

# **Financial Statements**

## **Concessionária Auto Raposo Tavares S.A.**

December 31, 2013  
with Independent Auditor's Report

# Concessionária Auto Raposo Tavares S.A.

## Financial statements

December 31, 2013

### Contents

Independent auditor's report on financial statements .....	1
Audited financial statements	
Balance sheets.....	3
Statements of operations .....	4
Statements of comprehensive income (loss) .....	5
Statements of changes in equity .....	6
Cash flow statements.....	7
Statements of value added.....	8
Notes to financial statements .....	9



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**A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil**

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## **Independent auditor's report on financial statements**

The Shareholders, Board of Directors and Officers  
**Concessionária Auto Raposo Tavares S.A.**  
Bauru - SP

We have audited the accompanying financial statements of Concessionária Auto Raposo Tavares S.A. (Company), which comprise the balance sheet as at December 31, 2013 and the related statement of operations, statement of comprehensive income (loss), statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

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



### **Auditor's responsibility (Continued)**

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concessionária Auto Raposo Tavares S.A. as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

### **Other matters**

#### **Statements of value added**

We have also audited the statements of value added (SVA), for the year ended December 31, 2013, prepared under Company management responsibility, the presentation of which is required by Brazilian corporation law for publicly held companies. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Rio de Janeiro, March 07, 2014.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC - 2SP 015.199/O-6 - F - RJ

A handwritten signature in blue ink, appearing to read 'G. Dutra da Silva', is written over the printed name and title.

Gláucio Dutra da Silva  
Accountant CRC - 1RJ 090.174/O-4 - S - SP

## Concessionária Auto Raposo Tavares S.A.

Balance sheets  
December 31, 2013 and 2012  
(In thousands of reais)

	2013	2012
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	117,949	147,078
Short-term investments (Note 4)	55,850	240,056
Trade accounts receivable (Note 5)	14,466	12,716
Inventories	532	724
Taxes recoverable	5,507	361
Sundry advances	356	293
Prepaid expenses	980	649
Related parties (Note 11)	605	536
Other	-	189
	<b>196,245</b>	<b>402,602</b>
<b>Noncurrent assets</b>		
Deferred income and social contribution taxes (Note 6)	103,882	78,097
Judicial deposits	10,317	893
Other	9	9
Property and equipment (Note 7)	16,000	19,578
Intangible assets (Note 8)	1,668,601	1,441,007
	<b>1,798,809</b>	<b>1,539,584</b>
<b>Total assets</b>	<b>1,995,054</b>	<b>1,942,186</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Loans and financing (Note 9)	81,916	50,899
Debentures (Note 9)	1,821	1,548
Trade accounts payable	774	981
Salaries and social charges payable	2,987	2,766
Taxes payable	3,501	3,040
Obligations related to concession rights (Note 19b)	349	652
Deferred revenue (Note 13)	6,049	8,674
Related parties (Note 11)	1,595	440
Provisions	1,686	23,489
Other	3,468	2,112
	<b>104,146</b>	<b>94,601</b>
<b>Noncurrent liabilities</b>		
Provision for maintenance	33,444	20,534
Loans and financing (Note 9)	556,587	521,159
Debentures (Note 9)	740,886	693,664
Obligations linked to legal proceedings (Note 10)	862	549
Deferred revenue (Note 13)	47,742	49,714
	<b>1,379,521</b>	<b>1,285,620</b>
<b>Total liabilities</b>	<b>1,483,667</b>	<b>1,380,221</b>
<b>Equity (Note 14)</b>		
Capital	715,000	715,000
Accumulated losses	(203,613)	(153,035)
<b>Total equity</b>	<b>511,387</b>	<b>561,965</b>
<b>Total liabilities and equity</b>	<b>1,995,054</b>	<b>1,942,186</b>

See accompanying notes.

