by inserting false data or mentioning inexistent facts, register in accounting documentation a credit transaction (either as creditors or debtors) dealing with securities, with the purpose of obtaining a benefit for or causing a prejudice to them or third parties. The same penalty will apply to any person omitting to register any such transactions. Section 312 of the Criminal Code establishes penalties of imprisonment of one to six years and disqualification of up to six years for employees or officers of financial institutions or any entity dealing in the stock exchanges who directly or indirectly, and regardless of the positions or interests determined by the institution, receive money as a bribe or any other economic benefit as a condition to enter into credit, financial or capital markets transactions.

Section 313 of the Criminal Code establishes that in cases in which any of the crimes set forth in the preceding sections are committed on behalf of, by means of, or for the benefit of, a legal entity, Section 304 will

apply (see “Anti-Money Laundering and Prevention of the Financing of Terrorism Regulations” below for a description of Section 304 as applicable to issue of the Notes).

Whenever an issuer is involved in any of the activities set forth in the preceding paragraphs, penalties apply with a view to avoiding losses to shareholders or holders of securities not involved in such activities. To such extent, the relevant controlling organism must be heard. Whenever such legal entity is undergoing a reorganization procedure (*concurso preventivo de acreedores*), penalties do not affect the rights and privileges of creditors with titles and interests originating before the wrongdoing. To such extent, the court trustee (*síndico*) must be heard.

Foreign Exchange Controls

See “Foreign Exchange Controls” above for a description of the exchange control regulations applicable to the offering, placement and repayment of the Notes.

Anti-Money Laundering and Prevention of the Financing of Terrorism Regulations

See “Anti-Money Laundering and Prevention of the Financing of Terrorism Regulations” below for a description of the Argentine anti-money laundering and prevention of the financing of terrorism regulations applicable to the issue of the Notes.

Tax burden

See “Taxation” below for a description of the Argentine taxes that may be applicable to the Notes and the holders of the Notes.

Documents availability

Documents related to the issuance of the Notes (including this Offering Memorandum, the Indenture (including the Guarantees), Clisa’s Audited Consolidated Financial Statements as of December 31, 2015, 2014 and 2013 and Clisa’s Unaudited Condensed Interim Consolidated Financial Statements as of March 31, 2016 and 2010) may be viewed at Clisa’s corporate offices located at Av. Leandro N. Alem 1050, 9th Floor (C1001AAS), City of Buenos Aires and a copy of such documents will be given by Clisa to any person who so requests and at CNV’s web site (<http://www.cnv.gob.ar>) but no information contained on such website will be deemed to be part of, or incorporated into, the Offering Memorandum.

TAXATION

The following is a summary of certain matters relating to the tax burden of the Notes based upon current provisions in Argentina, for information purposes only. Although the summary is considered to provide a proper interpretation of the provisions as of the date of this Information Memorandum, it cannot be guaranteed that the governmental authorities or courts responsible for applying such provisions will agree with the interpretation set out below, or that there will be no changes to such provisions (including changes with retroactive effect) or to the interpretation thereof by such governmental authorities or courts.

Tax treatment in Argentina

The following summary is based on Argentine tax laws in effect as of the date of this Information Memorandum, and is subject to any amendment to Argentine laws that may take effect after such date. Prospective purchasers of the Notes are encouraged to consult with its own tax advisers with respect to the consequences arising from an investment in such Notes under any tax legislation in the country in which such person resides, including the collection of interest and the sale, redemption or any other disposition of the Notes.

Income tax

Except as described below, payments of interest on the Notes (including any discount on the original issue, as the case may be) are exempt from income tax in Argentina, provided that the Notes are issued in accordance with the Negotiable Obligations Law, and that they qualify for tax exemption under Section 36 of such law. Interest payable under the Notes is exempt if the following conditions are met:

- (a) the Notes must be placed by means of a public offering approved by the CNV, in accordance with the provisions of the Negotiable Obligations Law and the CNV's and the AFIP's rules;
- (b) the proceeds of the issue of the Notes must be applied, by virtue of the corporate authorization of the offering, towards: (i) investment in tangible assets located in Argentina; (ii) financing of working capital to be used in Argentina; (iii) refinancing liabilities; or (iv) financing capital contributions to entities owned by the Issuer or affiliates thereof, provided that such entities use funds from such contributions for the purposes described in items (i), (ii) or (iii) of this paragraph (b); and
- (c) the Issuer must evidence compliance with the use of proceeds plan before the CNV in the time and manner prescribed by the CNV Regulations, and demonstrate that the proceeds of the issuance of Notes have been used for the purposes described in paragraph (b) above. Likewise, the Issuer may be requested at any time to submit documentation and other means of proof evidencing the placement efforts related to the Notes of any Series or Tranche.

Under Section 38 of the Negotiable Obligations Law, if after the issuance of the Notes it is subsequently found that such Notes do not meet the requirements set forth in Section 36 of the Negotiable Obligations Law, the Issuer will be responsible for the payment of taxes from which the holders would have been exempted.

Decree No. 1,076 of the National Executive of July 12, 1992, amended by Decree No. 1,157 of July 15, 1992, both confirmed by Law No. 24,307 of December 30, 1993 (the "Tax Decree"), eliminated the exemption from Argentine income tax described above with respect to taxpayers subject to tax provisions determining adjustment by inflation under Title VI of the Income Tax Law (in general, such are entities created or organized under Argentine law, local branches of foreign companies, single person businesses or individuals conducting certain types of commercial business in Argentina).

As a consequence of the Tax Decree, interest paid to the holders of Notes who are subject to tax provisions determining adjustment by inflation is subject to the Argentine income tax in accordance with the relevant Argentine tax legislation. In such case, payments of interest will be subject to a 35% tax withholding to be deemed credited against the Argentine income tax to be payable by such holder.

Section 106 of the Tax Procedure Law of Argentina No. 11,683, as amended, and Section 21 of the Income Tax Law provide that certain exemptions do not apply to the extent they may result in a transfer of revenue to foreign tax authorities. However, the tax exemption under Section 36 of the Negotiable Obligations Law applies even if the benefit increases the taxable amount in another country.

Tax on capital gains

Subject to compliance with the Section 36 of the Negotiable Obligations Law, a resident or non-resident individual and a foreign company not having a permanent establishment in Argentina are not subject to taxation on capital gains resulting from the sale or other disposition of the Notes. The exemption under Section 36 of the Negotiable Obligations Law will apply even if the benefit increases the taxable amount in another country.

Under the Tax Decree, a taxpayer subject to the tax provisions determining adjustment by inflation under the Income Tax Law is subject to the payment of taxes on capital gains resulting from the sale or other disposition of the Notes, in accordance with Argentine tax laws.

Tax on Personal Assets

Individuals and undivided estates domiciled in Argentina or abroad must include the Notes in the determination of their tax liability in respect of tax on Personal Assets.

This tax is levied on certain taxable assets held by such individuals or estates as of December 31 of each year, whether located in Argentina or abroad. When the aggregate value of the taxable assets is equal to or less than Ps.305,000, no Tax on Personal Assets will be paid. When the value of such assets exceeds such amount, the assets as a whole will be subject to tax at the following rates:

Value of Taxable Assets	Applicable Rate
From Ps.305,000 to Ps.750,000	0.50%
From Ps.750,000 to Ps.2,000,000	0.75%
From Ps.2,000,000 to Ps.5,000,000	1.00%
Above Ps.5,000,000	1.25%

Although Notes directly held by individuals or estates located abroad are technically subject to the Tax on Personal Assets, there is no legal mechanism for collection of this tax.

For purposes of determining the Tax payable on the Notes, the Notes will be valued at (i) their market value when the Notes are placed by a public offering; or (ii) the acquisition cost plus accrued interest and accrued foreign exchange gains, in the case of Notes where no public offering is made. In both cases, the value is determined as of December 31 of each calendar year.

Although the Tax on Personal Assets only applies to securities held by individuals or estates, as described above, the Income Tax Law sets forth a legal presumption, regardless of any evidence to the contrary, whereby a security issued by an Argentine corporate issuer directly owned by a foreign legal entity that: (a) is domiciled in a jurisdiction not requiring registration of private shares or notes, and (b) either (i) under its corporate charter, or under the regulatory system applying to such foreign entity, may only carry on investment activities outside the jurisdiction where it was organized, or (ii) may not enter into certain transactions permitted under its corporate charter or under the regulatory framework, in its jurisdiction of incorporation, is deemed to be owned by an individual domiciled or an undivided estate located in Argentina, and therefore subject to the Tax on Personal Assets. In such case, the law provides that the issuer of the corresponding securities, or the "Substitute Obligor", has the duty to pay the Tax on Personal Assets at the rate of 2.5%. Such tax legislation also empowers the Substitute Obligor to seek the reimbursement of the tax so paid, without limitation, by way of withholding or foreclosing on the assets originating such payment.

The preceding legal assumption will not apply to the following foreign entities that are direct holders of securities such as the Notes: (a) insurance companies; (b) open-end investment funds; (c) retirement and pension funds; and (d) banks or financial institutions having their head office in a country where the BCRA or equivalent authority thereof has adopted the international supervising standards provided by the Basel Committee.

According to Decree No. 812/1996 dated July 24, 1996, the preceding legal assumption will not apply to shares and private negotiable debt securities, such as the Notes, accepted for public offering by the CNV and that may be traded on stock exchanges located in Argentina or abroad. In order to ensure that this legal assumption will not apply to the Notes, and that the Issuer will not be responsible as Substitute Obligors under the Tax on Personal Assets, under Resolution No. 2,151/2006 and its amendments by the Tax General Authority (*Dirección General Impositiva*), the Issuers must keep in its records a duly certified copy of the CNV resolution

authorizing the public offering of the Notes and evidence supporting the fact that the certificate or authorization was in effect as of December 31 of the year in which the tax liability occurred.

Value Added Tax

To the extent that the Notes are issued pursuant to a public offering authorized by CNV, interest payments under the Notes will be exempted from any Value Added Tax.

As long as the Notes comply with Section 36 Conditions of the Negotiable Obligations Law, any benefits relating to the subscription, placement, transfer, repayment or cancellation of the Notes will also be exempted from the value added tax in Argentina.

Assets tax (IGMP)

The IGMP taxes the value of assets such as the Notes held by business associations and other entities residing in Argentina. Entities domiciled in Argentina, among others, are responsible for paying the tax at the rate of 1% (0.20% in the case of local leasing companies, insurance companies or financial institutions), provided that the total value of such assets exceeds Ps.200,000. This tax is only payable by the taxpayer to the extent that it exceeds its income tax determined for any fiscal year. Any IGMP paid will be applied as a tax credit against the income tax payable in the succeeding ten (10) fiscal years, subject to certain limitations.

The taxable value of the Notes is determined in the following manner: (i) if the Notes are listed on a stock exchange or stock market, based upon the last listed value at the closing date of the relevant fiscal year; and (ii) if the Notes are not listed on a stock exchange, based upon their cost increase, as the case may be, by the amount of interest and foreign exchange gains accrued as of the closing date of the fiscal year.

Tax on debits from and credits to a checking account

Law No. 25,413 (published in the Official Gazette of Argentina on March 26, 2001), as amended, establishes, with certain exceptions, a tax on debits and credits in checking accounts held in financial institutions located in Argentina and on other transactions replacing the use of checking accounts. The general rate is 0.6% in the case of debit and credit (although, in certain cases, a rate of 1.2% and/or 0.075% may apply). Decree No. 534/2004 (published in the Official Gazette of Argentina on May 3, 2004) provides that 34% of the tax paid on credit taxed at the rate of 0.6%, and 17% of the tax paid on transactions taxed at the rate of 1.2%, will be considered a payment on account of income tax and of the assets tax.

Turnover tax

An investor who regularly participates in, or who is deemed to participate in, activities in any jurisdiction in which interest revenue is received from holdings in Negotiable Obligations, or from the sale or transmission thereof, may be subject to turnover tax at the rates provided by such laws in each Argentine province, unless an exemption applies.

Under Section 179, subsection (1) of the Tax Code of the Autonomous City of Buenos Aires, revenue from every transaction with Negotiable Obligations issued pursuant the Negotiable Obligations Law (interest, accrued restatements and the sales value in the case of a transfer) is exempt from this tax, insofar as the exemption from income tax is applicable.

Section 207, subsection (c) of the Tax Code of the Province of Buenos Aires provides that revenue resulting from any transaction with Negotiable Obligations issued under the Negotiable Obligations Law and Law No. 23,962, as amended (such as interest, accrued restatements and the sales value in the case of a transfer) is exempt from turnover tax insofar as the exemption from income tax is applicable.

Stamp and transfer taxes

A holder of Notes will not be subject to a stamp tax in relation to resolutions, agreements or transactions associated with the issuance, subscription, placement and transfer of the Notes within the jurisdiction of the Autonomous City of Buenos Aires (according to subsection 52 of Section 477 of the Tax Code of the City of Buenos Aires).

Taxes on gratuitous transfer of assets

The gratuitous transfer of assets to heirs, legatees or donees is not subject to taxes in the Republic of Argentina at a National level.

At a provincial level, the Provinces of Buenos Aires and Entre Ríos created a tax on gratuitous transfer of assets (“ITGB”).

ITGB applies to gains obtained by virtue of all gratuitous transfers including: inheritances, legacies, donations, inheritance advances and any other fact resulting in a gain on a gratuitous basis.

The obligors of ITGB are individual and legal entities beneficiaries of such type of transfers.

For tax payers domiciled in any such provinces, ITGB is calculated over the total amount of gratuitous gains, including assets located both within or outside such province.

Moreover, for individuals domiciled outside such provinces, ITGB is calculated only over the gratuitous gains originating from the transfer of assets located in such jurisdiction.

Gratuitous transfer of the Notes could be subject to ITGB provided that (i) all requirements for its applicability are met; and (ii) the aggregate amount of all such gratuitous transfer of assets including the Notes – less deductions, exemptions or exclusions – is higher than the minimum threshold amount.

Court tax

If initiating judicial enforcement proceedings in relation to the Notes in Argentina, a court tax will apply in an amount as if the claim were made in an Argentine court sitting in the Autonomous City of Buenos Aires.

The Autonomous City of Buenos Aires requires payment of a court tax of 3% of any amount in proceedings initiated before National courts sitting in the Autonomous City of Buenos Aires.

Tax exemptions on the public offering of securities

With respect to the issuance of notes, the AFIP issued Opinion (D.A.T.) No. 16 of January 25, 2002 in which it determined that “the requirement of a placement by public offering is not considered fulfilled simply by the issuance of the approval by the CNV, but it is also required that all procedures required by the Controlling Authority for such purpose are also completed — which must ensure, in principle, access by the public to the offered securities— a circumstance of fact to be evaluated by the relevant administrative court”.

Accordingly, we note that approval by the CNV is not sufficient to benefit from the tax treatment provided under the Negotiable Obligations Law; but an actual public offering must also exist.

For this purpose, the dealer will offer the securities to the public pursuant to the provisions of Chapter 1 of the Capital Markets Law. However, investors are encouraged to consult with their own advisers in this regard.

Certain U.S. Federal Income Tax Considerations

The following summary discusses certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Notes purchased on original issuance at their “issue price,” which is set out on the cover page of this Offering Memorandum;
- Notes held as capital assets (generally, property held for investment); and
- U.S. holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant in light of a holder’s particular circumstances or to holders subject to special rules, such as:

- financial institutions;

- insurance companies;
- dealers in securities or foreign currencies;
- persons holding Notes as part of a hedging transaction, “straddle,” conversion transaction or other integrated transaction;
- U.S. holders whose functional currency is not the U.S. Dollar; or
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes.

This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations, each as of the date hereof, changes to any of which subsequent to the date of this Offering Memorandum may affect the tax consequences described below. No ruling will be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court will uphold such statement or conclusion. Persons considering purchasing Notes should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any U.S. state, local or foreign taxing jurisdiction.

U.S. Holders

As used herein, the term “U.S. holder” means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. A partnership considering an investment in the Notes should consult its own tax advisers about the consequences to its partners of the acquisition ownership or other disposition of the Notes by the partnership.

Treatment of the Notes

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Notes. Our obligation to pay such excess amounts may cause the IRS to take the position that the Notes are “contingent payment debt instruments” for U.S. federal income tax purposes. If the IRS is successful in such an assertion, the timing and amount of income included and the character of gain recognized with respect to the Notes may be different from the consequences discussed herein. Notwithstanding this possibility, we do not believe that the Notes are contingent payment debt instruments, and, consequently, we do not intend to treat the Notes as contingent payment debt instruments. Such determination by us is binding on all holders unless a holder discloses its differing position in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which a Note was acquired. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

Payments of stated interest

Interest paid on a Note (and Additional Amounts, if any) will be taxable to a U.S. holder as ordinary interest income at the time it accrues or is received in accordance with the holder’s method of accounting for U.S. federal income tax purposes. Interest income earned by a U.S. holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in determining the U.S. holder’s ability to claim foreign tax credits.

Under the terms and conditions of the Notes, the company is required to pay Additional Amounts in respect of certain types of withholding tax. For U.S. federal income tax purposes, U.S. holders will be treated as having received the amount of any taxes withheld by the company and as then having paid over the withheld taxes to the relevant taxing authorities. As a result of this rule, the amount included in gross income for U.S. federal income tax purposes by a U.S. holder with respect to a payment of interest, plus any Additional Amounts with respect thereto, will be greater than the amount of cash actually received by the U.S. holder from the company with respect to the payment. Subject to certain limitations, a U.S. holder will generally be entitled to a credit against U.S. federal income tax liability, or a deduction in computing U.S. federal taxable income, for non-U.S. income taxes withheld by us. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Interest received or accrued on the Notes generally will constitute “passive category income.” Any election to deduct foreign taxes instead of claiming foreign tax credits must apply to all applicable foreign taxes paid or accrued in the taxable year. The U.S. foreign tax credit rules are very complex. U.S. Holders should consult their advisors with respect to how to account for any taxes withheld and the application of the U.S. tax rules related to non-U.S. taxes in their particular circumstances.

Original issue discount

If the issue price of a Note is less than its principal amount by more than a de minimis amount, U.S. holders will be subject to special U.S. federal income tax rules with respect to this original issue discount (“OID”). OID will be considered to be de minimis if it is less than 0.25% of the principal amount multiplied by the number of complete years to maturity. U.S. holders of Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and will generally have to include in income increasingly greater amounts of OID over the life of the Notes. U.S. holders should consult their own tax advisers regarding the consequences of holding Notes that are treated as being issued with OID.

Sale, exchange or retirement of the Notes

Upon the sale, exchange or retirement of a Note, a U.S. holder generally will recognize U.S. source capital gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the holder’s adjusted tax basis in the Note. A U.S. holder’s adjusted tax basis in a Note generally will equal the acquisition cost of the Note. For these purposes, the amount realized does not include any amount attributable to accrued but unpaid stated interest on the Note, which will be treated like a payment of interest. Gain or loss realized on the sale, exchange or retirement of a Note will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. holder has held the Note for more than one year. The ability to recognize capital losses is subject to limitations.

Gain realized by a U.S. holder on the sale, exchange or retirement of a Note generally will be treated as U.S. source income. Consequently, if withholding tax is imposed on such gain, the U.S. holder will not be able to use the corresponding foreign tax credit, unless the U.S. holder has other foreign-source income in respect of which the credit may be used. The U.S. foreign tax credit rules are very complex. U.S. holders should consult their advisors with respect to the application of these rules to their particular circumstances.

Information reporting and backup withholding

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the holder’s U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

U.S. holders should consult their tax advisors regarding any reporting or filing obligations that may arise as a result of their acquiring, owning or disposing of the Notes, including recently enacted reporting requirements that apply to certain securities of non-U.S. financial institutions. Failure to comply with such reporting or filing obligations may result in the imposition of substantial penalties.

ERISA AND CERTAIN OTHER CONSIDERATIONS

The following discussion is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal tax penalties, and was written to support the promotion or marketing of the offering. Each prospective investor should seek advice based on such person's particular circumstances from an independent tax advisor.

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") imposes fiduciary standards and certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets are treated as assets of such plans pursuant to the U.S. Department of Labor "plan assets" regulation, 29 (FR Section 2510.3-101, as amended by Section 3(42) of ERISA) (collectively, "ERISA plans") and on those persons who are fiduciaries with respect to ERISA plans. Investments by ERISA plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA plan's investments be made in accordance with the documents governing the ERISA plan. The prudence of a particular investment must be determined by the responsible fiduciary of the ERISA plan by taking into account the ERISA plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "Risk Factors."

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") prohibit certain transactions involving the assets of an ERISA plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA plans, the "Plans") and certain persons (referred to as "parties in interest" for purposes of ERISA or "disqualified persons" for purposes of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and/or other penalties and liabilities under ERISA and the Code.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any notes (or interests in notes) are acquired by a Plan with respect to which we, the Trustee, or the Initial Purchasers or any of their respective affiliates is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire notes and the circumstances under which such decision is made. We cannot assure you that any exemption will be available with respect to any particular transaction involving the Notes, or, if available, that any particular exemption will cover all possible prohibited transactions.

Accordingly, by its acquisition of any Notes or interests in Notes, the purchaser thereof, and/or holder thereof and any transferee thereof, will be deemed to have represented and agreed either that (a) it is not (and for so long as it holds the Notes or interests in Notes will not be) acting on behalf of (and for so long as it holds any Note or interest therein will not be acting on behalf of) an "employee benefit plan" as defined in and subject to Title I of ERISA (a "plan" as defined in and subject to Section 4975 of the Code), or any entity whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity (any of the foregoing, a "Benefit Plan Investor"), or a governmental plan, church plan or foreign or other plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Law") or (b) its acquisition, holding or disposition of the Notes or interests in Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan or foreign or other employee benefit plan, a violation of any Similar Law).

Governmental plans, foreign plans and certain church and other plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing any Notes or interest in Notes.

The foregoing discussion is general in nature and not intended to be all inclusive. Any Plan fiduciary who proposes to cause a Plan to purchase any Notes or interests in Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and

Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA.

The sale of Notes or interests in Notes to a Plan is in no respect a representation by us or the Initial Purchasers that such an investment meets all relevant requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

PLAN OF DISTRIBUTION

The placement of the Notes will be effected through an offer that qualifies as a public offering in Argentina in accordance with the provisions of the Capital Markets Law, the CNV Regulations and other applicable regulations. We will offer up to U.S.\$200,000,000 aggregate principal amount of the Notes at a fixed interest rate for subscription through the Argentine Placement Agents and the Initial Purchasers, and the issue price will be determined in accordance with the procedure described in this Offering Memorandum.

The offering of the Notes by the investors will consist of: (i) a public offer targeted to investors in Argentina (the “Local Offering”), which will be conducted through the Argentine Placement Agents in accordance with, and subject to, the terms and conditions provided in the local placement contract to be signed between the Issuer and the Argentine Placement Agents (the “Argentine Placement Agreement”); and (ii) an offer targeted to qualified institutional buyers (“QIBs”) as defined in Rule 144A under the Securities Act (a) in the United States pursuant to Rule 144A of the Securities Act, and (b) addressed to persons outside the United States in reliance on Regulation S of the Securities Act (the “International Offering”, and together with the Local Offering, the “Offering”), which will be conducted through the Initial Purchasers in accordance with, and subject to, the terms and conditions provided in the purchase agreement to be signed between the Issuer and the Initial Purchasers, in their capacity as organizers and initial purchasers (the “Purchase Agreement”). In each case, the offerings will be conducted in accordance with the provisions of the Capital Markets Law, the CNV Regulations and other applicable regulations.

In order to meet all applicable regulations, the placement of the Notes in Argentina will be conducted in accordance with the procedures described in “—Placement Efforts.” However, outside of Argentina the Notes will be offered in accordance with the applicable laws of the jurisdictions in which the Notes are offered under exemptions from registration or public offering requirements.

Subject to the terms and conditions contained in the Purchase Agreement and in accordance with the provisions set out below, Clisa has agreed to sell the Notes to the Initial Purchasers, and each of the Initial Purchasers has, severally but not jointly, agreed to purchase from Clisa the principal amount of the Notes that appears opposite its name in the table below:

Initial Purchasers	Principal Amount of Notes
BCP Securities, LLC.....	U.S.\$100,000,000
Santander Investment Securities Inc.	U.S.\$100,000,000
Total	U.S.\$200,000,000

The principal amount of the Notes referred to above will be proportionally reduced in the amount of the Notes placed in Argentina by the Argentine Placement Agents.

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes offered are subject to certain conditions precedent and that the Initial Purchasers will purchase all of the Notes offered by this Offering Memorandum if any of the Notes are purchased.

The Initial Purchasers initially propose to offer the Notes for resale at the offering price that appears on the cover page of this Offering Memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

Clisa has agreed to indemnify the Initial Purchasers and the Argentine Placements Agents against certain liabilities. In the case of the Initial Purchasers, this includes indemnifying the Initial Purchasers against certain liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of any of those liabilities. In the case of the Argentine Placements Agents, this includes certain liabilities under the Capital Markets Law, the CNV Regulations and other applicable regulations such that Clisa will contribute to payments the Argentine Placements Agents may be required to make in respect of any of these liabilities. Clisa’s indemnification of the Initial Purchasers and the Argentine Placement Agents is subject to, and in accordance with, the provisions of the Purchase Agreement and the Argentine Placement Agreement, respectively.

The Notes have not been registered under the Securities Act. Each Initial Purchaser has agreed that it will offer or sell the Notes only (1) in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A under the Securities Act or (2) in offshore transactions in reliance on Regulation S under the Securities Act. The Notes offered or sold in reliance on Regulation S will not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from registration under the Securities Act. All terms used have the respective meanings set forth in Rule 144A and Regulation S of the Securities Act. For further information, see “Transfer Restrictions.”

Subject to the Capital Markets Law, the CNV Regulations and other applicable regulations, and in compliance with Anti-Money Laundering Regulations, Clisa, the Argentina Placement Agents and the Initial Purchasers reserve the right to withdraw the Offering at any time, or reject any Expression of Interest (as defined below) in whole or in part for any errors or omissions that make impossible the demonstration of such expression, and allocate to any prospective investor less amount of the nominal value of the Notes they offered to purchase under the allocations guidelines described below. Further, the Argentine Placement Agents and the Initial Purchasers reserve the right to reject the Expression of Interest if all regulations and rules or requirements are not met by the prospective investor.

Delivery of the Notes is expected on or about July 20, 2016, which will be the fourth business day following the date of pricing of the Notes or following the Notice of Results (as defined below (*aviso de resultados*)). Purchasers who wish to trade the Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+4, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the pricing date or the next succeeding business day should consult their own advisor.

Placement efforts

The Issuer and the Argentine Placement Agents will implement various placement and sale efforts of the Notes offered under this Offering Memorandum exclusively in Argentina, in accordance with the Capital Markets Law, the CNV Regulations and other applicable laws. Additionally, the Issuer and the Initial Purchasers outside Argentina will offer the Notes to a wide base of investors in accordance with applicable laws of the jurisdictions in which the Notes are offered.

The Notes will be offered to persons outside the United States in accordance with the provisions of Regulation S, and within the United States to QIBs in accordance with the provisions of Rule 144A of the Securities Act.

Placement efforts may consist of a variety of commercial methods which have proved to be successful in the past with other transactions, including but not limited to: a local or international road show in which prospective investors, such as insurance companies or stock brokers, are invited to participate; a global conference call where prospective investors, including prospective investors who did not attend the meetings at the road show, have the opportunity to make inquiries about the management of the Issuer. The management of the Issuer will also be available for potential investors, in Argentina and in other countries, *via* personal calls or meetings or group meetings, or through an electronic road show (an online presentation through the Internet in which prospective investors absent from the road show or the global telephone conference will have access to the presentation made by the Issuer during the road show, the distribution, either in paper or electronic, of the preliminary or final Offering Memorandum in Spanish and substantially similar offering documents in English). All documents will be available to prospective Argentine investors, upon request, at the Issuer's offices. The Issuer will appoint a person to respond to all investors' inquiries and comply with all local communications and notices requirements under the CNV Regulations (including, without limitation, publications in Argentine newspapers with wide distribution, in the MERVAL Daily Bulletin and on MAE's website).

Placement Procedures

The public offering of the Notes has been authorized by the CNV pursuant to Resolution No. 18,109 dated July 6, 2016. The Notes may be offered directly to the public in Argentina, by Clisa or through the Argentine Placements Agents, who are authorized under Argentine laws and regulations to offer and sell the Notes directly to the public in Argentina. The offering of the Notes in Argentina will be made through this Offering Memorandum and in accordance with the CNV Regulations.

Pursuant Article 27, Chapter V, Title II of the CNV Regulations, the placement of securities must be made by means of one of the procedures set forth in Chapter IV, Title VI of CNV Regulations. Moreover,

Article 1, Section I, Chapter IV, Title VI of CNV Regulations (as amended by CNV Resolution No. 662/2016) establishes that issuers may elect to place the securities by means of (i) book building; or (ii) public auction or tender. The placement of the Notes will be made through the book building process (the “Book Building Procedure”), which will be conducted by the Initial Purchasers.

Prospective investors interested in purchasing the Notes must express their interest in the purchase of the Notes by submitting an offer indicating the subscription amount of the Notes requested (which may not be less than U.S.\$1,000 or any integral multiple of U.S.\$1,000 over such amount) and the return requested for the Notes expressed as nominal semi-annual rate up to three decimals (such return, the “Requested Return”, and such offers, the “Expression of Interest”).

In accordance with the details below, the Initial Purchasers will submit the Expressions of Interest received from prospective investors outside of Argentina and from the Argentine Placement Agents in an electronic registry book held in New York City, pursuant to ordinary practices and applicable laws for international placements of this type in the United States under Article 1, Section I, Chapter IV, Title VI of the CNV Regulations (as amended by CNV Resolution No. 662/2016) (such registry, the “Registry”). For purposes of this regulation, Santander Investment Securities Inc. and BCP Securities LLC have appointed Banco Santander Río S.A. and BACS Banco de Crédito y Securitización S.A. respectively, as their representatives in Argentina.

Offering and Allocation Period

Offering Period

In Argentina, an Expression of Interest must be submitted to the Argentine Placement Agents, who will deliver them to the Initial Purchasers in accordance with the procedures elected by the Initial Purchasers. Subject to the CNV Regulations (as amended by CNV Resolution No. 662/2016) and other applicable laws, the Argentine Placement Agents may require the prospective local investors to submit their Expressions of Interest with subscription payment guarantees. Outside Argentina, an Expression of Interest must be submitted to the Initial Purchasers.

An Expression of Interest must be submitted to the Argentine Placement Agents or the Initial Purchasers during the period commencing not less than four trading days in Argentina from the date set forth in the subscription notice (the “Subscription Notice”, and such period, the “Offering Period”) which will be published on CNV’s website, in Merval Daily Bulletin in accordance with CNV Resolution No. 17,501 and in MAE’s website from 10:00hrs to 16:00hrs, except on the last day of that period (the “Allocation Date”) in which the Argentine Placement Agents will receive Expression of Interest until 13:00hrs on the Allocation Date (the “Offers Reception Final Date”). As of the Offers Reception Final Date, no new Expressions of Interest will be accepted. The Argentine Placement Agents and the Initial Purchasers shall keep records of all information in relation with the Expressions of Interest submitted to them by potential investors, in accordance with applicable laws.

Between 13:00hrs and 17:00hrs on the Allocation Date, the Initial Purchasers will enter into the Registry all Expressions of Interest received up to the Offers Reception Final Date and will proceed to close the Registry. The date and time of effective registration of Expressions of Interest and the closure of the Registry will be determined at the Initial Purchasers’ sole discretion within the timetable set out at the Allocation Date (the “Registry Closure Date”). Expressions of Interest received up to the Offers Reception Final Date will not be binding, and may be withdrawn or modified until the Registry Closure Date. By virtue of the rights set forth in Article 7, Section I, Chapter IV, Title VI of the CNV Regulations (as amended by CNV Resolution No. 662/2016), prospective investors may waive the requirement to expressly ratify the Expression of Interest in effect as of the Registry Closure Date. Consequently, all Expressions of Interest not withdrawn or modified on the Registry Closure Date will be deemed binding, and final offers in the terms and conditions submitted (as amended) effective as of the Registry Closure Date without any further action required by the prospective investor.

Allocation

On the Allocation Date and after the closure of the Registry by the Initial Purchasers, the Issuer, together with the Initial Purchasers, will determine: (i) the issue price; (ii) the interest rate; (iii) the applicable

return determined by the Issuer (the “Applicable Return”); and (iv) the amount of Notes to be issued, in keeping with demand and in accordance with the Book Building Procedure.

Moreover, on the Allocation Date after the termination of the final allocation of the Notes, a notice with the results will be published on CNV's website and as soon as possible in the Merval Daily Bulletin and in MAE's website setting forth the total amount of Notes offered, the issue price, the interest rate and the Applicable Return (the “Notice of Results”).

Modification, Suspension or Extension; Deserted offer; Rejection of Purchaser Orders

The Offering Period may be modified, suspended or extended prior to the termination of the original term by means of a notice distributed by the same means through which the Subscription Notice was made. Modification, suspension or extension of the Offering Period or the Allocation Date will not result in any responsibility for the Issuers, the Argentine Placement Agents or the Initial Purchasers and will not grant the investors who submitted an Expression of Interest any compensation or indemnification rights. In case the Allocation Date must be terminated or revoked, or there is a decision not to issue the Notes, all Expressions of Interest received will automatically have no effect.

In case the Offering Period is suspended or extended, the investors who submitted Expressions of Interest during that period may, at their sole discretion and without penalty, withdraw an Expression of Interest at any time during the suspension period or the extended Offering Period. An Expression of Interest may not be rejected except in cases of mistakes and omissions which make the processing of the Expression of Interest grossly cumbersome or impossible, or as described below.

Prospective investors submitting an Offer may be obliged to submit to the Argentine Placement Agents or the Initial Purchasers all information and document which may be required by them for purposes of complying with applicable regulations including, without limitation, laws and regulations related to money laundering and the financing of terrorism. In cases in which such information: (i) is insufficient or incomplete; or (ii) is not submitted in a timely and proper fashion, the Argentine Placements Agents and the Initial Purchasers may reject such Expression of Interest without any responsibility.

The Issuer, the Argentine Placement Agents and the Initial Purchasers reserve the right to reject any Expressions of Interest if they consider, at their discretion, that any applicable laws or laws and regulations related to money laundering (including, but not limited to, capital markets regulations for the prevention of money laundering and financing of terrorism issued by the UIF, the CNV or BCRA, such as the Money Laundering Prevention Law) have not been observed. Each decision to reject an Expression of Interest will take into account the principle of fair treatment to all investors.

Any amendment of these rules will be published by means of a supplementary notice available for one day in CNV's website, the Merval Daily Bulletin and MAE's website.

The Issuer may declare the placement of the Notes deserted during or immediately after the end of the Offering Period if: (i) no Expressions of Interest are received or all received offers are rejected; (ii) the return requested by the investors is higher than the return expected by the Issuer; (iii) the Expressions of Interest represent a nominal value of the Notes which does not reasonably justify the issuance of the Notes; (iv) the issuance of the Notes is not economically desirable for the Issuer; (v) adverse changes occur in the local or international financial markets, in the local or international capital markets or in the general condition of the Issuer or Argentina, including, without limitation, in the political, economic, financial or credit condition of the Issuer so that it may be deemed inadvisable to complete the issuance set forth in this Offering Memorandum; (vi) the expected results under the Tender Offer and the Consent Solicitation are not obtained; or (vii) prospective investors fail to comply with criminal laws regarding money laundering and financing of terrorism issued by the UIF, the CNV or BCRA, including, without limitation, the Money Laundering Prevention Law. Additionally, the placement of the Notes may be left without effect in accordance with the terms and conditions of the Purchase Agreement.

Allocation Procedure

Investors whose Expression of Interest entered into the Registry indicate a Requested Return lower or equal to the Applicable Return accepted by the Issuer may receive the Notes requested subject to applicable

laws and the allocation decided by the Issuer together with the Initial Purchasers on the basis of the parameters indicated below.

The Issuer expects to place the Notes mainly amongst institutional international buyers and Argentine investors, including, without limitation, investment funds, pension funds, insurance companies, financial entities, brokers and private bank account administrators. The Issuer will grant priority to those Expressions of Interest received from investors who include investments of this nature within their long-term portfolios, with the purpose of benefiting the price of the Notes in the secondary market from a stable investors base, with proved capacity to understand the credit risk, interested in maintaining long-term positions, thus creating a preference for the indebtedness of the Issuer and facilitating the Issuer's future access to international capital markets. Particularly, priority will be granted to those Expressions of Interest received from institutional investors subject to regulation or international financial institutions.

The allocation criteria of the Notes amongst investors applied by the Issuer will be based on factors including, but not limited to, the background of the investor in connection with his or her participation in international transactions involving issuers from emerging markets, the size of the Expression of Interest, the interest of the investor in the credit profile of the Issuer and the credit quality of the investor.

Allocations will be made at a uniform value for all allocated investors.

The Issuer cannot assure the investors that their Expression of Interest will be allocated and that, in the event of allocation, they will be allocated the total amount of the Notes requested or that the percentage of allocation in relation with the total amount requested between two similar Expressions of Interest will be the same.

No investor that has submitted an Expression of Interest with a Requested Return higher than the Applicable Return established by the Issuer will receive the requested Notes.

None of the Issuer, the Argentina Placement Agents or the Initial Purchasers will have an obligation to inform any individual investor whose Expression of Interest is totally or partially excluded that his or her Expression of Interest has been totally or partially excluded.

Settlement

Settlement of the Notes will take place at the issue date, which shall be the fourth business day following the Allocation Date or any other later date indicated in the Results Notice. All Notes will be paid by the investors on or before the Issue Date in U.S. Dollars by wire transfer to an account outside Argentina elected by the Initial Purchasers or the Argentine Placement Agents in accordance with standard market practice.

Investors purchasing the Notes will not have the obligation to pay fees, except investments made through brokers, agents, commercial banks, trustees or any other entity, in which case it is possible that the investor must pay fees or charges to such entities. Those fees or charges will be the exclusive responsibility of such investor. Additionally, in case of transfers or other acts or registrations, including transfer to the global deposit system, DTC may charge fees to participants which then may be transferred to holders of the Notes.

Sales in Other Jurisdictions

Neither the Issuer nor the Initial Purchasers are making an offer to sell, or seeking offers to buy, the Notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we, the Argentine Placement Agents, nor the Initial Purchasers will have any responsibility therefore.

New Issue of Securities

The Notes are a new issue of securities with no established trading market. This Offering Memorandum comprises “Listing Particulars” for the purpose of the application to the Irish Stock Exchange for listing of the Notes. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. Clisa has also applied to have the Notes listed and traded on the MERVAL through the BCBA and traded on the MAE, respectively. However, we cannot assure you that either application will be approved. The Initial Purchasers may make a market in the Notes after completion of the offering, but will not be obligated to do so, and may discontinue any market-making activities at any time without notice. Neither we nor the Initial Purchasers can provide any assurance as to the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

No Sales of Similar Securities

Clisa has agreed that it will not, for a specified period after the date of this Offering Memorandum, without the prior consent of the Initial Purchasers, offer, sell, contract to sell or otherwise dispose of any debt securities substantially similar to the Notes offered hereby in the international capital markets, except for the Notes sold to, or sold by, the Initial Purchasers and the Argentine Placement Agents, respectively, pursuant to the terms of this Offering Memorandum.

Stabilization Transactions

In connection with the offering of the Notes and subject to the terms and conditions and within the periods specified in the CNV Regulations and other applicable regulations, the Initial Purchasers may engage in overallocation and stabilizing transactions outside Argentina. Stabilization transactions may not be performed beyond the first thirty calendar days from the first day on which secondary trading of the Notes has started. Overallocation involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Stabilizing transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing covering transactions, they may discontinue them at any time.

All stabilization transactions in Argentina must be subject with the limits imposed by applicable laws, including, without limitation, CNV Regulations (as amended by CNV Resolution No. 662/2016). We can provide any assurance as to the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

Stabilization transactions in Argentina must be carried out in accordance with CNV Regulations and other Argentine regulations, in particular, pursuant to Section 12, Chapter IV, Title VI of the CNV Regulations.

Further Issues

The Issuer may from time to time, without the consent of the holders of the Notes, create and issue further Notes having the same terms and conditions of the Notes in all respects (except for interests already paid) so as to form a single series of Notes.

Relationships with the Initial Purchasers

In the ordinary course of business, the Initial Purchasers and their affiliates have provided, and may in the future provide, investment banking, commercial banking, cash management, foreign exchange or other financial services to us for which they have received, and may receive in the future, customary compensation. For example, some of the indebtedness that may be refinanced with the net proceeds of this offering include loans where Banco Santander Río S.A., an affiliate of one of the Initial Purchasers, is one of the lending banks.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities or instruments of ours or our affiliates. To the extent the Initial Purchasers or their affiliates have a lending relationship with us now or in the future, they may routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered. The Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Offering within United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. We have been advised by the Initial Purchasers that the offer and sale of Notes by them will be made only to (a) persons reasonably believed to be QIBs in reliance on Rule 144A and (b) to certain persons in offshore transactions in reliance on Regulation S under the Securities Act and in accordance with applicable law. Any offer or sale of Notes in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act.

In addition, until 40 days following the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

Offering outside United States

With respect to Notes offered to non-U.S. persons in offshore transactions in reliance on Regulation S, each Initial Purchaser has acknowledged and agreed that, except as permitted by the Purchase Agreement for the Notes, it will not offer, sell or deliver any Notes (i) as part of its distribution at any time or (ii) otherwise, until 40 days after the completion of the distribution, within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the expiration of the 40-day period referred to above, an offer or sale of Notes within the United States by an Initial Purchaser whether or not he/she is participating in the offering may violate the registration requirements of the Securities Act. Terms used in the preceding paragraphs have the meaning given them by Regulation S and Rule 144A under the Securities Act.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), an offer to the public of Notes described in this Offering Memorandum may not be made to the public in that relevant member state other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression of an “offer to the public” in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that

member state, and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each relevant member state.

The sellers of the Notes have not authorized and do not authorize the making of any offer of Notes through any financial intermediary on their behalf, other than offers made by the Initial Purchasers with a view to the final placement of the Notes as contemplated in this Offering Memorandum. Accordingly, no purchaser of the Notes, other than the Initial Purchasers, is authorized to make any further offer of the Notes on behalf of the sellers or the Initial Purchasers.

Notice to Prospective Investors in the United Kingdom

This Offering Memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a “relevant person”). This Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Each Initial Purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Costs of Issuance

It is estimated that the total cost of the issuance of the Notes will be approximately U.S.\$ million, which would represent % of the total issuance of the Notes.

Purchasers of the Notes are not required to pay any fees, except if the purchaser settled the transaction through its broker, dealer, commercial bank, trust company or other entity. In that case, a purchaser may incur fees from these entities, which are their sole responsibility. Furthermore, if the Notes were incorporated in the collective deposit system (*sistema de depósito colectivo*) of *Caja de Valores S.A.*, said entity will be authorized to charge fees to depositors, which may then be transferred to purchasers of the Notes.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been registered and will not be registered under the Securities Act, any U.S. state securities laws or the laws of any other jurisdiction other than the jurisdiction of Argentina, and may not be offered or sold except pursuant to an effective registration statement or pursuant transactions exempt from, or not subject to, registration under the Securities Act and the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold only:

- in the United States to QIBs (as defined in Rule 144A) in reliance on Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 in reliance on Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of Notes (other than the Initial Purchasers in connection with the initial issuance and sale of Notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is not an affiliate (as defined in Rule 144) of ours, and it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) not a U.S. person (as defined in Regulation S) and purchasing the Notes in an offshore transaction in accordance with Regulation S;

(2) it acknowledges that the Notes have not been registered under the Securities Act or with any securities regulatory authority of any U.S. state or any other jurisdiction other than the jurisdiction of Argentina and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it acknowledges that this Offering Memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with the SEC's rules that would apply to an offering document relating to a public offering of securities;

(4) it acknowledges that neither we nor any of the Initial Purchasers nor any person representing us or any of the Initial Purchasers have made any representation to you with respect to us or the offering and sale of the Notes, other than the information contained in or incorporated by reference into this Offering Memorandum, and that representation or warranty is made by the Initial Purchasers as to the accuracy or completeness of such materials;

(5) it represents that it is relying only on this Offering Memorandum in making its investment decision with respect to the Notes and agrees that it has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase Notes, including an opportunity to ask questions of and request information from us;

(6) it understands and agrees that Notes initially offered in the United States to QIBs will be represented by a global note and that Notes offered outside the United States pursuant to Regulation S will also be represented by a global note;

(7) it will not resell or otherwise transfer any of such Notes except (a) to us or any of our subsidiaries, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to another exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act;

(8) the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A Notes) after the later of the closing date, the closing date of the issuance of any additional notes and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes or 40 days (in the case of Regulation S Notes) after the later of the closing date, the closing date of the issuance of any additional notes and when the Notes or any predecessor of the Notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the “Resale Restriction Period”), and will not apply after the applicable Resale Restriction Period ends;

(9) it agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes;

(10) it acknowledges that prior to any proposed transfer of Notes (other than pursuant to an effective registration statement or in respect of Notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such Notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture;

(11) it acknowledges that the trustee, registrar or transfer agent for the Notes will not be required to accept for registration the transfer of any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with;

(12) it represents and warrants that either (i) no portion of the assets used by it to acquire or hold the Notes constitutes assets of any employee benefit plan, within the meaning of Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), which are subject to Title I of ERISA, any plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), or an entity whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement or (ii) the acquisition and holding of the Notes by it will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws;

(13) it acknowledges that we, the Initial Purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it will promptly notify the Issuer and the Initial Purchasers; and

(14) if it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A global note, and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION

UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS A NOTE OR INTEREST THEREIN WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS ANY NOTE OR INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF), AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY, OR A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SIMILAR LAW).

THIS LEGEND MAY BE REMOVED SOLELY AT THE DISCRETION AND AT THE DIRECTION OF THE ISSUER."

The following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS A NOTE OR INTEREST THEREIN WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS ANY NOTE OR INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF), AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY, OR A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (B) ITS ACQUISITION,

HOLDING AND DISPOSITION OF SUCH NOTE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR FOREIGN OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SIMILAR LAW).

THIS LEGEND MAY BE REMOVED SOLELY AT THE DISCRETION AND AT THE DIRECTION OF THE ISSUER.”

The resale restriction periods may be extended, at the Issuer’s discretion, in the event of one or more issuances of additional Notes, as described under “Description of Notes.” The above legends (including the restrictions on resale specified thereon) may be removed solely at the Issuer’s discretion and at the Issuer’s direction.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfers of interest in global notes and certificated notes, see “Description of Notes”.

LEGAL MATTERS

The validity of the Notes and certain matters in connection with U.S. laws will be passed on for us by Clifford Chance US LLP, our U.S. counsel, and by Skadden, Arps, Slate, Meagher & Flom LLP, U.S. counsel to the Managers. The validity of the issuance of the Notes and certain matters in connection with Argentine laws will be passed upon for us by McEwan, Roberts, Dominguez, Carassai, our Argentine counsel, and by Perez Alati, Grondona, Benites, Arntsen & Martínez de Hoz (h), Argentine counsel for the Managers.

INDEPENDENT ACCOUNTANTS

Clisa's Audited Consolidated Financial Statements as of 2013 and 2012 and for the years ended December 31, 2013 and 2012, included in this Offering Memorandum, have been audited by Price Waterhouse & Co. S.R.L., independent accountants, as stated in their report (which contains a qualification due to the uncertainties derived from i) the situation of the Metrovias contracts, and ii) the termination of the concession contracts operated by the subsidiaries Covicentro S.A., Concanor S.A., Covinorte S.A. and Red Vial Centro S.A.) appearing herein.

Clisa's Audited Consolidated Financial Statements as of 2014 and 2013 and for the years ended December 31, 2014 and 2013, included in this Offering Memorandum, have been audited by Price Waterhouse & Co. S.R.L., independent accountants, as stated in their report (which contains an emphasis of matter paragraph describing the situation of the Metrovias contracts) appearing herein.

Clisa's Audited Consolidated Financial Statements as of 2015 and 2014 and for the years ended December 31, 2015 and 2014, included in this Offering Memorandum, have been audited by Price Waterhouse & Co. S.R.L., independent accountants, as stated in their report (which contains an emphasis of matter paragraph describing the situation of the Metrovias contracts) appearing herein.

With respect to the Unaudited Condensed Interim Consolidated Financial Statements for the three-month period ended March 31, 2016 and 2015, included in this Offering Memorandum, Price Waterhouse & Co. S.R.L. reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report (which contains an emphasis of matter paragraph describing the situation of Metrovias contracts) dated May 12, 2016 appearing herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

LISTING AND GENERAL INFORMATION

1. The issuance of the Notes has been authorized by the resolutions of Clisa's General Shareholders' meeting and Board of Directors dated May 31, 2016 and June 1, 2016, respectively.

2. The Guarantee by Cliba has been authorized by the resolutions of Cliba's General Shareholders' meeting dated June 27, 2016, and the Guarantee by BRH has been authorized by the resolutions of BRH's General Shareholders' meeting dated June 27, 2016.

3. Except as disclosed herein, the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer aware) over the past 12 months, which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

4. Except as disclosed herein, there has been no material adverse change in the prospects of the Issuer since December 31, 2015 and no significant change in the financial or trading position of the Issuer since March 31, 2016.

5. We have applied to list and admit the Notes for trading on the Global Exchange Market of the Irish Stock Exchange, and also applied to admit the Notes for trading on the MERVAL through the Buenos Aires Stock Exchange, and the MAE. We will comply with any undertakings assumed or undertaken by us from time to time to the Global Exchange Market of the Irish Stock Exchange, the MERVAL, and the MAE in connection with the Notes, and we will furnish to them all such information as the rules of the Global Exchange Market of the Irish Stock Exchange, the MERVAL, and the MAE may require in connection with the listing of the Notes.

6. The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market. The fees associated with listing on the Irish Stock Exchange are EUR 6,540.

7. For so long as any Notes remain outstanding, copies of the following documents (together, where necessary, with English translations thereof) may be obtained during normal business hours at the offices of the listing agent and at Clisa's principal office, at the addresses listed on the inside back cover page of this Offering Memorandum, by physical or electronic means:

- our latest published unaudited interim financial statements for the three months ended March 31, 2016; audited financial statements for the fiscal years ended December 31, 2015, 2014 and 2013 and any future annual year-end and interim financial statements;
- our *estatutos sociales* (by-laws) and the *estatutos sociales* of the Guarantors; and
- the Indenture (including the Guarantees).

8. To the best of Clisa's knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. Accordingly, we accept responsibility.

9. The global notes representing the Notes have been accepted into the systems used by DTC. The CUSIP and ISIN numbers, as applicable, for the Notes are as follows:

	Restricted Global Note	Regulation S Global Note
CUSIP.....	20445P AE5	P3063X AF5
ISIN.....	US20445PAE51	USP3063XAF52

ANTI-MONEY LAUNDERING AND PREVENTION OF THE FINANCING OF TERRORISM REGULATIONS

The notion of money laundering is generally used to refer to transactions aimed at introducing funds derived from unlawful activities into the institutionalized system and therefore, transforming profits obtained from unlawful activities into assets having a presumed lawful origin.

On April 13, 2000, the Argentine Congress enacted Law No. 25,246 (subsequently amended by Law No. 25,815, Law No. 26,087, Law No. 26,119, Law No. 26,268, No. 26,683 and Law No. 26,734) (the “Anti-Money Laundering Law”), providing for an administrative criminal system and replacing several sections of the Argentine Criminal Code. It defined money laundering as a crime committed whenever a person converts, transfers, manages, sells, charges, conceals or otherwise markets any asset deriving from a criminal offense, with the possible consequence of the original or substitute asset appearing as having a lawful source.

The enactment of Law No. 26,683 modified the notion of money laundering by considering it an autonomous crime against the economic and financial system, separate from the crime of concealing any such criminal activity, allowing for the crime of money laundering to be punished independently from participation in the crime from which the laundered funds originated.

As a consequence of the amendments to the Anti-Money Laundering Law, Section 303 of the Argentine Criminal Code sets out that whoever converts, transfers, manages, sells, encumbers, conceals or otherwise markets assets resulting from a criminal offense, with the possible consequence that the origin of the original assets or the substitutes thereof appear to come from a lawful source, provided the value of the asset exceeds Ps.300,000 (regardless of whether such amount results from one act or a series of related acts), will be punished with three to ten years of imprisonment and a fine of two to ten times the amount of the transactions made. The penalty prescribed above will be increased by one third of the maximum and one half of the minimum in the following cases: (a) when the wrongdoer carries out the act on a regular basis or as a member of an association or gang organised with the aim of continuously committing acts of a similar nature; and/or (b) where the primary offender is a public officer who committed the offense in the exercise or on the occasion of his/her duties. In such case, the party will also be punished by special disqualification for three to ten years. The same penalty will apply to any individual who committed the offense in the service of a profession or trade requiring a special qualification. The individual who receives money or other assets from a criminal offense with the purpose of applying them to a transaction of the type described above will be punished by imprisonment from six months to three years. If the value of the assets is not over the amount described above, the wrongdoer will be punished by imprisonment from six months to three years. The provisions in section 303 of the Argentine Criminal Code apply even where the criminal offense is committed outside the geographical scope of the Argentine Criminal Code, insofar as the event defined is also penalized with a penalty at the location where it was committed.

Further, section 304 of the Argentine Criminal Code establishes that should the crimes set out in section 303 be committed in the name, or with the participation, or for the benefit of a legal entity, the following penalties will be imposed upon such entity jointly or severally: (i) a fine of two to ten times the amount of the assets which are the subject of the crime; (ii) total or partial suspension of business activities, which under no circumstance may exceed the term of ten years; (iii) suspension from taking part in government bidding processes for works or public utilities or in any other activity related to the Government, which under no circumstance may exceed the term of ten years; (iv) cancellation of registration as a legal entity where such registration was solely to further the crime, or such criminal acts constituted the main business of the legal entity; (v) forfeiture or suspension of any benefit awarded by the Government; (vi) publication of a summary of the conviction at the expense of the legal entity. When determining penalties, courts will consider such factors as the breach of internal rules and procedures, the failure to control the activities of principal(s) and/or participant(s), the amount of damage, the sums of money involved in the crime, and the size, nature and economic condition of the legal entity. Should the continuation of operations or services of that entity or particular work be essential, the penalties described in (ii) and (iv) above will not apply.

The Anti-Money Laundering Law also created the Financial Information Unit (*Unidad de Información Financiera*, or the “UIF”) with autonomy and financial autarchy within the Argentine Ministry of Justice and Human Rights, which is in charge of analyzing, treating and transmitting information in order to preclude and prevent the laundering of assets and the financing of terrorism. Pursuant to this regulatory framework, the UIF is empowered to receive and request reports, documents, background and any element deemed useful to fulfil its duties from any public entity, whether federal, provincial or municipal, and from individuals or public or private entities, all of which will be obliged to furnish them within the term set forth, under penalty of law. Whenever

the information furnished or analysis performed by the UIF provides sufficient evidence to suspect that a crime under the Anti-Money Laundering Law has been committed, such fact will be forthwith communicated to the Government Attorney's Office so that it may initiate the relevant criminal action, and the UIF may appear as an accusing party to such proceedings.

Further, on February 16, 2016, pursuant to Decree No. 360/2016, the National Executive Branch created within the Ministry of Justice and Human Rights the "National Coordination Program for the Fight Against Money Laundering and Financing of Terrorism" ("*Programa de Coordinación Nacional Para el Combate del Lavado de Activos y la Financiación del Terrorismo*"). Its main purpose is to reorganize, coordinate and strengthen the national anti-money laundering and anti-financing of terrorism framework, by considering the concrete risks that might have an impact within national territory, as well as global compliance requirements with respect to international obligations and recommendations from the United Nations and standards of the Financial Action Task Force ("FATF").

The main goal pursued by the Anti-Money Laundering Law is to prevent money laundering. In line with internationally accepted practices, it does not impose the duty of controlling such illegal transactions only on Argentine Federal Governmental entities but it also imposes certain duties on certain private sector entities such as banks, brokers, brokerage firms and insurance companies. Such duties mainly consist of data collection tasks, such as: (i) gathering from clients, applicants or contributors sufficient documentary evidence of identity, legal capacity, domicile and further data as necessary on a case-by-case basis to evidence the authority of such person to carry out the activity in question; (ii) reporting any suspicious fact or transaction falling beyond the client's ordinary activities; and (iii) abstaining from disclosing to the client or third parties any procedures being followed pursuant to the Anti-Money Laundering Law. According to the Anti-Money Laundering Law, a suspicious transaction will mean any transaction that, in accordance with standard business practice and in the experience of the entities and individuals subject to reporting obligations, is regarded as unusual, unjustified from an economic or legal standpoint, or unnecessarily complex, whether it is a one-time transaction or a series of transactions.

In the context of a capital markets transaction, the Anti-Money Laundering Law imposes on certain individuals and companies obligations to prevent, detect and report facts, acts, operations and omissions which may derive from the commission of money laundering crimes and the financing of terrorism. According to section 20(4) of the Anti-Money Laundering Law, such individuals and companies are broker agents, brokerage firms, companies managing mutual funds, electronic open-market agents and any other intermediaries dealing in purchases, leases or loans of securities on a stock exchange (which may have associated exchange markets), and according to section 20(5) of the Anti-Money Laundering Law, intermediary or broker agents registered with futures and options markets will also be considered subject to these obligations, irrespective of their legal capacity (such persons and individuals, hereinafter, the "Obligors").

The UIF issued Resolution No. 229/2011 (as amended, the "Resolution UIF 229") setting forth a series of measures and procedures that the Obligors must implement in order to prevent, detect and report to the UIF those facts, acts, operations or omissions which may constitute crimes of money laundering or financing of terrorism. Pursuant to Resolution UIF 229, unusual operations are those attempted or concluded operations, in isolation or on a regular basis, without economic and/or legal justification, which are inconsistent with the economic, financial or tax profile of the client, or which deviate from standard market practices by virtue of the frequency, regularity, amount, complexity, nature and/or particular features of the attempted or concluded operations. Moreover, suspicious operations are those attempted or carried out which, having been previously identified as unusual, do not coincide with the client's profile or those in which the authenticity, accuracy or coherence of the documentation submitted by the client is doubtful, causing suspicion of money laundering activity, or even when those operations relate to lawful activities, are suspected to be linked to the financing of terrorism.

According to Resolution UIF 229, Obligors must identify their clients and, in some cases, define a client's profile based on information and documentation relating to the client's economic, financial and tax situation (statements on personal assets, income certifications, tax returns, financial statements audited by a certified public accountant and certified by the relevant Professional Association, etc., as applicable) provided by the client and/or which the Obligor could have obtained on its own. Based on that information and documentation, Obligors must establish an estimated annual and monthly amount of income and operations per calendar year for each client, taking into account the amount, kind, nature and frequency of the transactions regularly made by the client, as well as the origin and use of proceeds of the resources involved in his dealings.

On August 19, 2011, the UIF issued Resolution No. 121/2011, as amended by Resolution No. 68/2013, Resolution No. 3/2014 and Resolution No. 196/2015 (“Resolution UIF 121”). The resolution set forth that financial and exchange institutions, as Obligors, must prevent, detect and report all acts, events, transactions or omissions that may constitute money laundering or financing of terrorism. Resolution UIF 121 establishes that financial institutions must adopt a policy of prevention of asset laundering and financing of terrorism. The policy mainly consists of conducting a thorough analysis and maintaining a record of all transactions conducted through the institution. Additionally, the system established by Resolution UIF 121 imposes upon financial institutions the duty to observe certain measures, such as the implementation of a manual on prevention containing the mechanisms and procedures to be followed in the course of operations; regular personnel training courses; regular audits; maintaining a record of analysis and risk management of detected unusual transactions and such transactions that, as a result of having been considered of a suspicious nature, may have been reported; the appointment of a member of the board to the position of compliance officer; the implementation of measures permitting the electronic consolidation of transactions conducted by clients, as well as technological tools permitting the analysis and monitoring of different variables to identify certain behavior and recognize potential suspicious transactions; requesting information and, where applicable, supporting documentation of clients; and the implementation of reinforced identification checks for clients with particular characteristics as specified in the rule, among other measures. In turn, the resolution emphasises the application of “know your client” policies and, accordingly, prior to commencing a business or contractual relation with clients, such institutions must carry out identity checks on the client, comply with Resolution UIF No. 11/2011, as amended, with respect to politically exposed persons, check the client’s name against the list of terrorists and/or terrorist organizations (Resolution UIF No. 29/2013) and request information about products to be used and the reasons therefore. It must be noted that if an unusual transaction is detected, the Obligor must closely monitor such transaction in order to gather additional information, and will record and keep all supporting documentation and make the pertinent report within thirty calendar days as of the date that the relevant transaction is identified as suspicious, up to a maximum term of 150 calendar days as of the date in which such transaction was carried out or attempted, which term is reduced to “without delay” and up to a maximum of 48 hours as of the date in which such transaction was done or attempted in circumstances where such transaction is related to financing of terrorism. Additionally, in accordance with Resolution UIF No. 50/2011, as supplemented by Resolution UIF No. 460/2015, the Obligors and their respective compliance officers, have the obligation to register through (www.uif.gob.ar) in the Operations Reporting System (ORS), as well as to submit in paper before the UIF’s reception desk, within fifteen administrative working days as of registration in the ORS, all documentation supporting such registration.

Resolution UIF 121 and Resolution UIF 229 set out a list of circumstances which must be specially taken into account in order to determine whether a transaction should be reported to UIF. Among them, the following must be noted: (i) amount, types, frequency and nature of transactions carried out by clients that are inconsistent with the client’s background and economic activity; (ii) clients who deny data or documents required by the Obligors, or data provided by clients which is proven to have been altered; (iii) clients not in compliance with Resolution UIF 229 and Resolution UIF 121 or other anti-money laundering regulations; (iv) indications of the illicit origin, management or destination of funds and other assets used in transactions, which the client does not account for with an explanation; and (v) transactions involving countries or jurisdictions which are deemed tax havens or identified as non-cooperating by the FATF. It is noted that Resolution UIF 229 sets forth, additionally, the following examples of suspicious transactions, without limitation: (i) the purchase or sale of securities at prices significantly higher or lower than those quoted at the moment the operation is completed; (ii) the purchase of securities at extremely high prices; (iii) operations where the client declares a financial condition which is inconsistent with the size of such operations, if that implies the possibility that the client is not acting in its own name but as an agent of someone who remains hidden; (iv) investment transactions with securities for high nominal values, which are inconsistent with the volume of securities historically negotiated according to the client’s transactional profile; and (v) an electronic transfer of funds received that does not include all the required information, among others.

On May 26, 2014, the UIF issued Resolution No. 229/2014, pursuant to which it imposed on the BCRA, the CNV, the National Insurance Superintendence (*Superintendencia de Seguros de la Nación*) and the National Associativism and Social Economy Institute (*Instituto Nacional de Asociativismo y Economía Social*) the duty to provide the UIF with all necessary collaboration in order to evaluate compliance by Obligors under their respective supervision, of the obligations established by the Anti-Money Laundering Law, regulations issued by the UIF and all ancillary and supplementary resolutions consequently issued by said organisms. Further, Resolution UIF No. 229/2014 empowers the controlling organisms to oversee the compliance with all duties and obligations in connection with anti-money laundering and anti-financing of terrorism, as well as authorizes such organisms to take corrective measures and actions deemed necessary for purposes of amending

and improving the procedures for compliance by the Obligors with anti-money laundering and prevention of financing of terrorism measures.

Title XI of the CNV Regulations provides that Obligors must comply with the Anti-Money Laundering Law, regulatory rules issued by the UIF, executive orders of the Argentine Federal Executive made pursuant to United Nations Security Council decisions, anti-terrorism rules and resolutions (including annexes thereto) issued by the Ministry of Foreign Affairs, International Trade and Worship. Title XI also applies to institutions acting as depositaries of mutual investment funds, managers or any other intermediaries (whether natural persons or legal entities), mutual investment funds, natural persons or legal entities participating as managers in the issue of securities and issuers of capital contributions or irrevocable contributions relating to the future issuance of shares or future loans, whether in their capacity as shareholders or not, in particular with respect to the identification of the person that made the investment or the capital contribution, and the origin and lawfulness of funds being contributed or received.

Title XI also provides that all the persons identified above may receive up to Ps.1,000 in cash per-day per-client, pursuant to Section 1 of Law No. 25,345 (the “Law on Prevention of Tax Evasion”). If these funds exceed that amount, the funds must be transferred by the client as set out in paragraphs 1 to 6 of Section 1 of the Law on Prevention of Tax Evasion. In the case of checks, the amount may be drawn from a checking account in the sole or joint name of the client held at a local financial institution. Wire transfers may be made from bank accounts in the sole or joint name of the client at local banking institutions authorized by BCRA. In addition, the persons mentioned above may not, per-day per-client, make more than two payments with funds or issue more than two checks, and they may not make payments per-day per-client in an amount higher than Ps.1,000. Payments involving higher amounts will be made in any manner set out in paragraphs 1 to 6 of Section 1 of the Law on Prevention of Tax Evasion. Checks may be payable to the client only, and wire transfers may be made to bank accounts in the sole or joint name of the client at local financial institutions authorized by the BCRA. Assuming the client provides sufficient written evidence, and with the CNV’s prior approval of the particular control procedures implemented, the persons mentioned above may receive checks from the client that are issued to the client and duly endorsed, and effect payment through crossed checks issued to the order of the client for deposit in its bank account.

The provisions of Title XI apply to all natural persons or legal entities seeking to operate as registered agents to carry out the trading, placement, distribution, brokerage, settlement, clearing, custody or collective deposit of marketable securities, management and custody of collective investment products, risk rating, and other activities connected with the development of capital market (including the activities of trading agents, trading agent promoters, placement and distribution agents, brokers, settlement and clearing agents, collective investment product managers, collective investment product custody agents, collective deposit agent and risk rating agents). In addition, these provisions will apply to companies seeking authorization to operate as exchange markets.

Finally, the persons mentioned above may only engage in transactions related to the public offering of securities if the offering is made or ordered by persons established, domiciled or residing in domains, jurisdictions, territories or associated states included in the list in Section 2.b of Executive Order No. 589/2013. If a person is not listed as mentioned above but instead acts in its jurisdiction as an intermediary registered with a market under the control and supervision of an agency fulfilling duties similar to the CNV’s, it may engage in transactions related to the public offering of securities as long as it can be proven that the agency has entered into a memorandum of understanding, cooperation and exchange of information with the CNV.

Participants in the placement process and issuance of the Notes must collect information related to Notes subscribers, and such information may be reported to the authorities (under strict confidentiality) when the CNV and/or BCRA and/or UIF and/or any other relevant entity requests such information from placement agents or issuers.

CLISA and/or the Managers may require any person willing to purchase and to holders of Notes, to provide information related to the fulfillment by any such person of the “Anti-Money Laundering and Prevention of the Financing of Terrorism” legal framework, pursuant to the Anti-Money Laundering Law, or other dispositions, resolutions or requirements of the UIF, CNV or the BCRA. Managers may reject purchase orders not complying with such laws, dispositions resolutions and requirements. Furthermore, CLISA may reject purchase orders when submitted by a person that does not provide all the requested information and/or documentation, to CLISA’s and the relevant Managers’ satisfaction.

All Anti-Money Laundering and Prevention of the Financing of Terrorism laws currently in force will be applicable. For a detailed analysis of the anti-money laundering prevention system currently in force in Argentina, investors are encouraged to obtain legal advice and read Title XIII Book Two of the Argentine Criminal Code and applicable rules of the UIF (<http://www.uif.gob.ar>) or the CNV (<http://www.cnv.gob.ar>).

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CLISA

**CLISA - Compañía Latinoamericana de
Infraestructura & Servicios S.A.**

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Condensed Interim Consolidated Financial Statements for the three-month period ended
March 31, 2016, presented in comparative format

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.

Condensed Interim Consolidated Financial Statements

For the period commenced January 1, 2016 and ended March 31, 2016, presented in comparative format

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Review Report on the Condensed Interim Consolidated Financial Statements

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES**CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME**

For the three-month period ended March 31, 2016, presented in comparative format

CONSOLIDATED RESULTS	Notes	For the three-month period ended	
		03/31/2016 In Pesos	03/31/2015 In Pesos
Sales	3.6	2,184,103,881	1,904,284,672
Cost of sales	4	<u>(1,369,536,330)</u>	<u>(1,266,395,737)</u>
Gross profit		814,567,551	637,888,935
Administrative expenses	5	(320,289,867)	(240,443,175)
Selling expenses and other operating expenses	6	(150,255,105)	(134,445,902)
Other operating income and expenses, net		<u>10,587,386</u>	<u>12,775,793</u>
Operating Income		354,609,965	275,775,651
Financial income	7	167,499,828	38,361,617
Financial expenses	7	(740,655,274)	(331,004,319)
Net gain in associates	8	6,237,139	3,850,650
Goodwill impairment		<u>(915,003)</u>	<u>(915,003)</u>
(Loss) before income tax		(213,223,345)	(13,931,404)
Income tax		<u>24,818,864</u>	<u>(18,361,418)</u>
NET (LOSS) INCOME FOR THE PERIOD		<u>(188,404,481)</u>	<u>(32,292,822)</u>
Net (loss) Income for the period attributable to:			
- Owners of the parent		(212,303,287)	(43,689,566)
- Non-controlling interests		<u>23,898,806</u>	<u>11,396,744</u>
		<u>(188,404,481)</u>	<u>(32,292,822)</u>
Results per share attributable to the owners of the parent during the period (stated in Ps. per share)	9	<u>(2.20)</u>	<u>(0.45)</u>

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited financial statements for the year ended December 31, 2015.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three-month period ended March 31, 2016, presented in comparative format

OTHER CONSOLIDATED COMPREHENSIVE INCOME	For the three-month period ended	
	03/31/2016 In Pesos	03/31/2015 In Pesos
Net (loss) for the period	(188,404,481)	(32,292,822)
Other comprehensive income:		
Items that may be reclassified subsequently to profit		
Effect of currency translation differences	59,781,123	(38,885,071)
Other comprehensive income (loss) for the period	59,781,123	(38,885,071)
Total comprehensive (loss) for the period	(128,623,358)	(71,177,893)
Comprehensive income (loss) attributable to:		
- Owners of the parent	(154,217,858)	(81,511,649)
- Non-controlling interests	25,594,500	10,333,756
	(128,623,358)	(71,177,893)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited financial statements for the year ended December 31, 2015.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
As of March 31, 2016 and as of December 31, 2015

ASSETS	Notes	03/31/2016 In Pesos	12/31/2015 In Pesos
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,861,417,568	2,692,173,572
Intangible Assets	12	362,481,840	349,747,688
Goodwill	11	159,786,288	140,808,913
Investments in associates	13	202,546,395	187,895,115
Deferred tax assets		276,052,507	222,321,516
Other receivables		1,215,564,451	1,344,207,098
Trade receivables		175,355,794	170,188,487
Total non-current Assets		5,253,204,843	5,107,342,389
CURRENT ASSETS			
Other receivables		1,679,294,591	1,355,388,699
Inventories		393,666,461	349,686,547
Trade receivables		4,098,237,217	4,032,976,027
Other investments	14	82,622,418	83,809,485
Cash and cash equivalents	15	776,083,302	695,674,324
Total current Assets		7,029,903,989	6,517,535,082
Total Assets		12,283,108,832	11,624,877,471
EQUITY			
Attributable to the owners of the parent		350,152,371	503,906,808
Non-controlling interests		311,281,246	290,964,353
Total Equity		661,433,617	794,871,161
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank and financial debts	16	2,240,999,553	2,205,500,654
Provisions for contingencies	18	258,507,436	245,955,051
Deferred tax liability		353,278,611	370,069,702
Other liabilities		2,310,679,696	2,187,016,658
Trade payables		51,914,211	54,971,223
Total non-current Liabilities		5,215,379,507	5,063,513,288
CURRENT LIABILITIES			
Bank and financial debts	16	2,293,748,529	2,259,264,014
Provisions for contingencies	18	31,502,337	24,363,729
Other liabilities		2,378,969,477	2,000,828,441
Trade payables		1,702,075,365	1,482,036,838
Total current Liabilities		6,406,295,708	5,766,493,022
Total Liabilities		11,621,675,215	10,830,006,310
Total Equity and Liabilities		12,283,108,832	11,624,877,471

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited financial statements for the year ended December 31, 2015.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended March 31, 2016, presented in comparative format

Item	Attributable to owners of the parent						Total	Non-controlling interests	Total of equity
	Share capital	Capital Adjustment	Legal reserve	Effect of currency translation differences	Balances of revaluation of subsidiaries	Retained earnings / (Accumulated losses)			
Balances as of January 1, 2015	96,588,696	115,738,740	3,138,571	169,640,367	595,570,556	(251,949,776)	728,727,154	254,305,249	983,032,403
Net (loss) / income for the period						(43,689,566)	(43,689,566)	11,396,744	(32,292,822)
Other comprehensive income				(37,822,083)	-	-	(37,822,083)	(1,062,988)	(38,885,071)
Total Comprehensive Income	-	-	-	(37,822,083)	-	(43,689,566)	(81,511,649)	10,333,756	(71,177,893)
Reversal of revaluation of subsidiaries					(1,246,344)	1,246,344	-	-	-
Transactions with shareholders									
Contributions and withdrawals in joint ventures								1,707,555	1,707,555
Total transactions with shareholders	-	-	-	-	-	-	-	1,707,555	1,707,555
Balances as of March 31, 2015	96,588,696	115,738,740	3,138,571	131,818,284	594,324,212	(294,392,998)	647,215,505	266,346,560	913,562,065
Balances as of January 1, 2016	96,588,696	115,738,740	3,138,571	229,989,998	990,163,094	(931,712,291)	503,906,808	290,964,353	794,871,161
Net (loss) / income for the period						(212,303,287)	(212,303,287)	23,898,806	(188,404,481)
Other comprehensive income				58,085,429	-	-	58,085,429	1,695,694	59,781,123
Total Comprehensive Income	-	-	-	58,085,429	-	(212,303,287)	(154,217,858)	25,594,500	(128,623,358)
Reversal of revaluation of subsidiaries					(277,003)	277,003	-	-	-
Merger due to absorption and spin-off(Note 1)	88,828					374,593	463,421	(463,421)	-
Transactions with shareholders									
Distribution of dividends								(377,064)	(377,064)
Contributions and withdrawals in joint ventures								(4,437,122)	(4,437,122)
Total transactions with shareholders	-	-	-	-	-	-	-	(4,814,186)	(4,814,186)
Balances as of March 31, 2016	96,677,524	115,738,740	3,138,571	288,075,427	989,886,091	(1,143,363,982)	350,152,371	311,281,246	661,433,617

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited financial statements for the year ended December 31, 2015.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
For the three-month period ended March 31, 2016, presented in comparative format

	Notes	03/31/2016 In Pesos	03/31/2015 In Pesos
Cash from operating activities			
Net (loss) income for the period		(188,404,481)	(32,292,822)
Adjustments for:			
Depreciation and amortization		84,244,077	52,072,234
Deferred income		(13,488)	(205,719)
Income tax		(24,818,864)	18,361,418
Payment of income tax		(15,562,436)	(33,729,123)
Gain from sales of property, plant and equipment		(1,297,161)	(1,264,727)
Net gain in associates		(6,237,139)	(3,850,650)
Net carrying value of property, plant and equipment written off		4,388	129,522
Net carrying value of intangible assets written off		83,326	14,466
Other operating and financial income and expenses, net		154,562,357	(2,977,985)
Interest earned and paid, net		262,213,782	184,462,231
Payment and collection of interest, net		(240,112,520)	(111,866,962)
Changes in operating assets and liabilities:			
Increase in inventories		(43,945,829)	(34,332,577)
Increase in allowances and provisions for contingencies		26,516,401	19,326,819
Decrease in investments		1,067,310	19,014,089
Increase in operating receivables		(97,935,964)	(192,556,017)
Increase in operating liabilities		580,090,730	(68,091,577)
Net cash flow provided by (used in) operating activities		490,454,489	(187,787,380)
Cash from investing activities			
Purchases of property, plant and equipment		(72,008,555)	(82,764,989)
Purchases of intangible assets		(24,694,285)	(3,911,985)
Changes in investments, net		2,069,973	(160,037)
Proceeds on disposal of property, plant and equipment		6,993,706	7,814,156
Net cash flow used in investing activities		(87,639,161)	(79,022,855)
Cash from financing activities			
Increase in other receivables		(75,931,243)	(152,378,875)
Increase in other liabilities		39,081,209	131,594,791
Dividends paid		(377,064)	-
Changes in bank and financial debts, net		(296,942,301)	10,839,501
Net cash flow (used in) financing activities		(334,169,399)	(9,944,583)
Changes in cash before the effect of currency translation differences		68,645,929	(276,754,818)
Effect of currency translation differences		11,763,049	(1,469,249)
Increase (Decrease) in cash, net		80,408,978	(278,224,067)
Cash and cash equivalents as of the beginning of the period	15	695,674,324	933,769,863
Cash and cash equivalents as of the end of period	15	776,083,302	655,545,796

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements. These Condensed Interim Consolidated Financial Statements should be read with the audited financial statements for the year ended December 31, 2015.

Contents of the notes to the consolidated financial statements

1. General information
2. Accounting policies and basis of preparation
3. Operating segment information
4. Cost of sales
5. Administrative expenses
6. Selling and other operating expenses
7. Financial income and financial expenses
8. Net gain in associates
9. Earnings per share
10. Property, plant, and equipment, net
11. Goodwill
12. Intangible Assets other than goodwill
13. Investments in associates
14. Other investments
15. Cash and cash equivalents
16. Bank and financial debts
17. Financial leases
18. Allowances and provisions for contingencies
19. Balances and transactions with related parties
20. Additional information about Condensed Interim Consolidated Cash Flow Statement
21. Contingencies, commitments and restrictions on the distribution of profits
22. Encumbered and restricted assets
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1. General Information

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. (hereinafter "CLISA") was established on October 21, 1996 and runs its business operations through the equity interests it holds in Benito Roggio e Hijos S.A., Benito Roggio Transporte S.A., Cliba Ingeniería Urbana S.A., Cliba Ingeniería Ambiental S.A. and Roggio Brasil Investimentos e Serviços Ltda, (jointly with CLISA, "the Company"). As detailed in Note 3, these subsidiaries engage mainly, through their operations and interests in other companies, in the following operating activities: construction, toll road concessions, waste management, mass passenger transportation and water supply services.

CLISA is a holding Company whose Incorporation Agreement dated October 21, 1996 was registered with the Superintendency of Commercial Companies on November 15, 1996 under No. 11458 in Book 120, Volume A, of Stock Companies and its term of duration will expire on November 15, 2095.

The latest amendment to its Bylaws was approved by the Extraordinary Meeting of Shareholders No. 20 held on July 19, 2007, and registered with the Superintendency of Commercial Companies under No. 14007 in Book 36 of Stock Companies on August 23, 2007. On March 14, 2016, the Company together with Benito Roggio Ambiental S.A. ("BRA") and Cliba Ingeniería Ambiental S.A. ("Cliba") entered into a "MERGER PLAN BY ABSORPTION OF BENITO ROGGIO AMBIENTAL S.A., WHICH IS DISSOLVED WITHOUT BEING LIQUIDATED, AND ABSORBED BY CLISA-COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A., AND SPIN-OFF - MERGER OF CLIBA INGENIERIA AMBIENTAL S.A. AND CLISA-COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A." (the "Preliminary Commitment"), whereby (i) BRA is dissolved without being liquidated and absorbed by CLISA, and (ii) Cliba Ingeniería Ambiental S.A., not dissolved, spins off part of its equity which is added through merger to CLISA. This corporate reorganization is aimed at enabling the management of common businesses, to gain operating and administrative advantages, as well as greater performance of the companies involved and the reduction of costs within the framework of Section 82, and related provisions of the General Companies Law No. 19550, as amended, and Section 77 and related provisions of the Income Tax Law and its regulatory provisions. Exchange ratios were calculated on the basis of the special financial statements at 12.31.2015 prepared for that purpose. On March 31, 2016, the Ordinary and Extraordinary Meetings of Shareholders of CLISA, BRA and Cliba, all of them held at that date, approved the Preliminary Commitment effective at March 31, 2016. Once the legal terms required have expired, the parties considered the Preliminary Commitment described above as final on May 5, 2016. As a consequence of this reorganization, CLISA increased its capital stock issuing 88,828 shares of Ps.1 face value each and increased its Equity by Ps. 463,421. Such capital increase has not yet been registered.

The parent company of CLISA is Roggio S.A., with legal address at Leandro N. Alem 1050, 9th floor, Ciudad Autónoma de Buenos Aires, and is a holding Company, Roggio S.A. holds an interest of 97.53% in the capital and votes of CLISA.

The following describes the share capital of CLISA:

Ordinary shares	Subscribed and paid (In Pesos)
Class "A" Ps. 1 – 5 Votes	96,677,524

The capital status is as follows:

	03/31/2016	12/31/2015	12/31/2014
Share capital at the beginning of the year	96,677,524	96,588,696	96,588,696
Share capital at the end of the period /year	96,677,524	96,588,696	96,588,696

On May 15, 1997 CLISA was admitted to the corporate bonds Public Offering System by Resolution No. 11735 of the National Securities Commission ("CNV").

2. Accounting policies and basis of preparation

2.1. Basis of preparation

The National Securities Commission (CNV), has established the applicability of Technical Resolutions Nos. 26 and 29 of the Argentine Federation of Professional Councils in Economic Sciences, which adopt the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), for entities included in the public offering regime, whether for their capital or for their notes, or which have requested authorization to be included in this regime. Application of these standards was mandatory for the Company as from the year commenced January 1, 2012.

These Condensed Interim Consolidated Financial Statements of the Company for three-month period ended March 31, 2016 have been prepared in accordance with IFRS issued by IASB.

These Condensed Interim Consolidated Financial Statements of the Company for the three-month period ended March 31, 2016 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). The Condensed Interim Consolidated Financial Statements have been prepared in accordance with the accounting policies used in preparing the information under IFRS as of December 31, 2015, and are based on IFRS which are expected to come into effect by December 31, 2016. The accounting policies adopted by the Company are described in Note 2 to the audited Consolidated Financial Statements for the year ended December 31, 2015.

Figures at December 31, 2015 and March 31, 2015, disclosed in these Consolidated Financial Statements for comparative purposes, arise from financial statements at that date.

These Condensed Interim Consolidated Financial Statements were approved by the Company's Board of Directors on May 12, 2016.

Consolidated financial statements are stated in Argentine pesos without cents, except for earning per share which is presented in decimal format and operating segment information which is presented in thousands of Argentine pesos.

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2.2. Consolidation basis

a. Subsidiaries

Companies	Ref.	Percentage of interest as of		Line of business
		03/31/2016	12/31/2015	
- Benito Roggio e Hijos S.A.	(1)	97.22%	97.22%	Construction and waste management
- Cclip S.A.	(2)	68.58%	68.58%	Services
- Aguas Cordobesas S.A.	(2)	61.15%	61.15%	Supply of potable water
- Sehos S.A.	(6)	100.00%	100.00%	Hospital and construction services
- Benito Roggio Panamá S.A.	(2)	100.00%	100.00%	Construction
- Haug S.A.	(18)	100.00%	100.00%	Construction and assembling of industrial facilities
- Haug Chile Internacional Ltda.	(15)	100.00%	100.00%	Engineering, construction and assembly services
- Hame Representaciones S.A.C.	(15)	100.00%	100.00%	Marketing services
- Katmai S.A.	(16)	100.00%	100.00%	Representation services
- Benito Roggio Transporte S.A.	(1)	97.13%	97.13%	Investment and advisory
- Metrovías S.A.	(3)	90.66%	90.66%	Mass passenger transportation
- Corredores Ferroviarios S.A.	(3)	95.00%	95.00%	Mass passenger transportation
- Neoservice S.A.	(3)	95.00%	95.00%	Investment
- Traditum S.A.	(5)	54.00%	54.00%	IT and telecommunications services
- Vianiley S.A.	(8)	100.00%	100.00%	Investment
- Miplus S.A.	(8)	100.00%	100.00%	Investment
- Grunwald Comunicaciones S.A.	(8)	100.00%	100.00%	Investment
- Metronec S.A.	(6)	100.00%	100.00%	Real estate services
- Compañía Metropolitana de Seguridad S.A.	(7)	100.00%	100.00%	Security and surveillance services
- Benito Roggio Ferroindustrial S.A.	(3)	95.00%	95.00%	Public railway passenger transportation service
- Benito Roggio Ambiental S.A.	(9)	.	100.00%	Investment
- Cliba Ingeniería Ambiental S.A.	(4)	98.70%	98.67%	Waste management
- Tecsan Ingeniería Ambiental S.A.	(10)	100.00%	100.00%	Waste management
- Cliba Ingeniería Urbana S.A.	(11)	100.00%	100.00%	Waste management
- Cliba Rosario S.A.	(11)	100.00%	100.00%	Waste management
- Taym S.A.	(12)	100.00%	100.00%	Waste management
- Ecoayres Argentina S.A.	(12)	100.00%	100.00%	Waste management
- Enerco ₂ S.A.	(12)	100.00%	100.00%	Waste management
- Central Buen Ayre S.A.	(13)	100.00%	100.00%	Waste management
- Vientos de Senillosa S.A.	(14)	100.00%	100.00%	Waste management
- Tecsoil S.A.	(10)	100.00%	100.00%	Waste management
- Roggio Brasil Investimentos e Serviços Ltda.	(1)	99.99%	99.99%	Investment

The percentages of voting rights are the same as the percentages of interests in capital, except for the following:

Name	Percentages of voting	
	03/31/2016	12/31/2015
- Metrovías S.A.	96.93%	96.93%
- Cliba Ingeniería Ambiental S.A.	95.79%	95.79%

References:

- (1) Represents the direct holding percentage held by CLISA.
- (2) Represents the direct holding percentage held by Benito Roggio e Hijos S.A.
- (3) Represents the direct holding percentage held by Benito Roggio Transporte S.A.
- (4) Represents the direct holding percentage held by CLISA and Benito Roggio e Hijos S.A.
- (5) Represents the direct holding percentage held by Metronec S.A.
- (6) Percentage jointly held by Benito Roggio Transporte S.A. and Benito Roggio e Hijos S.A.
- (7) Percentage jointly held by Metronec S.A. and Benito Roggio Transporte S.A.
- (8) Represents the direct holding percentage held by Neoservice S.A.
- (9) Percentage jointly held by CLISA and Benito Roggio e Hijos S.A.
- (10) Percentage jointly held by Cliba Ingeniería Urbana S.A. and CLISA
- (11) Percentage jointly held by Cliba Ingeniería Ambiental S.A. and CLISA
- (12) Percentage jointly held by Cliba Ingeniería Urbana S.A. and Tecsan Ingeniería Ambiental S.A.
- (13) Percentage jointly held by Tecsan Ingeniería Ambiental S.A. and Enerco₂ S.A.
- (14) Percentage jointly held by Enerco₂ S.A. and Cliba Ingeniería Urbana S.A.
- (15) Represents the direct holding percentage held by Haug S.A.
- (16) Represents the direct holding percentage held by Hame Representaciones S.A.C.
- (17) Represents the direct holding percentage held by Servicios Fiduciarios S.A.
- (18) Represents the direct holding percentage held by Benito Roggio e Hijos S.A. y Sehos S.A.

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b. Joint operations

Companies	Ref.	Percentage of interest as of		Line of business
		03/31/2016	12/31/2015	
Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. – in liquidation	(1)	50.00%	50.00%	Public railway passenger transportation service
Unidad de Gestión Operativa Mitre Sarmiento S.A. – in liquidation	(1)	50.00%	50.00%	Public railway passenger transportation service

(1) Represents the direct holding percentage held by Metrovías S.A.

c. Joint ventures interests

JOINT VENTURES	Ref.	Percentage of interest as of		Line of business
		03/31/2016	12/31/2015	
Joint ventures which are consolidated at 100% (Consolidation at 100%)				
B.R.H. S.A. / ROVELLA CARRANZA S.A. JV (Rosario beltway)	(1)	70.00%	70.00%	Construction
C.P.C. S.A. / B.R.H. S.A. JV (C railway transportation line – Santa Fe)	(1)	50.00%	50.00%	Construction
B.R.H. S.A. / R. CAMMISA CONSTRUCCIONES S.A. JV (308 Mesh Fence La Rioja)	(1)	70.00%	70.00%	Construction
B.R.H. S.A. / VIALMANI S.A. JV (Quebrada Santo Domingo)	(1)	80.00%	80.00%	Construction
C.P.C. S.A. / B.R.H. S.A. JV (C railway San Cristobal)	(1)	50.00%	50.00%	Construction
SEHOS S.A. / COMSA DE ARGENTINA S.A. – Renewal of double road Empalme Maldonado – J.L. Suárez	(5)	47.50%	47.50%	Construction
B.R.H. S.A. / BOETTO Y BUTTIGLIENGO S.A. JV – Road RN 36 – tranche Calamuchita-Río Cuarto – Córdoba	(1)	60.00%	60.00%	Construction
B.R.H. S.A. / GREEN S.A. / CASELLA S.A. - RP 1 San Salvador-Palpalá – Jujuy	(1)	40.00%	40.00%	Construction
B.R.H. S.A. / SEHOS S.A. JV – Paso bajo nivel – Quilmes	(6)	100.00%	100.00%	Construction
B.R.H. S.A. / ESUCO S.A. – Electrical engineering and control of the carboniferous reservoir of Río Turbio	(1)	50.00%	50.00%	Electrical
B.R.H. S.A. / J.CARTELLONE C.C. S.A. / BORCOM S.A. JV – Master plan for the supply of potable water to Posadas and Garupá – Misiones	(1)	35.00%	35.00%	Construction
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. JV (Cliba San Isidro)	(2)	100.00%	100.00%	Waste Management
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. JV (Cliba Santa Fe)	(2)	100.00%	100.00%	Waste Management
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. JV (Cliba Neuquén)	(2)	100.00%	100.00%	Waste Management
Tecsan Ing. Amb. S.A. B.R.H. S.A. JV (Norte III)	(3)	100.00%	100.00%	Waste Management
Cliba A.C.E.	(2)	100.00%	100.00%	Waste Management
Benito Roggio Transporte S.A. – Benito Roggio Ferroindustrial S.A. – JV	(4)	100.00%	100.00%	Transportation
Joint ventures in which BRH has joint control (proportionately consolidation)				
B.R.H. S.A. / ESUCO S.A. / SUPERCEMENTO S.A.I.C. UTE (Yacretá)	(1)	33.33%	33.33%	Construction
PANEDILE ARGENTINA S.A. / B.R.H. S.A. / PETERSEN THIELE Y CRUZ S.A. UTE – Planta de Santiago	(1)	35.00%	35.00%	Construction
B.R.H. S.A. / ESUCO S.A. – Paso bajo nivel Av. Beiró y vías del FFCC Urquiza	(1)	50.00%	50.00%	Construction
B.R.H. S.A. / ELECTROINGENIERIA S.A. UTE (Cierre Circunvalación Córdoba)	(1)	50.00%	50.00%	Construction
HAUG S.A. / Obrainsa (Water Treatment Plant in Cajamara, Parú)	(7)	42.31%	42.31%	Construction
Joint ventures in which BRH has significant influence (equity method)				
B.R.H. S.A. / C. N. ODEBRECHT S.A. / SUPERCEMENTO S.A.C.I. / J.C.C.C. S.A. JV - Plant in Tigre	(1)	16.67%	16.67%	Construction
COMSA DE ARGENTINA S.A. / SEHOS S.A. – Renewal of infrastructure of roads Est. Merlo to Est. M. Paz y Est. Moreno - Km 51.200	(5)	50.00%	50.00%	Construction

- (1) Represents the percentage of interest held by Benito Roggio e Hijos S.A
- (2) Represents direct and indirect percentage of interest held by Benito Roggio Ambiental S.A.
- (3) Represents direct and indirect percentage of interest held by Benito Roggio Ambiental S.A. and Benito Roggio e Hijos S.A.
- (4) Represents direct and indirect percentage of interest held by Benito Roggio Transporte S.A.
- (5) Represents direct percentage of interest held by Sehos S.A.
- (6) Represents direct percentage of interest held by Benito Roggio e Hijos S.A. and Sehos S.A.
- (7) Represents direct percentage of interest held by Haug S.A.

2.2. Accounting policies

The accounting policies adopted by the Company have been described in Note 2 to the audited consolidated financial statements for the year ended December 31, 2015. Furthermore, Note 25 describes the accounting standards, amendments and interpretations that have come into force for the year beginning on January 1, 2016.

2.3. Estimates

The preparation of these financial statements requires the use of estimates. It also requires the Company's Management to exercise judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates might not equal to the related actual results. The most critical estimates and judgments of the Company are discussed below.

(a) Estimated impairment of goodwill

Periodically, the Company determines whether goodwill has been suffered any impairment loss, according to the accounting policy adopted by the Company (Note 2.7 to the consolidated financial statements at December 31, 2015). The recoverable amounts of the cash generating units (CGU) have been determined by calculating the value in use. These calculations require the use of estimates

(b) Income tax

The Company is subject to income tax in the countries where it operates. To determine the income tax provision in each of the jurisdictions where income tax is paid, the Company exercises its professional judgment to show the tax consequences of the economic events of each fiscal year, based on the current tax legislation, making the best estimates vis-à-vis the information available at the date of the consolidated financial statements.

(c) Fair value of derivatives or other financial instruments

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses its judgment to select a series of methods and makes assumptions based primarily on the market conditions prevailing at the end of each reporting period.

(d) Revenue recognition

The Company uses the percentage of completion method based on the costs incurred (POC) to account for the construction and service contracts at a fixed price. Use of this method requires estimating the costs to be incurred and the services to be provided to date, to determine the actual services provided and actual costs incurred as a proportion of the total services to be provided and total costs to be incurred for each of the contracts.

(e) Provision for lawsuits and contingencies

The evaluation of contingent liabilities is made by the Company's Management and legal counsel based on the elements of judgment available at the time of preparing these consolidated financial statements. In estimating their amounts, among other characteristics, the likelihood of occurrence has been considered. If in evaluating the contingency there was a chance that losses could materialize and the amount could be estimated by reliable means, a liability would be accounted for under provisions for contingencies. If the potential loss is not likely or probable but the related amount cannot be estimated by reliable means, the nature of the contingent liability and the estimate of probability of occurrence are disclosed in note to the consolidated financial statements.

3. Operating segment information

The Company operates through four segments: Constructions and toll road concessions, transport, waste management and water supply.

3.1. Construction and toll road concession

3.1.1. Benito Roggio e Hijos S.A.

Through its subsidiary Benito Roggio e Hijos S.A. ("BRH") a construction company, which is positioned as one of Argentina's largest construction company. BRH is engaged in a wide range of activities mainly relating to the construction sector.

The activities performed in this segment may be classified as highway, hydraulic, remediation, architectural, railway, and subway transportation, electrical and construction and assembling of industrial facilities. BRH has important construction projects under way, such as the IBM building in Buenos Aires; the Santiago International Airport, in Chile; the Piedras Moras Dam in the Province of Córdoba; Chateau Carreras Football Stadium in the City of Córdoba (currently, Mario Alberto Kempes); Western Access (Western Access), in Buenos Aires; Conrad Hilton Punta del Este Resort & Casino hotel, located in Punta del Este. Uruguay; the Pichi Picún Leufú Hydroelectric Dam in the province of Neuquén; 9 de Julio Northern Highway in Buenos Aires; the extension of B and D Line of the Buenos Aires City Subway Network, with the addition of new stations; the Córdoba-Villa María highway and Oliva- Ballesteros highway, in the Province of Córdoba and National Road No. 76, Sections I and II in the Province of La Rioja.

Currently, BRH is performing construction works nationwide. The most important construction works under way are the following:

- Coastal Protection Works for Yacyretá in the Localities of Posadas, Garupá and Candelaria, Province of Misiones.
- E Subway Line –Bolivar-Retiro section- City of Buenos Aires.
- Potable Water Plant in Tigre. Province of Buenos Aires.
- Rosario beltway, Province of Santa Fe.
- Repaving national roads Nos. 9 and 60, Province of Córdoba.
- C railway transportation line. Province of Santa Fe.
- Duplication of Roadway in National Road No. 9, Section of the Asunción del Paraguay – Yala Bridge in the Province of Jujuy.
- Contract for Recovery and Maintenance of 308 Mesh Fence Covering National Road No. 150, Parque Natural Provincial Ischigualasto and National Road No. 79 in the provinces of La Rioja and San Juan.
- Paving of National Road No. 76, Quebrada Santo Domingo Section. Pircas Negras, Province of La Rioja.
- Closure of Western Arch - Avenida Circunvalación Córdoba – Province of Córdoba.
- Renewal of Buenos Aires-Rosario railway line – Otamendi-Zarate section – Province of Buenos Aires.
- Renewal of Subway Line E - Ciudad Autónoma de Buenos Aires
- Pumping Station. Impulsion and Treatment Plant – Province of Santiago del Estero

- Construction of the motorway National Road No 36 section: End of variant Perilago – Berrotaran (Variant of Los Córdobas y Berrotaran)
- Construction of the four-lane avenue with central separator in provincial road No. 1 - San Salvador de Jujuy-Palpalá – Province of Jujuy section.
- Low level crossing road Triunvirato and ex- railroad track General Roca.
- Underpass of Av. Beiró and railroad track Urquiza
- Electrical and control engineering for Rio Turbio coal mine.
- Electrical and control engineering for Rio Turbio coal mine.
- Master plan for the supply of potable water to Posadas and Garupá-Misiones
- Full restoration of Los Molinos Dam - Córdoba

Further, through its branch in Brazil, it has won the following bids:

- Execution of civil works in passenger stations for trains of Subway Line 15, in the City of São Paulo, Brazil.
- Roadwork in the northern region of Brazil, in the State of Pará, consisting of the construction of a 112 km Paved Road, as part of Federal Road BR 163 in the Campo Verde-Rurópolis section.

3.1.2. Haug S.A.

Haug S.A. (Haug), a Peruvian leading company in the metal mechanical sector that has been in operation in Peru for more than 60 years, provides engineering and construction services and carries out activities related to the assembly of storage and processing tanks, equipment for the mining industry (thickeners, clarifiers, hoppers, cells), industrial plants, metal structures, Tubing, etc.

Haug has carried out its activities in Chile and in the Dominican Republic. At present, the Company mainly provides services through its head office in Peru and with the Joint Venture Haug - Demem - MyC Pariñas, the Company is developing a project for the assembly and interconnection of four tanks, in Talara, Peru.

3.1.3. Benito Roggio Panamá S.A.

BRH holds 100% of the shares in Benito Roggio Panamá S.A., the awardee of the Design and Construction work for road improvement along the Divisa-Chitré Highway, in the province of Herrera, Republic of Panama; this work includes 3 years' maintenance, and its completion is planned for 2017. The road will have four lanes, turnarounds every 5km, 2 new bridges, road verge and better lighting. The Company also performs works in Panama for road improvement along the Roadways in the province of Herrera, in the sections comprised between the following localities: (i) Cabuya - Los Higos; Cabuya – Potuguilla; Rincón Hondo – Esquiguita; Cruce Limón – Borrola; Pesé – Las Cabras and Cascajillo – La Arenita – Las Cabras, and (ii) Los Pozos – Las Minas and the Bridge over Quebrada El Barrero.

3.1.4. Sehos S.A.

BRH holds 95% of the shares in Sehos S.A., which engages in architectural activities in general and over the last few years it specialized in railway infrastructure services, such as remodeling and bringing into operation of railway stations, renewal of level crossings, elevation of platforms, delimitation of operating areas, etc. It also provides preventive, operational and corrective maintenance in hospitals.

3.1.5. Transportel Patagónica S.A.

BRH holds a 45% equity interest in Transportel Patagónica S.A., which main purpose is the construction, operation and maintenance of an extension of the electrical interconnection that will link the locality of Esperanza with Rio Turbio and Esperanza with Rio Gallegos, in the Province of Santa Cruz.

During the last quarter of 2013, Transportel Patagónica S.A. was awarded a series of additional jobs under the Pico Truncado – Rio Turbio – Rio Gallegos – Southern Portion Interconnection contract and the supply and installation of a second transformer in the Rio Gallegos transformer station. These works are near to be finished.

In May 2015, Transportel Patagónica S.A. was awarded the “Execution of Enlargement and Complementary Works for 500/132 kW La Rioja Sur Transformer Station”, under National Public Bid 11/2014 called by the Committee for the Administration of the Trust Fund for the Federal Electric Power Distribution (CAF). The works will include the enlargement of the electric power system in the province of La Rioja: modification, by opening, of the 132 kW Recreo – La Rioja I and II power lines, the enlargement of the 500/132 kW La Rioja Sur Transformer Station, the enlargement of the San Martín 132 kW Marshalling Yard and the modification, by opening, of the 132 kW Recreo – La Rioja double-circuit transmission line in the surroundings of the marshalling yard. The award contract was signed on July 7, 2015.

This work will also be executed in two stages: A) Construction and B) Operation and Maintenance (which will be in charge of Transpa S.A.).

On September 7, 2015, Transportel Patagónica S.A. entered into, under section 5.6 of the Bidding Terms and Conditions for Enlargement and Complementary Works for 500/132 kW La Rioja Sur Transformer Station, a trust agreement for administration purposes with Banco de Inversion y Comercio Exterior S.A. (BICE) whereby the Company, as trustor and beneficiary, transferred to BICE, as Trustee, and BICE accepted, the trust ownership under the terms of Law No. 24441 of the respective rights for the collection of fee advances (including VAT) under the COM Contract; the Trustor has formalized this transfer of trust ownership as guarantee of the correct application of the funds to the Project within the framework of the COM Contract. The Trustee shall keep the liquid funds available in the Trust Account and shall make only such investments as expressly indicated by Trustor.

At the date of these financial statements, the company was carrying and installing workshops to perform the agreed upon work.

3.1.6. Benito Roggio e Hijos S.A. de Paraguay

BRH holds a 20% interest in Benito Roggio e Hijos S.A. Paraguay ("Benito Roggio Paraguay"), which has developed construction projects in that country, since 1974.

3.1.7. CV1 - Concesionaria Vial S.A.

BRH holds interests in CV1 - Concesionaria Vial S.A. (CV1) which is engaged in the construction, improvements, reparation, preservation, extension, remodeling, maintenance, administration and exploitation through the Toll Concession System of National Highway Corridor No. 1, for an initial term of 6 years, renewable for one additional year. Takeover of the corridor took place on April 22, 2010, date of commencement of the concession period. On April 20, 2016, CV1 was notified that the Argentine Directorate of Roads ("DNV") has passed AG Resolution No. 296/2016 dated April 19, 2016, which postpones the concession for a one-year term, counted as from the date of conclusion of the current concessions, i.e. the new expiration term of the Concession will be April 21, 2017. This corridor has a total length of 1,281 km covering the sections between Cañuelas, Mar del Plata and Bahía Blanca.

On February 6, 2012, the General Administrator of the National Highway resolved Resolution No. 207/2012, among other issues, to i) carry out a comprehensive review of the concession contracts of the national highway corridors approved by National Executive Branch Decree No. 543/2010; ii) suspend application of the regulations on government subsidies to the corridors until the comprehensive review of the concession contracts is completed; and iii) calculate a monthly fixed amount of subsidies which will be paid temporarily ad referendum of the comprehensive review to be carried out, while the collections of the subsidies are suspended.

On December 27, 2012 the National Highway approved by Resolution No. 3064/2012 the agreement of restatement of the contract of the concession Road Corridor No. 1. In that document, the parties agree to readjust the restructure plan works and control, measurement and payment of preservation works, maintenance, user services and support services, setting them up as a single work.

Effective May 1, 2013, the Concession Contract of CV1 included the Road Corridor No. 29, consisting of the Km 1212.40-Km 1217.80 section of National Road No. 22 and the Cipolletti Traffic Circle-Cipoletti Beltway Traffic Circle section of National Road No. 151, in the Provinces of Neuquén and Río Negro.

3.1.8. Autovía del Mar S.A.

BRH holds a 26.67% of interest in Autovía del Mar S.A., which engages in the construction, improvement, repair, preservation, extension, remodeling, maintenance, administration and operation of the Integrated Road System of the Atlantic, by means of a toll road concession for a term of 30 years. The takeover of this corridor took place on July 1, 2011, the effective date of the concession term.

This corridor is 950 km long and comprises the following sections: (i) Provincial Road N°2 between the progressive section of km 40 at the intersection between Provincial Roads Nos. 36 and 2 (District of Berazategui) and km 395 (Mar del Plata – District of General Pueyrredón), on December 10, 2015 the section between km 214 and km 395 and Maipú Station which was administered by Covisur S.A. and it is currently covered by the concession of Autovía del Mar S.A.; (ii) Provincial Road No. 11 between Provincial Road N°36 (Pipinas – District of Punta Indio) and Santa Clara del Mar (District of Mar Chiquita); (iii) Provincial Road No. 63 between Provincial Road No. 2 (Dolores) and Provincial Road N°11 (Esquina de Croto Traffic Circle – District of Tordillo); (iv) Provincial Road No. 56 between Provincial Road N°11 (General Conesa Traffic Circle – District of Tordillo) and Provincial Road No. 74 (General Madariaga Traffic Circle); (v) Provincial Road No. 74 between Provincial Road No. 11 (Pinamar Traffic Circle) and the progressive section km 27,800 of Provincial Road No. 74 (District of General Madariaga) and (vi) Provincial Road No. 36, between the intersection with Provincial Road No. 2 (District of Berazategui) and the intersection with Provincial Road No.11 in Pipinas (District of Punta Indio); the latter section will be included as from the ninth year of the concession term.

As a result of the rescission document signed by mutual agreement between the Ministry of Infrastructure for the Province of Buenos Aires, Covisur S.A. and Autovia del Mar S.A. on December 4, 2015, Autovia del Mar S.A. has taken possession of the section corresponding to Covisur S.A. as from December 10, 2015.

3.1.9. Covisur S.A.

BRH holds interest in Covisur S.A., which is the awardee of the concession for the preservation, improvement and administration of a section of Provincial Road No. 2 under a toll system, the term expires in 2016.

On July 19, 2010 a memorandum of understanding was signed between the Ministry of Infrastructure, the Province of Buenos Aires and Covisur S.A., which would amend the original concession contract, by extending the concession term until June 30, 2016 and modifying the sections covered by the current concession. Under the Concession, the government gave its consent to (i) the partial rescission of the concession contract of Covisur S.A., that is, regarding construction, improvement, reparation, preservation, enlargement, remodeling, administration and exploitation of a section of Provincial Road No. 2 of approximately 174 km; (ii) the adoption of new contractual terms and conditions regarding the remaining 189 km of Provincial Road No. 2.; and (iii) the extension of the concession term, modified until June 30, 2016.

As a result of the negotiations carried out during the last few years, on June 30, 2011 an addendum to the abovementioned memorandum of understanding was signed, whereby the km 40,210 and the km 214 section of Highway 2 would be excluded from the concession contract as from July 1, 2011; the economic and financial plan and the rate increases were modified with the extension of the concession term until June 30, 2016.

On March 20, 2015, the Ministry of Infrastructure notified the Company of Resolution 56/15 which under article 2 approved the Ordinary Review of Covisur. Under this resolution, a rate schedule to be applied has been defined which is limited by the homogeneity of Maipú rates, compared to Samborombón rates applicable to Autovía del Mar S.A.). On April 8, 2015, by means of a letter to the Unit for Regulatory Economic Analysis of Road Concessions, under the authority of the Ministry of Infrastructure, Covisur challenged part of Resolution 56/15 stating that the rates to be applied, which are lower than the values presented by Covisur during the ordinary review process at June 2014, would cause a financial mismatch, with the consequent reduction in the investment plan; otherwise, the possibility of an early termination of the concession should be analyzed. The actions undertaken are conducive to the termination of the concession, with no specific definition so far.

Covisur has prepared its financial statements without considering the possible early termination of the concession, using accounting principles applicable to a going concern. Therefore, those financial statements do not include the effects of possible adjustments and/or reclassifications, if any, that could be required if the situation described in the preceding paragraph is not remedied in favor of the continuity of Covisur's operations.

3.1.10. Toll Road Concession Agreement

On October 31, 2003 Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., companies where BRH holds an interest of 53.77%, 38.47%, 38.46% y 57.00%, respectively, returned the assets related to the Concession to the National Government,

discontinuing as from that date the generation of income and maintenance and exploitation obligations under the concession. However, the Concession Grantor and those companies have not yet expressly agreed to the full termination of the concession contract, with administrative and judicial proceedings being pending between the parties to settle the unresolved contractual issues. The shareholders of the concessionaires jointly guarantee any difference that may arise as a result of the termination processes mentioned above.

Based on the opinion of their legal counsel, the concessionaires believe that no further debts will be incurred in addition to those recognized by them.

In view of the current status of the negotiations, the Company Management has decided to value at zero the interests held in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A.

3.1.11. Puentes del Litoral S.A.

National Executive Branch awarded the public work concession under a toll fare system for the construction, preservation, maintenance, administration and operation of the Rosario (Province of Santa Fe)-Victoria (Province of Entre Ríos) physical connection, subsidized by the government, to the consortium composed of Impregilo S.p.A., Iglys S.A., Hochtief A.G., Techint Compañía Técnica Internacional S.A. and BRH, the concession contract previously entered into by and between the Ministry of Economy and Public Works and Services and the Awardee Consortium having been approved. On April 1, 1998, the Awardee Consortium established the company Puentes del Litoral S.A., headquartered in the Ciudad Autónoma de Buenos Aires, for purposes of compliance with the above-mentioned concession contract.

The term of the concession is twenty-five years from the date of taking of possession of the project site and of the area given in concession, which happened on September 14, 1998; thus, the concession will expire on September 13, 2023. On May 2003 the temporary commissioning of the Rosario-Victoria physical connection took place and tolls started to be collected as from May, 23.

Since 2005, the Management of Puentes del Litoral S.A. has been conducting negotiations with the Committee for the Renegotiation and Analysis of Public Utility Services and Work Contracts (UNIREN) to reach an agreement to restore the balance in the economic and financial equation of the Concession Contract, which had been substantially affected by the pesification of the rates, the elimination of the adjustment systems, and higher operating and maintenance costs as from 2001, among others. The term for dealing with the renegotiation of the contracts for public works and services has been extended through successive laws. The law No. 26896 extended this term until December 31, 2015.

On May 22, 2007, Puentes del Litoral S.A., reorganization proceedings were initiated. On March 26, 2008, Puentes del Litoral S.A. submitted a Plan of Reorganization with the court hearing the case. This Plan of Reorganization included two sub-proposals (I and II), both of which contemplated a 40% reduction. On December 1, 2009, Puentes del Litoral deposited Ps. 36,960,190.50 in Ciudad de Buenos Aires bank, equivalent to 9% each credit after the application of the reduction offered in the creditors' proposal, and the first installment of the twenty agreed-upon installments, as per the terms of the agreement proposal submitted in the Reorganization proceedings. By a Court order, these amounts were translated to United States dollars and invested in time deposits.

On December 30, 2009, a court ruling confirming the composition agreement was issued, thus putting an end to the Reorganization proceedings. However, in view of the imbalance in the economic and financial equation of Puentes del Litoral S.A., payments agreed under the reorganization plan have been made in part, as from the fourth installment.

In its financial statements, Puentes del Litoral S.A. has reported accumulated losses at December 31, 2013 that exceed capital and reserves, so it qualifies under the provisions of Section 94, subsection 5, of the Law Commercial Companies Act.

Puentes del Litoral S.A. brought in May 2014 legal action against the National State requesting declaration of rescission of the concession contract upon the concession grantor's exclusive negligence, and also claiming compensation for damages caused by the National State's refusal to restore the economic and financial equation of the concession. In view of the foregoing, the meeting of shareholders of Puentes del Litoral S.A. held on June 30, 2014 resolved to dissolve and liquidate the company. Subsequently, on August 29, 2014, the National Highway Authority (Dirección Nacional de Vialidad - DNV) notified Puentes del Litoral S.A. of AG Resolution No. 1994/14, establishing the rescission of the concession contract of Puentes del Litoral S.A. Consequently, Puentes del Litoral S.A. handed over the concession to the grantor on September 1, 2014. The resolution was challenged by Puentes del Litoral S.A. when it delivered the concession and this will extend the judicial proceedings already initiated for contract rescission.

BRH holds a 20% of shares of Puentes del Litoral S.A., and as from the fiscal year ended June 30, 2006 this investment was measured at zero.

3.1.12. Polledo S.A.I.C.y F.

The Company holds a 46.18% interest of Polledo S.A.I.C. y F. which carries out its business activities through the investments it holds in other companies, primarily in Coviare S.A. ("Coviare"), in which has a minority interest.

The corporate purpose of Coviare is the construction, preservation and operation of the La Plata - Buenos Aires Highway, the Riverside Highway of the Capital Federal and the new bridge over the Riachuelo River, in accordance with the Agreement for the Restatement of the Concession Contract signed with the Department of Public Works and Communications of the Argentine Ministry of Economy and Public Works and Services ("the Department of Public Works" or "the Concessionaire") on December 29, 1993, which was approved by Ministry Resolution No. 538/94 and National Executive Branch ("PEN") decree. The obligations arising under the concession are the construction of the highway, maintenance, repair and preservation of works and the administration, operation and providing of services over the life of the concession. The concession term shall be 22 years counted as from the placing in service of the first toll booth (July 1, 1995).

As from the enactment of Law No. 25561, adjustment clauses in dollars or other foreign currencies or any other indexing mechanism included in contracts executed with the Public Administration were left without effect, and as from publication of Decree 293 dated February 12, 2002, the contract began to be renegotiated by means of the Public Works and Services Contract Renegotiation Committee which was created in order for the concessionaires of public works and services to submit their renegotiation proposals. The term for dealing with the renegotiation of the contracts for public works and services has been extended through successive laws. Law 26896 extended this term until December 31, 2015.

The Congress of the Province of Buenos Aires approved Law 14443 of which adopted the "Convention Transfer of Rights and Obligations of the Concession Agreement for Highway Buenos Aires - La Plata", a law that has been enacted and duly published in the Official Gazette of the Province of Buenos Aires. Also, through Decree 74/13, it is determined that the Ministry of Infrastructure will be

the enforcement authority and communicating that from February 5, 2013 the Province of Buenos Aires takes the role of Grantor of the Concession Agreement for Highway Buenos Aires - La Plata.

After the Province has assumed the role of Concession Grantor and holder of the Concession Contract, Coviare formalized several presentations to obtain performance of the acts incumbent on the Province under the Transfer Agreement, since the conditions of the original contract remained in force, as well as performance of the obligation to reformulate the contract conditions, affected by the economic emergency referred to in the Agreement for Contract Renegotiation entered into between UNIREN and Coviare, and approved by Decree No.1057/2010 of the National Executive Branch.

Coviare did not receive any answer to its requirements and. Unexpectedly, on July 12, 2013 Decree No. 419 was published in the Official Gazette in the Buenos Aires Province, declaring the Concession Contract of Coviare rescinded and displacing Coviare S.A. from the Concession, which is now in charge of Autopistas de Buenos Aires S.A. (AUBASA), a company established by the Province for such purpose. At the same time, a detailed inventory was prepared containing the assets and employees that will be assigned to the concession, and a public emergency was declared on the highway.

Against this measure, Coviare made a presentation rejecting the declared rescission, denying a breach of contract that gave rise to the rescission, and requesting that provincial Decree No. 419/2013 be declared null and void and illegitimate, on the grounds that the Province has no power to resolve the rescission, that there are no good reasons, that the facts invoked are false and that there has been a violation of the essential and substantial procedures established by applicable laws, as well as a violation of the purpose of the Agreement for the Transfer of Rights and Obligations under the Concession Contract. Coviare denied on good grounds the alleged breach of contract invoked in whereas clauses of Decree 419/2013, and affirmed that the allegations of abandonment of the operation, maintenance, preservation and execution of the works or of failure to provide users with the essential services were inadmissible. Coviare also reserved its right of action against the Province and the National State in relation to the rescission of the concession contract. On December 2013 Coviare S.A. filed legal action against the Province of Buenos Aires and the National State, pending at the original jurisdiction of the Supreme Court requesting that the resolution ordering the rescission be declared null and void and that defendants be ordered to compensate Coviare for damages as a result of the contract rescission. This compensation has been assigned as collateral to the Trust which administers the repayment of the syndicated loan of Coviare S.A.; for this reason, the Trust will have to join the lawsuit as a third party claimant. Since August 2015 the case is being heard by the Federal Administrative Litigation Court No. 7, in the care of Judge María Cristina Carrión de Lorenzo. The Company has been informed that on June 13, 2014 the commencement of proceedings for Coviare creditor protection, File No. 61006/2014, was decreed, which is pending at the Commercial Court of Original Jurisdiction No. 22, Clerk's Office No. 43.

The deadline for creditors to file proof of claims was October 3, 2014, and the National Highway Authority and the Province of Buenos Aires, among other creditors, filed for proof of their claims, including penalties. Both creditors made reservations of rights, alleging that the process for the liquidation of the Concession had not ended.

Through resolution dated February 19, 2016, the court conceded the extension of the period of exclusivity, extending the term provided for by Section 43 of Law No. 24522 until June 30, 2016, with the hearing foreseen by Section 45 of Law No. 24522 being called for June 30, 2016 at 10 am.

Polledo, as minority shareholder of Coviare, records since December 31, 2011 its equity interest in that company at zero, and is currently analyzing the possible economic, financial and legal implications for the Company of the contract rescission declared by Decree No. 419/2013 of the Province.

3.2. Transport

Transport segment includes the exploitation of passenger rail transport, underground and surface rail freight and related business.

3.2.1. Benito Roggio Transporte S.A.

Benito Roggio Transporte S.A. ("BRT") engages mainly in activities related to the provision of railway advisory services to different operators both at local and regional levels.

Until March 31, 2016, BRT have provided ticket sales, collection and payment BRT services and subscriptions to the Public Service System for Urban Transport of Passengers in the city of Neuquén awarded by the Municipality of Neuquén under public bid No. 1/2006.

BRT carries out the following activities through the companies in which it holds equity interests:

3.2.2. Metrovías S.A.

Concession contract

BRT holds a 90.66% interest of Metrovias S.A., which was created on December 29, 1993 and is the holder of the concession to operate Grupo de Servicios 3 (the Buenos Aires Subway Network and its complementary above-ground Premetro network ("BAS") and the General Urquiza Railway), on an exclusive basis. The Concession Contract entered into force by National Executive Branch Decree No. 2608/93 dated December 22, 1993 and has been amended by means of the Addendum approved by Decree No. 393/99 dated April 21, 1999. And the amended of this decree was approved by the Ministry of Economy and Public Works and Services and informed Metrovias SA through Resolution No. 153/99 of Transportation Secretariat dated April 30, 1999. This is a "Concession for the operation of Public Utilities" and for the commercial exploitation of shops spaces and advertising at stations, rail cars and real estate covered by such concession.

The Addendum was partially executed. due to the scarce budgetary resources on the part of the National Government and the delay in the recognition of the rate increases committed; in addition, the renegotiation of the Concession Contract under the terms of Emergency Law 25561 did not occur, despite the presentations made by Metrovias S.A.. Also, within the framework of that emergency law. Decree No. 2075/02 on Railway Emergency was issued on October 16, 2002. declaring a state of emergency in relation to the railway and subway passenger transportation system in the Buenos Aires Metropolitan Area.

After, the National State took a series of emergency measures to regulate the relations arising from the concession contract to allow for the rendering of the service in a provisional manner until the contract renegotiation referred to above. These measures included, among others, the suspension of the original investment plan and the payment of subsidies to Metrovias S.A. to compensate for the suspension of the increases envisaged in the rate schedule, as established by article 7.4.1. of the Concession Contract.

On January 3, 2012, the National State and the City Mayor signed a Memorandum of Understanding for the transfer of the Concession over the Buenos Aires City Subway Network whereby the City Mayor took control and supervision of the Concession Contract and was given the power to set the rates for the service, and the National State agreed to pay an annual sum in twelve monthly installments as the only contribution for payment of subsidies. Furthermore, a term of 90 calendar days was set so that the parties will jointly send to the respective competent authorities the projects for the legal acts that are necessary to sign for the formalization of the other legal, economic and administrative issues relating to the transfer of subways.

The different interpretations between the National State and the Buenos Aires City Mayor as to the scope of application of the terms and conditions of the Memorandum of Understanding did not permit implementing in immediate what had been agreed therein, for reasons beyond the control of Metrovías S.A. Throughout 2012, Metrovías S.A. made numerous presentations and claims to the signatory parties to the Memorandum of Understanding, alleging that its vested rights had been affected by this situation which worsened the already deteriorated economic and financial equation even further.

Operation and Maintenance Agreement (AOM)

On December 19, 2012 through Law No. 4472, the Legislature of the City of Buenos Aires established that: (i) the City of Buenos Aires took over the public service of ground and underground passenger transport which was under its exclusive jurisdiction as well as any new lines or extensions of existing lines to be built since January 1, 2013, (ii) the service is a utility, (iii) the utility was in a state of emergency, (iv) the legal instruments required for the operation of the utility will be granted, (v) Metrovías S.A. and/or its parent company will be immediately convened after the law becomes effective to enter into an agreement within sixty (60) days counted as from the notice of the meeting- which may be extended for thirty (30) additional days. at the Executive Branch's discretion- to hire by direct means the temporary operation of the service for an initial maximum term of two (2) years - which may be extended for an additional year if the state of emergency is also extended, and (vi) a fund will be created for the Government of the City of Buenos Aires to finance maintenance and investments.

On January 8, 2013 Metrovías S.A. was convened to negotiating the terms and conditions of the new agreement for the operation and maintenance of the utility with Subterráneos de Buenos Aires S.E. (SBASE), a company appointed pursuant to the amendment made by the City Mayor through Decree No. 5/2013. On January 9, 2013 Metrovías S.A. accepted to attend the meeting through Note GAJ No. 8/13.

During the first quarter of 2013 and until the execution of an operation and maintenance agreement, Metrovías S.A. continued rendering the service taking as parameters the terms of the Concession Contract entered into with the National State. as provided for by Section 77 of Law No. 4472.

Finally, on April 5, 2013, Metrovías and SBASE entered into an Agreement for the Operation and Maintenance of the Public Subway Network Service (the AOM. *for its Spanish acronym*) whereby, under Law 4472, SBASE granted Metrovías on an exclusive basis the operation and maintenance of the Public Subway and above-ground Premetro network service in the Ciudad Autónoma de Buenos Aires, including the A, B, C, D, E and H lines, and the above-ground Premetro, as well as the lines to be incorporated in the network over the term of the AOM; the Agreement excludes the exploitation of all services under the contracts signed with shops at stations and the performance of works and investments. The AOM will have an initial duration of two (2) years counted as from the date of its execution and may be extended by SBASE, but the total duration of the AOM shall not be beyond the emergency period declared in Section 6 of Law 4472. This Norm was amended by Law No. 4790 which provides that the emergency period is four years, vesting in the Executive Branch the power to extend it for a further one year, subsequently ratified and complemented by the Executive Branch in and for the Autonomous City of Buenos Aires through Decree 127/16 of February 1, 2016.

In view of the amendment introduced by Law 4790 to the emergency period and above mentioned, Metrovías has held meetings with SBASE to adjust the original term of the AOM (Operation and Maintenance Agreement) to the provisions of that regulation, and consequently, agree on the new terms and management parameters derived from such situation, which ended with the signing of the Addendum Amending the AOM (AOM Addendum) on February 26, 2016. The main amendments to the AOM Agreement in terms of management are: (1) extending the AOM term from January 1, 2016 through December 31, 2017, (2) restoring the basic equation budgeted at January 2016 with indicators faithfully reflecting the variations in the prices recorded in the period above, and (3) considering seasonality for the calculation of the government contribution / monthly subsidy.

In Exhibit XIII to the AOM, the Company stated its reservations of legal rights as regards the fact that the signing of the AOM does not imply the waiver or recognition in favor of the National State, of the Company's vested interests in light of the Concession Contract and its amendment addendum originally entered into with the National State.

In respect of the operator retribution, according to the established by section 7.1., Metrovías S.A. collects: (1) The rate paid by the user (Ps. 4.5 for cards without contact with discounts as from the 21st day trip and Ps. 5 for cash payments effective March 14, 2014, as per rate schedule approved by SBASE under Resolution 1995/14), (2) The amount of the commissions for travel card recharge; and (3) the state contributions / subsidies / incentives. The operating and maintenance costs may be adjusted when either party invokes an increase or a decrease of more than 7%, measured based on a basic structure with price indicators representative of those costs, as established by article 7.4.1 of the Operation and Maintenance Agreement. This variation is requested by Metrovías from SBASE for its approval within 30 business days as from the date of receipt and will be included in the remuneration receivable by Metrovías. As established by Note 4 of Annex II, to the Agreement, any change in the conditions of the Basic Budgetary Equation may also modify the monthly remuneration receivable by Metrovías. Also, under the Operation and Maintenance Agreement (AOM), if new tasks and activities are included to meet the operation and maintenance commitments, or if there are changes in the conditions of the Basic Budgetary Equation, they will be included in that Basic Budgetary Equation, upon approval by SBASE, adjusting the remuneration receivable by Metrovías.

The amount of the remunerations for state contributions (subsidy /incentive) referred to above has been recognized as a lower cost/expense in the "Adjustment due to higher costs" caption, in the Condensed Interim Consolidated Statement of Income.

However, in Annex XIII to the AOM Metrovías S.A. has reserved its rights stating that signing the AOM would not mean a waiver or recognition in favor of the National State. of the rights vested in Metrovías S.A. under the Concession Contract and its amending Addendum entered into with the National State.

The services under the contracts signed with shops at stations have been expressly excluded under Law 4472. Although Metrovías has reserved its right over those contracts in numerous notes and presentations to SBASE, since year 2013 Metrovías has discontinued revenue recognition for those services.

As regards the operation of the Urquiza Railway, and within the framework of Resolution No. 748/12 adopted by the Ministry of the Interior and Transport (MlyT), the Joint Technical Committee on Follow-up and Redetermination of Costs of the Railway Passenger Transport Concessionaires for the Buenos Aires Metropolitan Area and the Unit for the Renegotiation and Analysis of Public Utility Contracts (UNIREN) concluded the redetermination of the Operating Account required under MlyT Resolution 1604/14 dated December 16, 2014, which approved: (1) a new operating account effective July 1, 2014; (2) a monthly subsidy of Ps. 25.9 million at March 2014 values, which does not include the minimum wage rate for 2014; (3) the gradual hiring of personnel and the new operating account to be considered when all the new employees have been hired; (4) an Improvements Plan contemplating Maintenance Works, to which a budget of Ps. 350.1 million was allocated and Necessary Investment Works, with a budget of Ps. 20.3 million, the performance of which shall not exceed 18 months; and (5) a method for the determination of the concessionaire's own rate, subsidy and/or compensation for operating costs, which will allow adjusting the Operating Account; this adjustment will be admitted when there is an increase in excess of 6% in any of the items except for personnel; in the case of the personnel item, the adjustment will be admitted when there are changes in collective wage bargaining for the sector and/or when new employees are hired. In compliance with this Resolution, the National State deposited Ps. 55.1 million for the differences in the subsidy retroactive to July-December 2014. On May 6, 2015, MlyT Resolution No. 720/15 approved the variations resulting from the Personnel Item for Ps. 17.6 million for the March 2014-December 2014 period and Ps. 5.3 million per month as from January 2015 recognizing the minimum wage rate agreed with the Labor Unions in 2014. On July 15, 2015, MlyT Resolution No. 1278/15 approved effective January 2015 the variations in the other items of the new operating account, which represented an increase of Ps. 2.6 million in the amount of the monthly subsidy. On July 30, 2015, MlyT Resolution 1396/15 approved the redetermination of the operating account effective March 1, 2015 as a result of the variations in the personnel item for the hiring of the first 166 new employees, as set forth by Resolution 1604/14, increasing to Ps. 37.6 million the amount of the monthly subsidy as from March 1, 2015, while it also set for the same item a single amount of Ps. 1.6 million for the January/February 2015 period. Lastly, MlyT Resolution 2426/15 approved on October 27, 2015 the redetermination of the operating account as a result of the variations in the personnel item due to the hiring of a further 27 new employees, as set forth by Resolution 1604/14, effective June 2015, increasing to Ps. 38.1 million the amount of the monthly subsidy as from July 1, 2015, and recognizing for the same item a single amount of Ps. 0.4 million for the month of June 2015.

In addition, on June 26, 2015, MlyT Resolution No. 1077/15 approved as advance payments, the variations in the Personnel Item under the February 10, 2015 Collective Bargaining Agreements with the Railway Unions which had set the payment of non-remunerative amounts for Ps. 8.7 million from March 2015 to June 2015. Furthermore on September 4, 2015, the Transport Administration Secretariat (*Secretaría de Gestión Administrativa del Transporte*) approved through SGAT Resolution 809/15 the variations in the personnel item for the month of August 2015 as an advance payment for Ps. 9.5 million under the Memoranda of Understanding signed with the Trade Unions in August 2015. Likewise, under MlyT Resolution No. 2462/15 of October 29, 2015, an advance payment for Ps. 7.3 million was approved for the month of September 2015 and by the resolution No. 2823/15 dated December 4, 2015 which approved Ps. 16.8 million for the months of October and November 2015, both approvals in advance form.

During the first quarter of this period, the monthly subsidy collected by Metrovías S.A. amounted to Ps. 38.1 million, according to the latest resolution approved effective as from July 2015.

Since at the date of presentation of the Condensed Interim Consolidated Financial Statements no new adjustments to the Exploitation Account has been approved, Metrovías S.A. has made presentations to the Argentine Government requesting its restatement as a result of: (1) the Agreements with Unions dated August 2015 and January 2016, (2) the increase in the electricity caption due to changes in the rate schedule as from February 2016, (3) increases over 6% in the other captions as from May 2015, and (4) adjustments payable in installments for retroactive salary raises, which at the date of closing of these Condensed Interim Consolidated Financial Statements amounted to Ps. 123.4 million.

On May 20, 2015, Law 27132 was enacted, which established the redefinition of the railway business regulatory framework, which includes the concession contract for the transport of passengers entered into between Metrovías and the National State, in relation to the Urquiza Railway Line.

Furthermore, on June 17, 2015 the National Executive Branch issued Decree No. 1145/15 approving the Memorandum of Understanding entered into between the National State and the Company on June 11, 2013, whereby it was agreed to formalize the separation of the Contract regarding the provision of passenger railway transport services of the Urquiza Railway Line, for which the National State will continue as grantor of the concession to operate those services. It was further agreed that within 90 administrative business days counted as from the issuance of that decree, the Company must, as Concessionaire, begin the pertinent formalities to carry out, after the separation of the Urquiza Railway Line Concession Contract, the corporate acts to transfer the Contract to a specific object Company. To that end, at the meeting held on November 5, 2015 the Board of Directors of Metrovías requested that, after the pertinent analysis, the Administrative and Finance and Legal Managerial Divisions start all pertinent formalities for the separation of the Contract, as set forth by the General Companies Act and the Public Offering regulations.

Without prejudice to the above indicated, Metrovías S.A. has made several presentations in relation to the above mentioned situation both to the National Government and the Mayor of the City of Buenos Aires, including those originated from the redetermination of higher operating costs incurred from 2008 to 2012 and for the payment of commissions on sales of passages, which at the date of these Condensed Interim Financial Statements have not been resolved yet. Therefore, as mentioned, all payments received are considered as preliminary and in advanced payments because the envisaged by Law 25561 and Law 4472 issued by the city of Buenos Aires Government.

The amount of the remunerations for state contributions referred to above has been recognized as a lower cost/expense in the "Adjustment due to higher costs" caption, in the Consolidated Statement of Income.

Other recognition and/or claims

Metrovías S.A. has filed other claims with the National Secretariat of Transportation and/or the Buenos Aires City Mayor for the lack of recognition and/or nonpayment of outstanding obligations, over which the Company has rights under the provisions of the Concession Contract and AOM, in view of the reservation of rights made in Annex XIII of the last document.

3.2.3. Operational agreements of urban rail passengers services

BRT holds a 95% interest in Corredores Ferroviarios S.A. (COFESA), has engaged the operation of the urban railway transport service for passengers of the Mitre and San Martín lines from february 2014 until March 2015. COFESA is making the administrative and legal procedures to settle the outstanding liabilities, formalize the transfer of the assets used in the operation, and the rights and obligations pending enforcement and/or settlement regarding the contracts being performed, as well as the works in progress, pending lawsuits and remuneration for management services pending collection. All this will be addressed during the process for computation and settlement

of receivables and debts that will form part of the final rendering of accounts, in accordance with the provisions of the pertinent Agreements timely signed.

Through Metrovías S.A., the Company holds a 50% interest in Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. in Liquidation (UGOFE), as well as in Unidad de Gestión Operativa Mitre Sarmiento S.A. in Liquidation (UGOMS). UGOFE operated for account and by order of the Argentine Government the passenger railway services of the San Martín Line from January 2005 to February 2014, and of the General Roca and Belgrano Sur Lines from July 2007 to February 2014. UGOMS operated the passenger railway services of the Sarmiento Line from July 2012 to October 2013, and of the General Mitre Line from July 2012 to February 2014. UGOFE and UGOMS should agree upon with Sociedad Operadora Ferroviaria Sociedad del Estado (SOFSE) the process for the settlement of outstanding liabilities, the formalization of the transfer of assets allocated to the transaction, and the rights and obligations pending exercise and/or settlement as regards the contracts being carried out, as well as regards works, pending lawsuits and compensation for management pending collection, all of which should be handled in the process for liquidation and settlement of receivables and debts that will be part of the final statements of accounts. For such purpose, UGOFE and UGOMS will formalize with SOFSE and the new Operators the Agreements necessary to determine the procedure to be followed in each case for an organized transfer, and thus comply with the acts resulting from the transition.

3.2.4. Other activities related with transport segment

BRT holds 95% of the capital stock of Benito Roggio Ferroindustrial S.A., ("BRF") which engages in the provision of transport related services; business activities directly or indirectly related to the industry, construction and transport service; financial activities excluding those encompassed by the Financial Institutions Law; advisory services related to those activities; agency services for firms based in Argentina or abroad related to the corporate purpose of the company; and consulting services regarding national and international transport business projects.

BRT and BRF jointly signed a Temporary Union of Enterprises (JV) contract, with 80% and 20%, respectively, for the general repair of 78 Nagoya railway cars for the provision of services in Line C of the Buenos Aires City Subway Network, in view of Section 2 awarded under Public Bid No. 148/13 – B, C, D, E, H and above-ground Premetro Lines - General Repair of Rolling Stock, called by Subterráneos de Buenos Aires S.E.

As to its activities in Brazil, BRT provides technical assistance in relation to operating, technical, commercial and financial matters in different consortiums in which holds a minority interest percentage:

- Consortium VLT Carioca, which received from the Rio de Janeiro City Coast Guard the concession for the implementation, operation and maintenance of a light train (VLT or Veículo Leve sobre Trilhos) in the port and central regions of that city.
- Concessionaria do Monotrilho da Linha 18 – Bronze S.A., a company engaged in the provision of public utility transport services with monorail technology for passengers, of Sao Paulo subway Line 18, in Brazil.
- On September 28, 2015, Companhia de Concessões Rodovias (CCR) purchased shares owned by BRT in Concessionaria da Linha 4 Metro de San Pablo S.A.I.

Also, on November 13, 2015, BRT sold to Roggio S.A. all of the shares it held in Servicios Fiduciarios S.A.

3.3. Waste management

The Company provides waste management services through Cliba Ingeniería Urbana S.A. and Tecsan Ingeniería Ambiental S.A., and in the companies or the joint ventures in which they participate directly and indirectly. Waste management services by operating in four major lines of business: (i) urban waste management; (ii) landfill operations; (iii) industrial services; and (iv) waste valorization.

With regard to the urban waste management, the following table summarizes the main characteristics of the services provided by BRa:

City	Population served	Participation in each project (%)	Services (1)
Buenos Aires (Zone 2)	615,000	100%	A/B/C
San Isidro	290,000	100%	A/B/C/F
Neuquén	360,000	100%	A/B/D/E/F
Santa Fe	260,000	100%	A/B/F

- (1) Services rendered:
- A — Collection
 - B — Street manual and mechanical street cleaning
 - C — Street cleaning
 - D — Landfill Operations
 - E — Hazardous waste collection, treatment and disposal
 - F — Other services

Termination of service provision contracts generally occurs upon expiration of the term agreed with the customer, or as envisaged in the bidding terms and conditions for each service.

Cliba Ingeniería Urbana S.A. began to provide the service in Zone 2 (Recoleta, Palermo, Belgrano, Colegiales and Nuñez neighborhoods) of city of Buenos Aires, as from October 1, 2014. The contract term is 10 years, with an option to renew it for a further 12 months upon the decision of the City Mayor.

The contract for the provision of the service in the City of San Isidro was extended until August 31, 2016. It is considered that the agreement will be renewed for short and consecutive periods until a new invitation for tenders is made.

In regards to the service in the city of Neuquén is concerned, on November 16, 2015 the contract related to Public Bid No. 06/2015, "Hiring of the Public Urban Cleaning Utility Service", was signed for a term of 8 years, with an option to extend it for a further year.

Although the contract for the provision of the service in the City of Santa Fe is in its extension period awaiting an invitation for tenders, it is considered that the contract will continue being renewed for short periods until the municipality calls a public bid and awards the service to a new provider. The provision of services, billing and collection continue regularly.

Landfill operations covers a wide range of services through different joint ventures in which companies controlled by BRa and CLIBA Ingeniería Ambiental S.A. hold interests; these services include civil works and construction of infrastructure for final disposal of household wastes, disposal of wastes through different mechanisms (whether by directly unloading wastes from trucks or compacting them first), treatment of liquid and solid wastes from sanitary landfills, waste transport and organic waste composting.

Currently, four sanitary landfills are in operation in Argentina (Norte III, Neuquén, Mar del Plata and Mendoza), providing waste treatment and final disposal services as only one service or as part of an urban hygiene contract.

Norte III joint venture operates the Ecological Coordination of the Metropolitan Area. Society of State (CEAMSE) sanitary landfills located in the Norte III environmental complex under a one-service contract.

Currently, Norte III B module is continue working with the final disposal and the extension of this module on the Norte III environmental complex located on Camino del Buen Ayre, other modules Norte III (year 2001), Norte IIIA (2005), Norte IIIB (2010) and Norte IIIC (2014) modules, have been completed. At the present time, approximately 413,000 tons of wastes coming both from Buenos Aires and the City of Buenos Aires are disposed of per month.

On December 22, 2014, an addendum to the extension of the sanitary landfill "Norte III modules A+ B compatibilization" was signed. The Addendum sets forth two works: a) the construction of the A + B compatibilization module infrastructure (which was completed in October 2015) and b) extension of the plant's current treatment capacity of 1,350 cubic meters/day, which will enable increasing the leachate treatment capacity by 1,000 cubic meters/day, from 1,350 to 2,350 cubic meters/day (start date planned for the year 2016). Termination date of the contract will operate upon completion of the capacity expansion of reference, which is estimated to occur in August, 2017. In October 2014, the new leachate treatment plant became operative, with a treatment capacity of 2,000 m3 per day, which has been developed by including a new technology, membrane biological reactor (MBR), thus providing an advanced technological solution to the treatment of leachate generated by the Norte III Environmental Complex.

Also, in July 2014 a new contract was signed with the Municipality of Neuquén for the design, construction and operation of an environmental complex for the purpose of final disposal of urban solid wastes (10,900 tons per month on average for the year), capture biogas and construction of a waste separation plant. The contract has a maturity term of 8 years, with an option to extend it for a further year.

In addition, a sanitary landfill is being operated in the Municipality of General Pueyrredón (Mar del Plata) with a waste disposal of approximately 33,000 tons per month. The operational term is expected to end in May 2016 and a call for tenders to provide that service is planned for the second quarter of 2016.

Through Tecsan, a contract was signed on December 27, 2013 with the National Environment and Sustainable Development Secretariat and the Government of the Province of Mendoza for the design, construction and operation of a Center for the Final Disposal of Urban Solid Wastes, their associated systems, and two transfer stations in the eastern region of the province of Mendoza. The construction of the Final Disposal Center was completed in May 2015, which the operation started in January 2016.

In the area of Industrial Services, the subsidiary Taym S.A. (Taym) operates a special waste treatment and disposal plant located near the City of Córdoba. Since 2009, Taym has achieved an important growth in Uruguay through its branch, located in the city of Montevideo, and its main contracts are cleaning services at Banco de la República Oriental del Uruguay, cleaning services at the port of Montevideo and cleaning services at the port of Colonia. The industrial services include the collection, transport and treatment of industrial and hazardous wastes; the design, preparation and administration of programs to reduce and separate industrial wastes; the operation of plants for industrial wastes and maintenance of green spaces.

Taym continues intensely working on the development of the "Asbestos pollution prevention and conditioning" area, which enabled obtaining awards of services with Empresa Provincial de Energía de Córdoba and Y.P.F. S.A. (Lujan de Cuyo Refinery) that will start operations in this year. Further, in the last quarter of 2015, the service for non-hazardous industrial waste collection and treatment from Large Generators was started to be provided in the Province of Buenos Aires and the City of Buenos Aires with a specialized fleet for that activity.

In relation to waste recovery and alternative energies, due to the extension of the sanitary landfill in the "Norte III modules A+B compatibility", Ecoayres signed a commitment with CEAMSE to submit a comprehensive project (jointly with the awardee and current operator of biogas generated in Norte III A module) to supply electricity from biogas generated in that area plus the exclusive rights derived from the exploitation (Norte III A, and B module and compatibility).

Norte III joint venture operates, under a contract signed with CEAMSE, an urban solid waste mechanical and biological treatment plant, which expects to treat at least 310,000 tons of urban solid waste per year during 15 years counted as from October 2012; at the end of this period it will have the option to renew the contract for a further period.

On December 4, 2015, the Buenos Aires City Mayor announced, through the Ministry of the Environment and Public Space, the pre-award to Tecsan the National and International Public Bid No. 49-SIGAF/2015 for the Design, Construction, Operation and Maintenance of an Urban Solid Waste (RSU) Mechanical Biological Treatment Plant (TMB SUR) in the City of Buenos Aires. This project will be executed by a joint venture composed of Tecsan and Sorain Cechini Tecno España S.L.. The execution term is 10 years and it may be extended for a further 10 years.

Energía Argentina S.A. (ENARSA) awarded a contract for energy supply by using biogas extracted from the Norte IIIC sanitary landfill. The project is carried out by our subsidiary Central Buen Ayre S.A., which has built and is currently operating an electric power station running on biogas, with a nominal capacity of 11.8 MW. The contract will be in force until the year 2026. Additionally, it signed an addendum with CEAMSE dated December 22, 2014, whereby it agreed, together with the awardee and current operator of biogas generated in Norte III A module (Industrias Juan F Secco), to submit a comprehensive project to supply electricity from biogas generated in "Norte III modules A + B compatibility". Ecoayres is currently working on the presentation of that project. For the purpose of preparing the project and its possible launching, Ecoayres and Juan F Secco S.A. were granted the exclusive rights derived from the exploitation of biogas in the Norte III A and B modules of the sanitary landfill, as well as in the Compatibility of those Modules.

3.4. Water supply

BRH is the majority shareholder of Aguas Cordobesas S.A. ("ACSA") and the operator of the concession exploited by it. The purpose of the concession is to secure the supply of potable water, its conservation, transportation, distribution and sale for household, commercial and industrial consumption in the City of Córdoba, Argentine.

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The area in which the concession operates falls within the limits of the jurisdiction of the Municipality of the City of Córdoba. The Concessionaire must carry out activities and works outside this territory only for the purposes of securing the supply and transportation of potable water for the rendering of the service. In addition, the Concessionaire should render the water in bulk sale service to the cities outside the area of the concession under the same conditions as those of the Provincial Bureau of Water and Sanitation.

The term of the concession is thirty years as from May 7, 1997, the date on which the service has been handed over. The management and technical operation of the service awarded by the concession will be the responsibility of the ACSA Operator, and ACSA is required to maintain that company as Operator during the concession term, unless otherwise authorized in writing by the Grantor.

3.5. Other activities

The Company also performs other commercial activities and provides services which, jointly with CLISA activities, are grouped under "Others and eliminations", which consist mainly in provision of connectivity in the health sector, mainly oriented to providing comprehensive solutions.

3.6. Segments Information as of March 31, 2016 and 2015

Described below are the main indicators of each of the segments mentioned above:

Segments Information as of March 31, 2016

Item	Construction and toll road concessions	Transport	Waste management	Water supply	Others and eliminations	Total
	(in thousands of Pesos)					
Net sales to third parties	649,730.8	285,569.5	1,029,568.9	204,429.4	14,805.3	2,184,103.9
Inter-segment sales	5,393.0	49.2	185.8	-	(5,628.0)	-
Net sales	655,123.8	285,618.7	1,029,754.7	204,429.4	9,177.3	2,184,103.9
Operating income	79,019.1	34,652.4	212,540.0	32,938.8	(4,540.3)	354,610.0
Total assets	4,944,878.6	1,780,561.3	4,458,869.4	1,053,877.1	44,922.4	12,283,108.8
Total liabilities	3,441,577.8	1,532,890.0	3,728,746.2	876,629.6	2,041,831.5	11,621,675.2
Additions of property, plant and equipment	5,632.1	8,178.4	138,920.6	821.2	44.6	153,597.0
Depreciation of property, plant and equipment	(25,292.0)	(4,708.8)	(42,985.3)	(867.6)	(210.7)	(74,064.4)
Additions of intangible assets	-	17.0	-	19,465.0	2,690.2	22,172.3
Amortization of intangible assets	(951.3)	(1,482.2)	-	(7,381.3)	(364.9)	(10,179.7)
Investments in associates	155,010.0	15,656.9	0.0	-	31,879.5	202,546.4

The disclosure by geographic segment of the business segments as of March 31, 2016

	Capital and Gran Buenos Aires	Rest of the country	Abroad	Total
	(In thousands of Pesos)			
Construction and toll road concessions				
Net sales		88,393.7	278,510.9	288,219.3
Total assets		1,012,090.5	2,702,500.1	1,230,288.0
Investments in associates		80,524.1	4,478.2	70,007.7
Additions of property, plant and equipment		26.6	69.3	5,536.3
Transport				
Net sales		278,870.0	4,741.8	2,006.9
Total assets		1,688,237.2	74,542.6	17,781.4
Investments in associates		150.0	-	15,506.9
Additions of property, plant and equipment		8,178.4	-	-
Additions of intangible assets		17.0	-	-
Waste management				
Net sales		865,299.8	122,407.5	42,047.4
Total assets		2,845,401.0	298,355.3	1,315,113.1
Additions of property, plant and equipment		122,294.0	16,626.6	-
Water supply				
Net sales		-	204,429.4	-
Total assets		-	1,053,877.1	-
Additions of property, plant and equipment		-	821.2	-
Additions of intangible assets		-	19,465.0	-

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Segments Information as of 31 March, 2015

Item	Construction and toll road concessions	Transport	Waste management	Water supply	Others and eliminations	Total
	(in thousands of Pesos)					
Net sales to third parties	586,800.8	289,376.5	866,253.5	151,078.0	10,775.8	1,904,284.7
Inter-segment sales	2,855.3	-	690.2	-	(3,545.5)	-
Net sales	589,656.2	289,376.5	866,943.7	151,078.0	7,230.3	1,904,284.7
Operating income	83,567.2	24,634.5	146,645.9	24,197.9	(3,269.8)	275,775.7
Total assets	3,522,449.9	1,552,473.3	2,822,526.2	666,350.9	211,784.2	8,775,584.5
Total liabilities	2,439,542.4	1,290,407.4	2,370,932.5	529,907.5	1,231,232.7	7,862,022.4
Additions of property, plant and equipment	10,253.5	3,943.8	68,241.5	295.4	30.8	82,765.0
Depreciation of property, plant and equipment	(16,638.8)	(2,812.4)	(23,479.2)	(845.0)	(216.2)	(43,991.6)
Additions of intangible assets	138.6	-	-	5,939.6	7.8	6,086.0
Amortization of intangible assets	(494.5)	(1,458.1)	-	(6,081.5)	(46.6)	(8,080.6)
Investments in associates	141,523.2	25,599.7	-	-	31,574.3	198,697.2

The disclosure by geographic segment of the business segments as of 31 March, 2015

	Capital y Gran Buenos Aires	Rest of the country	Abroad	Total	
	(in thousands of Pesos)				
Construction and toll road concessions					
Net sales		65,423.8	382,157.0	142,075.3	589,656.2
Total assets		590,979.4	2,011,259.7	920,210.8	3,522,449.9
Investments in associates		88,044.9	2,522.1	50,956.2	141,523.2
Additions of property, plant and equipment		38.3	1,999.1	8,216.1	10,253.5
Additions of intangible assets		-	138.6	-	138.6
Transport					
Net sales		285,387.1	3,553.5	435.8	289,376.5
Total assets		1,470,136.5	52,402.5	29,934.3	1,552,473.3
Investments in associates		243.8	-	25,355.9	25,599.7
Additions of property, plant and equipment		3,917.1	13.4	13.3	3,943.8
Waste management					
Net sales		759,132.2	81,470.8	26,340.7	866,943.7
Total assets		2,570,255.5	159,017.7	93,253.0	2,822,526.2
Additions of property, plant and equipment		63,677.0	731.2	3,833.2	68,241.5
Water supply					
Net sales		-	151,078.0	-	151,078.0
Total assets		-	666,350.9	-	666,350.9
Additions of property, plant and equipment		-	295.4	-	295.4
Additions of intangible assets		-	5,939.6	-	5,939.6

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4. Cost of sales

	03/31/2016	03/31/2015
	In Pesos	In Pesos
Freight	5,786,959	14,059,999
Subcontracts	218,271,342	289,618,164
Salaries, wages and social security contributions	973,710,849	710,862,134
Fees for professional services	22,202,770	29,022,921
Hardware and software services	937,002	892,069
Taxes, rates and contributions	1,690,192	1,873,820
Depreciation and amortization	66,598,755	41,281,411
Maintenance expenses	91,719,745	84,807,215
Rail car expenses	25,975,639	26,161,538
Travel expenses	13,284,817	9,385,922
Insurance	38,101,191	25,880,936
Water and electricity services	43,512,748	13,027,259
Telephone, internet and communications	1,574,759	1,191,978
Rental	86,515,579	67,872,491
Stationery and printed material	217,201	391,711
Adjustment due to higher costs	(478,365,180)	(282,896,744)
Materials and spare parts	232,735,697	202,589,770
Security and surveillance	5,321,873	7,240,030
Litigation, insurance claims and penalties	7,081,580	7,445,236
Sundry	12,662,812	15,687,877
Total	1,369,536,330	1,266,395,737

5. Administrative expenses

	03/31/2016	03/31/2015
	In Pesos	In Pesos
Subcontracts	19,394,403	13,622,957
Salaries, wages and social security contributions	213,880,006	149,690,010
Fees for professional services	36,395,583	27,421,675
Bidding expenses	191,630	176,941
Hardware and software services	7,710,950	4,904,611
Taxes, rates and contributions	56,551,471	43,427,137
Depreciation and amortization	8,169,772	5,851,878
Maintenance expenses	3,885,230	2,514,913
Travel expenses	7,496,195	5,502,771
Insurance	5,205,445	2,728,205
Water and electricity services	513,305	370,948
Telephone, internet and communications	5,489,024	4,881,777
Rental	4,798,168	2,644,799
Press and media	10,238,824	11,216,722
Stationery and printed material	5,190,861	3,156,462
Adjustment due to higher costs	(74,394,462)	(42,224,042)
Materials and spare parts	740,058	570,946
Security and surveillance	866,860	648,744
Litigation, insurance claims and penalties	341,316	57,394
Sundry	7,625,228	3,278,327
Total	320,289,867	240,443,175

6. Selling and other operating expenses

	03/31/2016	03/31/2015
	In Pesos	In Pesos
Subcontracts	10,330,115	7,520,144
Salaries, wages and social security contributions	229,862,148	161,315,855
Fees for professional services	1,784,283	1,651,603
Hardware and software services	12,112	109,769
Taxes, rates and contributions	26,505,531	26,801,899
Depreciation and amortization	9,475,550	4,938,945
Maintenance expenses	5,667,427	4,746,343
Commissions and fee	4,006,022	3,555,202
Travel expenses	1,951,315	1,121,682
Insurance	8,897,046	4,538,154
Telephone, internet and communications	4,842,255	3,346,231
Rental	903,854	568,197
Press and media	488,473	484,646
Stationery and printed material	284,102	156,637
Adjustment due to higher costs	(179,469,318)	(108,836,483)
Materials and spare parts	687,000	483,000
Security and surveillance	250,047	253,050
Litigation, insurance claims and penalties	21,668,000	19,433,000
Sundry	2,109,143	2,258,028
Total	150,255,105	134,445,902

7. Financial income and expenses

Financial income	03/31/2016	03/31/2015
	In Pesos	In Pesos
Interest generated by assets	114,009,752	13,805,415
Foreign currency exchange differences generated by assets	53,135,021	24,556,202
Other financial results	355,055	-
Total	167,499,828	38,361,617

Financial expenses	03/31/2016	03/31/2015
	In Pesos	In Pesos
Interest generated by liabilities	(376,223,534)	(198,267,646)
Foreign currency exchange differences generated by liabilities	(276,480,720)	(71,551,427)
Financial commissions	(3,740,967)	(1,797,506)
Other financial expenses	(84,210,053)	(59,387,740)
Total	(740,655,274)	(331,004,319)

8. Net gain in associates

	03/31/2016	03/31/2015
	In Pesos	In Pesos
Covisur S.A.	3,726,557	995,116
Polledo S.A.I.C.y F.	(485,060)	(277,116)
Prominente S.A.	(933,759)	(179,663)
Autovía del Mar S.A.	256,229	(649,040)
CV1 - Concesionaria Vial S.A.	2,446,896	2,142,313
Transportel Patagónica S.A.	557,831	(1,717,461)
Benito Roggio e Hijos S.A. (Paraguay)	1,344,263	4,590,547
Consortium	(662,027)	(857,406)
Sundry	(13,791)	(196,640)
Total	6,237,139	3,850,650

9. Earnings per share

Earnings per share is, calculated dividing the result for the year attributable to Company shareholders by the average number of outstanding ordinary shares for the year-end.

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	03/31/2016 In Pesos	03/31/2015 In Pesos
Net (loss) for the year	(212,303,287)	(43,689,566)
Weighted average common shares outstanding	-96589683	96,588,696
Basic and Diluted Earnings per share (Ps. per share)	(2.20)	(0.45)

10. Property, plant and equipment, net

Items	Original values					Balances as of the end of the period
	Balances as of the beginning of the period	Additions	Deductions	Transfers	Currency translation differences	
Machinery and heavy equipment	1,157,647,047	2,810,672	(567,155)	(38,292,082)	19,161,893	1,140,760,375
Vehicles	263,420,146	4,090,798	(9,694,165)	(13,200)	5,803,390	263,606,969
Furniture and fixtures and computer hardware	114,200,089	5,351,899	(429,751)	400,414	4,191,790	123,714,441
Equipment	6,015,590	-	-	-	-	6,015,590
Real estate	431,808,059	-	(4,773,739)	(9,087,135)	27,926,133	445,873,318
Building improvements	469,824,000	6,950,924	(2,571,159)	39,214,359	5,570,808	518,988,932
Minor equipment	325,411,204	112,429,238	(7,729,170)	3,597,332	10,849,017	444,557,621
Water treatment plants	1,714,000	-	-	-	-	1,714,000
Rail car improvements	22,467,513	-	-	-	-	22,467,513
Land	515,981,588	-	-	9,087,132	39,605,150	564,673,870
Construction in progress	22,308,274	11,097,593	-	-	1,948,973	35,354,840
Others	3,309,037	1,817,345	-	(128,538)	-	4,997,844
Advances for purchases	15,444,679	9,048,515	-	(4,778,282)	-	19,714,912
Total as of 03/31/2016	3,349,551,226	153,596,984	(25,765,139)	-	115,057,154	3,592,440,225
Total as of 03/31/2015	2,333,174,736	82,764,989	(11,829,905)	-	149,554	2,404,259,374

Item	Accumulated depreciation				Balances as of the end of the period	Net carrying value as of 03/31/2016	Net carrying value as of 03/31/2015
	Balances as of the beginning of the period	Deductions	Amount for the period	Currency translation differences			
Machinery and equipment	-	4,745	(31,476,860)	1,168,417	(30,303,698)	1,110,456,677	561,059,809
Vehicles	(130,859,665)	7,678,347	(6,786,381)	(5,321,717)	(135,289,416)	128,317,553	83,303,869
Furniture and fixtures and computer hardware	(70,341,005)	428,255	(4,728,419)	(2,274,894)	(76,916,063)	46,798,378	37,659,947
Equipment	(6,015,590)	-	-	-	(6,015,590)	-	-
Real estate	-	1,803,089	(3,324,314)	(1,855,501)	(3,376,726)	442,496,592	226,851,876
Building improvements	(243,004,363)	2,569,248	(7,771,317)	(9,738,997)	(257,945,429)	261,043,503	226,989,080
Minor equipment	(182,652,772)	7,580,522	(19,934,060)	(1,622,166)	(196,628,476)	247,929,145	69,185,640
Water treatment plants	(858,000)	-	(43,000)	-	(901,000)	813,000	985,000
Rail car improvements	(22,467,513)	-	-	-	(22,467,513)	-	-
Land	-	-	-	-	-	564,673,870	394,238,191
Construction in progress	-	-	-	-	-	35,354,840	18,479,704
Others	(1,178,746)	-	-	-	(1,178,746)	3,819,098	135,446,751
Advances for purchases	-	-	-	-	-	19,714,912	30,517,455
Total as of 03/31/2016	(657,377,654)	20,064,206	(74,064,351)	(19,644,858)	(731,022,657)	2,861,417,568	
Total as of 03/31/2015	(578,961,058)	5,144,944	(43,991,588)	(1,734,350)	(619,542,052)		1,784,717,322

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11. Goodwill

	03/31/2016	03/31/2015
	In Pesos	In Pesos
Opening balances, net	140,808,913	112,397,125
Effect of currency translation differences	19,892,378	(477,883)
Impairment	(915,003)	(915,003)
Closing balances, net	159,786,288	111,004,239

To assess the recoverability of acquired goodwill, goodwill has been allocated to each acquired investment, since each of these companies is deemed to be a cash generating unit. The recoverable amount of each cash generating unit is determined based on the calculations of the value in use. These calculations use discounted cash flow projections based on financial budgets approved by Management.

12. Intangible assets other than goodwill

Item	Original values					Currency translation differences	Balances as of the end of the period
	Balances as of the beginning of the period	Additions	Deductions	Transfers			
Biogas capture and treatment	72,214,466		-	-	-	-	72,214,466
Pre-operating expenses	1,850,000	-	-	-	-	-	1,850,000
Concession fee	625,267,725	19,465,034	(94,007)	80,007	-	-	644,718,759
Assistance contract	10,991,319	-	-	-	-	-	10,991,319
Development of software	40,370,583	2,707,251	(319)	41,496	3,057,880	-	46,176,891
Other intangible assets	2,391,531	-	-	(121,503)	75,455	-	2,345,483
Total as of 03/31/2016	753,085,624	22,172,285	(94,326)	-	3,133,335	-	778,296,918
Total as of 03/31/2015	677,011,872	6,085,983	(14,466)	-	(59,516)	-	683,023,873

Item	Accumulated amortization				Balances as of the end of the period	Net carrying value as of 03/31/2016	Net carrying value as of 03/31/2015
	Balances as of the beginning of the period	Deductions	Amount for the period	Currency translation differences			
Biogas capture and treatment	(50,028,543)	-	-	-	(50,028,543)	22,185,923	22,185,923
Pre-operating expenses	-	-	-	-	-	1,850,000	-
Concession fee	(313,826,945)	12,000	(8,176,361)	-	(321,991,306)	322,727,453	273,947,578
Assistance contract	(9,735,160)	-	(157,020)	-	(9,892,180)	1,099,139	1,727,215
Development of software	(28,610,544)	-	(1,786,656)	(2,233,961)	(32,631,161)	13,545,730	8,814,412
Other intangible assets	(1,136,744)	-	(59,689)	(75,455)	(1,271,888)	1,073,595	1,401,971
Total as of 03/31/2016	(403,337,936)	12,000	(10,179,726)	(2,309,416)	(415,815,078)	362,481,840	308,077,099
Total as of 03/31/2015	(366,900,419)	-	(8,080,646)	34,291	(374,946,774)	-	308,077,099

13. Investments in associates

Associates	Percentage of equity interest (2)	03/31/2016	12/31/2015
CV1 - Concesionaria Vial S.A.	51.00%	28,995,091	26,548,195
Prominente S.A.	40.00%	28,263,290	29,197,049
Transportel Patagónica S.A.	45.00%	4,159,313	3,601,481
Tranelpa S.A. de Inversión	42.12%	361,138	373,466
Autovía del Mar S.A.	26.67%	23,045,623	22,789,394
Concesionaria Do VLT Carioca S.A.	2.00%	1,668,792	1,749,217
Benito Roggio e Hijos S.A. – Paraguay (3)	20.00%	70,007,694	58,954,772
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	1.00%	13,680,000	14,820,000
Covisur S.A.	25.00%	18,999,867	15,273,310
Consortium (1)	-	10,291,531	11,515,109
Sundry	-	3,074,056	3,073,122
Total		202,546,395	187,895,115

(1) Interest held in joint ventures for construction contracts through Benito Roggio e Hijos S.A.

(2) It is the percentage held by CLISA or the pertinent subsidiary of CLISA.

(3) Includes goodwill for Ps. 37,061,935 and Ps. 31,819,528 as of March, 31, 2016 and December 31, 2015, respectively.

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To apply the equity method, the Company has used the financial statements of its associates as of March 31, 2016, except for CV1 - Concesionaria Vial S.A., for which financial statements as of January 31, 2016 were used, because the year-end of these company differs from CLISA's. The pertinent adjustments were made on the financial statements to show the effects of the transactions and significant events that took place between the dates referred to in the financial statements of these associate until March 31, 2016.

a) As of March 31, 2016

Associates	03/31/2016 In Pesos	Issuer information						
		Date	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Sales	Net income (loss) for the period
Polledo S.A.I.C. y F.	-	03/31/2016	509,371	34,525,236	1,128,379	54,476,099	-	(1,050,391)
CV1 - Concesionaria Vial S.A.	28,995,091	01/31/2016	338,300,820	6,042,559	254,023,464	33,466,794	420,274,940	11,248,986
Prominente S.A.	28,263,290	03/31/2016	36,328,161	122,052,963	48,467,368	39,255,532	23,510,867	(2,334,398)
Transportel Patagónica S.A.	4,159,313	03/31/2016	36,423,248	319,189	26,860,878	-	6,858,699	1,214,920
Tranelpa S.A. de inversión	361,138	03/31/2016	5,844	896,937	45,399	-	-	13,493
Autovía del Mar S.A.	23,045,623	03/31/2016	66,782,953	406,627,391	323,898,115	57,726,501	358,471,582	101,067
Benito Roggio e Hijos S.A. - Paraguay	70,007,694	03/31/2016	(*) 128,727,271	(*) 65,695,868	(*) 108,385,278	(*) 7,626,244	(*) 50,735,133	(*) 208,807
Covisur S.A.	18,999,867	03/31/2016	102,984,505	13,731,361	20,709,556	20,006,843	88,706,283	42,034,008
Concesionaria Do VLT Carioca S.A.	1,668,792							
Concesionaria do Monotrilho da Linha 18 - Bronze S.A.	13,680,000							
Consortium	10,291,531							
Sundry	3,074,056							
Total	202,546,395							

(*) Figures in thousands of Guaraníes

b) As of December 31, 2015

Associates	12/31/2015 In Pesos	Issuer information						
		Date	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Sales	Net income (loss) for the year
Polledo S.A.I.C. y F.	-	12/31/2015	522,907	37,750,750	1,132,586	57,417,887	-	(24,152,807)
CV1 - Concesionaria Vial S.A.	26,548,195	10/31/2015	287,923,406	8,797,349	240,319,389	4,346,082	275,949,331	6,451,149
Prominente S.A.	29,197,049	12/31/2015	32,391,757	122,157,449	42,322,905	39,233,679	85,084,187	(5,538,808)
Transportel Patagónica S.A.	3,601,481	12/31/2015	50,327,272	935,074	42,595,707	-	95,860,124	(116,512)
Tranelpa S.A. de inversión	373,466	12/31/2015	8,398	923,673	45,399	-	-	42,762
Autovía del Mar S.A.	22,789,394	12/31/2015	87,919,337	462,145,729	402,703,472	56,484,643	240,979,725	(3,405,053)
Benito Roggio e Hijos S.A. - Paraguay	58,954,772	12/31/2015	(*) 129,019,574	(*) 66,749,528	(*) 107,357,596	(*) 10,208,695	(*) 219,002,352	(*) 5,017,484
Covisur S.A.	15,273,310	12/31/2015	123,200,444	14,241,825	54,723,910	21,625,121	65,707,395	27,127,779
Concesionaria Do VLT Carioca S.A.	1,749,217							
Concesionaria do Monotrilho da Linha 18 - Bronze S.A.	14,820,000							
Consortium	11,515,109							
Sundry	3,073,122							
Total	187,895,115							

(*) Figures in thousands of Guaraníes

14. Other investments

	03/31/2016 In Pesos	12/31/2015 In Pesos
Current		
Government bonds	1,422,295	1,542,052
Financial placements	81,200,123	82,267,433
Total	82,622,418	83,809,485

15. Cash and cash equivalents

	03/31/2016 In Pesos	12/31/2015 In Pesos
Cash and banks	411,908,419	318,924,603
Investments equivalents to cash	173,196,631	213,362,055
Specific allocation fund	190,978,252	163,387,666
Total	776,083,302	695,674,324

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16. Bank and financial debts

	03/31/2016	12/31/2015
	In Pesos	In Pesos
Non-current		
Loans	763,364,158	882,910,017
Financial leases (Note 17)	88,360,898	22,632,768
Corporate bonds	1,280,458,200	1,192,311,083
Other bank and financial debts	2,762,534	3,807,545
Subtotal	2,134,945,790	2,101,661,413
Self-liquidating debts	106,053,763	103,839,241
Total	2,240,999,553	2,205,500,654
Current		
Loans	897,318,786	790,008,324
Financial leases (Note 17)	35,614,558	21,217,479
Overdraft facilities	333,829,638	292,262,599
Corporate bonds	346,835,423	234,608,822
Other bank and financial debts	4,200,632	4,290,113
Subtotal	1,617,799,037	1,342,387,337
Self-liquidating debts	675,949,492	916,876,677
Total	2,293,748,529	2,259,264,014
Bank and financial debts per rate		
	03/31/2016	12/31/2015
	In Pesos	In Pesos
No rate applicable	17,971,850	8,097,658
At a fixed rate	2,805,531,574	2,780,538,486
At variable rate	1,711,244,658	1,676,128,524
Total	4,534,748,082	4,464,764,668
Bank and financial debts per currency		
	03/31/2016	12/31/2015
	In Pesos	In Pesos
In Pesos	2,535,360,678	2,728,210,338
In USD	1,637,812,016	1,426,035,658
In Nuevos Soles	361,575,388	310,518,672
Total	4,534,748,082	4,464,764,668

Under the Global Issue Program for Public Offering of Corporate Bonds for up to USD 300,000,000 (the "Program"), the Company issued in December 2010 Ordinary Class 3 Corporate Bonds for a nominal value of USD 120,000,000 (Class 3), falling due on December 15, 2016, Class 3 accrue interest semi-annually at an annual nominal rate of 9.50% and will be amortized in two installments of 33.33% each, and one final payment of 33.34% on December 15, 2014, 2015 and 2016, respectively.

In September 2014, CLISA made a voluntary exchange offer of Class 3 corporate bonds (the "Offer") for Class 4 corporate bonds (Class 4) for a nominal value of up to USD 120,000,000, as a result of which offers were received from holders of Class 3 for a total of USD 87,106,000 (nominal value).

Consequently, on October 15, 2014 CLISA issued Class 4 corporate bonds for a nominal value of USD 87,106,000, which were exchanged for Class 3 corporate bonds with an identical nominal value. The holders who accepted the offer received a payment in cash of USD 50 per each USD 1,000 of principal on corporate bonds under the exchange, plus interest accrued until the date of issue of the new corporate bonds, Class 4 corporate bonds will be amortized in a lump sum payment on October 15, 2019 and will accrue interest at an annual nominal rate of 11.50% payable semi-annually in arrears. After the exchange, Class 3 corporate bonds still outstanding amount to USD 32,894,000 (nominal value). The first and second repayments of principal were made by the amount of USD 10,964,557 on December 15, 2014 and 2015, so the nominal value of the outstanding Class 3 corporate bonds as of December 31, 2015 is USD 10,964,886.

Class 3 corporate bonds and Class 4 corporate bonds are guaranteed by Benito Roggio e Hijos S.A. and Cliba Ingeniería Ambiental S.A.

On August 6, 2015, holders of Class 3 and Class 4 of corporates bonds, gathered at the respective extraordinary meetings, approved the modification to certain obligations set forth under the issue terms and conditions of the respective classes of corporates bonds. The terms and conditions of the Series 3 Notes and the Series 4 Notes include typical European-style covenants. As of the date of this Consolidated Financial Statements, CLISA complied with all of them.

As of March 31, 2016, Clisa and its subsidiaries are in compliance with the covenants and under the agreements governing the indebtedness.

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17. Financial leases

Described below are financial lease contracts outstanding at March 31, 2016 and 2015 and the present value of minimum lease payments grouped by lessor.

(a) As of March 31, 2016

Lessor	Object of the contract	Amount of leases	Present value of minimum payments In Pesos
Banco de Crédito del Perú	Machinery and equipment	5	4,127,898
Banco de Crédito del Perú	Vehicles	2	777,949
Banco Interamericano de Finanzas	Machinery and equipment	1	836,725
Banco Financiero del Perú	Vehicles	1	625,510
Interbank	Vehicles	1	1,151,862
Interbank	Machinery and equipment	3	5,243,350
BBVA Banco Continental	Machinery and equipment	1	1,113,598
Banco Internacional Chile	Vehicles	1	49,946
Banco Industrial de Azul S.A.	Vehicles	13	555,819
Caterpillar Financial Services	Machinery and equipment	16	107,880,407
HSBC Bank Argentina S.A.	Machinery and equipment	1	1,488,959
CGM Leasing Argentina S.A.	Vehicles	1	123,433
Total			123,975,456

(b) As of December 31, 2015

Lessor	Object of the contract	Amount of leases	Present value of minimum payments In Pesos
Banco de Crédito del Perú	Machinery and equipment	5	5,649,712
Banco de Crédito del Perú	Vehicles	2	715,328
Banco Financiero del Perú	Vehicles	1	590,552
Banco Interamericano de Finanzas	Machinery and equipment	1	767,663
BBVA Banco Continental	Machinery and equipment	1	1,227,059
Caterpillar Financial Services	Machinery and equipment	4	26,196,831
CGM Leasing Argentina S.A.	Vehicles	1	155,633
HSBC Bank Argentina S.A.	Machinery and equipment	1	1,609,388
Interbank	Vehicles	1	1,081,674
Interbank	Machinery and equipment	3	5,141,690
Nuevo Banco Industrial de Azul S.A.	Vehicles	13	631,749
Banco Internacional Chile	Vehicles	1	82,968
Total			43,850,247

	03/31/2016 In Pesos	12/31/2015 In Pesos
Nominal value – Minimum payments of leases		
Up to a year	74,419,302	29,454,882
From one to five years	153,271,912	33,758,381
Total	227,691,214	63,213,263
Financial charges to accrue	(103,715,758)	(19,363,016)
Total of financial leases	123,975,456	43,850,247

Present value of financial leases is the following:

	03/31/2016 In Pesos	12/31/2015 In Pesos
Present value – Minimum payments of financial leases		
Up to a year	35,614,558	21,217,479
From one year to five years	88,360,898	22,632,768
Total	123,975,456	43,850,247

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18. Allowances and provisions for contingencies

(a) For the period ended March 31, 2016

Description	Balances as of the beginning of the period	Increases	Decreases	Applications	Currency translation differences	Balances as of the end of the period
Allowance for doubtful accounts	168,218,577	15,678,376	(4,872,000)	(98,981)	140,637	179,066,609
Allowance for other receivables	69,323,983	1,436,000	-	(1,810,000)	(276,371)	68,673,612
Inventory obsolescence allowance	32,233,633	3,419,013	-	-	-	35,652,646
Allowance for investment losses	534,314	-	-	-	-	534,314
Provision for contingencies	270,318,780	33,374,976	(12,562,056)	(1,121,927)	-	290,009,773

(b) For the period ended March 31, 2015

Description	Balances as of the beginning of the period	Increases	Decreases	Applications	Currency translation differences	Balances as of the end of the period
Allowance for doubtful accounts	185,116,934	10,165,169	(4,509,462)	(950,000)	952,298	190,774,939
Allowance for other receivables	58,150,485	1,016,000	-	(1,090,000)	(3,084,356)	54,992,129
Inventory obsolescence allowance	10,813,949	4,932,844	-	-	-	15,746,793
Allowance for investment losses	534,314	-	-	-	-	534,314
Provision for contingencies	211,412,109	27,327,177	(15,058,174)	2,719,605	-	226,400,717

19. Balances and transactions with related parties

(a) Balances with related parties

Balances with related parties as of March 31, 2016 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Non-Current Trade receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities
Associates						
Autovía del Mar S.A.			75,673,817			
B.R.H. S.A. - Const. N. Odebrecht S.A. - Supercemento S.A.C.I. - J. Cartellone Const. Civ. UTE			43,822,094	14,535,938		
Benito Roggio e Hijos S.A. (Paraguay)			125,870			
Concanor S.A.		515,534				
Concesionaria VLT Carioca			1,675,540			
Concesionaria Monotrilho Linha 18			301,679	12,312,000		
Consortium Boletto Inteligente de Paraguay		1,144,489				
Coviare S.A.			15,869,308			
Covicentro S.A.		412,427				
Covimet S.A.	493,424	553,370				
Covinorte S.A.		463,981				
Covisur S.A.			470,475		14,002,830	
CV 1 - Concesionaria Vial S.A.			14,526,124	1,788,730	486,000	
Ferrometro S.A.			20,842,744			
Polledo Do Brasil Concessões e Investimentos Ltda.		11,321,653			78,610	
Polledo S.A.I.C. y F.	13,570,924					
Prominente S.A.		1,410,883	46,070			28,040,459
Puentes del Litoral S.A.	628,146	1,613,273				
SOE S.A.			23,634			21,629
SOFE S.A.		94,782				
Transportel Minera 2 S.A.						205,512
Transportel Patagonica S.A.			127,984			355,098
Other related parties						
Roggio A.C.E.	888,831,788	239,708,042		640,535,019		
VRR Games S.A.			2,322,579			132,494
Sundry	263,724	964,653	817,686	49,609	70,883	22,643
TOTAL	903,788,006	258,203,087	176,645,604	669,221,296	14,638,323	28,777,835

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES
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Balances with related parties as of December 31, 2015 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Non-Current Trade receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities
Associates						
Autovia del Mar S.A.			72,643,326			
B.R.H. S.A. - Const. N. Odebrecht S.A. - Supercimento S.A.C.I. - J. Cartellone Const. Civ. UTE			43,822,094	14,052,764		
Concanor S.A.		515,534				
Concesionaria VLT Carioca			1,296,567			
Concesionaria Monotrilho Linha 18			326,819	13,338,000		
Consortium Boleto Inteligente de Paraguay		1,144,489				
Coviares S.A.			15,869,308			
Covicentro S.A.		412,427				
Covimet S.A.	493,424	553,370				
Covinorte S.A.		463,981				
Covisur S.A.			470,475		13,745,288	
CV 1 - Concesionaria Vial S.A.			29,802,146	1,788,730	486,000	
Ferrometro S.A.			20,842,744			
Polledo Do Brasil Concessões e Investimentos Ltda.		11,902,424			76,756	
Polledo S.A.I.C. y F.	13,132,674					
Prominente S.A.		1,410,883	52,755			22,237,721
Puentes del Litoral S.A.	628,146	1,613,273				
SOE S.A.			23,634			21,629
SOFE S.A.		94,782				
Transportel Minera 2 S.A.						205,512
Transportel Patagónica S.A.			160,689			355,098
Other related parties						
Roggio A.C.E.	1,048,224,195	4,108,335		570,786,845		
VRR Games S.A.			2,318,317			132,494
Sundry	249,980	964,449	789,275	50,109	70,883	21,763
TOTAL	1,062,728,419	23,183,947	188,418,149	600,016,448	14,302,171	22,974,217

(b) Transactions with related parties:

	03/31/2016 In Pesos	03/31/2015 In Pesos
Services rendered		
Associates		
Autovia del Mar S.A.	3,189,990	132,750
CV1 - Concesionaria Vial S.A.	4,271,710	3,481,444
Transportel Patagónica SA	136,289	1,736,539
BRH - Odebrecht - Supercimento - Cartellone UTE	-	3,828,728
Concesionaria Monotrilho Linha 18	829,617	-
Concesionaria Do VLT Carioca S.A.	3,983,578	3,099,225
Total	12,411,184	12,278,686
Services rendered		
Associates		
Prominente S.A.	(15,288,588)	(10,470,920)
Other related parties		
Sundry	(880)	-
Total	(15,289,468)	(10,470,920)

20. Additional information about Condensed Interim Consolidated Cash flow Statement

Below are disclosed the significant transactions not affecting cash or cash equivalents:

	03/31/2016 In Pesos	03/31/2015 In Pesos
Acquisition of property, plant and equipment with debt	81,588,429	-
Acquisition of intangible assets with debt	-	2,174,000

21. Contingencies, commitments and restrictions on the distribution of profits

(a) Contingencies

There are several administrative, judicial and out-of-court proceedings in the ordinary course of business to which the subsidiaries and/or subsidiaries or associates of CLISA are parties. The Company believes that these cases, of the cumulative effect of all of them taken as a whole, will not produce a significant adverse effect on the financial position of the Company, or on the future results of its operations, bearing in mind the opinion of the legal counsel and professional advisors and the provisions for contingencies recorded at the end of the reporting year-end.

The financial statements of the subsidiaries companies disclose the following:

l) Benito Roggio e Hijos S.A.:

a) Covisur S.A.

a.1) Value added tax

- i) On November 27, 1995, Covisur S.A. lodged an action for recovery with the AFIP for Ps. 1,273,045 for VAT on indemnities collected according to the Readjustment Agreement dated December 15, 1992. This claim includes fiscal periods from February 1993 to October 1995, for which amended tax returns were filed. Covisur S.A. had originally calculated the tax on the total amount collected, whereas it should have considered that the tax was included in such total. On November 30, 2000, the AFIP-DGI rejected the action for recovery filed.
- ii) On December 19, 2001, AFIP notified Covisur S.A. a debt assessment of Ps. 6,128,714 corresponding to VAT and accrued interest on indemnities collected as provided for in the Restatement Agreement dated December 15, 1992, corresponding to fiscal periods between December 1995 and November 1999, as the AFIP-DGI considered that the total amount of those indemnities represented the net taxable amount.

Covisur S.A. filed an appeal before the Tax Court claiming non-taxability of the indemnities collected or consideration of the tax as forming part of the total amount, since the operations were performed with tax-exempt persons

The Tax Court found for Covisur S.A. requesting that the tax authority prepare a computation; if this computation fails to reflect what has been ordered in the ruling and is not approved by the said Court, the grounds for appeal shall be set forth.

a.2) Income tax

On December 27, 2002, the AFIP notified Covisur S.A. and claimed from it the payment of Ps. 3,585,754 for Income Tax and interest on indemnities collected under the Restatement Agreement dated December 15, 1992, for the 1997, 1998 and 1999 periods, as the AFIP considered that the total amount of those indemnities represented the net taxable amount. Conversely, Covisur S.A. considers that the indemnities collected are not subject to the tax, alleging that they involve a "Gross Price" from which Value-Added Tax should be deducted rather than added to it, as the AFIP sustains. In addition, Covisur S.A. argues that those amounts include a presumed cost of 100%, as the AFIP had previously informed it in response to a consultation made by the company. In this respect, on February 20, 2003 Covisur S.A. filed an appeal before the National Tax Court to consider this claim in which a ruling seemingly favorable to Covisur S.A. had been issued, which led to the filing of a Motion for Clarification; this motion was resolved elliptically, and the outcome continues to seem favorable.

b) Aguas Cordobesas S.A.:

At the balance sheet date, Aguas Cordobesas S.A. continues to undergo a comprehensive inspection that had been initiated by the AFIP in May 2005 in relation to:

- Income tax withholdings not made from payments of commissions to La Caixa and West LB.
- Equalization tax (article 69.1, of the income tax law) on dividend payment for fiscal year 2000.

On both issues, the position of the Management of Aguas Cordobesas S.A. and that of its tax advisors is favorable to the Company, so no provisions have been recognized for these items.

Further, in February 2008, the AFIP conducted another inspection detecting certain income tax withholdings not made from interest payments to the European Investment Bank (EIB). Since this is an item paid overseas to a promotion entity, the Argentine source income is exempt under section 20, item S and section 39 of the regulatory decree of the income tax law. In the belief that these exemptions operate by force of law, without need for additional provision, the Company's Management and its advisors consider that there are sufficient grounds for arguing that no income tax withholding is applicable to payments overseas, since these are deemed exempt.

In December 2008 ACSA was notified of a resolution of a notice given in the administrative proceedings related to Income Tax – Withholdings from Foreign Payees. The tax amount not withheld is Ps. 2,491,000, net of interest, and corresponds to the withholdings from payments made between December 2003 and December 2007. In view of this fiscal claim, Aguas Cordobesas S.A. has answered the notice and the summary proceedings initiated, making factual and legal allegations that confirm the reasonable criterion it followed.

During November 2010, Aguas Cordobesas S.A. was notified of AFIP Resolution No. 112/2010, which dismisses the evidence offered by that company in its administrative defense against the notification, and No. 118/2010, which determines the new owing amount, which is of Ps. 6,824,000 and is made up of the non-withheld tax for Ps. 2,491,000, compensatory interest under section 37 of Law 11683 for Ps. 2,589,000, and the fine under section 45 of Law 11,683, set at 70 % of the non-withheld amounts, for Ps. 1,744,000.

The fiscal authority's arguments for rejecting the evidence submitted by Aguas Cordobesas S.A. have not modified the latter's position or its confidence in the arguments supporting its criterion, which is why during December 2010 an appeal was filed before the National Fiscal Court.

In July 2011, Aguas Cordobesas S.A. received notice of a resolution of the National Tax Court ordering the reopening of the case for submission of evidence. At the balance sheet date, evidence based upon third party information has been submitted, and the accounting expert's opinion was being prepared, with an extension of the evidentiary period having been requested for such purposes. On August 23, 2013, the Tax Court closed the evidentiary period, and the informative evidence offered and the accounting expert's report were submitted. At the date of these financial statements, we are awaiting a resolution calling the parties to come before the court in order to assess the competency of the evidence submitted.

On May 4, 2015 notice was served upon the Company stating that the Federal Court had ordered that the case be made available to the parties to make allegations as to the merits of the evidence submitted. The pertinent presentation was made on May 18, 2015, with the considerations of the appointed expert witness.

Based on arguments invoked above, Aguas Cordobesas S.A. considers that there is a remote possibility of occurrence of contingencies based on the nature of the adjustments proposed by the tax authority.

c) Haug S.A.

The income tax return for the fiscal year 2008 of Haug S.A. has been examined by the tax administration in Peru, and that company received an observation for non-accrued workforce income for approximately Nuevos Soles 4,242,272, la which is currently under challenge. This company's management and its legal advisors consider that the final outcome of this challenge will not have significant effects on the Financial Statements of this Company.

II) Metrovías S.A:

a) Fine for infringements of safety and health regulations

The Buenos Aires City Mayor imposed a fine of Ps. 3,155,000 on Metrovías S.A., for alleged infringement of safety and health regulations. This resolution has not become final, as it was appealed as and when prescribed by law, and in view of the fact that this is an administrative act that imposes a penalty, payment of the fine may not be demanded until the appeal is ruled on.

On September 3, 2014, the lower court judge partially sustained the appeal filed by Metrovías and reduced the fine to Ps. 2,500,000. Said ruling had been appealed by the Company.

However, Metrovías S.A. considers that the fine imposed is arbitrary and unfounded, as the alleged non-compliance on which it is based does not exist, nor does the excessive amount of the fine bear any relation with the possible non-compliance in question, in conformity with applicable regulations.

Metrovías S.A. will exhaust all legal proceedings on the understanding that the fine imposed is arbitrary and contrary to law, and lacks legal foundation, in line with current national and local legislation, a criterion that is shared by its legal advisors

b) Turnover tax - Province of Buenos Aires (I)

In 2004, the DPRPBA notified differences in favor of that Board arising from an underpayment of the turnover tax for fiscal periods 1996 and 1997, invoking the taxability of the subsidies granted by the National Government and of the operations carried out on behalf of third parties and for their account.

After various presentations and appeals, and in view of the changes in current legislation, on July 20, 2006, when answering the notice of the Appeal and after the amendment to that legislation, the Tax Authority admitted that Metrovías S.A. had sufficient grounds for the treatment accorded to the subsidies granted by the National State.

In May 2007, Metrovías S.A. was notified of the Province of Buenos Aires Tax Court resolution dated April 30, 2007, whereby the appeal lodged was partially sustained, admitting the position of Metrovías S.A. regarding the subsidies, the extension of the joint liability for the fines for the periods predating July 2006 and for the surcharges.

Finally, in view of the certain possibility that the Courts demand prior payment of the tax to analyze the claim, Metrovías S.A. adhered to an Installment Payment Plan established by the Collection Agency for the Province of Buenos Aires for Ps. 0.34 million, which Metrovías recognized as a loss. This liability had been paid off at the balance sheet date.

c) Turnover tax - Province of Buenos Aires (II)

On July 24, 2006, Metrovías S.A. was notified of a summary assessment proceeding filed by the Revenue Bureau of the Province of Buenos Aires, which claims differences in its favor for having underpaid turnover tax in the fiscal periods 2002 and 2003 invoking the taxability of the subsidies granted and claiming the depositing of tax differences for Ps. 222,281 and Ps. 465,238 respectively.