## Concessionária Auto Raposo Tavares S.A.

### Statements of operations

Years ended December 31, 2013 and 2012

(In thousands of reais, except basic and diluted loss per thousand shares)

	<u>2013</u>	<u>2012</u>
Toll collection and additional revenue	<b>230,720</b>	203.273
Construction revenue	<b>282,080</b>	185.561
Net operating revenue (Note 15)	<b>512,800</b>	388.834
Cost of services provided (Note 16)	<b>(152,467)</b>	(133.916)
Construction costs	<b>(279,285)</b>	(183.724)
Gross profit	<b>81,048</b>	71.194
General and administrative expenses	<b>(29,177)</b>	(30.634)
Management compensation (Note 12)	<b>(1,465)</b>	(1.170)
Depreciation	<b>(7,985)</b>	(7.109)
Other income	<b>49</b>	92
Income before financial income (expenses)	<b>42,470</b>	32.373
Financial income (Note 17)	<b>25,986</b>	8.537
Financial expenses (Note 17)	<b>(144,818)</b>	(89.823)
Loss before income and social contribution taxes	<b>(76,362)</b>	(48.913)
Income and social contribution taxes (Note 6)	<b>25,784</b>	8.346
Loss for the year	<b>(50,578)</b>	(40.567)
Loss per common share (basic and diluted) - R\$(Note 18)	<b>(0.0492)</b>	(0.0434)
Loss per preferred share (basic and diluted) - R\$(Note 18)	<b>(0.0492)</b>	(0.0434)

See accompanying notes.

## Concessionária Auto Raposo Tavares S.A.

Statements of comprehensive income (loss)  
Years ended December 31, 2013 and 2012  
(In thousands of reais)

	<u>2013</u>	<u>2012</u>
Loss for the year	<b>(50,578)</b>	(40,567)
Comprehensive income (loss) in equity	-	-
Total comprehensive income (loss), net of taxes	<b><u>(50,578)</u></b>	<b><u>(40,567)</u></b>

See accompanying notes.

## Concessionária Auto Raposo Tavares S.A.

Statements of changes in equity  
Years ended December 31, 2013 and 2012  
(In thousands of reais)

	<b>Capital</b>	<b>Accumulated loss</b>	<b>Total</b>
Balances at January 1, 2012	625,000	(112,468)	512,532
Capital Increase	90,000	-	90,000
Loss for the year	-	(40,567)	(40,567)
At December 31, 2012	<b>715,000</b>	<b>(153,035)</b>	<b>561,965</b>
Loss for the year	-	(50,578)	(50,578)
At December 31, 2013	<b>715,000</b>	<b>(203,613)</b>	<b>511,387</b>

See accompanying notes.



## Concessionária Auto Raposo Tavares S.A.

### Cash flow statements

Years ended December 31, 2013 and 2012

(In thousands of reais)

	<b>2013</b>	<b>2012</b>
Loss before income and social contribution taxes	<b>(76,362)</b>	(48,913)
Adjustments to reconcile loss for the year to cash generated from operating activities		
Construction gross margin	<b>(2,795)</b>	(1,837)
Depreciation and amortization	<b>67,246</b>	58,863
Amortization of transactions costs - debentures	<b>3,291</b>	144
Write-off of property and equipment and intangible assets	<b>270</b>	107
Provision for maintenance	<b>12,911</b>	6,533
Obligations linked to legal proceedings	<b>313</b>	250
Monetary and exchange variations and charges	<b>140,426</b>	87,760
	<b>145,300</b>	102,907
(Increase) decrease in operating assets		
Trade accounts receivable	<b>(1,750)</b>	(1,926)
Inventories	<b>192</b>	(228)
Taxes recoverable	<b>(5,146)</b>	(16)
Other accounts receivable	<b>190</b>	(35)
Prepayments	<b>(63)</b>	118
Related parties	<b>1,086</b>	(537)
Judicial deposits	<b>(9,424)</b>	(777)
Prepaid expenses	<b>(331)</b>	31
	<b>(15,246)</b>	(3,370)
Increase (decrease) in operating liabilities		
Trade accounts payable	<b>(207)</b>	(1,838)
Taxes payable	<b>459</b>	440
Salaries and social charges payable	<b>221</b>	137
Deferred revenue	<b>(4,597)</b>	46,726
Interest paid	<b>(80,009)</b>	(100,504)
Other liabilities and accounts payable	<b>1,055</b>	(81)
	<b>(83,078)</b>	(55,120)
Net cash from operating activities	<b>46,976</b>	44,417
Investing activities		
Short-term investments	<b>184,206</b>	(200,018)
Additions to property and equipment	<b>(4,946)</b>	(4,348)
Additions to intangible assets	<b>(283,791)</b>	(190,039)
Net cash used in investing activities	<b>(104,531)</b>	(394,405)
Financing activities		
Loans taken out	<b>94,689</b>	182,678
Commissions paid	<b>(21,805)</b>	-
Loans repaid	<b>(44,458)</b>	(495,146)
Debentures issued	<b>-</b>	714,385
Capital Increase	<b>-</b>	90,000
Net cash from financing activities	<b>28,426</b>	<b>491,917</b>
Increase/(decrease) in cash and cash equivalents	<b>(29,129)</b>	141,929
Cash and cash equivalents at beginning of year	<b>147,078</b>	<b>5,149</b>
Cash and cash equivalents at end of year	<b>117,949</b>	<b>147,078</b>
Increase/(decrease) in cash and cash equivalents	<b>(29,129)</b>	141,929