On August 9, 2006, Metrovías S.A. submitted a rebuttal rejecting the tax authority's claim. On December 27, 2006, the Tax Authorities informed Metrovías S.A. of the assessment of its tax obligation, accepting its position in relation to the subsidies but rejecting the remaining aspects.

On February 20, 2007, Metrovías S.A. appealed this resolution at the Tax Tribunal for the Province of Buenos Aires. At the date of these consolidated financial statements, Metrovías S.A. had not been notified of the Panel where the appeal will be heard.

On August 28, 2013 the Tax Tribunal notified Metrovías the tax court resolution whereby the appeal lodged was partially sustained. On February 13, 2014, Metrovías interposed a lawsuit for the detracted party.

d) Metrovías S.A. was notified of an unfavorable ruling of the Argentine Tax Court in the amount of Ps. 20.3 million, due to a different criterion for the allocation to income tax of the accrual of deferred income, in a dispute with the Tax Authority since 2006 for which, in the opinion of the company's advisors, there were grounds in favor of the company's position; in support of its position, the company had adhered to a payment plan of 120 installments.

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(b) Restrictions to the distribution of profits

Pursuant to section 70 of the Commercial Companies Law 19,550, companies must allocate 5% of the net profit of each year to a statutory reserve until reaching 20% of their adjusted capital.

As set forth by CNV General Resolution 609/12, retained earnings arising from the adoption of IFRS from the current fiscal year must be re-allocated to a special reserve, which can only be reversed to capitalize or absorb potential losses from retained earnings. The re-allocation must be approved by the Shareholders' Meeting that analyzes the parent-only and consolidated financial statements of the Company for year 2012. The meeting of shareholders held on April 29, 2014 resolved to reverse the reserve to offset accumulated losses.

22. Encumbered and restricted assets

The table below provides a detail of the encumbered and restricted assets as of March 31, 2016:

Detail	Value of asset	Type of Debt	Amount of debt	Type of guarantee
Machinery and equipment	39,888,307	Commercial	9,647,893	Pledge
Machinery and equipment	36,455,862	Bank	12,810,562	Leasing
Machinery and equipment	-	Financial	105,086,272	Pledge
Machinery and equipment	119,031,942	Financial	107,880,388	Leasing
Real estate	790,732,164	Bank	289,613,708	Mortgage
Vehicles	13,316,513	Financial	14,782,487	Pledge
Vehicles	2,016,696	Bank	3,161,073	Leasing
Vehicles	18,152,289	Bank	18,358,369	Pledge
Vehicles	41,934,620	Commercial	65,754,086	Pledge
Vehicles	125,722	Financial	123,433	Leasing
Guarantee deposits	984,000	Bank	984,000	Common Guarantee
Certificates receivable	446,281,674	Bank	338,130,964	Pledge
Trade receivable	106,815,940	Bank	140,737,199	Pledge
Trade receivable	554,038,743	Bank	1,122,898,514	Assignment as security of collection rights
Banks	6,075,945	Bank	6,000,000	Pledge
Banks	3,754,547	-	-	Writs of attachment
Total	2,179,604,964			

Balance of other current investments includes fixed- term deposits for Ps. 63,896,908 as of March 31, 2016 and Ps. 65,606,644 as of December 31, 2015, which is restricted because they were transferred as collateral for debts payable. In addition, the balance for short-term investments also includes time deposits for Ps. 17,303,215 at March 31, 2016 and Ps.16,660,789 at December 31, 2015, availability of which is restricted for they have been transferred in trust to Banco de la Nación Argentina (Nación Fideicomiso S.A.), for the creation of an administrative trust to deal with the payment of obligations derived from conclusive judgments against the National State and/or UGOMS S.A

23. Guarantees provided

Below is a detail of the guarantees provided as of March 31, 2016:

Detail	Amount of debt guaranteed	Guarantor
Surety bond in favor of Banco Provincia de Buenos Aires as security for compliance with a syndicated loan granted to Coviare S.A. (1)	65,698,594	Benito Roggio e Hijos S.A. y CLISA
Surety bond for financial loan of Covimet S.A. (2)	18,816,000	Benito Roggio e Hijos S.A.
Warranty in favor of Banco Mariva S.A. for financial loan granted to Prominente S.A.	8,000,000	Benito Roggio e Hijos S.A.
Warranty in favor of Banco Credicoop C.L. for financial loan granted to Autovía del Mar S.A.	20,000,000	Benito Roggio e Hijos S.A.
	112,514,594	

(1) See Note 3.1.12. The amount of the debt as of December 31, 2013 since the company has no updated information. This surety bond is enforceable only in case of rescission of the concession contract due to Coviare S.A. negligence. The management opines that the situation described in Note 3.1.12 has created a juridical scenario in which Coviare S.A. rejected the measures adopted, and considered that there has been no liability or negligence on the part of the Concessionaire for the Grantor to have made such a decision. Roggio S.A., the parent company of the Company, has subscribed an agreement with BAPRO to avoid the execution of this guarantee by the financial institution, but this does not mean any recognition in relation to the judicial situation of Coviare S.A.

(2) The beneficiary of the guarantee declared the termination of the agreement which set up such guarantee, retroactive to December 2012. The Company understands that it is not enforceable.

- As part of the construction business, Benito Roggio e Hijos S.A. grants performance bonds on own works and on those carried out jointly with third parties. In addition, the trust ownership of the collection rights under certain work contracts has been transferred as collateral for bank loans.

- In guarantee of compliance with its obligations under the Concession Contract. Metrovías S.A. granted a performance bond under Policy No. 539,038 issued by Fianzas y Créditos S.A. amounting to Ps. 30,000,000. The guarantee will be returned within one hundred and eighty days from the date on which Metrovías S.A. ceases to provide the services.

- In addition, as guarantee for compliance with the Operation and Maintenance Agreement mentioned in Note 3.2.2. Metrovías S.A. provided a Contract Performance Bond. under Políticas Nos. 43,399 and 48,995 underwritten by Paraná Sociedad Anónima de

Seguros; and No. 3,329 underwritten by Tutelar Seguros S.A., for an aggregate amount of Ps. 50,000,000. The Guarantee will be returned, if applicable, within one hundred and eighty days from the date on which the operator ceases to provide the services.

- The Company has taken on commitments with financial institutions to obtain lines of credit for its foreign related companies.
- See Note 3.1.10.

24. Financial risk management

The Company's activities are exposed to variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, and price risk), credit risk and liquidity risk.

25. Changes in accounting standards

The accounting policies used in preparing the Condensed Interim Financial Statements are consistent with the policies used in preparing the financial statements for the fiscal year ended December 31, 2015 except as described below:

a) New standards, amendments and interpretations that have come into force as from the fiscal year commenced January 1, 2016 and that did not have effects on the comparative financial statements:

Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" by "Bearer plants": amendments are introduced to the model of accounting of "bearer plants" which must be accounted for similarly as property, plant and equipment as they are comparable in their operation production schemes under the scope of IAS 16, maintaining agricultural products developed therein under the scope of IAS 41. These regulatory amendments are effective for the annual periods commencing on or after January 1, 2016 and may be applied in advance. The application of these amendments incorporated by this standard does not have a significant impact on these Condensed Interim Consolidated Financial Statements. There are no other IFRS or IFRIC interpretations yet in effect which are expected to have a material impact on the Company.

b) New standards, amendments and interpretations which have not yet come into force for fiscal years beginning on or after January 1, 2016 and have not been early adopted:

IFRS 15 - Revenue from contracts with customers is a standard on revenue recognition agreed between IASB and FASB (Financial Accounting Standards Board), which permits improvements in the financial reports on revenue, facilitating comparability at an international level. This standard was issued in May 2014 and will be applicable for annual periods beginning on or after January 1 2017.

IFRS 9 "Financial Instruments": The full version of this standard was issued in July 2014. It replaces the guidelines of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 maintains but simplifies the mixed measurement model and establishes three main measurement categories for financial assets: amortized cost fair value through other comprehensive income and fair value through profit or loss. This classification depends on the business model of the Entity to manage its financial assets and on the characteristics of the contractual cash flows of the financial assets. In its initial recognition, an entity may irrevocably choose to record in other comprehensive income subsequent changes to the fair value of an investment in an equity instrument not held for trading. There were no changes in the classification and measurement of financial liabilities, except for the recognition of changes in its own credit risk (own credit rating) under other comprehensive income for liabilities at fair value through profit or loss. Furthermore, IFRS 9 eases the requirements for the effectiveness of the hedging instruments. It requires the existence of an economic link between the hedged item and the hedging instrument and the coverage ratio is the same as that used by management to risk management. It continues the requirement of existence of formal documentation of the hedging relationship at the beginning of it but it is different to which was made under IAS 39. Also, this standard model incorporates expected credit losses replacing the impairment model value of financial assets used in IAS 39. This standard is effective for the annual periods commencing on or after January 1, 2018 and may be applied in advance. The Company is assessing the possible impacts of this standard, but are not expected to be significant.

IFRS 16 "Leases": It eliminates, in the case of leases, the distinction between "financial lease" agreements disclosed in the balance sheet and the "operating leases" for which no recognition of future lease installments is required. Instead, a single model is developed similar to that of the current financial lease. This standard is applicable for all years commencing on January 1, 2019.

Amendments to IAS 12 "Income Tax": these amendments to the recognition of deferred tax assets for unrealized losses clarify how to account for such assets when they are related to debt instruments measured at fair value. This standard is effective for the years commencing as from January 1, 2017. The Company does not estimate that its application will have a significant impact.

Amendments to IAS 7, "Statement of cash flows": These amendments to the IAS 7 introduce additional disclosures which enable users to assess changes to liabilities for financing activities. This includes changes implying "cash flows", such as withdrawal of funds and loan reimbursements; and changes which do not imply "cash flows", such as acquisitions, disposals and unrealized exchange differences. This standard is applicable for the years commencing as from January 1, 2017. The Company does not estimate that its application will have a significant impact.

There are no other IFRS or IFRIC interpretations yet in effect which are expected to have a material impact on the Company.

(Free translation from the original in Spanish for publication in Argentine)

REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.
Legal address: Leandro N. Alem 1050 – 9th Floor
Autonomous City of Buenos Aires
Tax Code No. 30-69223929-2

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries (hereinafter, “the Company”), including the condensed interim consolidated balance sheet at March 31, 2016, the condensed interim consolidated statement of income and condensed interim consolidated statement of other comprehensive income for the three-month period ended March 31, 2016, and the condensed interim consolidated statements of changes in equity and the condensed interim consolidated statement of cash flows for the three-month period then ended, and the selected explanatory notes.

The balances and other information for the year 2015 and interim periods are an integral part of the above-mentioned financial statements and therefore they should be considered in relation with those financial statements.

Management Responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the condensed interim consolidated financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 “Interim Financial Information” (IAS 34).

Scope of our review

Our review was limited to the application of the procedures established under International Standard on Review Engagements ISRE 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, adopted as a review standard in Argentina by Technical Pronouncement No. 33 of the FACPCE and approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries of persons responsible for preparing the information included in the condensed interim consolidated financial statements and applying of analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we will become aware of all the significant matters that might be identified in an audit. Therefore, we do not express an audit opinion on the condensed interim consolidated balance sheet, condensed interim consolidated comprehensive income and condensed interim consolidated cash flow of the Company.



(Free translation from the original in Spanish for publication in Argentine)

Conclusion

On the basis of our review, nothing has come to our attention that make us think that the condensed interim consolidated financial statements mentioned in the first paragraph of this report have not been prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of matter paragraph

Without modifying our conclusion, we would like to draw attention to Note 3.2.2. to the condensed interim consolidated financial statements, in which the conditions prevailing at period end in relation to the status of the concession contract between Metrovías S.A. and the National Government and the Operation and Maintenance Agreement entered into with the Government of the City of Buenos Aires, which constitute the regulatory framework within which Metrovías S.A. conducts its business, affect and determine its economic and financial equation.

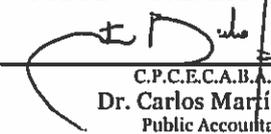
Report on compliance with current regulations

In compliance with current regulations, as regards CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. we report that:

- a) The condensed interim consolidated financial statements of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. have been transcribed into the "Inventory and Balance Sheet" book insofar as concerns our field of competence, are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) The condensed interim separate financial statements of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. stem from accounting records kept in all formal respects in conformity with legal regulations;
- c) We have read the business highlights, on which, insofar as concerns our field of competence, we have no observations to make;
- d) as of March 31, 2016, the debt of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. accrued in favor of the Argentine Integrated Social Security System amounted to \$ 6,690,333.61, none of which was claimable at that date.

City of Buenos Aires, May 12, 2016.

PRICE WATERHOUSE & CO. S.R.L.

 (Partner)
C.P.C.E.C.A.B.A. T° 1 F° 17
Dr. Carlos Martín Barbafina
Public Accountant (UCA)
C.P.C.E.C.A.B.A. T° 175 F° 65



**CLISA - Compañía Latinoamericana de
Infraestructura & Servicios S.A.**

Legal address: Leandro N. Alem 1050, 9th Floor
Ciudad Autónoma de Buenos Aires

Consolidated Financial Statements for the years ended
December 31, 2015 and 2014

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.

Consolidated Financial Statements

For the years commenced January 1, 2015 and ended December 31, 2015, presented in comparative format

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Notes to the Consolidated Financial Statements

Auditor's Report

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**CONSOLIDATED STATEMENTS OF INCOME**

For the years ended December 31, 2015, presented in comparative format

	Notes	For the years ended	
		12/31/2015 In Pesos	12/31/2014 In Pesos
CONSOLIDATED RESULTS			
Sales	3.6	8,567,931,809	6,847,040,485
Cost of sales	4	(5,817,442,287)	(4,597,533,335)
Gross profit		2,750,489,522	2,249,507,150
Administrative expenses	5	(1,120,296,308)	(928,125,448)
Selling expenses and other operating expenses	6	(684,375,005)	(552,674,937)
Other operating income and expenses, net		3,851,359	132,045,986
Operating Income		949,669,568	900,752,751
Financial income	7	299,005,542	204,771,080
Financial expenses	7	(2,071,098,263)	(1,211,516,994)
Net (loss) / gain in associates	8	(15,600,631)	20,493,385
Goodwill impairment	11	(3,660,013)	(3,660,013)
(Loss) before income tax		(841,683,797)	(89,159,791)
Income tax	26	125,194,948	(87,126,867)
NET (LOSS) FOR THE YEAR		(716,488,849)	(176,286,658)
- Owners of the parent		(766,515,212)	(257,130,050)
- Non-controlling interest		50,026,363	80,843,392
		(716,488,849)	(176,286,658)
Results per share attributable to the owners of the parent during the year (stated in Ps. per share)	9	(7.94)	(2.66)

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2015, presented in comparative format

OTHER CONSOLIDATED COMPREHENSIVE INCOME	For the years ended	
	12/31/2015 In Pesos	12/31/2014 In Pesos
Net (loss) for the year	<u>(716,488,849)</u>	<u>(176,286,658)</u>
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Effect of currency translation differences	61,968,526	106,044,213
Items that may not be reclassified subsequently to profit and loss		
Gains on revaluation of property plant and equipment of subsidiaries	<u>498,820,547</u>	<u>159,418,142</u>
Other comprehensive income for the year	<u>560,789,073</u>	<u>265,462,355</u>
Total comprehensive (loss) / income for the year	<u>(155,699,776)</u>	<u>89,175,697</u>
Comprehensive (loss) attributable to:		
- Owners of the parent	(224,820,346)	(12,513,331)
- Non-controlling interests	<u>69,120,570</u>	<u>101,689,028</u>
	<u>(155,699,776)</u>	<u>89,175,697</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.
CONSOLIDATED BALANCE SHEET
As of December 31, 2015 and 2014

ASSETS	Notes	12/31/2015 In Pesos	12/31/2014 In Pesos
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,692,173,572	1,754,213,678
Intangible Assets	12	349,747,688	310,111,453
Goodwill	11	140,808,913	112,397,125
Investments in associates	13	187,895,115	195,307,265
Deferred tax assets	26	222,321,516	108,998,898
Other receivables	14	1,344,207,098	736,848,905
Trade receivables	15	170,188,487	82,115,866
Total non-current Assets		5,107,342,389	3,299,993,190
CURRENT ASSETS			
Other receivables	14	1,355,388,699	1,337,671,330
Inventories	16	349,686,547	278,477,936
Trade receivables	15	4,032,976,027	2,897,840,100
Other investments	17	83,809,485	107,400,064
Cash and cash equivalents	18	695,674,324	933,769,863
Total current Assets		6,517,535,082	5,555,159,293
Total Assets		11,624,877,471	8,855,152,483
EQUITY			
Attributable to the owners of the parent		503,906,808	728,727,154
Non-controlling interests		290,964,353	254,305,249
Total Equity		794,871,161	983,032,403
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank and financial debts	19	2,205,500,654	1,433,646,574
Provisions for contingencies	21	245,955,051	173,710,563
Deferred tax liability	26	370,069,702	250,460,002
Other liabilities	22	2,187,016,658	1,631,985,700
Trade payables	23	54,971,223	53,618,544
Total non-current Liabilities		5,063,513,288	3,543,421,383
CURRENT LIABILITIES			
Bank and financial debts	19	2,259,264,014	1,387,453,231
Provisions for contingencies	21	24,363,729	37,701,546
Other liabilities	22	2,000,828,441	1,590,143,523
Trade payables	23	1,482,036,838	1,313,400,397
Total current Liabilities		5,766,493,022	4,328,698,697
Total Liabilities		10,830,006,310	7,872,120,080
Total Equity and Liabilities		11,624,877,471	8,855,152,483

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year commenced January 1, 2015 and ended December 31, 2015, presented in comparative format

Item	Attributable to owners of the parent								Non-controlling interests	Total of equity
	Share capital	Capital Adjustment	Legal reserve	Special reserve	Effect of currency translation differences	Balances of revaluation of subsidiaries	Retained earnings / (Accumulated losses)	Total		
Balances as of January 1, 2014	96,588,696	115,738,740	3,138,571	10,241,171	88,415,559	496,208,369	(84,292,196)	726,038,910	282,741,425	1,008,780,335
Reversal of special reserve purpose				(10,241,171)			10,241,171			-
Net (loss) for the year							(257,130,050)	(257,130,050)	80,843,392	(176,286,658)
Other comprehensive income					89,173,401	155,443,318		244,616,719	20,845,636	265,462,355
Total Comprehensive Income	-	-	-	-	89,173,401	155,443,318	(257,130,050)	(12,513,331)	101,689,028	89,175,697
Reversal of revaluation of subsidiaries						(56,081,131)	38,674,822	(17,406,309)	(1,348,913)	(18,755,222)
Deconsolidation of subsidiaries									(13,674,208)	(13,674,208)
Transactions with shareholders										
- Distribution of dividends									(31,255,532)	(31,255,532)
- Contributions and withdrawals in joint ventures									(2,706,840)	(2,706,840)
- Changes in interests in subsidiaries					(7,948,593)		40,556,477	32,607,884	(81,139,711)	(48,531,827)
Total Transactions with shareholders	-	-	-	-	(7,948,593)	-	40,556,477	32,607,884	(115,102,083)	(82,494,199)
Balances as of December 31, 2014	96,588,696	115,738,740	3,138,571	-	169,640,367	595,570,556	(251,949,776)	728,727,154	254,305,249	983,032,403
Balances as of January 1, 2015	96,588,696	115,738,740	3,138,571	-	169,640,367	595,570,556	(251,949,776)	728,727,154	254,305,249	983,032,403
Net (loss) for the year							(766,515,212)	(766,515,212)	50,026,363	(716,488,849)
Other comprehensive income					60,349,631	481,345,235	-	541,694,866	19,094,207	560,789,073
Total Comprehensive (loss)	-	-	-	-	60,349,631	481,345,235	(766,515,212)	(224,820,346)	69,120,570	(155,699,776)
Reversal of revaluation of subsidiaries						(86,752,697)	86,752,697	-	(314,685)	(314,685)
Transactions with shareholders										
- Distribution of dividends									(471,330)	(471,330)
- Contributions and withdrawals in joint ventures									(31,673,099)	(31,673,099)
- Changes in interests in subsidiaries									(2,352)	(2,352)
Total Transactions with shareholders	-	-	-	-	-	-	-	-	(32,146,781)	(32,146,781)
Balances as of December 31, 2015	96,588,696	115,738,740	3,138,571	-	229,989,998	990,163,094	(931,712,291)	503,906,808	290,964,353	794,871,161

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2015, presented in comparative format

Notes	12/31/2015 Pesos	12/31/2014 Pesos
Cash from operating activities		
Net (loss) income for the year	(716,488,849)	(176,286,658)
Adjustments for:		
Depreciation and amortization	232,999,573	186,529,859
Deferred income	(320,844)	319,941
Income tax	(125,194,948)	87,126,867
Payment of income tax	(69,258,056)	(74,503,054)
Gain / (loss) from sales of property, plant and equipment	7,171,597	(1,853,246)
Net gain / (loss) in associates	15,600,631	(20,493,385)
Net carrying value of property, plant and equipment written off	206,378	387,939
Net carrying value of intangibles assets written off	14,325	550,993
Other operating and financial income and expenses, net	416,010,652	104,023,088
Interest earned and paid, net	909,055,177	462,895,648
Payment and collection of interest, net	(811,486,122)	(419,842,582)
Changes in operating assets and liabilities:		
Increase in inventories	(89,520,135)	(80,637,592)
Increase in allowances and provisions for contingencies	82,856,935	35,617,292
Decrease (Increase) in investments	25,132,632	(38,171,183)
Increase in operating receivables	(1,182,220,214)	(963,783,561)
Increase in operating liabilities	529,014,108	1,002,514,054
Net cash flow (used in) / provided by operating activities	(776,427,160)	104,394,420
Cash from investing activities		
Purchases of property, plant and equipment	(364,779,335)	(248,254,262)
Purchases of intangible assets	(56,983,581)	(48,320,791)
Changes in investments, net	7,318,720	151,277,530
Proceeds on disposal of property, plant and equipment	107,042,604	40,205,384
Dividends collected	3,581,627	3,586,229
Cash due to changes in consolidation	(25,000)	-
Net cash flow (used in) investing activities	(303,844,965)	(101,505,910)
Cash from financing activities		
(Increase) in other receivables	(552,013,634)	(161,256,485)
Increase in other liabilities	340,223,494	232,191,604
Dividends paid to non-controlling interests	(471,330)	(31,520,408)
Changes in bank and financial debts, net	1,026,178,757	337,386,669
Net cash flow provided by financing activities	813,917,287	376,801,380
Changes in cash before the effect of currency translation differences	(266,354,838)	379,689,890
Effect of currency translation differences	28,259,299	14,146,283
(Decrease) Increase in cash, net	(238,095,539)	393,836,173
Cash and cash equivalents as of the beginning of the year	18	933,769,863
Cash and cash equivalents as of the end of year	18	695,674,324

The accompanying notes are an integral part of these Consolidated Financial Statements.

Contents of the notes to the consolidated financial statements

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CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2015, presented in comparative format

1. General information

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. (hereinafter "CLISA") was established on October 21, 1996 and runs its business operations through the equity interests it holds in Benito Roggio e Hijos S.A., Benito Roggio Transporte S.A., Benito Roggio Ambiental S.A. and Roggio Brasil Investimentos e Serviços Ltda, (jointly with CLISA, "the Company"). As detailed in Note 3, these subsidiaries engage mainly, through their operations and interests in other companies, in the following operating activities: mass passenger transportation, construction, toll road concessions, waste management and water supply services.

CLISA is a holding Company whose Incorporation Agreement dated October 21, 1996 was registered with the Superintendencia of Commercial Companies on November 15, 1996 under No. 11,458 in Book 120, Volume A, of Stock Companies and its term of duration will expire on November 15, 2095. The latest amendment to its Bylaws was approved by the Extraordinary Meeting of Shareholders No. 20 held on July 19, 2007, and registered with the Superintendencia of Commercial Companies under No. 14,007 in Book 36 of Stock Companies on August 23, 2007.

The parent company of CLISA is Roggio S.A., with legal address at Leandro N, Alem 1050, 9th floor, Ciudad Autónoma de Buenos Aires, and is a holding Company, Roggio S.A. holds an interest of 97.53% in the capital and votes of CLISA.

The following describes the share capital of CLISA:

Ordinary shares	Subscribed and paid (In Pesos)
Class "A" Ps. 1 – 5 Votes	96,588,696

The capital status is as follows:

	12/31/2015	12/31/2014	12/31/2013
Share capital at the beginning of the year	96,588,696	96,588,696	96,588,696
Share capital at the end of the year	96,588,696	96,588,696	96,588,696

On May 15, 1997 Clisa was admitted to the corporate bonds Public Offering System by Resolution No. 11735 of the National Securities Commission ("CNV").

2. Accounting policies and basis of preparation

The main accounting policies used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently for all the years-end presented.

2.1 Basis of preparation

The National Securities Commission (CNV), has established the applicability of Technical Resolutions Nos. 26 and 29 of the Argentine Federation of Professional Councils in Economic Sciences, which adopt the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), for entities included in the public offering regime, whether for their capital or for their corporate bonds, or which have requested authorization to be included in this regime. Application of these standards was mandatory for the Company as from the year commenced January 1, 2012.

Figures at December 31, 2014 disclosed in these Consolidated Financial Statements for comparative purposes, arise from financial statements at that date.

These consolidated financial statements of the Company have been prepared in accordance with IFRS issued by the IASB. Furthermore, accounting policies are based on IFRS standards issued by the IASB and IFRIC interpretations issued to the issuance date of the consolidated financial statements.

These consolidated financial statements were approved by the Company's Board of Directors on March 10, 2016.

Consolidated financial statements are stated in Argentine pesos without cents, except for earning per share and operating segment information which is presented in thousands of Argentine pesos.

2.2 Consolidation basis**(a) Subsidiaries**

Subsidiaries are all entities over which the Company has control. The company controls an entity when it has the right to obtain variable yield in relation to its interest in that company and may use its power over it to exert influence on those yields. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on that control ceases.

The purchase method of accounting is used by the Company to account business combinations. The cost of acquisition of a subsidiary corresponds to the fair value of the transferred assets, the liabilities incurred with the former owners of the acquiree and the equity interests issued by the Company. The cost of acquisition includes the fair value of any assets or liabilities arising under a contingent purchase agreement. The acquired identifiable assets and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each business combination, the Company may opt to recognize any non-controlling interest in the acquiree at fair value or the proportional part of the non-controlling interest of the recognized amounts of the acquiree's identifiable net assets.

The costs of the acquisition are recognized as expenses in the year in which they are incurred.

If the business combination is achieved in stages, the fair value at the date of acquisition of the previously held equity interest in the acquiree is remeasured at fair value through profit or loss for the year on the acquisition date.

Any contingency cost to be transferred by the Company is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the cost of acquisition that is deemed an asset or a liability are recognized in income or as a change in other comprehensive income, pursuant to IAS 39. The contingent cost of acquisition that is classified in equity is not remeasured and its subsequent settlement is recognized in equity.

The excess of the cost of acquisition transferred over the fair value of the non-controlling interest in the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of income.

Intercompany transactions, balances and income and expenses under transactions between the Company's entities are eliminated. Gains and losses from intra-group transactions that are recognized as assets are also eliminated. The accounting policies of the subsidiaries have been amended in the cases where it was necessary to ensure consistency with the policies adopted by the Company.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions, i.e., as transactions with owners in their capacity as owners. The difference between the amount of the adjustment on non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

(c) Control cease

When the Company ceases to have control, the investment retained in the former subsidiary is recognized at its fair value at the date on which control is lost. In this case, the fair value corresponds to the initial measurement for the purpose of subsequent accounting for the interest retained as an associate, joint venture or financial asset. In addition, any amounts previously recorded in Other Comprehensive Income are reclassified to the Statement of Income.

(d) Associates

Associates are all entities over which the Company has significant influence but not control or not jointly control, generally accompanying a shareholding of between 20% and 50% of the voting rights. However, special cases are considered in which, with a shareholding of less than 20%, the group has significant influence. Investments in associates are accounted by the equity method of accounting, whereby investments are initially recognized at cost, and this amount increases or decreases to recognize the investor's share of profits and losses of the entity after the acquisition date. The value of associates includes goodwill recognized at the acquisition date.

The share of associates' profits and losses is recognized in income for the period, and the changes in equity other than income for the period are allocated to equity reserves (and, if applicable, they are included in other comprehensive income).

When the Company's share of the associates' losses is equal to or exceeds the value of the interest in the associates, the Company does not recognize additional losses, except when there are legal or assumed obligations to make payments on behalf of those associates.

Gains and losses on transactions between the Company and the associate are recognized in the Company's financial statements only in proportion to the unrelated portion of those companies. The accounting policies used by the associates have been amended, where necessary, to ensure consistency with the Company's accounting policies.

The Company assesses at each balance sheet issuance date whether there is objective evidence that an investment in an associate will not be recoverable. In that case, the impairment amount is calculated as the difference between the recoverable value of that associate and its carrying amount, recognizing the resulting amount in "Net gain in associates", in the Statement of Income.

(e) Joint arrangements

Jointly controlled entities are companies and joint ventures in which the Company holds joint control. Interests in jointly controlled entities is classified into two types: i) Joint operations and ii) joint ventures in accordance with IFRS 11. Joint arrangements are accounted for by the equity method. Joint operations are accounted by proportionate consolidation, i.e., the share of joint ventures' individual income and expenses, assets, liabilities, and cash flow is recognized on a line-by-line basis in the Company's financial statements. The Company recognizes the portion of gains or losses on the disposals of assets by the Company to the joint arrangement that is attributable to the other ventures. When the Company purchases assets to a joint arrangement, it recognizes its portion of the joint venture's gain or loss when the assets are re-sold to a third party; however, the loss on that sale is recognized immediately if the loss represents a reduction of the recoverable value of the asset or an impairment of the asset.

(f) Participation in corporate collaboration agreements

The Company participates in joint ventures and consortiums. The interest held by the Company in these ventures is measured in the consolidated financial statements in accordance with the control capacity over those businesses, considering legal regulations and contractual terms. According to the degree of control, joint ventures are accounted for following the criteria described for subsidiaries (if control is held), joint arrangements (if jointly controlled) and associate (if not controlled). The interest in the Cooperative Association (Roggio A.C.E.) is valued at cost.

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015, presented in comparative format

(g) Consolidation Structure

(i) Companies which are consolidated at 100%, are as follow:

Companies	Ref.	Percentage of interest as of		Line of business
		12/31/2015	12/31/2014	
- Benito Roggio e Hijos S.A.	(1)	97.22%	97.22%	Construction and waste management
- Cclip S.A.	(2)	68.58%	68.58%	Services
- Aguas Cordobesas S.A.	(2)	61.15%	61.15%	Supply of potable water
- Sehos S.A.	(6)	100.00%	100.00%	Hospital and construction services
- Benito Roggio Panamá S.A.	(2)	100.00%	100.00%	Construction
- Haug S.A.	(18)	100.00%	70.00%	Construction and assembling of industrial facilities
- Haug Chile International Ltda.	(15)	100.00%	99.40%	Engineering, construction and assembly services
- Hame Representaciones S.A.C.	(15)	100.00%	99.00%	Marketing services
- Katmai S.A.	(16)	100.00%	100.00%	Representation services
- Benito Roggio Transporte S.A.	(1)	97.13%	97.13%	Investment and advisory
- Metrovías S.A.	(3)	90.66%	90.66%	Mass passenger transportation
- Corredores Ferroviarios S.A.	(3)	95.00%	-	Mass passenger transportation
- Neoservice S.A.	(3)	95.00%	95.00%	Services
- Traditum S.A.	(5)	54.00%	54.00%	IT and telecommunications services
- Vianiley S.A.	(8)	100.00%	100.00%	Investment
- Miplus S.A.	(8)	100.00%	-	Investment
- Jismelt S.A.	(17)	100.00%	100.00%	Investment
- Grunwald Comunicaciones S.A.	(8)	100.00%	100.00%	Investment
- Crossworld S.A.	(17)	100.00%	100.00%	Investment
- Servicios Fiduciarios S.A.	(3)	95.00%	95.00%	IT and telecommunications services
- Metronec S.A.	(6)	100.00%	100.00%	Real estate services
- Compañía Metropolitana de Seguridad S.A.	(7)	100.00%	100.00%	Security and surveillance services
- Benito Roggio Ferroindustrial S.A.	(3)	95.00%	95.00%	Public railway passenger transportation service
- Benito Roggio Ambiental S.A.	(9)	100.00%	100.00%	Investment
- Cliba Ingeniería Ambiental S.A.	(4)	98.67%	98.67%	Waste management
- Tecsan Ingeniería Ambiental S.A.	(10)	100.00%	100.00%	Waste management
- Cliba Ingeniería Urbana S.A.	(11)	100.00%	100.00%	Waste management
- Cliba Rosario S.A.	(11)	100.00%	100.00%	Waste management
- Taym S.A.	(11)	100.00%	100.00%	Waste management
- Ecoayres Argentina S.A.	(11)	100.00%	100.00%	Waste management
- Enerco ₂ S.A.	(12)	100.00%	100.00%	Waste management
- Central Buen Ayre S.A.	(13)	100.00%	100.00%	Waste management
- Vientos de Senillosa S.A.	(14)	100.00%	100.00%	Waste management
- Biogás Rio Cuarto S.A.	(14)	100.00%	100.00%	Waste management
Roggio Brasil Investimentos e Serviços Ltda.	(1)	99.99%	99.99%	Investment

The percentages of voting rights are the same as the percentages of interests in capital, except for the following:

Name	Percentages of voting	
	12/31/2015	12/31/2014
- Metrovías S.A.	96.93%	96.93%
- Cliba Ingeniería Ambiental S.A.	95.79%	95.79%

- References:
- (1) Represents the direct holding percentage held by Clisa.
 - (2) Represents the direct holding percentage held by Benito Roggio e Hijos S.A.
 - (3) Represents the direct holding percentage held by Benito Roggio Transporte S.A.
 - (4) Represents the direct holding percentage held by Benito Roggio Ambiental S.A and Clisa and Benito Roggio e Hijos S.A.
 - (5) Represents the direct holding percentage held by Metronec S.A.
 - (6) Percentage jointly held by Benito Roggio Transporte S.A. and Benito Roggio e Hijos S.A.
 - (7) Percentage jointly held by Metronec S.A. and Benito Roggio Transporte S.A.
 - (8) Represents the direct holding percentage held by Neoservice S.A.
 - (9) Percentage jointly held by Clisa and Benito Roggio e Hijos S.A.
 - (10) Percentage jointly held by Cliba Ingeniería Urbana S.A. and Benito Roggio Ambiental S.A.
 - (11) Percentage jointly held by Cliba Ingeniería Ambiental S.A. and Benito Roggio Ambiental S.A.
 - (12) Percentage jointly held by Cliba Ingeniería Urbana S.A. and Tecsan Ingeniería Ambiental S.A.
 - (13) Percentage jointly held by Tecsan Ingeniería Ambiental S.A. and Enerco₂ S.A.
 - (14) Percentage jointly held by Enerco₂ S.A. and Cliba Ingeniería Urbana S.A.
 - (15) Represents the direct holding percentage held by Haug S.A.
 - (16) Represents the direct holding percentage held by Hame Representaciones S.A.C.
 - (17) Represents the direct holding percentage held by Servicios Fiduciarios S.A.
 - (18) Represents the direct holding percentage held by Benito Roggio e Hijos S.A. y Sehos S.A.

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ii) Joint operations. Companies which are consolidated proportionately are as follows:

Companies	Ref.	Percentage of interest as of		Line of business
		12/31/15	12/31/14	
Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. – in liquidation	(1)			Public railway passenger transportation service
		50%	50%	
Unidad de Gestión Operativa Mitre Sarmiento S.A. – in liquidation	(1)			Public railway passenger transportation service
		50%	50%	

(1) Represents the direct holding percentage held by Metrovías S.A.

iii) Main joint ventures in which the Company holds interests are the following:

JOINT VENTURES	Ref.	Percentage of interest as of		Line of business
		12/31/15	12/31/14	
Joint ventures in which the Company consolidates at 100% (Consolidation at 100%)				
B.R.H. S.A. / ROVELLA CARRANZA S.A. UTE (Rosario beltway)	(1)	70.00%	70.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (C railway transportation line – Santa Fe)	(1)	50.00%	50.00%	Construction
B.R.H. S.A. / ROMERO CAMMISA CONSTRUCCIONES S.A. UTE (Recovery and Maintenance of 308 Mesh Fence)	(1)	70.00%	70.00%	Construction
B.R.H. S.A. / VIALMANI S.A. UTE (Quebrada Santo Domingo)	(1)	80.00%	80.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (C railway San Cristobal)	(1)	50.00%	50.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (Work for Autovia del Mar S.A.)	(1)	57.15%	57.15%	Construction
B.R.H. S.A. / ROVELLA CARRANZA S.A. UTE (RN 127 Entre Ríos)	(1)	50.00%	50.00%	Construction
SEHOS S.A. / COMSA DE ARGENTINA S.A. – Renewal of double road Empalme Maldonado – J.L. Suárez	(5)	50.00%	-	Construction
B.R.H. S.A. / BOETTO Y BUTTIGLIENGO S.A. UTE – Motorway RN 36 – Calamuchita-Rio Cuarto Tram– Córdoba	(1)	60.00%	60.00%	Construction
B.R.H. S.A. / GREEN S.A. / CASELLA S.A. - RP 1 San Salvador-Palpalá - JUJUY	(1)	40.00%	-	Construction
B.R.H. S.A. / SEHOS S.A. UTE – Low level crossing – Quilmes	(6)	100.00%	100.00%	Construction
B.R.H. S.A. / ESUCO S.A. – Electrical engineering and control of the carboniferous reservoir of Rio Turbio)	(1)	50.00%	-	Electric
B.R.H. S.A. / J.CARTELLONE C.C. S.A. / BORCOM S.A. UTE – Master plan for the supply of potable water to Posadas and Garupá-Misiones	(1)	50.00%	-	Construction
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. U.T.E. (Cliba San Isidro)	(2)	100.00%	100.00%	Waste management
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. U.T.E. (Cliba Santa Fe)	(2)	100.00%	100.00%	Waste management
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. U.T.E. (Cliba Neuquén)	(2)	100.00%	100.00%	Waste management
Tecsan Ing. Amb. S.A. B.R.H. S.A. U.T.E. (Norte III)	(3)	100.00%	100.00%	Waste management
Cliba A.C.E.	(2)	100.00%	100.00%	Waste management
Benito Roggio Transporte S.A. – Benito Roggio Ferroindustrial S.A. - UTE	(4)	100.00%	100.00%	Transportation
Joint ventures in which the Company has joint control (proportionately consolidation)				
B.R.H. S.A. / ESUCO S.A. / SUPERCEMENTO S.A.I.C. UTE (Yacyretá)	(1)	33.33%	33.33%	Construction
B.R.H. S.A. / ELECTROINGENIERIA S.A. UTE (Closing beltway Córdoba)	(1)	50.00%	50.00%	Construction
PANEDILE ARGENTINA S.A. / B.R.H. S.A. / PETERSEN THIELE Y CRUZ S.A. UTE – Santiago Plant	(1)	35.00%	-	Construction
B.R.H. S.A. / ESUCO S.A. – Low level crossing Av. Beiró and rail road of FFCC Urquiza	(1)	50.00%	-	Construction
HAUG S.A. / Obrainsa (Water treatment Plant in Cajamarca, Perú)	(7)	42.31%	-	Construction
Joint ventures in which the Company has significant influence (equity method)				
B.R.H. S.A. / C. N. ODEBRECHT S.A. / SUPERCEMENTO S.A.C.I. / J.C.C.C. S.A. UTE - Plant in Tigre	(1)	16.67%	16.67%	Construction
COMSA DE ARGENTINA S.A. / SEHOS S.A. – Renewal of infrastructure of roads Merlo Station to Maria Paz Station y Moreno Station a prog. Km 51.200	(5)	50.00%	-	Construction

(1) Represents the percentage of interest held by Benito Roggio e Hijos S.A.

(2) Represents direct and indirect percentage of interest held by Benito Roggio Ambiental S.A.

(3) Represents direct and indirect percentage of interest held by Benito Roggio Ambiental S.A. and Benito Roggio e Hijos S.A.

(4) Represents direct and indirect percentage of interest held by Benito Roggio Transporte S.A.

(5) Represents the percentage of interest held by Sehos S.A.

(6) Represents the percentage of interest held by Benito Roggio e Hijos S.A. and Sehos S.A.

(7) Represents the percentage of interest held by Haug S.A.

iv) Non-controlling interests are represented by the holdings in consolidated entities described in the preceding points, which are not in the possession of the owners of the controlling company. Non-controlling interests have been valued at equity value represented by those holdings in the entities controlled by the Company, and the most significant ones are Aguas Cordobesas S.A., Cclip S.A., Metrovías S.A., Traditum S.A., B.R.H. S.A. / ROVELLA CARRANZA S.A. UTE, B.R.H. S.A. / BOETTO Y BUTTIGLIENGO S.A. UTE, B.R.H. S.A. / GREEN S.A. / CASELLA S.A. and B.R.H. S.A. / VIALMANI S.A. UTE.

2.3. Operating segment information

The operating segments are presented consistently with the internal information provided to the person in authority in charge of the Company's operating decision-making. Operating segment information is disclosed in Note 3.

2.4. Foreign currency translation differences

(a) Functional currency and presentation

The financial statement figures of each of the Group's entities were measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Argentine pesos, which is the Company's functional and presentation currency.

For cases of investments abroad, the currency of each country has been defined as functional currency, because it is the currency of the primary economic environment in which those entities operate. And for entities abroad, which main cash flow is denominated in Argentine pesos was defined as the functional currency.

(b) Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (or of valuation, if transactions that are to be re-measured are involved). Foreign exchange gains and losses resulting from the settlement of such transactions or from the measurement at year end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except for cash flow or net investment hedges that qualify for disclosure as other comprehensive income.

Foreign exchange differences are disclosure in "Financial Income" and "Financial expenses", in the Statement of Income.

(c) Translation of financial statements of subsidiaries or associates abroad

Results and financial position of subsidiaries and associates that have a functional currency other than the Company's presentation currency are translated to the presentation currency as follows:

- Assets and liabilities at period end are translated at the exchange rate prevailing at that date.
- Income and expenses are translated at the quarterly average exchange rate (unless this average does not represent a reasonable approximation of the cumulative effect of the exchange rates prevailing at the date of each transaction, in which case those income and expenses are translated at the exchange rates prevailing at the date of each transaction).
- The resulting exchange differences are presented in other comprehensive income.
- Goodwill and adjustments at fair value resulting from the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the period-end exchange rate. The resulting exchange differences are presented in other comprehensive income.

When an investment is sold or disposed of in whole or in part, the exchange differences are recognized in the statement of income as part of the gain or loss on that sale/disposal.

2.5. Property, plant and equipment

All property, plant and equipment items are shown at historical cost which includes expenditure that is directly attributable to the acquisition of these items, less subsequent depreciation and impairment losses, where applicable. Subsequent costs are included in the asset's carrying amounts only if future economic benefits are expected to arise from their disposals and their cost is measured reliably. The value of replacement parts is written off. The other repair and maintenance expenses are charged to earnings in the year-end when incurred.

The amount for depreciation is recorded under income/(loss) for the year end, following a straight-line method and on the basis of the useful lives of the different types of assets. The Company reviews the residual value, the useful life and the depreciation method for Property, plant and equipment at the end of each year end. Changes of criteria initially established are recognized, as the case may be, as a change of estimate.

Land is not depreciated. Depreciation of assets is calculated using the straight-line method over their estimated useful life, as follows:

	<u>Years</u>
Buildings	33 - 50
Laboratory	22
Machinery and equipment	10 - 20
Furniture and fixtures	10
Vehicles	5
Computer hardware	3 - 4

The amount of the Property, plant and equipment items is written down to its recoverable amount if the asset's residual value is greater than its estimated recoverable value. Gains and losses on sales of assets are measured by comparing the income received with their residual value and are disclosed within "Other operating income and expenses, net", in the Statement of Income.

Also, the assets categorized under the items Heavy machinery and equipment, Buildings and Land are accounted for at the fair value shown by the latest revaluation performed, applying the revaluation model mentioned in IAS 16. Revaluations are performed with sufficient frequency if there are indications that the carrying value significantly differs from value that could be determined using the fair value at the end of the reporting year-end.

To obtain the fair values, the existence of an active market for the assets in their present condition, or lack of it, was considered. For those assets for which there is an active market in their present condition, the fair values were determined in relation to their market values. For the remaining cases, the market values for brand-new assets were analyzed, applying a discount rate according to the condition and wear-out of each asset, and considering the distinctive features of each of the assets being revalued (for instance, improvements made, degree of maintenance, levels of productivity, use, etc.).

2.6. Intangible assets

Intangible assets are non-monetary assets, without physical substance, that are identifiable separately or which result from legal or contractual rights. Intangible assets are recorded when they can be measured reliably and are expected to produce benefits for the Company.

(a) Public utility concession rights

A concession of public utility services is a contractual mechanism for providing public utility services to a group of users. Through concession agreements, the grantor transfers to the concessionaire the right and the obligation to provide the service over the term of the concession. Through its subsidiaries Metrovías S.A. and Aguas Cordobesas S.A., the Company holds concessions of public utility services and invests in assets that are included in the essential infrastructure of services provided by those subsidiaries. By application of IFRIC 12, the assets included by Metrovías S.A. and Aguas Cordobesas S.A., in the essential infrastructure for the provision of the services covered by the concession awarded to it, have not been recognized as Property, plant and equipment items; rather, they were recognized as "concession rights" in Intangible assets, and represent the right (license) of each of the subsidiaries to receive a return on investments, for the rate charged to users. This intangible asset is amortized on a straight-line basis over the term of the concession.

(b) Software

Costs associated with software licenses are capitalized based on the incurred acquisition or production costs. These costs are amortized over the estimated useful lives.

(c) Biogas capture and treatment

Intangible assets recognized as "Biogas capture and treatment" include the investments made for the capture and burning of gases that are harmful for the environment (greenhouse gases), which are valued at historical cost less accumulated amortization, recognized at the moment when the competent authority certifies the gas emission reduction.

2.7. Goodwill

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase price over the fair values of the assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) or group of CGU expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Goodwill is not amortized. Goodwill impairment is reviewed annually or more frequently if there are events or circumstances that are indicators of possible impairment. The carrying amount of goodwill is compared with its recoverable value, which is the higher of the value in use and the fair value, less costs to sell. Impairment is immediately recognized as an expense and it is not reversed.

2.8. Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. The other amortizable assets are reviewed for impairment when there are events or circumstances indicating that their carrying amount might not be recovered. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) or group of CGU expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Impairment losses are recognized by the excess of the carrying amount of an asset over its recoverable value. Recoverable value is the higher of the value in use and the fair value of the assets, less costs to sell. The value in use of each CGU is determined based on the present value of future cash flows expected to be generated by each CGU.

Non-financial assets, excluding goodwill, that are impairment in prior years-end are reviewed to determine their possible reversal at the end of each year-end.

2.9. Financial assets

The Company classifies its financial assets on initial recognition into the following categories:

(a) Financial assets at fair value through profit or loss

Within this category are those financial assets held for trading. A financial asset is within this category if it is acquired mainly for the purpose of being sold in the short term. Derivative instruments are also included in this category, unless they have been designated as hedge instruments.

(b) Loans and other accounts receivables

Loan and other accounts receivable are non-derivative financial assets with fixed or determinable payment amounts that are not quoted in an active market. They are included as current assets, except for assets the maturity dates of which are of over 12 months after the end of the year. This group includes trade receivables and other receivables, accounts payable and other liabilities.

(c) Financial assets kept until maturity

These are non-derivative financial assets with a fixed or determinable amount to be collected and with a set maturity date, which the entity has both the effective intention and the capacity to hold them until maturity.

(d) Financial assets available for sale

Financial assets available for sale are non-derivative instruments either designated for this category or not classified under any of the other categories. They will be included as non-current assets, unless the investment has a maturity date under 12 months, or the Company has the intention of selling them within 12 months after the end of the year.

Recognition and measurement

Regular purchases and sales of investments are recognized on the trade date, when the Company undertakes to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs, for all the financial assets that are not valued at fair value through profit or loss. Financial assets valued at fair value through profit or loss are initially recognized at fair value, and the transaction costs are charged to income. Financial assets are derecognized when the rights to receive cash flows from investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial assets available for sale and financial assets at fair value through profit or loss are subsequently accounted for at fair value. Loans and other accounts receivable are recorded at amortized cost using the effective interest rate method.

Offsetting financial assets against financial liabilities

Financial assets and liabilities are offset and shown at their net amount in the statement of financial position, only when the Company has a legally enforceable right to offset the amounts recognized, and it has the intention of settling the net amount, or to simultaneously realize the asset and settle the liability.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only when there is objective evidence of impairment as a result of one or more events occurring after initial recognition of the asset and that negative event (or events) has (or have) an impact on the estimated future cash flows from the financial asset or group of financial assets that can be reliably measured.

For the category of loans and other accounts receivables, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognized in the Statement of Income.

If in a subsequent period the amount of the impairment losses diminishes and this is objectively related to an event occurred after the recognition of the impairment, the reversal of the previously allocated impairment loss is recognized in the Statement of Income.

2.10. Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized and subsequently measured at fair value after initial recognition. The method for recognizing the resulting profits and losses depends on the fact of whether the derivative has been designated as hedge instrument and, if so, on the nature of the hedged item.

The effective portion of changes in the fair value for the derivatives designated and qualifying as cash flow hedge is recognized in financial income or expenses. The gain or loss related to the ineffective portion is immediately recognized in the statement of income.

The amounts accumulated in equity are reclassified to the statement of income in the periods in which the hedged item affects income.

When a hedging instrument is settled or sold, or when it ceases to meet the criteria to be recognized through hedge accounting, any gain or loss accumulated in equity to that date is reclassified to the statement of income.

2.11. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the sale price estimated in the normal course of business, less applicable variable costs to sell.

2.12. Other receivables

This caption includes mainly the following assets:

Assets from construction contracts: it comprises the balances for construction contracts in which the aggregate of the costs incurred plus recognized earnings according to the percentage of completion of each work exceeds the accumulated billings and certifications. The criteria for recognition and measurement of these assets are shown in Note 24.

Tax credit balances: corresponds to amounts paid for national, provincial or city taxes that can be applied to the payment of future taxes. These assets are recognized only to the extent that their use against future taxes of the same nature is feasible or, if applicable, that the amounts can be reimbursed by the tax authorities.

Advances to subcontractors and prepaid expenses: correspond to amounts paid to subcontractors for services to be received, and to expenses paid and not yet accrued. They are recognized for the amount of the sums paid, net of the value of the services already received and the expenses accrued.

Other receivables: these are financial assets representing balances to be collected, and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. The Company holds interest in a Cooperative Association (Roggio A.C.E.) created to improve the administrative, accounting and financial management of its members, and/or of the different projects related to common activities, grouping certain receivables and debts held with each other.

Allowance of other receivables is recorded when there is objective evidence that the Company will not be able to recover all the amounts pending, either through their collection or future use. The amount of the provision is determined based on the estimated probability of recovering the assets.

The assets' carrying amount is written down by the allowance account and the amount of the loss is charged to the consolidated statement of income and shown in "Other operating income and expenses, net". The recovery of amounts previously recognized as impairment losses is recognized by crediting the same item in the consolidated income statement.

2.13. Trade receivables

Trade receivables and other receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method, less allowance for impairment losses.

Allowance of trade receivables is set up when there is objective evidence that the Company will not be able to collect all amounts outstanding based on the original terms and conditions. The amount of the allowance is calculated taking into account the likelihood of collection of receivables.

The amount of the allowance arises from the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The assets' carrying value is written down through an allowance account and the amount of the loss is recognized in the consolidated statement of income in the line "Other operating income and expenses, net". The recovery of amounts formerly recognized as impairment losses is recognized as receivables in the same line of the consolidated statement of income.

2.14. Cash and cash equivalents

Includes cash on hand, time deposits with financial institutions and other short-term highly liquid investments with original maturities of three months or less.

2.15. Corporate capital

The corporate capital is made up of 96,588,696 Class "A" ordinary shares, of Ps.1 par value each and entitled to five votes per share and has been subscribed and fully paid up. Capital status is described in Note 1.

2.16. Employee benefits

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees

(a) Short-term employee benefits

Short-term employee benefits include items such as wages, salaries and social security contributions; compensated absences; profit-sharing in the case of subsidiaries in relation to which benefits are granted in accordance with the applicable legislation or as a result of an agreement between the parties or collective bargaining agreements.

Short-term employee benefits are recognized for the undiscounted amount of employee benefits expected to be paid in exchange for that service: as a liability under Other current liabilities, after deducting any amount already paid, or as an expense in the Statement of income, under the lines Costs of sales, Administrative and selling expenses and Other operative expenses, considering the purpose for which each service was used.

At the date of each closing, the Company records the expected cost of compensated leaves the right of enjoyment of which is cumulative, such as vacation leave, considering the additional rights that will be paid to employees as a result of the accumulated rights at that date.

(b) Post-employment benefits - Retirement benefits

Post-employment benefits are established in the collective bargaining agreement for the staff of the subsidiary Aguas Cordobesas S.A., granted at the time of the termination of the labor relation for retirement, based on the years of service in that company. The calculation of the accumulated benefit was made at the best possible estimate of the discounted amount to be paid, based on the staff that at that date may enjoy those benefits. Actuarial techniques are used based on the information available at the end of each year.

(c) Long-term employee benefits

Long-term employee benefits are established in the collective bargaining agreement for the staff of Aguas Cordobesas S.A., upon completing a certain number of years of service in that company. Actuarial techniques are used to measure the accumulated benefit based on the information available at the end of each year.

(d) Termination benefits

Termination benefits arise when employment is terminated before the normal retirement date, or when an employee accepts voluntary termination in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or ii) providing termination benefits as a result of an offer made to encourage voluntary retirement. These benefits are recognized at present value of the cash flows expected to be disbursed by the Company.

2.17. Other liabilities

This caption includes mainly the following liabilities:

Liabilities for construction contracts: they include balances of construction contracts where accumulated billing and certification exceeds the amount of accumulated costs incurred plus recognized gains based on the progress of each work. Recognition and measurement criteria of these liabilities are reported in Note 2.24.

Employee benefits payable: they include liabilities for employee benefits at each closing in line with the recognition and measurement criteria reported in Note 2.16.

Tax payables: they include taxes, rates and contributions. Measurement of tax debts is performed at the nominal value of the amounts to be settled, except when the financial impact is material. In this case, the measurement at each closing is performed at the current value of the amounts to be disbursed, discounted at a rate that shows the market assessments of the time value of money, as well as the specific risks of the liabilities to be settled.

Customer advances and services collected in advance: they include balances collected in advance for works pending completion. Measurement is made at the nominal value of the amounts received less the value of the works already performed and the services rendered. The amounts thus obtained do not significantly differ from the value of the services to be rendered and/or works to be performed at the closing of the fiscal year.

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Other accounts payable: they are financial liabilities representing balances payable that are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. The Company holds interest in a Cooperative Association (Roggio A.C.E.) created to improve the administrative, accounting and financial management of its members, and/or of the different projects related to common activities, grouping certain receivables and debts held with each other.

2.18. Trade payables

Trade payables represent payment obligations for goods and services purchased from suppliers in the normal course of business. They are disclosed under current liabilities if their payment is enforceable within one year.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

2.19. Bank and financial debts

Bank loans and financial debts, including overdraft facilities, and other financial liabilities are initially recognized at fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method.

When financial liabilities have been paid or settled, they are removed from the balance sheet. When a debt instrument exchange is not recorded as a repayment of the original debt, the costs and commissions are adjusted to the carrying value of the liability and are amortized throughout the remaining useful life of the liability changed. If this debt exchange is recorded as a repayment of the original liability, the costs or commissions incurred are recognized in the income statement under financial expenses.

2.20. Borrowing costs

General or specific borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale (qualifying assets) are added to the cost of such assets until they are substantially ready to be used or sold.

Gains from temporary investments of funds arising from specific loans pending use in qualifying assets are deducted from total funding costs potentially capitalized

Other borrowing costs are recognized in the period in which the Company incurs them.

2.21. Leases

The Company classifies its lease agreements into financial or operating leases, according to the following criteria:

(a) Financial leases

Leases where substantially all the risks and rewards of ownership of the leased property are transferred are classified as financial leases. The Company, through its subsidiaries, has Property, plant and equipment items under financial lease agreements (mainly machinery, equipment and vehicles). In the beginning of the term of a financial lease, the Company recognizes Property, plant and equipment items at the lower of the reasonable value of the leased assets or the present value of the minimum lease payments. As a counterpart, a liability is recognized under Bank and financial debts in the consolidated balance sheet.

Following the initial recognition, the amount subject to depreciation of Property, plant and equipment under a financial lease is depreciated over the estimated useful life of such asset. In case there is no reasonable certainty that the Company will become the owner of the leased asset at the end of the lease term, the asset is totally depreciated over its useful life or within the term of the lease, whichever is shorter.

Each installment of the financial lease is distributed by allocating part of it to the reduction of liabilities and part of it as a financial charge. The total financial charge is distributed among the periods that make up the lease term so that a constant interest rate is obtained in each period, over the outstanding balance pending amortization.

(b) Operating leases

Leases other than financial leases are classified as operating leases when substantially all the risks and rewards of ownership of the leased property are not transferred. The installments of operating leases are recognized in the consolidated statement of income according to the straight line method during the term of the lease.

2.22. Income tax and minimum notional income tax

(a) Income Tax

The income tax charge comprises current and deferred taxes. Taxes are recognized in the consolidated statement of income, except for items that must be recognized directly in Other comprehensive income. In this case, the income tax related to these items is recognized in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws effective at the date of the Consolidated Balance Sheet, in the countries where the Company, its subsidiaries and associates operate and generate taxable income.

Deferred income tax is computed in its entirety according to the liability method, on the basis of the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts shown in the consolidated financial statements. However, the deferred tax generated by the initial recognition of an asset or a liability in a transaction not corresponding to a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit, is not recorded. Deferred tax is calculated using tax rates effective at the date of the consolidated balance sheet and which are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that tax benefits are likely to be obtained in the future to be able to offset the temporary differences.

The Company records a deferred tax liability in the case of taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

- i) the Company controls the timing of reversal of the temporary differences; and
- ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Balances of deferred assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same tax authority for the Company or the different subsidiaries where there is an intention and possibility to settle the tax balances on a net basis.

(b) Minimum notional income tax

The Company and its subsidiaries in Argentina compute the minimum notional income tax by applying the current 1% rate on computable assets at the end of the period. This tax complements income tax. The Company's tax obligation will be the higher of the two taxes. If in a fiscal year, however, minimum notional income tax obligation exceeds income tax liability, the surplus will be computable as a payment on account of income tax through the next ten years.

2.23. Provisions for contingencies

Provisions are recognized in the balance sheet when:

- (a) the Group has a present legal or constructive obligation as a result of past events;
- (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- (c) and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure required to settle the obligation considering the best information available at the balance sheet date and are re-estimated at the end of each reporting period. The discount rate used to determine the present value reflects market assessments at the balance sheet date of the time value of money and the risks specific to the liability.

2.24. Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable, and represents the amounts receivable for sales of goods and/or services, net of discounts and value added tax. Revenue is recognized by the Company when the amounts can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria are met for each of the Company's business operations, as described below.

(a) Construction contracts

Revenue obtained by the Company for construction contracts under way which extend over time is recognized as defined in IAS 11 "Construction Contracts", as a contract specifically negotiated for the construction of an asset.

When the amount of revenue from a construction contract can be reliably measured and it is probable that the contract will result in revenue for the Company, revenue and costs of construction contracts are recognized over the period of the contract based on the percentage of completion. When it is probable that the total costs of the construction contract will exceed total revenue from the contract, the loss is recognized to profit and loss immediately.

When the amount of revenue from a construction contract cannot be reliably measured, revenue from the contracts is recognized only up to the amount of the costs incurred at that date which are likely to be recovered.

Changes in the costs of contracts, as well as the payments for claims and incentives are included in revenue from the contracts if they have been agreed with the customer and can be reliably measured.

The Company uses the percentage of completion method to determine the amount of revenue to be recognized in each year. The percentage of completion of the construction work is measured on the basis of the costs of contracts incurred until the end of the reporting year-end as a percentage of the total estimated costs of each contract.

At the end of each reporting year-end, the Company reports the contractual net position of each contract, either as assets or liabilities. A contract represents an asset when the costs incurred plus their margin recognized in income exceeds billings issued to date; otherwise it represents a liability.

(b) Service provision

Revenue is recognized at the fair value of the consideration received or receivable in the period when such services have been rendered, and represents the amounts receivable for sales of services, net of discounts and value added tax. The Company recognizes revenue from services when the amounts can be measured by reliable means and when it is likely that future economic benefits are generated for the entity.

The result arising from the provision of services may be estimated by reliable means when each and every of the following conditions are fulfilled: i) the amount of revenue can be measured by reliable means, ii) it is likely that the Company will receive the benefits related to the service, iii) the degree of provision or completion of the service can be measured by reliable means, iv) the costs already incurred in the provision of services as well as the costs to be incurred for the completion can be measured by reliable means.

Revenue from passenger transport, given the nature of the service, the provision of which involves a short period of time is recognized based on the passengers transported.

Revenues from the issuance of CERs (certificates of emissions reduction) are recognized when the reduction of emissions is certified by the pertinent authority.

2.25. Distribution of dividends

Distributions of dividends among the Company shareholders are recognized as a liability in the Company's financial statements in the fiscal year in which they are approved.

2.26. Critical accounting estimates

The preparation of these financial statements requires the use of estimates. It also requires the Company's Management to exercise judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates might not equal the related actual results. The most critical estimates and judgments of the Company are discussed below.

(a) Estimated impairment of goodwill

Periodically, the Company determines whether goodwill has been suffered any impairment loss, according to the accounting policy in Note 2.7. The recoverable amounts of the cash generating units (CGU) have been determined by calculating the value in use. These calculations require the use of estimates.

(b) Income tax

The Company is subject to income tax in the countries where it operates. To determine the income tax provision in each of the jurisdictions where income tax is paid, the Company exercises its professional judgment to show the tax consequences of the economic events of each fiscal year, based on the current tax legislation, making the best estimates vis-à-vis the information available at the date of the consolidated financial statements.

(c) Fair value of derivatives or other financial instruments

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses its judgment to select a series of methods and makes assumptions based primarily on the market conditions prevailing at the end of each reporting period.

(d) Revenue recognition

The Company uses the percentage of completion method to account for the construction and service contracts at a fixed price. Use of this method requires estimating the costs to be incurred and the services to be provided to date, to determine the actual services provided and actual costs incurred as a proportion of the total services to be provided and total costs to be incurred for each of the contracts.

(e) Provision for lawsuits and contingencies

The evaluation of contingent liabilities is made by the Company's Management and legal counsel based on the elements of judgment available at the time of preparing these consolidated financial statements. In estimating their amounts, among other characteristics, the likelihood of occurrence has been considered. If in evaluating the contingency there was a chance that losses could materialize and the amount could be estimated by reliable means, a liability would be accounted for under provisions for contingencies. If the potential loss is not likely or probable but the related amount cannot be estimated by reliable means, the nature of the contingent liability and the estimate of probability of occurrence are disclosed in the note to the consolidated financial statements.

2.27. Changes in accounting standards

(a) New standards, amendments and interpretations that have come into force as from the year commenced January 1, 2015 and that did not have effects on the comparative financial statements:

IAS 19 Employee benefits: The amended standard requires an entity to consider the employee or third party contributions in the accounting recognition of the defined benefit plans. If the contribution amount is independent on the number of years of service, an entity is allowed to recognize these contributions as a reduction in the cost of the service in the period in which the related service is provided, instead of attributing the contributions to the service periods. If the contribution amount depends on the number of years of service, an entity is required to attribute those contributions to the service periods. The application of these amendments incorporated by this standard does not have a significant impact on these Consolidated Financial Statements.

(b) New standards, amendments and interpretations which have not yet come into force for fiscal years beginning on or after January 1, 2015 and have not been early adopted.

IFRS 15 - Revenue from contracts with customers is a standard on revenue recognition agreed between IASB and FASB (Financial Accounting Standards Board), which permits improvements in the financial reports on revenue, facilitating comparability at an international level. This standard was issued in May 2014 and will be applicable for annual periods beginning on or after January 1, 2017.

IFRS 9 "Financial Instruments": The full version of this standard was issued in July 2014. It replaces the guidelines of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 maintains but simplifies the mixed measurement model and establishes three main measurement categories for financial assets: amortized cost fair value through other comprehensive income and fair value through profit or loss. This classification depends on the business model of the Entity to manage its financial assets and on the characteristics of the contractual cash flows of the financial assets. In its initial recognition, an entity may irrevocably choose to record in other comprehensive income subsequent changes to the fair value of an investment in an equity instrument not held for trading. There were no changes in the classification and measurement of financial liabilities, except for the recognition of changes in its own credit risk (own credit rating) under other comprehensive income for liabilities at fair value through profit or loss. Furthermore, IFRS 9 eases the requirements for the effectiveness of the hedging instruments. It requires the existence of an economic link between the hedged item and the hedging instrument and the coverage ratio is the same as that used by management to risk management. It continues the requirement of existence of formal documentation of the hedging relationship at the beginning of it but it is different to which was made under IAS 39. Also, this standard model incorporates expected credit losses replacing the impairment model value of financial assets used in IAS 39. This standard is effective for the annual periods commencing on or after January 1, 2018 and may be applied in advance. The Company is assessing the possible impacts of this standard, but are not expected to be significant.

Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" by "Bearer plants": amendments are introduced to the model of accounting of "bearer plants" which must be accounted for similarly as property, plant and equipment as they are comparable in their operation production schemes under the scope of IAS 16, maintaining agricultural products developed therein under the scope of IAS 41. These regulatory amendments are effective for the annual periods commencing on or after January 1, 2016 and may be applied in advance.

In January 2016 the IASB published IFRS 16 Leases establishing the principles for the recognition, measurement, presentation and disclosure of leases. This standard applies to fiscal years beginning on or after January 1, 2019. The Company is assessing the possible impacts of this standard, but are not expected to be significant.

There are no other IFRS or IFRIC interpretations yet in effect which are expected to have a material impact on the Company.

3. Operating segment information

The Company operates through four segments: Constructions and toll road concessions, transport, waste management and water supply.

3.1. Construction and toll road concession

3.1.1. Benito Roggio e Hijos S.A.

Through its subsidiary Benito Roggio e Hijos S.A. ("BRH") a construction company, which is positioned as one of Argentina's largest construction company. BRH is engaged in a wide range of activities mainly relating to the construction sector.

The activities performed in this segment may be classified as highway, hydraulic, remediation, architectural, railway, and subway transportation, electrical and construction and assembling of industrial facilities. BRH has important construction projects under way, such as the IBM building in Buenos Aires; the Santiago International Airport, in Chile; the Piedras Moras Dam in the Province of Córdoba; the Mario Alberto Kempes Football Stadium in the City of Córdoba (originally, Chateau Carreras Football Stadium); Western Access in Buenos Aires; Conrad Hilton Punta del Este Resort & Casino hotel, located in Punta del Este, Uruguay; the Pichi Picún Leufú Hydroelectric Dam in the province of Neuquén; 9 de Julio Northern Highway in Buenos Aires; the extension of B and D Line of the Buenos Aires City Subway Network, with the addition of new stations; the Córdoba-Villa María highway and Oliva- Ballesteros highway, in the Province of Córdoba and National Road No. 76, Sections I and II in the Province of La Rioja.

Currently, BRH is performing construction works nationwide. The most important construction works under way are the following:

- Coastal Protection Works for Yacyretá in the Localities of Posadas, Garupá and Candelaria, Province of Misiones.
- E Subway Line –Bolívar-Retiro section- City of Buenos Aires.
- Potable Water Plant in Tigre, Province of Buenos Aires.
- Rosario beltway, Province of Santa Fe.
- Repaving national roads Nos. 9 and 60, Province of Córdoba.
- C railway transportation line, Province of Santa Fe.
- Duplication of Roadway in National Road No. 9, Section of the Asunción del Paraguay – Yala Bridge in the Province of Jujuy.
- Contract for Recovery and Maintenance of 308 Mesh Fence Covering National Road No. 150, Parque Natural Provincial Ischigualasto and National Road No. 79 in the Provinces of La Rioja and San Juan.
- Paving of National Road No. 76, Quebrada Santo Domingo section, Pircas Negras, Province of La Rioja.
- Refunctionalization and Improvement of Los Molinos Dam and Canal Río Grande - San Salvador de Jujuy, Province of Jujuy.
- Closure of Western Arch - Avenida Circunvalación Córdoba – Province of Córdoba.
- Renewal of Buenos Aires-Rosario Railway Line – Otamendi-Zarate section – Province of Buenos Aires.
- Renewal of Subway Line E - Ciudad Autónoma de Buenos Aires
- Pumping Station. Impulsion and Treatment Plant – Province of Santiago del Estero
- Construction of the Motorway National Road No 36 section: End of variant Perilago – Berrotaran (Variant of Los Cóndores y Berrotaran)
- Construction of the Four-Lane Avenue with Central Separator in Provincial Road No. 1 - San Salvador de Jujuy-Palpalá – Province of Jujuy Section.
- Low Level Crossing Road Triunvirato and Ex-Railroad Track General Roca.
- Underpass of Av. Beiró and Railroad Track Urquiza.
- Electrical and control engineering for Río Turbio coal mine.
- Master plan for the supply of potable water to Posadas and Garupá-Misiones
- Full restoration of Los Molinos Dam - Córdoba

Further, through its branch in Brazil, it has won the following bids:

- Execution of Civil Works in Passenger Stations and a Parking Space for Trains of Subway Line 15, in the City of São Paulo, Brazil.
- Roadwork in the Northern Region of Brazil, in the State of Pará, Consisting of the Construction of a 112 km Paved Road, as Part of Federal Road BR 163 in the Campo Verde-Rurópolis section.

3.1.2. Haug S.A.

Haug S.A. (Haug), a Peruvian leading company in the metal mechanical sector that has been in operation in Peru for more than 60 years, provides engineering and construction services and carries out activities related to the assembly of storage and processing tanks, equipment for the mining industry (thickeners, clarifiers, hoppers, cells), industrial plants, metal structures, Tubing, etc.

Haug has carried out its activities in Chile and in the Dominican Republic. Currently, the Company mainly provides services through its head office in Peru and with the Joint Venture Haug - Demem - MyC Pariñas, the Company is developing a project for the assembly and interconnection of four tanks, in Talara, Peru.

3.1.3. Benito Roggio Panamá S.A.

BRH holds 100% of the shares in Benito Roggio Panamá S.A., the awardee of the Design and Construction work for road improvement along the Divisa-Chitré Highway, in the province of Herrera, Republic of Panama; this work includes 3 years' maintenance, and its completion is planned for 2017. The road will have four lanes, turnarounds every 5km, 2 new bridges, road verge and better lighting. The Company also performs works in Panama for road improvement along the Roadways in the province of Herrera, in the sections comprised between the following localities: (i) Cabuya - Los Higos; Cabuya – Potuguilla; Rincón Hondo – Esquiguita; Cruce Limón – Borrola; Pesé – Las Cabras and Cascajillo – La Arenita – Las Cabras, and (ii) Los Pozos – Las Minas and the Bridge over Quebrada El Barrero.

3.1.4. Sehos S.A.

BRH holds 95% of the shares in Sehos S.A., which engages in architectural activities in general and over the last few years it specialized in railway infrastructure services, such as remodeling and bringing into operation of railway stations, renewal of level crossings, elevation of platforms, delimitation of operating areas, etc. It also provides preventive, operational and corrective maintenance in hospitals.

3.1.5. Transportel Patagónica S.A.

BRH holds a 45% equity interest in Transportel Patagónica S.A., which main purpose is the construction, operation and maintenance of an extension of the electrical interconnection that will link the locality of Esperanza with Rio Turbio and Esperanza with Rio Gallegos, in the Province of Santa Cruz.

During the last quarter of 2013, Transportel Patagónica S.A. was awarded a series of additional jobs under the Pico Truncado – Rio Turbio – Rio Gallegos – Southern Portion Interconnection contract and the supply and installation of a second transformer in the Rio Gallegos transformer station. These works are near to be finished.

In May 2015, Transportel Patagónica S.A. was awarded the “Execution of Enlargement and Complementary Works for 500/132 kW La Rioja Sur Transformer Station”, under National Public Bid 11/2014 called by the Committee for the Administration of the Trust Fund for the Federal Electric Power Distribution (CAF). The works will include the enlargement of the electric power system in the province of La Rioja: modification, by opening, of the 132 kW Recreo – La Rioja I and II power lines, the enlargement of the 500/132 kW La Rioja Sur Transformer Station, the enlargement of the San Martín 132 kW Marshalling Yard and the modification, by opening, of the 132 kW Recreo – La Rioja double-circuit transmission line in the surroundings of the marshalling yard. The award contract was signed on July 7, 2015.

This work will also be executed in two stages: A) Construction and B) Operation and Maintenance (which will be in charge of Transpa S.A.)

On September 7, 2015, Transportel Patagonica S.A. entered into, under section 5.6 of the Bidding Terms and Conditions for Enlargement and Complementary Works for 500/132 kW La Rioja Sur Transformer Station, a trust agreement for administration purposes with Banco de Inversion y Comercio Exterior S.A. (BICE) whereby the Company, as trustor and beneficiary, transferred to BICE, as Trustee, and BICE accepted, the trust ownership under the terms of Law No. 24441 of the respective rights for the collection of fee advances (including VAT) under the COM Contract; the Trustor has formalized this transfer of trust ownership as guarantee of the correct application of the funds to the Project within the framework of the COM Contract. The Trustee shall keep the liquid funds available in the Trust Account and shall make only such investments as expressly indicated by Trustor.

At the date of these consolidated financial statements, the company was carrying and installing workshops to perform the agreed upon work.

3.1.6. Benito Roggio e Hijos S.A. de Paraguay

BRH holds a 20% interest in Benito Roggio e Hijos S.A. Paraguay (“Benito Roggio Paraguay”), which has developed construction projects in that country, since 1974.

3.1.7. CV1 - Concesionaria Vial S.A.

BRH holds interests in CV1 - Concesionaria Vial S.A. (CV1) which is engaged in the construction, improvements, reparation, preservation, extension, remodeling, maintenance, administration and exploitation through the Toll Concession System of National Highway Corridor No. 1, for an initial term of 6 years, renewable for one additional year. Takeover of the corridor took place on April 22, 2010, date of commencement of the concession period. This corridor has a total length of 1,281 km covering the sections between Cañuelas, Mar del Plata and Bahía Blanca.

On February 6, 2012, the General Administrator of the National Highway resolved Resolution No. 207/2012, among other issues, to i) carry out a comprehensive review of the concession contracts of the national highway corridors approved by National Executive Branch Decree No. 543/2010; ii) suspend application of the regulations on government subsidies to the corridors until the comprehensive review of the concession contracts is completed; and iii) calculate a monthly fixed amount of subsidies which will be paid temporarily ad referendum of the comprehensive review to be carried out, while the collections of the subsidies are suspended.

On December 27, 2012 the National Highway approved by Resolution No. 3064/2012 the agreement of restatement of the contract of the concession Road Corridor No. 1. In that document, the parties agree to readjust the restructure plan works and control, measurement and payment of preservation works, maintenance, user services and support services, setting them up as a single work.

Effective May 1, 2013, the Concession Contract of CV1 included the Road Corridor No. 29, consisting of the Km 1212.40-Km 1217.80 section of National Road No. 22 and the Cipolletti Traffic Circle-Cipoletti Beltway Traffic Circle section of National Road No. 151, in the Provinces of Neuquén and Río Negro.

3.1.8. Autovía del Mar S.A.

BRH holds a 26.67% of interest in Autovía del Mar S.A., which engages in the construction, improvement, repair, preservation, extension, remodeling, maintenance, administration and operation of the Integrated Road System of the Atlantic, by means of a toll road concession for a term of 30 years. The takeover of this corridor took place on July 1, 2011, the effective date of the concession term.

This corridor is 950 km long and comprises the following sections: (i) Provincial Road N°2 between the progressive section of km 40 at the intersection between Provincial Roads Nos. 36 and 2 (District of Berazategui) and km 395 (Mar del Plata – District of General Pueyrredón), except for the section between km 214 and km 395, which is currently administered by Covisur S.A. and will be covered by the concession of Autovía del Mar S.A. upon termination of the concession of Covisur S.A. in June 2016; (ii) Provincial Road No. 11 between Provincial Road N°36 (Pipinas – District of Punta Indio) and Santa Clara del Mar (District of Mar Chiquita); (iii) Provincial Road No. 63 between Provincial Road No. 2 (Dolores) and Provincial Road N°11 (Esquina de Croto Traffic Circle – District of Punta Indio); (iv) Provincial Road No. 56 between Provincial Road N°11 (General Conesa Traffic Circle – District of Tordillo) and Provincial Road No. 74 (General Madariaga Traffic Circle); (v) Provincial Road No. 74 between Provincial Road No. 11 (Pinamar Traffic Circle) and the progressive section km 27.800 of Provincial Road No. 74 (District of General Madariaga) and (vi) Provincial Road No. 36, between the intersection with Provincial Road No. 2 (District of Berazategui) and the intersection with Provincial Road No.11 in Pipinas (District of Punta Indio); the latter section will be included as from the ninth year of the concession term.

As a result of the rescission document signed by mutual agreement between the Ministry of Infrastructure for the Province of Buenos Aires, Covisur S.A. and Autovía del Mar S.A. on December 4, 2015, Autovía del Mar S.A. has taken possession of the section corresponding to Covisur S.A. as from December 10, 2015.

3.1.9. Covisur S.A.

BRH holds interest in Covisur S.A., which is the awardee of the concession for the preservation, improvement and administration of a section of Provincial Road No. 2 under a toll system, the term expires in 2016.

On July 19, 2010 a memorandum of understanding was signed between the Ministry of Infrastructure, the Province of Buenos Aires and Covisur S.A., which amended the original concession contract, by extending the concession term until June 30, 2016 and modifying the sections covered by the concession. Under the Concession, the government gave its consent to (i) the partial rescission of the concession contract of Covisur S.A., that is, regarding construction, improvement, reparation, preservation, enlargement, remodeling, administration and exploitation of a section of Provincial Road No. 2 of approximately 174 km; (ii) the adoption of new contractual terms and conditions regarding the remaining 189 km of Provincial Road No. 2.; and (iii) the extension of the concession term, modified until June 30, 2016.

As a result of the negotiations carried out during the last few years, on June 30, 2011 an addendum to the abovementioned memorandum of understanding was signed, whereby the km 40,210 and the km 214 section of Highway 2 would be excluded from the concession contract as from July 1, 2011; the economic and financial plan and the rate increases were modified with the extension of the concession term until June 30, 2016.

On March 20, 2015, the Ministry of Infrastructure notified the Company of Resolution 56/15 which under article 2 approved the Ordinary Review of Covisur. Under this resolution, a rate schedule to be applied has been defined which is limited by the homogeneity of Maipú rates, compared to Samborombón rates applicable to Autovía del Mar S.A.). On April 8, 2015, by means of a letter to the Unit for Regulatory Economic Analysis of Road Concessions, under the authority of the Ministry of Infrastructure, Covisur challenged part of Resolution 56/15 stating that the rates to be applied, which are lower than the values presented by Covisur during the ordinary review process at June 2014, would cause a financial mismatch, with the consequent reduction in the investment plan; otherwise, the possibility of an early termination of the concession should be analyzed. The actions undertaken are conducive to the termination of the concession, with no specific definition so far.

The rescission document was signed by mutual agreement between the Ministry of Infrastructure for the Province of Buenos Aires, Covisur S.A. and Autovía del Mar S.A. on December 4, 2015, whereby Autovía del Mar S.A. has taken possession of the section corresponding to Covisur S.A. as from December 10, 2015.

3.1.10. Toll Road Concession Agreement

On October 31, 2003 Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., companies where BRH holds an interest of 53.77%, 38.47%, 38.46% y 57.00%, respectively, returned the assets related to the Concession to the National Government, discontinuing as from that date the generation of income and maintenance and exploitation obligations under the concession. However, the Concession Grantor and those companies have not yet expressly agreed to the full termination of the concession contract, with administrative and judicial proceedings being pending between the parties to settle the unresolved contractual issues. The shareholders of the concessionaires jointly guarantee any difference that may arise as a result of the termination processes mentioned above.

Based on the opinion of their legal counsel, the concessionaires believe that no further debts will be incurred in addition to those recognized by them.

In view of the current status of the negotiations, the Company Management has decided to value at zero the interests held in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A.

3.1.11. Puentes del Litoral S.A.

National Executive Branch awarded the public work concession under a toll fare system for the construction, preservation, maintenance, administration and operation of the Rosario (Province of Santa Fe)-Victoria (Province of Entre Ríos) physical connection, subsidized by the government, to the consortium composed of Impregilo S.p.A. Iglys S.A., Hochtief A.G., Techint Compañía Técnica Internacional S.A. and BRH, the concession contract previously entered into by and between the Ministry of Economy and Public Works and Services and the Awardee Consortium having been approved. On April 1, 1998, the Awardee Consortium established the company Puentes del Litoral S.A., headquartered in the Ciudad Autónoma de Buenos Aires, for purposes of compliance with the above-mentioned concession contract.

The term of the concession is twenty-five years from the date of taking of possession of the project site and of the area given in concession, which happened on September 14, 1998; thus, the concession will expire on September 13, 2023. On May 2003 the temporary commissioning of the Rosario-Victoria physical connection took place and tolls started to be collected as from May, 23.

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015, presented in comparative format

Since 2005, the Management of Puentes del Litoral S.A. has been conducting negotiations with the Committee for the Renegotiation and Analysis of Public Utility Services and Work Contracts (UNIREN) to reach an agreement to restore the balance in the economic and financial equation of the Concession Contract, which had been substantially affected by the pesification of the rates, the elimination of the adjustment systems, and higher operating and maintenance costs as from 2001, among others. The term for dealing with the renegotiation of the contracts for public works and services has been extended through successive laws. The law No. 26896 extended this term until December 31, 2015.

On May 22, 2007, Puentes del Litoral S.A., reorganization proceedings were initiated. On March 26, 2008, Puentes del Litoral S.A. submitted a Plan of Reorganization with the court hearing the case. This Plan of Reorganization included two sub-proposals (I and II), both of which contemplated a 40% reduction. On December 1, 2009, Puentes del Litoral deposited Ps. 36,960,190.50 in Ciudad de Buenos Aires bank, equivalent to 9% each credit after the application of the reduction offered in the creditors' proposal, and the first installment of the twenty agreed-upon installments, as per the terms of the agreement proposal submitted in the Reorganization proceedings. By a Court order, these amounts were translated to United States dollars and invested in time deposits.

On December 30, 2009, a court ruling confirming the composition agreement was issued, thus putting an end to the Reorganization proceedings. However, in view of the imbalance in the economic and financial equation of Puentes del Litoral S.A., payments agreed under the reorganization plan have been made in part, as from the fourth installment.

In its financial statements, Puentes del Litoral S.A. has reported accumulated losses at December 31, 2013 that exceed capital and reserves, so it qualifies under the provisions of Section 94, subsection 5, of the General Society Law.

Puentes del Litoral S.A. brought in May 2014 legal action against the National State requesting declaration of rescission of the concession contract upon the concession grantor's exclusive negligence, and also claiming compensation for damages caused by the National State's refusal to restore the economic and financial equation of the concession. In view of the foregoing, the meeting of shareholders of Puentes del Litoral S.A. held on June 30, 2014 resolved to dissolve and liquidate the company. Subsequently, on August 29, 2014, the National Highway Authority (Dirección Nacional de Vialidad - DNV) notified Puentes del Litoral S.A. of AG Resolution No. 1994/14, establishing the rescission of the concession contract of Puentes del Litoral S.A. Consequently, Puentes del Litoral S.A. handed over the concession to the grantor on September 1, 2014. The resolution was challenged by Puentes del Litoral S.A. when it delivered the concession and this will extend the judicial proceedings already initiated for contract rescission.

BRH holds a 20% of shares of Puentes del Litoral S.A., and as from the fiscal year ended June 30, 2006 this investment was measured at zero.

3.1.12. Polledo S.A.I.C.y F.

The Company holds a 46.18% interest of Polledo S.A.I.C. y F. which carries out its business activities through the investments it holds in other companies, primarily in Coviare S.A. ("Coviare"), in which has a minority interest.

The corporate purpose of Coviare is the construction, preservation and operation of the La Plata - Buenos Aires Highway, the Riverside Highway of the Capital Federal and the new bridge over the Riachuelo River, in accordance with the Agreement for the Restatement of the Concession Contract signed with the Department of Public Works and Communications of the Argentine Ministry of Economy and Public Works and Services ("the Department of Public Works" or "the Concessionaire") on December 29, 1993, which was approved by Ministry Resolution No. 538/94 and National Executive Branch ("PEN") decree. The obligations arising under the concession are the construction of the highway, maintenance, repair and preservation of works and the administration, operation and providing of services over the life of the concession. The concession term shall be 22 years counted as from the placing in service of the first toll booth (July 1, 1995).

As from the enactment of Law No. 25561, adjustment clauses in dollars or other foreign currencies or any other indexing mechanism included in contracts executed with the Public Administration were left without effect, and as from publication of Decree 293 dated February 12, 2002, the contract began to be renegotiated by means of the Public Works and Services Contract Renegotiation Committee which was created in order for the concessionaires of public works and services to submit their renegotiation proposals. The term for dealing with the renegotiation of the contracts for public works and services has been extended through successive laws. Law 26896 extended this term until December 31, 2015.

The Congress of the Province of Buenos Aires approved Law 14443 of which adopted the "Convention Transfer of Rights and Obligations of the Concession Agreement for Highway Buenos Aires - La Plata", a law that has been enacted and duly published in the Official Gazette of the Province of Buenos Aires. Also, through Decree 74/13, it is determined that the Ministry of Infrastructure will be the enforcement authority and communicating that from February 5, 2013 the Province of Buenos Aires takes the role of Grantor of the Concession Agreement for Highway Buenos Aires - La Plata.

After the Province has assumed the role of Concession Grantor and holder of the Concession Contract, Coviare formalized several presentations to obtain performance of the acts incumbent on the Province under the Transfer Agreement, since the conditions of the original contract remained in force, as well as performance of the obligation to reformulate the contract conditions, affected by the economic emergency referred to in the Agreement for Contract Renegotiation entered into between UNIREN and Coviare, and approved by Decree No.1057/2010 of the National Executive Branch.

Coviare did not receive any answer to its requirements and. Unexpectedly, on July 12, 2013 Decree No. 419 was published in the Official Gazette in the Buenos Aires Province, declaring the Concession Contract of Coviare rescinded and displacing Coviare S.A. from the Concession, which is now in charge of Autopistas de Buenos Aires S.A. (AUBASA), a company established by the Province for such purpose. At the same time, a detailed inventory was prepared containing the assets and employees that will be assigned to the concession, and a public emergency was declared on the highway.

Against this measure, Coviare made a presentation rejecting the declared rescission, denying a breach of contract that gave rise to the rescission, and requesting that provincial Decree No. 419/2013 be declared null and void and illegitimate, on the grounds that the Province has no power to resolve the rescission, that there are no good reasons, that the facts invoked are false and that there has been a violation of the essential and substantial procedures established by applicable laws, as well as a violation of the purpose of the Agreement for the Transfer of Rights and Obligations under the Concession Contract. Coviare denied on good grounds the alleged breach of contract invoked in whereas clauses of Decree 419/2013, and affirmed that the allegations of abandonment of the operation, maintenance, preservation and execution of the works or of failure to provide users with the essential services were inadmissible. Coviare also reserved its right of action against the Province and the National State in relation to the rescission of the concession contract. On December 2013 Coviare S.A. filed legal action against the Province of Buenos Aires and the National State, at the Supreme Court requesting that the resolution ordering the rescission be declared null and void and that defendants be ordered to compensate Coviare for damages as a

result of the contract rescission. This compensation has been assigned as collateral to the Trust which administers the repayment of the syndicated loan of Coviare S.A.; for this reason, the Trust will have to join the lawsuit as a third party claimant. Since August 2015 the case is established at the Federal Administrative Litigation Court No. 7, in the care of Judge María Cristina Carrión de Lorenzo. The Company has been informed that on June 13, 2014 the commencement of proceedings for Coviare creditor protection, File No. 61006/2014, was decreed, which is pending at the Commercial Court of Original Jurisdiction No. 22, Clerk's Office No. 43.

The deadline for creditors to file proof of claims was October 3, 2014, and the National Highway Authority and the Province of Buenos Aires, among other creditors, filed for proof of their claims, including penalties. The two creditors made reservations of rights, alleging that the process for the liquidation of the Concession had not ended.

Coviare contested and rejected the creditors' claims, based mainly on the arguments invoked in the complaint for the rescission and on the inapplicability of fines.

Polledo, as minority shareholder of Coviare, records since December 31, 2011 its equity interest in that company at zero, and is currently analyzing the possible economic, financial and legal implications for the Company of the contract rescission declared by Decree No. 419/2013 of the Province.

3.1. Transport

Transport segment includes the exploitation of passenger rail transport, underground and surface rail freight and related business.

3.2.1. Benito Roggio Transporte S.A.

Benito Roggio Transporte S.A. ("BRT") engages mainly in activities related to the provision of railway advisory services to different operators both at local and regional levels.

BRT also provides ticket sales, collection and payment services and subscriptions to the Public Service System for Urban Transport of Passengers in the city of Neuquén awarded by the Municipality of Neuquén under public bid No. 1/2006. The contract has a ten year term as from April 16, 2007. As consideration for the service provided under the concession, the Company collects 10.429% of the revenue from the provision of the passenger transport service at the rate in effect for all the Companies forming part of the Public Service System for Urban Transport of Passengers in the City of Neuquén, and 8.3432% of those companies' revenue for the following items: national, provincial or municipal government subsidies collected directly or indirectly by the Companies and any other direct or indirect allocation of funds or cost reduction the Companies collect or benefit from in the future for the provision of the Public Transport Service.

BRT carries out the following activities through the companies in which it holds equity interests:

3.2.2. Metrovías S.A.

Concession contract

BRT holds a 90.66% interest of Metrovías S.A., which was created on December 29, 1993 and is the holder of the concession to operate Grupo de Servicios 3 (the Buenos Aires Subway Network and its complementary above-ground Premetro network ("BAS") and the General Urquiza Railway), on an exclusive basis. The Concession Contract entered into force by National Executive Branch Decree No. 2608/93 dated December 22, 1993 and has been amended by means of the Addendum approved by Decree No. 393/99 dated April 21, 1999. And the amended of this decree was approved by the Ministry of Economy and Public Works and Services and informed Metrovías SA through Resolution No. 153/99 of Transportation Secretariat dated April 30, 1999. This is a "Concession for the operation of Public Utilities" and for the commercial exploitation of shops spaces and advertising at stations, rail cars and real estate covered by such concession.

The Addendum was partially executed. due to the scarce budgetary resources on the part of the National Government and the delay in the recognition of the rate increases committed; in addition, the renegotiation of the Concession Contract under the terms of Emergency Law 25561 did not occur, despite the presentations made by Metrovías S.A. and the time elapsed. Also, within the framework of that emergency. Decree No. 2075/02 on Railway Emergency was issued on October 16, 2002. declaring a state of emergency in relation to the railway and subway passenger transportation system in the Buenos Aires Metropolitan Area.

After, the National State took a series of emergency measures to regulate the relations arising from the concession contract to allow for the rendering of the service in a provisional manner until the contract renegotiation referred to above. These measures included, among others, the suspension of the original investment plan and the payment of subsidies to Metrovías S.A. to compensate for the suspension of the increases envisaged in the rate schedule, as established by article 7.4.1. of the Concession Contract.

On January 3, 2012, the National State and the City Mayor signed a Memorandum of Understanding for the transfer of the Concession over the Buenos Aires City Subway Network whereby the City Mayor took control and supervision of the Concession Contract and was given the power to set the rates for the service, and the National State agreed to pay an annual sum in twelve monthly installments as the only contribution for payment of subsidies. Furthermore, a term of 90 calendar days was set so that the parties will jointly send to the respective competent authorities the projects for the legal acts that are necessary to sign for the formalization of the other legal, economic and administrative issues relating to the transfer of subways.

The different interpretations between the National State and the Buenos Aires City Mayor as to the scope of application of the terms and conditions of the Memorandum of Understanding did not permit implementing in immediate what had been agreed therein, for reasons beyond the control of Metrovías S.A. Throughout 2012, Metrovías S.A. made numerous presentations and claims to the signatory parties to the Memorandum of Understanding, alleging that its vested rights had been affected by this situation which worsened the already deteriorated economic and financial equation even further.

Operation and Maintenance Agreement (AOM)

On December 19, 2012 through Law No. 4472, the Legislature of the City of Buenos Aires established that: (i) the City of Buenos Aires took over the public service of ground and underground passenger transport which was under its exclusive jurisdiction as well as any new lines or extensions of existing lines to be built since January 1, 2013, (ii) the service is a utility, (iii) the utility was in a state of emergency, (iv) the legal instruments required for the operation of the utility will be granted, (v) Metrovías S.A. and/or its parent company will be immediately convened after the law becomes effective to enter into an agreement within sixty (60) days counted as from the notice of the meeting- which may be extended for thirty (30) additional days. at the Executive Branch's discretion- to hire by direct means the temporary operation of the service for an initial maximum term of two (2) years - which may be extended for an additional year if the state of emergency is also extended, and (vi) a fund will be created for the Government of the City of Buenos Aires to finance maintenance and investments.

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On January 8, 2013 Metrovías S.A. was convened to negotiating the terms and conditions of the new agreement for the operation and maintenance of the utility with Subterráneos de Buenos Aires S.E. (SBASE), a company appointed pursuant to the amendment made by the City Mayor through Decree No. 5/2013. On January 9, 2013 Metrovías S.A. accepted to attend the meeting through Note GAJ No. 8/13.

During the first quarter of 2013 and until the execution of an operation and maintenance agreement, Metrovías S.A. continued rendering the Subway and above-ground Premetro service taking as parameters the terms of the Concession Contract entered into with the National State. as provided for by Section 77 of Law No. 4472

Finally, on April 5, 2013, Metrovías and SBASE entered into an Agreement for the Operation and Maintenance of the Public Subway Network Service (the AOM. *for its Spanish acronym*) whereby, under Law 4472, SBASE granted Metrovías on an exclusive basis the operation and maintenance of the Public Subway and above-ground Premetro network service in the Ciudad Autónoma de Buenos Aires, including the A, B, C, D, E and H lines, and the above-ground Premetro, as well as the lines to be incorporated in the network over the term of the AOM; the Agreement excludes the exploitation of all services under the contracts signed with shops at stations and the performance of works and investments. The AOM will have an initial duration of two (2) years counted as from the date of its execution and may be extended by SBASE, but the total duration of the AOM shall not be beyond the emergency period declared in Section 6 of Law 4472. This Norm was amended by Law No. 4790 which provides that the emergency period is four years, vesting in the Executive Branch the power to extend it for a further one year, subsequently ratified and complemented by the Executive Branch in and for the Ciudad Autónoma de Buenos Aires through Decree 127/16 of February 1, 2016.

In view of the amendment introduced by Law 4790 to the emergency period above mentioned, Metrovías has held meetings with SBASE to adjust the original term of the AOM (Operation and Maintenance Agreement) to the provisions of that regulation, and consequently, agree on the new terms and management parameters derived from such situation. In view of the delay in negotiating by SBASE and the expiration of the term, on April 6, 2015 the Society sent SBASE Letter S-GAJ No. 312/15 requesting that SBASE be notified of the temporary restatement of the Operation and Maintenance Agreement (OMA), as a result of the extension of the emergency period declared under Section 6 of Law 4472, amended by Law 4790. After the Letter referred to above has been sent, the Society received a letter from SBASE (Letter 1219/15), notifying Metrovías of SBASE Board Resolution No. 2373/2015, which states in pertinent part of article 1 as follows: "extend the term of duration of the OMA for one (1) year (as prescribed by Section 9 of Law 4472 and Section 6 of law 4472, amended by Law 4790) counted as from the termination date thereof, April 5, 2015". In reply to that letter, Metrovías sent GAJ Letter No. S-334/15 ratifying the statement made in its previous communication and requested SBASE to review its resolution and resume the interrupted negotiations.

The negotiations with SBASE were resumed during November 2015 and ended up with the execution on February 26, 2016 of an addendum to the Operation and Maintenance Agreement (AOM), within the framework of the extension of the emergency period envisaged by Law 4,790 and Decree 127/16; the main amendments in terms of management are the following: (1) the extension of the AOM from January 1, 2016 to December 31, 2017, and (2) the restoration of the base equation budgeted at January 2016 due to indicators that faithfully reflect the price variations occurred in the previous period.

Metrovías S.A. collects: (1) The rate paid by the user (Ps. 2.5 from the date of the Operation and Maintenance Agreement up to and including November 11, 2013; Ps. 3.5 from November 12, 2013 up to and including March 13, 2014; and finally Ps. 4.50 for cards without contact with discounts as from the 21st day trip, and Ps. 5 for cash payments effective March 14, 2014, as per rate schedule approved by SBASE under Resolution 1995/14), (2) The amount of the commissions for travel card recharge; and (3) the state contributions / subsidies / incentives. The operating and maintenance costs may be adjusted when either party invokes an increase or a decrease of more than 7%, measured based on a basic structure with price indicators representative of those costs, as established by article 7.4.1 of the Operation and Maintenance Agreement. This variation is requested by Metrovías from SBASE for its approval within 30 business days as from the date of receipt and will be included in the remuneration receivable by Metrovías. As established by Note 4 of Annex II, to the Agreement, any change in the conditions of the Basic Budgetary Equation may also modify the monthly remuneration receivable by Metrovías. Also, under the Operation and Maintenance Agreement (AOM), if new tasks and activities are included to meet the operation and maintenance commitments, or if there are changes in the conditions of the Basic Budgetary Equation, they will be included in that Basic Budgetary Equation, upon approval by SBASE, adjusting the remuneration receivable by Metrovías.

The amount of the remunerations for state contributions (subsidy /incentive) referred to above has been recognized as a lower cost/expense in the "Adjustment due to higher costs" caption, in the Condensed Interim Consolidated Statement of Income.

However, in Annex XIII to the AOM Metrovías S.A. has reserved its rights stating that signing the AOM would not mean a waiver or recognition in favor of the National State. of the rights vested in Metrovías S.A. under the Concession Contract and its amending Addendum entered into with the National State.

The services under the contracts signed with shops at stations have been expressly excluded under Law 4472. Although Metrovías has reserved its right over those contracts in numerous notes and presentations to SBASE, since year 2013 the Company discontinued revenue recognition for those services in the current period.

As regards the operation of the Urquiza Railway, and within the framework of Resolution No. 748/12 adopted by the Ministry of the Interior and Transport (MlyT), the Joint Technical Committee on Follow-up and Redetermination of Costs of the Railway Passenger Transport Concessionaires for the Buenos Aires Metropolitan Area and the Unit for the Renegotiation and Analysis of Public Utility Contracts (UNIREN) concluded the redetermination of the Operating Account required under MlyT Resolution 1604/14 dated December 16, 2014, which approved: (1) a new operating account effective July 1, 2014; (2) a monthly subsidy of Ps.25.9 million at March 2014 values, which does not include the minimum wage rate for 2014; (3) the gradual hiring of personnel and the new operating account to be considered when all the new employees have been hired; (4) an Improvements Plan contemplating Maintenance Works, to which a budget of Ps. 350.1 million was allocated and Necessary Investment Works, with a budget of Ps.20.3 million, the performance of which shall not exceed 18 months; and (5) a method for the determination of the concessionaire's own rate, subsidy and/or compensation for operating costs, which will allow adjusting the Operating Account; this adjustment will be admitted when there is an increase in excess of 6% in any of the items except for personnel; in the case of the personnel item, the adjustment will be admitted when there are changes in collective wage bargaining for the sector and/or when new employees are hired. In compliance with this Resolution, the National State deposited Ps. 55.1 million for the differences in the subsidy retroactive to July-December 2014. On May 6, 2015, MlyT Resolution No. 720/15 approved the variations resulting from the Personnel Item for Ps. 17.6 million for the March 2014-December 2014 period and Ps. 5.3 million per month as from January 2015 recognizing the minimum wage rate agreed with the Labor Unions in 2014. On July 15, 2015, MlyT Resolution No. 1278/15 approved effective January 2015 the variations in the other items of the new operating account, which represented an increase of Ps. 2.6 million in the amount of the monthly subsidy. On July 30, 2015, MlyT Resolution 1396/15 approved the redetermination of the operating account effective March 1, 2015 as a result of the variations in the personnel item for the hiring of the first 166 new employees, as set forth by Resolution 1604/14, increasing to Ps. 37.6 million the amount of the monthly subsidy as from March 1, 2015, while it also set for

the same item a single amount of Ps. 1.6 million for the January/February 2015 period. Lastly, MlyT Resolution 2426/15 approved on October 27, 2015 the redetermination of the operating account as a result of the variations in the personnel item due to the hiring of a further 27 new employees, as set forth by Resolution 1604/14, effective June 2015, increasing to Ps. 38.1 million the amount of the monthly subsidy as from July 1, 2015, and recognizing for the same item a single amount of Ps. 0.4 million for the month of June 2015. In addition, on June 26, 2015, MlyT Resolution No. 1077/15 approved as advance payments, the variations in the Personnel Item under the February 10, 2015 Collective Bargaining Agreements with the Railway Unions which had set the payment of non-remunerative amounts for Ps. 8.7 million from March 2015 to June 2015. Furthermore on September 4, 2015, the Transport Administration Secretariat (*Secretaría de Gestión Administrativa del Transporte*) approved through SGAT Resolution 809/15 the variations in the personnel item for the month of August 2015 as an advance payment for Ps. 9.5 million under the Memoranda of Understanding signed with the Trade Unions in August 2015. Likewise, under MlyT Resolution No. 2462/15 of October 29, 2015, an advance payment for Ps. 7.3 million was approved for the month of September 2015. However, Metrovias has made presentations to the National State for the recognition of adjustments to the operating account resulting from: (1) increases in excess of 6% in items other than Personnel effective May 2015, and (2) the Collective Bargaining Agreements with Trade Unions for August 2015 which have led to a final index-adjustment to the operating account as from August 2015 and (3) adjustments payable in installments for the recognition of retroactive salaries, which at the closing date of these Condensed Interim Consolidated Financial Statements amounted to Ps. 56.2 million.

On May 20, 2015, Law 27132 was enacted, which established the redefinition of the railway business regulatory framework, which includes the concession contract for the transport of passengers entered into between Metrovias and the National State, in relation to the Urquiza Railway Line.

Furthermore, on June 17, 2015 the National Executive Branch issued Decree No. 1145/15 approving the Memorandum of Understanding entered into between the National State and the Company on June 11, 2013, whereby it was agreed to formalize the separation of the Contract regarding the provision of passenger railway transport services of the Urquiza Railway Line, for which the National State will continue as grantor of the concession to operate those services. It was further agreed that within 90 administrative business days counted as from the issuance of that decree, the Company must, as Concessionaire, begin the pertinent formalities to carry out, after the separation of the Urquiza Railway Line Concession Contract, the corporate acts to transfer the Contract to a specific object Company. To that end, at the meeting held on November 5, 2015 the Board of Directors of Metrovias requested that, after the pertinent analysis, the Administrative and Finance and Legal Managerial Divisions start all pertinent formalities for the separation of the Contract, as set forth by the General Companies Act and the Public Offering regulations.

Without prejudice to the above indicated, Metrovias S.A. has made several presentations in relation to the above mentioned situation both to the National Government and the Mayor of the City of Buenos Aires, including those originated from the redetermination of higher operating costs incurred from 2008 to 2012 and for the payment of commissions on sales of passages, which at the date of these Condensed Interim Financial Statements have not been resolved yet. Therefore, as mentioned, all payments received are considered as preliminary and in advanced payments because the envisaged by Law 25561 and Law 4472 issued by the city of Buenos Aires Government

The amount of the remunerations for state contributions referred to above has been recognized as a lower cost/expense in the "Adjustment due to higher costs" caption, in the Consolidated Statement of Income.

Other recognition and/or claims

Metrovias S.A. has filed other claims with the National Secretariat of Transportation and/or the Buenos Aires City Mayor for the lack of recognition and/or nonpayment of outstanding obligations, over which the Company has rights under the provisions of the Concession Contract, in view of the reservation of rights made in Annex XIII thereto.

3.2.3. Operational agreements of urban rail passengers services

BRT holds a 95% interest in Corredores Ferroviarios S.A. (COFESA). National Government entrusted COFESA with the management on behalf of National Government, of the comprehensive operation of the urban railway transport service for passengers of the Mitre and San Martín lines, including the operating maintenance, custody and surveillance of the assets used in the railway service, the commercial exploitation on behalf of National Government of all complementary and collateral aspects and the continuation and completion of certain works in progress and the works assigned to it in the future. The agreement under which COFESA operates ends in February 2016, renewable for annual periods by mutual agreement.

COFESA rail services were not provided under a concession contract, they were part of a management agreement under which the costs incurred for the operation of the lines are paid by the National Government based on a fixed monthly budget; as well as payment of the works performed. COFESA receives the following remuneration: (a) a fixed amount, (b) 15% of the monthly revenue, (c) 50% of the monthly commission for SUBE card recharge, (d) 6% of collateral income, y (e) a performance incentive for the operating objectives reached. The employees who rendered services to the concessionaire prior to the operation do not form part of COFESA payroll; rather, they are included in the payroll of a public sector company.

The operation by COFESA of these railway services formed part of a restatement process that commenced in January 2005, when the National Government entrusted Unidad de Gestión Operativa Ferroviaria S.A. UGOFÉ), a company in which Metrovias holds a 50% interest, with the operation of the San Martín Line on behalf of the National Government. Also, on July 5, 2007 and upon termination of the respective concessions, the National Government awarded UGOFÉ the provision of services in the Belgrano Sur and General Roca railway lines. Under a similar system, Unidad de Gestión Operativa Mitre Sarmiento S.A. ("UGOMS"), a company in which Metrovias holds a 50% equity interest, assumed effective 2012 the operation of the Sarmiento and Mitre railway lines on behalf of the National State. UGOFÉ and UGOMS agreements operated under a system similar to that of COFESA, that is, the costs incurred for works performed in and for the operation of the railway lines were borne by the National Government.

Subsequently, as established by resolutions 848 and 1083 of the Ministry of the Interior and Transport, under the authority of the National Executive Branch, dated August 14, 2013 and September 11, 2013, respectively, the other party to the UGOFÉ and UGOMS agreements was changed, with the transfer of those operating agreements to Operadora Ferroviaria Sociedad del Estado ("SOFSE"). On October 24, 2013, under Resolution 1244/2013, the Ministry of the Interior and Transport instructed SOFSE to implement the necessary measures to rescind the Operating Agreement and its Addenda with UGOMS, as regards the Sarmiento Railway Line only. This rescission was implemented by Resolution 31/13; UGOMS continued operating the Mitre Line only.

Subsequently, in the exercise of the powers vested by Law 26352 on Railway Business Rearrangement and complementary provisions, SOFSE proposed entering into new operating agreements that would replace the current agreements with UGOFÉ and UGOMS. On February 7, 2014, the Ministry of the Interior and Transport adopted Resolution No. 41/14 approving the specimen Operating Agreement for the Services of Urban Railway Transport of Passengers corresponding to the Roca, San Martín, Belgrano Sur and Mitre railway lines.

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Under the new agreements, the Mitre and San Martín lines were assigned to COFESA, and the Roca and Belgrano Sur lines, to a company controlled by another economic group. Consequently, both UGOFE and UGOMS ceased operations with those lines as from that date, without prejudice to the rights and obligations assumed under the agreements between those companies and SOFSE.

Lastly, within the framework of a service nationalization policy, the National State, through the Ministry of the Interior and Transport, passed Resolution No. 171/15 on February 27, 2015, instructing SOFSE to implement the necessary measures to rescind the Agreements entered into for the operation of the San Martín and Mitre railway lines. On March 2, 2015, SOFSE notified COFESA of the rescission of the agreements, and that SOFSE would operate those services as from that date. Consequently, COFESA ceased to operate those services as from that date, without prejudice to the rights and obligations assumed under the agreements entered into with SOFSE on February 10, 2014.

For this reason, COFESA has started administrative and legal formalities before SOFSE to start the process to settle the outstanding liabilities, the formalization of the transfer of the assets used in the operation, and the rights and obligations pending enforcement and/or settlement regarding the contracts being performed, as well as the works in progress, pending lawsuits and remunerations for management services pending collection. All this will be dealt with during the process of computation and settlement of receivables and debts that will form part of the final rendering of accounts, in accordance with the provisions of the respective Agreements entered into.

In view of these events, the Shareholders and Board of Directors of COFESA are evaluating the courses of action to be followed, and analyzing other business alternatives.

3.2.4. Other activities related with transport segment

BRT holds 95% of the capital stock of Benito Roggio Ferroindustrial S.A., ("BRF") which engages in the provision of transport related services; business activities directly or indirectly related to the industry, construction and transport service; financial activities excluding those encompassed by the Financial Institutions Law; advisory services related to those activities; agency services for firms based in Argentina or abroad related to the corporate purpose of the company; and consulting services regarding national and international transport business projects.

BRT and BRF jointly signed a Temporary Union of Enterprises (JV) contract, with 80% and 20%, respectively, for the general repair of 78 Nagoya railway cars for the provision of services in Line C of the Buenos Aires City Subway Network, in view of Section 2 awarded under Public Bid No. 148/13 – B, C, D, E, H and above-ground Premetro Lines - General Repair of Rolling Stock, called by Subterráneos de Buenos Aires S.E.

As to its activities in Brazil, BRT provides technical assistance in relation to operating, technical, commercial and financial matters in different consortiums in which holds a minority interest percentage:

- Consortium VLT Carioca, which received from the Rio de Janeiro City Coast Guard the concession for the implementation, operation and maintenance of a light train (VLT or Veículo Leve sobre Trilhos) in the port and central regions of that city.
- Concessionaria do Monotrilho da Linha 18 – Bronze S.A., a company engaged in the provision of public utility transport services with monorail technology for passengers, of Sao Paulo subway Line 18, in Brazil.
- On September 28, 2015, Companhia de Concessões Rodovias (CCR) purchased shares owned by BRT in Concessionaria da Linha 4 Metro de San Pablo S.A.I.

Also, on November 13, 2015, BRT sold Roggio S.A. all of the shares it held in Servicios Fiduciarios S.A.

3.3. Waste management

Benito Roggio Ambiental S.A. (BRa) is the parent company of Cliba Ingeniería Ambiental S.A. and Tecsan Ingeniería Ambiental S.A. which provide, directly or indirectly through the companies or the joint ventures in which they participate, environmental engineering services by operating in four major lines of business: (i) urban sanitation; (ii) waste treatment and final disposal; (iii) industrial services; and (iv) valuation of wastes and alternative energies.

With regard to the Urban Sanitation services, the following table summarizes the main characteristics of the services provided by BRa:

City	Population served	Participation in each project (%)	Services (1)
Buenos Aires (Zone 2)	615,000	100%	A/B/C/E/F
San Isidro	290,000	100%	A/B/C/F
Neuquén	360,000	100%	A/B/D/E/F
Santa Fe	260,000	100%	A/B/F

- (1) Services rendered:
A — Collection
B — Street manual and mechanical street cleaning
C — Street cleaning
D — Landfill Operations
E — Hazardous waste collection, treatment and disposal
F — Other services

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Termination of service provision contracts generally occurs upon expiration of the term agreed with the customer, or as envisaged in the bidding terms and conditions for each service.

The Buenos Aires contract for the provision of the service in Zone 1 expired on September 30, 2014. The subsidiary Cliba Ingeniería Urbana S.A. began to provide the service in Zone 2 of the Autonomous City of Buenos Aires as from October 1, 2014. The contract term is 10 years, with an option to renew it for a further 12 months upon the decision of the City Mayor.

The contract for the provision of the service in the City of San Isidro was extended until April 30, 2016. We consider that the agreement will be renewed for short and consecutive periods until a new invitation for tenders is made.

In regards to the service in the city of Neuquén is concerned, on November 16, 2015 the contract related to Public Bid No. 06/2015, Hiring of the Public Urban Cleaning Utility Service, was signed for a term of 8 years, with an option to extend it for a further one year.

Although the contract for the provision of the service in the City of Santa Fe is in its extension period awaiting an invitation for tenders, it is considered that the contract will continue being renewed for short periods until the municipality calls a public bid and awards the service to a new provider.

Waste treatment and final disposal covers a wide range of services through different JVs in which companies controlled by BRa and CLIBA Ingeniería Ambiental S.A. hold interests; these services include civil works and construction of infrastructure for final disposal of household wastes, disposal of wastes through different mechanisms (whether by directly unloading wastes from trucks or compacting them first), treatment of liquid and solid wastes from sanitary landfills, waste transport and organic waste composting.

Currently, four sanitary landfills are in operation in Argentina (Norte III, Neuquén, Mar del Plata and Mendoza), providing waste treatment and final disposal services as only one service or as part of an urban hygiene contract.

Norte III Joint Venture operates the Ecological Coordination of the Metropolitan Area. Society of State (CEAMSE) sanitary landfills located in the Norte III environmental complex under a one-service contract. At present, Norte IIIB and IIIC modules are being enlarged, and Norte III (year 2001), Norte IIIA (2005), Norte IIIB (2010) and Norte IIIC (2014) modules, all operated by the Company, have been completed. In these modules, approximately 410,000 tons of wastes coming both from the Greater Buenos Aires and the City of Buenos Aires are disposed of per month. An addendum was signed in late March 2013, by which the Joint Venture performed additional works on the Norte IIIC and B modules. On December 22, the addendum to enlarge the sanitary landfill "Norte III modules A+ B compatibilization" was signed. The Addendum sets forth two jobs: a) the construction of the A + B compatibilization module infrastructure (which was completed in October 2015) and b) extension of the plant's current treatment capacity of 1,350 cubic meters/day, which will enable increasing the leachate treatment capacity by 1,000 cubic meters/day, from 1,350 to 2,350 cubic meters/day (start date planned for the year 2016). In October 2014, the new leachate treatment plant became operative, with a treatment capacity of 2,000 m³ per day, which has been developed by including a new technology, membrane biological reactor (MBR), thus providing an advanced technological solution to the treatment of leachate generated by the Norte III Environmental Complex.

BRa continues operating a landfill of 12,100 tons per month on average in the city of Neuquén. The Company has been awarded the bid to administer the Neuquén Environmental Complex (CAN) for eight years, with an option to renew the concession for a further one year. The construction of an urban solid waste Classification and Recovery Plant, a Composting Plant, a Tree Nursery and a Biogas Plant is planned. The contract was signed in July 2014.

In addition, a sanitary landfill is being operated in the Municipality of General Pueyrredón (Mar del Plata) with a waste disposal of approximately 35,000 tons per month. The operational term is expected to end in May 2016 and a call for tenders to provide that service is planned for the second quarter of 2016.

In addition, through Tecsan Ingeniería Ambiental S.A., a contract was signed on December 27, 2013 with the National Environment and Sustainable Development Secretariat and the Government of the Province of Mendoza for the design, construction and operation of a Center for the Final Disposal of Urban Solid Wastes, their associated systems, and two transfer stations in the eastern region of the province of Mendoza. The construction of the Final Disposal Center was completed in May 2015, which the operation started in January 2016.

In the area of Industrial Services, the subsidiary Taym S.A. (Taym) operates a special waste treatment and disposal plant located near the City of Córdoba. Since 2009, Taym has achieved an important growth in Uruguay through its branch, located in the city of Montevideo, and its main contracts are cleaning services at Banco de la República Oriental del Uruguay, cleaning services at the port of Montevideo and cleaning services at the port of Colonia. The industrial services include the collection, transport and treatment of industrial and hazardous wastes; the design, preparation and administration of programs to reduce and separate industrial wastes; the operation of plants for industrial wastes and maintenance of green spaces. Furthermore, the service for the Collection and Transportation of Non-hazardous Industrial Wastes of Large Generators started in the Province of Buenos Aires and in the Autonomous City of Buenos Aires during the last quarter of 2015, with a fleet of trucks specialized in that activity.

As regards the activities related to the valuation of wastes and alternative energies, the Company signed, through Ecoayres Argentina S.A., an addendum to the contract with CEAMSE on December 22, 2014, undertaking to present jointly with the company Juan F. Secco a comprehensive project for the supply of electric power from biogas generated in the Norte III A + B compatibilization module of the sanitary landfill belonging to the Final Disposal Center Norte III of CEAMSE. Considering the highly complex works involved, a term of six months renewable for a further six months has been agreed for the presentation of the project. For the purposes of the preparation and possible execution of the project, the Company and Juan F. Secco were granted the exclusive rights arising from the exploitation of biogas in the Norte III A and B modules of the sanitary landfill, as well as the future compatibilization of those modules. Lastly, it is important to underline that Ecoayres Argentina S.A. is fully committed to achieve a service with high quality and security standards. To that end, objectives have been set to establish an efficient corporate management system that considers a Service Quality Assurance program as part of a Continuous Improvement process, protecting the quality of life of its Members and the Safety of the Environment.

Norte III Joint Venture operates, under a contract signed with CEAMSE, an urban solid waste mechanical and biological treatment plant, which expects to treat at least 310,000 tons of urban solid waste per year during 15 years counted as from October 2012; at the end of this period it will have the option to renew the contract for a further period.

On December 4, 2015, the Buenos Aires City Mayor announced, through the Ministry of the Environment and Public Space, the pre-award to Tecsan Ingeniería Ambiental S.A. (Tecsan) the National and International Public Bid No. 49-SIGAF/2015 for the Design, Construction, Operation and Maintenance of a Urban Solid Waste (RSU) Mechanical Biological Treatment Plant (TMB SUR) in the Autonomous City of Buenos Aires. This project will be executed by a Joint Venture composed of Tecsan, with a participation of 75%, and Sorain Cechini Tecno España S.L., with a participation of 25%. The execution term is 10 years and it may be extended for a further 10 years. This is a very

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important and large project, which will become an international reference in terms of urban solid waste treatment. It will be one of the world's largest plants of its type, with a world class technology.

Energía Argentina S.A. (ENARSA) awarded a contract for energy supply by using biogas extracted from the Norte IIC sanitary landfill. The project is carried out by our subsidiary Central Buen Ayre S.A., which has built and is currently operating an electric power station running on biogas, with a nominal capacity of 11.8 MW. The contract will be in force until the year 2026.

3.4. Water supply

BRH is the majority shareholder of Aguas Cordobesas S.A. ("ACSA") and the operator of the concession exploited by it. The purpose of the concession is to secure the supply of potable water, its conservation, transportation, distribution and sale for household, commercial and industrial consumption in the City of Córdoba, Argentine.

The area in which the concession operates falls within the limits of the jurisdiction of the Municipality of the City of Córdoba. The Concessionaire must carry out activities and works outside this territory only for the purposes of securing the supply and transportation of potable water for the rendering of the service. In addition, the Concessionaire should render the water in bulk sale service to the cities outside the area of the concession under the same conditions as those of the Provincial Bureau of Water and Sanitation.

The term of the concession is thirty years as from May 7, 1997, the date on which the service has been handed over. The management and technical operation of the service awarded by the concession will be the responsibility of the ACSA Operator, and ACSA is required to maintain that company as Operator during the concession term, unless otherwise authorized in writing by the Grantor.

3.5. Other activities

The Company also performs other commercial activities and provides services which, jointly with Clisa activities, are grouped under "Others and eliminations", which consist mainly in:

- Provision of connectivity in the health sector, mainly oriented to providing comprehensive solutions.

In March 2014, in relation to the communications business, data link, telephone and Internet services in which BRT held indirect interests; this transfer generated a profit that has been disclosed under "Other operating income and expenses, net", in the Consolidated Statement of Income. Additionally, in December 2014, certain assets were transferred related to the provision of the services to collect the proceeds from the sale of tickets, to load amounts into all types of support and operation of collection, validation and access control systems, and processing of those transactions, in which BRT indirectly participated.

3.6. Segments Information as of December 31, 2015 and 2014

Described below are the main indicators of each of the segments mentioned above:

Segments Information as of December 31, 2015

Item	Construction and toll road concessions	Transport	Waste management	Water supply	Others and eliminations	Total
(In thousands of Pesos)						
Net sales to third parties	2,922,568.7	1,345,903.3	3,569,898.6	667,494.5	62,066.7	8,567,931.8
Inter-segment sales	11,377.3	213.2	1,187.9	73.5	(12,851.9)	-
Net sales	2,933,946.0	1,346,116.5	3,571,086.5	667,568.0	49,214.7	8,567,931.8
Operating income	285,790.5	117,414.6	514,840.3	49,423.3	(17,799.1)	949,669.6
Total assets	4,578,308.2	1,637,160.5	4,240,393.2	933,937.1	235,078.4	11,624,877.5
Total liabilities	3,157,843.6	1,389,153.1	3,691,047.0	773,217.2	1,818,745.4	10,830,006.3
Additions of property, plant and equipment	48,478.0	17,172.9	302,891.4	2,424.8	214.8	371,181.9
Depreciation of property, plant and equipment	(72,882.8)	(13,024.9)	(109,127.4)	(3,474.6)	(910.3)	(199,420.0)
Additions of intangible assets	3,811.8	1,194.1	1,850.0	64,996.3	95.0	71,947.2
Amortization of intangible assets	(2,192.1)	(6,021.8)	-	(25,160.7)	(205.0)	(33,579.6)
Investments in associates	138,194.6	16,877.5	-	-	32,823.0	187,895.1

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The disclosure by geographic segment of the business segments as of December 31, 2015

	Capital and Gran Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				
Construction and toll road concessions				
Net sales	255,474.3	1,978,088.0	700,383.8	2,933,946.0
Total assets	854,822.5	2,592,054.7	1,131,431.0	4,578,308.2
Investments in associates	75,322.9	3,916.9	58,954.8	138,194.6
Additions of property, plant and equipment	922.4	7,602.3	39,953.4	48,478.0
Additions of intangible assets	-	3,630.5	181.3	3,811.8
Transport				
Net sales	1,323,915.9	17,128.8	5,071.8	1,346,116.5
Total assets	1,541,323.9	77,167.8	18,668.8	1,637,160.5
Investments in associates	238.6	-	16,639.0	16,877.5
Additions of property, plant and equipment	17,132.6	13.4	26.9	17,172.9
Additions of intangible assets	1,194.1	-	-	1,194.1
Waste management				
Net sales	3,081,731.4	371,870.4	117,484.7	3,571,086.5
Total assets	3,899,974.9	221,880.7	118,537.6	4,240,393.2
Additions of property, plant and equipment	274,853.3	20,229.8	7,808.3	302,891.4
Additions of intangible assets	1,850.0	-	-	1,850.0
Water supply				
Net sales	-	667,568.0	-	667,568.0
Total assets	-	933,937.1	-	933,937.1
Additions of property, plant and equipment	-	2,424.8	-	2,424.8
Additions of intangible assets	-	64,996.3	-	64,996.3

Segments Information as of December 31, 2014

Item	Construction and toll road concessions	Transport	Waste management	Water supply	Others and eliminations	Total
(in thousands of Pesos)						
Net sales to third parties	2,359,078.9	1,287,098.3	2,680,384.2	482,944.7	37,534.3	6,847,040.5
Inter-segment sales	22,549.6	2,525.6	1,779.4	-	(26,854.6)	-
Net sales	2,381,628.5	1,289,623.9	2,682,163.6	482,944.7	10,679.7	6,847,040.5
Operating income	388,331.6	118,854.5	273,727.6	17,687.0	102,152.0	900,752.8
Total assets	3,596,883.0	1,687,622.0	2,747,543.2	615,154.1	207,950.2	8,855,152.5
Total liabilities	2,483,398.5	1,418,127.7	2,313,788.4	492,767.2	1,164,038.2	7,872,120.1
Additions of property, plant and equipment	39,634.8	8,665.4	207,692.6	2,443.4	276.7	258,712.8
Depreciation of property, plant and equipment	(63,367.9)	(10,447.8)	(80,213.4)	(3,292.8)	(799.8)	(158,121.8)
Additions of intangible assets	3,244.7	1,174.0	5,443.7	35,266.0	152.0	45,280.4
Amortization of intangible assets	(1,606.5)	(6,677.5)	-	(22,075.0)	(170.8)	(30,529.7)
Investments in associates	133,780.6	26,385.3	0.0	-	35,141.3	195,307.3

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The disclosure by geographic segment of the business segments as of December 31, 2014

	Capital and Gran Buenos Aires	Rest of the country	Abroad	Total
	(In thousands of Pesos)			
Construction and toll road concessions				
Net sales	391,604.0	1,374,354.7	615,669.9	2,381,628.5
Total assets	733,463.6	1,982,384.0	881,035.4	3,596,883.0
Investments in associates	83,015.8	4,245.5	46,519.4	133,780.6
Additions of property, plant and equipment	314.8	26,788.9	12,531.2	39,634.8
Additions of intangible assets	-	203.8	3,041.0	3,244.7
Transport				
Net sales	1,269,778.4	13,120.8	6,724.8	1,289,623.9
Total assets	1,603,495.2	52,668.5	31,458.2	1,687,622.0
Investments in associates	248.8	-	26,136.5	26,385.3
Additions of property, plant and equipment	8,563.7	61.7	40.0	8,665.4
Additions of intangible assets	1,172.7	-	1.3	1,174.0
Waste management				
Net sales	2,285,032.2	295,809.8	101,321.7	2,682,163.6
Total assets	2,488,275.1	174,516.3	84,751.9	2,747,543.2
Additions of property, plant and equipment	200,604.8	6,359.0	728.7	207,692.6
Additions of intangible assets	5,443.7	-	-	5,443.7
Water supply				
Net sales	-	482,944.7	-	482,944.7
Total assets	-	615,154.1	-	615,154.1
Additions of property, plant and equipment	-	2,443.4	-	2,443.4
Additions of intangible assets	-	35,266.0	-	35,266.0

4. Cost of sales

	12/31/2015 In Pesos	12/31/2014 In Pesos
Freight	83,793,417	62,313,891
Subcontracts	1,134,865,733	817,751,480
Salaries, wages and social security contributions	3,445,239,589	2,673,959,418
Fees for professional services	114,155,248	130,148,319
Hardware and software services	3,765,748	4,917,027
Taxes, rates and contributions	11,014,614	9,898,876
Depreciation and amortization	187,246,022	148,473,850
Maintenance expenses	370,161,200	272,746,169
Rail car expenses	99,139,176	84,078,633
Commissions and fee	-	16,743,637
Travel expenses	38,389,391	16,733,582
Insurance	120,800,961	77,207,566
Water and electricity services	56,950,938	50,372,473
Telephone, internet and communications	5,387,414	5,131,296
Rental	332,129,193	182,139,698
Stationery and printed material	1,627,881	1,630,532
Adjustment due to higher costs	(1,376,755,447)	(836,073,730)
Materials and spare parts	1,052,015,041	781,685,265
Security and surveillance	23,972,368	22,945,385
Litigation, insurance claims and penalties	47,742,910	20,349,186
Sundry	65,800,890	54,380,782
Total	5,817,442,287	4,597,533,335

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5. Administrative expenses

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Subcontracts	67,861,542	51,063,065
Salaries, wages and social security contributions	727,635,080	543,715,752
Fees for professional services	133,254,793	94,070,198
Bidding expenses	1,290,860	599,232
Hardware and software services	25,062,583	20,984,188
Taxes, rates and contributions	180,148,240	163,037,721
Depreciation and amortization	25,127,374	20,833,831
Maintenance expenses	20,948,426	13,011,137
Travel expenses	27,508,481	22,408,770
Insurance	13,300,151	9,160,223
Water and electricity services	1,435,758	1,134,741
Telephone, internet and communications	20,270,196	16,071,370
Rental	12,391,347	11,856,723
Press and media	42,804,693	34,420,583
Stationery and printed material	15,440,287	12,113,825
Adjustment due to higher costs	(224,447,651)	(128,118,519)
Materials and spare parts	3,915,406	1,521,960
Security and surveillance	2,565,192	3,578,008
Litigation, insurance claims and penalties	2,586,563	1,458,591
Sundry	21,196,987	35,204,049
Total	1,120,296,308	928,125,448

6. Selling and other operating expenses

	12/31/2015	12/31/2014
	Pesos	Pesos
Subcontracts	35,967,190	26,523,910
Salaries, wages and social security contributions	796,917,764	569,738,462
Fees for professional services	8,271,136	5,017,840
Hardware and software services	431,245	419,299
Taxes, rates and contributions	147,954,605	111,949,863
Depreciation and amortization	20,626,177	17,222,178
Maintenance expenses	25,278,164	11,601,636
Commissions and fee	18,048,135	14,623,229
Travel expenses	7,589,790	4,020,787
Insurance	24,055,859	12,175,269
Telephone, internet and communications	14,462,416	9,892,647
Rental	2,792,973	2,167,877
Press and media	6,647,156	3,179,791
Stationery and printed material	709,084	424,285
Adjustment due to higher costs	(546,621,312)	(331,242,722)
Materials and spare parts	2,896,000	2,202,000
Security and surveillance	980,271	931,495
Litigation, insurance claims and penalties	109,223,000	78,654,785
Sundry	8,145,352	13,172,306
Total	684,375,005	552,674,937

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7. Financial income and expenses

Financial income	12/31/2015 In Pesos	12/31/2014 Pesos
Interest generated by assets	75,902,111	51,549,934
Foreign currency exchange differences generated by assets	222,082,677	152,897,518
Other financial results	1,020,754	323,628
Total	299,005,542	204,771,080
Financial expenses	12/31/2015 In Pesos	12/31/2014 In Pesos
Interest generated by liabilities	(984,957,288)	(514,445,582)
Foreign currency exchange differences generated by liabilities	(838,103,651)	(430,234,442)
Financial commissions	(6,630,710)	(10,481,036)
Other financial expenses	(241,406,614)	(256,355,934)
Total	(2,071,098,263)	(1,211,516,994)

8. Net (loss) / gain in associates

	12/31/2015 In Pesos	12/31/2014 In Pesos
Covisur S.A.	5,047,626	2,324,210
Polledo S.A.I.C.y F.	(11,153,558)	(19,126)
Prominente S.A.	(2,215,523)	2,316,833
Autovía del Mar S.A.	(1,415,217)	160,637
CV1 - Concesionaria Vial S.A.	2,407,113	8,459,295
Transportel Patagónica S.A.	(350,937)	2,220,773
Benito Roggio e Hijos S.A. - Paraguay	5,849,822	13,093,480
Consortium	(13,557,755)	(7,800,534)
Sundry	(212,202)	(262,183)
Total	(15,600,631)	20,493,385

9. Earnings per share

Earnings per share is, calculated dividing the result for the year attributable to Company shareholders by the average number of outstanding ordinary shares for the year-end.

	12/31/2015 In Pesos	12/31/2014 In Pesos
Net (loss) for the year	(766,515,212)	(257,130,050)
Weighted average common shares outstanding	96,588,696	96,588,696
Basic and Diluted Earnings per share (Ps. per share)	(7.94)	(2.66)

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10. Property, plant and equipment, net

(a) For the year ended on December 31, 2015

Items	Original values						Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Currency translation differences	Adjustments for revaluation	
Machinery and heavy equipment	568,293,937	7,944,769	(10,804,779)	172,006,633	42,385,430	377,821,057	1,157,647,047
Vehicles	184,596,575	31,175,967	(33,412,503)	67,839,021	13,221,086	-	263,420,146
Furniture and fixtures and computer hardware	88,544,566	18,001,579	(2,847,520)	389,782	10,111,682	-	114,200,089
Equipment	6,015,590	-	-	-	-	-	6,015,590
Real estate	226,456,014	5,553,519	(10,005,824)	25,880,172	34,277,636	149,646,542	431,808,059
Building improvements	452,075,326	19,515,726	(2,204,301)	437,249	-	-	469,824,000
Minor equipment	243,699,259	124,671,672	(72,158,042)	1,887,616	27,310,699	-	325,411,204
Water treatment plants	1,714,000	-	-	-	-	-	1,714,000
Rail car improvements	22,467,513	-	-	-	-	-	22,467,513
Land	394,961,461	-	(52,343,313)	-	56,132,923	117,230,517	515,981,588
Construction in progress	10,919,123	38,321,891	(1,788,817)	(27,893,148)	2,749,225	-	22,308,274
Others	109,855,165	115,080,857	-	(221,626,985)	-	-	3,309,037
Advances for purchases	23,576,207	10,915,936	(127,124)	(18,920,340)	-	-	15,444,679
Total	2,333,174,736	371,181,916	(185,692,223)	-	186,188,681	644,698,116	3,349,551,226

Items	Accumulated depreciation					Balances as of the end of the year	Net carrying value as of 12/31/2015
	Balances as of the beginning of the year	Deductions	Amount for the period	Currency translation differences	Adjustments for revaluation		
Machinery and heavy equipment	-	357,410	(82,195,682)	(7,486,858)	89,325,130	-	1,157,647,047
Vehicles	(116,597,003)	26,338,745	(27,900,322)	(12,701,085)	-	(130,859,665)	132,560,481
Furniture and fixtures and computer hardware	(52,871,936)	2,702,254	(14,071,455)	(6,099,868)	-	(70,341,005)	43,859,084
Equipment	(6,015,590)	-	-	-	-	(6,015,590)	-
Real estate	-	524,121	(7,805,599)	(685,227)	7,966,705	-	431,808,059
Building improvements	(217,975,163)	1,968,763	(26,997,963)	-	-	(243,004,363)	226,819,637
Minor equipment	(162,086,371)	39,276,351	(40,277,989)	(19,564,763)	-	(182,652,772)	142,758,432
Water treatment plants	(687,000)	-	(171,000)	-	-	(858,000)	856,000
Rail car improvements	(22,467,513)	-	-	-	-	(22,467,513)	-
Land	-	-	-	-	-	-	515,981,588
Construction in progress	-	-	-	-	-	-	22,308,274
Others	(1,178,746)	-	-	-	-	(1,178,746)	2,130,291
Advances for purchases	-	-	-	-	-	-	15,444,679
Total	(579,879,322)	71,167,644	(199,420,010)	(46,537,801)	97,291,835	(657,377,654)	2,692,173,572

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(b) For the year ended on December 31, 2014

Items	Original values						
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year
Machinery and heavy equipment	453,616,063	31,272,465	(8,706,442)	-	22,982,436	69,129,415	568,293,937
Vehicles	158,748,023	27,176,584	(8,989,956)	-	7,661,924	-	184,596,575
Furniture and fixtures and computer hardware	94,304,253	12,031,970	(22,351,462)	313,929	4,245,876	-	88,544,566
Equipment	6,015,590	-	-	-	-	-	6,015,590
Real estate	213,684,761	2,028,555	(34,355,830)	1,381,717	14,722,429	28,994,382	226,456,014
Building improvements	426,902,513	13,082,389	(3,847,240)	15,937,664	-	-	452,075,326
Minor equipment	199,630,016	31,038,788	(3,863,188)	6,844,689	10,048,954	-	243,699,259
Water treatment plants	1,714,000	-	-	-	-	-	1,714,000
Rail car improvements	22,467,513	-	-	-	-	-	22,467,513
Land	385,735,556	-	(93,068,476)	-	35,260,480	67,033,901	394,961,461
Construction in progress	17,977,791	10,459,870	(232,087)	(18,172,491)	886,040	-	10,919,123
Others	3,900,609	108,753,969	-	(2,799,413)	-	-	109,855,165
Advances for purchases	4,862,615	22,868,257	(648,570)	(3,506,095)	-	-	23,576,207
Total	1,989,559,303	258,712,847	(176,063,251)	-	95,808,139	165,157,698	2,333,174,736

Items	Accumulated depreciation					Balances as of the end of the year	Net carrying value as of 12/31/2014
	Balances as of the beginning of the year	Deductions	Amount for the period	Currency translation differences	Adjustments for revaluation		
Machinery and heavy equipment	-	1,840,406	(60,426,685)	(310,189)	58,896,468	-	568,293,937
Vehicles	(96,909,661)	6,566,849	(20,608,898)	(5,645,293)	-	(116,597,003)	67,999,572
Furniture and fixtures and computer hardware	(56,032,998)	17,324,576	(12,335,737)	(1,827,777)	-	(52,871,936)	35,672,630
Equipment	(5,714,809)	-	(300,781)	-	-	(6,015,590)	-
Real estate	-	1,248,090	(6,307,158)	(551,901)	6,529,233	918,264	227,374,278
Building improvements	(188,101,185)	3,460,808	(33,334,786)	-	-	(217,975,163)	234,100,163
Minor equipment	(134,921,862)	3,373,401	(24,638,746)	(5,899,164)	-	(162,086,371)	81,612,888
Water treatment plants	(518,000)	-	(169,000)	-	-	(687,000)	1,027,000
Rail car improvements	(22,467,513)	-	-	-	-	(22,467,513)	-
Land	-	-	-	-	-	-	394,961,461
Construction in progress	-	-	-	-	-	-	10,919,123
Others	(1,178,746)	-	-	-	-	(1,178,746)	108,676,419
Advances for purchases	-	-	-	-	-	-	23,576,207
Total	(505,844,774)	33,814,130	(158,121,791)	(14,234,324)	65,425,701	(578,961,058)	1,754,213,678

(c) Revaluation as of December 31, 2015

Assets recorded under "Heavy machinery and equipment", "Land" and "Buildings" are valued through the revaluation model described in the IAS 16.

At the end of the current year, the Company's management revised the valuation of the assets described above, to determine variations between fair values and carrying values, in compliance with current regulations for those using fair value as primary measurement criterion. For this purpose, valuations made by independent experts have been obtained and approved. Fair values thus obtained implied an increase in the book value of revalued assets of Ps. 741,989,951 which is disclosed in the statement of changes in equity, net of the effect of the deferred income tax.

Carrying values for the types of property, plant and equipment revalued that would have been reported as of December 31, 2015 had the revaluation model not being applied are as follows:

	In Pesos
Machinery and heavy equipment	426,547,280
Real estate	140,688,894
Land	62,830,734
Total	630,066,908

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Total assets revalued comprise a single category under IFRS 13, for the purposes of determining their fair values. For this type of assets, there are no relevant observable data (Level 3), so their valuation was based on the economic value of the assets for the Company according to their use, due to the non-existence of an active, dynamic and representative market of assets in their present condition.

In the case of Heavy machinery and equipment, the valuation is made through independent appraisers which assess the fair value of the assets through the identification of the market value of new units of similar characteristics and considering the use and remaining useful life of the assets in question, as well as the improvements made to them.

For buildings and land, reports from independent appraisers are used which applied valuation techniques based on the location, existent constructions, preservation conditions and remaining useful life of the buildings, possibility of access, the benefit of potential improvements made, among other factors.

11. Goodwill

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Opening balances, net	112,397,125	99,230,374
Effect of currency translation differences	32,071,801	16,826,764
Impairment	<u>(3,660,013)</u>	<u>(3,660,013)</u>
Closing balances, net	<u>140,808,913</u>	<u>112,397,125</u>

To assess the recoverability of acquired goodwill, goodwill has been allocated to each acquired investment, since each of these companies is deemed to be a cash generating unit. The recoverable amount of each cash generating unit is determined based on the calculations of the value in use. These calculations use discounted cash flow projections based on financial budgets approved by Management.

Below is presented the changes for the year of each goodwill assigned at each operating segment

(a) For the year ended December 31, 2015

	Construction and toll road concessions (Peru)	Transport	Others	Total
Opening balances, net	94,514,248	16,827,415	1,055,462	112,397,125
Effect of currency translation differences	32,071,801	-	-	32,071,801
Impairment	-	<u>(3,660,013)</u>	-	<u>(3,660,013)</u>
Balances as of 12/31/2015	<u>126,586,049</u>	<u>13,167,402</u>	<u>1,055,462</u>	<u>140,808,913</u>

(b) For the year ended December 31, 2014

	Construction and toll road concessions (Peru)	Transport	Others	Total
Opening balances, net	77,687,484	20,487,428	1,055,462	99,230,374
Effect of currency translation differences	16,826,764	-	-	16,826,764
Impairment	-	<u>(3,660,013)</u>	-	<u>(3,660,013)</u>
Balances as of 12/31/2014	<u>94,514,248</u>	<u>16,827,415</u>	<u>1,055,462</u>	<u>112,397,125</u>

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12. Intangible assets other than goodwill

(a) For the year ended December 31, 2015

Item	Balances as of the beginning of the year	Additions	Deductions	Currency translation differences	Balances as of the end of the year
Biogas capture and treatment	72,214,466	-	-	-	72,214,466
Pre-operating expenses	-	1,850,000	-	-	1,850,000
Concession fee	560,275,438	64,996,287	(4,000)	-	625,267,725
Assistance contract	10,991,319	-	-	-	10,991,319
Development of software	31,290,665	5,056,724	-	4,023,194	40,370,583
Other intangible assets	2,239,984	44,218	(14,325)	121,654	2,391,531
Total	677,011,872	71,947,229	(18,325)	4,144,848	753,085,624

Item	Accumulated amortization					Net carrying value as of 12/31/2015
	Balances as of the beginning of the year	Deductions	Amount for the year	Currency translation differences	Balances as of the end of the year	
Biogas capture and treatment	(50,028,543)	-	-	-	(50,028,543)	22,185,923
Pre-operating expenses	-	-	-	-	-	1,850,000
Concession fee	(285,441,894)	3,000	(28,388,051)	-	(313,826,945)	311,440,780
Assistance contract	(9,107,085)	-	(628,075)	-	(9,735,160)	1,256,159
Development of software	(21,546,562)	-	(4,324,682)	(2,739,300)	(28,610,544)	11,760,039
Other intangible assets	(776,335)	-	(238,755)	(121,654)	(1,136,744)	1,254,787
Total	(366,900,419)	3,000	(33,579,563)	(2,860,954)	(403,337,936)	349,747,688

(b) For the year ended December 31, 2014

Item	Original values					Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Currency translation differences	
Biogas capture and treatment	66,770,763	5,443,703	-	-	-	72,214,466
Concession fee	524,710,612	35,787,666	(569,993)	347,153	-	560,275,438
Assistance contract	10,991,319	-	-	-	-	10,991,319
Development of software	26,045,576	3,637,225	-	9,208	1,598,656	31,290,665
Other intangible assets	2,531,809	411,851	(412,488)	(356,361)	65,173	2,239,984
Total	631,050,079	45,280,445	(982,481)	-	1,663,829	677,011,872

Item	Accumulated amortization					Net carrying value as of 12/31/2014
	Balances as of the beginning of the year	Deductions	Amount for the year	Currency translation differences	Balances as of the end of the year	
Biogas capture and treatment	(50,028,543)	-	-	-	(50,028,543)	22,185,923
Concession fee	(259,783,956)	48,000	(25,705,938)	-	(285,441,894)	274,833,544
Assistance contract	(8,479,010)	-	(628,075)	-	(9,107,085)	1,884,234
Development of software	(16,739,466)	-	(3,878,320)	(928,776)	(21,546,562)	9,744,103
Other intangible assets	(806,260)	412,488	(317,389)	(65,174)	(776,335)	1,463,649
Total	(335,837,235)	460,488	(30,529,722)	(993,950)	(366,900,419)	310,111,453

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13. Investments in associates

Associates	Percentage of equity interest (2)	12/31/2015 In Pesos	12/31/2014 In Pesos
Polledo S.A.I.C. y F. (4)	46.18%	-	2,196,810
CV1 - Concesionaria Vial S.A.	51.00%	26,548,195	24,141,082
Prominente S.A.	40.00%	29,197,049	26,340,125
Transportel Patagónica S.A.	45.00%	3,601,481	3,952,418
Tranelpa S.A. de Inversión	42.12%	373,466	381,292
Autovía del Mar S.A.	26.67%	22,789,394	24,204,610
Concesionaria Do VLT Carioca S.A.	2.00%	1,749,217	522,767
Benito Roggio e Hijos S.A. – Paraguay (3)	20.00%	58,954,772	46,519,388
Concesionaria Linea 4 del Metro de San Pablo S.A.	1.00%	-	12,813,750
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	1.00%	14,820,000	12,730,000
Covisur S.A.	25.00%	15,273,310	10,225,684
Consortium (1)	-	11,515,109	29,212,619
Sundry	-	3,073,122	2,066,720
Total		187,895,115	195,307,265

(1) Interest held in joint ventures for construction contracts through Benito Roggio e Hijos S.A.

(2) It is the percentage held by CLISA or the pertinent subsidiary of CLISA.

(3) Includes Goodwill for Ps. 31,819,528 and Ps. 26,260,135 as of December, 31st 2015 and 2014.

(4) View note 22.

To apply the equity method, the Company has used the financial statements of its associates as of December 31, 2015, except for CV1 - Concesionaria Vial S.A., for which financial statements as of October 31, 2015 were used, because the year-end of these company differs from CLISA's. The pertinent adjustments were made on the financial statements to show the effects of the transactions and significant events that took place between the dates referred to in the financial statements of these associate until December 31, 2015.

Below is disclosed a detail of the selected financial information of main associates as of December 31, 2015 and 2014:

(a) As of December 31, 2015

Associates	12/31/2015 In Pesos	Issuer information						
		Date	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Sales	Net income (loss) for the year
Polledo S.A.I.C. y F.	-	12/31/2015	522,907	37,750,750	1,132,586	57,417,887	-	(24,152,807)
CV1 - Concesionaria Vial S.A.	26,548,195	10/31/2015	287,923,406	8,797,349	240,319,389	4,346,082	275,949,331	6,451,149
Prominente S.A.	29,197,049	12/31/2015	32,391,757	122,157,449	42,322,905	39,233,679	85,084,187	(5,538,808)
Transportel Patagónica S.A.	3,601,481	12/31/2015	50,327,272	935,074	42,595,707	-	95,860,124	(116,512)
Tranelpa S.A. de inversión	373,466	12/31/2015	8,398	923,673	45,399	-	-	42,762
Autovía del Mar S.A.	22,789,394	12/31/2015	87,919,337	462,145,729	402,703,472	56,484,643	240,979,725	(3,405,053)
Benito Roggio e Hijos S.A. - Paraguay	58,954,772	12/31/2015	(*) 129,019,574	(*) 66,749,528	(*) 107,357,596	(*) 10,208,695	(*) 219,002,352	(*) 5,017,484
Covisur S.A.	15,273,310	12/31/2015	123,200,444	14,241,825	54,723,910	21,625,121	65,707,395	27,127,779
Concesionaria Do VLT Carioca S.A.	1,749,217							
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	14,820,000							
Consortium	11,515,109							
Sundry	3,073,122							
Total	187,895,115							

(*) Figures in thousands of Guaraníes

(b) As of December 31, 2014

Associates	12/31/2014 In Pesos	Issuer information						
		Date	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Sales	Net income (loss) for the year
Polledo S.A.I.C. y F.	2,196,810	12/31/2014	489,144	57,910,261	851,989	52,790,267	-	(41,418)
CV1 - Concesionaria Vial S.A.	24,141,082	10/31/2014	300,923,105	13,024,409	256,420,562	10,191,137	300,549,087	6,037,447
Prominente S.A.	26,340,125	12/31/2014	23,013,573	99,136,738	27,933,193	28,366,805	68,333,647	5,792,082
Sociedad Operativa Ferroviaria S.A.	93,822	12/31/2014	1,963,206	722,285	1,782,100	-	-	543,391
Transportel Patagónica S.A.	3,952,418	12/31/2014	34,407,572	3,685,379	29,219,800	90,000	143,574,039	4,935,052
Tranelpa S.A. de inversión	381,292	12/31/2014	9,317	941,334	45,399	-	-	(26,781)
Autovía del Mar S.A.	24,204,610	12/31/2014	38,100,279	439,321,300	305,965,402	75,212,319	133,526,943	210,346
Benito Roggio e Hijos S.A. - Paraguay	46,519,388	12/31/2014	(*) 132,306,082	(*) 59,665,150	(*) 86,292,681	(*) 24,031,764	(*) 156,955,093	(*) 16,060,810
Covisur S.A.	10,225,684	12/31/2014	85,860,822	34,917,399	37,649,018	42,226,469	53,380,974	(1,589,688)
Concesionaria Do VLT Carioca S.A.	522,767							
Concesionaria Linea 4 del Metro de San Pablo S.A.	12,813,750							
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	12,730,000							
Consortium	29,212,619							
Sundry	1,972,898							
Total	195,307,265							

(*) Figures in thousands of Guaraníes

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14. Other receivables

	<u>12/31/2015</u> <u>In Pesos</u>	<u>12/31/2014</u> <u>In Pesos</u>
Non-Current		
Related companies (Note 25)	1,062,728,419	547,949,938
Documented	3,760,555	3,760,555
Tax	104,776,650	71,368,760
Deposits in court	968,000	485,058
Works in progress on behalf of the grantor of the concession	35,241,596	28,493,202
Prepaid expenses	21,926,579	25,677
Other receivables in joint ventures	152,324,890	107,354,136
Sundry	12,437,015	20,652,880
Allowances for other receivables	<u>(49,956,606)</u>	<u>(43,241,301)</u>
Total	<u>1,344,207,098</u>	<u>736,848,905</u>
Current		
Related companies (Note 25)	23,183,947	191,947,020
Loans granted	-	3,333,930
Tax	310,690,974	243,201,886
Seized funds	3,515,099	3,130,527
Assets for construction contracts (Note 24)	616,757,254	459,960,334
Works in progress on behalf of the grantor of the concession	12,431,778	15,799,451
Recoverable expenses	80,949,218	103,183,628
Prepaid expenses	77,776,175	99,900,886
Advances to suppliers	104,421,180	96,084,511
Guarantee deposits	6,070,543	13,191,445
Payments on behalf of third parties	-	7,919,969
Receivable of a trust with deferred maintenance	2,556,413	237,585
Sundry	139,472,078	114,689,342
Allowances for other receivables	<u>(22,435,960)</u>	<u>(14,909,184)</u>
Total	<u>1,355,388,699</u>	<u>1,337,671,330</u>

Carrying amount of financial instruments classified as other receivables it is approximated to its fair value, due to short-term nature of the financial assets.

Changes in allowances of other receivables for the year are disclosed in Note 21.

15. Trade receivables

	<u>12/31/2015</u> <u>In Pesos</u>	<u>12/31/2014</u> <u>In Pesos</u>
Non-Current		
Notes receivable from related companies (Note 25)	-	3,645,177
Notes receivable	480,247	480,247
Trade receivables	267,059,240	160,305,619
Allowance for doubtful accounts	<u>(97,351,000)</u>	<u>(82,315,177)</u>
Total	<u>170,188,487</u>	<u>82,115,866</u>
Current		
Trade receivables from related companies (Note 25)	188,418,149	184,934,220
Notes receivable	16,017,981	15,031,323
Deferred checks receivable	405,182,558	2,477,128
Certificates receivable	1,111,771,374	924,582,434
Receivables in litigation	1,012,947	1,012,947
Trade receivables	2,214,212,324	1,793,404,718
Repair fund	164,159,493	79,199,087
Allowance for doubtful accounts	<u>(67,798,799)</u>	<u>(102,801,757)</u>
Total	<u>4,032,976,027</u>	<u>2,897,840,100</u>

Carrying amount of trade receivables approximates to its fair value at short-term nature of these financial assets.

The aging of trade receivables due is shown in the following table:

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	12/31/2015	12/31/2014
	In Pesos	In Pesos
Up to three months	574,693,103	444,420,765
From three to six months	110,582,612	265,101,829
From six to nine months	77,160,261	23,500,482
From nine to twelve months	124,857,922	87,533,234
More than a year	215,574,283	132,516,610
Total	1,102,868,181	953,072,920

Changes in allowances for doubtful accounts for the year are disclosed in Note 21.

16. Inventories

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Materials and spare parts	303,074,215	223,502,214
Semi-processed supplies	566,906	322,330
Advances for materials, spare parts and supplies	39,569,669	33,844,615
Inventory obsolescence allowance	(32,233,633)	(10,813,949)
Construction in progress	38,709,390	31,622,726
Total	349,686,547	278,477,936

17. Other investments

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Current		
Government bonds	1,542,052	-
Financial placements	82,267,433	107,400,064
Total	83,809,485	107,400,064

18. Cash and cash equivalents

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Cash and banks	318,924,603	309,612,194
Investments equivalents to cash	213,362,055	379,052,662
Specific allocation fund	163,387,666	245,105,007
Total	695,674,324	933,769,863

19. Bank and financial debts

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Non-current		
Loans	882,910,017	499,735,793
Financial leases (Note 20)	22,632,768	18,462,284
Corporate bonds	1,192,311,083	886,091,266
Other bank and financial debts	3,807,545	1,899,611
Subtotal	2,101,661,413	1,406,188,954
Self-liquidating debts	103,839,241	27,457,620
Total	2,205,500,654	1,433,646,574
Current		
Loans	790,008,324	570,762,360
Financial leases (Note 20)	21,217,479	22,659,537
Overdraft facilities	292,262,599	329,323,460
Corporate bonds	234,608,822	164,003,637
Other bank and financial debts	4,290,113	1,101,977
Subtotal	1,342,387,337	1,087,850,971
Self-liquidating debts	916,876,677	299,602,260
Total	2,259,264,014	1,387,453,231
Bank and financial debts per rate	12/31/2015	12/31/2014
	In Pesos	In Pesos

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No rate applicable	8,097,658	3,729,554
At a fixed rate	2,780,538,486	1,721,240,168
At variable rate	1,676,128,524	1,096,130,083
Total	4,464,764,668	2,821,099,805

Bank and financial debts per currency	12/31/2015 In Pesos	12/31/2014 In Pesos
In Pesos	2,728,210,338	1,509,127,232
In USD	1,426,035,658	1,258,364,824
In Nuevos Soles	310,518,672	53,601,893
In R\$	-	5,856
Total	4,464,764,668	2,821,099,805

Under the Global Issue Program for Public Offering of Corporate Bonds for up to USD 300,000,000 (the "Program"), the Company issued in December 2010 Ordinary Class 3 Corporate Bonds for a nominal value of USD 120,000,000 (Class 3), falling due on December 15, 2016, Class 3 accrue interest semi-annually at an annual nominal rate of 9.50% and will be amortized in two installments of 33.33% each, and one final payment of 33.34% on December 15, 2014, 2015 and 2016, respectively.

In September 2014, CLISA made a voluntary exchange offer of Class 3 corporate bonds (the "Offer") for Class 4 corporate bonds (Class 4) for a nominal value of up to USD 120,000,000, as a result of which offers were received from holders of Class 3 for a total of USD 87,106,000 (nominal value).

Consequently, on October 15, 2014 CLISA issued Class 4 corporate bonds for a nominal value of USD 87,106,000, which were exchanged for Class 3 corporate bonds with an identical nominal value. The holders who accepted the offer received a payment in cash of USD 50 per each USD 1,000 of principal on corporate bonds under the exchange, plus interest accrued until the date of issue of the new corporate bonds, Class 4 corporate bonds will be amortized in a lump sum payment on October 15, 2019 and will accrue interest at an annual nominal rate of 11.50% payable semi-annually in arrears. After the exchange, Class 3 corporate bonds still outstanding amount to USD 32,894,000 (nominal value). The first and second repayments of principal were made by the amount of USD 10,964,557 on December 15, 2014 and 2015, so the nominal value of the outstanding Class 3 corporate bonds as of December 31, 2015 is USD 10,964,886.

Class 3 corporate bonds and Class 4 corporate bonds are guaranteed by Benito Roggio e Hijos S.A. and Cliba Ingeniería Ambiental S.A.

On August 6, 2015, holders of Class 3 and Class 4 of corporates bonds, gathered at the respective extraordinary meetings, approved the modification to certain obligations set forth under the issue terms and conditions of the respective classes of corporates bonds. The terms and conditions of the Series 3 Notes and the Series 4 Notes include typical European-style covenants. As of the date of this Consolidated Financial Statements, CLISA complied with all of them.

As of December 31, 2015, CLISA and its subsidiaries are in compliance with the covenants and under the agreements governing the indebtedness, except for certain financial covenants in subsidiaries BRH and CLIBA, for which obtained a waiver from the lenders thereto on or before December 31, 2015.

20. Financial leases

Described below are financial lease contracts outstanding at December 31, 2015 and 2014 and the present value of minimum lease payments grouped by lessor.

As of December 31, 2015

Lessor	Object of the contract	Amount of leases	Present value of minimum payments In Pesos
Banco de Crédito del Perú	Machinery and equipment	5	5,649,712
Banco de Crédito del Perú	Vehicles	2	715,328
Banco Financiero del Perú	Vehicles	1	590,552
Banco Interamericano de Finanzas	Machinery and equipment	1	767,663
BBVA Banco Continental	Machinery and equipment	1	1,227,059
Caterpillar Financial Services	Machinery and equipment	4	26,196,831
CGM Leasing Argentina S.A.	Vehicles	1	155,633
HSBC Bank Argentina S.A.	Machinery and equipment	1	1,609,388
Interbank	Vehicles	1	1,081,674
Interbank	Machinery and equipment	3	5,141,690
Nuevo Banco Industrial de Azul S.A.	Vehicles	13	631,749
Banco Internacional Chile	Vehicles	1	82,968
Total			43,850,247

As of December 31, 2014

Lessor	Object of the contract	Amount of leases	Present value of minimum payments
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				In Pesos
ICBC (Argentina) S.A.	Vehicles	18		843,390
Banco de Santa Cruz S.A.	Vehicles	31		944,645
Caterpillar	Machinery and equipment	3		16,451,069
Banco Financiero del Peru	Vehicles	1		476,427
HSBC Bank Argentina S.A.	Vehicles	5		24,988
HSBC Bank Argentina S.A.	Machinery and equipment	7		2,141,816
BBVA Banco Continental	Machinery and equipment	1		1,270,082
HSBC Bank Peru S.A.	Machinery and equipment	2		492,342
Banco Internacional del Perú	Vehicles	1		2,879,605
CGM Leasing Argentina S.A.	Vehicles	1		328,554
Banco Bradesco S.A.	Vehicles	2		5,856
HSBC Bank Panama S.A.	Machinery and equipment	5		4,754,422
Banco de Credito del Perú	Machinery and equipment	5		8,708,989
Banco de Credito del Perú	Vehicles	2		475,908
Banco Industrial S.A.	Vehicles	14		1,323,728
Total				41,121,821

	12/31/2015 In Pesos	12/31/2014 In Pesos
Nominal value – Minimum payments of leases		
Up to a year	29,454,882	28,667,409
From one to five years	33,758,381	21,392,251
Total	63,213,263	50,059,660
Financial charges to accrue	(19,363,016)	(8,937,839)
Total of financial leases	43,850,247	41,121,821

Present value of financial leases is the following:

	12/31/2015 In Pesos	12/31/2014 In Pesos
Present value – Minimum payments of financial leases		
Up to a year	21,217,479	22,659,537
From one year to five years	22,632,768	18,462,284
Total	43,850,247	41,121,821

21. Allowances and provisions for contingencies

(a) For the year ended December 31, 2015

Description	Balances as of the beginning of the period	Increases	Decreases	Applications	Currency translation differences	Balances as of the end of the period
Allowance for doubtful accounts	185,116,934	38,325,718	(52,525,486)	(4,510,411)	1,811,822	168,218,577
Allowance for other receivables	58,150,485	7,920,740	-	(3,462,548)	6,715,306	69,323,983
Inventory obsolescence allowance	10,813,949	21,419,684	-	-	-	32,233,633
Allowance for investment losses	534,314	-	-	-	-	534,314
Provision for contingencies	211,412,109	164,303,294	(99,191,061)	(6,205,562)	-	270,318,780

(b) For the year ended December 31, 2014

Description	Balances as of the beginning of the period	Increases	Decreases	Applications	Currency translation differences	Balances as of the end of the period
Allowance for doubtful accounts	160,697,267	45,414,390	(12,959,021)	(13,317,129)	5,281,427	185,116,934
Allowance for other receivables	46,063,227	6,179,751	(1,070,000)	(2,217,000)	9,194,507	58,150,485
Inventory obsolescence allowance	5,441,307	5,372,642	-	-	-	10,813,949
Allowance for investment losses	534,314	-	-	-	-	534,314
Provision for contingencies	178,227,032	111,215,963	(71,030,942)	(6,999,944)	-	211,412,109

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22. Other liabilities

	<u>12/31/2015</u> In Pesos	<u>12/31/2014</u> In Pesos
Non-Current		
Debts with related parties (Note 25)	600,016,448	409,928,413
Services to be rendered and pending works	285,129,270	173,869,000
Advances from customers	53,978,019	52,480,762
Salaries and social security contributions payable	171,843,410	175,768,466
Tax payables	515,237,490	418,764,955
Sundry debts	560,812,021	401,174,104
Total	<u>2,187,016,658</u>	<u>1,631,985,700</u>
Current		
Debts with related parties (Note 25)	14,378,927	21,172,268
Services to be rendered and pending works	34,348,425	8,467,000
Retained court attachments payable	1,162,889	891,422
Lawsuits with writs of execution	6,791,000	4,312,000
Advances from customers	147,463,628	180,537,223
Guarantee deposits received	7,166	6,115
Income advances	142,364,304	187,543,258
Liabilities for construction contracts (Note 24)	82,382,069	58,934,084
Salaries and social security contributions payable	822,666,086	621,682,802
Tax payables	299,416,038	197,852,673
Deferred income	17,984	338,828
Sundry debts	449,829,925	308,405,850
Total	<u>2,000,828,441</u>	<u>1,590,143,523</u>

Below is disclosed a reconciliation between the opening balances and closing balances of post-employment benefits plan and long-term employee benefits:

	Long-term employee benefits	Post-employment benefits plan	Total
Total as of 12/31/2013	2,221,000	3,620,000	5,841,000
Cost of services	202,000	264,000	466,000
Interest cost	608,000	1,036,000	1,644,000
Actuarial gain and losses for the year	583,000	-	583,000
Paid benefits	261,000	(58,000)	203,000
Total as of 12/31/2014	(233,000)	(68,000)	(301,000)
Cost of services	3,642,000	4,794,000	8,436,000
Interest cost	345,000	379,000	724,000
Changes on the benefits plan	1,393,000	1,879,000	3,272,000
Actuarial gain and losses for the year	(711,000)	(793,000)	(1,504,000)
Paid benefits	(169,000)	-	(169,000)
Total as of 12/31/2015	4,500,000	6,259,000	10,759,000

Main actuarial assumptions used in the estimate are as follows:

Concept	12/31/2015	12/31/2014
Actual Discount rate	3.10%	3.10%
Mortality	GAM 83	GAM 83
Disability	DTS 85	DTS 85
Turnover	ESA 77	ESA 77

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23. Trade payables

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Non-Current		
Suppliers and subcontractors	54,942,078	21,074,225
Notes payables	29,145	32,544,319
Total	54,971,223	53,618,544
Current		
Suppliers and subcontractors	1,193,627,035	901,130,586
Suppliers and subcontractors - Related companies (Note 25)	22,974,217	13,494,288
Subcontractors guarantee deposits	6,827,867	10,506,563
Notes payables	138,385,298	146,677,184
Sundry Provisions	120,222,421	241,591,776
Total	1,482,036,838	1,313,400,397

24. Construction contracts

Balances of the construction contracts included in the balance sheet are as follow:

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Construction contracts		
Amounts due from customers included in current assets	616,757,254	459,960,334
Amounts due to customers included in current liabilities	(82,382,069)	(58,934,084)
Total	534,375,185	401,026,250

25. Balances and transactions with related parties

(a) Balances with related parties

Balances with related parties as of December 31, 2015 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Non-Current Trade receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
Associates							
Autovía del Mar S.A.	-	-	-	72.643.326	-	-	-
B.R.H. S.A. - Const. N. Odebrecht S.A. - Supercimiento S.A.C.I. - J. Cartellone Const. Civ. UTE	-	-	-	43.822.094	14.052.764	-	-
Concanor S.A.	-	515.534	-	-	-	-	-
Concesionaria VLT Carioca	-	-	-	1.296.567	-	-	-
Concesionaria Monotrilho Linha 18	-	-	-	326.819	13.338.000	-	-
Consorcio Boleto Inteligente de Paraguay	-	1.144.489	-	-	-	-	-
Coviare S.A.	-	-	-	15.869.308	-	-	-
Covicentro S.A.	-	412.427	-	-	-	-	-
Covimet S.A.	493.424	553.370	-	-	-	-	-
Covinorte S.A.	-	463.981	-	-	-	-	-
Covisur S.A.	-	-	-	470.475	-	13.745.288	-
CV 1 - Concesionaria Vial S.A.	-	-	-	29.802.146	1.788.730	486.000	-
Ferrometro S.A.	-	-	-	20.842.744	-	-	-
Polledo Do Brasil Concessões e Investimentos Ltda.	-	11.902.424	-	-	-	76.756	-
Polledo S.A.I.C. y F.	13.132.674	-	-	-	-	-	-
Prominente S.A.	-	1.410.883	-	52.755	-	-	22.237.721
Puentes del Litoral S.A.	628.146	1.613.273	-	-	-	-	-
SOE S.A.	-	-	-	23.634	-	-	21.629
SOFE S.A.	-	94.782	-	-	-	-	-
Transportel Minera 2 S.A.	-	-	-	-	-	-	205.512
Transportel Patagonica S.A.	-	-	-	160.689	-	-	355.098
Other related parties							
	1.048.224.1	-	-	-	-	-	-
Roggio A.C.E.	95	4.108.335	-	-	570.786.845	-	-
VRR Games S.A.	-	-	-	2.318.317	-	-	132.494
Sundry	249.980	964.449	-	789.275	50.109	70.883	21.763
TOTAL	1.062.728.419	23.183.947	-	188.418.149	600.016.448	14.378.927	22.974.217

Balances with related parties as of December 31, 2014 are as follow:

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Companies	Non-Current Other receivables	Current Other receivables	Non-Current Trade receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
Parent Company							
Roggio S.A.	160,474,678	2,374,309					
Associates							
Autovía del Mar S.A.				75,214,730			
B.R.H. S.A. - Const. N. Odebrecht S.A. - Supercimiento S.A.C.I. - J. Cartellone Const. Civ. UTE				35,119,434	16,494,893		
Concanor S.A.		515,534				253,844	
Concesionaria VLT Carioca				1,271,701			
Concesionaria Monotrilho Linha 18					11,457,000		
Consortio Boleto Inteligente de Paraguay		1,144,489		15,869,308			
Coviares S.A.							
Covicentro S.A.		412,427				45,118	
Covimet S.A.	493,424	553,370					
Covinorte S.A.		463,981					
Covisur S.A.				470,475		12,712,288	
CV 1 - Concesionaria Vial S.A.				33,442,397	1,788,730	7,846,128	
Ferrometro S.A.				20,842,744			
Nelfor S.A.		3,476,094					
Mobatio S.A.		1,277,184					
Multiplataforma S.A.		44,012,143					
Polledo Do Brasil Concessões e Investimentos Ltda.	9,287,552						
Polledo S.A.I.C. y F.	12,089,427						
Prominente S.A.		1,413,993		52,755		238,346	12,274,922
Puentes del Litoral S.A.	628,146	1,613,273					
SOE S.A.				20,709			21,629
SOFE S.A.		94,782					
Transportel Minera 2 S.A.							205,512
Transportel Patagonica S.A.				1,284,794			621,968
Other related parties							
Roggio A.C.E.	364,726,731	133,623,143			378,939,697		
Covimet S.A.			3,645,177				
VRR Games S.A.				505,703			132,494
Sundry	249,980	972,298		839,470	1,248,093	76,544	237,763
TOTAL	547,949,938	191,947,020	3,645,177	184,934,220	409,928,413	21,172,268	13,494,288

(b) Transactions with related parties:

	12/31/2015 In Pesos	12/31/2014 In Pesos
Services rendered		
Associates		
Autovía del Mar S.A.	4,254,353	51,156,789
CV1 - Concesionaria Vial S.A.	25,049,008	82,165,055
Sociedad Operadora de Emergencia SA	50,000	-
Transportel Patagónica SA	4,771,652	6,385,575
BRH - Odebrecht - Supercimiento - Cartellone UTE	8,702,661	11,297,768
Jumi S.R.L. - BRH S.A. - AGV Servicios Mlineros S.R.L. UTE	-	3,512,253
Concesionaria Monotrilho Linha 18	3,365,586	-
Concesionaria Do VLT Carioca S.A	12,669,881	8,611,767
Other related parties		
Sundry	100,000	1,136,056
Total	58,963,141	164,265,263
	12/31/2015 In Pesos	12/31/2014 In Pesos
Services provided		
Associates		
Prominente S.A.	(56,482,578)	(37,140,273)
Other related parties		
Sundry	(6,454)	-
Total	(56,489,032)	(37,140,273)

26. Income tax

The income tax charge for the year is made up of:

12/31/2015
In Pesos

12/31/2014
In Pesos

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Current income tax	145,608,360	132,971,726
Deferred income tax	(270,988,015)	(46,654,309)
Total income tax charge	(125,379,655)	86,317,417
Minimum notional income tax	184,707	809,450
Total	(125,194,948)	87,126,867

The income tax charge for the year ended differs from the result obtained by applying the income tax rate in effect in each country where the Company and its subsidiaries operate to the income before taxes, due to the following:

	12/31/2015	12/31/2014
	In Pesos	In Pesos
Net (loss) before income tax	(841,683,797)	(89,159,791)
Income tax at the tax rate of 35%	(294,589,329)	(31,205,925)
Investments	(19,010,183)	(21,143,457)
Non-deductible expenses	(416,489)	17,511,610
Expiration of tax losses	19,573,148	7,038,373
Effect of different tax rates applicable in other countries	(3,797,644)	(10,023,740)
Other items, net	(26,685,780)	(3,828,839)
Subtotal	(324,926,277)	(41,651,978)
Variation in non-recognized tax losses	199,546,622	127,969,395
Income tax charge	(125,379,655)	86,317,417

Deferred income tax

All charges for deferred income tax are calculated on the basis of temporary differences according to the liability method, applying the tax rates in force in each country.

Changes on deferred income tax accounts are the following:

	12/31/2015	12/31/2014
	In Pesos	In Pesos
At the beginning of year	(141,461,104)	(117,701,449)
Deferred tax assets (charge)	270,988,015	46,654,309
Spun-off balances derived from company reorganization	(519,117)	-
Use of the tax loss	(3,520,456)	-
Charge in other comprehensive income	(273,235,524)	(70,413,964)
At the end of the year	(147,748,186)	(141,461,104)

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Changes in deferred tax assets and liabilities occurred in the fiscal year, before the offsetting of balances, are the following:

(a) For the year ended December 31, 2015

Deferred tax assets:

	At the beginning of the year	Deferred tax assets (charge)	Other Concepts	Charge in other comprehensive income	At the end of the year
Trade receivables	13.162.129	3.605.189	(2.474.399)	-	14.292.919
Other receivables	2.271.749	(17.615)	-	51.444	2.305.578
Inventories	1.069.422	8.588.671	-	-	9.658.093
Investments	2.417.671	(537.823)	-	435.322	2.315.170
Bank and financial debts	18,555	-	-	-	18,555
Other liabilities	92.217.393	82.119.392	-	8.297.662	182.634.447
Provisions	76.790.967	23.252.493	-	(69.525)	99.973.935
Currency translation differences	18,356,411	-	-	(9,117,143)	9,239,268
Tax losses	325,524,113	364,084,306	-	-	689,608,419
Sub-total	531.828.410	481.094.613	(2.474.399)	(402.240)	1.010.046.384
	(232.504.704)	(203.253.709)	-	-	(435.758.413)
Total deferred tax assets	299.323.706	277.840.904	(2.474.399)	(402.240)	574.287.971

Deferred tax liabilities:

	At the beginning of the year	Deferred tax liabilities (charge)	Spun-off balances	Charge in other comprehensive income	At the end of the year
Intangibles assets	(8,679,095)	44,651	-	-	-
Property, plant and equipment	(388.582.311)	34.471.851	(519.118)	(274.651.157)	-
Tax payables	(35.715.588)	(35.376.470)	-	-	-
Bank and financial debts	(3,693,994)	(490,486)	-	-	-
Balances of foreign currency exchange with subsidiaries	(1,817,874)	-	-	1,817,874	-
Sundry	(3.106.662)	(9.209.522)	(1.046.057)	-	-
Sub-total	(441.595.524)	(10.559.976)	(1.565.175)	(272.833.283)	-
Recognized tax losses	810.714	3.707.087	-	-	-
Total deferred tax liabilities	(440.784.810)	(6.852.889)	(1.565.175)	(272.833.283)	-

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(b) For the year ended December 31, 2014

Deferred tax assets:

	At the beginning of the year	Deferred tax assets (charge)	Charge in other comprehensive income	At the end of the year
Trade receivables	16.322.426	(3.897.308)	737.011	13.162.129
Other receivables	1,789,790	861,380	(379,421)	2,271,749
Inventories	2.142.258	(1.072.836)	-	1.069.422
Investments	3,194,869	(809,167)	31,969	2,417,671
Other liabilities	84.699.388	24.552.307	1.681.483	110.933.178
Provisions	63.041.954	13.744.670	4.343	76.790.967
Currency translation differences	9,476,036	-	8,880,375	18,356,411
Tax losses	166,907,831	158,616,282	-	325,524,113
Sub-total	347.574.552	191.995.328	10.955.760	550.525.640
	(109,545,437)	(122,959,267)	-	(232,504,704)
Total deferred tax assets	238.029.115	69.036.061	10.955.760	318.020.936

Deferred tax liabilities:

	At the beginning of the year	Deferred tax assets (charge)	Charge in other comprehensive income	At the end of the year
Intangible Assets	(6,925,479)	(1,753,616)	-	(8,679,095)
Property, plant and equipment	(328.766.293)	20.840.012	(80.656.030)	(388.582.311)
Tax payables	(11,650,133)	(24,065,455)	-	(35,715,588)
Bank and financial debts	(7.616.616)	(14.774.608)	-	(22.391.224)
Balances of foreign currency exchange with subsidiaries	(1,487,419)	-	(330,455)	(1,817,874)
Sundry	(5.105.466)	2.382.043	(383.239)	(3.106.662)
Sub-total	(361.551.406)	(17.371.624)	(81.369.724)	(460.292.754)
Recognized tax losses	5,820,842	(5,010,128)	-	810,714
Total deferred tax liabilities	(355.730.564)	(22.381.752)	(81.369.724)	(459.482.040)

The deferred tax assets and liabilities are offset when a) the Company and its subsidiaries have a legally recognized right to offset before the tax authorities the amounts recognized for those items; and b) the deferred tax assets and liabilities derived from the pertinent income tax payable to those tax authorities.

The amounts disclosed in the Balance Sheet as of December 31, 2015 and 2014 after the offsetting are the following:

	12/31/2015	12/31/2014
Deferred tax assets	848,448,407	341,503,600
Deferred tax liabilities	(564,955,983)	(251,270,714)
Sub-total	283,492,424	90,232,886
Non-recognized tax losses	(431,240,610)	(231,693,990)
Deferred income tax	(147,748,186)	(141,461,104)

27. Additional information about Cash Flow Statements

Below are disclosed the significant transactions not affecting cash or cash equivalents:

	12/31/2015 In Pesos	12/31/2014 In Pesos
Acquisition of intangible assets with debts	13,341,936	-
Acquisition of property, plant and equipment with debt	6,402,581	(69,206,965)
Acquisition of non-controlling interests with debt	-	32,751,793

28. Transactions with non-controlling interests

On June 30, 2014, BRH purchased a further 30% of the shares in Haug. With this transaction, BRH now holds 100% of Haug's capital stock. In addition, the obligations of BRH in relation to the put option rights that had been granted in favor of the minority shareholders at the time of the purchase of seventy percent (70%) of the shares in Haug in July 2010 have been extinguished.

29. Contingencies, commitments and restrictions on the distribution of profits

(a) Contingencies

There are several administrative, judicial and out-of-court proceedings in the ordinary course of business to which the subsidiaries and/or subsidiaries or associates of the Company are parties. The Company believes that these cases, of the cumulative effect of all of them taken as a whole, will not produce a significant adverse effect on the financial position of the Company, or on the future results of its operations, bearing in mind the opinion of the legal counsel and professional advisors and the provisions for contingencies recorded at the end of the reporting year-end.

The financial statements of the subsidiaries companies disclose the following:

l) Benito Roggio e Hijos S.A.:

a) Covisur S.A.

a.1) Value added tax

- i) On November 27, 1995, Covisur S.A. lodged an action for recovery with the AFIP for Ps. 1,273,045 for VAT on indemnities collected according to the Readjustment Agreement dated December 15, 1992. This claim includes fiscal periods from February 1993 to October 1995, for which amended tax returns were filed. Covisur S.A. had originally calculated the tax on the total amount collected, whereas it should have considered that the tax was included in such total. On November 30, 2000, the AFIP-DGI rejected the action for recovery filed.
- ii) On December 19, 2001, AFIP notified Covisur S.A. a debt assessment of Ps. 6,128,714 corresponding to VAT and accrued interest on indemnities collected as provided for in the Restatement Agreement dated December 15, 1992, corresponding to fiscal periods between December 1995 and November 1999, as the AFIP-DGI considered that the total amount of those indemnities represented the net taxable amount.

Covisur S.A. filed an appeal before the Tax Court claiming non-taxability of the indemnities collected or consideration of the tax as forming part of the total amount, since the operations were performed with tax-exempt persons.

The Tax Court found for Covisur S.A. requesting that the tax authority prepare a computation; if this computation fails to reflect what has been ordered in the ruling and is not approved by the said Court, the grounds for appeal shall be set forth.

a.2) Income tax

On December 27, 2002, the AFIP notified Covisur S.A. and claimed from it the payment of Ps. 3,585,754 for Income Tax and interest on indemnities collected under the Restatement Agreement dated December 15, 1992, for the 1997, 1998 and 1999 periods, as the AFIP considered that the total amount of those indemnities represented the net taxable amount. Conversely, Covisur S.A. considers that the indemnities collected are not subject to the tax, alleging that they involve a "Gross Price" from which Value-Added Tax should be deducted rather than added to it, as the AFIP sustains. In addition, Covisur S.A. argues that those amounts include a presumed cost of 100%, as the AFIP had previously informed it in response to a consultation made by the company. In this respect, on February 20, 2003 Covisur S.A. filed an appeal before the National Tax Court to consider this claim in which a ruling seemingly favorable to Covisur S.A. had been issued, which led to the filing of a Motion for Clarification; this motion was resolved elliptically, and the outcome continues to seem favorable.

b) Aguas Cordobesas S.A.:

At the balance sheet date, Aguas Cordobesas S.A. continues to undergo a comprehensive inspection that had been initiated by the AFIP in May 2005 in relation to:

- Income tax withholdings not made from payments of commissions to La Caixa and West LB.
- Equalization tax (article 69.1, of the income tax law) on dividend payment for fiscal year 2000.

On both issues, the position of the Management of Aguas Cordobesas S.A. and that of its tax advisors is favorable to the Company, so no provisions have been recognized for these items.

Further, in February 2008, the AFIP conducted another inspection detecting certain income tax withholdings not made from interest payments to the European Investment Bank (EIB). Since this is an item paid overseas to a promotion entity, the Argentine source income is exempt under section 20, item S and section 39 of the regulatory decree of the income tax law. In the belief that these exemptions operate by force of law, without need for additional provision, the Company's Management and its advisors consider that there are sufficient grounds for arguing that no income tax withholding is applicable to payments overseas, since these are deemed exempt.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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In December 2008 ACSA was notified of a resolution of a notice given in the administrative proceedings related to Income Tax – Withholdings from Foreign Payees. The tax amount not withheld is Ps. 2,491,000, net of interest, and corresponds to the withholdings from payments made between December 2003 and December 2007. In view of this fiscal claim, Aguas Cordobesas S.A. has answered the notice and the summary proceedings initiated, making factual and legal allegations that confirm the reasonable criterion it followed.

During November 2010, Aguas Cordobesas S.A. was notified of AFIP Resolution No. 112/2010, which dismisses the evidence offered by that company in its administrative defense against the notification, and No. 118/2010, which determines the new owing amount, which is of Ps. 6,824,000 and is made up of the non-withheld tax for Ps. 2,491,000, compensatory interest under section 37 of Law 11683 for Ps. 2,589,000, and the fine under section 45 of Law 11,683, set at 70 % of the non-withheld amounts, for Ps. 1,744,000.

The fiscal authority's arguments for rejecting the evidence submitted by Aguas Cordobesas S.A. have not modified the latter's position or its confidence in the arguments supporting its criterion, which is why during December 2010 an appeal was filed before the National Fiscal Court.

In July 2011, Aguas Cordobesas S.A. received notice of a resolution of the National Tax Court ordering the reopening of the case for submission of evidence. At the balance sheet date, evidence based upon third party information has been submitted, and the accounting expert's opinion was being prepared, with an extension of the evidentiary period having been requested for such purposes. On August 23, 2013, the Tax Court closed the evidentiary period, and the informative evidence offered and the accounting expert's report were submitted. At the date of these financial statements, we are awaiting a resolution calling the parties to come before the court in order to assess the competency of the evidence submitted.

On May 4, 2015 notice was served upon the Company stating that the Federal Court had ordered that the case be made available to the parties to make allegations as to the merits of the evidence submitted. The pertinent presentation was made on May 18, 2015, with the considerations of the appointed expert witness.

Based on arguments invoked above, Aguas Cordobesas S.A. considers that there is a remote possibility of occurrence of contingencies based on the nature of the adjustments proposed by the tax authority.

c) Haug S.A.

The income tax return for the fiscal year 2008 of Haug S.A. has been examined by the tax administration in Peru, and that company received an observation for non-accrued workforce income for approximately Nuevos Soles 4,088,574, la which is currently under challenge. This company's management and its legal advisors consider that the final outcome of this challenge will not have significant effects on the Financial Statements of this Company.

II) Benito Roggio Transporte S.A:

a) Fine for infringements of safety and health regulations

The Buenos Aires City Mayor imposed a fine of Ps. 3,155,000 on Metrovías S.A., for alleged infringement of safety and health regulations. This resolution has not become final, as it was appealed as and when prescribed by law, and in view of the fact that this is an administrative act that imposes a penalty, payment of the fine may not be demanded until the appeal is ruled on.

On September 3, 2014, the lower court judge partially sustained the appeal filed by Metrovías and reduced the fine to Ps. 2,500,000. Said ruling had been appealed by the Company.

However, Metrovías S.A. considers that the fine imposed is arbitrary and unfounded, as the alleged non-compliance on which it is based does not exist, nor does the excessive amount of the fine bear any relation with the possible non-compliance in question, in conformity with applicable regulations.

Metrovías S.A. will exhaust all legal proceedings on the understanding that the fine imposed is arbitrary and contrary to law, and lacks legal foundation, in line with current national and local legislation, a criterion that is shared by its legal advisors.

b) Turnover tax - Province of Buenos Aires (I)

In 2004, the DPRPBA notified differences in favor of that Board arising from an underpayment of the turnover tax for fiscal periods 1996 and 1997, invoking the taxability of the subsidies granted by the National Government and of the operations carried out on behalf of third parties and for their account.

After various presentations and appeals, and in view of the changes in current legislation, on July 20, 2006, when answering the notice of the Appeal and after the amendment to that legislation, the Tax Authority admitted that Metrovías S.A. had sufficient grounds for the treatment accorded to the subsidies granted by the National State.

In May 2007, Metrovías S.A. was notified of the Province of Buenos Aires Tax Court resolution dated April 30, 2007, whereby the appeal lodged was partially sustained, admitting the position of Metrovías S.A. regarding the subsidies, the extension of the joint liability for the fines for the periods predating July 2006 and for the surcharges.

Finally, in view of the certain possibility that the Courts demand prior payment of the tax to analyze the claim, Metrovías S.A. adhered to an Installment Payment Plan established by the Collection Agency for the Province of Buenos Aires for Ps. 0.34 million, which Metrovías recognized as a loss. This liability had been paid off at the issue of these financial statements.

c) Turnover tax - Province of Buenos Aires (II)

On July 24, 2006, Metrovías S.A. was notified of a summary assessment proceeding filed by the Revenue Bureau of the Province of Buenos Aires, which claims differences in its favor for having underpaid turnover tax in the fiscal periods 2002 and 2003 invoking the taxability of the subsidies granted and claiming the depositing of tax differences for Ps. 222,281 and Ps. 465,238 respectively.

On August 9, 2006, Metrovías S.A. submitted a rebuttal rejecting the tax authority's claim. On December 27, 2006, the Tax Authorities informed Metrovías S.A. of the assessment of its tax obligation, accepting its position in relation to the subsidies but rejecting the remaining aspects.

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On February 20, 2007, Metrovías S.A. appealed this resolution at the Tax Tribunal for the Province of Buenos Aires. At the date of these consolidated financial statements, Metrovías S.A. had not been notified of the Panel where the appeal will be heard.

On August 28, 2013 the Tax Tribunal notified Metrovías the tax court resolution whereby the appeal lodged was partially sustained. On February 13, 2014, Metrovías interposed a lawsuit for the detracted party.

- (d) Metrovías S.A. was notified of an unfavorable ruling of the Argentine Tax Court in the amount of Ps. 20.3 million, due to a different criterion for the allocation to income tax of the accrual of deferred income, in a dispute with the Tax Authority since 2006 for which, in the opinion of the company's advisors, there were grounds in favor of the company's position; in support of its position, the company had adhered to a payment plan of 120 installments.

(b) Restrictions to the distribution of profits

Pursuant to section 70 of the General Companies Law 19.550, companies must allocate 5% of the net profit of each year to a statutory reserve until reaching 20% of their adjusted capital.

As set forth by CNV General Resolution 609/12, retained earnings arising from the adoption of IFRS from the current fiscal year must be re-allocated to a special reserve, which can only be reversed to capitalize or absorb potential losses from retained earnings. The re-allocation must be approved by the Shareholders' Meeting that analyzes the parent-only and consolidated financial statements of the Company for year 2012. The meeting of shareholders held on April 29, 2014 resolved to reverse the reserve to offset accumulated losses.

30. Encumbered and restricted assets

The table below provides a detail of the encumbered and restricted assets as of December 31, 2015:

Detail	Value of asset	Type of Debt	Amount of debt	Type of guarantee
Machinery and equipment	64,437,161	Commercial	10,018,910	Pledge
Machinery and equipment	33,980,102	Bank	14,395,512	Leasing
Machinery and equipment	7,052,300	Financial	100,331,099	Pledge
Machinery and equipment	32,981,472	Financial	26,196,831	Leasing
Real estate	730,294,972	Bank	271,780,491	Mortgage
Vehicles	10,847,145	Financial	9,577,108	Pledge
Vehicles	2,545,333	Bank	3,102,277	Leasing
Vehicles	19,115,470	Bank	19,443,102	Pledge
Vehicles	43,153,888	Commercial	65,940,744	Pledge
Vehicles	172,868	Financial	155,627	Leasing
Guarantee deposits	1,188,000	Bank	1,175,000	Common Guarantee
Certificates receivable	365,408,437	Bank	282,099,735	Assignment as security of collection rights
Trade receivable	159,363,061	Bank	134,243,064	Assignment as security of collection rights
Trade receivable	734,215,788	Bank	1,308,177,710	Assignment as security of collection rights
Banks	6,075,945	Bank	8,902,503	Pledge
Banks	3,515,099			Writs of attachment
Total	2,214,347,041			

(1) Pledged assets as collateral for related company debts

Balance of other current investments includes fixed-term deposits for Ps. 65,606,644 as of December 31, 2015 and Ps. 92,337,839 as of December 31, 2014, which is restricted because they were transferred as collateral for debts payable. In addition, the balance for short-term investments also includes time deposits for Ps. 16,660,789 at December 31, 2015 and Ps. 15,062,225 at December 31, 2014, availability of which is restricted for they have been transferred in trust to Banco de la Nación Argentina (Nación Fideicomiso S.A.), for the creation of an administrative trust to deal with the payment of obligations derived from conclusive judgments against the National State and/or UGOMS S.A.

Balances of other receivables includes guarantee deposits for Ps 726,175 as of December 31, 2014 which is restricted because they were transferred as collateral for debts payable.

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the year ended December 31, 2015, presented in comparative format***31. Guarantees provided**

Below is a detail of the guarantees provided as of December 31, 2015:

Detail	Amount of debt guaranteed	Guarantor
Surety bond in favor of Banco Provincia de Buenos Aires as security for compliance with a syndicated loan granted to Coviare S.A. (1)	65,698,594	Benito Roggio e Hijos S.A. and Clisa
Surety bond for financial loan of Covimet S.A.	16,691,200	Benito Roggio e Hijos S.A.
Warranty in favor of Banco Mariva S.A. for financial loan granted to Prominente S.A.	8,000,000	Benito Roggio e Hijos S.A.
Warranty in favor of Banco Credicoop C.L. for financial loan granted to Autovía del Mar S.A.	60,000,000	Benito Roggio e Hijos S.A.
	150,389,794	

(1) See Note 3.1.12. The amount of the debt as of December 31, 2013 since the company has no updated information. This surety bond is enforceable only in case of rescission of the concession contract due to Coviare S.A. negligence. The Management opines that the situation described in Note 3.1.12 has created a juridical scenario in which Coviare S.A. rejected the measures adopted, and considered that there has been no liability or negligence on the part of the Concessionaire for the Grantor to have made such a decision. Roggio S.A., the parent company of the Company, has subscribed an agreement with BAPRO to avoid the execution of this guarantee by the financial institution, but this does not mean any recognition in relation to the judicial situation of Coviare S.A.

- As part of the construction business, Benito Roggio e Hijos S.A. grants performance bonds on own works and on those carried out jointly with third parties. In addition, the trust ownership of the collection rights under certain work contracts has been transferred as collateral for bank loans.
- In guarantee of compliance with its obligations under the Concession Contract. Metrovías S.A. granted a performance bond under Policy No. 539,038 issued by Fianzas y Créditos S.A. amounting to Ps. 30,000,000. The guarantee will be returned within one hundred and eighty days from the date on which Metrovías S.A. ceases to provide the services.
- In addition, as guarantee for compliance with the Operation and Maintenance Agreement mentioned in Note 3.2.2. Metrovías S.A. provided a Contract Performance Bond. under Policies Nos. 43,399 and 48,995 underwritten by Paraná Sociedad Anónima de Seguros; and No. 3,329 underwritten by Tutelar Seguros S.A., for an aggregate amount of Ps. 50,000,000. The Guarantee will be returned, if applicable, within one hundred and eighty days from the date on which the operator ceases to provide the services.
- The Company has taken on commitments with financial institutions to obtain lines of credit for its foreign related companies.
- See Note 3.1.10

32. Financial risk management**(a) Financial risk factors**

The Company's activities are exposed to variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, and price risk), credit risk and liquidity risk.

The Company's financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company and its subsidiaries may use derivative financial instruments to hedge certain risk exposures.

(i) Market risk*Foreign exchange risks*

The Company holds Corporate Bonds denominated in United States dollars. In addition, the main income of the Company and its subsidiaries are stated in the functional currency of each of them. Income of the subsidiary Haug S.A. is mostly stated in US dollars. In addition, the Company and its subsidiaries have trade payables and loans from financial institutions stated in other currencies, mostly US dollars and Euros. As a result, the Company and its subsidiaries are exposed to the foreign exchange risk.

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The following table shows the exposure to other currencies of the financial instruments denominated in foreign currency.

Functional currency	12/31/2015				
	Net asset (liability) exposure to other currencies				
	USD	Ps.	R\$	Euro	Total
Ps.	(1,254,016,915)	-	(10,220,754)	(9,386,994)	(1,273,624,663)
S/.	52,206,757	-	-	-	52,206,757
CLP	(14,894,586)	-	-	-	(14,894,586)
Total	(1,216,704,744)	-	(10,220,754)	(9,386,994)	(1,236,312,492)

Functional currency	12/31/2014				
	Net asset (liability) exposure to other currencies				
	USD	Ps.	R\$	Euro	Total
Ps.	(985,310,321)	-	(10,901,459)	(16,494,075)	(1,012,705,855)
S/.	(61,547,190)	25,308,976	-	-	(36,238,214)
Total	(1,046,857,511)	25,308,976	(10,901,459)	(16,494,075)	(1,048,944,069)

R\$ - Reales (Brazil) USD - United States Dollars
 S/, - Nuevos Soles (Peru) Euro - Euro
 Ps. - Argentine Pesos CLP- Chilean Pesos

If the Argentine peso becomes stronger or weaker compared to the US dollar, with the rest of the variables remaining stable, it would imply a positive or negative impact on the comprehensive income/loss as a result of exchange gains or losses, mainly due to bank and financial debts in foreign currency, as disclosed in Note 19 to the consolidated financial statements. In turn, the weakening or strengthening of the Argentine peso compared to the Peruvian Nuevo Sol would increase or decrease the comprehensive income/loss as a result of the currency conversion.

Interest rate risks

The Company manages its exposure to interest rate volatility through financial alternatives. Borrowings at variable rates expose the Company to the risk of higher interest expenses in case of increases in market interest rates, while borrowings at a fixed rate expose the Company to variations in their fair value. The general policy of the Company is to maintain an adequate balance between instruments disclosed at a fixed and floating rate, which may change considering the long-term market conditions. A decrease or increase in interest rates would imply a positive or negative impact on income/losses as a result of higher or lower losses due to interest accrual mainly due to bank and financial debts at floating rate, as disclosed in Note 19 to these consolidated financial statements. In addition, most of the contracts that generate income for the Company, allow for adjustments based on the increase in costs.

(ii) Credit risk

The Company is exposed to the credit risk with banks and financial institutions, as it carries financial instruments as deposits in current accounts, time deposits and deposits with mutual funds. The Company has established as a general treasury policy to place these financial assets exclusively with creditworthy financial institutions. As regards the credit risk of accounts receivable, in the Group companies whose debtor is the State, the level of activity and compliance with the payment terms by the State may be subject to the expansion or contraction of public spending.

(iii) Liquidity risk

The Management holds sufficient cash, marketable securities, and credit facilities to finance normal levels of operations, and monitors the liquidity forecasts of the Company's reserves on the basis of expected cash flows.

The chart below discloses maturity dates by groups based on the outstanding period of the bank and financial debts at the date of the balance sheet, in relation to the maturity date set forth in the relevant contracts. The amounts stated in the chart are undiscounted contractual cash flows.

As of December 31, 2015

	Up to a year	From one year to two years	More than two years
Bank and financial debts	2,259,264,447	614,306,645	1,591,194,009

As of December 31, 2014

	Up to a year	From one year to two years	More than two years
Bank and financial debts	1,364,087,514	428,361,510	1,009,054,454

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iv) Capital risk management

The objectives of the Company when managing capital are: (i) To guarantee maintenance of a sound credit rating; (ii) ensure a healthy level of capitalization, generating returns for the company shareholders; and (iii) maintain an optimum financing structure.

(b) Financial instruments by category and fair value hierarchy

The following table shows for the financial assets and liabilities recorded as of December 31, 2015 and 2014, the information required by IFRS 7, according to the categories established by IAS 39.

As of December 31, 2015	Loans and other receivables	Financial assets at fair value through profit or loss	Held-to-maturity investment
<i>(1) Assets as per Balance Sheet</i>			
Other receivables	1,487,966,177		
Trade receivables	4,203,164,514		
Other investments			83,809,485
Cash and cash equivalents		695,674,324	
Total	5,691,130,691	695,674,324	83,809,485

As of December 31, 2015	Other financial liabilities at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	4,464,764,668
Other liabilities	1,775,362,680
Trade payables	1,537,008,061
Total	7,777,135,409

As of December 31, 2014	Loans and other receivables	Financial assets at fair value through profit or loss	Held-to-maturity investment
<i>(1) Assets as per Balance Sheet</i>			
Other receivables	1,109,916,033		
Trade receivables	2,979,955,966		
Other investments			107,400,064
Cash and cash equivalents		933,769,863	
Total	4,089,871,999	933,769,863	107,400,064

As of December 31, 2014	Other financial liabilities at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	2,821,099,805
Other liabilities	1,333,433,429
Trade payables	1,367,018,941
Total	5,521,552,175

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the year ended December 31, 2015, presented in comparative format***Fair value hierarchy**

According to IFRS 7 requirements, the Company classifies financial instruments recognized at fair value in the Balance Sheet into three levels, depending on the relevance of the judgment used for the fair value measurement.

Level 1 comprises financial assets and liabilities measured at fair value based on (unadjusted) quoted prices in active markets for identical assets and liabilities.

Level 2 includes financial assets and liabilities measured at fair value based on different premises of market prices included in Level 1, that are observable for assets or liabilities, either directly (for example, prices) or indirectly (for example, price derivatives).

Level 3 includes financial instruments for which the premises used in the fair value estimation are not based on observable market information.

Measurement at fair value as of December 31, 2015

Description	Level 1
Financial assets at fair value through profit or loss	
Cash and cash equivalents	695,674,324

Measurement at fair value as of December 31, 2014

Description	Level 1
Financial assets at fair value through profit or loss	
Cash and cash equivalents	933,769,863

(c) Fair value estimation

The estimated fair value of financial instruments is based on quoted market prices between the parties involved, which differ from the prices set in a forced sale or settlement. To estimate the fair value of financial assets and liabilities falling due within one year, the Company applies the market price less any estimated credit adjustment. For other investments, the Company uses market prices.

(Free translation from the original in Spanish for publication in Argentine)

AUDITOR'S REPORT

To the Shareholders, President and Directors of
CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.
Legal domicile: Leandro N. Alem 1050 – 9° Piso
Ciudad Autónoma de Buenos Aires
Tax Code No. 30-69223929-2

Report on the financial statements

We have audited the accompanying consolidated financial statements of CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries (the "Company"), including the consolidated balance sheet as of December 31, 2015, the consolidated statements of income and comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory notes.

The balances and other information corresponding to the fiscal year 2014 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), adopted by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") as professional accounting standards and added by the National Securities Commission ("CNV") to its regulations, as approved by the International Accounting Standard Board ("IASB"). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare the consolidated financial statements free of any significant distortions due to misstatements or irregularities.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of FACPCE, as were approved by the IAASB, and require that we comply with the ethics requirements, as well as plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor should take into account the internal control relevant to the preparation and fair presentation of the Company's consolidated 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 significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements as a whole.

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

Opinion

In our opinion, the consolidated financial statements mentioned in the first paragraph, present fairly, in all material respects, the consolidated balance sheet of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries as of December 31, 2015 and the consolidated comprehensive income and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter paragraph

Without modifying our opinion, we would like to draw your attention to Note 3.2.2 to the accompanying consolidated financial statements, in which the conditions prevailing at year end are detailed in relation to the status of the concession contract of Metrovias S.A. and the National Government and the Operation and Maintenance Agreement entered into with the Government of the City of Buenos Aires, which constitute the regulatory framework within which that company conducts its business of Metrovias S.A. and affect and determine its economic and financial equation.

Report on the compliance with current regulations

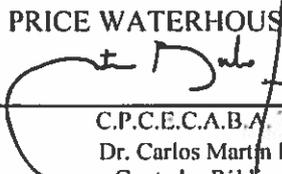
In compliance with current regulations, as regards CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A., we report that:

- a) the consolidated financial statements of CLISA– Compañía Latinoamericana de Infraestructura & Servicios S.A. have been transcribed to the “Inventory and Balance Sheet” book and, insofar as concerns our field of competence, are in compliance with the provisions of the General Companies Law and pertinent CNV resolutions;
- b) the separate financial statements of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) we have read the business highlights, on which, insofar as concerns our field of competence, we have no observations to make;
- d) as of December 31, 2015, the debt of CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A. accrued in favor of the Argentine Integrated Social Security System amounted to Ps. 6,401,011.19, none of which was claimable at that date;



- e) as set forth in Section 21, Subsection e), Chapter III, Section VI, Title II of the National Securities Commission's regulation, we report that total fees for auditing and related services billed to the Company in the year ended December 31, 2015 account for:
- e.1) 92.17 % of the total fees for services billed to the Company for all items during that year;
 - e.2) 5.26 % of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
 - e.3) 5.12% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;
- f) We have applied the anti-money laundering and financing of terrorism procedures for Clisa – Compañía Latinoamericana de Infraestructura & Servicios S.A. prescribed by professional standards issued by the Professional Council of Economic Sciences for the Ciudad Autónoma de Buenos Aires.

Ciudad Autónoma de Buenos Aires, March 11, 2016.

PRICE WATERHOUSE & CO.S.R.L.
 (Partner)
C.P.C.E.C.A.B.A. Tº I Fº 17
Dr. Carlos Martín Barbaína
Contador Público (UCA)
C.P.C.E.C.A.B.A. Tomo 175 - Folio 65



**CLISA - Compañía Latinoamericana de
Infraestructura & Servicios S.A.**

Legal address: Leandro N. Alem 1050, 9th Floor
Ciudad Autónoma de Buenos Aires

Consolidated Financial Statements for the years ended December 31, 2014, presented in
comparative format

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.

Consolidated Financial Statements

For the years commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

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CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2014, presented in comparative format

	Notes	For the years ended	
		12/31/2014 In Pesos	12/31/2013 In Pesos
CONSOLIDATED RESULTS			
Sales	3.6.	6,847,040,485	6,011,236,529
Cost of sales	4	(4,597,533,335)	(4,188,979,536)
Gross profit		2,249,507,150	1,822,256,993
Administrative expenses	5	(928,125,448)	(697,285,962)
Selling expenses and other operating expenses	6	(552,674,937)	(461,017,568)
Other operating income and expenses, net		132,045,986	41,626,330
Operating Income		900,752,751	705,579,793
Financial income	7	204,771,080	78,347,406
Financial expenses	7	(1,211,516,994)	(794,637,316)
Net gain in associates	8	20,493,385	26,163,184
Goodwill impairment	11	(3,660,013)	(6,109,908)
(Loss) / Income before income tax		(89,159,791)	9,343,159
Income tax	27	(87,126,867)	(55,688,898)
NET (LOSS) FOR THE YEAR		(176,286,658)	(46,345,739)
Net (loss) for the year attributable to owners of the parent		(257,130,050)	(88,091,965)
Net (loss) for the year attributable to non-controlling interests		80,843,392	41,746,226
		(176,286,658)	(46,345,739)
Results per share attributable to the owners of the parent during the year (stated in Ps. per share)	9	(2.66)	(0.91)

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the years ended December 31, 2014, presented in comparative format

OTHER CONSOLIDATED COMPREHENSIVE INCOME	For the years ended	
	12/31/2014 In Pesos	12/31/2013 In Pesos
Net (loss) for the year	(176,286,658)	(46,345,739)
Other comprehensive income:		
Items that may be reclassified subsequently to profit		
Effect of currency translation differences	106,044,213	47,813,480
Items that may not be reclassified subsequently to profit		
Gains on revaluation of property plant and equipment of subsidiaries	159,418,142	175,466,560
Other comprehensive income for the year	265,462,355	223,280,040
Total comprehensive income for the year	89,175,697	176,934,301
Comprehensive income attributable to:		
- Owners of the parent	(12,513,331)	109,800,253
- Non-controlling interests	101,689,028	67,134,048
	89,175,697	176,934,301

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.
CONSOLIDATED BALANCE SHEET
As of December 31, 2014 and as of December 31, 2013

ASSETS	Notes	12/31/2014 In Pesos	12/31/2013 In Pesos
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,754,213,678	1,483,714,529
Intangible Assets	12	310,111,453	295,212,844
Goodwill	11	112,397,125	99,230,374
Investments in associates	13	195,307,265	165,890,970
Deferred tax assets	27	108,998,898	70,193,996
Other receivables	14	736,848,905	166,586,439
Trade receivables	16	82,115,866	39,455,693
Total non-current Assets		3,299,993,190	2,320,284,845
CURRENT ASSETS			
Other receivables	14	1,337,671,330	1,201,345,248
Inventories	17	278,477,936	201,026,129
Other Assets	15	-	99,708,200
Trade receivables	16	2,897,840,100	2,287,715,001
Other investments	18	107,400,064	69,228,881
Cash and cash equivalents	19	933,769,863	539,933,690
Total current Assets		5,555,159,293	4,398,957,149
Total Assets		8,855,152,483	6,719,241,994
EQUITY			
Attributable to the owners of the parent		728,727,154	726,038,910
Non-controlling interests		254,305,249	282,741,425
Total Equity		983,032,403	1,008,780,335
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank and financial debts	20	1,433,646,574	751,114,623
Provisions for contingencies	22	173,710,563	140,136,099
Deferred tax liability	27	250,460,002	187,895,445
Other liabilities	23	1,631,985,700	698,304,732
Trade payables	24	53,618,544	16,653,544
Total non-current Liabilities		3,543,421,383	1,794,104,443
CURRENT LIABILITIES			
Bank and financial debts	20	1,387,453,231	1,332,709,720
Provisions for contingencies	22	37,701,546	38,090,933
Other liabilities	23	1,590,143,523	1,435,064,711
Other debts	15	-	54,127,503
Trade payables	24	1,313,400,397	1,056,364,349
Total current Liabilities		4,328,698,697	3,916,357,216
Total Liabilities		7,872,120,080	5,710,461,659
Total Equity and Liabilities		8,855,152,483	6,719,241,994

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

Item	Attributable to owners of the parent							Total	Non-controlling interests	Total of equity
	Share capital	Capital Adjustment	Legal reserve	Special reserve	Effect of currency translation differences	Balances of revaluation of subsidiaries	Retained earnings / (Accumulated losses)			
Balances as of January 1, 2013	96,588,696	115,738,740	3,138,571	10,241,171	43,296,411	347,235,068	10,241,171	616,238,657	213,109,408	829,348,065
Shareholders' Meeting April 16, 2013				11,240,924			(11,240,924)	-		-
- Setting-up special reserve purpose				(999,753)			999,753	-		-
- Reversal of special reserve purpose										
Subtotal	96,588,696	115,738,740	3,138,571	10,241,171	43,296,411	347,235,068	-	616,238,657	213,109,408	829,348,065
Net (loss) for the year										
Other comprehensive income					45,119,148	152,773,070	(88,091,965)	(88,091,965)	41,746,226	(46,345,739)
Total Comprehensive Income	-	-	-	-	45,119,148	152,773,070	(88,091,965)	109,800,253	67,134,048	176,934,301
Reversal of revaluation of subsidiaries						(3,799,769)	3,799,769			
Transactions with shareholders										
- Distribution of dividends									(1,715,060)	(1,715,060)
- Changes in interests in subsidiaries									(24,001)	(24,001)
- Contributions and withdrawals in joint ventures									4,237,030	4,237,030
Total transactions with shareholders									2,497,969	2,497,969
Balances as of December 31, 2013	96,588,696	115,738,740	3,138,571	10,241,171	88,415,559	496,208,369	(84,292,196)	726,038,910	282,741,425	1,008,780,335
Balances as of January 1, 2014	96,588,696	115,738,740	3,138,571	10,241,171	88,415,559	496,208,369	(84,292,196)	726,038,910	282,741,425	1,008,780,335
Net (loss) for the year										
Other comprehensive income					89,173,401	155,443,318	(257,130,050)	(257,130,050)	80,843,392	(176,286,658)
Total Comprehensive Income	-	-	-	-	89,173,401	155,443,318	(257,130,050)	(12,513,331)	101,689,028	89,175,697
Reversal of special reserve purpose				(10,241,171)			10,241,171			
Reversal of revaluation of subsidiaries						(56,081,131)	38,674,822	(17,406,309)	(1,348,913)	(18,755,222)
Deconsolidation of subsidiaries									(13,674,208)	(13,674,208)
Transactions with shareholders										
- Distribution of dividends									(31,255,532)	(31,255,532)
- Contributions and withdrawals in joint ventures									(2,706,840)	(2,706,840)
- Changes in interests in subsidiaries (Note 21)					(7,948,593)		40,556,477	32,607,884	(81,139,711)	(48,531,827)
Total Transactions with shareholders					(7,948,593)	-	40,556,477	32,607,884	(115,102,063)	(82,494,199)
Balances as of December 31, 2014	96,588,696	115,738,740	3,138,571	-	169,640,367	595,570,556	(251,949,776)	728,727,154	254,305,249	983,032,403

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA – COMPAÑÍA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.
CONSOLIDATED CASH FLOW STATEMENT

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

	Notes	12/31/2014 Pesos	12/31/2013 Pesos
Cash from operating activities			
Net (loss) income for the year		(176,286,658)	(46,345,739)
Adjustments for:			
Depreciation and amortization		186,529,859	239,477,500
Deferred income		319,941	(8,013,645)
Income tax		87,126,867	55,688,898
Payment of income tax		(74,503,054)	(66,257,196)
Gain from sales of property, plant and equipment		(1,853,246)	(2,207,776)
Net gain in associates		(20,493,385)	(26,163,184)
Net carrying value of property, plant and equipment written off		387,939	446,304
Net carrying value of intangibles assets written off		550,993	(4,000)
Other operating and financial income and expenses, net		104,023,088	239,331,807
Interest earned and paid, net		462,895,648	325,245,604
Payment and collection of interest, net		(419,842,582)	(342,387,360)
Changes in operating assets and liabilities:			
(Increase) in inventories		(80,637,592)	(61,582,849)
Increase in allowances and provisions for contingencies		35,617,292	69,202,261
Decrease (Increase) in investments		(38,171,183)	(57,871,218)
(Increase) in operating receivables		(963,783,561)	(461,195,229)
Increase in operating liabilities		1,002,514,054	499,394,761
Net cash flow provided by operating activities		104,394,420	356,758,939
Cash from investing activities			
Purchases of property, plant and equipment		(248,254,262)	(120,742,136)
Purchases of intangible assets		(48,320,791)	(62,550,019)
Changes in investments, net		151,277,530	700,261
Proceeds on disposal of property, plant and equipment		40,205,384	19,718,002
Proceeds on disposal of intangible les assets		-	13,000
Dividends collected		3,586,229	18,147,834
Cash due changes in consolidation		-	(7,372,580)
Net cash flow (used in) investing activities		(101,505,910)	(152,085,638)
Cash from financing activities			
(Increase) in other receivables		(161,256,485)	(51,116,260)
Increase/ (Decrease) in other liabilities		232,191,604	(72,459,189)
Dividends paid to non-controlling interests		(31,520,408)	(1,715,060)
Changes in bank and financial debts, net		337,386,669	78,609,744
Net cash flow (used in) financing activities		376,801,380	(46,680,765)
Changes in cash before the effect of currency translation differences		379,689,890	157,992,536
Effect of currency translation differences		14,146,283	37,466,295
Increase in cash, net		393,836,173	195,458,831
Cash and cash equivalents as of the beginning of the year	19	539,933,690	344,474,859
Cash and cash equivalents as of the end of year	19	933,769,863	539,933,690

The accompanying notes are an integral part of these Consolidated Financial Statements.

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CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

1. General information

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. (hereinafter "CLISA") was established on October 21, 1996 and runs its business operations through the equity interests it holds in Benito Roggio e Hijos S.A., Benito Roggio Transporte S.A., Benito Roggio Ambiental S.A. and Roggio Brasil Investimentos e Serviços Ltda, (jointly with CLISA, "the Company"). As detailed in Note 3, these subsidiaries engage mainly, through their operations and interests in other companies, in the following operating activities: mass passenger transportation, construction, toll road concessions, waste management and water supply services.

CLISA is a holding Company whose Incorporation Agreement dated October 21, 1996 was registered with the Superintendence of Commercial Companies on November 15, 1996 under No. 11,458 in Book 120, Volume A, of Stock Companies and its term of duration will expire on November 15, 2095. The latest amendment to its Bylaws was approved by the Extraordinary Meeting of Shareholders No. 20 held on July 19, 2007, and registered with the Superintendence of Commercial Companies under No. 14,007 in Book 36 of Stock Companies on August 23, 2007.

The parent company of CLISA is Roggio S.A., with legal address at Leandro N, Alem 1050, 9th floor, Ciudad Autónoma de Buenos Aires, and is a holding Company, Roggio S.A. holds an interest of 97.53% in the capital and votes of CLISA.

The following describes the share capital of CLISA:

Ordinary shares	Subscribed and paid (In Pesos)
Class "A" Ps. 1 – 5 Votes	96,588,696

The capital status is as follows:

	12/31/2014	12/31/2013	12/31/2012
Share capital at the beginning of the year	96,588,696	96,588,696	96,588,696
Share capital at the end of the period /year	96,588,696	96,588,696	96,588,696

On May 15, 1997 Clisa was admitted to the corporate bonds Public Offering System by Resolution No. 11735 of the National Securities Commission ("CNV").

2. Accounting policies and basis of preparation

The main accounting policies used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently for all the years-end presented.

2.1 Basis of preparation

The National Securities Commission (CNV), has established the applicability of Technical Resolutions Nos. 26 and 29 of the Argentine Federation of Professional Councils in Economic Sciences, which adopt the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), for entities included in the public offering regime, whether for their capital or for their corporate bonds, or which have requested authorization to be included in this regime. Application of these standards was mandatory for the Company as from the year commenced January 1, 2012.

Figures at December 31, 2013 disclosed in these Consolidated Financial Statements for comparative purposes, arise from financial statements at that date. Reclassifications have been made to certain balances at December 31, 2013 for the purposes of their comparative presentation.

These consolidated financial statements of the Company have been prepared in accordance with IFRS issued by the IASB. Furthermore, accounting policies are based on IFRS standards issued by the IASB and IFRIC interpretations issued to the issuance date of the consolidated financial statements.

These consolidated financial statements were approved by the Company's Board of Directors on March 11, 2015.

Consolidated financial statements are stated in Argentine pesos without cents, except for earning per share and operating segment information which is presented in thousands of Argentine pesos.

2.2 Consolidation basis**(a) Subsidiaries**

Subsidiaries are all entities over which the Company has control. The company controls an entity when it has the right to obtain variable yield in relation to its interest in that company and may use its power over it to exert influence on those yields. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on that control ceases.

The purchase method of accounting is used by the Company to account business combinations. The cost of acquisition of a subsidiary corresponds to the fair value of the transferred assets, the liabilities incurred with the former owners of the acquiree and the equity interests issued by the Company. The cost of acquisition includes the fair value of any assets or liabilities arising under a contingent purchase agreement. The acquired identifiable assets and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each business combination, the Company may opt to recognize any non-controlling interest in the acquiree at fair value or the proportional part of the non-controlling interest of the recognized amounts of the acquiree's identifiable net assets.

The costs of the acquisition are recognized as expenses in the year in which they are incurred.

If the business combination is achieved in stages, the fair value at the date of acquisition of the previously held equity interest in the acquiree is remeasured at fair value through profit or loss for the year on the acquisition date.

Any contingency cost to be transferred by the Company is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the cost of acquisition that is deemed an asset or a liability are recognized in income or as a change in other comprehensive income, pursuant to IAS 39. The contingent cost of acquisition that is classified in equity is not remeasured and its subsequent settlement is recognized in equity.

The excess of the cost of acquisition transferred over the fair value of the non-controlling interest in the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of income.

Intercompany transactions, balances and income and expenses under transactions between the Company's entities are eliminated. Gains and losses from intra-group transactions that are recognized as assets are also eliminated. The accounting policies of the subsidiaries have been amended in the cases where it was necessary to ensure consistency with the policies adopted by the Company.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions, i.e., as transactions with owners in their capacity as owners. The difference between the amount of the adjustment on non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

(c) Disposal of subsidiaries

When the Company ceases to have control, the investment retained in the former subsidiary is recognized at its fair value at the date on which control is lost. In this case, the fair value corresponds to the initial measurement for the purpose of subsequent accounting for the interest retained as an associate, joint venture or financial asset. In addition, any amounts previously recorded in Other Comprehensive Income are reclassified to the Statement of Income.

(d) Associates

Associates are all entities over which the Company has significant influence but not control or not jointly control, generally accompanying a shareholding of between 20% and 50% of the voting rights. However, special cases are considered in which, with a shareholding of less than 20%, the group has significant influence. Investments in associates are accounted by the equity method of accounting, whereby investments are initially recognized at cost, and this amount increases or decreases to recognize the investor's share of profits and losses of the entity after the acquisition date. The value of associates includes goodwill recognized at the acquisition date.

The share of associates' profits and losses is recognized in income for the period, and the changes in equity other than income for the period are allocated to equity reserves (and, if applicable, they are included in other comprehensive income).

When the Company's share of the associates' losses is equal to or exceeds the value of the interest in the associates, the Company does not recognize additional losses, except when there are legal or assumed obligations to make payments on behalf of those associates.

Gains and losses on transactions between the Company and the associate are recognized in the Company's financial statements only in proportion to the unrelated portion of those companies. The accounting policies used by the associates have been amended, where necessary, to ensure consistency with the Company's accounting policies.

The Company assesses at each balance sheet issuance date whether there is objective evidence that an investment in an associate will not be recoverable. In that case, the impairment amount is calculated as the difference between the recoverable value of that associate and its carrying amount, recognizing the resulting amount in "Net gain in associates", in the Statement of Income.

(e) Joint arrangements

Jointly controlled entities are companies and joint ventures in which the Company holds joint control. Interests in jointly controlled entities is classified into two types: i) Joint operations and ii) joint ventures in accordance with IFRS 11. Joint arrangements are accounted for by the equity method. Joint operations are accounted by proportionate consolidation, i.e., the share of joint ventures' individual income and expenses, assets, liabilities, and cash flow is recognized on a line-by-line basis in the Company's financial statements. The Company recognizes the portion of gains or losses on the disposals of assets by the Company to the joint arrangement that is attributable to the other ventures. When the Company purchases assets to a joint arrangement, it recognizes its portion of the joint venture's gain or loss when the assets are re-sold to a third party; however, the loss on that sale is recognized immediately if the loss represents a reduction of the recoverable value of the asset or an impairment of the asset.

(f) Participation in corporate collaboration agreements

The Company participates in joint ventures and consortiums. The interest held by the Company in these ventures is measured in the consolidated financial statements in accordance with the control capacity over those businesses, considering legal regulations and contractual terms. According to the degree of control, joint ventures are accounted for following the criteria described for subsidiaries (if control is held), joint arrangements (if jointly controlled) and associate (if not controlled). The interest in the Cooperative Association (Roggio A.C.E.) is valued at cost.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

(g) Consolidation Structure

(i) Companies which are consolidated at 100%, are as follow:

Companies	Ref.	Percentage of interest as of		Line of business
		12/31/2014	12/31/2013	
- Benito Roggio e Hijos S.A.	(1)	97.22%	97.22%	Construction and waste management
- Cclip S.A.	(2)	68.58%	68.58%	Services
- Aguas Cordobesas S.A.	(2)	61.15%	61.15%	Supply of potable water
- Sehos S.A.	(6)	100.00%	100.00%	Hospital and construction services
- Benito Roggio Panamá S.A.	(2)	100.00%	100.00%	Construction
- Haug S.A.	(2)	100.00%	70.00%	Construction and assembling of industrial facilities
- Haug Chile International Ltda.	(15)	100.00%	99.40%	Engineering, construction and assembly services
- Hame Representaciones S.A.C.	(15)	100.00%	99.00%	Marketing services
- Katmai S.A.	(16)	100.00%	100.00%	Representation services
- Benito Roggio Transporte S.A.	(1)	97.13%	97.13%	Investment and advisory
- Metrovías S.A.	(3)	90.66%	90.66%	Mass passenger transportation
- Corredores Ferroviarios S.A.	(3)	95.00%	-	Mass passenger transportation
- Neoservice S.A.	(3)	95.00%	95.00%	Services
- C.P.S. Comunicaciones S.A.		-	70.00%	Operation of communication services
- Traditum S.A.	(5)	54.00%	54.00%	IT and telecommunications services
- Vianiley S.A.	(8)	100.00%	100.00%	Investment
- Bridesan S.A.		-	100.00%	Investment
- Jismelt S.A.	(17)	100.00%	100.00%	Investment
- Grunwald Comunicaciones S.A.	(8)	100.00%	100.00%	Investment
- Crossworld S.A.	(17)	100.00%	100.00%	Investment
- Servicios Fiduciarios S.A.	(3)	95.00%	95.00%	IT and telecommunications services
- Metronec S.A.	(6)	100.00%	100.00%	Real estate services
- Compañía Metropolitana de Seguridad S.A.	(7)	100.00%	100.00%	Security and surveillance services
- Benito Roggio Ferroindustrial S.A.	(3)	95.00%	95.00%	Public railway passenger transportation service
- Benito Roggio Ambiental S.A.	(9)	100.00%	100.00%	Investment
- Cliba Ingeniería Ambiental S.A.	(4)	98.67%	98.67%	Waste management
- Tecsan Ingeniería Ambiental S.A.	(10)	100.00%	100.00%	Waste management
- Cliba Ingeniería Urbana S.A.	(11)	100.00%	100.00%	Waste management
- Cliba Rosario S.A.	(11)	100.00%	100.00%	Waste management
- Taym S.A.	(11)	100.00%	100.00%	Waste management
- Ecoayres Argentina S.A.	(11)	100.00%	100.00%	Waste management
- Enerco ₂ S.A.	(12)	100.00%	100.00%	Waste management
- Central Buen Ayre S.A.	(13)	100.00%	100.00%	Waste management
- Vientos de Senillosa S.A.	(14)	100.00%	100.00%	Waste management
- Biogás Río Cuarto S.A.	(14)	100.00%	100.00%	Waste management
Roggio Brasil Investimentos e Serviços Ltda.	(1)	99.99%	99.99%	Investment

References:

- 1) Represents the direct holding percentage held by CLISA.
- 2) Represents the direct holding percentage held by Benito Roggio e Hijos S.A.
- 3) Represents the direct holding percentage held by Benito Roggio Transporte S.A.
- 4) Represents the direct holding percentage held by Benito Roggio Ambiental S.A and CLISA and Benito Roggio e Hijos S.A.
- 5) Represents the direct holding percentage held by Metronec S.A.
- 6) Percentage jointly held by Benito Roggio Transporte S.A. and Benito Roggio e Hijos S.A.
- 7) Percentage jointly held by Metronec S.A. and Benito Roggio Transporte S.A.
- 8) Represents the direct holding percentage held by Bridesan S.A.
- 9) Percentage jointly held by CLISA and Benito Roggio e Hijos S.A.
- 10) Percentage jointly held by Cliba Ingeniería Ambiental S.A. and Benito Roggio Ambiental S.A.
- 11) Percentage jointly held by Cliba Ingeniería Ambiental S.A. and Tecsan Ingeniería Ambiental S.A.
- 12) Percentage jointly held by Benito Roggio Ambiental S.A. and Tecsan Ingeniería Ambiental S.A.
- 13) Percentage jointly held by Tecsan Ingeniería Ambiental S.A. and Enerco₂ S.A.
- 14) Percentage jointly held by Enerco₂ S.A. and Benito Roggio Ambiental S.A.
- 15) Represents the direct holding percentage held by Haug S.A.
- 16) Represents the direct holding percentage held by Hame Representaciones S.A.C.
- 17) Represents the direct holding percentage held by Neoservice S.A.
- 18) Represents the direct holding percentage held by Grunwald Comunicaciones S.A.
- 19) Represents the direct holding percentage held by Servicios Fiduciarios S.A.

ii) Joint operations. Companies which are consolidated proportionately are as follows:

Companies	Ref.	Percentage of interest as of		Line of business
		12/31/14	31/12/13	
Unidad de Gestión Operativa Ferroviaria de Emergencia S.A. – in liquidation	(1)	50%	50%	Public railway passenger transportation service
Unidad de Gestión Operativa Mitre Sarmiento S.A. – in liquidation	(1)	50%	50%	Public railway passenger transportation service

(1) Represents the direct holding percentage held by Metrovías S.A.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

iii) Main joint ventures in which the Company holds interests are the following:

JOINT VENTURES	Ref.	Percentage of interest as of		Line of business
		12/31/2014	12/31/2013	
Joint ventures in which the Company consolidates at 100% (Consolidation at 100%)				
B.R.H. S.A. / ROVELLA CARRANZA S.A. UTE (Rosario beltway)	(1)	70.00%	70.00%	Construction
B.R.H. S.A. / C.P.C. S.A. UTE (C12 Belgrano railway cargo transportation line – Chaco)	(1)	50.00%	50.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (C railway transportation line – Santa Fe)	(1)	50.00%	50.00%	Construction
B.R.H. S.A. / DECAVAL S.A.I.C.A.C.-UTE (By Pass Villa María)	(1)	65.00%	65.00%	Construction
B.R.H. S.A. / ROMERO CAMMISA CONSTRUCCIONES S.A. UTE (Recovery and Maintenance of 308 Mesh Fence)	(1)	70.00%	70.00%	Construction
B.R.H. S.A. / VIALMANI S.A. UTE (Quebrada Santo Domingo)	(1)	80.00%	80.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (C railway San Cristobal)	(1)	50.00%	50.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (C25 railway Formosa)	(1)	50.00%	50.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (Work for Autovía del Mar S.A.)	(1)	57.15%	57.15%	Construction
B.R.H. S.A. / ROVELLA CARRANZA S.A. UTE (RN 127 Entre Ríos)	(1)	50.00%	50.00%	Construction
SEHOS S.A. / COMSA DE ARGENTINA S.A. – Renewal of double road Empalme Maldonado – J.L. Suárez	(5)	50.00%	-	Construction
B.R.H. S.A. / GREEN S.A. / CASELLA S.A. - RP 1 San Salvador-Palpalá - JUJUY	(1)	40.00%	-	Construction
Cliba Ing. Amb. S.A. / Tecsán Ing. Amb. S.A. U.T.E. (Cliba San Isidro)	(2)	100.00%	100.00%	Waste management
Cliba Ing. Amb. S.A. / Tecsán Ing. Amb. S.A. U.T.E. (Cliba Santa Fe)	(2)	100.00%	100.00%	Waste management
Cliba Ing. Amb. S.A. / Tecsán Ing. Amb. S.A. U.T.E. (Cliba Neuquén)	(2)	100.00%	100.00%	Waste management
Tecsán Ing. Amb. S.A. B.R.H. S.A. U.T.E. (Norte III)	(3)	100.00%	100.00%	Waste management
Cliba A.C.E.	(2)	100.00%	100.00%	Waste management
Benito Roggio Transporte S.A. – Benito Roggio Ferroindustrial S.A. - UTE	(4)	100.00%	100.00%	Transportation
Joint ventures in which the Company has joint control (proportionately consolidation)				
B.R.H. S.A. / J.CARTELLONE C.C: S.A. UTE (Dam Los Molinos)	(1)	50.00%	50.00%	Construction
B.R.H. S.A. / ESUCO S.A. / SUPERCEMENTO S.A.I.C. UTE (Yacretá)	(1)	33.33%	33.33%	Construction
B.R.H. S.A. / ELECTROINGENIERIA S.A. UTE (Closing beltway Córdoba)	(1)	50.00%	50.00%	Construction
PANEDILE ARGENTINA S.A. / B.R.H. S.A. / PETERSEN THIELE Y CRUZ S.A. UTE – Santiago Plant	(1)	35.00%	-	Construction
B.R.H. S.A. / BOETTO Y BUTTIGLIENGO S.A. UTE – Road RN 36 – tranche Calamuchita-Rio Cuarto – Córdoba	(1)	60.00%	-	Construction
B.R.H. S.A. / ESUCO S.A. – Low level crossing Av. Beiró and rail road of FFCC Urquiza	(1)	50.00%	-	Construction
Joint ventures in which the Company has significant influence (equity method)				
B.R.H. S.A. / C. N. ODEBRECHT S.A. / SUPERCEMENTO S.A.C.I. / J.C.C.C. S.A. UTE - Plant in Tigre	(1)	16.67%	16.67%	Construction
COMSA DE ARGENTINA S.A. / SEHOS S.A. – Renewal of infrastructure of roads Est. Merlo a Est. M. Paz y Est. Moreno a prog. Km 51.200	(5)	50.00%	-	Construction

(1) Represents the percentage of interest held by Benito Roggio e Hijos S.A. (B.R.H. S.A.)

(2) Represents direct and indirect percentage of interest held by Benito Roggio Ambiental S.A.

(3) Represents direct and indirect percentage of interest held by Benito Roggio Ambiental S.A. and Benito Roggio e Hijos S.A.

(4) Represents direct and indirect percentage of interest held by Benito Roggio Transporte S.A.

(5) Represents the percentage of interest held by Sehós S.A.

2.3. Operating segment information

The operating segments are presented consistently with the internal information provided to the person in authority in charge of the Company's operating decision-making. Operating segment information is disclosed in Note 3.

2.4. Foreign currency translation differences

(a) Functional currency and presentation

The financial statement figures of each of the Group's entities were measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Argentine pesos, which is the Company's functional and presentation currency.

For cases of investments abroad, the currency of each country has been defined as functional currency, because it is the currency of the primary economic environment in which those entities operate. And for entities abroad, which main cash flow is denominated in Argentine pesos was defined as the functional currency.

(b) Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (or of valuation, if transactions that are to be re-measured are involved). Foreign exchange gains and losses resulting from the settlement of such transactions or from the measurement at year end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except for cash flow or net investment hedges that qualify for disclosure as other comprehensive income.

Foreign exchange differences are disclosed in "Financial expenses", in the Statement of Income.

(c) Translation of financial statements of subsidiaries or associates abroad

Results and financial position of subsidiaries and associates that have a functional currency other than the Company's presentation currency are translated to the presentation currency as follows:

- Assets and liabilities at period end are translated at the exchange rate prevailing at that date.
- Income and expenses are translated at the quarterly average exchange rate (unless this average does not represent a reasonable approximation of the cumulative effect of the exchange rates prevailing at the date of each transaction, in which case those income and expenses are translated at the exchange rates prevailing at the date of each transaction).
- The resulting exchange differences are presented in other comprehensive income.
- Goodwill and adjustments at fair value resulting from the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the period-end exchange rate. The resulting exchange differences are presented in other comprehensive income.

When an investment is sold or disposed of in whole or in part, the exchange differences are recognized in the statement of income as part of the gain or loss on that sale/disposal.

2.5. Property, plant and equipment

All property, plant and equipment items are shown at historical cost which includes expenditure that is directly attributable to the acquisition of these items, less subsequent depreciation and impairment losses, where applicable. Subsequent costs are included in the asset's carrying amounts only if future economic benefits are expected to arise from their disposals and their cost is measured reliably. The value of replacement parts is written off. The other repair and maintenance expenses are charged to earnings in the year-end when incurred.

The amount for depreciation is recorded under income/(loss) for the year end, following a straight-line method and on the basis of the useful lives of the different types of assets. The Company reviews the residual value, the useful life and the depreciation method for Property, plant and equipment at the end of each year end. Changes of criteria initially established are recognized, as the case may be, as a change of estimate.

Land is not depreciated. Depreciation of assets is calculated using the straight-line method over their estimated useful life, as follows:

	<u>Years</u>
Buildings	50
Laboratory	22
Machinery and equipment	10-20
Furniture and fixtures	10
Vehicles	5
Computer hardware	3

The amount of the Property, plant and equipment items is written down to its recoverable amount if the asset's residual value is greater than its estimated recoverable value. Gains and losses on sales of assets are measured by comparing the income received with their residual value and are disclosed within "Other operating income and expenses, net", in the Statement of Income.

Also, the assets categorized under the items Heavy machinery and equipment, Buildings and Land are accounted for at the fair value shown by the latest revaluation performed, applying the revaluation model mentioned in IAS 16. Revaluations are performed with sufficient frequency if there are indications that the carrying value significantly differs from value that could be determined using the fair value at the end of the reporting year-end.

To obtain the fair values, the existence of an active market for the assets in their present condition, or lack of it, was considered. For those assets for which there is an active market in their present condition, the fair values were determined in relation to their market values. For the remaining cases, the market values for brand-new assets were analyzed, applying a discount rate according to the condition and wear-out of each asset, and considering the distinctive features of each of the assets being revalued (for instance, improvements made, degree of maintenance, levels of productivity, use, etc.).

2.6. Intangible assets

Intangible assets are non-monetary assets, without physical substance, that are identifiable separately or which result from legal or contractual rights. Intangible assets are recorded when they can be measured reliably and are expected to produce benefits for the Company.

(a) Public utility concession rights

A concession of public utility services is a contractual mechanism for providing public utility services to a group of user. Through concession agreements, the grantor transfers to the concessionaire the right and the obligation to provide the service over the term of the concession. Through its subsidiaries Metrovías S.A. and Aguas Cordobesas S.A., the Company holds concessions of public utility services and invests in assets that are included in the essential infrastructure of services provided by those subsidiaries. By application of IFRIC 12, the assets included by Metrovías S.A. and Aguas Cordobesas S.A., in the essential infrastructure for the provision of the services covered by the concession awarded to it, have not been recognized as Property, plant and equipment items; rather, they were recognized as "concession rights" in Intangible assets, and represent the right (license) of each of the subsidiaries to receive a return on investments, for the rate charged to users. This intangible asset is amortized on a straight-line basis over the term of the concession.

(b) Software

Costs associated with software licenses are capitalized based on the incurred acquisition or production costs. These costs are amortized over the estimated useful lives.

(c) Biogas capture and treatment

Intangible assets recognized as "Biogas capture and treatment" include the investments made for the capture and burning of gases that are harmful for the environment (greenhouse gases), which are valued at historical cost less accumulated amortization, recognized at the moment when the competent authority certifies the gas emission reduction.

2.7. Goodwill

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase price over the fair values of the assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) or group of CGU expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Goodwill is not amortized. Goodwill impairment is reviewed annually or more frequently if there are events or circumstances that are indicators of possible impairment. The carrying amount of goodwill is compared with its recoverable value, which is the higher of the value in use and the fair value, less costs to sell. Impairment is immediately recognized as an expense and it is not reversed.

2.8. Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. The other amortizable assets are reviewed for impairment when there are events or circumstances indicating that their carrying amount might not be recovered. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) or group of CGU expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Impairment losses are recognized by the excess of the carrying amount of an asset over its recoverable value. Recoverable value is the higher of the value in use and the fair value of the assets, less costs to sell. The value in use of each CGU is determined based on the present value of future cash flows expected to be generated by each CGU.

Non-financial assets, excluding goodwill, that are impairment in prior years-end are reviewed to determine their possible reversal at the end of each year-end.

2.9. Financial assets

The Company classifies its financial assets on initial recognition into the following categories:

(a) Financial assets at fair value through profit or loss

Within this category are those financial assets held for trading. A financial asset is within this category if it is acquired mainly for the purpose of being sold in the short term. Derivative instruments are also included in this category, unless they have been designated as hedge instruments.

(b) Loans and other accounts receivables

Loan and other accounts receivable are non-derivative financial assets with fixed or determinable payment amounts that are not quoted in an active market. They are included as current assets, except for assets the maturity dates of which are of over 12 months after the end of the year. This group includes trade receivables and other receivables, accounts payable and other liabilities.

(c) Financial assets kept until maturity

These are non-derivative financial assets with a fixed or determinable amount to be collected and with a set maturity date, which the entity has both the effective intention and the capacity to hold them until maturity.

(d) Financial assets available for sale

Financial assets available for sale are non-derivative instruments either designated for this category or not classified under any of the other categories. They will be included as non-current assets, unless the investment has a maturity date under 12 months, or the Company has the intention of selling them within 12 months after the end of the year.

Recognition and measurement

Regular purchases and sales of investments are recognized on the trade date, when the Company undertakes to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs, for all the financial assets that are not valued at fair value through profit or loss. Financial assets valued at fair value through profit or loss are initially recognized at fair value, and the transaction costs are charged to income. Financial assets are derecognized when the rights to receive cash flows from investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial assets available for sale and financial assets at fair value through profit or loss are subsequently accounted for at fair value. Loans and other accounts receivable are recorded at amortized cost using the effective interest rate method.

Offsetting financial assets against financial liabilities

Financial assets and liabilities are offset and shown at their net amount in the statement of financial position, only when the Company has a legally enforceable right to offset the amounts recognized, and it has the intention of settling the net amount, or to simultaneously realize the asset and settle the liability.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only when there is objective evidence of impairment as a result of one or more events occurring after initial recognition of the asset and that negative event (or events) has (or have) an impact on the estimated future cash flows from the financial asset or group of financial assets that can be reliably measured.

For the category of loans and other accounts receivables, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognized in the Statement of Income.

If in a subsequent period the amount of the impairment losses diminishes and this is objectively related to an event occurred after the recognition of the impairment, the reversal of the previously allocated impairment loss is recognized in the Statement of Income.

2.10. Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized and subsequently measured at fair value after initial recognition. The method for recognizing the resulting profits and losses depends on the fact of whether the derivative has been designated as hedge instrument and, if so, on the nature of the hedged item.

The effective portion of changes in the fair value for the derivatives designated and qualifying as cash flow hedge is recognized in other financial income or expenses. The gain or loss related to the ineffective portion is immediately recognized in the statement of income.

The amounts accumulated in equity are reclassified to the statement of income in the periods in which the hedged item affects income.

When a hedging instrument is settled or sold, or when it ceases to meet the criteria to be recognized through hedge accounting, any gain or loss accumulated in equity to that date is reclassified to the statement of income.

2.11. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the sale price estimated in the normal course of business, less applicable variable costs to sell.

2.12. Other receivables

This caption includes mainly the following assets:

Assets from construction contracts: it comprises the balances for construction contracts in which the aggregate of the costs incurred plus recognized earnings according to the percentage of completion of each work exceeds the accumulated billings and certifications. The criteria for recognition and measurement of these assets are shown in Note 25.

Tax credit balances: corresponds to amounts paid for national, provincial or city taxes that can be applied to the payment of future taxes. These assets are recognized only to the extent that their use against future taxes of the same nature is feasible or, if applicable, that the amounts can be reimbursed by the tax authorities.

Advances to subcontractors and prepaid expenses: correspond to amounts paid to subcontractors for services to be received, and to expenses paid and not yet accrued. They are recognized for the amount of the sums paid, net of the value of the services already received and the expenses accrued.

Other receivables: these are financial assets representing balances to be collected, and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. As of December 31, 2014, the Company holds interest in a Cooperative Association (Roggio A.C.E.) created to improve the administrative, accounting and financial management of its members, and/or of the different projects related to common activities, grouping certain receivables and debts held with each other.

Allowance of other receivables is recorded when there is objective evidence that the Company will not be able to recover all the amounts pending, either through their collection or future use. The amount of the provision is determined based on the estimated probability of recovering the assets.

The assets' carrying amount is written down by the allowance account and the amount of the loss is charged to the consolidated statement of income and shown in "Other operating income and expenses, net". The recovery of amounts previously recognized as impairment losses is recognized by crediting the same item in the consolidated income statement.

2.13. Trade receivables

Trade receivables and other receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method, less allowance for impairment losses.

Allowance of trade receivables is set up when there is objective evidence that the Company will not be able to collect all amounts outstanding based on the original terms and conditions. The amount of the allowance is calculated taking into account the likelihood of collection of receivables.

The amount of the allowance arises from the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The assets' carrying value is written down through an allowance account and the amount of the loss is recognized in the consolidated statement of income in the line "Other operating income and expenses, net". The recovery of amounts formerly recognized as impairment losses is recognized as receivables in the same line of the consolidated statement of income.

2.14. Cash and cash equivalents

Includes cash on hand, time deposits with financial institutions and other short-term highly liquid investments with original maturities of three months or less.

2.15. Other assets and other debts

This caption includes the assets and liabilities in subsidiaries which, in accordance with the requirements established by IFRS 5, must be presented separately from the rest of assets and liabilities, on an individual line, for they are classified as held for sale.

2.16. Corporate capital

The corporate capital is made up of 96,588,696 Class "A" ordinary shares, of Ps.1 par value each and entitled to five votes per share and has been subscribed and fully paid up. Capital status is described in Note 1.

2.17. Employee benefits

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees

(a) Short-term employee benefits

Short-term employee benefits include items such as wages, salaries and social security contributions; compensated absences; profit-sharing in the case of subsidiaries in relation to which benefits are granted in accordance with the applicable legislation or as a result of an agreement between the parties or collective bargaining agreements.

Short-term employee benefits are recognized for the undiscounted amount of employee benefits expected to be paid in exchange for that service: as a liability under Other current liabilities, after deducting any amount already paid, or as an expense in the Statement of income, under the lines Costs of sales, Administrative and selling expenses and Other operative expenses, considering the purpose for which each service was used.

At the date of each closing, the Company records the expected cost of compensated leaves the right of enjoyment of which is cumulative, such as vacation leave, considering the additional rights that will be paid to employees as a result of the accumulated rights at that date.

(b) Post-employment benefits - Retirement benefits

Post-employment benefits are established in the collective bargaining agreement for the staff of the subsidiary Aguas Cordobesas S.A., granted at the time of the termination of the labor relation for retirement, based on the years of service in that company. The calculation of the accumulated benefit was made at the best possible estimate of the discounted amount to be paid, based on the staff that at that date may enjoy those benefits. Actuarial techniques are used based on the information available at the end of each fiscal year.

(c) Long-term employee benefits

Long-term employee benefits are established in the collective bargaining agreement for the staff of Aguas Cordobesas S.A., upon completing a certain number of years of service in that company. Actuarial techniques are used to measure the accumulated benefit based on the information available at the end of each fiscal year.

(d) Termination benefits

Termination benefits arise when employment is terminated before the normal retirement date, or when an employee accepts voluntary termination in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or ii) providing termination benefits as a result of an offer made to encourage voluntary retirement. These benefits are recognized at present value of the cash flows expected to be disbursed by the Company.

2.18. Other liabilities

This caption includes mainly the following liabilities:

Liabilities for construction contracts: they include balances of construction contracts where accumulated billing and certification exceeds the amount of accumulated costs incurred plus recognized gains based on the progress of each work. Recognition and measurement criteria of these liabilities are reported in Note 2.25.

Employee benefits payable: they include liabilities for employee benefits at each closing in line with the recognition and measurement criteria reported in Note 2.17.

Tax debts: they include taxes, rates and contributions. Measurement of tax debts is performed at the nominal value of the amounts to be settled, except when the financial impact is material. In this case, the measurement at each closing is performed at the current value of the amounts to be disbursed, discounted at a rate that shows the market assessments of the time value of money, as well as the specific risks of the liabilities to be settled.

Customer advances and services collected in advance: they include balances collected in advance for works pending completion. Measurement is made at the nominal value of the amounts received less the value of the works already performed and the services rendered. The amounts thus obtained do not significantly differ from the value of the services to be rendered and/or works to be performed at the closing of the fiscal year.

Other accounts payable: they are financial liabilities representing balances payable that are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. As of December 31, 2014, the Company holds interest in a Cooperative Association (Roggio A.C.E.) created to improve the administrative, accounting and financial management of its members, and/or of the different projects related to common activities, grouping certain receivables and debts held with each other.

Trade payables

Trade payables represent payment obligations for goods and services purchased from suppliers in the normal course of business. They are disclosed under current liabilities if their payment is enforceable within one year.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

2.20. Bank and financial debts

Bank loans and financial debts, including overdraft facilities, and other financial liabilities are initially recognized at fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method.

When financial liabilities have been paid or settled, they are removed from the balance sheet. When a debt instrument exchange is not recorded as a repayment of the original debt, the costs and commissions are adjusted to the carrying value of the liability and are amortized throughout the remaining useful life of the liability changed. If this debt exchange is recorded as a repayment of the original liability, the costs or commissions incurred are recognized in the income statement under financial expenses.

2.21. Borrowing costs

General or specific borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale (qualifying assets) are added to the cost of such assets until they are substantially ready to be used or sold.

Gains from temporary investments of funds arising from specific loans pending use in qualifying assets are deducted from total funding costs potentially capitalized

Other borrowing costs are recognized in the period in which the Company incurs them.

2.22. Leases

The Company classifies its lease agreements into financial or operating leases, according to the following criteria:

(a) Financial leases

Leases where substantially all the risks and rewards of ownership of the leased property are transferred are classified as financial leases. The Company, through its subsidiaries, has Property, plant and equipment items under financial lease agreements (mainly machinery, equipment and vehicles). In the beginning of the term of a financial lease, the Company recognizes Property, plant and equipment items at the lower of the reasonable value of the leased assets or the present value of the minimum lease payments. As a counterpart, a liability is recognized under Bank and financial debts in the consolidated balance sheet.

Following the initial recognition, the amount subject to depreciation of Property, plant and equipment under a financial lease is depreciated over the estimated useful life of such asset. In case there is no reasonable certainty that the Company will become the owner of the leased asset at the end of the lease term, the asset is totally depreciated over its useful life or within the term of the lease, whichever is shorter.

Each installment of the financial lease is distributed by allocating part of it to the reduction of liabilities and part of it as a financial charge. The total financial charge is distributed among the periods that make up the lease term so that a constant interest rate is obtained in each period, over the outstanding balance pending amortization.

(b) Operating leases

Leases other than financial leases are classified as operating leases when substantially all the risks and rewards of ownership of the leased property are not transferred. The installments of operating leases are recognized in the consolidated statement of income according to the straight line method during the term of the lease.

2.23. Income tax and Minimum notional income tax

(a) Income Tax

The income tax charge comprises current and deferred taxes. Taxes are recognized in the consolidated statement of income, except for items that must be recognized directly in Other comprehensive income. In this case, the income tax related to these items is recognized in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws effective at the date of the Consolidated Balance Sheet, in the countries where the Company, its subsidiaries and associates operate and generate taxable income.

Deferred income tax is computed in its entirety according to the liability method, on the basis of the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts shown in the consolidated financial statements. However, the deferred tax generated by the initial recognition of an asset or a liability in a transaction not corresponding to a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit, is not recorded. Deferred tax is calculated using tax rates effective at the date of the consolidated balance sheet and which are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that tax benefits are likely to be obtained in the future to be able to offset the temporary differences.

The Company records a deferred tax liability in the case of taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

- i) the Company controls the timing of reversal of the temporary differences; and
- ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Balances of deferred assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same tax authority for the Company or the different subsidiaries where there is an intention and possibility to settle the tax balances on a net basis.

(b) Minimum notional income tax

The Company and its subsidiaries in Argentina compute the minimum notional income tax by applying the current 1% rate on computable assets at the end of the period. This tax complements income tax. The Company's tax obligation will be the higher of the two taxes. If in a fiscal year, however, minimum notional income tax obligation exceeds income tax liability, the surplus will be computable as a payment on account of income tax through the next ten years.

2.24. Provisions for contingencies

Provisions are recognized in the balance sheet when:

- (a) the Group has a present legal or constructive obligation as a result of past events;
- (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- (c) and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure required to settle the obligation considering the best information available at the balance sheet date and are re-estimated at the end of each reporting period. The discount rate used to determine the present value reflects market assessments at the balance sheet date of the time value of money and the risks specific to the liability.

2.25. Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable, and represents the amounts receivable for sales of goods and/or services, net of discounts and value added tax. Revenue is recognized by the Company when the amounts can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria are met for each of the Company's business operations, as described below.

(a) Construction contracts

Revenue obtained by the Company for construction contracts under way which extend over time is recognized as defined in IAS 11 "Construction Contracts", as a contract specifically negotiated for the construction of an asset.

When the amount of revenue from a construction contract can be reliably measured and it is probable that the contract will result in revenue for the Company, revenue and costs of construction contracts are recognized over the period of the contract based on the percentage of completion. When it is probable that the total costs of the construction contract will exceed total revenue from the contract, the loss is recognized in the Statement of Income immediately.

When the amount of revenue from a construction contract cannot be reliably measured, revenue from the contracts is recognized only up to the amount of the costs incurred at that date which are likely to be recovered.

The variations in the costs of contracts, as well as the payments for claims and incentives are included in revenue from the contracts if they have been agreed with the customer and can be reliably measured.

The Company uses the percentage of completion method to determine the amount of revenue to be recognized in each year. The percentage of completion of the construction work is measured on the basis of the costs of contracts incurred until the end of the reporting year-end as a percentage of the total estimated costs of each contract.

At the end of each reporting year-end, the Company reports the contractual net position of each contract, either as assets or liabilities. A contract represents an asset when the costs incurred plus their margin recognized in income exceeds billings issued to date; otherwise it represents a liability.

(b) Service provision

Revenue is recognized at the fair value of the consideration received or receivable in the period when such services have been rendered, and represents the amounts receivable for sales of services, net of discounts and value added tax. The Company recognizes revenue from services when the amounts can be measured by reliable means and when it is likely that future economic benefits are generated for the entity.

The result arising from the provision of services may be estimated by reliable means when each and every of the following conditions are fulfilled: i) the amount of revenue can be measured by reliable means, ii) it is likely that the Company will receive the benefits related to the service, iii) the degree of provision or completion of the service can be measured by reliable means, iv) the costs already incurred in the provision of services as well as the costs to be incurred for the completion can be measured by reliable means.

Revenue from passenger transport, given the nature of the service, the provision of which involves a short period of time is recognized based on the passengers transported.

Revenues from the issuance of CERs (certificates of emissions reduction) are recognized when the reduction of emissions is certified by the pertinent authority.

2.26. Distribution of dividends

Distributions of dividends among the Company shareholders are recognized as a liability in the Company's financial statements in the fiscal year in which they are approved.

2.27. Critical accounting estimates

The preparation of these financial statements requires the use of estimates. It also requires the Company's Management to exercise judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates might not equal the related actual results. The most critical estimates and judgments of the Company are discussed below.

(a) Estimated impairment of goodwill

Periodically, the Company determines whether goodwill has been suffered any impairment loss, according to the accounting policy in Note 2.9. The recoverable amounts of the cash generating units (CGU) have been determined by calculating the value in use. These calculations require the use of estimates.

(b) Income tax

The Company is subject to income tax in the countries where it operates. To determine the income tax provision in each of the jurisdictions where income tax is paid, the Company exercises its professional judgment to show the tax consequences of the economic events of each fiscal year, based on the current tax legislation, making the best estimates vis-à-vis the information available at the date of the consolidated financial statements.

(c) Fair value of derivatives or other financial instruments

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses its judgment to select a series of methods and makes assumptions based primarily on the market conditions prevailing at the end of each reporting period.

(d) Revenue recognition

The Company uses the percentage of completion method to account for the construction and service contracts at a fixed price. Use of this method requires estimating the costs to be incurred and the services to be provided to date, to determine the actual services provided and actual costs incurred as a proportion of the total services to be provided and total costs to be incurred for each of the contracts.

(e) Provision for lawsuits and contingencies

The evaluation of contingent liabilities is made by the Company's Management and legal counsel based on the elements of judgment available at the time of preparing these consolidated financial statements. In estimating their amounts, among other characteristics, the likelihood of occurrence has been considered. If in evaluating the contingency there was a chance that losses could materialize and the amount could be estimated by reliable means, a liability would be accounted for under provisions for contingencies. If the potential loss is not likely or probable but the related amount cannot be estimated by reliable means, the nature of the contingent liability and the estimate of probability of occurrence are disclosed in the note to the consolidated financial statements.

2.28. Changes in accounting standards

(a) New standards, amendments and interpretations that have come into force as from the fiscal year commenced January 1, 2014 and that did not have effects on the comparative separate financial statements:

IFRIC 21 Leans: provides guidance on when to recognize a liability for a levy imposed by a government, other than income tax, both for levies that are accounted for in accordance with IAS 37 Provisions. Contingent Liabilities and Contingent Assets and those where the time of settlement and amount of the levy is certain, IFRIC 21 is effective for the annual periods beginning on or after January 1, 2014 and may be applied in advance. Currently, application of these standards did not have a significant impact on the Condensed Interim Financial Statements of the Company.

The amendment to IAS 39 provides an exception, of restricted application under certain conditions, to the requirement to discontinue hedge accounting when a hedging instrument is novated to a central counterparty (CCP) to achieve clearing for that instrument, upon compliance with certain requirements. This amendment, published in June 2013, will be applicable for annual periods beginning on or after January 1, 2014. Application of this standard in the current period did not have a significant impact on the condensed consolidated financial statements of the Company.

(b) New standards, amendments and interpretations which have not yet come into force for fiscal years beginning on or after January 1, 2014 and have not been early adopted.

IAS 19 Employee benefits: The amended standard requires an entity to consider the employee or third party contributions in the accounting recognition of the defined benefit plans. If the contribution amount is independent on the number of years of service, an entity is allowed to recognize these contributions as a reduction in the cost of the service in the period in which the related service is provided, instead of attributing the contributions to the service periods. If the contribution amount depends on the number of years of service, an entity is required to attribute those contributions to the service periods. Application of this amendment is mandatory for fiscal years beginning on or after July 1, 2014. Amendments to this regulation will be applied by the Company to the years commenced as from January 1, 2015. No significant impact is expected.

IFRS 15 - Revenue from contracts with customers, is a standard on revenue recognition agreed between IASB and FASB (Financial Accounting Standards Board), which permits improvements in the financial reports on revenue, facilitating comparability at an international level. This standard was issued in May 2014 and will be applicable for annual periods beginning on or after January 1, 2017. The Company is assessing the impact of this standard, but it is not expected to be significant.

IFRS 9 "Financial Instruments". The complete version of this regulation was issued in July 2014. It replaces the guidelines of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 maintains but simplifies the mixed measurement model and establishes three main measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. This classification depends on the business model of the Entity to manage its financial assets and on the characteristics of the contractual cash flows of the financial assets. In its initial recognition, an entity may irrevocably choose to record in other comprehensive income subsequent changes to the fair value of an investment in an equity instrument not held for trading. There were no changes in the classification and measurement of financial liabilities, except for the recognition of changes in its own credit risk (own credit rating) under other comprehensive income, for liabilities at fair value through profit or loss. Furthermore, IFRS 9 relaxes the requirements for effectiveness of hedge instruments. It requires the existence of an economic relationship between the item hedged and the hedge instrument and that the reason for hedging be the same as that used by risk management. It maintains the requirement for formal documentation on the initial hedging ratio but it is different to that prepared under IAS 39. Also, this standard adds a model of expected receivable losses which replaces the financial assets impairment model used under IAS 39. The standard becomes effective for accounting periods commencing on January 1, 2018 or subsequently. Early adoption is permitted. The Company is assessing the impact of this standard, but it is not expected to be significant.

Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" by "Bearer plants": amendments are introduced to the model of accounting of "bearer plants" which must be accounted for similarly as property, plant and equipment as they are comparable in their operation production schemes under the scope of IAS 16, maintaining agricultural products developed therein under the scope of IAS 41. These regulatory amendments are effective for the annual periods commencing on or after January 1, 2016 and may be applied in advance.

There are no other IFRS or IFRIC interpretations that are not yet effective and which are expected to have a significant effect on the Company.

3. Operating segment information

The Company operates through four segments: Constructions and toll road concessions, transport, waste management and water supply.

3.1. Construction and toll road concession

3.1.1. Benito Roggio e Hijos S.A.

Through its subsidiary Benito Roggio e Hijos S.A. ("BRH") a construction company, which is positioned as one of Argentina's largest construction company. BRH is engaged in a wide range of activities mainly relating to the construction sector.

The activities performed in this segment may be classified as highway, hydraulic, remediation, architectural, railway, and subway transportation, electrical and construction and assembling of industrial facilities. BRH has important construction projects under way, such as the IBM building in Buenos Aires; the Santiago International Airport, in Chile; the Piedras Moras Dam in the Province of Córdoba; the Mario Alberto Kempes Football Stadium in the City of Córdoba (originally, Chateau Carreras Football Stadium); Western Access in Buenos Aires; Conrad Hilton Punta del Este Resort & Casino hotel, located in Punta del Este, Uruguay; the Pichi Picún Leufú Hydroelectric Dam in the province of Neuquén; 9 de Julio Northern Highway in Buenos Aires; the extension of B and D Line of the Buenos Aires City Subway Network, with the addition of new stations; the Córdoba-Villa María highway and Oliva- Ballesteros highway, in the Province of Córdoba and National Road No. 76, Sections I and II in the Province of La Rioja.

Currently, BRH is performing construction works nationwide. The most important construction works under way are the following:

- Coastal Protection Works for Yacyretá in the localities of Posadas, Garupá and Candelaria, Province of Misiones.
- E Subway Line –Bolívar-Retiro section- City of Buenos Aires.
- Potable Water Plant in Tigre, Province of Buenos Aires.
- Rosario beltway, Province of Santa Fe.
- Repaving national roads Nos. 9 and 60, Province of Córdoba.
- C railway transportation line, Province of Santa Fe.
- Duplication of Roadway in National Road No. 9, section of the Asunción del Paraguay – Yala bridge in the Province of Jujuy.
- Contract for Recovery and Maintenance of 308 Mesh Fence covering National Road No. 150, Parque Natural Provincial Ischigualasto and National Road No. 79 in the provinces of La Rioja and San Juan.
- Paving of National Road No. 76, Quebrada Santo Domingo section, Pircas Negras, Province of La Rioja.
- Refunctionalization and Improvement of Los Molinos Dam and Canal Río Grande - San Salvador de Jujuy, Province of Jujuy.
- Closure of Western Arch - Avenida Circunvalación Córdoba – Province of Córdoba.
- Renewal of Buenos Aires-Rosario railway line – Otamendi-Zarate section – Province of Buenos Aires.
- Renewal of Subway Line E - Ciudad Autónoma de Buenos Aires
- Pumping Station. Impulsion and Treatment Plant – Province of Santiago del Estero
- Construction of the motorway National Road No 36 section: End of variant Perilago – Berrotaran (Variant of Los Cóndores y Berrotaran)
- Construction of the four-lane avenue with central separator in provincial road No. 1 - San Salvador de Jujuy-Palpalá – Province of Jujuy section.
- Low level crossing road Triunvirato and ex- railroad track General Roca.
- Underpass of Av. Beiró and railroad track Urquiza.

Further, through its branch in Brazil, it has won the following bids:

- Execution of civil works in passenger stations and a parking space for trains of Subway Line 15, in the city of São Paulo, Brazil.
- Roadwork in the northern region of Brazil, in the State of Pará, consisting of the construction of a 112 km paved road, as part of Federal Road BR 163 in the Campo Verde-Rurópolis section.

3.1.2. Haug S.A.

Haug S.A. (Haug), a Peruvian leading company in the metal mechanical sector that has been in operation in Peru for more than 60 years, provides engineering and construction services and carries out activities related to the assembly of storage and processing tanks, equipment for the mining industry (thickeners, clarifiers, hoppers, cells), industrial plants, metal structures, Tubing, etc.

Haug has carried out its activities in Chile and in the Dominican Republic. At present, the Company mainly provides services through its head office in Peru and through Factoría Metálica Haug S.A. - Argentine Branch (construction jobs already finished); with the Joint Venture Haug - Demem - MyC Pariñas, the Company is developing a project for the assembly and interconnection of four tanks, in Talara, Peru.

3.1.3. Benito Roggio Panamá S.A.

BRH holds 100% of the shares in Benito Roggio Panamá S.A., the awardee of the Design and Construction work for road improvement along the Divisa-Chitré Highway, in the province of Herrera, Republic of Panama; this work includes 3 years' maintenance, and its completion is planned for 2017. The road will have four lanes, turnarounds every 5km, 2 new bridges, road verge and better lighting. The Company also performs works in Panama for road improvement along the Roadways in the province of Herrera, in the sections comprised between the following localities: (i) Cabuya - Los Higos; Cabuya – Potuguilla; Rincón Hondo – Esquiguita; Cruce Limón – Borrola; Pesé – Las Cabras and Cascajillo – La Arenita – Las Cabras, and (ii) Los Pozos – Las Minas and the Bridge over Quebrada El Barrero.

3.1.4. Sehos S.A.

BRH holds 95% of the shares in Sehos S.A., which engages in architectural activities in general and over the last few years it specialized in railway infrastructure services, such as remodeling and bringing into operation of railway stations, renewal of level crossings, elevation of platforms, delimitation of operating areas, etc. It also provides preventive, operational and corrective maintenance in hospitals.

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3.1.5. Transportel Patagónica S.A.

BRH holds a 45% equity interest in Transportel Patagónica S.A., which main purpose is the construction, operation and maintenance of an extension of the electrical interconnection that will link the locality of Esperanza with Rio Turbio and Esperanza with Rio Gallegos, in the Province of Santa Cruz, all this within the framework of the contract entered into on July 22, 2010 with the Committee for the Execution of the said Interconnection, composed of the Committee for the Administration of the Fiduciary Fund for Federal Electricity Transportation ("CAF").

During the last quarter of 2013, Transportel Patagónica S.A. was awarded a series of additional jobs under the Pico Truncado – Rio Turbio – Rio Gallegos – Southern Portion Interconnection contract and the supply and installation of a second transformer in the Rio Gallegos transformer station. Within the current year, these works have been performed and they are close to be completed.

3.1.6. Benito Roggio e Hijos S.A. de Paraguay

BRH holds a 20% interest in Benito Roggio e Hijos S.A. Paraguay ("Benito Roggio Paraguay"), which has developed construction projects in that country, since 1974.

3.1.7. CV1 - Concesionaria Vial S.A.

BRH holds interests in CV1 - Concesionaria Vial S.A. (CV1) which is engaged in the construction, improvements, reparation, preservation, extension, remodeling, maintenance, administration and exploitation through the Toll Concession System of National Highway Corridor No. 1, for an initial term of 6 years, renewable for one additional year. Takeover of the corridor took place on April 22, 2010, date of commencement of the concession period. This corridor has a total length of 1,281 km covering the sections between Cañuelas, Mar del Plata and Bahía Blanca.

On February 06, 2012, the General Administrator of the National Highway resolved Resolution No. 207/2012, among other issues, to i) carry out a comprehensive review of the concession contracts of the national highway corridors approved by National Executive Branch Decree No. 543/2010; ii) suspend application of the regulations on government subsidies to the corridors until the comprehensive review of the concession contracts is completed; and iii) calculate a monthly fixed amount of subsidies which will be paid temporarily ad referendum of the comprehensive review to be carried out, while the collections of the subsidies are suspended.

On December 27, 2012 the National Highway approved by Resolution No. 3064/2012 the agreement of restatement of the contract of the concession Road Corridor No. 1. In that document, the parties agree to readjust the restructure plan works and control, measurement and payment of preservation works, maintenance, user services and support services, setting them up as a single work.

Additionally, on May 1, 2013, the Concession Contract of CV1 included the Road Corridor No. 29, consisting of the Km 1212.40-Km 1217.80 section of National Road No. 22 and the Cipolletti Traffic Circle-Cipolletti Beltway Traffic Circle section of National Road No. 151, in the Provinces of Neuquén and Río Negro.

3.1.8. Autovía del Mar S.A.

BRH holds a 26.67% of interest in Autovía del Mar S.A., which engages in the construction, improvement, repair, preservation, extension, remodeling, maintenance, administration and operation of the Integrated Road System of the Atlantic, by means of a toll road concession for a term of 30 years. The takeover of this corridor took place on July 1, 2011, the effective date of the concession term.

This corridor is 950 km long and comprises the following sections: (i) Provincial Road N°2 between the progressive section of km 40 at the intersection between Provincial Roads Nos. 36 and 2 (District of Berazategui) and km 395 (Mar del Plata – District of General Pueyrredón), except for the section between km 214 and km 395. which is currently administered by Covisur S.A. and will be covered by the concession of Autovía del Mar S.A. upon termination of the concession of Covisur S.A. in June 2016; (ii) Provincial Road No. 11 between Provincial Road N°36 (Pipinas – District of Punta Indio) and Santa Clara del Mar (District of Mar Chiquita); (iii) Provincial Road No. 63 between Provincial Road No. 2 (Dolores) and Provincial Road N°11 (Esquina de Crotto Traffic Circle – District of Punta Indio); (iv) Provincial Road No. 56 between Provincial Road N°11 (General Conesa Traffic Circle – District of Tordillo) and Provincial Road No. 74 (General Madariaga Traffic Circle);(v) Provincial Road No. 74 between Provincial Road No. 11 (Pinamar Traffic Circle) and the progressive section km 27.800 of Provincial Road No. 74 (District of General Madariaga) and (vi) Provincial Road No. 36, between the intersection with Provincial Road No. 2 (District of Berazategui) and the intersection with Provincial Road No.11 in Pipinas (District of Punta Indio); the latter section will be included as from the ninth year of the concession term.

3.1.9. Covisur S.A.

BRH holds interest in Covisur S.A., which is the awardee of the concession for the preservation, improvement and administration of a section of Provincial Road No. 2 under a toll system, the term expires in 2016.

On July 19, 2010 a memorandum of understanding was signed between the Ministry of Infrastructure, the Province of Buenos Aires and Covisur S.A., which would amend the original concession contract, by extending the concession term until June 30, 2016 and modifying the sections covered by the current concession. Under the Concession, the government gave its consent to (i) the partial rescission of the concession contract of Covisur S.A., that is, regarding construction, improvement, reparation, preservation, enlargement, remodeling, administration and exploitation of a section of Provincial Road No. 2 of approximately 174 km; (ii) the adoption of new contractual terms and conditions regarding the remaining 189 km of Provincial Road No. 2.; and (iii) the extension of the concession term, modified until June 30, 2016.

As a result of the negotiations carried out during the last few years, on June 30, 2011 an addendum to the abovementioned memorandum of understanding was signed, whereby the km 40.210 and the km 214 section of Highway 2 would be excluded from the concession contract as from July 1, 2011; the economic and financial plan and the rate increases were modified with the extension of the concession term until June 30, 2016.

3.1.10. Toll Road Concession Agreement

On October 31, 2003 Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., companies where BRH holds an interest of 53.77%, 38.47%, 38.46% y 57.00%, respectively, returned the assets related to the Concession to the National Government, discontinuing as from that date the generation of income and maintenance and exploitation obligations under the concession. However, the Concession Grantor and those companies have not yet expressly agreed to the full termination of the concession contract, with administrative and judicial proceedings being pending between the parties to settle the unresolved contractual issues. The shareholders of the concessionaires jointly guarantee any difference that may arise as a result of the termination processes mentioned above.

Based on the opinion of their legal counsel, the concessionaires believe that no further debts will be incurred in addition to those recognized by them.

In view of the current status of the negotiations, the Company Management has decided to value at zero the interests held in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A.

3.1.11. Puentes del Litoral S.A.

National Executive Branch awarded the public work concession under a toll fare system for the construction, preservation, maintenance, administration and operation of the Rosario (Province of Santa Fe)-Victoria (Province of Entre Ríos) physical connection, subsidized by the government, to the consortium composed of Impregilo S.p.A., Iglys S.A., Hochtief A.G., Techint Compañía Técnica Internacional S.A. and BRH, the concession contract previously entered into by and between the Ministry of Economy and Public Works and Services and the Awardee Consortium having been approved. On April 1, 1998, the Awardee Consortium established the company Puentes del Litoral S.A., headquartered in the Ciudad Autónoma de Buenos Aires, for purposes of compliance with the above-mentioned concession contract.

The term of the concession is twenty-five years from the date of taking of possession of the project site and of the area given in concession, which happened on September 14, 1998; thus, the concession will expire on September 13, 2023. On May 2003 the temporary commissioning of the Rosario-Victoria physical connection took place and tolls started to be collected as from May, 23.

Since 2005, the Management of Puentes del Litoral S.A. has been conducting negotiations with the Committee for the Renegotiation and Analysis of Public Utility Services and Work Contracts (UNIREN) to reach an agreement to restore the balance in the economic and financial equation of the Concession Contract, which had been substantially affected by the pesification of the rates, the elimination of the adjustment systems, and higher operating and maintenance costs as from 2001, among others. The term for dealing with the renegotiation of the contracts for public works and services has been extended through successive laws. The law No. 26896 extended this term until December 31, 2015.

On May 22, 2007, Puentes del Litoral S.A., reorganization proceedings were initiated. On March 26, 2008, Puentes del Litoral S.A. submitted a Plan of Reorganization with the court hearing the case. This Plan of Reorganization included two sub-proposals (I and II), both of which contemplated a 40% reduction. On December 1, 2009, Puentes del Litoral deposited Ps. 36,960,190.50 in Ciudad de Buenos Aires bank, equivalent to 9% each credit after the application of the reduction offered in the creditors' proposal, and the first installment of the twenty agreed-upon installments, as per the terms of the agreement proposal submitted in the Reorganization proceedings. By a Court order, these amounts were translated to United States dollars and invested in time deposits.

On December 30, 2009, a court ruling confirming the composition agreement was issued, thus putting an end to the Reorganization proceedings. However, in view of the imbalance in the economic and financial equation of Puentes del Litoral S.A., payments agreed under the reorganization plan have been made in part, as from the fourth installment.

In its financial statements, Puentes del Litoral S.A. has reported accumulated losses at December 31, 2013 that exceed capital and reserves, so it qualifies under the provisions of Section 94, subsection 5, of the Commercial Companies Act.

Puentes del Litoral S.A. brought in May 2014 legal action against the National State requesting declaration of rescission of the concession contract upon the concession grantor's exclusive negligence, and also claiming compensation for damages caused by the National State's refusal to restore the economic and financial equation of the concession. In view of the foregoing, the meeting of shareholders of Puentes del Litoral S.A. held on June 30, 2014 resolved to dissolve and liquidate the company. Subsequently, on August 29, 2014, the National Highway Authority (Dirección Nacional de Vialidad - DNV) notified Puentes del Litoral S.A. of AG Resolution No. 1994/14, establishing the rescission of the concession contract of Puentes del Litoral S.A. Consequently, Puentes del Litoral S.A. handed over the concession to the grantor on September 1, 2014. The resolution was challenged by Puentes del Litoral S.A. when it delivered the concession and this will extend the judicial proceedings already initiated for contract rescission.

BRH holds a 20% of shares of Puentes del Litoral S.A., and as from the fiscal year ended June 30, 2006 this investment was measured at zero.

3.1.12. Polledo S.A.I.C.y F.

The Company holds a 46.18% interest of Polledo S.A.I.C. y F. which carries out its business activities through the investments it holds in other companies, primarily in Coviare S.A. ("Coviare"), in which has a minority interest.

The corporate purpose of Coviare is the construction, preservation and operation of the La Plata - Buenos Aires Highway, the Riverside Highway of the Capital Federal and the new bridge over the Riachuelo River, in accordance with the Agreement for the Restatement of the Concession Contract signed with the Department of Public Works and Communications of the Argentine Ministry of Economy and Public Works and Services ("the Department of Public Works" or "the Concessionaire") on December 29, 1993, which was approved by Ministry Resolution No. 538/94 and National Executive Branch ("PEN") decree. The obligations arising under the concession are the construction of the highway, maintenance, repair and preservation of works and the administration, operation and providing of services over the life of the concession. The concession term shall be 22 years counted as from the placing in service of the first toll booth (July 1, 1995).

As from the enactment of Law No. 25561, adjustment clauses in dollars or other foreign currencies or any other indexing mechanism included in contracts executed with the Public Administration were left without effect, and as from publication of Decree 293 dated February 12, 2002, the contract began to be renegotiated by means of the Public Works and Services Contract Renegotiation Committee which was created in order for the concessionaires of public works and services to submit their renegotiation proposals. The term for dealing with the renegotiation of the contracts for public works and services has been extended through successive laws. Law 26896 extended this term until December 31, 2015.

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The Congress of the Province of Buenos Aires approved Law 14443 of which adopted the "Convention Transfer of Rights and Obligations of the Concession Agreement for Highway Buenos Aires - La Plata", a law that has been enacted and duly published in the Official Gazette of the Province of Buenos Aires. Also, through Decree 74/13, it is determined that the Ministry of Infrastructure will be the enforcement authority and communicating that from February 5, 2013 the Province of Buenos Aires takes the role of Grantor of the Concession Agreement for Highway Buenos Aires - La Plata.

After the Province has assumed the role of Concession Grantor and holder of the Concession Contract, Coviare formalized several presentations to obtain performance of the acts incumbent on the Province under the Transfer Agreement, since the conditions of the original contract remained in force, as well as performance of the obligation to reformulate the contract conditions, affected by the economic emergency referred to in the Agreement for Contract Renegotiation entered into between UNIREN and Coviare, and approved by Decree No.1057/2010 of the National Executive Branch.

Coviare did not receive any answer to its requirements and. Unexpectedly, on July 12, 2013 Decree No. 419 was published in the Official Gazette in the Buenos Aires Province, declaring the Concession Contract of Coviare rescinded and displacing Coviare S.A. from the Concession, which is now in charge of Autopistas de Buenos Aires S.A. (AUBASA), a company established by the Province for such purpose. At the same time, a detailed inventory was prepared containing the assets and employees that will be assigned to the concession, and a public emergency was declared on the highway.

Against this measure, Coviare made a presentation rejecting the declared rescission, denying a breach of contract that gave rise to the rescission, and requesting that provincial Decree No. 419/2013 be declared null and void and illegitimate, on the grounds that the Province has no power to resolve the rescission, that there are no good reasons, that the facts invoked are false and that there has been a violation of the essential and substantial procedures established by applicable laws, as well as a violation of the purpose of the Agreement for the Transfer of Rights and Obligations under the Concession Contract. Coviare denied on good grounds the alleged breach of contract invoked in whereas clauses of Decree 419/2013, and affirmed that the allegations of abandonment of the operation, maintenance, preservation and execution of the works or of failure to provide users with the essential services were inadmissible. Coviare also reserved its right of action against the Province and the National State in relation to the rescission of the concession contract. On December 2013 Coviare S.A. filed legal action against the Province of Buenos Aires and the National State, pending at the original jurisdiction of the Supreme Court requesting that the resolution ordering the rescission be declared null and void and that defendants be ordered to compensate Coviare for damages as a result of the contract rescission. This compensation has been assigned as collateral to the Trust which administers the repayment of the syndicated loan of Coviare S.A.; for this reason, the Trust will have to join the lawsuit as a third party claimant. The Company has been informed that on June 13, 2014 the commencement of proceedings for Coviare creditor protection, File No. 61006/2014, was decreed, which is pending at the Commercial Court of Original Jurisdiction No. 22, Clerk's Office No. 43.

The deadline for creditors to file proof of claims was October 3, 2014, and the National Highway Authority and the Province of Buenos Aires, among other creditors, filed for proof of their claims, including penalties. The two creditors made reservations of rights, alleging that the process for the liquidation of the Concession had not ended.

Coviare contested and rejected the creditors' claims, based mainly on the arguments invoked in the complaint for the rescission and on the inapplicability of fines.

Polledo, as minority shareholder of Coviare, records since December 31, 2011 its equity interest in that company at zero, and is currently analyzing the possible economic, financial and legal implications for the Company of the contract rescission declared by Decree No. 419/2013 of the Province.

Transport segment includes the exploitation of passenger rail transport, underground and surface rail freight and related business. **Roggio Transporte S.A.**

Benito Roggio Transporte S.A. ("BRT") carries out activities relating to the repair of train carriages and other wheeled machinery in the facilities developed for that purpose in Las Delicias, Departamento Colón, Province of Córdoba.

BRT holds 95% of the capital stock of Benito Roggio Ferroindustrial S.A., ("BRF") which engages in the provision of transport related services; business activities directly or indirectly related to the industry, construction and transport service; financial activities excluding those encompassed by the Financial Institutions Law; advisory services related to those activities; agency services for firms based in Argentina or abroad related to the corporate purpose of the company; and consulting services regarding national and international transport business projects.

BRT jointly with BRH signed a joint venture contract in which each of them holds 80% and 20% respectively, for the general repair of 78 Nagoya railway cars for the provision of services in Line C of the Buenos Aires City Subway Network; the first three railway cars were repaired this year, due to the award of part 2 of Public Bid No. 148/13 - B, C, D, E and H Lines of the Subway network and above-ground Premetro network: General Repair of Rolling Stock.

As to its activities in Brazil, BRT holds a minority interest percentage in the Consortium of Line 4 of the Sao Paulo Subway Network, to which BRT provides technical assistance in relation to operating, technical, commercial and financial matters, and as from the current year, in the Consortium VLT Carioca, which received from the Rio de Janeiro City Coast Guard the concession for the implementation, operation and maintenance of a light train (VLT or Veículo Leve sobre Trilhos) in the port and central regions of that city. Moreover, as from the current quarter, BRT holds a minority interest in Concessionaria do Monotrilho da Linha 18 – Bronze S.A., a company engaged in the provision of public utility transport services with monorail technology for passengers, of Sao Paulo subway Line 18, in Brazil.

3.2.2. Metrovias S.A.

Concession contract

BRT holds a 90.66% interest of Metrovias S.A., which was created on December 29, 1993 and is the holder of the concession to operate Grupo de Servicios 3 (the Buenos Aires Subway Network and its complementary above-ground Premetro network ("BAS") and the General Urquiza Railway), on an exclusive basis until December 31, 2017. The Concession Contract between Metrovias and National Executive Branch was approved on November 25, 1993 and entered into force by Decree No. 2608/93 dated December 22, 1993 and has been amended by means of the Addendum approved by Decree No. 393/99 dated April 21, 1999. And the amended of this decree was approved by the Ministry of Economy and Public Works and Services and informed Metrovias SA through Resolution No. 153/99 of Transportation Secretariat dated April 30, 1999. This is a "Concession for the operation of Public Utilities" and for the commercial exploitation of shops spaces and advertising at stations, rail cars and real estate covered by such concession.

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The Addendum was partially executed, due to the scarce budgetary resources on the part of the National Government and the delay in the recognition of the rate increases committed; in addition, the renegotiation of the Concession Contract under the terms of Emergency Law 25561 did not occur, despite the presentations made by Metrovías S.A. and the time elapsed. Also, within the framework of that emergency law, Decree No. 2075/02 on Railway Emergency was issued on October 16, 2002, declaring a state of emergency in relation to the railway and subway passenger transportation system in the Buenos Aires Metropolitan Area.

As from that moment, the National State took a series of emergency measures to regulate the relations arising from the concession contract to allow for the rendering of the service in a provisional manner until the contract renegotiation referred to above. These measures included, among others, the suspension of the original investment plan and the payment of subsidies to Metrovías S.A. to compensate for the suspension of the increases envisaged in the rate schedule, as established by article 7.4.1. of the Concession Contract.

On January 3, 2012, the National State and the City Mayor signed a Memorandum of Understanding for the transfer of the Concession over the Buenos Aires City Subway Network whereby the City Mayor took control and supervision of the Concession Contract and was given the power to set the rates for the service, and the National State agreed to pay an annual sum in twelve monthly installments as the only contribution for payment of subsidies. Furthermore, a term of 90 calendar days was set so that the parties will jointly send to the respective competent authorities the projects for the legal acts that are necessary to sign for the formalization of the other legal, economic and administrative issues relating to the transfer of subways.

The different interpretations between the National State and the Buenos Aires City Mayor as to the scope of application of the terms and conditions of the Memorandum of Understanding did not permit implementing what had been agreed therein, for reasons beyond the control of Metrovías S.A. Throughout 2012, Metrovías S.A. made numerous presentations and claims to the signatory parties to the Memorandum of Understanding, alleging that its vested rights had been affected by this situation which worsened the already deteriorated economic and financial equation ever further.

Operation and Maintenance Agreement

On December 19, 2012 through Law No. 4472, the Legislature of the City of Buenos Aires established that: (i) the City of Buenos Aires took over the public service of ground and underground passenger transport which was under its exclusive jurisdiction as well as any new lines or extensions of existing lines to be built since January 1, 2013, (ii) the service is a utility, (iii) the utility was in a state of emergency, (iv) the legal instruments required for the operation of the utility will be granted, (v) Metrovías S.A. and/or its parent company will be immediately convened after the law becomes effective to enter into an agreement within sixty (60) days counted as from the notice of the meeting- which may be extended for thirty (30) additional days. at the Executive Branch's discretion- to hire by direct means the temporary operation of the service for an initial maximum term of two (2) years - which may be extended for an additional year if the state of emergency is also extended, and (vi) a fund will be created for the Government of the City of Buenos Aires to finance maintenance and investments.

On January 8, 2013 Metrovías S.A. was convened to negotiating the terms and conditions of the new agreement for the operation and maintenance of the utility with Subterráneos de Buenos Aires S.E. (SBASE), a company appointed pursuant to the amendment made by the City Mayor through Decree No. 5/2013. On January 9, 2013 Metrovías S.A. accepted to attend the meeting through Note GAJ No. 8/13.

During the first quarter of 2013 and until the execution of the Operation and Maintenance Agreement (OMA), Metrovías S.A. continued rendering the Subway and above-ground Premetro service taking as parameters the terms of the Concession Contract entered into with the National State. as provided for by Section 77 of Law No. 4472.

Finally, on April 5, 2013, Metrovías and SBASE entered into an Agreement for the Operation and Maintenance of the Public Subway Network Service (the OMA. *for its Spanish acronym*) whereby, under Law 4472, SBASE granted Metrovías on an exclusive basis the operation and maintenance of the Public Subway and above-ground Premetro network service in the Ciudad Autónoma de Buenos Aires, including the A, B, C, D, E and H lines, and the above-ground Premetro, as well as the lines to be incorporated in the network over the term of the OMA; the Agreement excludes the exploitation of all services under the contracts signed with shops at stations and the performance of works and investments. The OMA will have an initial duration of two years counted as from the date of its execution and may be extended by SBASE, but the total duration of the OMA shall not be beyond the emergency period declared in Section 6 of Law 4472. That law was modified by the Law 4790 which established that the emergency period is for 4 years and an additional terms of 1 (one) year, with the prior approval of the Buenos Aires City Executive Branch.

In view of the amendment introduced by Law 4790 to the emergency period above mentioned, Metrovías has held at the end of the current year, meetings with SBASE to adjust the original term of the AOM (Operation and Maintenance Agreement) to the provisions of that regulation, and consequently, agree on the new terms and management parameters derived from such situation.

In respect of the revenue by the operator, according to the article 7.1, Metrovías S.A. collects: (1) The rate paid by the user (Ps. 2.5 from the date of the Operation and Maintenance Agreement up to and including November 11, 2013; Ps. 3.5 from November 12, 2013 up to and including March 13, 2014; and finally Ps. 4.50 for cards without contact with discounts as from the 21st day trip, and Ps. 5 for cash payments effective March 14, 2014, as per rate schedule approved by SBASE under Resolution 1995/14), (2) The amount of the commissions for travel card recharge; and (3) the state contributions / subsidies / incentives. The operating and maintenance costs may be adjusted when either party invokes an increase or a decrease of more than 7%, measured based on a basic structure with price indicators representative of those costs, as established by article 7.4.1 of the Operation and Maintenance Agreement. This variation is requested by Metrovías from SBASE for its approval within 30 business days as from the date of receipt and will be included in the remuneration receivable by Metrovías. As established by Note 4 of Annex II, a to the Agreement, any change in the conditions of the Basic Budgetary Equation may also modify the monthly remuneration receivable by Metrovías.

The amount of the remunerations for state contributions (subsidy /incentive) referred to above has been recognized as a lower cost/expense in the "Adjustment due to higher costs" caption, in the Consolidated Statement of Income.

However, in Schedule XIII to the OMA Metrovías S.A. has reserved its rights stating that signing the OMA would not mean a waiver or recognition in favor of the National State. of the rights vested in Metrovías S.A. under the Concession Contract and its amending Addendum entered into with the National State; and particularly: (1) it would not mean a waiver in favor of SBASE and/or CABA of the outstanding pecuniary claims for the year 2012; or (2) a waiver of the term of validity and termination of the Concession awarded to it by the National State, which had been extended until December 31, 2017.

The services under the contracts signed with shops at stations have been expressly excluded under Law 4472. Although Metrovías has reserved its right over those contracts in numerous notes and presentations to SBASE, the Company discontinued revenue recognition for those services in the current period.

Lastly, within the framework of Ministry of the Interior and Transport Resolution No. 748/12, redetermination of the operating account continues with representatives of the Joint Technical Committee on Follow-up and Redetermination of Costs of the Railway Passenger Transportation Concessionaires for the Buenos Aires Metropolitan Area and the Unit for the Renegotiation and Analysis of Public Utility Contracts (UNIREN). Under such resolution, Metrovías S.A. has disclosed in its condensed interim parent-only financial statements certain personal rights since March 2014. Metrovías S.A. continues renegotiating the concession contract.

Metrovías S.A. has made several presentations in relation to the above mentioned situation both to the National Government and the Mayor of the City of Buenos Aires, and in relation to the calculation of higher operating costs incurred from 2008 to 2012 and for the payment of commissions on sales of passages, which at the date of these Financial Statements have not been resolved yet.

Therefore, as mentioned, all payments received are considered as preliminary and in advanced payments because the envisaged by Law 25561 and Law 4472 issued by the city of Buenos Aires Government.

The amount of the accrued right due to the circumstances mentioned, are disclosed as a less cost/expenses on the item "Adjustments for higher costs" of the Consolidated Statement of Income.

Other recognition and/or claims

Further, Metrovías S.A. has filed other claims with the National Secretariat of Transportation and/or the Buenos Aires City Mayor for the lack of recognition and/or nonpayment of outstanding obligations, over which the Company has rights under the provisions of the Concession Contract and the above-mentioned Operation and Maintenance Agreement (OMA), in force since April 5, 2013, in view of the reservation of rights made in Schedule XIII thereto.

3.2.3. Operational agreements of urban rail passengers services

Unidad de Gestión Operativa Ferroviaria S.A., in liquidation (UGOFE), in which Metrovías S.A. holds 50%, started to operate on behalf of the National State the San Martín railway line effective January 2005. Also, on July 05, 2007 and upon termination of the respective concessions, the National Government awarded UGOFE the provision of services in the Belgrano Sur and General Roca railway lines. Under a similar system, Unidad de Gestión Operativa Mitre Sarmiento S.A. in liquidation ("UGOMS") assumed effective 2012 the operation of the Sarmiento and Mitre railway lines on behalf of the National State.

By resolutions 848 and 1083 dated on August 14, 2013 and September 11, 2013, respectively, of the Ministry of the Interior and Transport, under the authority of the National Executive Branch, the operating agreements executed with Unidad de Gestión Operativa Ferroviaria S.A. in liquidation ("UGOFE") and Unidad de Gestión Operativa Mitre Sarmiento S.A. ("UGOMS"), companies that operated on behalf of the National State the General Roca, General San Martín and Belgrano Sur and General Mitre and Sarmiento railway lines, respectively, were transferred to Operadora Ferroviaria Sociedad del Estado (SOFSE).

On October 24, 2013, under Resolution 1244/2013, the Ministry of the Interior and Transport instructed SOFSE to implement the necessary measures to rescind the Operation and Maintenance Agreement and its Addenda with UGOMS, as regards the Sarmiento Railway Line only. The rescission was made effective under Resolution 31/13.

Subsequently, in the exercise of the powers vested by Law 26352 on Railway Business Rearrangement and complementary provisions, SOFSE proposed entering into new Operating Agreements that would replace the current agreements with UGOFE and UGOMS. On February 7, 2014, the Ministry of the Interior and Transport adopted Resolution No. 41/14 approving the specimen Operating Agreement for the Services of Urban Railway Transport of Passengers corresponding to the Roca, San Martín, Belgrano Sur and Mitre railway lines, thereby assigning and unifying the operation of those lines to Corredores Ferroviarios S.A. (company controlled by BRT), as regards the Mitre and San Martín lines, and to Argentren S.A., as regards the Roca and Belgrano Sur lines. Consequently, both UGOFE and UGOMS ceased operations with those lines as from that date, without prejudice to the rights and obligations assumed under the agreements between those companies and SOFSE.

UGOFE and UGOMS have started formalities for their liquidation process and must agree with SOFSE on the process to settle the outstanding liabilities, the formalization of the transfer of the assets used in the operation, and the rights and obligations pending enforcement and/or settlement regarding the contracts being performed, as well as the works in progress, pending lawsuits and remunerations for management services pending collection. All this will be dealt with during the process of computation and settlement of receivables and debts that will form part of the final rendering of accounts. To that end, UGOFE and UGOMS will formalize with SOFSE and with the new Operators such Agreements as may be necessary to determine the procedure to be followed for an orderly transfer to carry out the acts during the transition.

3.2.4. Corredores Ferroviarios S.A.

BRT holds a 95% interest in Corredores Ferroviarios S.A. (COFESA). In view of the railway business rearrangement explained in the note 3.2.3. SOFSE entrusted COFESA with the management on behalf of SOFSE of the comprehensive operation of the urban railway transport service for passengers of the Mitre and San Martín lines, including the operating maintenance, custody and surveillance of the assets used in the railway service, the commercial exploitation on behalf of SOFSE of all complementary and collateral aspects and the continuation and completion of certain works in progress and the works assigned to it in the future. The term of duration is 2 (two) years, renewable for annual periods by mutual agreement.

Under a system similar to that of its predecessors UGOFE and UGOMS, the costs incurred for the operation of the lines are paid by the National Government based on a fixed monthly budget, as well as payment of the works performed. COFESA receives the following remuneration: (a) a fixed amount; (b) 15% of the monthly revenue; (c) 50% of the monthly commission for SUBE card recharge; (d) 6% of collateral income; and (e) a performance incentive for the operating objectives reached. The employees who rendered services to the concessionaire prior to the operation do not form part of COFESA payroll; rather, they are included in the payroll of a public sector company.

It is important to mention that on February 27, 2015, the Ministry of Interior and Transport issued Resolution No. 171/15, whereby it ordered SOFSE to take the necessary measures to terminate the Operation Agreements for Urban Railway Passenger Services corresponding to the San Martín and Mitre lines, timely signed. In view of the above, on March 2, 2015, COFESA was served notice by SOFSE through Pres Note No. 31 of the termination of the pertinent agreements, and that as from such date the SOFSE will operate those services. Accordingly, COFESA has ceased operations as from such date, without prejudice to the rights and obligations undertaken under the framework of the agreements signed with SOFSE on February 10, 2014.

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Therefore, COFESA will start with SOFSE the administrative and legal procedures to settle the outstanding liabilities, formalize the transfer of the assets used in the operation, and the rights and obligations pending enforcement and/or settlement regarding the contracts being performed, as well as the works in progress, pending lawsuits and remuneration for management services pending collection. All this will be addressed during the process for computation and settlement of receivables and debts that will form part of the final rendering of accounts, in accordance with the provisions of the pertinent Agreements timely signed.

In view of the events mentioned above, the Shareholders and the Board of Directors of COFESA are evaluating the courses of action to be followed, as well as analyzing other business alternatives.

3.3. Waste management

Benito Roggio Ambiental S.A. (BRa) is the parent company of Cliba Ingeniería Ambiental S.A. and Tecsan Ingeniería Ambiental S.A. which provide, directly or indirectly through the companies or the joint ventures in which they participate, environmental engineering services by operating in four major lines of business: (i) urban sanitation; (ii) waste treatment and final disposal; (iii) industrial services; and (iv) valuation of wastes and alternative energies.

With regard to the Urban Sanitation services, the following table summarizes the main characteristics of the services provided by BRa:

City	Population served	Participation in each project (%)	Services (1)
Buenos Aires (Zone 2)	615,000	100%	A/B/C/E/F
San Isidro	290,000	100%	A/B/C/F
Neuquén	360,000	100%	A/B/D/E/F
Santa Fe	260,000	100%	A/B/F

(1) Services rendered:

- A- Collection
- B- Street manual and mechanical street cleaning
- C- Street cleaning
- D- Landfill Operations
- E- Hazardous waste collection, treatment and disposal
- F- Other services

Termination of service provision contracts generally occurs upon expiration of the term agreed with the customer, or as envisaged in the bidding terms and conditions for each service.

The Buenos Aires contract for the provision of the service in Zone 1 expired on September 30, 2014. The subsidiary Cliba Ingeniería Urbana S.A. began to provide the service in Zone 2 of the Autonomous City of Buenos Aires as from October 1, 2014. The contract term is 10 years, with an option to renew it for a further 12 months upon the decision of the City Mayor. The contract for the provision of the service in the City of San Isidro was extended until March 31, 2015. BRa considers that the agreement will be renewed for short and consecutive periods until a new invitation for tenders is made.

The contract for the provision of the service in the City of Neuquén expired in December 2013. That month, the Company submitted bids for the provision of the Urban Hygiene service. The bidding process for the household waste collection services was declared not awarded. The extension of the contract for the provision of the Urban Hygiene service was signed until April 2015.

The contract for the provision of the service in the City of Santa Fe is in its extension period, awaiting an invitation for tenders.

Waste treatment and final disposal covers a wide range of services through different UTEs in which companies controlled by BRa and CLIBA Ingeniería Ambiental S.A. hold interests; these services include civil works and construction of infrastructure for final disposal of household wastes, disposal of wastes through different mechanisms (whether by directly unloading wastes from trucks or compacting them first), treatment of liquid and solid wastes from sanitary landfills, waste transport and organic waste composting.

Currently, three sanitary landfills are in operation in Argentina (Norte III, Neuquén and Mar del Plata), providing waste treatment and final disposal services as only one service or as part of an urban hygiene contract.

UTE Norte III operates the Ecological Coordination of the Metropolitan Area. Society of State (CEAMSE) sanitary landfills located in the Norte III environmental complex under a one-service contract. At present, Norte IIIB and IIIC modules are being enlarged, and Norte III (year 2001), Norte IIIA (2005), Norte IIIB (2010) and Norte IIIC (2014) modules, all operated by the Company, have been completed. In these modules, approximately 410,000 tons of wastes coming both from the Gran Buenos Aires and the City of Buenos Aires are disposed of per month. An addendum was signed in late March 2013, by which the Joint Venture performed additional works on the Norte IIIC and B modules. On December 22, the addendum to enlarge the sanitary landfill "Norte III modules A+ B compatibilization" was signed. The contract will be terminated once the capacity of the above mentioned enlargement has been completed, which is estimated to take place in May, 2018. In October 2014, the new leachate treatment plant became operative, with this new plant having a treatment capacity of 2,000 m³ per day. In March 2014, an addendum was signed to supplement and improve the Waste Transportation Service from the Transfer Stations to the Environmental Complex Norte III.

BRa continues operating a landfill of 7,100 tons per month on average in the city of Neuquén. The Company has been awarded the bid to administer the Neuquén Environmental Complex (CAN) for eight years, with an option to renew the concession for a further one year. The construction of an urban solid waste Classification and Recovery Plant, a Composting Plant, a Tree Nursery and a Biogas Plant is planned. The contract was signed in July 2014 and its effective date will be September 1, 2014. The projected disposal has been estimated at 300 tons per day (9,000 tons per month).

In addition, a sanitary landfill is being operated in the Municipality of General Pueyrredón (Mar del Plata) with a waste disposal of approximately 33,000 tons per month.

In addition, through Tecsan Ingeniería Ambiental S.A., a contract was signed on December 27, 2013 with the National Environment and Sustainable Development Secretariat and the Government of the Province of Mendoza for the design, construction and operation of a Center for the Final Disposal of Urban Solid Wastes, their associated systems, and two transfer stations in the eastern region of the province of Mendoza. The construction term is for one year and the operation term is for 3 years.

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In the area of Industrial Services, the subsidiary Taym S.A. (Taym) operates a special waste treatment and disposal plant located near the City of Córdoba. Taym has recently focused its customer portfolio on the oil, petrochemical and mining sectors. Since 2009, Taym has achieved an important growth in Uruguay through its branch, located in the city of Montevideo, and its main contracts are cleaning services at Banco de la República Oriental del Uruguay, cleaning services at the port of Montevideo and cleaning services at the port of Colonia. The industrial services include the collection, transport and treatment of industrial and hazardous wastes; the design, preparation and administration of programs to reduce and separate industrial wastes; the operation of plants for industrial wastes and maintenance of green spaces.

The activities related to the valuation of wastes and alternative energies commenced with a project for the reduction of greenhouse gas emissions. Under the United Nations Framework Convention on Climate Change (UNFCCC), the subsidiary Ecoayres Argentina S.A. signed on April 27, 2007 a contract with CEAMSE granting the company the right to make investments in the extraction and use of biogas generated in the Norte IIB sanitary landfill. The project qualifies under the Kyoto Protocol as Clean Development Mechanism (CDM). Ecoayres obtained approval from the UNFCCC for the issuance of 2,423,954 CERs, equivalent to one ton of CO₂ each.

Norte III UTE operates, under a contract signed with CEAMSE, a urban solid waste mechanical and biological treatment plant, which expects to treat at least 310,000 tons of urban solid waste per year during 15 years counted as from October 2012; at the end of this period it will have the option to renew the contract for a further period.

Energía Argentina S.A. (ENARSA) awarded Tecsan a contract for energy supply by using biogas extracted from the Norte IIC sanitary landfill. The project is carried out by our subsidiary Central Buen Ayre S.A., which has built and is currently operating an electric power station running on biogas, with a nominal capacity of 11.8 MW. The contract will be in force until the year 2025.

3.4. Water supply

BRH is the majority shareholder of Aguas Cordobesas S.A. ("ACSA") and the operator of the concession exploited by it. The purpose of the concession is to secure the supply of potable water, its conservation, transportation, distribution and sale for household, commercial and industrial consumption in the City of Córdoba, Argentine.

The area in which the concession operates falls within the limits of the jurisdiction of the Municipality of the City of Córdoba. The Concessionaire must carry out activities and works outside this territory only for the purposes of securing the supply and transportation of potable water for the rendering of the service. In addition, the Concessionaire should render the water in bulk sale service to the cities outside the area of the concession under the same conditions as those of the Provincial Bureau of Water and Sanitation.

The term of the concession is thirty years as from May 7, 1997, the date on which the service has been handed over. The management and technical operation of the service awarded by the concession will be the responsibility of the ACSA Operator, and ACSA is required to maintain that company as Operator during the concession term, unless otherwise authorized in writing by the Grantor.

3.5. Other activities

The Company also performs other commercial activities and provides services which, jointly with Clisa activities, are grouped under "Others and eliminations", which consist mainly in:

- Provision of connectivity in the health sector, mainly oriented to providing comprehensive solutions.
- Telecommunications, providing data link services, telephony, internet access, datacenter and other value added services. A transfer of assets was made effective in March 2014, in relation to the communications business, data link, telephone and Internet services in which BRT held indirect interests; this transfer generated a profit that has been disclosed under Other operating income and expenses, net, in the Consolidated Statement of Income.
- In December 2014, certain assets were transferred related to the provision of the services to collect the proceeds from the sale of tickets, to load amounts into all types of support and operation of collection, validation and access control systems, and processing of those transactions, in which BRT indirectly participated.

3.6. Segments Information as of December 31, 2014 and 2013

Described below are the main indicators of each of the segments mentioned above:

Segments Information as of December 31, 2014

Item	Construction and toll road concessions	Transport	Waste management	Water supply	Others and eliminations	Total
(in thousands of Pesos)						
Net sales to third parties	2,359,078.9	1,287,098.3	2,680,384.2	482,944.7	37,534.3	6,847,040.5
Inter-segment sales	22,549.6	2,525.6	1,779.4	-	(26,854.6)	-
Net sales	2,381,628.5	1,289,623.9	2,682,163.6	482,944.7	10,679.7	6,847,040.5
Operating income	388,331.6	118,854.5	273,727.6	17,687.0	102,152.0	900,752.8
Total assets	3,596,883.0	1,687,622.0	2,747,543.2	615,154.1	207,950.2	8,855,152.5
Total liabilities	2,483,398.5	1,418,127.7	2,313,788.4	492,767.2	1,164,038.2	7,872,120.1
Additions of property, plant and equipment	39,634.8	8,665.4	207,692.6	2,443.4	276.7	258,712.8
Depreciation of property, plant and equipment	(63,367.9)	(10,447.8)	(80,213.4)	(3,292.8)	(799.8)	(158,121.8)
Additions of intangible assets	3,244.7	1,174.0	5,443.7	35,266.0	152.0	45,280.4
Amortization of intangible assets	(1,606.5)	(6,677.5)	-	(22,075.0)	(170.8)	(30,529.7)
Investments in associates	133,780.6	26,385.3	0.0	-	35,141.3	195,307.3

The disclosure by geographic segment of the business segments as of December 31, 2014

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	Capital and Gran Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				
Construction and toll road concessions				
Net sales	391,604.0	1,374,354.7	615,669.9	2,381,628.5
Total assets	733,463.6	1,982,384.0	881,035.4	3,596,883.0
Investments in associates	83,015.8	4,245.5	46,519.4	133,780.6
Additions of property, plant and equipment	314.8	26,788.9	12,531.2	39,634.8
Additions of intangible assets	-	203.8	3,041.0	3,244.7
Transport				
Net sales	1,269,778.4	13,120.8	6,724.8	1,289,623.9
Total assets	1,603,495.2	52,668.5	31,458.2	1,687,622.0
Investments in associates	248.8	-	26,136.5	26,385.3
Additions of property, plant and equipment	8,563.7	61.7	40.0	8,665.4
Additions of intangible assets	1,172.7	-	1.3	1,174.0
Waste management				
Net sales	2,285,032.2	295,809.8	101,321.7	2,682,163.6
Total assets	2,488,275.1	174,516.3	84,751.9	2,747,543.2
Additions of property, plant and equipment	200,604.8	6,359.0	728.7	207,692.6
Additions of intangible assets	5,443.7	-	-	5,443.7
Water supply				
Net sales	-	482,944.7	-	482,944.7
Total assets	-	615,154.1	-	615,154.1
Additions of property, plant and equipment	-	2,443.4	-	2,443.4
Additions of intangible assets	-	35,266.0	-	35,266.0

Segments Information as of December 31, 2013

Item	Construction and toll road concessions	Transport	Waste management	Water supply	Others and eliminations	Total
(in thousands of Pesos)						
Net sales to third parties	2,401,086.0	908,519.4	2,154,652.5	386,536.4	160,442.2	6,011,236.5
Inter-segment sales	8,449.8	11,854.9	294.4	-	(20,599.1)	(0.0)
Net sales	2,409,535.8	920,374.3	2,154,946.9	386,536.4	139,843.2	6,011,236.5
Operating income	327,592.5	60,692.6	255,072.3	45,994.3	16,228.2	705,579.8
Total assets	2,986,106.1	1,455,212.7	1,890,883.4	475,137.2	(88,097.4)	6,719,242.0
Total liabilities	2,174,841.8	1,182,427.1	1,382,219.9	366,319.2	604,653.8	5,710,461.7
Additions of property, plant and equipment	21,622.3	6,812.8	73,469.3	2,113.6	20,424.6	124,442.6
Depreciation of property, plant and equipment	(80,853.2)	(11,342.3)	(97,911.3)	(2,844.0)	(8,849.4)	(201,800.2)
Additions of intangible assets	1,767.8	3,085.5	11,050.2	57,294.5	366.6	73,564.6
Amortization of intangible assets	(2,778.5)	(6,695.4)	(15,380.9)	(17,099.8)	(152.8)	(42,107.3)
Investments in associates	125,499.7	13,864.6	-	-	26,526.7	165,891.0

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The disclosure by geographic segment of the business segments as of December 31, 2013

	Capital and Gran Buenos Aires	Rest of the country	Abroad	Total
	(In thousands of Pesos)			
Construction and toll road concessions				
Net sales	360,123.5	1,319,390.3	730,022.1	2,409,535.8
Total assets	431,151.0	1,606,017.1	948,938.0	2,986,106.1
Investments in associates	84,803.0	4,060.3	36,636.4	125,499.7
Additions of property, plant and equipment	2,174.9	4,991.6	14,455.8	21,622.3
Additions of intangible assets	-	113.8	1,654.1	1,767.8
Transport				
Net sales	891,528.2	27,238.0	1,608.2	920,374.3
Total assets	1,392,148.0	47,090.3	15,974.3	1,455,212.7
Investments in associates	(50.6)	425.2	13,490.0	13,864.6
Additions of property, plant and equipment	6,800.2	12.2	0.4	6,812.8
Additions of intangible assets	3,079.3	-	6.2	3,085.5
Waste management				
Net sales	1,848,294.9	244,733.8	61,918.2	2,154,946.9
Total assets	1,639,233.6	191,867.4	59,782.4	1,890,883.4
Additions of property, plant and equipment	63,879.4	9,074.3	515.7	73,469.3
Additions of intangible assets	11,050.2	-	-	11,050.2
Water supply				
Net sales	-	386,536.4	-	386,536.4
Total assets	-	475,137.2	-	475,137.2
Additions of property, plant and equipment	-	2,113.6	-	2,113.6
Additions of intangible assets	-	57,294.5	-	57,294.5

4. Cost of sales

	12/31/2014 In Pesos	12/31/2013 In Pesos
Freight	62,313,891	42,744,015
Construction and service subcontracts	817,751,480	875,060,425
Salaries, wages and social security contributions	2,673,959,418	2,357,654,148
Fees for professional services	130,148,319	110,594,113
Hardware and software services	4,917,027	5,734,876
Taxes, rates and contributions	9,898,876	13,695,215
Depreciation and amortization	148,473,850	196,074,014
Maintenance expenses	272,746,169	144,065,555
Rail car expenses	84,078,633	54,766,640
Commissions and fee	16,743,637	26,303,228
Travel expenses	16,733,582	46,470,184
Insurance	77,207,566	56,091,342
Water and electricity services	50,372,473	45,628,141
Telephone, internet and communications	5,131,296	20,303,508
Rental	182,139,698	133,999,434
Stationery and printed material	1,630,532	2,166,777
Adjustment due to higher costs	(836,073,730)	(723,311,059)
Equipment cost provision	-	13,950,185
Sundry management fees	-	19,450,548
Materials and spare parts	781,685,265	671,986,953
Security and surveillance	22,945,385	20,249,487
Litigation, insurance claims and penalties	20,349,186	25,959,476
Sundry	54,380,782	29,342,331
Total	4,597,533,335	4,188,979,536

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5. Administrative expenses

	12/31/2014	12/31/2013
	In Pesos	In Pesos
Services and construction subcontracts	51,063,065	62,609,084
Salaries, wages and social security contributions	543,715,752	419,866,550
Fees for professional services	94,070,198	57,281,305
Bidding expenses	599,232	611,730
Hardware and software services	20,984,188	17,527,329
Taxes, rates and contributions	163,037,721	119,176,149
Depreciation and amortization	20,833,831	22,547,675
Maintenance expenses	13,011,137	12,525,882
Travel expenses	22,408,770	18,679,891
Insurance	9,160,223	8,023,723
Water and electricity services	1,134,741	946,805
Telephone, internet and communications	16,071,370	11,093,182
Rental	11,856,723	7,336,048
Press and media	34,420,583	18,039,576
Stationery and printed material	12,113,825	9,507,988
Adjustment due to higher costs	(128,118,519)	(117,023,973)
Sundry management fees	-	12,363,201
Stationery and printed material	1,521,960	1,398,931
Security and surveillance	3,578,008	2,110,610
Litigation, insurance claims and penalties	1,458,591	1,333,725
Sundry	35,204,049	11,330,551
Total	928,125,448	697,285,962

6. Other selling and operating expenses

	12/31/2014	12/31/2013
	Pesos	Pesos
Services and construction subcontracts	26,523,910	21,586,804
Salaries, wages and social security contributions	569,738,462	450,833,132
Fees for professional services	5,017,840	2,605,822
Hardware and software services	419,299	160,099
Taxes, rates and contributions	111,949,863	114,628,149
Depreciation and amortization	17,222,178	20,855,811
Maintenance expenses	11,601,636	18,078,149
Commissions and fee	14,623,229	41,119,655
Travel expenses	4,020,787	2,490,527
Insurance	12,175,269	6,854,232
Telephone, internet and communications	9,892,647	7,537,925
Rental	2,167,877	1,982,683
Press and media	3,179,791	7,167,963
Stationery and printed material	424,285	708,885
Adjustment due to higher costs	(331,242,722)	(301,254,393)
Materials and spare parts	2,202,000	3,706,516
Security and surveillance	931,495	2,348,324
Litigation, insurance claims and penalties	78,654,785	53,424,017
Sundry	13,172,306	6,183,268
Total	552,674,937	461,017,568

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7. Financial income and expenses

Financial income	12/31/2014 In Pesos	12/31/2013 Pesos
Interest generated by assets	51,549,934	46,237,333
Foreign currency exchange differences generated by assets	152,897,518	16,304,436
Other financial results	323,628	15,805,637
Total	204,771,080	78,347,406
Financial expenses	12/31/2014 In Pesos	12/31/2013 In Pesos
Interest generated by liabilities	(514,445,582)	(371,482,937)
Foreign currency exchange differences generated by liabilities	(430,234,442)	(293,539,459)
Financial Commissions	(10,481,036)	(8,735,049)
Other financial expenses	(256,355,934)	(120,879,871)
Total	(1,211,516,994)	(794,637,316)

8. Net gain in associates

	12/31/2014 In Pesos	12/31/2013 In Pesos
Covisur S.A.	2,324,210	1,471,937
Prominente S.A.	2,316,833	761,433
Autovía del Mar S.A.	160,637	(1,627,710)
CV1 - Concesionaria Vial S.A.	8,459,295	13,785,941
Transportel Patagónica S.A.	2,220,773	(3,333,313)
Benito Roggio e Hijos S.A. - Paraguay	13,093,480	2,283,784
Consortium	(7,800,534)	11,688,589
Sundry	(281,309)	1,132,523
Total	20,493,385	26,163,184

9. Earnings per share

Earnings per share is, calculated dividing the result for the year attributable to Company shareholders by the average number of outstanding ordinary shares for the year-end.

	12/31/2014 In Pesos	12/31/2013 In Pesos
Net Income for the year	(257,130,050)	(88,091,965)
Weighted average common shares outstanding	96,588,696	96,588,696
Basic and Diluted Earnings per share (Ps. per share)	(2,66)	(0,91)

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10. Property, plant and equipment, net

(a) For the year ended on December 31, 2014

Items	Original values						
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year
Machinery and heavy equipment	453,616,063	31,272,465	(8,706,442)	-	22,982,436	69,129,415	568,293,937
Vehicles	158,748,023	27,176,584	(8,989,956)	-	7,661,924	-	184,596,575
Furniture and fixtures and computer hardware	94,304,253	12,031,970	(22,351,462)	313,929	4,245,876	-	88,544,566
Equipment	6,015,590	-	-	-	-	-	6,015,590
Real estate	213,684,761	2,028,555	(34,355,830)	1,381,717	14,722,429	28,994,382	226,456,014
Building improvements	426,902,513	13,082,389	(3,847,240)	15,937,664	-	-	452,075,326
Minor equipment	199,630,016	31,038,788	(3,863,188)	6,844,689	10,048,954	-	243,699,259
Water treatment plants	1,714,000	-	-	-	-	-	1,714,000
Rail car improvements	22,467,513	-	-	-	-	-	22,467,513
Land	385,735,556	-	(93,068,476)	-	35,260,480	67,033,901	394,961,461
Construction in progress	17,977,791	10,459,870	(232,087)	(18,172,491)	886,040	-	10,919,123
Others	3,900,609	108,753,969	-	(2,799,413)	-	-	109,855,165
Advances for purchases	4,862,615	22,868,257	(648,570)	(3,506,095)	-	-	23,576,207
Total	1,989,559,303	258,712,847	(176,063,251)	-	95,808,139	165,157,698	2,333,174,736

Items	Accumulated depreciation						Net carrying value as of 12/31/2014
	Balances as of the beginning of the year	Deductions	Amount for the period	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year	
Machinery and equipment	-	1,840,406	(60,426,685)	(310,189)	58,896,468	-	568,293,937
Vehicles	(96,909,661)	6,566,849	(20,608,898)	(5,645,293)	-	(116,597,003)	67,999,572
Furniture and fixtures and computer hardware	(56,032,998)	17,324,576	(12,335,737)	(1,827,777)	-	(52,871,936)	35,672,630
Equipment	(5,714,809)	-	(300,781)	-	-	(6,015,590)	-
Real estate	-	1,248,090	(6,307,158)	(551,901)	6,529,233	918,264	227,374,278
Building improvements	(188,101,185)	3,460,808	(33,334,786)	-	-	(217,975,163)	234,100,163
Minor equipment	(134,921,862)	3,373,401	(24,638,746)	(5,899,164)	-	(162,086,371)	81,612,888
Water treatment plants	(518,000)	-	(169,000)	-	-	(687,000)	1,027,000
Rail car improvements	(22,467,513)	-	-	-	-	(22,467,513)	-
Land	-	-	-	-	-	-	394,961,461
Construction in progress	-	-	-	-	-	-	10,919,123
Others	(1,178,746)	-	-	-	-	(1,178,746)	108,676,419
Advances for purchases	-	-	-	-	-	-	23,576,207
Total	(505,844,774)	33,814,130	(158,121,791)	(14,234,324)	65,425,701	(578,961,058)	1,754,213,678

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(b) For the year ended on December 31, 2013

Items	Original values							
	Balances as of the beginning of the year	Deductions due to reclassification	Additions	Deductions	Transfers	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year
Machinery and equipment	385,211,315	-	27,407,613	(10,120,258)	600,757	20,158,385	30,358,251	453,616,063
Vehicles	153,872,074	(404,886)	9,998,211	(10,669,330)	-	5,951,954	-	158,748,023
Furniture and fixtures and computer hardware	86,473,056	(2,438,728)	9,096,357	(2,377,555)	173,710	3,377,413	-	94,304,253
Equipment	6,015,590	-	-	-	-	-	-	6,015,590
Real estate	157,062,745	-	(170,433)	(582,617)	2,447,959	9,064,837	45,862,270	213,684,761
Building improvements	427,010,143	(69,776,451)	26,393,232	-	43,275,589	-	-	426,902,513
Minor equipment	188,123,366	(4,179,193)	12,285,527	(10,819,392)	8,746,174	5,473,534	-	199,630,016
Water treatment plants	1,714,000	-	-	-	-	-	-	1,714,000
Rail car improvements	22,467,513	-	-	-	-	-	-	22,467,513
Land	259,158,118	-	-	(168,300)	-	20,496,294	106,249,444	385,735,556
Construction in progress	43,013,836	(5,468,117)	23,842,569	(88,646)	(44,591,799)	1,269,948	-	17,977,791
Others	1,228,746	-	9,826,855	-	(7,154,992)	-	-	3,900,609
Advances for purchases	2,895,878	(203,261)	5,762,683	(95,287)	(3,497,398)	-	-	4,862,615
Total	1,734,246,380	(82,470,636)	124,442,614	(34,921,385)	-	65,792,365	182,469,965	1,989,559,303

Items	Accumulated depreciation							Net carrying value as of 12/31/2013
	Balances as of the beginning of the year	Deductions due to reclassification	Deductions	Amount for the year	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year	
Machinery and equipment	-	-	3,458,494	(74,049,314)	(4,034,553)	74,625,373	-	453,616,063
Vehicles	(83,347,704)	162,366	8,425,407	(18,301,225)	(3,848,505)	-	(96,909,661)	61,838,362
Furniture and fixtures and computer hardware	(44,083,924)	1,133,748	582,783	(12,237,848)	(1,427,757)	-	(56,032,998)	38,271,255
Equipment	(4,511,689)	-	-	(1,203,120)	-	-	(5,714,809)	300,781
Real estate	-	-	-	(4,731,651)	(340,338)	5,071,989	-	213,684,761
Building improvements	(132,697,093)	17,533,841	-	(72,937,933)	-	-	(188,101,185)	238,801,328
Minor equipment	(120,042,344)	3,704,825	3,768,936	(18,192,142)	(4,161,137)	-	(134,921,862)	64,708,154
Water treatment plants	(371,000)	-	-	(147,000)	-	-	(518,000)	1,196,000
Rail car improvements	(22,467,513)	-	-	-	-	-	(22,467,513)	-
Land	-	-	-	-	-	-	-	385,735,556
Construction in progress	-	-	-	-	-	-	-	17,977,791
Others	(1,178,746)	-	-	-	-	-	(1,178,746)	2,721,863
Advances for purchases	-	-	-	-	-	-	-	4,862,615
Total	(408,700,013)	22,534,780	16,235,620	(201,800,233)	(13,812,290)	79,697,362	(505,844,774)	1,483,714,529

(c) Revaluation as of December 31, 2014

Assets recorded under "Heavy machinery and equipment", "Land" and "Buildings" are valued through the revaluation model described in the IAS 16.

At the end of the current year, the Company's management revised the valuation of the assets described above, to determine variations between fair values and carrying values, in compliance with current regulations for those using fair value as primary measurement criterion. For this purpose, valuations made by independent experts have been obtained and approved. Fair values thus obtained implied an increase in the book value of revalued assets of Ps. 230,583,399 which was recorded in the Shareholders' Equity under "Balance due to revaluation" net of the effect of the deferred income tax for Ps. 74,511,496.

Carrying values for the types of property, plant and equipment revalued that would have been reported as of December 31, 2014 had the revaluation model not being applied are as follows:

	In Pesos
Machinery and equipment	232,075,528
Real estate	90,930,893
Land	105,582,877
Total	428,589,298

Total assets revalued comprise a single category under IFRS 13, for the purposes of determining their fair values. For this type of assets, there are no relevant observable data (Level 3), so their valuation was based on the economic value of the assets for the Company according to their use, due to the non-existence of an active, dynamic and representative market of assets in their present condition.

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In the case of Heavy machinery and equipment, the valuation is made through independent appraisers which assess the fair value of the assets through the identification of the market value of new units of similar characteristics and considering the use and remaining useful life of the assets in question, as well as the improvements made to them.

For buildings and land, reports from independent appraisers are used which applied valuation techniques based on the location, existent constructions, preservation conditions and remaining useful life of the buildings, possibility of access, the benefit of potential improvements made, among other factors.

11. Goodwill

	<u>12/31/2014</u> In Pesos	<u>12/31/2013</u> In Pesos
Opening balances, net	99,230,374	91,453,159
Effect of currency translation differences	16,826,764	13,887,123
Impairment	<u>(3,660,013)</u>	<u>(6,109,908)</u>
Closing balances, net	<u>112,397,125</u>	<u>99,230,374</u>

To assess the recoverability of acquired goodwill, goodwill has been allocated to each acquired investment, since each of these companies is deemed to be a cash generating unit. The recoverable amount of each cash generating unit is determined based on the calculations of the value in use. These calculations use discounted cash flow projections based on financial budgets approved by Management.

Below is presented the changes for the year of each goodwill assigned at each operating segment

(a) For the year ended December 31, 2014

	Construction and toll road concessions (Peru)	Transport	Others	Total
Opening balances, net	77,687,484	20,487,428	1,055,462	99,230,374
Effect of currency translation differences	16,826,764	-	-	16,826,764
Impairment	-	<u>(3,660,013)</u>	-	<u>(3,660,013)</u>
Balances as of 12/31/2014	<u>94,514,248</u>	<u>16,827,415</u>	<u>1,055,462</u>	<u>112,397,125</u>

(b) For the year ended December 31, 2013

	Construction and toll road concessions (Peru)	Transport	Others	Total
Opening balances, net	63,800,361	26,597,336	1,055,462	91,453,159
Effect of currency translation differences	13,887,123	-	-	13,887,123
Impairment	-	<u>(6,109,908)</u>	-	<u>(6,109,908)</u>
Balances as of 12/31/2013	<u>77,687,484</u>	<u>20,487,428</u>	<u>1,055,462</u>	<u>99,230,374</u>

12. Intangible assets other than goodwill

(a) For the year ended December 31, 2014

Item	Original values					Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Currency translation differences	
Biogas capture and treatment	66,770,763	5,443,703	-	-	-	72,214,466
Concession fee	524,710,612	35,787,666	(569,993)	347,153	-	560,275,438
Assistance contract	10,991,319	-	-	-	-	10,991,319
Development of software	26,045,576	3,637,225	-	9,208	1,598,656	31,290,665
Other intangible assets	2,531,809	411,851	(412,488)	(356,361)	65,173	2,239,984
Total	<u>631,050,079</u>	<u>45,280,445</u>	<u>(982,481)</u>	<u>-</u>	<u>1,663,829</u>	<u>677,011,872</u>

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Item	Accumulated amortization					Net carrying value as of 12/31/2014
	Balances as of the beginning of the year	Deductions	Amount for the year	Currency translation differences	Balances as of the end of the year	
Biogas capture and treatment	(50,028,543)	-	-	-	(50,028,543)	22,185,923
Concession fee	(259,783,956)	48,000	(25,705,938)	-	(285,441,894)	274,833,544
Assistance contract	(8,479,010)	-	(628,075)	-	(9,107,085)	1,884,234
Development of software	(16,739,466)	-	(3,878,320)	(928,776)	(21,546,562)	9,744,103
Other intangible assets	(806,260)	412,488	(317,389)	(65,174)	(776,335)	1,463,649
Total	(335,837,235)	460,488	(30,529,722)	(993,950)	(366,900,419)	310,111,453

(b) For the year ended December 31, 2013

Item	Original values						Balances as of the end of the year
	Balances as of the beginning of the year	Deductions due to reclassification	Additions	Deductions	Transfers	Currency translation differences	
Biogas capture and treatment	55,720,528	-	11,050,235	-	-	-	66,770,763
Concession fee	466,181,503	-	58,824,750	(451,000)	155,359	-	524,710,612
Assistance contract	10,991,319	-	-	-	-	-	10,991,319
Development of software	21,575,470	(97,634)	2,896,529	-	598,103	1,073,108	26,045,576
Other intangible assets	2,440,812	-	793,123	-	(753,462)	51,336	2,531,809
Total	556,909,632	(97,634)	73,564,637	(451,000)	-	1,124,444	631,050,079

Item	Accumulated amortization					Balances as of the end of the year	Net carrying value as of 12/31/2013
	Balances as of the beginning of the year	Deductions due to reclassification	Deductions	Amount for the year	Currency translation differences		
Biogas capture and treatment	(34,647,686)	-	-	(15,380,857)	-	(50,028,543)	16,742,220
Concession fee	(239,588,775)	-	442,000	(20,637,181)	-	(259,783,956)	264,926,656
Assistance contract	(7,850,935)	-	-	(628,075)	-	(8,479,010)	2,512,309
Development of software	(10,776,065)	22,574	-	(5,360,785)	(625,190)	(16,739,466)	9,306,110
Other intangible assets	(654,493)	-	-	(100,434)	(51,333)	(806,260)	1,725,549
Total	(293,517,954)	22,574	442,000	(42,107,332)	(676,523)	(335,837,235)	295,212,844

13. Investments in associates

Associates	Percentage of equity interest (2)	12/31/2014 In Pesos	12/31/2013 In Pesos
Polledo S.A.I.C. y F.	46.18%	2,196,810	2,963,813
CV1 - Concesionaria Vial S.A.	51.00%	24,141,082	15,681,787
Prominente S.A.	40.00%	26,340,125	20,715,271
Sociedad Operativa Ferroviaria S.A.	24.50%	93,822	221,331
Transportel Patagónica S.A.	45.00%	3,952,418	1,731,644
Tranelpa S.A. de Inversión	42.12%	381,292	388,723
Autovía del Mar S.A.	26.67%	24,204,610	24,180,056
Concesionaria Do VLT Carioca S.A.	2.00%	522,767	3,308,255
Benito Roggio e Hijos S.A. – Paraguay (3)	20.00%	46,519,388	36,636,397
Concesionaria Linea 4 del Metro de San Pablo S.A.	1.00%	12,813,750	10,136,250
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	1.00%	12,730,000	-
Covisur S.A.	25.00%	10,225,684	7,140,431
Consortium (1)	-	29,212,619	40,614,984
Sundry	-	1,972,898	2,172,028
Total		195,307,265	165,890,970

(1) Interest held in joint ventures for construction contracts through Benito Roggio e Hijos S.A.

(2) It is the percentage held by CLISA or the pertinent subsidiary of CLISA.

 (3) Includes Goodwill for Ps. 26,260,135 and Ps. 21,446,897 as of December, 31st 2014 and 2013.

To apply the equity method, the Company has used the financial statements of its associates as of December 31, 2014, except for CV1 - Concesionaria Vial S.A., for which financial statements as of October 31, 2014 were used, because the year-end of these company differs from CLISA's. The pertinent adjustments were made on the financial statements to show the effects of the transactions and significant events that took place between the dates referred to in the financial statements of these associate until December 31, 2014.

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Below is disclosed a detail of the selected financial information of main associates as of December 31, 2014 and 2013:

(a) As of December 31, 2014

Associates	12/31/2014 In Pesos	Date	Issuer information					Sales	Net income (loss) for the year
			Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities			
Polledo S.A.I.C. y F.	2,196,810	12/31/2014	489,144	57,910,261	851,989	52,790,267	-	(41,418)	
CV1 - Concesionaria Vial S.A.	24,141,082	10/31/2014	300,923,105	13,024,409	256,420,562	10,191,137	300,549,087	6,037,447	
Prominente S.A.	26,340,125	12/31/2014	23,013,573	99,136,738	27,933,193	28,366,805	68,333,647	5,792,082	
Sociedad Operativa Ferroviaria S.A.	93,822	12/31/2014	1,963,206	722,285	1,782,100	-	-	543,391	
Transportel Patagónica S.A.	3,952,418	12/31/2014	34,407,572	3,685,379	29,219,800	90,000	143,574,039	4,935,052	
Tranelpa S.A. de inversión	381,292	12/31/2014	9,317	941,334	45,399	-	-	(26,781)	
Autovía del Mar S.A.	24,204,610	12/31/2014	38,100,279	439,321,300	305,965,402	75,212,319	133,526,943	210,346	
Benito Roggio e Hijos S.A. - Paraguay	46,519,388	12/31/2014	(*) 132,306,082	(*) 59,665,150	(*) 86,292,681	(*) 24,031,764	(*) 156,955,093	(*) 16,060,810	
Covisur S.A.	10,225,684	12/31/2014	85,860,822	34,917,399	37,649,018	42,226,469	53,380,974	(1,589,688)	
Concesionaria Do VLT Carioca S.A.	522,767								
Concesionaria Linea 4 del Metro de San Pablo S.A.	12,813,750								
Concesionaria do Monotrilho da Linha 18 – Bronze S.A.	12,730,000								
Consortium	29,212,619								
Sundry	1,972,898								
Total	195,307,265								

(*) Figures in thousands of Guaranies

(b) As of December 31, 2013

Associates	12/31/2013 In Pesos	Date	Issuer information					Sales	Net income (loss) for the year
			Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities			
Polledo S.A.I.C. y F.	2,963,813	12/31/2013	2,273,995	45,918,265	1,097,721	40,676,461	-	2,068,270	
CV1 - Concesionaria Vial S.A.	15,681,787	10/31/2013	249,001,693	12,452,148	216,367,078	14,338,161	258,899,954	7,574,344	
Prominente S.A.	20,715,271	12/31/2013	21,163,869	75,013,435	17,697,346	26,691,781	57,182,402	1,903,583	
Sociedad Operativa Ferroviaria S.A.	221,331	12/31/2013	1,963,206	722,285	1,782,100	-	-	543,391	
Transportel Patagónica S.A.	1,731,644	12/31/2013	61,509,084	6,304,722	63,875,707	90,000	111,495,471	(7,407,361)	
Tranelpa S.A. de inversión	388,723	12/31/2013	6,781	961,513	45,399	-	-	(69,597)	
Autovía del Mar S.A.	24,180,056	12/31/2013	26,679,943	357,227,247	233,291,940	54,893,816	39,507,786	1,497,202	
Benito Roggio e Hijos S.A. - Paraguay	36,636,397	12/31/2013	(*) 95,850,193	(*) 48,915,393	(*) 61,286,485	(*) 11,111,585	(*) 174,324,388	(*) 23,012,921	
Covisur S.A.	7,140,431	12/31/2013	81,987,338	17,513,805	33,139,201	37,800,220	14,828,258	(1,418,258)	
Concesionaria Do VLT Carioca S.A.	3,308,255								
Concesionaria Linea 4 del Metro de San Pablo S.A.	10,136,250								
Consortium	40,614,984								
Sundry	2,172,028								
Total	165,890,970								

(*) Figures in thousands of Guaranies

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14. Other receivables

	<u>12/31/2014</u> <u>In Pesos</u>	<u>12/31/2013</u> <u>In Pesos</u>
Non-Current		
Related companies (Note 26)	547,949,938	17,048,691
Documented	3,760,555	3,760,555
Tax	71,368,760	45,413,880
Deposits in court	485,058	713,400
Works in progress on behalf of the grantor of the concession	28,493,202	21,594,850
Prepaid expenses	25,677	14,523,342
Other receivables in joint ventures	107,354,136	83,971,294
Sundry	20,652,880	13,188,474
Allowances for other receivables	(43,241,301)	(33,628,047)
Total	<u>736,848,905</u>	<u>166,586,439</u>
Current		
Related companies (Note 26)	191,947,020	373,022,068
Loans granted	3,333,930	10,015,710
Tax	243,201,886	147,625,454
Seized funds	3,130,527	2,051,823
Assets for construction contracts (Note 25)	459,960,334	331,188,455
Works in progress on behalf of the grantor of the concession	15,799,451	15,959,417
Recoverable expenses	103,183,628	106,967,598
Prepaid expenses	99,900,886	34,215,984
Advances to suppliers	96,084,511	41,349,306
Guarantee deposits	13,191,445	16,274,836
Payments on behalf of third parties	7,919,969	-
Receivable of a trust with deferred maintenance	237,585	28,597,932
Sundry	114,689,342	106,511,845
Allowances for other receivables	(14,909,184)	(12,435,180)
Total	<u>1,337,671,330</u>	<u>1,201,345,248</u>

Carrying amount of financial instruments classified as other receivables it is approximated to its fair value, due to short-term nature of the financial assets.

Changes in allowances of other receivables for the year are disclosed in Note 22.

15. Other assets and Other debts

	<u>12/31/2014</u> <u>In Pesos</u>	<u>12/31/2013</u> <u>In Pesos</u>
Other assets		
Properties, plants and equipment	-	59,935,856
Intangible Assets	-	75,060
Deferred tax assets	-	1,214,827
Other receivables	-	1,790,485
Inventory	-	11,488,406
Trade Receivables	-	17,830,986
Cash and cash equivalents	-	7,372,580
Total	<u>-</u>	<u>99,708,200</u>
Other debts		
Provisions for contingencies	-	2,868,401
Other liabilities	-	21,591,450
Trade payables	-	29,667,652
Total	<u>-</u>	<u>54,127,503</u>

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16. Trade receivables

	<u>12/31/2014</u> In Pesos	<u>12/31/2013</u> In Pesos
Non-Current		
Notes receivable from related companies (Note 26)	3,645,177	3,645,177
Notes receivable	480,247	801,785
Trade receivables	160,305,619	99,719,908
Allowance for doubtful accounts	(82,315,177)	(64,711,177)
Total	82,115,866	39,455,693
Current		
Trade receivables from related companies (Note 26)	184,934,220	175,814,129
Notes receivable	15,031,323	8,967,000
Deferred checks receivable	2,477,128	55,851,830
Certificates receivable	924,582,434	639,201,080
Receivables in litigation	1,012,947	932,507
Trade receivables	1,793,404,718	1,375,860,427
Repair fund	79,199,087	127,074,118
Allowance for doubtful accounts	(102,801,757)	(95,986,090)
Total	2,897,840,100	2,287,715,001

Carrying amount of trade receivables approximates to its fair value at short-term nature of these financial assets.

The aging of trade receivables due is shown in the following table:

	<u>12/31/2014</u> In Pesos	<u>12/31/2013</u> In Pesos
Up to three months	444,420,765	324,804,349
From three to six months	265,101,829	87,695,391
From six to nine months	23,500,482	41,839,964
From nine to twelve months	87,533,234	17,771,789
More than a year	132,516,610	94,584,235
Total	953,072,920	566,695,728

Changes in allowances for doubtful accounts for the year are disclosed in Note 22.

17. Inventories

	<u>12/31/2014</u> In Pesos	<u>12/31/2013</u> In Pesos
Materials and spare parts	223,502,214	172,381,089
Semi-processed supplies	322,330	281,805
Advances for materials, spare parts and supplies	33,844,615	9,220,081
Construction in progress	31,622,726	24,584,461
Inventory obsolescence allowance	(10,813,949)	(5,441,307)
Total	278,477,936	201,026,129

18. Other investments

	<u>12/31/2014</u> In Pesos	<u>12/31/2013</u> In Pesos
Current		
Financial placements	107,400,064	69,228,881
Total	107,400,064	69,228,881

19. Cash and cash equivalents

	<u>12/31/2014</u> In Pesos	<u>12/31/2013</u> In Pesos
Cash and banks	309,612,194	281,576,802
Investments equivalents to cash	379,052,662	74,750,427
Specific allocation fund	245,105,007	183,606,461
Total	933,769,863	539,933,690

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20. Bank and financial debts

	12/31/2014	12/31/2013
	In Pesos	In Pesos
Non-current		
Loans	499,735,793	219,019,723
Financial leases (Note 21)	18,462,284	23,016,407
Corporate bonds	886,091,266	508,242,543
Other bank and financial debts	1,899,611	835,950
Subtotal	1,406,188,954	751,114,623
Self-liquidating debts	27,457,620	-
Total	1,433,646,574	751,114,623
Current		
Loans	570,762,360	669,887,577
Financial leases (Note 21)	22,659,537	31,497,700
Overdraft facilities	329,323,460	183,356,525
Corporate bonds	164,003,637	252,124,903
Other bank and financial debts	1,101,977	366,100
Subtotal	1,087,850,971	1,137,232,805
Self-liquidating debts	299,602,260	195,476,915
Total	1,387,453,231	1,332,709,720
Bank and financial debts per rate		
	12/31/2014	12/31/2013
	In Pesos	In Pesos
No rate applicable	3,729,554	1,201,024
At a fixed rate	1,721,240,168	1,405,843,864
At variable rate	1,096,130,083	676,779,455
Total	2,821,099,805	2,083,824,343
Bank and financial debts per currency		
	12/31/2014	12/31/2013
	In Pesos	In Pesos
In Pesos	1,509,127,232	987,569,622
In USD	1,258,364,824	1,055,205,118
In Nuevos Soles	53,601,893	40,992,958
In R\$	5,856	56,645
Total	2,821,099,805	2,083,824,343

Fair value of current bank and financial debts match their carrying value since the impact of applying the discount is not material.

Under the Global Issue Program for Public Offering of Corporate Bonds for up to USD 300,000,000 (the "Program"), the Company issued in December 2010 Ordinary Class 3 Corporate Bonds for a nominal value of USD 120,000,000 (Class 3), falling due on December 15, 2016. Class 3 accrue interest semi-annually at an annual nominal rate of 9.50% and will be amortized in two installments of 33.33% each, and one final payment of 33.34% on December 15, 2014, 2015 and 2016, respectively.

In September 2014, Clisa made a voluntary exchange offer of Class 3 corporate bonds (the "Offer") for Class 4 corporate bonds (Class 4) for a nominal value of up to USD 120,000,000, as a result of which offers were received from holders of Class 3 for a total of USD 87,106,000 (nominal value).

Consequently, on October 15, 2014 Clisa issued Class 4 corporate bonds for a nominal value of USD 87,106,000, which were exchanged for Class 3 corporate bonds with an identical nominal value. The holders who accepted the offer received a payment in cash of USD 50 per each USD 1,000 of principal on corporate bonds under the exchange, plus interest accrued until the date of issue of the new corporate bonds. Class 4 corporate bonds will be amortized in a lump sum payment on October 15, 2019 and will accrue interest at an annual nominal rate of 11.50% payable semi-annually in arrears. After the exchange, Class 3 corporate bonds still outstanding amount to USD 32,894,000 (nominal value). On December 15, 2014, the first installment for the amortization of Class 3 still outstanding for a total of USD 10,964,557 was paid.

Class 3 corporate bonds and Class 4 corporate bonds are guaranteed by Benito Roggio e Hijos S.A. and Cliba Ingeniería Ambiental S.A. The terms and conditions of the Series 3 Notes and the Series 4 Notes include typical European-style covenants. As of the date of this Consolidated Financial Statements, Clisa complied with all of them.

On March 18, 2014, BRH issued Class 1 Corporate Bonds for a total nominal value of Ps. 52,095,000, repayable in a one-off payment on September 18, 2015. On July 28, 2014, BRH issued Class 2 Corporate Bonds for Ps. 50,000,000 falling due on January 28, 2016.

As of December 31, 2014, Clisa and its subsidiaries are in compliance with the covenants and under the agreements governing the indebtedness, except for certain financial covenants in subsidiary BRH, for which obtained a waiver from the lenders thereto on or before December 31, 2014.

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21. Financial leases

Described below are financial lease contracts outstanding at December 31, 2014 and 2013 and the present value of minimum lease payments grouped by lessor.

As of December 31, 2014

Lessor	Object of the contract	Amount of leases	Present value of minimum payments In Pesos
ICBC (Argentina) S.A.	Vehicles	18	843,390
Banco de Santa Cruz S.A.	Vehicles	31	944,645
Caterpillar	Machinery and equipment	3	16,451,069
Banco Financiero del Peru	Vehicles	1	476,427
HSBC Bank Argentina S.A.	Vehicles	5	24,988
HSBC Bank Argentina S.A.	Machinery and equipment	7	2,141,816
BBVA Banco Continental	Machinery and equipment	1	1,270,082
HSBC Bank Peru S.A.	Machinery and equipment	2	492,342
Banco Internacional del Perú	Vehicles	1	2,879,605
CGM Leasing Argentina S.A.	Vehicles	1	328,554
Banco Bradesco S.A.	Vehicles	2	5,856
HSBC Bank Panama S.A.	Machinery and equipment	5	4,754,422
Banco de Credito del Perú	Machinery and equipment	5	8,708,989
Banco de Credito del Perú	Vehicles	2	475,908
Banco Industrial S.A.	Vehicles	14	1,323,728
Total			41,121,821

As of December 31, 2013

Lessor	Object of the contract	Amount of leases	Present value of minimum payments In Pesos
Industrial and Commercial Bank of China S.A.	Vehicles	32	2,830,571
Industrial and Commercial Bank of China S.A.	Machinery and equipment	8	340,337
Banco Santa Cruz	Vehicles	31	2,747,640
Caterpillar	Machinery and equipment	3	8,916,303
Banco Galicia	Vehicles	4	8,684
Banco HSBC	Vehicles	9	405,240
Banco HSBC	Machinery and equipment	7	2,965,421
Toyota	Vehicles	1	21,137
Banco Internacional del Perú	Machinery and equipment	1	2,893,400
CGM Leasing Argentina S.A.	Vehicles	1	470,021
Banco Bradesco	Vehicles	2	56,645
Banco Superville	Vehicles	2	53,015
Banco Credito del Perú	Machinery and equipment	5	10,278,213
Banco Credito del Perú	Vehicles	2	1,649,630
Banco Industrial	Vehicles	14	1,873,217
HSBC Bank Panamá S.A.	Machinery and equipment	5	17,972,966
HSBC Bank Perú S.A.	Machinery and equipment	2	1,031,667
Total			54,514,107

	12/31/2014 In Pesos	12/31/2013 In Pesos
Nominal value – Minimum payments of leases		
Up to a year	28,667,409	36,996,585
From one to five years	21,392,251	27,202,977
Total	50,059,660	64,199,562
Financial charges to accrue	(8,937,839)	(9,685,455)
Total of financial leases	41,121,821	54,514,107

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Present value of financial leases is the following:

	<u>12/31/2014</u>	<u>12/31/2013</u>
	In Pesos	In Pesos
Present value – Minimum payments of financial leases		
Up to a year	22,659,537	31,497,700
From one year to five years	18,462,284	23,016,407
Total	41,121,821	54,514,107

22. Allowances and provisions for contingencies

(a) For the year ended December 31, 2014

Description	Balances as of the beginning of the period	Increases	Decreases	Applications	Currency translation differences	Balances as of the end of the period
Allowance for doubtful accounts	160,697,267	45,414,390	(12,959,021)	(13,317,129)	5,281,427	185,116,934
Allowance for other receivables	46,063,227	6,179,751	(1,070,000)	(2,217,000)	9,194,507	58,150,485
Inventory obsolescence allowance	5,441,307	5,372,642	-	-	-	10,813,949
Allowance for investment losses	534,314	-	-	-	-	534,314
Provision for contingencies	178,227,032	111,215,963	(71,030,942)	(6,999,944)	-	211,412,109

(b) For the year ended December 31, 2013

Description	Balances as of the beginning of the period	Deductions due to reclassifi- cation	Increases	Decreases	Applications	Currency translation differences	Balances as of the end of the period
Allowance for doubtful accounts	114,893,448	(5,137,853)	51,804,092	(1,515,792)	(1,243,193)	1,896,565	160,697,267
Allowance for other receivables	38,300,571	-	3,815,369	(17,416)	(818,000)	4,782,703	46,063,227
Inventory obsolescence allowance	2,557,454	-	2,883,853	-	-	-	5,441,307
Allowance for investment losses	534,314	-	-	-	-	-	534,314
Provision for contingencies	141,634,773	(2,868,401)	125,271,061	(61,013,996)	(24,796,405)	-	178,227,032

23. Other liabilities

	<u>12/31/2014</u>	<u>12/31/2013</u>
	In Pesos	In Pesos
Non-Current		
Debts with related parties (Note 26)	409,928,413	28,824,317
Services to be rendered and pending works	173,869,000	112,704,000
Advances from customers	52,480,762	83,976,781
Salaries and social security contributions payable	175,768,466	109,345,332
Tax payables	418,764,955	190,758,754
Sundry debts	401,174,104	172,695,548
Total	1,631,985,700	698,304,732
Current		
Debts with related parties (Note 26)	21,172,268	22,489,099
Services to be rendered and pending works	8,467,000	25,138,357
Retained court attachments payable	891,422	829,769
Lawsuits with writs of execution	4,312,000	1,954,000
Advances from customers	180,537,223	202,414,191
Guarantee deposits received	6,115	4,675
Income advances	187,543,258	190,859,351
Liabilities for construction contracts (Note 25)	58,934,084	47,716,143
Salaries and social security contributions payable	621,682,802	492,495,818
Tax payables	197,852,673	183,971,469
Deferred income	338,828	18,887
Sundry debts	308,405,850	267,172,952
Total	1,590,143,523	1,435,064,711

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Below is disclosed a reconciliation between the opening balances and closing balances of post-employment benefits plan and long-term employee benefits:

	Long-term employee benefits	Post-employment benefits plan	Total
Total as of 31/12/2012	1,763,000	2,182,000	3,945,000
Cost of services	162,000	163,000	325,000
Interest cost	488,000	630,000	1,118,000
Actuarial gain and losses for the year	(46,000)	645,000	599,000
Paid benefits	(146,000)	-	(146,000)
Total as of 12/31/2013	2,221,000	3,620,000	5,841,000
Cost of services	202,000	264,000	466,000
Interest cost	608,000	1,036,000	1,644,000
Changes on the benefits plan	583,000	-	583,000
Actuarial gain and losses for the year	261,000	(58,000)	203,000
Paid benefits	(233,000)	(68,000)	(301,000)
Total as of 12/31/2014	3,642,000	4,794,000	8,436,000

Main actuarial assumptions used in the estimate are as follows:

Concept	12/31/2014	12/31/2013
Actual Discount rate	3.10%	3.10%
Mortality table	GAM 83	GAM 83
Disability table	DTS 85	DTS 85
Turnover table	ESA 77	ESA 77

24. Trade payables

	12/31/2014 In Pesos	12/31/2013 In Pesos
Non-Current		
Suppliers and subcontractors	21,074,225	16,279,593
Notes payables	32,544,319	373,951
Total	53,618,544	16,653,544
Current		
Suppliers and subcontractors	901,130,586	839,559,009
Suppliers and subcontractors - Related companies (Note 26)	13,494,288	10,678,009
Subcontractors guarantee deposits	10,506,563	9,679,674
Notes payables	146,677,184	72,982,690
Sundry Provisions	241,591,776	123,464,967
Total	1,313,400,397	1,056,364,349

25. Construction contracts

Balances of the construction contracts included in the balance sheet are as follow:

	12/31/2014 In Pesos	12/31/2013 In Pesos
Construction contracts		
Amounts due from customers included in current assets	459,960,334	331,188,455
Amounts due to customers included in current liabilities	(58,934,084)	(47,716,143)
Total	401,026,250	283,472,312

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26. Balances and transactions with related parties

(a) Balances with related parties

Balances with related parties as of December 31, 2014 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Non-Current Trade receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
Parent Company							
Roggio S.A.	160,474,678	2,374,309					
Associates							
Autovía del Mar S.A.				75,214,730			
B.R.H. S.A. - Const. N. Odebrecht S.A. - Supercimento S.A.C.I. - J. Cartellone Const. Civ. UTE				35,119,434	16,494,893		
Concanor S.A.		515,534				253,844	
Concesionaria VLT Carioca				1,271,701			
Concesionaria Monotrilho Linha 18					11,457,000		
Consorcio Boleto Inteligente de Paraguay		1,144,489		15,869,308			
Coviares S.A.						45,118	
Covicentro S.A.		412,427					
Covimet S.A.	493,424	553,370					
Covinorte S.A.		463,981					
Covisur S.A.				470,475		12,712,288	
CV 1 - Concesionaria Vial S.A.				33,442,397	1,788,730	7,846,128	
Ferrometro S.A.				20,842,744			
Nelfor S.A.		3,476,094					
Mobatio S.A.		1,277,184					
Multiplataforma S.A.		44,012,143					
Polledo Do Brasil Concessões e Investimentos Ltda.	9,287,552						
Polledo S.A.I.C. y F.	12,089,427						
Prominente S.A.		1,413,993		52,755		238,346	12,274,922
Puentes del Litoral S.A.	628,146	1,613,273					
SOE S.A.				20,709			21,629
SOFE S.A.		94,782					
Transportel Minera 2 S.A.							205,512
Transportel Patagonica S.A.				1,284,794			621,968
Other related parties							
Roggio A.C.E.	364,726,731	133,623,143			378,939,697		
Covimet S.A.			3,645,177				
VRR Games S.A.				505,703			132,494
Sundry	249,980	972,298		839,470	1,248,093	76,544	237,763
TOTAL	547,949,938	191,947,020	3,645,177	184,934,220	409,928,413	21,172,268	13,494,288

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Balances with related parties as of December 31, 2013 are as follow:

Companies	Non-Current Other receivables	Current Other receivables	Non-Current Trade receivables	Current Trade receivables	Non-Current Other liabilities	Current Other liabilities	Current Trade payables
Parent Company							
Roggio S.A.		329,445,657				2,545,831	
Associates							
Autovía del Mar S.A.				54,914,309		1,172,812	
B.R.H. S.A. - Const. N. Odebrecht S.A. - Supercimiento S.A.C.I. - J. Cartellone Const. Civ. UTE				21,140,296	20,986,740 962,500		
Benito Roggio Agroindustrial S.A.		235,985					
Benito Roggio e Hijos S.A. (Paraguay)		515,534				253,844	
Concanor S.A.					2,341,429		
Concesionaria VLT Carioca							
Consortio Boleto Inteligente de Paraguay		1,144,489					
Coviares S.A.				15,869,308			
Covimet S.A.	493,424	345,073					
Covinorte S.A.		463,981					
Covisur S.A.				470,475		11,679,288	
CV 1 - Concesionaria Vial S.A.				46,434,988	1,275,000	5,431,821	
Ferrometro S.A.				20,842,745			
Jumi S.R.L. - B.R.H. S.A. - AGV Servicios Mineros S.R.L. UTE				6,288,586			
Nelfor S.A.		3,476,094					
Mobatio S.A.		247,184					
Multipataforma S.A.		25,792,143					
Polledo Do Brasil Concessões e Investimentos Ltda.	5,481,660						
Polledo S.A.I.C. y F.	9,367,677						
Prominente S.A.		8,736,230		52,755	2,421,724	1,039,576	8,890,403
Puentes del Litoral S.A.	862,244	828,094					
SOE S.A.				2,143,606			
SOFE S.A.		413,745				266,659	
Transportel Minera 2 S.A.							205,512
Transportel Patagonica S.A.				3,958,013			621,968
Joint control entities							
Unidad de Gestión Operativa Mitre Sarmiento S.A.				1,704,063			
Other related parties							
Caminos Australes Operadora S.A.		23,803					
Covimet S.A.			3,645,177				
Fundación Benito Roggio	585,456						
Inversar	8,250						
VRR Games S.A.		886,000		523,221			128,676
Sundry	249,980	468,056		1,471,764	836,924	99,268	831,450
TOTAL	17,048,691	373,022,068	3,645,177	175,814,129	28,824,317	22,489,099	10,678,009

(b) Transactions with related parties:

	12/31/2014 In Pesos	12/31/2013 In Pesos
Services rendered		
Associates		
Autovía del Mar S.A.	51,156,789	55,875,140
Consortio Boleto Inteligente de Paraguay	-	1,608,171
CV1 - Concesionaria Vial S.A.	82,165,055	82,506,559
Transportel Patagónica SA	6,385,575	26,434,504
BRH - Odebrecht - Supercimiento - Cartellone UTE	11,297,768	9,342,810
Jumi S.R.L. - BRH S.A. - AGV Servicios Mineros S.R.L. UTE	3,512,253	34,731,506
Other related parties		
Coviares S.A.	-	971,892
Concesionaria Do VLT Carioca S.A.	8,611,767	-
Sundry	1,136,056	107,386
Total	164,265,263	211,577,968
	12/31/2014 In Pesos	12/31/2013 In Pesos
Services provided		
Associates		
Prominente S.A.	(37,140,273)	(36,229,982)
Other related parties		
Sundry	-	(7,577)
Total	(37,140,273)	(36,237,559)

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27. Income tax

The income tax charge for the year is made up of:

	12/31/2014 In Pesos	12/31/2013 In Pesos
Current income tax	132,971,726	109,356,867
Deferred income tax	(46,654,309)	(54,540,586)
Total income tax charge	86,317,417	54,816,281
Minimum notional income tax	809,450	872,617
Total charge for income tax and minimum notional income tax	87,126,867	55,688,898

The income tax charge for the year ended differs from the result obtained by applying the income tax rate in effect in each country where the Company and its subsidiaries operate to the income before taxes, due to the following:

	12/31/2014 In Pesos	12/31/2013 In Pesos
Net (loss)/ income before income tax	(89,159,791)	9,343,159
Income tax at the tax rate of 35%	(31,205,925)	3,270,106
Investments	(21,143,457)	(2,255,766)
Non-deductible expenses	17,511,610	4,783,091
Expiration of tax losses	7,038,373	8,035,001
Effect of different tax rates applicable in other countries	(10,023,740)	(3,200,697)
Other items, net	(3,828,839)	(5,860,582)
Subtotal	(41,651,978)	4,771,153
Variation in non-recognized tax losses	127,969,395	50,045,128
Income tax charge	86,317,417	54,816,281

All charges for deferred income tax are calculated on the basis of temporary differences according to the liability method, applying the tax rates in force in each country.

Changes on deferred income tax accounts are the following:

	2014	2013
At the beginning of year	(117,701,449)	(89,254,757)
Deferred tax assets (charge)	46,654,309	54,540,586
Charge in other comprehensive income	(70,413,964)	(82,987,278)
At the end of the year	(141,461,104)	(117,701,449)

Changes in deferred tax assets and liabilities occurred in the fiscal year, before the offsetting of balances, are the following:

(a) For the year ended December 31, 2014

Deferred tax assets:

	At the beginning of the year	Deferred tax assets (charge)	Charge in other comprehensive income	At the end of the year
Trade receivables	10,701,742	43,842	-	10,745,584
Inventories	882,258	1,442,142	-	2,324,400
Property, plant and equipment	(48,797,390)	(2,050,628)	(2,954,100)	(53,802,118)
Bank and financial debts	(7,475,662)	(11,221,568)	-	(18,697,230)
Other liabilities	73,447,273	25,628,843	-	99,076,116
Provisions	54,324,633	13,744,670	-	68,069,303
Sundry	1,105,000	(2,833,883)	(467,564)	(2,196,447)
Tax losses	166,907,831	158,616,282	-	325,524,113
Sub-total	251,095,685	183,369,700	(3,421,664)	431,043,721
	(109,545,437)	(122,959,267)	-	(232,504,704)
Total deferred tax assets	141,550,248	60,410,433	(3,421,664)	198,539,017

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Deferred tax liabilities:

	At the beginning of the year	Deferred tax assets (charge)	Charge in other comprehensive income	At the end of the year
Trade receivables	5,620,684	(3,941,150)	737,011	2,416,545
Other receivables	1,789,790	861,380	(379,421)	2,271,749
Inventory	1,260,000	(2,514,978)	-	(1,254,978)
Investments	3,194,869	(809,167)	31,969	2,417,671
Intangibles assets	(6,925,479)	(1,753,616)	-	(8,679,095)
Property, plant and equipment	(279,968,903)	22,890,640	(77,701,930)	(334,780,193)
Tax payables	(11,650,133)	(24,065,455)	-	(35,715,588)
Bank and financial debts	(140,954)	(3,553,040)	-	(3,693,994)
Other liabilities	11,252,115	(1,076,536)	1,681,483	11,857,062
Provisions	8,717,321	-	4,343	8,721,664
Balances of foreign currency exchange with subsidiaries	(1,487,419)	-	(330,455)	(1,817,874)
Currency translation differences	9,476,036	-	8,880,375	18,356,411
Sundry	(6,210,466)	5,215,926	84,325	(910,215)
Sub-total	(265,072,539)	(8,745,996)	(66,992,300)	(340,810,835)
Recognized tax losses	5,820,842	(5,010,128)	-	810,714
Total deferred tax liabilities	(259,251,697)	(13,756,124)	(66,992,300)	(340,000,121)

(b) For the year ended December 31, 2013

Deferred tax assets:

	At the beginning of the year	Deferred tax assets (charge)	Spun-off balances	Charge in other comprehensive income	At the end of the year
Trade receivables	12,441,885	(1,740,143)	-	-	10,701,742
Inventories	1,349,633	(467,375)	-	-	882,258
Property, plant and equipment	(42,263,000)	(3,646,057)	-	(2,888,333)	(48,797,390)
Bank and financial debts	-	(7,475,662)	-	-	(7,475,662)
Other liabilities	52,192,241	21,255,032	-	-	73,447,273
Provisions	45,370,720	8,953,913	-	-	54,324,633
Sundry	(550,000)	1,655,000	-	-	1,105,000
Tax losses	102,787,906	67,997,435	(3,877,510)	-	166,907,831
Sub-total	171,329,385	86,532,143	(3,877,510)	(2,888,333)	251,095,685
	(59,549,639)	(49,995,798)	-	-	(109,545,437)
Total deferred tax assets	111,779,746	36,536,345	(3,877,510)	(2,888,333)	141,550,248

Deferred tax liabilities:

	At the beginning of the year	Deferred tax assets (charge)	Charge in other comprehensive income	At the end of the year
Trade receivables	2,536,700	2,725,853	358,131	5,620,684
Other receivables	2,141,714	(351,924)	-	1,789,790
Inventory	1,260,000	-	-	1,260,000
Investments	1,542,564	1,652,305	-	3,194,869
Intangible Assets	(8,713,158)	1,787,679	-	(6,925,479)
Property, plant and equipment	(210,329,529)	20,918,987	(90,558,361)	(279,968,903)
Tax payables	(2,985,019)	(8,665,114)	-	(11,650,133)
Trade payables	(222,830)	222,830	-	-
Bank and financial debts	(1,243,316)	1,102,362	-	(140,954)
Other liabilities	13,314,065	(4,896,597)	2,834,647	11,252,115
Provisions	6,951,622	1,595,111	170,588	8,717,321
Balances of foreign currency exchange with subsidiaries	-	(1,305,465)	(181,954)	(1,487,419)
Currency translation differences	2,350,922	(108,818)	7,233,932	9,476,036
Sundry	(13,059,647)	3,376,362	44,072	(9,639,213)
Sub-total	(206,455,912)	18,053,571	(80,098,945)	(268,501,286)
Recognized tax losses	9,298,919	(49,330)	-	9,249,589
Total deferred tax liabilities	(197,156,993)	18,004,241	(80,098,945)	(259,251,697)

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The deferred tax assets and liabilities are offset when a) the Company and its subsidiaries have a legally recognized right to offset before the tax authorities the amounts recognized for those items; and b) the deferred tax assets and liabilities derived from the pertinent income tax payable to those tax authorities.

The amounts disclosed in the Balance Sheet as of December 31, 2014 and 2013 after the offsetting are the following:

	12/31/2014	12/31/2013
Deferred tax assets	341,503,600	179,739,433
Deferred tax liabilities	(251,270,714)	(197,145,034)
Sub-total	90,232,886	(17,405,601)
Non-recognized tax losses	(231,693,990)	(100,295,848)
Deferred income tax	(141,461,104)	(117,701,449)

28. Additional information about Cash Flow Statements

Below are disclosed the significant transactions not affecting cash or cash equivalents:

	12/31/2014 In Pesos	12/31/2013 In Pesos
Acquisition of property, plant and equipment with financial leases	-	9,409,031
Decrease in investments offset against receivables	-	6,162,718
Acquisition of property, plant and equipment with financial debt	(69,206,965)	-
Dividends receivables in associates	-	235,985
Acquisition of non-controlling interests with debt	32,751,793	-

29. Transactions with non-controlling interests

On June 30, 2014, BRH purchased a further 30% of the shares in Haug. With this transaction, BRH now holds 100% of Haug's capital stock. In addition, the obligations of BRH in relation to the put option rights that had been granted in favor of the minority shareholders at the time of the purchase of seventy percent (70%) of the shares in Haug in July 2010 have been extinguished.

30. Contingencies, commitments and restrictions on the distribution of profits**(a) Contingencies**

There are several administrative, judicial and out-of-court proceedings in the ordinary course of business to which the subsidiaries and/or subsidiaries or associates of Clisa are parties. The Company believes that these cases, of the cumulative effect of all of them taken as a whole, will not produce a significant adverse effect on the financial position of the Company, or on the future results of its operations, bearing in mind the opinion of the management and professional advisors and the provisions for contingencies recorded at the end of the reporting year-end.

The financial statements of the subsidiaries companies disclose the following:

I) Benito Roggio e Hijos S.A.:

a) Covisur S.A.

a.1) Value added tax

i) On November 27, 1995, Covisur S.A. lodged an action for recovery with the AFIP for Ps.1,273,045 for VAT on indemnities collected according to the Readjustment Agreement dated December 15, 1992. This claim includes fiscal periods from February 1993 to October 1995, for which amended tax returns were filed. Covisur S.A. had originally calculated the tax on the total amount collected, whereas it should have considered that the tax was included in such total. On November 30, 2000, the AFIP-DGI rejected the action for recovery filed.

ii) On December 19, 2001, AFIP notified Covisur S.A. a debt assessment of Ps. 6,128,714 corresponding to VAT and accrued interest on indemnities collected as provided for in the Restatement Agreement dated December 15, 1992, corresponding to fiscal periods between December 1995 and November 1999, as the AFIP-DGI considered that the total amount of those indemnities represented the net taxable amount.

Covisur S.A. filed an appeal before the Tax Court claiming non-taxability of the indemnities collected or consideration of the tax as forming part of the total amount, since the operations were performed with tax-exempt persons.

The Tax Court found for Covisur S.A. requesting that the tax authority prepare a computation; if this computation fails to reflect what has been ordered in the ruling and is not approved by the said Court, the grounds for appeal shall be set forth.

a.2) Income tax

On December 27, 2002, the AFIP notified Covisur S.A. and claimed from it the payment of Ps. 3,585,754 for Income Tax and interest on indemnities collected under the Restatement Agreement dated December 15, 1992, for the 1997, 1998 and 1999 periods, as the AFIP considered that the total amount of those indemnities represented the net taxable amount. Conversely, Covisur S.A. considers that the indemnities collected are not subject to the tax, alleging that they involve a "Gross Price" from which Value-Added Tax should be deducted rather than added to it, as the AFIP sustains. In addition, Covisur S.A. argues that those amounts include a presumed cost of 100%, as the AFIP had previously informed it in response to a consultation made by the company. In this respect, on February 20, 2003 Covisur S.A. filed an appeal before the National Tax Court to consider this claim in which a ruling seemingly favorable to Covisur S.A. had been issued, which led to the filing of a Motion for Clarification; this motion was resolved elliptically, and the outcome continues to seem favorable.

b) Aguas Cordobesas S.A.:

At the balance sheet date, Aguas Cordobesas S.A. continues to undergo a comprehensive inspection that had been initiated by the AFIP in May 2005 in relation to:

- Income tax withholdings not made from payments of commissions to La Caixa and West LB.
- Equalization tax (article 69.1, of the income tax law) on dividend payment for fiscal year 2000.

On both issues, the position of the Management of Aguas Cordobesas S.A. and that of its tax advisors is favorable to the Company, so no provisions have been recognized for these items.

Further, in February 2008, the AFIP conducted another inspection detecting certain income tax withholdings not made from interest payments to the European Investment Bank (EIB). Since this is an item paid overseas to a promotion entity, the Argentine source income is exempt under section 20, item S and section 39 of the regulatory decree of the income tax law. In the belief that these exemptions operate by force of law, without need for additional provision, the Company's Management and its advisors consider that there are sufficient grounds for arguing that no income tax withholding is applicable to payments overseas, since these are deemed exempt.

In December 2008 ACSA was notified of a resolution of a notice given in the administrative proceedings related to Income Tax – Withholdings from Foreign Payees. The tax amount not withheld is Ps.2,491,000, net of interest, and corresponds to the withholdings from payments made between December 2003 and December 2007. In view of this fiscal claim, Aguas Cordobesas S.A. has answered the notice and the summary proceedings initiated, making factual and legal allegations that confirm the reasonable criterion it followed.

During November 2010, Aguas Cordobesas S.A. was notified of AFIP Resolution No. 112/2010, which dismisses the evidence offered by that company in its administrative defense against the notification, and No. 118/2010, which determines the new owing amount, which is of Ps. 6,824,000 and is made up of the non-withheld tax for Ps.2,491,000, compensatory interest under section 37 of Law 11683 for Ps. 2,589,000, and the fine under section 45 of Law 11,683, set at 70 % of the non-withheld amounts, for Ps. 1,744,000.

The fiscal authority's arguments for rejecting the evidence submitted by Aguas Cordobesas S.A. have not modified the latter's position or its confidence in the arguments supporting its criterion, which is why during December 2010 an appeal was filed before the National Fiscal Court.

In July 2011, Aguas Cordobesas S.A. received notice of a resolution of the National Tax Court ordering the reopening of the case for submission of evidence. At the balance sheet date, evidence based upon third party information has been submitted, and the accounting expert's opinion was being prepared, with an extension of the evidentiary period having been requested for such purposes. On August 23, 2013, the Tax Court closed the evidentiary period, and the informative evidence offered and the accounting expert's report were submitted. At the date of these financial statements, we are awaiting a resolution calling the parties to come before the court in order to assess the competency of the evidence submitted.

Based on arguments invoked above, Aguas Cordobesas S.A. considers that there is a remote possibility of occurrence of contingencies based on the nature of the adjustments proposed by the tax authority.

c) Haug S.A.

The income tax return for the fiscal year 2008 of Haug S.A. has been examined by the tax administration in Peru, and that company received an observation for non-accrued workforce income for approximately Nuevos Soles 3,874,715, which is currently under challenge. This company's management and its legal advisors consider that the final outcome of this challenge will not have significant effects on the Financial Statements of this Company.

II) Benito Roggio Transporte S.A.:

a) Value added tax (I)

Metrovías S.A. is involved in litigation with the AFIP, which is claiming the payment of value-added tax on revenues from the use of permits subject to revocation obtained by Metrovías S.A., because that Authority understands they should be classified as private sub-concessions.

Although Metrovías S.A. had submitted the pertinent rebuttals, it was obliged to adhere to an installment payment plan because the AFIP-DGI had ordered to levy an attachment on bank accounts prior to termination of the proceeding. The liability for the outstanding amounts has been disclosed under Tax Payables.

In February 2008, Panel II of the Court notified Metrovías S.A. of a ruling confirming the Tax Court's resolution on the matter at issue: the contracts entered into would be subject to value added tax. In view of this, Metrovías S.A. has lodged an ordinary appeal with Argentina's Supreme Court.

On October 6, 2011, the Supreme Court served notice of its resolution to revoke Panel II ruling, admitting Metrovías S.A. arguments.

b) Value added tax (II)

Metrovías S.A. is involved in litigation with the AFIP, which is claiming the taxability of items similar to those involved in the above procedure as well as income obtained from the modernization of A Line for VAT purposes from December 1998 up to and including October 2002.

Although Metrovías S.A. had submitted the pertinent rebuttals, it was obliged to adhere to an installment payment plan; however, Metrovías S.A. understands that resolution of this dispute will be favorable to it. At the date of these Consolidated Financial Statements, this debt has been settled.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

c) Fine for infringements of safety and health regulations

The Buenos Aires City Mayor imposed a fine of Ps. 3,155,000 on Metrovías S.A., for alleged infringement of safety and health regulations. This resolution has not become final, as it was appealed as and when prescribed by law, and in view of the fact that this is an administrative act that imposes a penalty, payment of the fine may not be demanded until the appeal is ruled on.

On September 3, 2014, the lower court judge partially sustained the appeal filed by Metrovías and reduced the fine to Ps. 2,500,000. Said ruling had been appealed by the Company.

However, Metrovías S.A. considers that the fine imposed is arbitrary and unfounded, as the alleged non-compliance on which it is based does not exist, nor does the excessive amount of the fine bear any relation with the possible non-compliance in question, in conformity with applicable regulations.

Metrovías S.A. will exhaust all legal proceedings on the understanding that the fine imposed is arbitrary and contrary to law, and lacks legal foundation, in line with current national and local legislation, a criterion that is shared by its legal advisors.

d) Turnover tax - Province of Buenos Aires (I)

In 2004, the DPRPBA notified differences in favor of that Board arising from an underpayment of the turnover tax for fiscal periods 1996 and 1997, invoking the taxability of the subsidies granted by the National Government and of the operations carried out on behalf of third parties and for their account.

After various presentations and appeals, and in view of the changes in current legislation, on July 20, 2006, when answering the notice of the Appeal and after the amendment to that legislation, the Tax Authority admitted that Metrovías S.A. had sufficient grounds for the treatment accorded to the subsidies granted by the National State.

In May 2007, Metrovías S.A. was notified of the Province of Buenos Aires Tax Court resolution dated April 30, 2007, whereby the appeal lodged was partially sustained, admitting the position of Metrovías S.A. regarding the subsidies, the extension of the joint liability for the fines for the periods predating July 2006 and for the surcharges.

Finally, in view of the certain possibility that the Courts demand prior payment of the tax to analyze the claim, Metrovías S.A. adhered to an Installment Payment Plan established by the Collection Agency for the Province of Buenos Aires for Ps. 0.34 million, which Metrovías recognized as a loss. This liability had been paid off at the balance sheet date.

e) Turnover tax - Province of Buenos Aires (II)

On July 24, 2006, Metrovías S.A. was notified of a summary assessment proceeding filed by the Revenue Bureau of the Province of Buenos Aires, which claims differences in its favor for having underpaid turnover tax in the fiscal periods 2002 and 2003 invoking the taxability of the subsidies granted and claiming the depositing of tax differences for Ps. 222,281 and Ps. 465,238 respectively.

On August 9, 2006, Metrovías S.A. submitted a rebuttal rejecting the tax authority's claim. On December 27, 2006, the Tax Authorities informed Metrovías S.A. of the assessment of its tax obligation, accepting its position in relation to the subsidies but rejecting the remaining aspects.

On February 20, 2007, Metrovías S.A. appealed this resolution at the Tax Tribunal for the Province of Buenos Aires. At the date of these consolidated financial statements, Metrovías S.A. had not been notified of the Panel where the appeal will be heard.

On August 28, 2013 the Tax Tribunal notified Metrovías the tax court resolution whereby the appeal lodged was partially sustained. On February 13, 2014, Metrovías interposed a lawsuit for the detracted party.

f) Stamp tax - Official assessment

The DPRBA notified Metrovías S.A. of the commencement of an official assessment proceeding involving stamp tax paid by Metrovías S.A. on the amendments to the Concession Contract made in 1999; considering that the tax base applicable to the calculation of the tax is higher than that reported by Metrovías S.A., and claims a difference of Ps.2,304,147 for principal plus compensatory interest.

On May 10, 2006, the DPRBA dismissed the rebuttal submitted by Metrovías S.A. Furthermore, on June 8, 2006, Metrovías S.A. lodged an appeal before the Tax Tribunal of the Province of Buenos Aires which is being heard in Panel III.

Before forwarding the proceedings to the Tax Tribunal of the Province of Buenos Aires and in order to preserve the right to collect the amount in question, the tax authority has requested the District Attorney of the Province of Buenos Aires to issue a restraining order enjoining property from being disposed of for a total amount of Ps.14,301,241, including principal and accessory charges. The restraining order was replaced with a fidelity bond, so neither Metrovías S.A. nor its directors will be subject to it. The policy amount is adjusted monthly to cover the interest accrued over that period.

The arguments invoked in the defense Appeal enable expecting a resolution favorable to the position of Metrovías S.A., a criterion that is shared by its tax advisors.

On March 10, 2014, the court hearing the tax foreclosure case declared the complaint to have been abandoned; awarded costs of suit on the plaintiff and defendant.

(b) Restrictions to the distribution of profits

Pursuant to section 70 of the Commercial Companies Law 19550, companies must allocate 5% of the net profit of each year to a statutory reserve until reaching 20% of their adjusted capital.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

31. Encumbered and restricted assets

The table below provides a detail of the encumbered and restricted assets as of December 31, 2014:

Detail	Value of asset	Type of Debt	Amount of debt	Type of guarantee
Machinery and equipment	23,899,763	Commercial	9,362,614	Pledge
Property, plant, and equipment with financial leases	78,556,945	Bank	22,176,383	Leasing
Machinery and equipment	1,938,375	Bank	379,782	Pledge
Machinery and equipment	29,392,874	Financial	84,446,340	Pledge
Machinery and equipment	12,270,852	Financial	16,451,053	Leasing
Real estate	233,968,310	Bank	116,576,824	Mortgage
Vehicles	10,818,219	Financial	8,824,151	Pledge
Vehicles	4,552,593	Bank	2,165,815	Leasing
Vehicles	23,148,325	Bank	23,893,577	Pledge
Vehicles	61,133,416	Commercial	44,623,217	Pledge
Vehicles	361,452	Financial	328,570	Leasing
Guarantee deposits	1,409,695	Bank	967,200	Pledge
Certificates receivable	296,587,512	Bank	229,945,123	Assignment as security of collection rights
Other receivables	2,092,116	(1)	6,760,800	Writs of attachment
Trade receivable	248,142,974	Bank	247,392,583	Assignment as security of collection rights
Banks	3,130,527			Writs of attachment
Total	1,031,403,948			

(1) Pledged assets as collateral for related company debts

Balance of other investments includes fixed-term deposits for Ps. 92,337,839 and Ps. 56,381,715 as of December 31, 2014 and 2013, respectively, which is restricted because they were transferred as collateral for debts payable. In addition, the balance for short-term investments also includes time deposits for Ps. 15,062,225 and Ps. 12,847,166 at December 31, 2014 and 2013, respectively, availability of which is restricted for they have been transferred in trust to Banco de la Nación Argentina (Nación Fideicomiso S.A.), for the creation of an administrative trust to deal with the payment of obligations derived from conclusive judgments against the National State and/or UGOMS S.A.

Balances of other receivables includes guarantee deposits for Ps 726,175 and Ps. 1,580,566 as of December 31, 2014 and 2013, respectively, which is restricted because they were transferred as collateral for debts payable.

32. Guarantees provided

Below is a detail of the guarantees provided as of December 31, 2014:

Detail	Amount of debt guaranteed	Guarantor
Surety bond in favor of Banco Provincia de Buenos Aires as security for compliance with a syndicated loan granted to Coviare S.A. (1)	65,698,594	Benito Roggio e Hijos S.A. and Clisa
Surety bond for financial loan of Covimet S.A.	10,945,280	Benito Roggio e Hijos S.A.
Warranty in favor of Banco Credicoop C.L. for financial loan granted to Autovía del Mar S.A.	43,371,090	Benito Roggio e Hijos S.A.
	<u>120,014,964</u>	

(1) See Note 3.1.12. The amount of the debt as of December 31, 2013 since the company has no updated information. This surety bond is enforceable only in case of rescission of the concession contract due to Coviare S.A. negligence. The management opines that the situation described in Note 3.1.12 has created a juridical scenario in which Coviare S.A. rejected the measures adopted, and considered that there has been no liability or negligence on the part of the Concessionaire for the Grantor to have made such a decision. Roggio S.A., the parent company of the Company, has subscribed an agreement with BAPRO to avoid the execution of this guarantee by the financial institution, but this does not mean any recognition in relation to the judicial situation of Coviare S.A.

- As part of the construction business, Benito Roggio e Hijos S.A. grants performance bonds on own works and on those carried out jointly with third parties. In addition, the trust ownership of the collection rights under certain work contracts has been transferred as collateral for bank loans.
- In guarantee of compliance with its obligations under the Concession Contract. Metrovías S.A. granted a performance bond under Policy No. 672,889, issued by Chubb Argentina de Seguros S.A. amounting to Ps. 30,000,000. The guarantee will be returned within one hundred and eighty days from the date on which Metrovías S.A. ceases to provide the services.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

- In addition, as guarantee for compliance with the Operation and Maintenance Agreement mentioned in Note 3.2.2. Metrovías S.A. provided a Contract Performance Bond. under Policías Nos. 46,512 underwritten by Liderar Compañía General de Seguros S.A.; 43,399 underwritten by Paraná Sociedad Anónima de Seguros; and 43,112 underwritten by La Perseverancia Seguros S.A., for an aggregate amount of Ps. 50,000,000. The Guarantee will be returned, if applicable, within one hundred and eighty days from the date on which the operator ceases to provide the services.
- The Company has taken on commitments with financial institutions to obtain lines of credit for its foreign related companies.
- See Note 3.1.10

33. Financial risk management**(a) Financial risk factors**

The Company's activities are exposed to variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, and price risk), credit risk and liquidity risk.

The Company's financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company and its subsidiaries may use derivative financial instruments to hedge certain risk exposures.

(i) Market risk*Foreign exchange risks*

The Company holds Corporate Bonds denominated in United States dollars. In addition, the main income of the Company and its subsidiaries are stated in the functional currency of each of them. Income of the subsidiary Haug S.A. is mostly stated in US dollars. In addition, the Company and its subsidiaries have trade payables and loans from financial institutions stated in other currencies, mostly US dollars and Euros. As a result, the Company and its subsidiaries are exposed to the foreign exchange risk.

The following table shows the exposure to other currencies of the financial instruments denominated in foreign currency.

Functional currency	12/31/2014					
	Net asset (liability) exposure to other currencies					
	USD	Ps.	R\$	Euro	Other currencies	Total
Ps.	(985,310,321)	-	(10,901,459)	(16,494,075)	-	(1,012,705,855)
S/.	(61,547,190)	25,308,976	-	-	-	(36,238,214)
Total	(1,046,857,511)	25,308,976	(10,901,459)	(16,494,075)	-	(1,048,944,069)

Functional currency	12/31/2013					
	Net asset (liability) exposure to other currencies					
	USD	Ps.	R\$	Euro	Other currencies	Total
Ps.	(908,358,844)	-	12,184,964	(8,025,851)	(1,621,973)	(905,821,704)
S/.	8,061,617	101,611,009	-	-	-	109,672,626
Total	(900,297,227)	101,611,009	12,184,964	(8,025,851)	(1,621,973)	(796,149,078)

R\$ - Reales (Brazil) USD - United States Dollars
S/, - Nuevos Soles (Peru) Euro - Euro
Ps. - Argentine Pesos

If the Argentine peso becomes stronger or weaker compared to the US dollar, with the rest of the variables remaining stable, it would imply a positive or negative impact on the comprehensive income/loss as a result of exchange gains or losses, mainly due to bank and financial debts in foreign currency, as disclosed in Note 20 to the consolidated financial statements. In turn, the weakening or strengthening of the Argentine peso compared to the Peruvian Nuevo Sol would increase or decrease the comprehensive income/loss as a result of the currency conversion.

Interest rate risks

The Company manages its exposure to interest rate volatility through financial alternatives. Borrowings at variable rates expose the Company to the risk of higher interest expenses in case of increases in market interest rates, while borrowings at a fixed rate expose the Company to variations in their fair value. The general policy of the Company is to maintain an adequate balance between instruments disclosed at a fixed and floating rate, which may change considering the long-term market conditions. A decrease or increase in interest rates would imply a positive or negative impact on income/losses as a result of higher or lower losses due to interest accrual mainly due to bank and financial debts at floating rate, as disclosed in Note 20 to these consolidated financial statements. In addition, most of the contracts that generate income for the Company, allow for adjustments based on the increase in costs.

(ii) Credit risk

The Company is exposed to the credit risk with banks and financial institutions, as it carries financial instruments as deposits in current accounts, time deposits and deposits with mutual funds. The Company has established as a general treasury policy to place these financial assets exclusively with creditworthy financial institutions.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

(iii) Liquidity risk

The Management holds sufficient cash, marketable securities, and credit facilities to finance normal levels of operations, and monitors the liquidity forecasts of the Company's reserves on the basis of expected cash flows.

The chart below discloses maturity dates by groups based on the outstanding period of the bank and financial debts at the date of the balance sheet, in relation to the maturity date set forth in the relevant contracts. The amounts stated in the chart are undiscounted contractual cash flows.

As of December 31, 2014

	Up to a year	From one year to two years	More than two years
Bank and financial debts	1,364,087,514	428,361,510	1,009,054,454

As of December 31, 2013

	Up to a year	From one year to two years	More than two years
Bank and financial debts	1,334,657,426	409,789,331	354,623,983

(b) Financial instruments by category and fair value hierarchy

The following table shows for the financial assets and liabilities recorded as of December 31, 2014 and 2013, the information required by IFRS 7, according to the categories established by IAS 39.

As of December 31, 2014	Loans and other receivables	Financial assets at fair value through profit or loss	Held-to-maturity investment
<i>(1) Assets as per Balance Sheet</i>			
Other receivables	1,109,916,033		
Trade receivables	2,979,955,966		
Other investments			107,400,064
Cash and cash equivalents		933,769,863	
Total	4,089,871,999	933,769,863	107,400,064

As of December 31, 2014	Other financial liabilities at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	2,821,099,805
Other liabilities	1,333,433,429
Trade payables	1,367,018,941
Total	5,521,552,175

As of December 31, 2013	Loans and other receivables	Financial assets at fair value through profit or loss	Held-to-maturity investment
<i>(1) Assets as per Balance Sheet</i>			
Other receivables	760,025,225		
Trade receivables	2,327,170,694		
Other investments			69,228,881
Cash and cash equivalents		539,933,690	
Total	3,087,195,919	539,933,690	69,228,881

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year commenced January 1, 2014 and ended December 31, 2014, presented in comparative format

As of December 31, 2013	Other financial liabilities at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	2,083,824,343
Other liabilities	684,829,711
Trade payables	1,073,017,893
Total	3,841,671,947

Fair value hierarchy

According to IFRS 7 requirements, the Company classifies financial instruments recognized at fair value in the Balance Sheet into three levels, depending on the relevance of the judgment used for the fair value measurement.

Level 1 comprises financial assets and liabilities measured at fair value based on (unadjusted) quoted prices in active markets for identical assets and liabilities.

Level 2 includes financial assets and liabilities measured at fair value based on different premises of market prices included in Level 1, that are observable for assets or liabilities, either directly (for example, prices) or indirectly (for example, price derivatives).

Level 3 includes financial instruments for which the premises used in the fair value estimation are not based on observable market information.

Measurement at fair value as of December 31, 2014

<u>Description</u>	<u>Level 1</u>
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Financial assets at fair value through profit or loss

Cash and cash equivalents	933,769,863
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Measurement at fair value as of December 31, 2013

<u>Description</u>	<u>Level 1</u>
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Financial assets at fair value through profit or loss

Cash and cash equivalents	539,933,690
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(c) Fair value estimation

The estimated fair value of financial instruments is based on quoted market prices between the parties involved, which differ from the prices set in a forced sale or settlement. To estimate the fair value of financial assets and liabilities falling due within one year, the Company applies the market price less any estimated credit adjustment. For other investments, the Company uses market prices.

(Free translation from the original in Spanish for publication in Argentine)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, President and Directors of
CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.
Legal domicile: Leandro N. Alem 1050 – 9th Floor
City of Buenos Aires
Tax Code No. 30-69223929-2

Report on the financial statements

We have audited the accompanying consolidated financial statements of CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries (the "Company"), including the consolidated balance sheet as of December 31, 2014, the consolidated statements of income and comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory notes.

The balances and other information corresponding to the fiscal year 2013 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), adopted by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") as professional accounting standards and added by the National Securities Commission ("CNV") to its regulations, as approved by the International Accounting Standard Board ("IASB"). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare the consolidated financial statements free of any significant distortions due to misstatements or irregularities. Our responsibility is to issue an opinion on the consolidated financial statements based on the audit performed with the scope detailed in the paragraph "Auditors' responsibility".

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of FACPCE, as were approved by the IAASB, and require that we comply with the ethics requirements, as well as plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor should take into account the internal control relevant to the preparation and fair presentation of the Company's consolidated 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 significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements as a whole.

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

Opinion

In our opinion, the consolidated financial statements mentioned in the first paragraph, present fairly, in all material respects, the consolidated balance sheet of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries as of December 31, 2014 and the consolidated comprehensive income and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter paragraph

We would like to draw your attention to Note 3.2.2 to the accompanying consolidated financial statements, in which the conditions prevailing at year end are detailed in relation to the status of the concession contract of Metrovías S.A. and the National Government and the Operation and Maintenance Agreement entered into with the Government of the City of Buenos Aires, which constitute the regulatory framework within which that company conducts its business, affect and determine its economic and financial equation. We have no qualifications as regards this situation.

Report on the compliance with current regulations

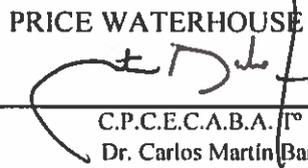
In compliance with current regulations, as regards CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A., we report that:

- a) the consolidated financial statements of CLISA– Compañía Latinoamericana de Infraestructura & Servicios S.A. have been transcribed to the “Inventory and Balance Sheet” book and, insofar as concerns our field of competence, are in compliance with the provisions of the Commercial Companies Law and pertinent CNV resolutions;
- b) the separate financial statements of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) we have read the business highlights, on which, insofar as concerns our field of competence, we have no observations to make;
- d) as of December 31, 2014, the debt of CLISA – Compañía Latinoamericana de Infraestructura & Servicios S.A. accrued in favor of the Argentine Integrated Social Security System amounted to Ps. 5,221,388.95, none of which was claimable at that date;



- e) as set forth in Section 21, Subsection e), Chapter III, Section VI, Title II of the National Securities Commission's regulation, we report that total fees for auditing and related services billed to the Company in the year ended December 31, 2014 account for:
- e.1) 68.39 % of the total fees for services billed to the Company for all items during that fiscal year;
 - e.2) 5.31 % of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
 - e.3) 5.09% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;
- f) We have applied the anti-money laundering and financing of terrorism procedures for Clisa – Compañía Latinoamericana de Infraestructura & Servicios S.A. prescribed by professional standards issued by the Professional Council of Economic Sciences for the Autonomous City of Buenos Aires.

City of Buenos Aires, March 11, 2015.

PRICE WATERHOUSE & CO.S.R.L.
 (Partner)
C.P.C.E.C.A.B.A. T° 1 F° 17
Dr. Carlos Martín Barbafina
Public Accountant (UCA)
C.P.C.E.C.A.B.A. T°175 - F° 65



**CLISA - Compañía Latinoamericana de
Infraestructura & Servicios S.A.**

Legal address: Leandro N. Alem 1050, 9th Floor
Ciudad Autónoma de Buenos Aires

- Consolidated Financial Statements as of December 31, 2013 and 2012

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.

Consolidated Financial Statements

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

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CONSOLIDATED STATEMENT OF INCOME

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

	Notes	For the years ended	
		12/31/2013 In Pesos	12/31/2012 In Pesos
CONSOLIDATED RESULTS			
Sales	3.6.	6,011,236,529	4,740,382,046
Cost of sales	4	(4,188,979,536)	(3,324,174,600)
Gross profit		1,822,256,993	1,416,207,446
Administrative expenses	5	(697,285,962)	(519,489,596)
Selling expenses and other operating expenses	6	(461,017,568)	(317,674,601)
Other operating income and expenses, net		41,626,330	(873,379)
Operating Income		705,579,793	578,169,870
Interest earned		46,153,411	23,749,472
Interest paid		(429,840,055)	(304,056,064)
Other financial income and expenses, net	7	(332,603,266)	(232,803,368)
Net gain in associates	8	26,163,184	37,361,618
Goodwill impairment		(6,109,908)	(3,660,013)
Income before income tax		9,343,159	98,761,515
Income tax	27	(55,688,898)	(48,039,989)
NET (LOSS) / INCOME FOR THE YEAR		(46,345,739)	50,721,526
Results attributable to:			
- Owners of the parent		(88,091,965)	4,651,468
- Non-controlling interests		41,746,226	46,070,058
		(46,345,739)	50,721,526
Results per share attributable to the owners of the parent during the year			
(stated in Ps. per share)	9	(0.48)	0.53

The accompanying notes are an integral part of these consolidated financial statements.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

	For the years ended	
	12/31/2013 In Pesos	12/31/2012 In Pesos
OTHER CONSOLIDATED COMPREHENSIVE INCOME		
Net (loss)/ income for the year	(46,345,739)	50,721,526
Other comprehensive income:		
Effect of currency translation differences	47,813,480	31,808,637
Cash flow hedges	-	716,608
Gains on revaluation of property plant and equipment of subsidiaries	175,466,560	215,311,587
Other comprehensive income for the year	223,280,040	247,836,832
Total comprehensive income for the year	176,934,301	298,558,358
Comprehensive income attributable to:		
- Owners of the parent	109,800,253	230,579,324
- Non-controlling interests	67,134,048	67,979,034
	176,934,301	298,558,358

The accompanying notes are an integral part of these consolidated financial statements.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
As of December 31, 2013, 2012 and 2011

ASSETS	Notes	12/31/2013	12/31/2012
		In Pesos	In Pesos
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,483,714,529	1,325,546,368
Intangible Assets	12	295,212,844	263,391,676
Goodwill	11	99,230,374	91,453,159
Investments in associates	13	165,890,970	144,697,181
Deferred tax assets	27	70,193,996	62,611,690
Other receivables	14	166,586,439	151,557,338
Trade receivables	16	39,455,693	32,842,410
Total non-current Assets		2,320,284,845	2,072,099,822
CURRENT ASSETS			
Other receivables	14	1,201,345,248	993,388,375
Inventories	17	201,026,129	153,581,347
Other Assets	15	99,708,200	-
Trade receivables	16	2,287,715,001	1,981,904,776
Other investments	18	69,228,881	11,357,663
Cash and cash equivalents	19	539,933,690	344,474,859
Total current Assets		4,398,957,149	3,484,707,020
Total Assets		6,719,241,994	5,556,806,842
EQUITY			
Attributable to the owners of the parent		726,038,910	616,238,657
Non-controlling interests		282,741,425	213,109,408
Total Equity		1,008,780,335	829,348,065
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank and financial debts	20	751,114,623	916,017,663
Provisions for contingencies	22	140,136,099	119,774,527
Deferred tax liability	27	187,895,445	147,988,937
Other liabilities	23	698,304,732	329,231,643
Trade payables	24	16,653,544	23,095,414
Total non-current Liabilities		1,794,104,443	1,536,108,184
CURRENT LIABILITIES			
Bank and financial debts	20	1,332,709,720	805,098,984
Provisions for contingencies	22	38,090,933	21,860,246
Other liabilities	23	1,435,064,711	1,483,023,608
Other debts	15	54,127,503	-
Trade payables	24	1,056,364,349	881,367,755
Total current Liabilities		3,916,357,216	3,191,350,593
Total Liabilities		5,710,461,659	4,727,458,777
Total Equity and Liabilities		6,719,241,994	5,556,806,842

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

Item	Attributable to owners of the parent								Total	Non-controlling interests	Total of equity
	Share capital	Capital Adjustment	Legal reserve	Special reserve	Effect of currency translation differences	Cash flow hedges	Balances of revaluation of subsidiaries	Retained earnings			
Balances as of January 1, 2012	96,588,696	115,738,740	3,138,571	-	13,265,638	(686,947)	152,030,668	353,047	380,428,413	139,040,205	519,468,618
Net income for the year								4,651,468	4,651,468	46,070,058	50,721,526
Other comprehensive income					30,030,773	692,683	195,204,400		225,927,856	21,908,976	247,836,832
Total Comprehensive Income	-	-	-	-	30,030,773	692,683	195,204,400	4,651,468	230,579,324	67,979,034	298,558,358
Transactions with shareholders											
- Increase in interests in subsidiaries (Note 29)						(5,736)		5,236,656	5,230,920	(5,885,822)	(654,902)
- Contributions and withdrawals in joint ventures										11,975,991	11,975,991
Total transactions with shareholders	-	-	-	-	-	(5,736)	-	5,236,656	5,230,920	6,090,169	11,321,089
Balances as of December 31, 2012	96,588,696	115,738,740	3,138,571	-	43,296,411	-	347,235,068	10,241,171	616,238,657	213,109,408	829,348,065
Balances as of January 1, 2013	96,588,696	115,738,740	3,138,571	-	43,296,411	-	347,235,068	10,241,171	616,238,657	213,109,408	829,348,065
Meeting of shareholders on April 16th, 2013											
- Setting up a special reserve purpose				11,240,924				(11,240,924)	-		-
- Reversal of special reserve purpose				(999,753)				999,753	-		-
Subtotal	96,588,696	115,738,740	3,138,571	10,241,171	43,296,411	-	347,235,068	-	616,238,657	213,109,408	829,348,065
Net (loss) for the year								(88,091,965)	(88,091,965)	41,746,226	(46,345,739)
Other comprehensive income					45,119,148		152,773,070		197,892,218	25,387,822	223,280,040
Total Comprehensive Income	-	-	-	-	45,119,148	-	152,773,070	(88,091,965)	109,800,253	67,134,048	176,934,301
Reversal of revaluation of subsidiaries							(3,799,769)	3,799,769			
Transactions with shareholders											
- Distribution of dividends										(1,715,060)	(1,715,060)
- Increase in interests in subsidiaries										(24,001)	(24,001)
- Contributions and withdrawals in joint ventures										4,237,030	4,237,030
Total Transactions with shareholders	-	-	-	-	-	-	-	-	-	2,497,969	2,497,969
Balances as of December 31, 2013	96,588,696	115,738,740	3,138,571	10,241,171	88,415,559	-	496,208,369	(84,292,196)	726,038,910	282,741,425	1,008,780,335

The accompanying notes are an integral part of these Consolidated Financial Statements.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

Notes	12/31/2013 In Pesos	12/31/2012 In Pesos
Cash from operating activities		
Net (loss)/ income for the year	(46,345,739)	50,721,526
Adjustments for:		
Depreciation and amortization	239,477,500	149,959,676
Deferred income	(8,013,645)	3,447,193
Income tax	55,688,898	48,039,989
Payment of income tax	(66,257,196)	(59,217,586)
Gain from sales of property, plant and equipment	(2,207,776)	28,758
Net gain in associates	(26,163,184)	(37,361,618)
Net book value of property, plant and equipment written off	446,304	2,191,092
Net book value of intangible assets written off	(4,000)	39,883
Other financial income and expenses, net	180,138,733	82,802,345
Interest earned and paid, net	383,686,644	280,306,592
Payment and collection of interest, net	(342,387,360)	(236,089,278)
Sundry (loss)/ gain	752,034	(1,441,532)
Changes in operating assets and liabilities:		
(Increase) Decrease in inventories	(61,582,849)	3,467,608
Increase in allowances and provisions for contingencies	69,202,261	29,421,995
Increase in investments	(57,871,218)	(7,581,204)
Increase in operating receivables	(461,195,229)	(547,920,173)
Increase in operating liabilities	499,394,761	323,210,266
Net cash flow provided by operating activities	356,758,939	84,025,532
Cash from investing activities		
Purchases of property, plant and equipment	(120,742,136)	(287,944,480)
Purchases of intangible assets	(62,550,019)	(65,667,791)
Changes in investments, net	700,261	(10,391,055)
Proceeds on disposal of property, plant and equipment	19,718,002	9,668,636
Proceeds on disposal of intangible assets	13,000	-
Dividends collected	18,147,834	-
Cash due changes in consolidation	(7,372,580)	27,750,880
Net cash flow (used in) investing activities	(152,085,638)	(326,583,810)
Cash from financing activities		
Increase in other receivables	(51,116,260)	(30,474,260)
(Decrease) in other liabilities	(72,459,189)	(6,731,663)
Changes in interests in subsidiaries	-	(654,900)
Dividends paid	(1,715,060)	-
Changes in bank and financial debts, net	78,609,744	227,681,968
Net cash flow (used in) provided by financing activities	(46,680,765)	189,821,145
Changes in cash before the effect of currency translation differences	157,992,536	(52,737,133)
Effect of currency translation differences	37,466,295	7,857,360
Increase / (Decrease) in cash, net	195,458,831	(44,879,773)
Cash and cash equivalents as of the beginning of the year	19	344,474,859
Cash and cash equivalents as of the end of year	19	344,474,859

The accompanying notes are an integral part of these consolidated financial statements.

Contents of the notes to the consolidated financial statements

1. General information
2. Accounting policies and basis of preparation
3. Operating segment information
4. Cost of sales
5. Administrative expenses
6. Selling expenses and other operating expenses
7. Other financial income and expenses, net
8. Net gain in associates
9. Earnings per share
10. Property, plant and equipment
11. Goodwill
12. Intangibles assets other than goodwill
13. Investments in associates
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15. Other assets and Other debts
16. Trade receivables
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19. Cash and cash equivalents
20. Bank and financial debts
21. Financial leases
22. Allowances and provisions for contingencies
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24. Trade payables
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26. Balances and transactions with related parties
27. Income tax
28. Additional information of cash flow statement
29. Transactions with non-controlling interests
30. Contingencies, commitments and restrictions on the distribution of profits
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CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

1. General information

CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. (hereinafter "CLISA") was established on October 21, 1996 and runs its business operations through the equity interests it holds in Benito Roggio e Hijos S.A., Benito Roggio Transporte S.A., Benito Roggio Ambiental S.A. and Roggio Brasil Investimentos e Serviços Ltda, (jointly with CLISA, "the Company"). As detailed in Note 3, these subsidiaries engage mainly, through their operations and interests in other companies, in the following operating activities: mass passenger transportation, construction, toll road concessions, waste management and water supply services.

CLISA is a holding Company whose Incorporation Agreement dated October 21, 1996 was registered with the Superintendency of Commercial Companies on November 15, 1996 under No. 11,458 in Book 120, Volume A, of Stock Companies and its term of duration will expire on November 15, 2095. The latest amendment to its Bylaws was approved by the Extraordinary Meeting of Shareholders No. 20 held on July 19, 2007, and registered with the Superintendency of Commercial Companies under No. 14,007 in Book 36 of Stock Companies on August 23, 2007.

The parent company of CLISA is Roggio S.A., with legal address at Leandro N, Alem 1050, 9th floor, Ciudad Autónoma de Buenos Aires, and is a holding Company, Roggio S.A. holds an interest of 97.53% in the capital and votes of CLISA.

The following describes the share capital of CLISA:

Ordinary shares	Subscribed and paid (In Pesos)
Class "A" Ps. 1 – 5 Votes	96,588,696

The capital status is as follows:

	12/31/2013	12/31/2012	12/31/2011
Share capital at the beginning of the year	96,588,696	96,588,696	96,588,696
Share capital at the end of the year	96,588,696	96,588,696	96,588,696

On May 15, 1997 CLISA was admitted to the Negotiable Obligation Public Offering System by Resolution No. 11,735 of the National Securities Commission ("CNV").

2. Accounting policies and basis of preparation

The main accounting policies used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently for all the years-end presented.

2.1 Basis of preparation

The National Securities Commission (CNV), has established the applicability of Technical Resolutions Nos. 26 and 29 of the Argentine Federation of Professional Councils in Economic Sciences, which adopt the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), for entities included in the public offering regime, whether for their capital or for their negotiable obligations, or which have requested authorization to be included in this regime. Application of these standards was mandatory for the Company as from the year commenced January 1, 2012.

Figures at December 31, 2012 disclosed in these Consolidated Financial Statements for comparative purposes, arise from financial statements at that date. Reclassifications have been made to certain balances at December 31, 2012 for the purposes of their comparative presentation.

These consolidated financial statements of the Company have been prepared in accordance with IFRS issued by the IASB. Furthermore, accounting policies are based on IFRS standards issued by the IASB and IFRIC interpretations issued to the issuance date of the consolidated financial statements.

These consolidated financial statements were approved by the Company's Board of Directors on March 11, 2014.

Consolidated financial statements are stated in Argentine pesos without cents, except for earning per share and operating segment information which is presented in thousands of Argentine pesos.

2.2 Consolidation basis**(a) Subsidiaries**

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on which control ceases.

The purchase method of accounting is used by the Company to account business combinations. The cost of acquisition of a subsidiary corresponds to the fair value of the transferred assets, the liabilities incurred with the former owners of the acquiree and the equity interests issued by the Company. The cost of acquisition includes the fair value of any assets or liabilities arising under a contingent purchase agreement. The acquired identifiable assets and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each business combination, the Company may opt to recognize any non-controlling interest in the acquiree at fair value or the proportional part of the non-controlling interest of the recognized amounts of the acquiree's identifiable net assets.

The costs of the acquisition are recognized as expenses in the year in which they are incurred.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

If the business combination is achieved in stages, the fair value at the date of acquisition of the previously held equity interest in the acquiree is remeasured at fair value through profit or loss for the year on the acquisition date.

Any contingency cost to be transferred by the Company is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the cost of acquisition that is deemed an asset or a liability are recognized in income or as a change in other comprehensive income, pursuant to IAS 39. The contingent cost of acquisition that is classified in equity is not remeasured and its subsequent settlement is recognized in equity.

The excess of the cost of acquisition transferred over the fair value of the non-controlling interest in the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of income.

Intercompany transactions, balances and income and expenses under transactions between the Company's entities are eliminated. Gains and losses from intra-group transactions that are recognized as assets are also eliminated. The accounting policies of the subsidiaries have been amended in the cases where it was necessary to ensure consistency with the policies adopted by the Company.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions, i.e., as transactions with owners in their capacity as owners. The difference between the amount of the adjustment on non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

(c) Disposal of subsidiaries

When the Company ceases to have control, the investment retained in the former subsidiary is recognized at its fair value at the date on which control is lost. In this case, the fair value corresponds to the initial measurement for the purpose of subsequent accounting for the interest retained as an associate, joint venture or financial asset. In addition, any amounts previously recorded in Other Comprehensive Income are reclassified to the Statement of Income.

(d) Associates

Associates are all entities over which the Company has significant influence but not control or not jointly control, generally accompanying a shareholding of between 20% and 50% of the voting rights. However, special cases are considered in which, with a shareholding of less than 20%, the group has significant influence. Investments in associates are accounted by the equity method of accounting, whereby investments are initially recognized at cost, and this amount increases or decreases to recognize the investor's share of profits and losses of the entity after the acquisition date. The value of associates includes goodwill recognized at the acquisition date.

The share of associates' profits and losses is recognized in income for the period, and the changes in equity other than income for the period are allocated to equity reserves (and, if applicable, they are included in other comprehensive income).

When the Company's share of the associates' losses is equal to or exceeds the value of the interest in the associates, the Company does not recognize additional losses, except when there are legal or assumed obligations to make payments on behalf of those associates.

Gains and losses on transactions between the Company and the associate are recognized in the Company's financial statements only in proportion to the unrelated portion of those companies. The accounting policies used by the associates have been amended, where necessary, to ensure consistency with the Company's accounting policies.

The Company assesses at each balance sheet issuance date whether there is objective evidence that an investment in an associate will not be recoverable. In that case, the impairment amount is calculated as the difference between the recoverable value of that associate and its carrying amount, recognizing the resulting amount in "Net gain in associates", in the Statement of Income.

(e) Joint arrangements

Jointly controlled entities are companies and joint ventures in which the Company holds joint control. Interests in jointly controlled entities is classified into two types: i) Joint operations and ii) joint ventures in accordance with IFRS 11. Joint arrangements are accounted for by the equity method. Joint operations are accounted by proportionate consolidation, i.e., the share of joint ventures' individual income and expenses, assets, liabilities, and cash flow is recognized on a line-by-line basis in the Company's financial statements. The Company recognizes the portion of gains or losses on the disposals of assets by the Company to the joint arrangement that is attributable to the other ventures. When the Company purchases assets to a joint arrangement, it recognizes its portion of the joint venture's gain or loss when the assets are re-sold to a third party; however, the loss on that sale is recognized immediately if the loss represents a reduction of the recoverable value of the asset or an impairment of the asset.

(f) Participation in corporate collaboration agreements

The Company participates in joint ventures and consortiums. The interest held by the Company in these ventures is measured in the consolidated financial statements in accordance with the control capacity over those businesses, considering legal regulations and contractual terms. According to the degree of control, joint ventures are accounted for following the criteria described for subsidiaries (if control is held), joint arrangements (if jointly controlled) and associate (if not controlled).

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

(g) Consolidation Structure

i) Companies which are consolidated at 100%, are as follow:

Companies	Ref	Percentage of interest as of		Line of business
		12/31/13	12/31/12	
- Benito Roggio e Hijos S.A.	(1)	97.22%	97.22%	Construction and waste management
- Cclip S.A.	(2)	68.58%	68.58%	Services
- Aguas Cordobesas S.A.	(2)	61.15%	61.15%	Supply of potable water
- Sehos S.A	(6)	100.00%	100.00%	Hospital and construction services
- Benito Roggio Panamá S.A.	(2)	100.00%	100.00%	Construction
- Haug S.A.	(2)	70.00%	70.00%	Construction and assembling of industrial facilities
- Haug Chile International Ltda.	(15)	99.40%	99.40%	Engineering, construction and assembly services
- Hame Representaciones S.A.C.	(15)	99.00%	99.00%	Marketing services
- Katmai S.A.	(16)	100.00%	100.00%	Representation services
- Benito Roggio Transporte S.A.	(1)	97.13%	97.13%	Investment and advisory
- Metrovías S.A.	(3)	90.66%	90.66%	Mass passenger transportation
- Neoservice S.A.	(3)	95.00%	95.00%	Services
- C.P.S. Comunicaciones S.A.	(8)	70.00%	70.00%	Operation of communication services
- Traditum S.A.	(5)	54.00%	54.00%	IT and telecommunications services
- Vianiley S.A.	(17)	100.00%	100.00%	Investment
- Bridesan S.A.	(18)	100.00%	100.00%	Investment
- Jismelt S.A.	(19)	100.00%	-	Investment
- Grunwald Comunicaciones S.A.	(17)	100.00%	-	Investment
- Crossworld S.A.	(19)	100.00%	-	Investment
- Servicios Fiduciarios S.A.	(3)	95.00%	60.00%	IT and telecommunications services
- Metronec S.A.	(6)	100.00%	100.00%	Real estate services
- Compañía Metropolitana de Seguridad S.A.	(7)	100.00%	100.00%	Security and surveillance services
- Benito Roggio Ferroindustrial S.A.	(3)	95.00%	95.00%	Public railway passenger transportation service
- Benito Roggio Ambiental S.A.	(9)	100.00%	100.00%	Investment
- Cliba Ingeniería Ambiental S.A.	(4)	98.67%	98.67%	Waste management
- Tecsan Ingeniería Ambiental S.A.	(10)	100.00%	100.00%	Waste management
- Cliba Ingeniería Urbana S.A.	(11)	100.00%	100.00%	Waste management
- Cliba Rosario S.A.	(11)	100.00%	100.00%	Waste management
- Taym S.A.	(11)	100.00%	100.00%	Waste management
- Ecoayres Argentina S.A.	(11)	100.00%	100.00%	Waste management
- Enerco ₂ S.A.	(12)	100.00%	100.00%	Waste management
- Central Buen Ayre S.A.	(13)	100.00%	100.00%	Waste management
- Vientos de Senillosa S.A.	(14)	100.00%	100.00%	Waste management
- Biogás Rio Cuarto S.A.	(14)	100.00%	100.00%	Waste management
Roggio Brasil Investimentos e Serviços Ltda.	(1)	99.99%	99.99%	Investment

References:

- (1) Represents the direct holding percentage held by CLISA.
- (2) Represents the direct holding percentage held by Benito Roggio e Hijos S.A.
- (3) Represents the direct holding percentage held by Benito Roggio Transporte S.A.
- (4) Represents the direct holding percentage held by Benito Roggio Ambiental S.A and CLISA and Benito Roggio e Hijos S.A.
- (5) Represents the direct holding percentage held by Metronec S.A.
- (6) Percentage jointly held by Benito Roggio Transporte S.A. and Benito Roggio e Hijos S.A.
- (7) Percentage jointly held by Metronec S.A. and Benito Roggio Transporte S.A.
- (8) Represents the direct holding percentage held by Bridesan S.A.
- (9) Percentage jointly held by CLISA and Benito Roggio e Hijos S.A.
- (10) Percentage jointly held by Cliba Ingeniería Ambiental S.A. and Benito Roggio Ambiental S.A.
- (11) Percentage jointly held by Cliba Ingeniería Ambiental S.A. and Tecsan Ingeniería Ambiental S.A.
- (12) Percentage jointly held by Benito Roggio Ambiental S.A. and Tecsan Ingeniería Ambiental S.A.
- (13) Percentage jointly held by Tecsan Ingeniería Ambiental S.A. and Enerco₂ S.A.
- (14) Percentage jointly held by Enerco₂ S.A. and Benito Roggio Ambiental S.A.
- (15) Represents the direct holding percentage held by Haug S.A.
- (16) Represents the direct holding percentage held by Hame Representaciones S.A.C.
- (17) Represents the direct holding percentage held by Neoservice S.A.
- (18) Represents the direct holding percentage held by Grunwald Comunicaciones S.A.
- (19) Represents the direct holding percentage held by Servicios Fiduciarios S.A.

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

ii) Joint operations. Companies which are consolidated proportionately are as follows:

Companies	Ref.	Percentage of interest as of		Line of business
		12/31/13	12/31/12	
Unidad de Gestión Operativa Ferroviaria de Emergencia S.A.	(1)	50%	33.33%	Public railway passenger transportation service
Unidad de Gestión Operativa Mitre Sarmiento S.A.	(1)	50%	-	Public railway passenger transportation service

(1) Represents the direct holding percentage held by Metrovías S.A.

iii) The principal joint ventures in which the Company participates are the following:

JOINT VENTURES	Ref.	Percentage of interest as of		Line of business
		12/31/13	12/31/12	
Joint ventures which are consolidated at 100% (Consolidation at 100%)				
B.R.H. S.A. / ROVELLA CARRANZA S.A. UTE (Circunvalación Rosario)	(1)	70.00%	70.00%	Construction
B.R.H. S.A. / C.P.C. S.A. UTE (Renovación Ramal C12 – Chaco)	(1)	50.00%	50.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (Renovación Ramal C – Santa Fe)	(1)	50.00%	50.00%	Construction
B.R.H. S.A. / DECAVIAL S.A.I.C.A.C.-UTE (By Pass Villa María)	(1)	65.00%	65.00%	Construction
B.R.H. S.A. / ROMERO CAMMISA CONSTRUCCIONES S.A. UTE (Crema Malla 308 La Rioja)	(1)	70.00%	70.00%	Construction
B.R.H. S.A. / VIALMANI S.A. UTE (Quebrada Santo Domingo)	(1)	80.00%	80.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (Ramal C San Cristobal)	(1)	50.00%	50.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (Ramal C25 Formosa)	(1)	50.00%	50.00%	Construction
C.P.C. S.A. / B.R.H. S.A. UTE (Obra para Autovia del Mar S.A.)	(1)	57.15%	57.15%	Construction
B.R.H. S.A. / SEHOS S.A. UTE (Paso a nivel – Holmberg)	(1)	50.00%	50.00%	Construction
B.R.H. S.A. / ROVELLA CARRANZA S.A. UTE (RN 127 Entre Ríos)	(1)	50.00%	50.00%	Construction
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. U.T.E. (Cliba San Isidro)	(2)	100.00%	100.00%	Waste management
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. U.T.E. (Cliba Santa Fe)	(2)	100.00%	100.00%	Waste management
Cliba Ing. Amb. S.A. / Tecsan Ing. Amb. S.A. U.T.E. (Cliba Neuquén)	(2)	100.00%	100.00%	Waste management
Tecsan Ing. Amb. S.A. B.R.H. S.A. U.T.E. (Norte III)	(3)	100.00%	100.00%	Waste management
Benito Roggio Transporte S.A. – Benito Roggio Ferroindustrial S.A. - UTE	(4)	100.00%	100.00%	Transportation
Joint ventures in which BRH has joint control (proportionately consolidation)				
B.R.H. S.A. / J.CARTELLONE C.C. S.A. UTE (Dique Los Molinos)	(1)	50.00%		Construction
B.R.H. S.A. / ESUCO S.A. / SUPERCEMENTO S.A.I.C. UTE (Yacretá)	(1)	33.33%		Construction
B.R.H. S.A. / ELECTROINGENIERIA S.A. UTE (Cierre Circunvalación Córdoba)	(1)	50.00%		Construction
Joint ventures in which BRH has significant influence (equity method)				
B.R.H. S.A. / C. N. ODEBRECHT S.A. / SUPERCEMENTO S.A.C.I. / J.C.C.C. S.A. UTE - Planta de Tigre	(1)	16.67%		Construction
B.R.H. S.A. / JUMI S.A. / A.G.V. S.A. – UTE – Sales de Jujuy	(1)	30.00%		Construction

(1) Represents the percentage of interest held by Benito Roggio e Hijos S.A (BRH)

(2) Represents direct and indirect percentage of interest held by Benito Roggio Ambiental S.A.

(3) Represents direct and indirect percentage of interest held by Benito Roggio Ambiental S.A. y Benito Roggio e Hijos S.A.

(4) Represents direct and indirect percentage of interest held by Benito Roggio Transporte S.A.

2.3. Operating segment information

The operating segments are presented consistently with the internal information provided to the person in authority in charge of the Company's operating decision-making. Operating segment information is disclosed in Note 3.

2.4. Foreign currency translation differences

(a) Functional currency and presentation

The financial statement figures of each of the Group's entities were measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Argentine pesos, which is the Company's functional and presentation currency.

For cases of investments abroad, the currency of each country has been defined as functional currency, because it is the currency of the primary economic environment in which those entities operate. And for entities abroad, which main cash flow is denominated in Argentine pesos was defined as the functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (or of valuation, if transactions that are to be re-measured are involved). Foreign exchange gains and losses resulting from the settlement of such transactions or from the measurement at year end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except for cash flow or net investment hedges that qualify for disclosure as other comprehensive income.

Foreign exchange differences are disclosure in "Other financial income and expenses, net", in the Statement of Income.

(c) Translation of financial statements of subsidiaries or associates abroad

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Results and financial position of subsidiaries and associates that have a functional currency other than the Company's presentation currency are translated to the presentation currency as follows:

- Assets and liabilities at period end are translated at the exchange rate prevailing at that date.
- Income and expenses are translated at the quarterly average exchange rate (unless this average does not represent a reasonable approximation of the cumulative effect of the exchange rates prevailing at the date of each transaction, in which case those income and expenses are translated at the exchange rates prevailing at the date of each transaction).
- The resulting exchange differences are presented in other comprehensive income.
- Goodwill and adjustments at fair value resulting from the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the period-end exchange rate. The resulting exchange differences are presented in other comprehensive income.

When an investment is sold or disposed of in whole or in part, the exchange differences are recognized in the statement of income as part of the gain or loss on that sale/disposal.

2.5. Property, plant and equipment

All property, plant and equipment items are shown at historical cost which includes expenditure that is directly attributable to the acquisition of these items, less subsequent depreciation and impairment losses, where applicable. Subsequent costs are included in the asset's carrying amounts only if future economic benefits are expected to arise from their disposals and their cost is measured reliably. The value of replacement parts is written off. The other repair and maintenance expenses are charged to earnings in the year-end when incurred.

The amount for depreciation is recorded under income/(loss) for the year end, following a straight-line method and on the basis of the useful lives of the different types of assets. The Company reviews the residual value, the useful life and the depreciation method for Property, plant and equipment at the end of each year end. Changes of criteria initially established are recognized, as the case may be, as a change of estimate.

Land is not depreciated. Depreciation of assets is calculated using the straight-line method over their estimated useful life, as follows:

	<u>Years</u>
Buildings	50
Laboratory	22
Machinery and equipment	10-20
Furniture and fixtures	10
Vehicles	5
Computer hardware	3

The amount of the Property, plant and equipment items is written down to its recoverable amount if the asset's residual value is greater than its estimated recoverable value. Gains and losses on sales of assets are measured by comparing the income received with their residual value and are disclosed within "Other operating income and expenses, net", in the Statement of Income.

Also, the assets categorized under the items Heavy machinery and equipment, Buildings and Land are accounted for at the fair value shown by the latest revaluation performed, applying the revaluation model mentioned in IAS 16. Revaluations are performed with sufficient frequency if there are indications that the carrying value significantly differs from value that could be determined using the fair value at the end of the reporting year-end.

To obtain the fair values, the existence of an active market for the assets in their present condition, or lack of it, was considered. For those assets for which there is an active market in their present condition, the fair values were determined in relation to their market values. For the remaining cases, the market values for brand-new assets were analyzed, applying a discount rate according to the condition and wear-out of each asset, and considering the distinctive features of each of the assets being revalued (for instance, improvements made, degree of maintenance, levels of productivity, use, etc.).

2.6. Intangible Assets

Intangible assets are non-monetary assets, without physical substance, that are identifiable separately or which result from legal or contractual rights. Intangible assets are recorded when they can be measured reliably and are expected to produce benefits for the Company.

(a) Public utility concession rights

A concession of public utility services is a contractual mechanism for providing public utility services to a group of user. Through concession agreements, the grantor transfers to the concessionaire the right and the obligation to provide the service over the term of the concession. Through its subsidiaries Metrovías S.A. and Aguas Cordobesas S.A., the Company holds concessions of public utility services and invests in assets that are included in the essential infrastructure of services provided by those subsidiaries. By application of IFRIC 12, the assets included by Metrovías S.A. and Aguas Cordobesas S.A., in the essential infrastructure for the provision of the services covered by the concession awarded to it, have not been recognized as Property, plant and equipment items; rather, they were recognized as "concession rights" in Intangible assets, and represent the right (license) of each of the subsidiaries to receive a return on investments, for the rate charged to users. This intangible asset is amortized on a straight-line basis over the term of the concession.

(b) Software

Costs associated with software licenses are capitalized based on the incurred acquisition or production costs. These costs are amortized over the estimated useful lives.

(c) Biogas capture and treatment

Intangible assets recognized as "Biogas capture and treatment" include the investments made for the capture and burning of gases that are harmful for the environment (greenhouse gases), which are valued at historical cost less accumulated amortization, recognized at the moment when the competent authority certifies the gas emission reduction.

2.7. Goodwill

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase price over the fair values of the assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) or group of CGU expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Goodwill is not amortized. Goodwill impairment is reviewed annually or more frequently if there are events or circumstances that are indicators of possible impairment. The carrying amount of goodwill is compared with its recoverable value, which is the higher of the value in use and the fair value, less costs to sell. Impairment is immediately recognized as an expense and it is not reversed.

2.8. Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. The other amortizable assets are reviewed for impairment when there are events or circumstances indicating that their carrying amount might not be recovered. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) or group of CGU expected to benefit from the business combination. Each unit or group of units to which goodwill is allocated represents the minimum level within the entity at which the entity is monitored.

Impairment losses are recognized by the excess of the carrying amount of an asset over its recoverable value. Recoverable value is the higher of the value in use and the fair value of the assets, less costs to sell. The value in use of each CGU is determined based on the present value of future cash flows expected to be generated by each CGU.

Non-financial assets, excluding goodwill, that are impairment in prior years-end are reviewed to determine their possible reversal at the end of each year-end.

2.9. Financial assets

The Company classifies its financial assets on initial recognition into the following categories:

(a) Financial assets at fair value through profit or loss

Within this category are those financial assets held for trading. A financial asset is within this category if it is acquired mainly for the purpose of being sold in the short term. Derivative instruments are also included in this category, unless they have been designated as hedge instruments.

(b) Loans and accounts receivables

Loan and accounts receivable are non-derivative financial assets with fixed or determinable payment amounts, that are not quoted in an active market. They are included as current assets, except for assets the maturity dates of which are of over 12 months after the end of the year. This group includes trade receivables and other receivables, accounts payable and other liabilities.

(c) Financial assets kept until maturity

These are non-derivative financial assets with a fixed or determinable amount to be collected and with a set maturity date, which the entity has both the effective intention and the capacity to hold them until maturity.

(d) Financial assets available for sale

Financial assets available for sale are non-derivative instruments either designated for this category or not classified under any of the other categories. They will be included as non-current assets, unless the investment has a maturity date under 12 months, or the Company has the intention of selling them within 12 months after the end of the year.

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Recognition and measurement

Regular purchases and sales of investments are recognized on the trade date, when the Company undertakes to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs, for all the financial assets that are not valued at fair value through profit or loss. Financial assets valued at fair value through profit or loss are initially recognized at fair value, and the transaction costs are charged to income. Financial assets are derecognized when the rights to receive cash flows from investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial assets available for sale and financial assets at fair value through profit or loss are subsequently accounted for at fair value. Loans and accounts receivable are recorded at amortized cost using the effective interest rate method.

Offsetting financial assets against financial liabilities

Financial assets and liabilities are offset and shown at their net amount in the statement of financial position, only when the Company has a legally enforceable right to offset the amounts recognized, and it has the intention of settling the net amount, or to simultaneously realize the asset and settle the liability.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only when there is objective evidence of impairment as a result of one or more events occurring after initial recognition of the asset and that negative event (or events) has (or have) an impact on the estimated future cash flows from the financial asset or group of financial assets that can be reliably measured.

For the category of loans and other credits, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognized in the Statement of Income.

If in a subsequent period the amount of the impairment losses diminishes and this is objectively related to an event occurred after the recognition of the impairment, the reversal of the previously allocated impairment loss is recognized in the Statement of Income.

2.10. Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized and subsequently measured at fair value after initial recognition. The method for recognizing the resulting profits and losses depends on the fact of whether the derivative has been designated as hedge instrument and, if so, on the nature of the hedged item.

The effective portion of changes in the fair value for the derivatives designated and qualifying as cash flow hedge is recognized in other financial income or expenses. The gain or loss related to the ineffective portion is immediately recognized in the statement of income.

The amounts accumulated in equity are reclassified to the statement of income in the periods in which the hedged item affects income.

When a hedging instrument is settled or sold, or when it ceases to meet the criteria to be recognized through hedge accounting, any gain or loss accumulated in equity to that date is reclassified to the statement of income.

2.11. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the sale price estimated in the normal course of business, less applicable variable costs to sell.

2.12. Other receivables

This caption includes mainly the following assets:

Assets from construction contracts: it comprises the balances for construction contracts in which the aggregate of the costs incurred plus recognized earnings according to the percentage of completion of each work exceeds the accumulated billings and certifications. The criteria for recognition and measurement of these assets are shown in Note 25.

Tax credit balances: corresponds to amounts paid for national, provincial or city taxes that can be applied to the payment of future taxes. These assets are recognized only to the extent that their use against future taxes of the same nature is feasible or, if applicable, that the amounts can be reimbursed by the tax authorities.

Advances to subcontractors and prepaid expenses: correspond to amounts paid to subcontractors for services to be received, and to expenses paid and not yet accrued. They are recognized for the amount of the sums paid, net of the value of the services already received and the expenses accrued.

Other receivables: these are financial assets representing balances to be collected, and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

Allowance of other receivables is recorded when there is objective evidence that the Company will not be able to recover all the amounts pending, either through their collection or future use. The amount of the provision is determined based on the estimated probability of recovering the assets.

The assets' carrying amount is written down by the allowance account and the amount of the loss is charged to the consolidated statement of income and shown in "Other operating income and expenses, net". The recovery of amounts previously recognized as impairment losses is recognized by crediting the same item in the consolidated income statement.

2.13. Trade receivables

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Trade receivables and other receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method, less allowance for impairment losses.

Allowance of trade receivables is set up when there is objective evidence that the Company will not be able to collect all amounts outstanding based on the original terms and conditions. The amount of the allowance is calculated taking into account the likelihood of collection of receivables.

The amount of the allowance arises from the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The assets' carrying value is written down through an allowance account and the amount of the loss is recognized in the consolidated statement of income in the line "Other operating income and expenses, net". The recovery of amounts formerly recognized as impairment losses is recognized as receivables in the same line of the consolidated statement of income.

2.14. Cash and cash equivalents

Includes cash on hand, time deposits with financial institutions and other short-term highly liquid investments with original maturities of three months or less.

2.15. Other assets and other debts

This caption includes the assets and liabilities in subsidiaries which, in accordance with the requirements established by IFRS 5, must be presented separately from the rest of assets and liabilities, on an individual line, for they are classified as held for sale.

2.16. Corporate capital

The corporate capital is made up of 96,588,696 Class "A" ordinary shares, of Ps.1 par value each and entitled to five votes per share and has been subscribed and fully paid up. The capital status is described in Note 1.

2.17. Employee benefits

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees

(a) Short-term employee benefits

Short-term employee benefits include items such as wages, salaries and social security contributions; compensated absences; profit-sharing in the case of subsidiaries in relation to which benefits are granted in accordance with the applicable legislation or as a result of an agreement between the parties or collective bargaining agreements.

Short-term employee benefits are recognized for the undiscounted amount of employee benefits expected to be paid in exchange for that service: as a liability under Other current liabilities, after deducting any amount already paid, or as an expense in the Statement of income, under the lines Costs of sales, Administrative and selling expenses and Other operative expenses, considering the purpose for which each service was used.

At the date of each closing, the Company records the expected cost of compensated leaves the right of enjoyment of which is cumulative, such as vacation leave, considering the additional rights that will be paid to employees as a result of the accumulated rights at that date.

(b) Post-employment benefits - Retirement benefits

Post-employment benefits are established in the collective bargaining agreement for the staff of the subsidiary Aguas Cordobesas S.A., granted at the time of the termination of the labor relation for retirement, based on the years of service in that company. The calculation of the accumulated benefit was made at the best possible estimate of the discounted amount to be paid, based on the staff that at that date may enjoy those benefits. Actuarial techniques are used based on the information available at the end of each fiscal year.

(c) Long-term employee benefits

Long-term employee benefits are established in the collective bargaining agreement for the staff of Aguas Cordobesas S.A., upon completing a certain number of years of service in that company. Actuarial techniques are used to measure the accumulated benefit based on the information available at the end of each fiscal year.

(d) Termination benefits

Termination benefits arise when employment is terminated before the normal retirement date, or when an employee accepts voluntary termination in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or ii) providing termination benefits as a result of an offer made to encourage voluntary retirement. These benefits are recognized at present value of the cash flows expected to be disbursed by the Company.

2.18. Other liabilities

This caption includes mainly the following liabilities:

Liabilities for construction contracts: they include balances of construction contracts where accumulated billing and certification exceeds the amount of accumulated costs incurred plus recognized gains based on the progress of each work. Recognition and measurement criteria of these liabilities are reported in Note 2.25.

Employee benefits payable: they include liabilities for employee benefits at each closing in line with the recognition and measurement criteria reported in Note 2.17.

Tax debts: they include taxes, rates and contributions. Measurement of tax debts is performed at the nominal value of the amounts to be settled, except when the financial impact is material. In this case, the measurement at each closing is performed at the current value of the amounts to be disbursed, discounted at a rate that shows the market assessments of the time value of money, as well as the specific risks of the liabilities to be settled.

Customer advances and services collected in advance: they include balances collected in advance for works pending completion. Measurement is made at the nominal value of the amounts received less the value of the works already performed and the services rendered. The amounts thus obtained do not significantly differ from the value of the services to be rendered and/or works to be performed at the closing of the fiscal year.

Other accounts payable: they are financial liabilities representing balances payable that are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.19. Trade payables

Trade payables represent payment obligations for goods and services purchased from suppliers in the normal course of business. They are disclosed under current liabilities if their payment is enforceable within one year.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

2.20. Bank and financial debts

Bank loans and financial debts, including overdraft facilities, and other financial liabilities are initially recognized at fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method.

2.21. Borrowing costs

General or specific borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale (qualifying assets) are added to the cost of such assets until they are substantially ready to be used or sold.

Gains from temporary investments of funds arising from specific loans pending use in qualifying assets are deducted from total funding costs potentially capitalized

Other borrowing costs are recognized in the period in which the Company incurs them.

2.22. Leases

The Company classifies its lease agreements into financial or operating leases, according to the following criteria:

(a) Financial leases

Leases where substantially all the risks and rewards of ownership of the leased property are transferred are classified as financial leases. The Company, through its subsidiaries, has Property, plant and equipment items under financial lease agreements (mainly machinery, equipment and vehicles). In the beginning of the term of a financial lease, the Company recognizes Property, plant and equipment items at the lower of the reasonable value of the leased assets or the present value of the minimum lease payments. As a counterpart, a liability is recognized under Bank and financial debts in the consolidated balance sheet.

Following the initial recognition, the amount subject to depreciation of Property, plant and equipment under a financial lease is depreciated over the estimated useful life of such asset. In case there is no reasonable certainty that the Company will become the owner of the leased asset at the end of the lease term, the asset is totally depreciated over its useful life or within the term of the lease, whichever is shorter.

Each installment of the financial lease is distributed by allocating part of it to the reduction of liabilities and part of it as a financial charge. The total financial charge is distributed among the periods that make up the lease term so that a constant interest rate is obtained in each period, over the outstanding balance pending amortization.

(b) Operating leases

Leases other than financial leases are classified as operating leases when substantially all the risks and rewards of ownership of the leased property are not transferred. The installments of operating leases are recognized in the consolidated statement of income according to the straight line method during the term of the lease.

2.23. Income tax and Minimum notional income tax

(a) Income Tax

The income tax charge comprises current and deferred taxes. Taxes are recognized in the consolidated statement of income, except for items that must be recognized directly in Other comprehensive income. In this case, the income tax related to these items is recognized in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws effective at the date of the Consolidated Balance Sheet, in the countries where the Company, its subsidiaries and associates operate and generate taxable income.

Deferred income tax is computed in its entirety according to the liability method, on the basis of the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts shown in the consolidated financial statements. However, the deferred tax generated by the initial recognition of an asset or a liability in a transaction not corresponding to a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit, is not recorded. Deferred tax is calculated using tax rates effective at the date of the consolidated balance sheet and which are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that tax benefits are likely to be obtained in the future to be able to offset the temporary differences.

The Company records a deferred tax liability in the case of taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

- the Company controls the timing of reversal of the temporary differences; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Balances of deferred assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same tax authority for the Company or the different subsidiaries where there is an intention and possibility to settle the tax balances on a net basis.

(b) Minimum notional income tax

The Company and its subsidiaries in Argentina compute the minimum notional income tax by applying the current 1% rate on computable assets at the end of the period. This tax complements income tax. The Company's tax obligation will be the higher of the two taxes. If in a fiscal year, however, minimum notional income tax obligation exceeds income tax liability, the surplus will be computable as a payment on account of income tax through the next ten years.

2.24. Provisions for contingencies

Provisions are recognized in the balance sheet when:

- (a) the Group has a present legal or constructive obligation as a result of past events;
- (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- (c) and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure required to settle the obligation considering the best information available at the balance sheet date and are re-estimated at the end of each reporting period. The discount rate used to determine the present value reflects market assessments at the balance sheet date of the time value of money and the risks specific to the liability.

2.25. Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable, and represents the amounts receivable for sales of goods and/or services, net of discounts and value added tax. Revenue is recognized by the Company when the amounts can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria are met for each of the Company's business operations, as described below.

(a) Construction contracts

Revenue obtained by the Company for construction contracts under way which extend over time is recognized as defined in IAS 11 "Construction Contracts", as a contract specifically negotiated for the construction of an asset.

When the amount of revenue from a construction contract can be reliably measured and it is probable that the contract will result in revenue for the Company, revenue and costs of construction contracts are recognized over the period of the contract based on the percentage of completion. When it is probable that the total costs of the construction contract will exceed total revenue from the contract, the loss is recognized in the Statement of Income immediately.

When the amount of revenue from a construction contract cannot be reliably measured, revenue from the contracts is recognized only up to the amount of the costs incurred at that date which are likely to be recovered.

The variations in the costs of contracts, as well as the payments for claims and incentives are included in revenue from the contracts if they have been agreed with the customer and can be reliably measured.

The Company uses the percentage of completion method to determine the amount of revenue to be recognized in each year. The percentage of completion of the construction work is measured on the basis of the costs of contracts incurred until the end of the reporting year-end as a percentage of the total estimated costs of each contract.

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At the end of each reporting year-end, the Company reports the contractual net position of each contract, either as assets or liabilities. A contract represents an asset when the costs incurred plus their margin recognized in income exceeds billings issued to date; otherwise it represents a liability.

(b) Service provision

Revenue is recognized at the fair value of the consideration received or receivable in the period when such services have been rendered, and represents the amounts receivable for sales of services, net of discounts and value added tax. The Company recognizes revenue from services when the amounts can be measured by reliable means and when it is likely that future economic benefits are generated for the entity.

The result arising from the provision of services may be estimated by reliable means when each and every of the following conditions are fulfilled: i) the amount of revenue can be measured by reliable means, ii) it is likely that the Company will receive the benefits related to the service, iii) the degree of provision or completion of the service can be measured by reliable means, iv) the costs already incurred in the provision of services as well as the costs to be incurred for the completion can be measured by reliable means.

Revenue from passenger transport, given the nature of the service, the provision of which involves a short period of time is recognized based on the passengers transported.

Revenues from the issuance of CERs (certificates of emissions reduction) are recognized when the reduction of emissions is certified by the pertinent authority.

2.26. Distribution of dividends

Distributions of dividends among the Company shareholders are recognized as a liability in the Company's financial statements in the fiscal year in which they are approved.

2.27. Critical accounting estimates

The preparation of these financial statements requires the use of estimates. It also requires the Company's Management to exercise judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates might not equal the related actual results. The most critical estimates and judgments of the Company are discussed below.

(a) Estimated impairment of goodwill

Periodically, the Company determines whether goodwill has been suffered any impairment loss, according to the accounting policy in Note 2.9. The recoverable amounts of the cash generating units (CGU) have been determined by calculating the value in use. These calculations require the use of estimates.

(b) Income tax

The Company is subject to income tax in the countries where it operates. To determine the income tax provision in each of the jurisdictions where income tax is paid, the Company exercises its professional judgment to show the tax consequences of the economic events of each fiscal year, based on the current tax legislation, making the best estimates vis-à-vis the information available at the date of the consolidated financial statements.

(c) Fair value of derivatives or other financial instruments

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses its judgment to select a series of methods and makes assumptions based primarily on the market conditions prevailing at the end of each reporting period.

(d) Revenue recognition

The Company uses the percentage of completion method to account for the construction and service contracts at a fixed price. Use of this method requires estimating the costs to be incurred and the services to be provided to date, to determine the actual services provided and actual costs incurred as a proportion of the total services to be provided and total costs to be incurred for each of the contracts.

(e) Provision for lawsuits and contingencies

The evaluation of contingent liabilities is made by the Company's Management and legal counsel based on the elements of judgment available at the time of preparing these consolidated financial statements. In estimating their amounts, among other characteristics, the likelihood of occurrence has been considered. If in evaluating the contingency there was a chance that losses could materialize and the amount could be estimated by reliable means, a liability would be accounted for under provisions for contingencies. If the potential loss is not likely or probable but the related amount cannot be estimated by reliable means, the nature of the contingent liability and the estimate of probability of occurrence are disclosed in the note to the consolidated financial statements.

2.28. Changes in accounting standards

Accounting standards, amendments and interpretations which are effective in the financial year commenced on January 1, 2013, are the following:

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IAS 19 "Employee benefits" was amended in June 2011. The impact on the Company is the recognition of the actuarial gains and losses, when they arise, in other comprehensive income. Application of this standard did not have a significant impact on the consolidated financial statements of the Company.

IAS 27 "Separate Financial Statements": the scope of this standard is restricted to separate financial statements only, since the aspects related to definition of control and consolidation were removed and included in IFRS 10.

IAS 28 "Investments in Associates", includes the requirements to account for associates and joint ventures through the equity method, as from the issuance of IFRS 11 "Joint Arrangements". Application of this standard in the consolidated statements of the Company did not have a significant impact.

IFRS 10 "Consolidated Financial Statements" identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard did not have any significant impact on the consolidated financial statements.

IFRS 11 "Joint Arrangements" classifies the joint arrangements into i) joint operations or ii) joint ventures. This classification is based on contractual rights and obligations. The proportionate consolidation method of accounting is not permitted for the valuation of investments in "joint ventures". The Company has analyzed this standard and carries its joint arrangements classified as indicated therein, that is, segregating the joint operations from the joint ventures. Application of this standard did not significantly impact the consolidated financial statements of the Company.

IFRS 12 "Disclosure of Interests in Other Entities" focuses on the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard did not have any significant impact on the consolidated financial statements.

IFRS 13 "Fair Value Measurement" seeks to improve consistency and reduce complexity by providing a precise definition of fair value and only one source for its measurement, as well as reporting requirements for its application under IFRS. The requirements do not extend the use of recognition at fair value, but they provide guidance on how to measure fair value when fair value is required or permitted under other IFRS.

IFRS 7 / IAS 32 IASB has issued an amendment to the application guidance in IAS 32, "Financial Instruments: Disclosure and Presentation", to clarify some of the requirements to offset financial assets and financial liabilities in the balance sheet, and an amendment to IFRS 7 "Financial Instruments: Disclosures". These amendments do not change the current offsetting model in IAS 32, but explain that the right to offset financial instruments must be available in that date, rather than subject to a future event. It should also be legally binding on all parties in the normal course of business, as well as in case of nonpayment, insolvency or bankruptcy. The amendments also describe certain settlement mechanisms and clarify whether they meet or not the offsetting requirements established by the standard. The amendments to this standard did not have a significant impact on the consolidated financial statements of the Company.

IAS 1 "Presentation of financial statements", entities are required to present an analysis of their other comprehensive income for each of the equity components, either in the statement of changes equity or in notes to the financial statements.

IFRS 1 "First-time Adoption of IFRS", the amendment is referred to Government loans. This amendment deals with how a first-time adopter of IFRS must account for a Government loan with a below-market rate of interest at the moment of transition to IFRS.

These amendments and interpretations did not have a significant impact on the consolidated financial statements of the Company.

Further, the new standards and interpretations published but not yet in effect for fiscal years commenced on January 1, 2013 have been included.

IFRS 9 "Financial instruments" prescribes the classification, measurement and recognition of financial assets and liabilities. It replaces part of IAS 39 regarding classification and measurement of financial instruments. IFRS 9 requires that financial assets are classified into two categories: those measured at amortized cost and at fair value. This classification is made at initial recognition and depends on the business model of the entity to manage its financial instruments and the characteristics of the instrument's contractual cash flows. The standard maintains most of the IAS 39 requirements for financial liabilities. This standard is effective for fiscal years beginning on or after January 1, 2015.

IAS 36 Impairment of assets: IASB has made amendments to IAS 36 requiring additional disclosures in relation to the recoverable value of non-financial assets. This amendment has eliminated certain disclosure requirements for the recoverable value of cash generating units that had been included in IAS 36 with the publication of IFRS 13. This amendment will not be mandatory until January 1, 2014.

IFRIC 21 Levies: provides guidance on when to recognize a liability for a levy imposed by a government, other than income tax, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the time of settlement and amount of the levy is certain. IFRIC 21 is effective for fiscal years beginning on or after January 1, 2014.

There are no other IFRS or IFRIC interpretations that are not yet effective and which are expected to have a significant effect on the Company.

3. Operating segment information

The Company operates through four segments: Constructions and toll road concessions, transport, waste management and water supply.

3.1. Construction and toll road concession

Benito Roggio e Hijos S.A.

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Through its subsidiary Benito Roggio e Hijos S.A. ("BRH") a construction company, which is positioned as one of Argentina's largest construction company. BRH is engaged in a wide range of activities mainly relating to the construction sector.

The activities performed in this segment may be classified as highway, hydraulic, remediation, architectural, railway, and subway transportation, electrical and construction and assembling of industrial facilities. BRH has important construction projects under way, such as the IBM building in Buenos Aires; the Santiago International Airport, in Chile; the Piedras Moras Dam in the Province of Córdoba; the Mario Alberto Kempes Football Stadium in the City of Córdoba (originally, Chateau Carreras Football Stadium); Western Access (Acceso Oeste), in Buenos Aires; Conrad Hilton Punta del Este Resort & Casino hotel, located in Punta del Este, Uruguay; the Pichí Picún Leufú Hydroelectric Dam in the province of Neuquén; 9 de Julio Northern Highway in Buenos Aires; the extension of B and D Line of the Buenos Aires City Subway Network, with the addition of new stations; the Córdoba-Villa María highway and Oliva- Ballesteros highway, in the Province of Córdoba and National Road No. 76, Sections I and II in the Province of La Rioja.

Currently, BRH is performing construction works nationwide. The most important construction works under way are the following:

- Coastal Protection Works for Yacyretá in the localities of Posadas, Garupá and Candelaria, Province of Misiones.
- E Subway Line –Bolívar-Retiro section- City of Buenos Aires.
- Potable Water Plant in Tigre, Province of Buenos Aires.
- Rosario beltway, Province of Santa Fe.
- Repaving national roads Nos. 9 and 60, Province of Córdoba.
- C railway transportation line, Province of Santa Fe.
- Duplication of Roadway in National Road No. 9, section of the Asunción del Paraguay – Yala bridge in the Province of Jujuy.
- Contract for Recovery and Maintenance of 308 Mesh Fence covering National Road No. 150, Parque Natural Provincial Ischigualasto and National Road No. 79 in the provinces of La Rioja and San Juan.
- Paving of National Road No. 76, Quebrada Santo Domingo section, Pircas Negras, Province of La Rioja.
- Refunctionalization and Improvement of Los Molinos Dam and Canal Río Grande - San Salvador de Jujuy, Province of Jujuy.
- Contract for the construction of roads, platforms and evaporation basins - Salar de Olaroz, Province of Jujuy.
- Closure of Western Arch - Avenida Circunvalación Córdoba – Province of Córdoba.
- Renewal of Buenos Aires-Rosario railway line – Otamendi-Zarate section – Province of Buenos Aires.
- Renewal of Subway Line E - Ciudad Autónoma de Buenos Aires

Haug S.A.

Haug S.A. (Haug), a Peruvian leading company in the metal mechanical sector that has been in operation in Peru for more than 60 years, provides engineering and construction services and carries out activities related to the assembly of storage and processing tanks, equipment for the mining industry (thickeners, clarifiers, hoppers, cells), industrial plants, metal structures, tubing, etc.

Haug has carried out its activities in Chile and in the Dominican Republic. At present, the Company mainly provides services through its head office in Peru and through Factoría Metálica Haug S.A. - Argentine Branch (with which it is developing a project for the assembly of tanks and thickeners manufactured on-site in the Pascua Lama Mining Project); with the Joint Venture Haug - Demem - MyC Pariñas (which started operations on September 1, 2012) the Company is developing a project for the assembly and interconnection of four tanks.

Benito Roggio Panamá S.A.

BRH holds 100% of the shares in Benito Roggio Panamá S.A., the awardee of the Design and Construction work for road improvement along the Divisa-Chitré Highway, in the province of Herrera, Republic of Panama; this work includes 3 years' maintenance, and its completion is planned for 2016. The road will have four lanes, turnarounds every 5km, 2 new bridges, road verge and better lighting. The Company also performs works in Panama for road improvement along the Roadways in the province of Herrera, in the sections comprised between the following localities: (i) Cabuya - Los Higos; Cabuya – Potuguilla; Rincón Hondo – Esquiguita; Cruce Limón – Borrola; Pesé – Las Cabras and Cascajillo – La Arenita – Las Cabras, and (ii) Los Pozos – Las Minas and the Bridge over Quebrada El Barrero.

Sehos S.A.

BRH holds 95% of the shares in Sehos S.A., which engages in architectural activities in general and over the last few years it specialized in railway infrastructure services, such as remodeling and bringing into operation of railway stations, renewal of level crossings, elevation of platforms, delimitation of operating areas, etc. It also provides preventive, operational and corrective maintenance in hospitals.

Transportel Patagónica S.A.

BRH holds a 45% equity interest in Transportel Patagónica S.A., which main purpose is the construction, operation and maintenance of an extension of the electrical interconnection that will link the locality of Esperanza with Rio Turbio and Esperanza with Rio Gallegos, in the Province of Santa Cruz, all this within the framework of the contract entered into on July 22, 2010 with the Committee for the Execution of the said Interconnection, composed of the Committee for the Administration of the Fiduciary Fund for Federal Electricity Transportation ("CAF").

During the last quarter of 2013, Transportel Patagónica S.A. was awarded a series of additional jobs under the Pico Truncado – Rio Turbio – Rio Gallegos – Southern Portion Interconnection contract and the supply and installation of a second transformer in the Rio Gallegos transformer station.

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Benito Roggio e Hijos S.A. de Paraguay

BRH holds a 20% interest in Benito Roggio e Hijos S.A. Paraguay ("Benito Roggio Paraguay"), which has developed construction projects in that country, since 1974.

CV1 Concesionaria Vial S.A.

BRH holds interests in CV1 Concesionaria Vial S.A. (CV1) which is engaged in the construction, improvements, reparation, preservation, extension, remodeling, maintenance, administration and exploitation through the Toll Concession System of National Highway Corridor No. 1, for an initial term of 6 years, renewable for one additional year. Takeover of the corridor took place on April 22, 2010, date of commencement of the concession period. This corridor has a total length of 1,281 km covering the sections between Cañuelas, Mar del Plata and Bahía Blanca.

On February 06, 2012, the General Administrator of the DNV resolved Resolution No. 207/2012, among other issues, to i) carry out a comprehensive review of the concession contracts of the national highway corridors approved by National Executive Branch Decree No. 543/2010; ii) suspend application of the regulations on government subsidies to the corridors until the comprehensive review of the concession contracts is completed; and iii) calculate a monthly fixed amount of subsidies which will be paid temporarily ad referendum of the comprehensive review to be carried out, while the collections of the subsidies are suspended.

On December 27, 2012 the National Highway approved by Resolution No. 3064/2012 the agreement of restatement of the contract of the concession Road Corridor No. 1. In that document, the parties agree to readjust the restructure plan works and control, measurement and payment of preservation works, maintenance, user services and support services, setting them up as a single work.

Autovía del Mar S.A

BRH holds an interest in Autovía del Mar S.A., which engages in the construction, improvement, repair, preservation, extension, remodeling, maintenance, administration and operation of the Integrated Road System of the Atlantic, by means of a toll road concession for a term of 30 years. The takeover of this corridor took place on July 1, 2011, the effective date of the concession term.

This corridor is 950 km long and comprises the following sections: (i) Provincial Road N°2 between the progressive section of km 40 at the intersection between Provincial Roads Nos. 36 and 2 (District of Berazategui) and km 395 (Mar del Plata – District of General Pueyrredón), except for the section between km 214 and km 395, which is currently administered by Covisur S.A. and will be covered by the concession of Autovía del Mar S.A. upon termination of the concession of Covisur S.A. in June 2016; (ii) Provincial Road No. 11 between Provincial Road N°36 (Pipinas – District of Punta Indio) and Santa Clara del Mar (District of Mar Chiquita); (iii) Provincial Road No. 63 between Provincial Road No. 2 (Dolores) and Provincial Road N°11 (Esquina de Crotto Traffic Circle – District of Punta Indio); (iv) Provincial Road No. 56 between Provincial Road N°11 (General Conesa Traffic Circle – District of Tordillo) and Provincial Road No. 74 (General Madariaga Traffic Circle); (v) Provincial Road No. 74 between Provincial Road No. 11 (Pinamar Traffic Circle) and the progressive section km 27,800 of Provincial Road No. 74 (District of General Madariaga) and (vi) Provincial Road No. 36, between the intersection with Provincial Road No. 2 (District of Berazategui) and the intersection with Provincial Road No.11 in Pipinas (District of Punta Indio); the latter section will be included as from the ninth year of the concession term.

Covisur S.A.

BRH holds interest in Covisur S.A., which is the awardee of the concession for the preservation, improvement and administration of a section of Provincial Road No. 2 under a toll system, the term expires in 2016.

On July 19, 2010 a memorandum of understanding was signed between the Ministry of Infrastructure, the Province of Buenos Aires and Covisur S.A., which would amend the original concession contract, by extending the concession term until June 30, 2016 and modifying the sections covered by the current concession. Under the Concession, the government gave its consent to (i) the partial rescission of the concession contract of Covisur S.A., that is, regarding construction, improvement, reparation, preservation, enlargement, remodeling, administration and exploitation of a section of Provincial Road No. 2 of approximately 174 km; (ii) the adoption of new contractual terms and conditions regarding the remaining 189 km of Provincial Road No. 2.; and (iii) the extension of the concession term, modified until June 30, 2016.

As a result of the negotiations carried out during the last few years, on June 30, 2011 an addendum to the abovementioned memorandum of understanding was signed, whereby the km 40.210 and the km 214 section of Highway 2 would be excluded from the concession contract as from July 1, 2011; the economic and financial plan and the rate increases were modified with the extension of the concession term until June 30, 2016.

Toll Road Concession Agreement

On October 31, 2003 Covicentro S.A., Covinorte S.A., Concanor S.A. and Red Vial Centro S.A., returned the assets related to the Concession to the National Government, discontinuing as from that date the generation of income and maintenance and exploitation obligations under the concession. The Grantor of the Concession and these companies, however, have not yet formally confirmed the date of expiration of the Concession Agreement.

By Decree No. 311/03 the National Government set up a Unit for the Renegotiation and Analysis of Utilities Contracts, which continues the work of the Commission for the Renegotiation of Utilities Contracts created by Decree No. 293/02, to provide advisory and assistance to the National Government in the process of renegotiation of contracts for public works and services established by Law No. 25561, analyzing the situation and the degree of compliance achieved under the concession contracts, covering the contracts corresponding to these companies.

Law No. 26896 was enacted on October 9, 2013, extending the state of social, economic, financial, administrative, and foreign exchange emergency until December 31, 2015, which will lead to an extension of the negotiation term. The Management of each of the concessionaires believes that no debts will be incurred in addition to those recognized by them.

At the financial statement date, the road concessionaires continue to make progress in the negotiations with the National State, agreeing on the responsibilities of the parties and the determination of the contractual balances that would apply. In view of the current status of the negotiations, the Company Management has decided to value the interests held in Covinorte S.A., Red Vial Centro S.A., Concanor S.A. and Covicentro S.A. at zero.

Puentes del Litoral S.A.

National Executive Branch awarded the public work concession under a toll fare system for the construction, preservation, maintenance, administration and operation of the Rosario (Province of Santa Fe)-Victoria (Province of Entre Ríos) physical connection, subsidized by the government, to the consortium composed of Impregilo S.p.A., Iglys S.A., Hochtief A.G., Techint Compañía Técnica Internacional S.A. and BRH, the concession contract previously entered into by and between the Ministry of Economy and Public Works and Services and the Awardee Consortium having been approved. On April 1, 1998, the Awardee Consortium established the company Puentes del Litoral S.A., headquartered in the Ciudad Autónoma de Buenos Aires, for purposes of compliance with the above-mentioned concession contract.

The term of the concession is twenty-five years from the date of taking of possession of the project site and of the area given in concession, which happened on September 14, 1998; thus, the concession will expire on September 13, 2023. On May 2003 the temporary commissioning of the Rosario-Victoria physical connection took place and tolls started to be collected as from May, 23.

Since 2005, the Management of Puentes del Litoral S.A. has been conducting negotiations with the Committee for the Renegotiation and Analysis of Public Utility Services and Work Contracts (UNIREN) to reach an agreement to restore the balance in the economic and financial equation of the Concession Contract, which had been substantially affected by the pesification of the rates, the elimination of the adjustment systems, and higher operating and maintenance costs as from 2001, among others. The term for dealing with the renegotiation of the contracts for public works and services has been extended through successive laws. The law No. 26896 extended this term until December 31, 2015.

On May 22, 2007, Puentes del Litoral S.A., reorganization proceedings were initiated. On March 26, 2008, Puentes del Litoral S.A. submitted a Plan of Reorganization with the court hearing the case. This Plan of Reorganization included two sub-proposals (I and II), both of which contemplated a 40% reduction. On December 1, 2009, Puentes del Litoral deposited Ps. 36,960,190.50 in Ciudad de Buenos Aires bank, equivalent to 9% each credit after the application of the reduction offered in the creditors' proposal, and the first installment of the twenty agreed-upon installments, as per the terms of the agreement proposal submitted in the Reorganization proceedings. By a Court order, these amounts were translated to United States dollars and invested in time deposits.

On December 30, 2009, a court ruling confirming the composition agreement was issued, thus putting an end to the Reorganization proceedings. However, in view of the imbalance in the economic and financial equation of Puentes del Litoral S.A., payments agreed under the reorganization plan have been made in part, as from the fourth installment.

In its financial statements, Puentes del Litoral S.A. has reported accumulated losses at December 31, 2012 that exceed capital and reserves, so it qualifies under the provisions of Section 94, subsect. 5, of the Commercial Companies Act.

The ability of Puentes del Litoral S.A. to continue to operate as a going concern will largely depend on the outcome of the negotiations under way for renegotiating the Concession Contract in order to restore the economic and financial equation of the project. It is not possible to foresee the outcome of the renegotiation. The financial statements did not include any adjustment that could derive from the resolution of those uncertainties. BRH holds a 20% of shares of Puentes del Litoral S.A., and as from the fiscal year ended June 30, 2006 this investment was measured at zero.

Polledo S.A.I.C. y F.

The Company holds a 46.18% interest of Polledo S.A.I.C. y F, which carries out its business activities through the investments it holds in other companies, primarily in Coviarez S.A. ("Coviarez"), in which has a minority interest.

The corporate purpose of Coviarez S.A. is the construction, preservation and operation of the La Plata - Buenos Aires Highway, the Riverside Highway of the Capital Federal and the new bridge over the Riachuelo River, in accordance with the Agreement for the Restatement of the Concession Contract signed with the Department of Public Works and Communications of the Argentine Ministry of Economy and Public Works and Services ("the Department of Public Works" or "the Concessionaire") on December 29, 1993, which was approved by Ministry Resolution No. 538/94 and National Executive Branch ("PEN") decree. The obligations arising under the concession are the construction of the highway, maintenance, repair and preservation of works and the administration, operation and providing of services over the life of the concession. The concession term shall be 22 years counted as from the placing in service of the first toll booth (July 1, 1995).

As from the enactment of Law No. 25561, adjustment clauses in dollars or other foreign currencies or any other indexing mechanism included in contracts executed with the Public Administration were left without effect, and as from publication of

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Decree 293 dated February 12, 2002, the contract began to be renegotiated by means of the Public Works and Services Contract Renegotiation Committee which was created in order for the concessionaires of public works and services to submit their renegotiation proposals. The term for dealing with the renegotiation of the contracts for public works and services has been extended through successive laws. Law 26896 extended this term until December 31, 2015.

The Congress of the Province of Buenos Aires approved Law 14,443 of which adopted the "Convention Transfer of Rights and Obligations of the Concession Agreement for Highway Buenos Aires - La Plata", a law that has been enacted and duly published in the Official Gazette of the Province of Buenos Aires. Also, through Decree 74/13, it is determined that the Ministry of Infrastructure will be the enforcement authority and communicating that from February 5, 2013 the Province of Buenos Aires takes the role of Grantor of the Concession Agreement for Highway Buenos Aires - La Plata.

After the Province has assumed the role of Concession Grantor and holder of the Concession Contract, Coviare formalized several presentations to obtain performance of the acts incumbent on the Province under the Transfer Agreement, since the conditions of the original contract remained in force, as well as performance of the obligation to reformulate the contract conditions, affected by the economic emergency referred to in the Agreement for Contract Renegotiation entered into between UNIREN and Coviare, and approved by Decree 1057/2010 of the National Executive Branch.

Coviare did not receive any answer to its requirements and, unexpectedly, on July 12, 2013 Decree No. 419 was published in the Official Gazette in the Buenos Aires Province, declaring the Concession Contract of Coviare rescinded and displacing Coviare S.A. from the Concession, which is now in charge of Autopistas de Buenos Aires S.A. (AUBASA), a company established by the Province for such purpose. At the same time, a detailed inventory was prepared containing the assets and employees that will be assigned to the concession, and a public emergency was declared on the highway.

Against this measure, Coviare made a presentation rejecting the declared rescission, denying a breach of contract that gave rise to the rescission, and requesting that provincial Decree No. 419/2013 be declared null and void and illegitimate, on the grounds that the Province has no power to resolve the rescission, that there are no good reasons, that the facts invoked are false and that there has been a violation of the essential and substantial procedures established by applicable laws, as well as a violation of the purpose of the Agreement for the Transfer of Rights and Obligations under the Concession Contract. Coviare denied on good grounds the alleged breach of contract invoked in the whereas clauses of Decree 419/2013, and affirmed that the allegations of abandonment of the operation, maintenance, preservation and execution of the works or of failure to provide users with the essential services were inadmissible. Coviare also reserved its right of action against the Province and the National State in relation to the rescission of the concession contract. On December 2013 Coviare S.A. filed legal action against the Province of Buenos Aires and the National State, pending at the original jurisdiction of the Supreme Court requesting that the resolution ordering the rescission be declared null and void and that defendants be ordered to compensate Coviare S.A. for damages as a result of the contract rescission. This compensation has been assigned as collateral to the Trust which administers the repayment of the syndicated loan of Coviare S.A.; for this reason, the Trust will have to join the lawsuit as a third party claimant.

Polledo, as minority shareholder of Coviare, has been recording since December 31, 2011 its equity interest in that company at zero, and is currently analyzing the possible economic, financial and legal implications for the Company of the contract rescission declared by Decree No. 419/2013 of the Province.

3.2. Transport

Transport segment includes the exploitation of passenger rail transport, underground and surface rail freight and related business.

Benito Roggio Transporte S.A.

Benito Roggio Transporte S.A. ("BRT") carries out activities relating to the repair of train carriages and other wheeled machinery in the facilities developed for that purpose in Las Delicias, Departamento Colón, Province of Córdoba.

BRT holds 95% of the capital stock of Benito Roggio Ferroindustrial S.A., ("BRF") which engages in the provision of transport related services; business activities directly or indirectly related to the industry, construction and transport service; financial activities excluding those encompassed by the Financial Institutions Law; advisory services related to those activities; agency services for firms based in Argentina or abroad related to the corporate purpose of the company; and consulting services regarding national and international transport business projects.

BRT holds an indirect interest of Sociedad Operativa de Emergencia S.A. (SOE S.A.), a company organized for the purpose of the operation and management on behalf of the National State of the Railway Services provided by the General Belgrano Railway line. On February 4, 2013, Resolution 28/2013 from the Ministry of the Interior and Transport considered terminated the operations under the management agreement of SOE S.A.

Further, during the current year and with the award of part 2 of Public Bid No. 148/13 - B, C, D, E and H Lines of the Subway network and above-ground Premetro network: General Repair of Rolling Stock, called by Subterráneos de Buenos Aires S.E., BRT and BRF jointly signed a Temporary Union of Enterprises (UTE) contract, with 80% and 20%, respectively, for the general repair of 78 Nagoya railway cars for the provision of services in Line C of the Buenos Aires City Subway Network; the first three railway cars were repaired this year.

As to its activities in Brazil, BRT holds a minority interest percentage in the Consortium of Line 4 of the Sao Paulo Subway Network, to which BRT provides technical assistance in relation to operating, technical, commercial and financial matters, and as from the current year, in the Consortium VLT Carioca, which received from the Rio de Janeiro City Coast Guard the concession for the implementation, operation and maintenance of a light train (VLT or Veículo Leve sobre Trilhos) in the port and central regions of that city.

Metrovias S.A.

BRT holds a 90.66% interest of Metrovias S.A., which was created on December 29, 1993 and is the holder of the concession to operate Grupo de Servicios 3 (the Buenos Aires Subway Network and its complementary above-ground Premetro network ("BAS") and the General Urquiza Railway), on an exclusive basis.

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Concession contract

The Concession Contract entered into force by National Executive Branch Decree No. 2,608/93 dated December 22, 1993 and has been amended by means of the Addendum approved by Decree No. 393/99 dated April 21, 1999. And the amended of this decree was approved by the Ministry of Economy and Public Works and Services and informed Metrovias SA through Resolution No. 153/99 of Transportation Secretariat dated April 30, 1999. The concession term is until December 31, 2017, and may be extended for successive ten-year periods. This is a "Concession for the operation of Public Utilities" and for the commercial exploitation of shops spaces and advertising at stations, rail cars and real estate covered by such concession.

The Addendum was partially executed, due to the scarce budgetary resources on the part of the National Government and the delay in the recognition of the rate increases committed; in addition, the renegotiation of the Concession Contract under the terms of Emergency Law 25561 did not occur, despite the presentations made by Metrovias S.A. and the time elapsed. Also, within the framework of that emergency law, Decree No. 2075/02 on Railway Emergency was issued on October 16, 2002, declaring a state of emergency in relation to the railway and subway passenger transportation system in the Buenos Aires Metropolitan Area.

As from that moment, the National State took a series of emergency measures to regulate the relations arising from the concession contract to allow for the rendering of the service in a provisional manner until the contract renegotiation referred to above. These measures included, among others, the suspension of the original investment plan and the payment of subsidies to Metrovias S.A. to compensate for the suspension of the increases envisaged in the rate schedule, as established by article 7.4.1. of the Concession Contract.

On January 3, 2012, the National State and the City Mayor signed a Memorandum of Understanding for the transfer of the Concession over the Buenos Aires City Subway Network whereby the City Mayor took control and supervision of the Concession Contract and was given the power to set the rates for the service, and the National State agreed to pay an annual sum in twelve monthly installments as the only contribution for payment of subsidies. Furthermore, a term of 90 calendar days was set so that the parties will jointly send to the respective competent authorities the projects for the legal acts that are necessary to sign for the formalization of the other legal, economic and administrative issues relating to the transfer of subways.

The different interpretations between the National State and the Buenos Aires City Mayor as to the scope of application of the terms and conditions of the Memorandum of Understanding did not permit implementing what had been agreed therein, for reasons beyond the control of Metrovias S.A. Throughout 2012, Metrovias S.A. made numerous presentations and claims to the signatory parties to the Memorandum of Understanding, alleging that its vested rights had been affected by this situation which worsened the already deteriorated economic and financial equation even further.

Operation and Maintenance Agreement (AOM)

On March 28, 2012, through Law No. 26740 the National Congress ratified the transfer of the Subway and Premetro management to the Government of the City of Buenos Aires. In addition, the Government of the City of Buenos Aires will have the exclusive control and jurisdiction over the services (Pursuant to Sections 1 and 2).

On December 19, 2012 through Law No. 4,472, the Legislature of the City of Buenos Aires established that: (i) the City of Buenos Aires took over the public service of ground and underground passenger transport which was under its exclusive jurisdiction as well as any new lines or extensions of existing lines to be built since January 1, 2013, (ii) the service is a utility, (iii) the utility was in a state of emergency, (iv) the legal instruments required for the operation of the utility will be granted, (iv) Metrovias S.A. and/or its parent company will be immediately convened after the law becomes effective to enter into an agreement within sixty (60) days counted as from the notice of the meeting- which may be extended for thirty (30) additional days, at the Executive Branch's discretion- to hire by direct means the temporary operation of the service for an initial maximum term of two (2) years - which may be extended for an additional year if the state of emergency is also extended, and (vi) a fund will be created for the Government of the City of Buenos Aires to finance maintenance and investments.

On January 8, 2013 Metrovias S.A. was convened to negotiating the terms and conditions of the new agreement for the operation and maintenance of the utility with Subterráneos de Buenos Aires S.E. (SBASE), a company appointed pursuant to the amendment made by the City Mayor through Decree No. 5/2013. On January 9, 2013 Metrovias S.A. accepted to attend the meeting through Note GAJ No. 8/13.

During the first quarter of 2013 and until the execution of the Operation and Maintenance Agreement, Metrovias S.A. continued rendering the Subway and above-ground Premetro service taking as parameters the terms of the Concession Contract entered into with the National State, as provided for by Section 77 of Law No. 4,472.

Finally, on April 5, 2013, Metrovias and SBASE entered into an Agreement for the Operation and Maintenance of the Public Subway Network Service (the AOM, *for its Spanish acronym*) whereby, under Law 4472, SBASE granted Metrovias on an exclusive basis the operation and maintenance of the Public Subway and above-ground Premetro network service in the Autonomous City of Buenos Aires, including the A, B, C, D, E and H lines, and the above-ground Premetro, as well as the lines to be incorporated in the network over the term of the AOM; the Agreement excludes the exploitation of all services under the contracts signed with shops at stations and the performance of works and investments. The AOM will have an initial duration of two (2) years counted as from the date of its execution and may be extended by SBASE, but the total duration of the AOM shall not be beyond the emergency period declared in Section 6 of Law 4472; this emergency period may be extended for additional terms of 1 (one) year, with the prior approval of the Buenos Aires City Executive Branch.

As regards the operator's remuneration established in Article 7.1, Metrovias collects (1) the rate paid by users (Ps. 2.5); (2) the amount of the commissions for travel card recharge; and (3) the state contributions / subsidies / incentives. The operating and maintenance costs may be adjusted when either party invokes an increase or a decrease of more than 7%, measured based on a basic structure with price indicators representative of those costs, as established by article 7.4.1 of the Operation and Maintenance Agreement. This variation is requested by Metrovias from SBASE for its approval within 30 business days as from the date of receipt and will be included in the remuneration receivable by Metrovias. As established by Note 4 of Annex II.a to the Agreement, any change in the conditions of the Basic Budgetary Equation may also modify the monthly remuneration receivable by Metrovias.

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The amount of the remunerations for state contributions (subsidy /incentive) referred to above has been recognized as a lower cost/expense in the "Adjustment due to higher costs" caption, in the Statement of Income.

However, in Annex XIII to the AOM Metrovías S.A. has reserved its rights stating that signing the AOM would not mean a waiver or recognition in favor of the National State, of the rights vested in Metrovías S.A. under the Concession Contract and its amending Addendum entered into with the National State; and particularly: (1) it would not mean a waiver in favor of SBASE and/or CABA of the outstanding pecuniary claims for the year 2012; or (2) a waiver of the term of validity and termination of the Concession awarded to it by the National State, which had been extended until December 31, 2017.

The services under the contracts signed with shops at stations have been expressly excluded under Law 4,472. Although Metrovías has reserved its right over those contracts in numerous notes and presentations to SBASE, the Company discontinued revenue recognition for those services in the current period.

Likewise, Metrovías S.A. is currently renegotiating the operating account of General Urquiza Railway with the National State, within the framework of Secretariat of Transportation Resolution No. 748/12, the adjustment of which Metrovías S.A. considers essential for the development of its operation.

Metrovías S.A. has made several presentations in relation to the above mentioned situation both to the National Government and the Mayor of the City of Buenos Aires, and in relation to the calculation of higher operating costs incurred from 2008 to 2012 and for the payment of commissions on sales of passages, which at the date of these Financial Statements have not been resolved yet.

All payments received are considered as preliminary and in advanced payments because the envisaged by Law 25561 and Law 4472 issued by the city of Buenos Aires Government.

Other recognition and/or claims

Further, Metrovías S.A. has filed other claims with the National Secretariat of Transportation and/or the Buenos Aires City Mayor for the lack of recognition and/or nonpayment of outstanding obligations, over which the Company has rights under the provisions of the Concession Contract and the above-mentioned Operation and Maintenance Agreement (AOM), in force since April 5, 2013, in view of the reservation of rights made in Annex XIII thereto.

Operational agreements of urban rail passengers services

By resolutions 848 and 1083 dated August 14, 2013 and September 11, 2013, respectively, of the Ministry of the Interior and Transport, under the authority of the National Executive Branch, the operating agreements executed with Unidad de Gestión Operativa Ferroviaria S.A. ("UGOFE") and Unidad de Gestión Operativa Mitre Sarmiento S.A. ("UGOMS"), companies that operated on behalf of the National State the General Roca, General San Martín and Belgrano Sur and General Mitre and Sarmiento railway lines, respectively, were transferred to Operadora Ferroviaria Sociedad del Estado (SOFSE). BRT holds interests in those companies through Metrovías S.A., which is the owner of the shares representative of 50% of the capital of each of them.

On October 24, 2013, under Resolution 1244/2013 of the Ministry of the Interior and Transport, Sociedad Operadora Ferroviaria Sociedad del Estado (SOFSE) was instructed to implement the necessary measures to rescind the Operational Agreement and its Addenda for the comprehensive operation, administration and exploitation of the urban railway transport service for passengers of the Sarmiento Railway Line. On the same date SOFSE issued a resolution 31/13, in which proceeded to terminate the Agreement mentioned above.

In the exercise of the powers vested by Law 26352 on Railway Business Rearrangement and complementary provisions, SOFSE proposed entering into new Operating Agreements that would replace the current agreements with UGOFE and UGOMS. On February 7, 2014, the Ministry of the Interior and Transport adopted Resolution No. 41/14 approving the specimen Operating Agreement for the Services of Urban Railway Transport of Passengers corresponding to the Roca, San Martín, Belgrano Sur and Mitre railway lines, thereby assigning and unifying the operation of those lines to Corredores Ferroviarios S.A. (in which BRT holds a 95% interest), as regards the Mitre and San Martín lines, and to Argentren S.A., as regards the Roca and Belgrano Sur lines. Consequently, both UGOFE and UGOMS ceased operations with those lines as from that date, without prejudice to the rights and obligations assumed under the agreements between those companies and SOFSE. Both UGOFE and UGOMS received for these management agreements a remuneration equivalent to six percent (6%) of their revenues.

3.3. Waste management

Benito Roggio Ambiental S.A. (BRa) is the parent company of Cliba Ingeniería Ambiental S.A. and Tecsan Ingeniería Ambiental S.A. which provide, directly or indirectly through the companies or the joint ventures in which they participate, environmental engineering services, by operating in four major lines of business: (i) urban hygiene; (ii) landfill operations; (iii) industrial services; and (iv) valuation of wastes and alternative energies.

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With regard to the Urban Hygiene services, the following table summarizes the main characteristics of the services provided by BRa:

City	Population served	Participation in each project (%)	Services (1)
Buenos Aires (Zone 1)	630,000	100%	A/B/C/E/F
San Isidro	290,000	100%	A/B/C/F
Neuquén	360,000	100%	A/B/D/E/F
Santa Fe	260,000	100%	A/B/F

(1) Services rendered:

A- Collection	E-Hazardous waste collection, treatment and disposal
B- Street manual and mechanical street cleaning	
C- Street cleaning	F-Other services
D- Landfill Operations	

Termination of service provision contracts generally occurs upon expiration of the term agreed with the customer, or as envisaged in the bidding terms and conditions for each service.

The contract for the provision of the service in the Autonomous City of Buenos Aires is in its extension period until the bidding process is completed and the new awardee starts providing the service. The provision of services, billings and collections continue normally. The Company has taken part in a new bid called by the City of Buenos Aires. The Buenos Aires City Mayor notified the Company of the award of Zone 2 on December 23, 2013. On January 28, 2014, the respective contract was signed, and the Buenos Aires City Mayor has yet to communicate the date of commencement of the service.

The contract for the provision of the service in the City of San Isidro will expire in May 2014. The Management of BRa considers that the contract will be renewed for short and consecutive periods until a new bid is called. The provision of services, billings and collections continue normally.

The contract for the provision of the service in the City of Neuquén expired in December 2013. In that month, the Company took part in two bids, one for the urban hygiene service and the other for the construction, operation and maintenance of the Neuquén environmental complex. While the above mentioned bidding processes are completed, the provision of the waste collection and burial services continues normally.

The contract for the provision of the service in the City of Santa Fe is in its extension period, awaiting an invitation for tenders. The provision of services, billings and collections continue normally.

Waste treatment and final disposal covers a wide range of services through different UTEs in which companies controlled by BRA and CLIBA hold interests; these services include civil works and construction of infrastructure for final disposal of household wastes, disposal of wastes through different mechanisms (whether by directly unloading wastes from trucks or compacting them first), treatment of liquid and solid wastes from sanitary landfills, waste transport and organic waste composting.

At present, three sanitary landfills are in operation in Argentina (Norte III, Neuquén and Mar del Plata), providing waste treatment and final disposal services as only one service or as part of an urban hygiene contract.

UTE Norte III operates the Ecological Coordination of the Metropolitan Area, Society of State (CEAMSE) sanitary landfills located in the Norte III environmental complex under a one-service contract. At present, Norte IIIC module is in operation; the Norte III (2001), Norte IIIA (2005) and Norte IIIB (2010) modules -all operated by the Company- have been completed. In the Norte IIIC module, approximately 430,000 tons of wastes coming both from the Gran Buenos Aires and the City of Buenos Aires are disposed of per month. During the current year, UTE Norte III continued with the construction of the new Norte IIIC module, which has a capacity of 19 million tons, providing greater operating capacity to the Final Waste Disposal Center. The contract will be terminated once the landfill capacity has been completed, which is estimated to take place in July, 2013. The Company's Management is working hard in a project to extend the current filling capacity for approximately 12 additional months from the estimated date of completion of the capacity.

Also, Bra continues operating a sanitary landfill with an average capacity of 7,100 tons per month in the City of Neuquén as an integral part of the services provided under the urban waste management contract entered into with that city.

In addition, a sanitary landfill is being operated in the Municipality of General Pueyrredón (Mar del Plata) with a waste disposal of approximately 323,000 tons per month.

In addition, through Tecsan Ingeniería Ambiental S.A., a contract was signed on December 27, 2013 with the National Environment and Sustainable Development Secretariat and the Government of the Province of Mendoza for the design, construction and operation of a Center for the Final Disposal of Urban Solid Wastes, their associated systems, and two transfer stations in the eastern region of the province of Mendoza. The construction term is for one year and the operation term is for 3 years.

In the area of Industrial Services, the subsidiary Taym S.A. (Taym) operates a special waste treatment and disposal plant located near the City of Córdoba. Taym has recently focused its customer portfolio on the oil, petrochemical and mining sectors. Since 2009, Taym has achieved an important growth in Uruguay through its branch, located in the city of Montevideo, and its main contracts are cleaning services at Banco de la República Oriental del Uruguay, cleaning services at the port of Montevideo and cleaning services at the port of Colonia. The industrial services include the collection, transport and treatment of industrial and hazardous wastes; the design, preparation and administration of programs to reduce and separate industrial wastes; the operation of plants for industrial wastes and maintenance of green spaces.

The activities related to the valuation of wastes and alternative energies commenced with a project for the reduction of greenhouse gas emissions. Under the United Nations Framework Convention on Climate Change (UNFCCC), the subsidiary

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Ecoayres Argentina S.A. signed on April 27, 2007 a contract with CEAMSE granting the company the right to make investments in the extraction and use of biogas generated in the Norte IIIB sanitary landfill. The project qualifies under the Kyoto Protocol as Clean Development Mechanism (CDM). Ecoayres obtained approval from the UNFCCC for the issuance of 2,423,954 CERs, equivalent to one ton of CO₂ each.

Norte III UTE operates, under a contract signed with CEAMSE, a urban solid waste mechanical and biological treatment plant, which expects to treat at least 310,000 tons of urban solid waste per year during 15 years counted as from October 2012; at the end of this period it will have the option to renew the contract for a further period.

Energía Argentina S.A. (ENARSA) awarded Tecsan a contract for energy supply by using biogas extracted from the Norte IIIC sanitary landfill. The project is carried out by our subsidiary Central Buen Ayre S.A., which has built and is currently operating an electric power station running on biogas, with a nominal capacity of 11.8 MW. The contract will be in force until the year 2025.

3.4. Water supply

BRH is the majority shareholder of Aguas Cordobesas S.A. ("ACSA") and the operator of the concession exploited by it. The purpose of the concession is to secure the supply of potable water, its conservation, transportation, distribution and sale for household, commercial and industrial consumption in the City of Córdoba, Argentine.

The area in which the concession operates falls within the limits of the jurisdiction of the Municipality of the City of Córdoba. The Concessionaire must carry out activities and works outside this territory only for the purposes of securing the supply and transportation of potable water for the rendering of the service. In addition, the Concessionaire should render the water in bulk sale service to the cities outside the area of the concession under the same conditions as those of the Provincial Bureau of Water and Sanitation.

The term of the concession is thirty years as from May 7, 1997, the date on which the service has been handed over. The management and technical operation of the service awarded by the concession will be the responsibility of the ACSA Operator, and ACSA is required to maintain that company as Operator during the concession term, unless otherwise authorized in writing by the Grantor.

3.5. Other activities

The Company also performs other commercial activities and provides services which, jointly with CLISA activities, are grouped under "Others and eliminations", which consist mainly in:

- Provision and delivery of revenue from ticket sales and payments of all types generally values in all kind of support for enabling access to any area either public or private. Design, supply, implementation, operation, maintenance and operation of collection systems and access control validation and processing of such transactions.
- Provision of connectivity in the health sector, mainly oriented to providing comprehensive solutions.
- Telecomunicaciones, brindando servicios de enlace de datos, telefonía, accesos a Internet, datacenter y otros servicios de valor agregado. Con fecha 6 de diciembre de 2013 se celebró un acuerdo que prevé la transferencia de los activos relacionados con el negocio de comunicaciones, enlace de datos, telefonía y acceso a internet, en los que BRT participa indirectamente. La transferencia se encuentra sujeta a condiciones suspensivas, entre ellas, las correspondientes aprobaciones regulatorias
- Telecommunications, providing data link services, telephony, internet access, datacenter and other value added services. On December 6, 2013 an agreement providing for the transfer of the assets related to the business of communications, data link, telephone and internet access, which was held BRT indirectly involved. The transfer is subject to conditions precedent, including regulatory approvals.

3.6. Operating segment information as of December 31, 2013 and 2012

Described below are the main indicators of each of the segments mentioned above:

Segments Information as of December 31, 2013

Item	Construction and toll road concessions	Transport	Waste management	Water supply	Others and eliminations	Total
(In thousands of Pesos)						
Net sales to third parties	2,401,086.0	908,519.4	2,154,652.5	386,536.4	160,442.2	6,011,236.5
Inter-segment sales	8,449.8	11,854.9	294.4	-	(20,599.1)	(0.0)
Net sales	2,409,535.8	920,374.3	2,154,946.9	386,536.4	139,843.2	6,011,236.5
Operating income	327,592.5	60,692.6	255,072.3	45,994.3	16,228.2	705,579.8
Total assets	2,986,106.1	1,455,212.7	1,890,883.4	475,137.2	(88,097.4)	6,719,242.0
Total liabilities	2,174,841.8	1,182,427.1	1,382,219.9	366,319.2	604,653.8	5,710,461.7
Additions of property, plant and equipment	21,622.3	6,812.8	73,469.3	2,113.6	20,424.6	124,442.6
Depreciation of property, plant and equipment	(80,853.2)	(11,342.3)	(97,911.3)	(2,844.0)	(8,849.4)	(201,800.2)
Additions of intangible assets	1,767.8	3,085.5	11,050.2	57,294.5	366.6	73,564.6
Amortization of intangible assets	(2,778.5)	(6,695.4)	(15,380.9)	(17,099.8)	(152.8)	(42,107.3)
Investments in associates	125,499.7	13,864.6	-	-	26,526.7	165,891.0

The disclosure by geographic segment of the business segments as of December 31, 2013

	Capital and Gran Buenos Aires	Rest of the country	Abroad	Total
(In thousands of Pesos)				

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Construction and toll road concessions				
Net sales	360,123.5	1,319,390.3	730,022.1	2,409,535.8
Total assets	431,151.0	1,606,017.1	948,938.0	2,986,106.1
Investments in associates	84,803.0	4,060.3	36,636.4	125,499.7
Additions of property, plant and equipment	2,174.9	4,991.6	14,455.8	21,622.3
Additions of intangible assets	-	113.8	1,654.1	1,767.8
Transport				
Net sales	891,528.2	27,238.0	1,608.2	920,374.3
Total assets	1,392,148.0	47,090.3	15,974.3	1,455,212.7
Investments in associates	(50.6)	425.2	13,490.0	13,864.6
Additions of property, plant and equipment	6,800.2	12.2	0.4	6,812.8
Additions of intangible assets	3,079.3	-	6.2	3,085.5
	Capital and Gran Buenos Aires	Rest of the country	Abroad	Total
	(In thousands of Pesos)			
Waste management				
Net sales	1,848,294.9	244,733.8	61,918.2	2,154,946.9
Total assets	1,639,233.6	191,867.4	59,782.4	1,890,883.4
Additions of property, plant and equipment	63,879.4	9,074.3	515.7	73,469.3
Additions of intangible assets	11,050.2	-	-	11,050.2
Water supply				
Net sales	-	386,536.4	-	386,536.4
Total assets	-	475,137.2	-	475,137.2
Additions of property, plant and equipment	-	2,113.6	-	2,113.6
Additions of intangible assets	-	57,294.5	-	57,294.5

Segments Information as of December 31, 2012:

	Construction and toll road concessions	Transport	Waste management	Water supply	Others and eliminations	Total
	(In thousands of Pesos)					
Net sales to third parties	2,130,036.7	632,491.6	1,575,094.6	291,385.0	111,374.1	4,740,382.0
Inter-segment Sales	13,512.1	35,083.7	18.9	-	(48,614.7)	-
Net sales	2,143,548.8	667,575.3	1,575,113.6	291,385.0	62,759.4	4,740,382.0
Operating income	262,534.5	47,435.6	232,271.1	31,496.0	4,432.6	578,169.9
Total assets	2,408,896.3	1,389,948.7	1,387,153.0	383,683.4	(12,874.5)	5,556,806.8
Total liabilities	1,820,411.2	1,132,137.5	974,711.1	293,829.3	506,369.7	4,727,458.8
Additions of property, plant and equipment	58,794.4	2,643.5	218,892.4	2,382.3	14,380.6	297,093.3
Depreciation of property, plant and equipment	(59,583.4)	(11,773.8)	(39,410.0)	(2,291.4)	(7,024.9)	(120,083.5)
Additions of intangible assets	1,530.4	5,928.9	13,843.3	52,733.3	102.1	74,138.0
Amortization of intangible assets	(847.3)	(6,062.8)	(13,135.3)	(14,157.6)	(40.0)	(34,243.0)
Investments in associates	93,223.0	10,972.5	-	-	23,459.5	127,655.0

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	Capital and Gran Buenos Aires	Rest of the country	Abroad	Total
	(In thousands of Pesos)			
Construction and toll road concessions				
Net sales	455,662.5	987,655.1	700,231.2	2,143,548.8
Total assets	649,307.1	994,708.5	764,880.8	2,408,896.3
Investments in associates	74,831.5	5,668.5	12,723.0	93,223.0
Additions of property, plant and equipment	6,531.5	8,362.7	43,900.2	58,794.4
Additions of intangible assets	-	929.1	601.3	1,530.4
Transport				
Net sales	593,523.7	72,037.0	2,014.6	667,575.3
Total assets	1,337,831.1	42,075.1	10,042.5	1,389,948.7
Investments in associates	1,593.8	425.2	8,953.5	10,972.5
Additions of property, plant and equipment	2,529.5	108.2	5.8	2,643.5
Additions of intangible assets	5,894.3	34.6	-	5,928.9
Waste management				
Net sales	1,249,604.7	281,113.9	44,395.0	1,575,113.6
Total assets	1,129,374.4	208,916.4	48,862.2	1,387,153.0
Additions of property, plant and equipment	213,627.7	4,234.7	1,030.0	218,892.4
Additions of intangible assets	13,843.3	-	-	13,843.3
Water supply				
Net sales	-	291,385.0	-	291,385.0
Total assets	-	383,683.4	-	383,683.4
Additions of property, plant and equipment	-	2,382.3	-	2,382.3
Additions of intangible assets	-	52,733.3	-	52,733.3

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4. Cost of sales

	12/31/2013	12/31/2012
	In Pesos	In Pesos
Freight	42,744,015	55,947,514
Construction and service subcontracts	875,060,425	705,789,052
Salaries, wages and social security contributions	2,357,654,148	1,836,098,183
Fees for professional services	110,594,113	86,669,225
Hardware and software services	5,734,876	5,313,496
Taxes, rates and contributions	13,695,215	3,525,991
Depreciation and amortization	196,074,014	117,300,158
Maintenance expenses	144,065,555	122,024,467
Rail car expenses	54,766,640	46,332,305
Commissions and fee	26,303,228	46,742,994
Travel expenses	46,470,184	13,077,482
Insurance	56,091,342	38,906,805
Water and electricity services	45,628,141	39,289,224
Telephone, internet and communications	20,303,508	14,873,625
Rental	133,999,434	91,455,551
Stationery and printed material	2,166,777	1,684,437
Adjustment due to higher costs	(723,311,059)	(630,607,958)
Equipment cost provision	13,950,185	13,691,358
Sundry management fees	19,450,548	43,145,391
Materials and spare parts	671,986,953	623,779,457
Security and surveillance	20,249,487	6,303,044
Litigation, insurance claims and penalties	25,959,476	16,164,292
Sundry	29,342,331	26,668,507
Total	4,188,979,536	3,324,174,600

5. Administrative expenses

	12/31/2013	12/31/2012
	In Pesos	In Pesos
Freight		
Services and construction subcontracts	62,609,084	42,169,480
Salaries, wages and social security contributions	419,866,550	310,248,009
Fees for professional services	57,281,305	59,876,770
Bidding expenses	611,730	2,387,070
Hardware and software services	17,527,329	20,121,138
Taxes, rates and contributions	119,176,149	73,578,682
Depreciation and amortization	22,547,675	16,124,259
Maintenance expenses	12,525,882	7,781,472
Travel expenses	18,679,891	16,749,042
Insurance	8,023,723	5,361,403
Water and electricity services	946,805	952,020
Telephone, internet and communications	11,093,182	10,113,817
Rental	7,336,048	8,367,587
Press and media	18,039,576	24,771,338
Stationery and printed material	9,507,988	7,624,200
Adjustment due to higher costs	(117,023,973)	(107,837,058)
Sundry management fees	12,363,201	6,523,087
Stationery and printed material	1,398,931	743,126
Security and surveillance	2,110,610	1,862,215
Litigation, insurance claims and penalties	1,333,725	1,691,373
Sundry	11,330,551	10,280,566
Total	697,285,962	519,489,596

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6. Other selling and operating expenses

	12/31/2013	12/31/2012
	In Pesos	In Pesos
Services and construction subcontracts	21,586,804	5,253,542
Salaries, wages and social security contributions	450,833,132	345,774,267
Fees for professional services	2,605,822	2,516,461
Hardware and software services	160,099	224,205
Taxes, rates and contributions	114,628,149	88,128,280
Depreciation and amortization	20,855,811	16,535,259
Maintenance expenses	18,078,149	4,123,727
Commissions and fee	41,119,655	31,975,243
Travel expenses	2,490,527	7,290,138
Insurance	6,854,232	4,814,253
Telephone, internet and communications	7,537,925	5,700,919
Rental	1,982,683	1,403,793
Press and media	7,167,963	6,588,867
Stationery and printed material	708,885	624,885
Adjustment due to higher costs	(301,254,393)	(258,679,327)
Materials and spare parts	3,706,516	2,773,047
Security and surveillance	2,348,324	7,267,681
Litigation, insurance claims and penalties	53,424,017	42,597,791
Sundry	6,183,268	2,761,570
Total	461,017,568	317,674,601

7. Other financial income and expenses, net

	12/31/2013	12/31/2012
	In Pesos	In Pesos
Foreign currency exchange differences generated by assets	16,304,437	59,827,908
Foreign currency exchange differences generated by liabilities	(259,701,515)	(138,678,253)
Bank charges and fees	(30,722,221)	(46,662,889)
Other financial results	(58,483,967)	(107,290,134)
Total	(332,603,266)	(232,803,368)

8. Net gain in associates

Companies	12/31/2013	12/31/2012
	In Pesos	In Pesos
Covisur S.A.	1,471,937	171,367
Polledo S.A.I.C.y F.	955,108	(220,053)
Sociedad Operativa Ferroviaria S.A.	133,131	204,371
Prominente S.A.	761,433	2,177,783
Clima S.R.L. (Bolivia)	-	1,923,299
Multiplataforma S.A.	-	1,163,107
Autovía del Mar S.A.	(1,627,710)	1,467,764
Concesionaria Línea 4 Brasil	-	5,426,405
CV1 - Concesionaria Vial S.A.	13,785,941	(5,759,359)
Alvear S.A.I.C.I.y F.	(214,155)	9,585
Transportel Patagónica S.A.	(3,333,313)	9,575,680
Tranelpa S.A. de Inversión	(97,029)	3,404,526
Benito Roggio e Hijos S.A. - Paraguay	2,283,784	496,895
Consortium	11,688,589	16,921,966
Sundry	355,468	398,282
Total	26,163,184	37,361,618

9. Earnings per share

(Loss)/Earning per share is calculated dividing the result for the year attributable to Company shareholders by the average number of outstanding ordinary shares for the year-end.

	12/31/2013	12/31/2012
Net (Loss) / Income for the year	(46,345,739)	50,721,526
Weighted average common shares outstanding	96,588,696	96,588,696
Basic and Diluted (Loss)/ Earning per share (Ps. per share)	(0.48)	0.53

10. Property, plant, and equipment, net

(a) For the year ended December 31, 2013

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Item	Original values							
	Balances as of the beginning of the year	Deductions due to reclassification	Additions	Deductions	Transfers	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year
Machinery and equipment	385,211,315	-	27,407,613	(10,120,258)	600,757	20,158,382	30,358,251	453,616,060
Vehicles	153,872,074	(404,886)	9,998,211	(10,669,330)	-	5,951,954	-	158,748,023
Furniture and fixtures and computer hardware	86,473,056	(2,438,728)	9,096,357	(2,377,555)	173,710	3,377,413	-	94,304,253
Equipment	6,015,590	-	-	-	-	-	-	6,015,590
Real estate	157,062,745	-	(170,433)	(582,617)	2,447,959	9,064,838	45,862,270	213,684,762
Building improvements	428,838,246	(69,776,451)	26,393,232	-	43,275,589	-	-	428,730,616
Minor equipment	188,123,366	(4,179,193)	12,285,527	(10,819,392)	8,746,174	5,473,534	-	199,630,016
Water treatment plants	1,714,000	-	-	-	-	-	-	1,714,000
Rail car improvements	22,467,513	-	-	-	-	-	-	22,467,513
Land	259,158,118	-	-	(168,300)	-	20,496,294	106,249,444	385,735,556
Construction in progress	41,185,733	(5,468,117)	23,842,569	(88,646)	(44,591,799)	1,269,947	-	16,149,687
Others	1,228,746	-	9,826,855	-	(7,154,992)	-	-	3,900,609
Advances for purchases	2,895,879	(203,261)	5,762,683	(95,287)	(3,497,398)	-	-	4,862,616
Total	1,734,246,381	(82,470,636)	124,442,614	(34,921,385)	-	65,792,362	182,469,965	1,989,559,301

Item	Accumulated depreciation							
	Balances as of the beginning of the year	Deductions due to reclassification	Deductions	Amount for the year	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year	Net carrying value as of 12/31/2013
Machinery and equipment	-	-	3,458,494	(74,049,314)	(4,034,553)	74,625,373	-	453,616,060
Vehicles	(83,347,704)	162,366	8,425,407	(18,301,225)	(3,848,505)	-	(96,909,661)	61,838,362
Furniture and fixtures and computer hardware	(44,083,924)	1,133,748	582,783	(12,237,848)	(1,427,758)	-	(56,032,999)	38,271,254
Equipment	(4,511,689)	-	-	(1,203,120)	-	-	(5,714,809)	300,781
Real estate	-	-	-	(4,731,651)	(340,338)	5,071,989	-	213,684,762
Building improvements	(132,697,093)	17,533,841	-	(72,937,933)	-	-	(188,101,185)	240,629,431
Minor equipment	(120,042,344)	3,704,825	3,768,936	(18,192,142)	(4,161,134)	-	(134,921,859)	64,708,157
Water treatment plants	(371,000)	-	-	(147,000)	-	-	(518,000)	1,196,000
Rail car improvements	(22,467,513)	-	-	-	-	-	(22,467,513)	-
Land	-	-	-	-	-	-	-	385,735,556
Construction in progress	-	-	-	-	-	-	-	16,149,687
Others	(1,178,746)	-	-	-	-	-	(1,178,746)	2,721,863
Advances for purchases	-	-	-	-	-	-	-	4,862,616
Total	(408,700,013)	22,534,780	16,235,620	(201,800,233)	(13,812,288)	79,697,362	(505,844,772)	1,483,714,529

(b) For the year ended December 31, 2012

Item	Original values						
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year
Machinery and equipment	287,970,702	18,211,088	(8,380,455)	56,821,803	11,466,570	19,121,607	385,211,315
Vehicles	135,934,285	21,133,247	(7,753,482)	72,954	4,485,070	-	153,872,074
Furniture and fixtures and computer hardware	77,114,962	8,975,847	(2,320,226)	581,219	2,121,254	-	86,473,056
Equipment	6,015,590	-	-	-	-	-	6,015,590
Real estate	99,018,618	288,491	-	16,402,788	5,567,290	35,785,558	157,062,745
Building improvements	189,419,348	12,637,538	(54,013)	226,835,373	-	-	428,838,246
Minor equipment	163,405,821	21,960,088	(4,876,837)	1,530,324	6,103,970	-	188,123,366
Water treatment plant	1,714,000	-	-	-	-	-	1,714,000
Rail car improvements	22,467,513	-	-	-	-	-	22,467,513
Land	98,356,702	-	(81,162)	-	8,958,863	151,923,715	259,158,118
Construction in progress	95,515,851	180,096,678	(32,549)	(235,621,119)	1,226,872	-	41,185,733
Others	1,428,641	537,499	-	(737,394)	-	-	1,228,746
Advances for purchases	37,309,690	33,252,782	(1,781,563)	(65,885,948)	918	-	2,895,879
Total	1,215,671,723	297,093,258	(25,280,287)	-	39,930,807	206,830,880	1,734,246,381

Item	Accumulated depreciation						Net carrying value as of 12/31/2012
	Balances as of the beginning of the year	Deductions	Amount for the year	Currency translation differences	Adjustments for revaluation	Balances as of the end of the year	
Machinery and equipment	(56,905,718)	2,992,972	(46,598,891)	(1,180,397)	101,692,034	-	385,211,315

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Vehicles	(69,585,983)	5,188,789	(16,964,257)	(1,986,253)	-	(83,347,704)	70,524,370
Furniture and fixtures and computer hardware	(34,618,565)	2,091,415	(10,753,875)	(802,899)	-	(44,083,924)	42,389,132
Equipment	(3,308,572)	-	(1,203,117)	-	-	(4,511,689)	1,503,901
Real estate	(4,512,892)	-	(2,770,299)	(212,272)	7,495,463	-	157,062,745
Building improvements	(109,982,738)	-	(22,714,355)	-	-	(132,697,093)	296,141,153
Minor equipment	(102,306,363)	3,783,677	(18,860,748)	(2,674,701)	15,791	(120,042,344)	68,081,022
Water treatment plants	(153,000)	-	(218,000)	-	-	(371,000)	1,343,000
Rail car improvements	(22,467,513)	-	-	-	-	(22,467,513)	-
Land	-	-	-	-	-	-	259,158,118
Construction in progress	-	-	-	-	-	-	41,185,733
Others	(1,178,746)	-	-	-	-	(1,178,746)	50,000
Advances for purchases	-	-	-	-	-	-	2,895,879
Total	(405,020,090)	14,056,853	(120,083,542)	(6,856,522)	109,203,288	(408,700,013)	1,325,546,368

11. Goodwill

	12/31/2013	12/31/2012
	In Pesos	In Pesos
Opening balances, net	91,453,159	81,611,352
Effect of currency translation differences	13,887,123	11,051,925
Additions	-	2,449,895
Impairment	(6,109,908)	(3,660,013)
Closing balances, net	99,230,374	91,453,159

To assess the recoverability of acquired goodwill, goodwill has been allocated to each acquired investment, since each of these companies is deemed to be a cash generating unit. The recoverable amount of each cash generating unit is determined based on the calculations of the value in use. These calculations use discounted cash flow projections based on financial budgets approved by Management.

Below is presented the changes for the year of each goodwill assigned at each operating segment

(a) For the year ended December 31, 2013

	Construction and toll road concessions (Peru)	Transport	Others	Total
Opening balances, net	63,800,361	26,597,336	1,055,462	91,453,159
Effect of currency translation differences	13,887,123	-	-	13,887,123
Impairment	-	(6,109,908)	-	(6,109,908)
Balances as of 12/31/2013	77,687,484	20,487,428	1,055,462	99,230,374

(b) For the year ended December 31, 2012

	Construction and toll road concessions (Peru)	Transport	Others	Total
Opening balances, net	52,748,434	27,807,454	1,055,462	81,611,350
Additions	-	2,449,895	-	2,449,895
Effect of currency translation differences	11,051,927	-	-	11,051,927
Impairment	-	(3,660,013)	-	(3,660,013)
Balances as of 12/31/2012	63,800,361	26,597,336	1,055,462	91,453,159

12. Intangible Assets other than goodwill

(a) For the year ended December 31, 2013

Item	Original values						Balances as of the end of the year
	Balances as of the beginning of the year	Deductions due to reclassification	Additions	Deductions	Transfers	Currency translation differences	

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Biogas capture and treatment	55,720,528	-	11,050,235	-	-	-	55,720,528
Concession fee	467,967,822	-	58,835,944	(451,000)	(598,103)	-	467,967,822
Assistance contract	10,991,319	-	-	-	-	-	10,991,319
Development of software	21,377,288	(97,634)	2,896,529	-	598,103	1,073,109	21,377,288
Other intangible assets	852,675	-	781,929	-	-	51,335	852,675
Total	556,909,632	(97,634)	73,564,637	(451,000)		1,124,444	556,909,632

Item	Accumulated amortization						Net carrying value as of 12/31/2013
	Balances as of the beginning of the year	Deductions due to reclassification	Deductions	Amount for the year	Currency translation differences	Balances as of the end of the year	
Biogas capture and treatment	(34,647,687)	-	-	(15,380,857)	-	(50,028,544)	16,742,219
Concession fee	(239,588,775)	-	442,000	(20,637,181)	-	(259,783,956)	265,970,707
Assistance contract	(7,850,935)	-	-	(628,075)	-	(8,479,010)	2,512,309
Development of software	(10,776,065)	22,574	-	(5,360,785)	(625,190)	(16,739,466)	9,107,929
Other intangible assets	(654,494)	-	-	(100,434)	(51,331)	(806,259)	879,680
Total	(293,517,956)	22,574	442,000	(42,107,332)	(676,521)	(335,837,235)	295,212,844

(b) For the year ended December 31, 2012

Item	Original values						Balances as of the end of the year
	Balances as of the beginning of the year	Additions	Deductions	Transfers	Currency translation differences		
Biogas capture and treatment	41,877,213	13,843,315	-	-	-	55,720,528	
Concession fee	413,810,562	56,042,421	(1,191,396)	(693,765)	-	467,967,822	
Assistance contract	10,991,319	-	-	-	-	10,991,319	
Development of software	15,991,261	4,054,110	(50,597)	693,765	688,749	21,377,288	
Other intangible assets	612,572	198,181	-	-	41,922	852,675	
Total	483,282,927	74,138,027	(1,241,993)	-	730,671	556,909,632	

Item	Accumulated amortization					Net carrying value as of 12/31/2012
	Balances as of the beginning of the year	Deductions	Amount for the year	Currency translation differences	Balances as of the end of the year	
Biogas capture and treatment	(21,512,366)	-	(13,135,321)	-	(34,647,687)	21,072,841
Concession fee	(223,303,572)	1,147,166	(17,432,369)	-	(239,588,775)	228,379,047
Assistance contract	(7,222,860)	-	(628,075)	-	(7,850,935)	3,140,384
Development of software	(7,630,022)	26,546	(3,047,209)	(125,380)	(10,776,065)	10,601,223
Other intangible assets	(612,572)	-	-	(41,922)	(654,494)	198,181
Total	(260,281,392)	1,173,712	(34,242,974)	(167,302)	(293,517,956)	263,391,676

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13. Investments in associates

Associates	Percentage of equity interest (2)	12/31/2013	12/31/2012
		In Pesos	In Pesos
Polledo S.A.I.C. y F.	46.18%	2,963,813	2,302,940
Alvear S.A.I.C.I. y F.	-	-	1,129,309
El Mundo S.A.	-	-	901,858
CV1 - Concesionaria Vial S.A.	51.00%	15,681,787	1,895,846
Prominente S.A.	40.00%	20,715,271	18,698,305
Sociedad Operativa Ferroviaria S.A.	24.50%	221,331	501,945
Transportel Patagónica S.A.	45.00%	1,731,644	14,064,957
Tranelpa S.A. de Inversión	42.12%	388,723	3,486,802
Autovía del Mar S.A.	26.67%	24,180,056	25,790,042
Concesionaria Do VLT Carioca S.A.	2.00%	3,308,255	-
Benito Roggio e Hijos S.A. - Paraguay (3)	20.00%	36,636,397	29,765,180
Concesionaria Línea 4 del Metro de San Pablo S.A.I.	1.00%	10,136,250	8,912,250
Covisur S.A.	25.00%	7,140,431	5,668,493
Consortium (1)	-	40,614,984	29,289,322
Sundry	-	2,172,028	2,289,932
Total		165,890,970	144,697,181

(1) Interest held in construction joint ventures through Benito Roggio e Hijos S.A.

(2) It is the percentage held by CLISA or the pertinent subsidiary of CLISA.

(3) Includes Goodwill for Ps. 21,446,897 and Ps. 17,042,197 as of December, 31st 2013 and 2012, respectively

To apply the equity method, the Company has used the financial statements of its associates as of December 31, 2013, except for CV1 - Concesionaria Vial S.A., for which financial statements as of October 30, 2013 were used, and Autovía del Mar S.A., Covisur S.A., for which financial statements as of September 30, 2013 were used, because the fiscal years of those companies differ from CLISA's. The pertinent adjustments were made on the financial statements to show the effects of the transactions and significant events that took place between the dates referred to in the financial statements of these associates until December 31, 2013.

Below is disclosed a detail of the selected financial information of main associates as of December 31, 2013 and 2012:

(a) As of December 31, 2013

Associates	Interest Percentage	12/31/2013 Pesos	Issuer information				
			Date	Assets	Liabilities	Sales	Net Income/ (Loss)
Polledo S.A.I.C. y F.	46.18%	2,963,813	12/31/2013	22,997,977	16,577,399	-	2,068,270
CV1 - Concesionaria Vial S.A.	51.00%	15,681,787	10/31/2013	261,453,841	230,705,239	258,899,954	7,574,344
Prominente S.A.	40.00%	20,715,271	12/31/2013	83,172,342	31,384,164	57,182,402	1,903,583
Sociedad Operativa Ferroviaria S.A.	24.50%	221,331	12/31/2013	2,685,491	1,782,100	-	543,391
Transportel Patagónica S.A.	45.00%	1,731,644	12/31/2013	67,135,481	63,287,382	111,495,471	(7,407,361)
Tranelpa S.A. de inversión	42.12%	388,723	12/31/2013	968,294	45,399	-	(69,597)
Autovía del Mar S.A.	26.67%	24,180,056	09/30/2013	383,907,190	288,185,756	39,507,786	1,497,202
Benito Roggio e Hijos S.A. - Paraguay	20.00%	36,636,397	12/31/2013	(*) 144,765,586	(*) 72,398,070	(*) 174,324,388	(*) 23,012,921
Covisur S.A.	25.00%	7,140,431	09/30/2013	99,501,143	70,939,421	14,828,258	(1,418,258)
Concesionaria Do VLT Carioca S.A.	2.00%	3,308,255					
Concesionaria Línea 4 del Metro de San Pablo S.A.	1.00%	10,136,250					
Consortium		40,614,984					
Sundry		2,172,028					
Total		165,890,970					

(*) Figures in thousands of Guaranies

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(b) As of December 31, 2012

Associates	Interest Percentage	12/31/2012 Pesos	Issuer information				
			Date	Assets	Liabilities	Sales	Net Income/(Loss)
Polledo S.A.I.C. y F.	46.18%	2,302,940	12/31/2012	39,902,637	37,112,144	-	(477,901)
Alvear S.A.I.C.I. y F.	40.13%	1,129,309	12/31/2012	9,320,832	6,507,006	303,723	(1,026,930)
El Mundo S.A.	38.06%	901,858	12/31/2012	3,985,238	1,615,625	-	210,109
CV1 - Concesionaria Vial S.A.	51.00%	1,895,846	10/31/2012	130,700,813	126,983,468	73,905,581	(17,192,467)
Prominente S.A.	40.00%	18,698,305	12/31/2012	82,740,140	41,551,110	62,198,762	5,216,964
Sociedad Operativa Ferroviaria S.A.	24.50%	501,945	12/31/2012	2,122,422	73,667	250,000	834,164
Transportel Patagónica S.A.	45.00%	14,064,957	12/31/2012	149,338,263	118,082,811	497,365,690	21,279,279
Tranelpa S.A. de inversión	42.12%	3,486,802	12/31/2012	8,323,657	45,399	-	8,082,923
Autovía del Mar S.A.	33.33%	25,790,042	09/30/2012	321,751,605	222,719,461	34,306,208	84,933
Benito Roggio e Hijos S.A. – Paraguay	20.00%	12,722,985	12/31/2012	(*) 111,893,657	(*) 54,896,651	(*) 110,799,723	(*) 4,733,078
Covisur S.A.	25.00%	5,668,493	09/30/2012	80,478,702	57,801,729	12,358,886	(602,182)
Concesionaria Linea 4 del Metro de San Pablo S.A.	1.00%	8,912,250					
Consortium		29,289,322					
Sundry		2,289,932					
Total		127,654,986					

(*) Figures in thousands of Guaranies

14. Other receivables

	12/31/2013 In Pesos	12/31/2012 In Pesos
Non-Current		
Related companies (Note 26)	17,048,691	14,525,726
Documented	3,760,555	3,760,555
Tax	45,413,880	32,215,247
Deposits in court	713,400	796,040
Works in progress on behalf of the grantor of the concession	21,594,850	56,748,769
Prepaid expenses	14,523,342	186,476
Advances to suppliers	-	34,361
Other receivables in joint ventures	83,971,294	69,290,747
Sundry	13,188,474	2,844,760
Allowances for other receivables	(33,628,047)	(28,845,343)
Total	166,586,439	151,557,338
Current		
Related companies (Note 26)	373,022,068	287,734,920
Loans granted	10,015,710	9,245,259
Tax	147,625,454	131,244,776
Seized funds	2,051,823	3,945,501
Assets for construction contracts (Note 25)	331,188,455	207,371,423
Works in progress on behalf of the grantor of the concession	15,959,417	41,018,053
Recoverable expenses	106,967,598	110,841,721
Prepaid expenses	34,215,984	14,151,356
Advances to suppliers	41,349,306	25,140,224
Guarantee deposits	16,274,836	9,862,326
Receivable of a trust with deferred maintenance	28,597,932	100,351,748
Sundry	106,511,845	61,936,296
Allowances for other receivables	(12,435,180)	(9,455,228)
Total	1,201,345,248	993,388,375

Carrying amount of financial instruments classified as other receivables it is approximated to its fair value, due to short-term nature of the financial assets.

Changes in allowances of other receivables for the year are disclosed in Note 22.

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15. Other Assets and other debts	12/31/2013	12/31/2012
	In Pesos	In Pesos
Other assets		
Properties, plants and equipment	59,935,856	-
Intangible Assets	75,060	-
Deferred tax assets	1,214,827	-
Other receivables	1,790,485	-
Inventory	11,488,406	-
Trade Receivables	17,830,986	-
Cash and cash equivalents	7,372,580	-
Total	99,708,200	-
Other debts		
Provisions for contingencies	2,868,401	-
Other liabilities	21,591,450	-
Trade payables	29,667,652	-
Total	54,127,503	-

16. Trade receivables	12/31/2013	12/31/2012
	In Pesos	In Pesos
Non-Current		
Notes receivable from related companies (Note 26)	3,645,177	3,645,177
Notes receivable	801,785	-
Trade receivables	99,719,908	82,598,410
Allowance for doubtful accounts	(64,711,177)	(53,401,177)
Total	39,455,693	32,842,410
Current		
Trade receivables from related companies (Note 26)	175,814,129	141,734,789
Notes receivable	8,967,000	2,548,335
Deferred payment checks receivable	55,851,830	10,659,440
Certificates receivable	639,201,080	624,009,296
Receivables in litigation	932,507	855,987
Trade receivables	1,375,860,427	1,198,552,993
Repair fund	127,074,118	65,036,207
Allowance for doubtful accounts	(95,986,090)	(61,492,271)
Total	2,287,715,001	1,981,904,776

Carrying amount of trade receivables approximates to its fair value at short-term nature of these financial assets.

The aging of trade receivables due is shown in the following table:

	12/31/2013	12/31/2012
Up to three months	324,804,349	297,320,537
From three to six months	87,695,391	95,133,845
From six to nine months	41,839,964	32,876,962
From nine to twelve months	17,771,789	27,582,600
More than a year	94,584,235	81,680,742
Total	566,695,728	534,594,686

Changes in allowances for doubtful accounts for the year are disclosed in Note 22.

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17. Inventories	12/31/2013 In Pesos	12/31/2012 In Pesos
Current		
Materials and spare parts	172,381,089	135,060,820
Materials and spare parts held by third parties	-	-
Semi-processed supplies	281,805	3,606,880
Non-accrued services	-	84,113
Advances for materials, spare parts and supplies	9,220,081	3,963,668
SUBE investments under way	-	4,476,847
Construction in progress	24,584,461	8,946,473
Inventory obsolescence allowance	(5,441,307)	(2,557,454)
Total	201,026,129	153,581,347
18. Other investments		
Current		
Financial placements	69,228,881	11,357,663
Total	69,228,881	11,357,663
19. Cash and cash equivalents		
Cash and banks	465,183,263	301,857,497
Investments equivalents to cash	74,750,427	42,617,362
Total	539,933,690	344,474,859
20. Loans and financial debt		
Non-current		
Loans	219,019,723	325,304,668
Financial leases	23,016,407	28,618,504
Negotiable Obligations	508,242,543	562,094,491
Other bank and financial debts	835,950	-
Total	751,114,623	916,017,663
Current		
Loans	669,887,577	428,905,922
Financial leases	31,497,700	21,376,133
Overdraft facilities	183,356,525	130,186,149
Negotiable Obligations	252,124,903	2,837,490
Other bank and financial debts	366,100	34,671,981
Subtotal	1,137,232,805	617,977,675
Self-liquidating debts	195,476,915	187,121,309
Total	1,332,709,720	805,098,984
Bank and financial debts per rate		
No rate	1,201,024	-
At a fixed rates	1,405,843,864	1,061,707,451
At variable rates	676,779,455	659,409,196
Total	2,083,824,343	1,721,116,647
Bank and financial debts per currency		
In Pesos	987,569,622	811,844,331
In US\$	1,055,205,118	860,017,309
In Nuevos Soles	40,992,958	49,161,618
In R\$	56,645	93,389
Total	2,083,824,343	1,721,116,647

Fair value of current bank and financial debts match their carrying value since the impact of applying the discount is not material.

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Global Program for the Issuance of Negotiable Obligations

The Company created a Global Program for the Issuance of Negotiable Obligations through a Public Offering for up to U\$S 100,000,000, which was subsequently taken to U\$S 150,000,000. The National Securities Commission authorized these two operations through Resolutions 15,507 and 15,616 dated 09/14/2006 and 04/20/2007, respectively. The Buenos Aires Stock Exchange also authorized this Program on 12/01/2006 and 04/26/2007. On March 31, 2011, the National Securities Commission, through Resolution 16539, authorized the extension of the issuance program to the sum of U\$S 300,000,000.

Within the framework of that program, the company issued:

a) Issuance of Class 1 Negotiable Obligations

On December 19, 2006, the Company issued ordinary Class 1 Negotiable Obligations for U\$S 15,000,000, with one-off principal amortization upon maturity on December 19, 2008, Class 1 was fully redeemed on that date.

b) Issuance of Class 2 Negotiable Obligations

On May 10, 2007, the Company issued ordinary Class 2 Negotiable Obligations for U\$S 100,000,000, with one-off principal amortization upon maturity on May 10, 2012, Negotiable Obligations accrued interest at an annual nominal rate of 9.75%, payable on May 10 and November 10 of each year. The subscription price was of 99.035%, and the negotiable Obligations were guaranteed by Benito Roggio e Hijos S.A. and Cliba Ingeniería Ambiental S.A.

Towards the end of 2010, the Company acquired under a Purchase Offer U\$S 92,680,000 All of the outstanding Class 2 Negotiable Obligations for U\$S 7,320,000 (nominal value) were redeemed on May 10, 2012.

The Company had entered into with Banco Santander Rio foreign exchange hedging transactions for interest services on Class 2 until May 2012 and on principal amortization. As mentioned in the preceding paragraph, these Negotiable Obligations were fully redeemed.

c) Issuance of Class 3 Negotiable Obligations

On December 15, 2010, the Company issued Class 3 of ordinary Negotiable Obligations for a nominal value of U\$S 120,000,000, with final maturity date on December 15, 2016, which were fully subscribed. The Class 3 Negotiable Obligations accrue interest at an annual nominal rate of 9.50%, payable semi-annually on June 15 and December 15 of each year. Class 3 will be amortized in two payments of 33.33% each and a last payment of 33.34%, on December 15, 2014, 2015 and 2016, respectively. The subscription price was of 94.38% and the Negotiable Obligations are guaranteed by Benito Roggio e Hijos S.A. and Cliba Ingeniería Ambiental S.A.

The Company and Banco Santander Río entered into foreign exchange hedging transactions for interest payable on Class 3 Negotiable Obligations until December 2012.

Changes in fair value of derivative instruments were recognized in Other Comprehensive Income as they involve an effective hedging transaction, until its cancellation.

The terms and conditions of the Series 3 Notes include typical European-style covenants. As of the date of this Consolidated Financial Statements, Clisa complied with all of them.

As of December 31, 2013, Clisa and its subsidiaries are in compliance with the covenants and under the agreements governing the indebtedness, except for certain covenants in subsidiary BRH, for which obtained a waiver from the lenders thereto on or before December 31, 2013.

Cross currency swap agreement

On November 30, 2012 the Management of Haug S.A. entered into a derivative financial contract known as "Cross currency Interest Rate Swap" (CCS) with Banco Internacional del Peru S.A. ("Interbank"). In accordance with the terms of the contract, Haug S.A. undertook to pay U\$S 5,000,000 in 60 monthly, equal, consecutive installments of U\$S 97,506 each, which include principal and interest and to receive the amount of Peruvian Nuevos Soles (S/.) 13,025,000 in 60 monthly, equal, consecutive installments of (S/.) 257,743 each, falling due on November 6, 2017. This loan accrues interest at an annual fixed rate for Interbank of 7.20% and for the Company of 6.55%. This derivative financial instrument is recorded at its fair value of each period end. Changes in fair value is recognized at the Consolidated Statement of Income.

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21. Financial leases

Described below are financial lease contracts outstanding at December 31, 2013 and 2012 and the present value of minimum lease payments grouped by donor.

(a) As of December 31, 2013

Lessor	Object of the contract	Amount of leases	Present value of minimum payments In Pesos
ICBC (Argentina) S.A.	Vehicles	32	2,830,571
ICBC (Argentina) S.A.	Machinery and equipment	8	340,337
Banco de Santa Cruz S.A.	Vehicles	31	2,747,640
Caterpillar	Machinery and equipment	3	8,916,303
Banco de Galicia y Buenos Aires S.A.	Vehicles	4	8,684
HSBC Bank Argentina S.A.	Vehicles	9	405,240
Banistmo, S.A.	Machinery and equipment	14	21,970,054
Toyota	Vehicles	1	21,137
Banco Internacional del Perú	Machinery and equipment	1	2,893,400
CGM Leasing Argentina S.A.	Vehicles	1	470,021
Banco Bradesco S.A.	Vehicles	2	56,645
Banco Superville S.A.	Vehicles	2	53,015
Banco de Credito del Perú	Machinery and equipment	5	10,278,213
Banco de Credito del Perú	Vehicles	2	1,649,630
Banco Industrial S.A.	Vehicles	14	1,873,217
Total			54,514,107

(b) As of December 31, 2012

Lessor	Object of the contract	Amount of leases	Present value of minimum payments In Pesos
Banco Standard Bank	Vehicles	34	4,564,934
Banco Standard Bank	Machinery and equipment	12	862,739
Banco Santa Cruz	Vehicles	31	4,209,785
Caterpillar	Machinery and equipment	1	1,107,599
Banco Galicia	Vehicles	3	4,975
Banco Galicia	Machinery and equipment	1	2,197
Banco HSBC	Vehicles	9	646,605
Banco HSBC	Machinery and equipment	19	28,216,105
Toyota	Vehicles	1	68,590
Banco Bradesco	Vehicles	2	93,389
Banco Supervielle	Vehicles	4	145,233
Banco Credito del Perú	Machinery and equipment	3	9,687,300
Banco Industrial	Vehicles	18	385,186
Total			49,994,637

	12/31/2013	12/31/2012
Nominal value – Minimum payments of leases		
Up to a year	36,996,585	21,392,309
From one to five years	27,202,977	31,470,550
Total	64,199,562	52,862,859
Financial charges to accrue	(9,685,455)	(2,868,222)
Total of financial leases	54,514,107	49,994,637

Present value of financial leases is the following:

	12/31/2013	12/31/2012
Present value – Minimum payments of financial leases		
Up to a year	31,497,700	21,376,133
From one year to five years	23,016,407	28,618,504
Total	54,514,107	49,994,637

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22. Allowances and provisions for contingencies

(a) For the year ended December 31, 2013

Description	Balances as of the beginning of the year	Deductions due to reclassification	Increases	Decreases	Applications	Currency translation differences	Balances as of the end of the year
Allowance for doubtful accounts	114,893,448	(5,137,853)	51,804,092	(1,515,792)	(1,243,193)	1,896,565	160,697,267
Allowances for other receivables	38,300,571	-	3,815,369	(17,416)	(818,000)	4,782,703	46,063,227
Inventory obsolescence allowance	2,557,454	-	2,883,853	-	-	-	5,441,307
Allowance for investment losses	534,314	-	-	-	-	-	534,314
Provision for contingencies	141,634,773	(2,868,401)	125,271,061	(61,013,996)	(24,796,405)	-	178,227,032

(b) For the year ended December 31, 2012

Description	Balances as of the beginning of the year	Increases	Decreases	Applications	Currency translation differences	Balances as of the end of the year
Allowance for doubtful accounts	104,149,175	14,508,052	(3,262,753)	(1,139,096)	638,070	114,893,448
Allowances for other receivables	30,983,530	3,315,186	-	-	4,001,855	38,300,571
Inventory obsolescence allowance	1,836,958	720,496	-	-	-	2,557,454
Allowance for investment losses	2,906,693	-	-	(2,372,379)	-	534,314
Provision for contingencies	119,267,089	76,302,713	(39,656,850)	(14,331,186)	53,007	141,634,773

23. Other liabilities

	12/31/2013 In Pesos	12/31/2012 In Pesos
Non-Current		
Debts with related parties (Note 26)	28,824,317	24,880,094
Services to be rendered and pending works	112,704,000	9,120,421
Advances from customers	83,976,781	62,472,575
Salaries and social security contributions payable	109,345,332	145,858
Tax payables	190,758,754	40,922,825
Deferred income	-	15,687,518
Sundry debts	172,695,548	176,002,352
Total	698,304,732	329,231,643
Current		
Debts with related parties (Note 26)	22,489,099	22,186,851
Services to be rendered and pending works	25,138,357	82,627,348
Retained court attachments payable	829,769	492,605
Lawsuits with writs of execution	1,954,000	5,913,000
Advances from customers	202,414,191	190,777,228
Guarantee deposits received	4,675	3,927
Income advances	190,859,351	154,445,265
Liabilities for construction contracts (Note 25)	47,716,143	121,203,136
Salaries and social security contributions payable	492,495,818	572,249,598
Tax payables	183,971,469	200,538,718
Deferred income	18,887	17,571,407
Sundry debts	267,172,952	115,014,525
Total	1,435,064,711	1,483,023,608

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Below is disclosed a reconciliation between the opening balances and closing balances of post-employment benefits plan and long-term employee benefits:

	Long-term employee benefits	Post- employment benefits plan	Total
Total as of 01/01/2012	1,340,908	1,662,150	3,003,058
Cost of services	126,000	126,000	252,000
Interest cost	371,000	474,000	845,000
Actuarial gain and losses for the year	34,000	(40,000)	(6,000)
Paid benefits	(108,908)	(40,150)	(149,058)
Total as of 12/31/2012	1,763,000	2,182,000	3,945,000
Cost of services	162,000	163,000	325,000
Interest cost	488,000	630,000	1,118,000
Actuarial gain and losses for the year	(46,000)	645,000	599,000
Paid benefits	(146,000)	-	(146,000)
Total as of 12/31/2013	2,221,000	3,620,000	5,841,000

Main actuarial assumptions used in the estimate are as follows:

Concept	12/31/2013	12/31/2012
Actual Discount rate	3.10%	3.10%
Mortality table	GAM 83	GAM 83
Disability table	DTS 85	DTS 85
Turnover table	ESA 77	ESA 77

24. Trade payables	12/31/2013 In Pesos	12/31/2012 In Pesos
Non-Current		
Suppliers and subcontractors	16,279,593	15,343,526
Documentary	373,951	4,489,740
Sundry	-	3,262,148
Total	16,653,544	23,095,414
Current		
Suppliers and subcontractors	839,559,009	604,629,642
Suppliers and subcontractors - Related companies (Note 26)	10,678,009	26,187,901
Subcontractors guarantee deposits	9,679,674	7,574,760
Documentary	72,982,690	65,649,549
Sundry Provisions	123,464,967	177,325,903
Total	1,056,364,349	881,367,755

25. Construction contracts

Balances of the construction contracts included in the balance sheet are as follow:

	12/31/2013 In Pesos	12/31/2012 In Pesos
Construction contracts		
Amounts due from customers included in current assets	331,188,455	207,371,423
Amounts due to customers included in current liabilities	(47,716,143)	(121,203,136)
Total	283,472,312	86,168,287

26. Balances and transactions with related parties

(a) Balances with related parties

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	12/31/2013 In Pesos	12/31/2012 In Pesos
Other non-current receivables		
Associates		
Puentes del Litoral S.A.	862,244	788,330
Polledo Do Brasil Concessões e Investimentos Ltda.	5,481,660	4,106,635
Polledo S.A.I.C. y F.	9,367,677	8,247,267
Covimet S.A.	493,424	493,424
Other related parties		
Fundación Benito Roggio	585,456	585,456
Inversar S.A.	8,250	-
Sundry	249,980	304,614
Total	17,048,691	14,525,726

	12/31/2013 In Pesos	12/31/2012 In Pesos
Other current receivables		
Parent Company		
Roggio S.A.	329,445,657	250,254,849
Associates		
Consortio Boleto Inteligente de Paraguay	1,144,489	1,144,489
Nelfor S.A.	3,476,094	3,461,394
Multiplataforma S.A.	25,792,143	20,307,974
Prominente S.A.	8,736,230	8,733,120
Concanor S.A.	515,534	515,534
Covinorte S.A.	463,981	463,981
Mobatio S.A.	247,184	243,184
Puentes del Litoral S.A.	828,094	411,474
SOFE S.A.	413,745	-
Covimet S.A.	345,073	273,732
Benito Roggio e Hijos S.A. (Paraguay)	235,985	27,545
Other related parties		
Caminos Australes Operadora S.A.	23,803	-
VRR Games S.A.	886,000	1,464,000
Sundry	468,056	433,644
Total	373,022,068	287,734,920

	12/31/2013 In Pesos	12/31/2012 In Pesos
Non-current trade receivables		
Associates		
Covimet S.A.	3,645,177	3,645,177
Total	3,645,177	3,645,177

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	12/31/2013 In Pesos	12/31/2012 In Pesos
Current trade receivables		
Associates		
Autovía del Mar S.A.	54,914,309	49,944,131
B.R.H. S.A. - Const. N. Odebrecht S.A. - Supercemento S.A.C.I. - J. Cartellone Const. Civ. UTE	21,140,296	10,455,961
Benito Roggio Agroindustrial S.A.	-	365,850
Coviarés S.A.	15,869,308	14,693,319
Covisur S.A.	470,475	470,475
CV 1 - Concesionaria Vial S.A.	46,434,988	16,362,895
Ferrometro S.A.	20,842,745	20,818,010
Jumi S.R.L. - BRH S.A. - AGV Servicios Mineros S.R.L. UTE	6,288,586	-
Prominente S.A.	52,755	531,428
SOE S.A.	2,143,606	17,773,834
Transportel Patagónica S.A.	3,958,013	8,999,080
Joint control entities		
Unidad de Gestión Operativa Ferroviaria S.A.	1,704,063	-
Other related parties		
VRR Games S.A.	523,221	502,239
Sundry	1,471,764	817,567
Total	175,814,129	141,734,789
<hr/>		
	12/31/2013 In Pesos	12/31/2012 In Pesos
Other non-current liabilities		
Parent Company		
Roggio S.A.	-	30,817
Associates		
B.R.H. S.A. - Const. N. Odebrecht S.A. - Supercemento S.A.C.I. - J. Cartellone Const. Civ. UTE	20,986,740	19,371,474
Benito Roggio Agroindustrial S.A.	962,500	962,500
CV 1 - Concesionaria Vial S.A.	1,275,000	3,825,000
Prominente S.A.	2,421,724	416,111
Concesionaria Do VLT Carioca S.A.	2,341,429	-
Other related parties		
Sundry	836,924	274,192
Total	28,824,317	24,880,094
<hr/>		
	12/31/2013 In Pesos	12/31/2012 In Pesos
Other current liabilities		
Parent Company		
Roggio S.A.	2,545,831	-
Associates		
Autovía del Mar S.A.	1,172,812	5,907,579
Covisur S.A.	11,679,288	10,646,287
CV 1 - Concesionaria Vial S.A.	5,431,821	4,227,924
Prominente S.A.	1,039,576	813,125
Concanor S.A.	253,844	253,844
SOFE S.A.	266,659	241,453
Other related parties		
Sundry	99,268	96,639
Total	22,489,099	22,186,851

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	12/31/2013 In Pesos	12/31/2012 In Pesos
Current trade payable		
Associates		
Autovía del Mar S.A.	-	15,100,083
Multiplataforma S.A.	-	146,689
Prominente S.A.	8,890,403	10,576,777
Transportel Patagonica S.A.	621,968	-
Transportel Minera 2 S.A.	205,512	205,512
Other related parties		
VRR Games S.A.	128,676	119,846
Sundry	831,450	38,994
Total	10,678,009	26,187,901

(b) Transactions with related parties are the following:

	12/31/2013 In Pesos	12/31/2012 In Pesos
Services rendered		
Parent Company		
Roggio S.A.	-	1,008,260
Associates		
Autovía del Mar S.A.	55,875,140	8,997,832
Consortio Boleto Inteligente de Paraguay	1,608,171	350,130
Covisur S.A.	-	154,000
CV 1 - Concesionaria Vial S.A.	82,506,559	25,984,311
Transportel Patagónica SA	26,434,504	12,417,677
BRH - Odebrecht - Supercemento - Cartellone UTE	9,342,810	-
Jumi S.R.L. - BRH S.A. - AGV Servicios Mineros S.R.L. UTE	34,731,506	-
Other related parties		
Coviares S.A.	971,892	1,855,086
Sundry	107,386	265,640
Total of services rendered	211,577,968	51,032,936
Services provided		
Associates		
Autovía del Mar S.A.	-	(161,534)
Covisur S.A.	-	(739,145)
CV 1 - Concesionaria Vial S.A.	-	(126,581)
Prominente SA	(36,229,982)	(12,713,249)
Other related parties		
Sundry	(7,577)	(68,563)
Total of services provided	(36,237,559)	(13,809,072)

27. Income tax

(a) **Income tax**

The income tax charge for the year is made up of:

	12/31/2013	12/31/2012
Current tax	106,337,132	71,101,987
Deferred tax	(51,520,851)	(23,528,753)
Total income tax charge	54,816,281	47,573,234
Minimum notional income tax	872,617	466,755
Total charge for income tax and minimum notional income tax	55,688,898	48,039,989

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The income tax charge for the year ended December 31, 2013 and 2012 differs from the result obtained by applying the income tax rate in effect in each country where the Company and its subsidiaries operate to the income before taxes, due to the following:

	12/31/2013	12/31/2012
Net income before income tax	9,343,159	98,761,515
Income tax at the tax rate of 35%	3,270,106	34,566,531
Net gain in associates	(2,255,766)	(14,120,606)
Expiration of tax losses	8,035,001	6,933,208
Other items, net	(4,278,188)	3,985,903
Sub-total	4,771,153	31,365,036
Variation in non-recognized tax losses	50,045,128	16,208,198
Income tax charge	54,816,281	47,573,234

(b) Deferred income tax

All charges for deferred income tax are calculated on the basis of temporary differences according to the liability method, applying the tax rates in force in each country.

Changes on deferred tax accounts are the following:

	2013	2012
At the beginning of year	(85,377,247)	(8,381,699)
Deferred tax assets	51,520,851	23,528,753
Spun-off balances derived from company reorganization	-	(73,629)
Losses Application	(3,877,510)	-
De-consolidation of company	-	211,402
Charge in other comprehensive income	(79,967,543)	(100,662,074)
At the end of the year	(117,701,449)	(85,377,247)

Changes in deferred tax assets and liabilities occurred in the fiscal year, before the offsetting of balances, are the following:

(a) For the year ended December 31, 2013

Deferred tax assets:

	At the beginning of the year	Deferred tax assets (charge)	Balances application	Charge in other comprehensive income	At the end of the year
Trade receivables	12,441,885	(1,740,143)	-	-	10,701,742
Inventories	1,349,633	(467,375)	-	-	882,258
Property, plant and equipment	(42,263,000)	(3,646,057)	-	(2,888,333)	(48,797,390)
Bank and financial debts	-	(7,475,662)	-	-	(7,475,662)
Other liabilities	52,192,241	21,255,032	-	-	73,447,273
Allowances	45,370,720	8,953,913	-	-	54,324,633
Sundry	(550,000)	1,655,000	-	-	1,105,000
Tax losses	102,787,906	67,997,435	(3,877,510)	-	166,907,831
Sub-total	171,329,385	86,532,143	(3,877,510)	(2,888,333)	251,095,685
	(59,549,639)	(49,995,798)	-	-	(109,545,437)
Total deferred tax assets	111,779,746	36,536,345	(3,877,510)	(2,888,333)	141,550,248

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Deferred tax liabilities:

	At the beginning of the year	Deferred tax asset (charge)	Charge in other comprehensive income	At the end of the year
Trade receivables	2,536,700	2,725,853	358,131	5,620,684
Other receivables	2,141,714	(351,924)	-	1,789,790
Inventory	1,260,000	-	-	1,260,000
Investments	1,542,564	1,652,305	-	3,194,869
Intangibles assets	(8,713,158)	1,787,679	-	(6,925,479)
Property, plant and equipment	(210,329,529)	17,899,252	(87,538,626)	(279,968,903)
Tax payables	(2,985,019)	(8,665,114)	-	(11,650,133)
Trade payables	(222,830)	222,830	-	-
Bank and financial debts	(1,243,316)	1,102,362	-	(140,954)
Other liabilities	13,314,065	(4,896,597)	2,834,647	11,252,115
Provisions	6,951,622	1,595,111	170,588	8,717,321
Balances of foreign currency exchange with subsidiaries	-	(1,305,465)	(181,954)	(1,487,419)
Currency translation differences	2,350,922	(108,818)	7,233,932	9,476,036
Sundry	-	316,232	44,072	360,304
Others	(13,059,647)	3,060,130	-	(9,999,517)
Sub-total	(206,455,912)	15,033,836	(77,079,210)	(268,501,286)
Recognized tax losses	9,298,919	(49,330)	-	9,249,589
Total deferred tax liabilities	(197,156,993)	14,984,506	(77,079,210)	(259,251,697)

(b) For the year ended December 31,2012

Deferred tax assets:

	At the beginning of the year	Deferred tax assets (charge)	Balances application	Charge in other comprehensive income	At the end of the year
Trade receivables	8,383,486	4,972,842	(914,443)	-	12,441,885
Inventories	1,211,032	138,601	-	-	1,349,633
Property, plant and equipment	(35,787,000)	341,000	-	(6,817,000)	(42,263,000)
Other liabilities	67,095,511	(14,903,270)	-	-	52,192,241
Allowances	40,266,270	5,141,078	(36,628)	-	45,370,720
Sundry	(335,000)	(215,000)	-	-	(550,000)
Tax loss carry forward	58,878,006	43,979,903	(70,003)	-	102,787,906
Sub-total	139,712,305	39,455,154	(1,021,074)	(6,817,000)	171,329,385
	(46,770,189)	(12,779,450)	-	-	(59,549,639)
Total deferred tax assets	92,942,116	26,675,704	(1,021,074)	(6,817,000)	111,779,746

Deferred tax liabilities:

	At the beginning of the year	Deferred tax asset (charge)	Balances application	Charge in other comprehensive income	At the end of the year
Trade receivables	2,553,148	(16,448)	-	-	2,536,700
Other receivables	2,043,649	98,065	-	-	2,141,714
Inventory	1,260,000	-	-	-	1,260,000
Investments	728,925	813,639	-	-	1,542,564
Intangibles assets	(8,749,738)	36,580	-	-	(8,713,158)
Property, plant and equipment	(108,329,007)	(5,376,102)	1,159,932	(97,784,352)	(210,329,529)
Tax payables	(3,398,171)	413,152	-	-	(2,985,019)
Trade payables	(313,705)	90,875	-	-	(222,830)
Bank and financial debts	685,972	(1,544,040)	-	(385,248)	(1,243,316)
Other liabilities	9,762,544	1,853,471	-	1,698,050	13,314,065
Provisions	5,824,682	850,401	-	276,539	6,951,622
Currency translation differences	-	-	-	2,350,922	2,350,922
Others	(12,692,019)	3,062,204	(1,085)	-	(9,630,900)
Sub-total	(110,623,720)	281,797	1,158,847	(93,844,089)	(203,027,165)
Recognized tax loss carry forward	9,298,919	(3,428,747)	-	-	5,870,172
Total deferred tax liabilities	(101,324,801)	(3,146,950)	1,158,847	(93,844,089)	(197,156,993)

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The deferred tax assets and liabilities are offset when a) the Company and its subsidiaries have a legally recognized right to offset before the tax authorities the amounts recognized for those items; and b) the deferred tax assets and liabilities derived from the pertinent income tax payable to those tax authorities.

The amounts disclosed in the Balance Sheet as of December 31, 2013 and 2012 after the offsetting are the following:

	12/31/2013	12/31/2012
Deferred tax assets	179,739,433	108,358,954
Deferred tax liabilities	(193,716,287)	(140,056,734)
Sub-total	(13,976,854)	(31,697,780)
Non-recognized tax losses	(103,724,595)	(53,679,467)
Deferred tax	(117,701,449)	(85,377,247)

28. Additional information about Cash Flow Statements

Below are disclosed the significant transactions not affecting cash or cash equivalents:

	12/31/2013	12/31/2012
	In Pesos	In Pesos
Acquisition of property, plant and equipment with financial leases	9,409,031	18,899,378
Decrease in investments offset against receivables	6,162,718	6,760,634
Dividends receivables in associates	235,985	-
Acquisitions of investments with debt	-	3,825,000

29. Transactions with non-controlling interests

On March 30, 2012, Benito Roggio e Hijos S.A. purchased an additional 10% of the shares in Aguas Cordobesas S.A. After this transaction, BRH now holds 61.15% of the share capital of Aguas Cordobesas S.A.

30. Contingencies, commitments and restrictions on the distribution of profits**(a) Contingencies**

There are several administrative, judicial and out-of-court proceedings in the ordinary course of business to which the subsidiaries and/or subsidiaries or associates of CLISA are parties. The Company believes that these cases, of the cumulative effect of all of them taken as a whole, will not produce a significant adverse effect on the financial position of the Company, or on the future results of its operations, bearing in mind the opinion of the management and professional advisors and the provisions for contingencies recorded at the end of the reporting year-end.

The financial statements of the related companies disclose the following:

l) Benito Roggio e Hijos S.A.:

a) Covisur S.A.

a.1) Value added tax

i) On November 27, 1995, Covisur S.A. lodged an action for recovery with the AFIP for Ps.1,273,045 for VAT on indemnities collected according to the Readjustment Agreement dated December 15, 1992. This claim includes fiscal periods from February 1993 to October 1995, for which amended tax returns were filed. Covisur S.A. had originally calculated the tax on the total amount collected, whereas it should have considered that the tax was included in such total. On November 30, 2000, the AFIP-DGI rejected the action for recovery filed.

ii) On December 19, 2001, AFIP notified Covisur S.A. a debt assessment of Ps. 6,128,714 corresponding to VAT and accrued interest on indemnities collected as provided for in the Restatement Agreement dated December 15, 1992, corresponding to fiscal periods between December 1995 and November 1999, as the AFIP-DGI considered that the total amount of those indemnities represented the net taxable amount.

Covisur S.A. filed an appeal before the Tax Court claiming non-taxability of the indemnities collected or consideration of the tax as forming part of the total amount, since the operations were performed with tax-exempt persons.

The Tax Court found for Covisur S.A. requesting that the tax authority prepare a computation; if this computation fails to reflect what has been ordered in the ruling and is not approved by the said Court, the grounds for appeal shall be set forth.

a.2) Income tax

On December 27, 2002, the AFIP notified Covisur S.A. and claimed from it the payment of Ps. 3,585,754 for Income Tax and interest on indemnities collected under the Restatement Agreement dated December 15, 1992, for the 1997, 1998 and 1999 periods, as the AFIP considered that the total amount of those indemnities represented the net taxable amount. Conversely, Covisur S.A. considers that the indemnities collected are not subject to the tax, alleging that they involve a "Gross Price" from which Value-Added Tax should be deducted rather than added to it, as the AFIP sustains. In addition, Covisur S.A. argues that those amounts include a presumed cost of 100%, as the AFIP had previously informed it in response to a consultation made by the company. In this respect, on February 20, 2003 Covisur S.A. filed an appeal before the National Tax Court to consider this claim in which a ruling seemingly favorable to Covisur S.A. had been issued, which led to the filing of a Motion for Clarification; this motion was resolved elliptically, and the outcome continues to seem favorable.

b) Aguas Cordobesas S.A.

At the balance sheet date, Aguas Cordobesas S.A. continues to undergo a comprehensive inspection that had been initiated by the AFIP in May 2005 in relation to:

- Income tax withholdings not made from payments of commissions to La Caixa and West LB.
- Equalization tax (article 69.1, of the income tax law) on dividend payment for fiscal year 2000.

On both issues, the position of the Management of Aguas Cordobesas S.A. and that of its tax advisors is favorable to the Company, so no provisions have been recognized for these items.

Further, in February 2008, the AFIP conducted another inspection detecting certain income tax withholdings not made from interest payments to the European Investment Bank (EIB). Since this is an item paid overseas to a promotion entity, the Argentine source income is exempt under section 20, item S and section 39 of the regulatory decree of the income tax law. In the belief that these exemptions operate by force of law, without need for additional provision, the Company's Management and its advisors consider that there are sufficient grounds for arguing that no income tax withholding is applicable to payments overseas, since these are deemed exempt.

In December 2008 ACSA was notified of a resolution of a notice given in the administrative proceedings related to Income Tax – Withholdings from Foreign Payees. The tax amount not withheld is Ps.2,491,000, net of interest, and corresponds to the withholdings from payments made between December 2003 and December 2007. In view of this fiscal claim, Aguas Cordobesas S.A. has answered the notice and the summary proceedings initiated, making factual and legal allegations that confirm the reasonable criterion it followed.

During November 2010, Aguas Cordobesas S.A. was notified of AFIP Resolution No. 112/2010, which dismisses the evidence offered by that company in its administrative defense against the notification, and No. 118/2010, which determines the new owing amount, which is of Ps. 6,824,000 and is made up of the non-withheld tax for Ps.2,491,000, compensatory interest under section 37 of Law 11683 for Ps. 2,589,000, and the fine under section 45 of Law 11,683, set at 70 % of the non-withheld amounts, for Ps. 1,744,000.

The fiscal authority's arguments for rejecting the evidence submitted by Aguas Cordobesas S.A. have not modified the latter's position or its confidence in the arguments supporting its criterion, which is why during December 2010 an appeal was filed before the National Fiscal Court.

In July 2011, Aguas Cordobesas S.A. received notice of a resolution of the National Tax Court ordering the reopening of the case for submission of evidence. At the balance sheet date, evidence based upon third party information has been submitted, and the accounting expert's opinion was being prepared, with an extension of the evidentiary period having been requested for such purposes. On August 23, 2013, the Tax Court closed the evidentiary period, and the informative evidence offered and the accounting expert's report were submitted. At the date of these financial statements, we are awaiting a resolution calling the parties to come before the court in order to assess the competency of the evidence submitted.

Based on arguments invoked above, Aguas Cordobesas S.A. considers that there is a remote possibility of occurrence of contingencies based on the nature of the adjustments proposed by the tax authority.

c) Haug S.A.

The income tax return for the fiscal year 2008 of Haug S.A. has been examined by the tax administration in Peru, and that company received an observation for non-accrued workforce income for approximately Nuevos Soles 4,495,198, which is currently under challenge. The tax authority in Peru claimed the tax omitted on income, fines and interest for NS 1,348,559, NS 736,810 and NS 561,805, respectively. This company's management and its legal advisors consider that the final outcome of this challenge will be favorable to them, so they have not set up a provision for this item.

II) Benito Roggio Transporte S.A.:

a) Value added tax (I)

Metrovías S.A. is involved in litigation with the AFIP, which is claiming the payment of value-added tax on revenues from the use of permits subject to revocation obtained by Metrovías S.A., because that Authority understands they should be classified as private sub-concessions.

Although Metrovías S.A. had submitted the pertinent rebuttals, it was obliged to adhere to an installment payment plan because the AFIP-DGI had ordered to levy an attachment on bank accounts prior to termination of the proceeding. The liability for the outstanding amounts has been disclosed under Tax Payables.

In February 2008, Panel II of the Court notified Metrovías S.A. of a ruling confirming the Tax Court's resolution on the matter at issue: the contracts entered into would be subject to value added tax. In view of this, Metrovías S.A. has lodged an ordinary appeal with Argentina's Supreme Court.

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On October 6, 2011, the Supreme Court served notice of its resolution to revoke Panel II ruling, admitting Metrovías S.A. arguments.

b) Value added tax (II)

Metrovías S.A. is involved in litigation with the AFIP, which is claiming the taxability of items similar to those involved in the above procedure as well as income obtained from the modernization of A Line for VAT purposes from December 1998 up to and including October 2002.

Although Metrovías S.A. had submitted the pertinent rebuttals, it was obliged to adhere to an installment payment plan; however, Metrovías S.A. understands that resolution of this dispute will be favorable to it. At the date of these Consolidated Financial Statements, this debt has been settled.

c) Fine for infringements of safety and health regulations

The Buenos Aires City Mayor imposed a fine of Ps. 3,155,000 on Metrovías S.A., for alleged infringement of safety and health regulations. This resolution has not become final, as it was appealed as and when prescribed by law, and in view of the fact that this is an administrative act that imposes a penalty, payment of the fine may not be demanded until the appeal is ruled on.

However, Metrovías S.A. considers that the fine imposed is arbitrary and unfounded, as the alleged non-compliance on which it is based does not exist, nor does the excessive amount of the fine bear any relation with the possible non-compliance in question, in conformity with applicable regulations.

Metrovías S.A. will exhaust all legal proceedings on the understanding that the fine imposed is arbitrary and contrary to law, and lacks legal foundation, in line with current national and local legislation, a criterion that is shared by its legal advisors.

d) Turnover tax - Province of Buenos Aires (I)

In 2004, the DPRBA notified differences in favor of that Board arising from an underpayment of the turnover tax for fiscal periods 1996 and 1997, invoking the taxability of the subsidies granted by the National Government and of the operations carried out on behalf of third parties and for their account.

After various presentations and appeals, and in view of the changes in current legislation, on July 20, 2006, when answering the notice of the Appeal and after the amendment to that legislation, the Tax Authority admitted that Metrovías S.A. had sufficient grounds for the treatment accorded to the subsidies granted by the National State.

In May 2007, Metrovías S.A. was notified of the Province of Buenos Aires Tax Court resolution dated April 30, 2007, whereby the appeal lodged was partially sustained, admitting the position of Metrovías S.A. regarding the subsidies, the extension of the joint liability for the fines for the periods predating July 2006 and for the surcharges.

Finally, in view of the certain possibility that the Courts demand prior payment of the tax to analyze the claim, Metrovías S.A. adhered to an Installment Payment Plan established by the Collection Agency for the Province of Buenos Aires for Ps. 0.34 million, which Metrovías recognized as a loss. This liability had been paid off at the balance sheet date.

e) Turnover tax - Province of Buenos Aires (II)

On July 24, 2006, Metrovías S.A. was notified of a summary assessment proceeding filed by the Revenue Bureau of the Province of Buenos Aires, which claims differences in its favor for having underpaid turnover tax in the fiscal periods 2002 and 2003 invoking the taxability of the subsidies granted and claiming the depositing of tax differences for Ps. 222,281 and Ps. 465,238 respectively.

On August 9, 2006, Metrovías S.A. submitted a rebuttal rejecting the tax authority's claim. On December 27, 2006, the Tax Authorities informed Metrovías S.A. of the assessment of its tax obligation, accepting its position in relation to the subsidies but rejecting the remaining aspects.

On February 20, 2007, Metrovías S.A. appealed this resolution at the Tax Tribunal for the Province of Buenos Aires. At the date of these consolidated financial statements, Metrovías S.A. had not been notified of the Panel where the appeal will be heard.

f) Stamp tax - Official assessment

The DPRBA notified Metrovías S.A. of the commencement of an official assessment proceeding involving stamp tax paid by Metrovías S.A. on the amendments to the Concession Contract made in 1999; considering that the tax base applicable to the calculation of the tax is higher than that reported by Metrovías S.A., and claims a difference of Ps.2,304,147 for principal plus compensatory interest.

On May 10, 2006, the DPRBA dismissed the rebuttal submitted by Metrovías S.A. Furthermore, on June 8, 2006, Metrovías S.A. lodged an appeal before the Tax Tribunal of the Province of Buenos Aires which is being heard in Panel III.

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Before forwarding the proceedings to the Tax Tribunal of the Province of Buenos Aires and in order to preserve the right to collect the amount in question, the tax authority has requested the District Attorney of the Province of Buenos Aires to issue a restraining order enjoining property from being disposed of for a total amount of Ps.14,301,241, including principal and accessory charges. The restraining order was replaced with a fidelity bond, so neither Metrovías S.A. nor its directors will be subject to it. The policy amount is adjusted monthly to cover the interest accrued over that period.

The arguments invoked in the defense Appeal enable expecting a resolution favorable to the position of Metrovías S.A., a criterion that is shared by its tax advisors.

(b) Restrictions to the distribution of profits

Pursuant to section 70 of the Commercial Companies Law 19550, companies must allocate 5% of the net profit of each year to a statutory reserve until reaching 20% of their adjusted capital.

As set forth by CNV General Resolution 609/12, retained earnings arising from the adoption of IFRS from the current fiscal year must be re-allocated to a special reserve, which can only be reversed to capitalize or absorb potential losses from retained earnings. The re-allocation must be approved by the Shareholders' Meeting that analyzes the parent-only and consolidated financial statements of the Company for fiscal year 2012.

31. Encumbered and restricted assets

The table below provides a detail of the encumbered and restricted assets as of December 31, 2013:

Detail	Value of Asset	Type of Debt	Amount the debt	Type of guarantee
Machinery and equipment	26,224,346	Commercial	15,206,402	Pledge
Property, plant, and equipment with financial leases	87,204,755	Bank	41,287,390	Leasing
Machinery and equipment	1,381,144	Bank	895,337	Pledge
Machinery and equipment	1,266,307	Financial	92,633,094	Pledge
Machinery and equipment	10,633,957	Financial	8,397,554	Leasing
Real estate	293,764,187	Bank	123,991,279	Mortgage
Vehicles	2,541,599	Financial	2,050,343	Pledge
Vehicles	5,539,852	Bank	4,359,142	Leasing
Vehicles	872,445	Bank	523,475	Pledge
Vehicles	269,143	Commercial	161,349	Pledge
Vehicles	550,036	Financial	470,021	Leasing
Guarantee deposits	1,149,826	Bank	689,440	Pledge
Certificates receivable	102,211,192	Bank	79,522,887	Assignment as security of collection rights
Investments	34,414,028	Other debts	6,810,640	Pledge
Other receivables	1,096,376		(1)	Writ of attachment
Trade receivable	247,582,130	Bank	362,517,484	Assignment as security of collection rights
Banks	2,051,823			Writs of attachment
Total	818,753,146			

(1) Pledged assets as collateral for related company debts

In Benito Roggio Transporte S.A., the balance of other investments includes fixed-term deposits for Ps. 56,381,715 as of December 31, 2013 which is restricted because they were transferred as collateral for debts payable. In addition, the balance for short-term investments also includes time deposits for Ps. 12,847,166 at December 31, 2013, availability of which is restricted for they have been transferred in trust to Banco de la Nación Argentina (Nación Fideicomiso S.A.), for the creation of an administrative trust to deal with the payment of obligations derived from conclusive judgments against the National State and/or UGOMS S.A.

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32. Guarantees provided

Below is a detail of the guarantees provided as of December 31, 2013:

Detail	Amount of debt guaranteed	Guarantor
Surety bond in favor of Banco Provincia de Buenos Aires as security for compliance with a syndicated loan granted to Coviare S.A. (1) (2)	65,698,594	Benito Roggio e Hijos S.A. and Clisa
Surety bond for financial loan of Covimet S.A. (1)	6,759,834	Benito Roggio e Hijos S.A.
Warranty in favor of Banco Credicoop C.L. for financial loan granted to Autovía del Mar S.A.	49,129,852	Benito Roggio e Hijos S.A.
	<u>121,588,280</u>	

(1) Amount owed at 12/31/2012.

(2) See Note 3.1. This surety bond is enforceable only in case of rescission of the concession contract due to Coviare S.A. negligence. The management opines that the situation described in Note 3.1 has created a juridical scenario in which Coviare S.A. rejected the measures adopted, and considered that there has been no liability or negligence on the part of the Concessionaire for the Grantor to have made such a decision

- As part of the construction business, Benito Roggio e Hijos S.A. grants performance bonds on own works and on those carried out jointly with third parties. In addition, the trust ownership of the collection rights under certain work contracts has been transferred as collateral for bank loans.
- In guarantee of compliance with its obligations under the Concession Contract, Metrovías S.A. granted a performance bond under Policy No. 672,889, issued by Chubb Argentina de Seguros S.A. amounting to Ps. 30,000,000. The guarantee will be returned within one hundred and eighty days from the date on which Metrovías S.A. ceases to provide the services.
- The Company has taken on commitments with financial institutions to obtain lines of credit for its foreign related companies.
- In addition, as guarantee for compliance with the Operation and Maintenance Agreement mentioned in Note 3.2, Metrovías S.A. provided a Contract Performance Bond, under Policies Nos. 46,512 underwritten by Liderar Compañía General de Seguros S.A.; 43,399 underwritten by Paraná Sociedad Anónima de Seguros; and 43,112 underwritten by La Perseverancia Seguros S.A., for an aggregate amount of Ps. 50,000,000. The Guarantee will be returned, if applicable, within one hundred and eighty days from the date on which the operator ceases to provide the services.

33. Financial risk management

(a) Financial risk factors

The Company's activities are exposed to variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, and price risk), credit risk and liquidity risk.

The Company's financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company and its subsidiaries may use derivative financial instruments to hedge certain risk exposures.

(i) Market risk

Foreign exchange risks

The Company holds Negotiable Obligations denominated in United States dollars. In addition, the main income of the Company and its subsidiaries are stated in the functional currency of each of them. Income of the subsidiary Haug S.A. is mostly stated in US dollars. In addition, the Company and its subsidiaries have trade payables and loans from financial institutions stated in other currencies, mostly US dollars and Euros. As a result, the Company and its subsidiaries are exposed to the foreign exchange risk.

The following table shows the exposure to other currencies of the financial instruments denominated in foreign currency.

Functional currency	12/31/2013					
	Net asset (liability) exposure to other currencies					
	US\$	Ps.	R\$	€	Other currencies	Total
Ps.	(908,358,844)	-	12,184,964	(8,025,851)	(1,621,973)	(905,821,704)
S/.	8,061,617	101,611,009	-	-	-	109,672,626
Total	(900,297,227)	101,611,009	12,184,964	(8,025,851)	(1,621,973)	(796,149,078)

Ps. - Argentine Pesos US\$ - United States Dollars
 R\$ - Reales (Brazil) € - Euro
 S/, - Nuevos Soles (Peru)

Functional currency	12/31/2012					
	Net asset (liability) exposure to other currencies					

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

	US\$	Ps.	R\$	€	Other currencies	Total
Ps.	(721,275,113)	-	(6,530,787)	46,828,977	-	(680,976,923)
S/.	(26,021,330)	21,800,778	-	-	8,658,473	4,437,921
Total	(747,296,443)	21,800,778	(6,530,787)	46,828,977	8,658,473	(676,539,002)

Ps. - Argentine Pesos
 R\$ - Reales (Brazil)
 S/, - Nuevos Soles (Peru)
 US\$ - United States Dollars
 € - Euro

Interest rate risks

The Company manages its exposure to interest rate volatility through financial alternatives. Borrowings at variable rates expose the Company to the risk of higher interest expenses in case of increases in market interest rates, while borrowings at a fixed rate expose the Company to variations in their face value.

In Note 20 is exposed bank and financial debts that the company holds by interest rate.

(ii) Credit risk

The Company is exposed to the credit risk with banks and financial institutions, as it carries financial instruments as deposits in current accounts, time deposits and deposits with mutual funds. The Company has established as a general treasury policy to place these financial assets exclusively with creditworthy financial institutions.

(iii) Liquidity risk

The Management holds sufficient cash, marketable securities, and credit facilities to finance normal levels of operations, and monitors the liquidity forecasts of the Company's reserves on the basis of expected cash flows.

The chart below discloses maturity dates by groups based on the outstanding period of the bank and financial debts at the date of the balance sheet, in relation to the maturity date set forth in the relevant contracts. The amounts stated in the chart are undiscounted contractual cash flows.

As of December 31, 2013

	Up to a year	From one year to two years	More than two years
Bank and financial debts	1,334,657,426	409,789,331	354,623,983

As of December 31, 2012

	Up to a year	From one year to two years	More than two years
Bank and financial debts	798,107,542	389,962,280	553,471,814

(b) Financial instruments by category and fair value hierarchy

The following table shows for the financial assets and liabilities recorded as of December 31, 2013 and 2012, the information required by IFRS 7, according to the categories established by IAS 39.

As of December 31, 2013	Borrowings and Trade receivables	Financial assets at fair value through profit or loss	Held-to-maturity investment
<i>(1) Assets as per Balance Sheet</i>			
Other receivables	760,025,225		
Trade receivables	2,327,170,694		
Other investments			69,228,881
Cash and cash equivalents		539,933,690	
Total	3,087,195,919	539,933,690	69,228,881

As of December 31, 2013

Other financial liabilities at amortized cost

(2) Liabilities as per Balance Sheet

CLISA - COMPAÑIA LATINOAMERICANA DE INFRAESTRUCTURA & SERVICIOS S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year commenced January 1, 2013 and ended December 31, 2013, presented in comparative format

Bank and financial debts	2,083,824,343
Other liabilities	684,829,711
Trade payables	1,073,017,893
Total	3,841,671,947

As of December 31, 2012	Borrowings and trade receivables	Financial assets at fair value through profit or loss	Held-to-maturity investment
<i>(1) Assets as per Balance Sheet</i>			
Other receivables	675,135,116		
Trade receivables	2,014,747,186		
Other investments			11,357,663
Cash and cash equivalents		344,474,859	
Total	2,689,882,302	344,474,859	11,357,663

As of December 31, 2012	Other financial liabilities at amortized cost
<i>(2) Liabilities as per Balance Sheet</i>	
Bank and financial debts	1,721,116,647
Other liabilities	508,789,966
Trade payables	904,463,169
Total	3,134,369,782

Fair value hierarchy

According to IFRS 7 requirements, the Company classifies financial instruments recognized at fair value in the Balance Sheet into three levels, depending on the relevance of the judgment used for the fair value measurement.

Level 1 comprises financial assets and liabilities measured at fair value based on (unadjusted) quoted prices in active markets for identical assets and liabilities.

Level 2 includes financial assets and liabilities measured at fair value based on different premises of market prices included in Level 1, that are observable for assets or liabilities, either directly (for example, prices) or indirectly (for example, price derivatives).

Level 3 includes financial instruments for which the premises used in the fair value estimation are not based on observable market information.

Measurement at fair value as of December 31, 2013

Description	Level 1
Financial assets at fair value through profit or loss	
Cash and cash equivalents	539,933,690

Measurement at fair value as of December 31, 2012

Description	Level 1
Financial assets at fair value through profit or loss	
Cash and cash equivalents	344,474,859

(c) Fair value estimation

The estimated fair value of financial instruments is based on quoted market prices between the parties involved, which differ from the prices set in a forced sale or settlement. To estimate the fair value of financial assets and liabilities falling due within one year, the Company applies the market price less any estimated credit adjustment. For other investments, the Company uses market prices.

(Free translation from the original in Spanish for publication in Argentine)

AUDITORS' REPORT

To the Shareholders, President and Directors of
CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A.
Legal domicile: Leandro N. Alem 1050 – 9th Floor
City of Buenos Aires
Tax Code: 30-69223929-2

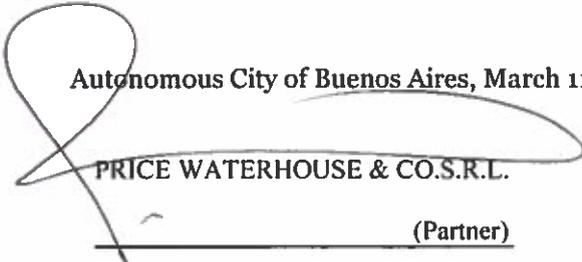
1. We have audited the accompanying consolidated financial statements of Clisa – Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries, including the consolidated balance sheet as of December 31, 2013, the consolidated statements of income and comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory notes. The balances and other information corresponding to the fiscal year 2012 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.
2. The Board of Directors of the Company is responsible for the preparation and reasonable presentation of these consolidated financial statements under International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare the consolidated financial statements free of any significant distortions due to misstatements or irregularities. Our responsibility is to issue an opinion on the consolidated financial statements based on the audit performed with the scope of paragraph 3.
3. We conducted our audits in accordance with auditing standards in effect in Argentina. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements and to form an opinion about the reasonableness of the relevant information included in the consolidated financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting standards used and significant estimates made by the Company, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. In Note 3.2. to the the consolidated financial statements, there is a detail of the conditions prevailing at year end in relation to the status of the concession contract and the Operation and Maintenance Agreement entered into between Metrovías S.A. and the Mayor of the City of Buenos Aires, which constitute the regulatory framework within which that company conducts its business and determine its economic and financial equation. The Management of Metrovías S.A. has implemented various measures to counteract the negative impact that the pending aspects included in that note might have, and it continues negotiations for the recognition of the claims filed. The general effects of the set of measures adopted so far on the consolidated financial statements at December 31, 2013 were recognized on the basis of evaluations and estimates made by the Management of Metrovías S.A. at the date of preparation of the financial statements, which do not include the effects of possible adjustments and/or reclassifications, if any, that might be required if the above situation were resolved in a manner different from the evaluations and estimates made by Metrovías S.A..
5. As mentioned in Note 3.1. to the consolidated financial statements, there is uncertainty as to the potential effects derived from full termination of the concession contracts operated by Covicentro S.A., Concanor S.A., Covinorte S.A. and Red Vial Centro S.A., in which the Company holds indirect interests, and it is not possible to assess the impact that these circumstances might have on these financial statements. These investments are valued at zero.
6. In our opinion, subject to the effects on the consolidated financial statements of possible adjustments and reclassifications, if any, that might be required from the resolution of the situations described in paragraphs 4. and 5., the consolidated financial statements mentioned in paragraph 1., present fairly, in all material respects, the consolidated financial position of Clisa - Compañía Latinoamericana de Infraestructura & Servicios S.A. and its subsidiaries at December 31, 2013 and the consolidated comprehensive income and consolidated cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards.
7. In compliance with current regulations, as regards CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A., we report that:
 - a) The consolidated financial statements of Clisa – Compañía Latinoamericana de Infraestructura y Servicios S.A. have been transcribed to the “Inventory and Balance Sheet” book and, insofar as concerns our field of competence, are in compliance with the provisions of the Commercial Companies Law and pertinent CNV resolutions;
 - b) The separate financial statements of CLISA - Compañía Latinoamericana de Infraestructura & Servicios S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
 - c) We have read the business highlights, on which, insofar as concerns our field of competence, we have no observations to make other than as indicated in paragraphs 4. and 5.;



- d) As of December 31, 2013, the debt of Clisa – Compañía Latinoamericana de Infraestructura y Servicios S.A. accrued in favor of the Argentine Integrated Social Security System amounted to \$4,254,289.05, none of which was claimable at that date;
- e) As required by article 21, clause e), Chapter III, Section VI, Title II of the National Securities Commission regulations, we report that total fees for audit and related services billed to the Company during the fiscal year ended December 31, 2013 account for:
 - e.1) 100.00 % of the total fees for services billed to the Company for all items during that fiscal year;
 - e.2) 5.14 % of the total fees for services for audit and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
 - e.3) 5.04 % of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;
- f) We have applied the anti-money laundering and financing of terrorism procedures for Clisa – Compañía Latinoamericana de Infraestructura y Servicios S.A. prescribed by professional standards issued by the Professional Council of Economic Sciences for the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires, March 11, 2014


PRICE WATERHOUSE & CO.S.R.L.

(Partner)

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Dr. Gabriel M. Perrone
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