See accompanying notes.

## Concessionária Auto Raposo Tavares S.A.

Statements of value added  
Years ended December 31, 2013 and 2012

	<b>2013</b>	<b>2012</b>
Revenue		
Operating revenue	<b>252,969</b>	222,775
Construction contract revenue	<b>282,080</b>	185,561
Other	<b>49</b>	92
	<b>535,098</b>	408,428
Inputs purchased from third parties		
Construction contract costs	<b>(279,285)</b>	(183,724)
Materials, third-party services and other	<b>(87,969)</b>	(83,373)
	<b>(367,254)</b>	(267,097)
Gross value added	<b>167,844</b>	141,331
Retentions		
Depreciation and amortization	<b>(67,246)</b>	(58,863)
Net value added generated by the Company	<b>100,598</b>	82,468
Value added received in transfer		
Financial income	<b>25,986</b>	8,537
Total value added to be distributed	<b>126,584</b>	91,005
Distribution of value added		
Personnel and related charges	<b>30,077</b>	30,667
Taxes, charges and contributions	<b>1,085</b>	11,371
Interest on loans and financing	<b>146,000</b>	89,534
Loss for the year	<b>(50,578)</b>	(40,567)
Value added distributed	<b>126,584</b>	91,005

See accompanying notes.

## **Concessionária Auto Raposo Tavares S.A.**

Notes to financial statements

December 31, 2013

(In thousands of reais, unless otherwise stated)

### **1. Operations**

Concessionária Auto Raposo Tavares S.A. (“CART” or “Company”) is a publicly-held entity incorporated on November 12, 2008, the sole activity of which is operating Raposo Tavares highway system under a concession regime, in accordance with Public Bidding No. 4 of São Paulo State Highway Concession Program. The Company does not publicly trade shares. The Company’s principal place of business is located at Avenida Issa Marar 2-200, city of Bauru, state of São Paulo.

The purpose of the concession comprises the execution, management and inspection of services assigned, support for the execution of non-assigned services and control of supplementary services, for a stipulated period, by means of toll fees adjusted every year based on July fees, by the Extended Consumer Price Index (IPCA) for the period, and alternative sources of income, provided these are previously approved by the São Paulo State Transport Agency (ARTESP), which may arise from activities relating to the operation of the highway, its rights-of-way and advertising.

Public Bid No. 004/2008 is currently a set of road lanes of the highway system and its respective rights of way and buildings, facilities and equipment, including:

- I. SP-270: Raposo Tavares Highway: beginning at Kilometer 381, at junction with SP-327, Kilometer 32, Ourinhos; ending at Kilometer 654, Presidente Epitácio, at the border with the state of Mato Grosso do Sul;
- II. SP-225: beginning at Kilometer 235+040, at junction with SP-300, Kilometer 336+735, Bauru; ending at Kilometer 317+800, at junction with SP-327, Kilometer 0+000, Santa Cruz do Rio Pardo;
- III. SP-327: beginning at Kilometer 0+000, at junction with SP-225, Kilometer 317+800, Santa Cruz do Rio Pardo; ending at Kilometer 32+443, at junction with SP-270, Kilometer 381+703, and junction with BR-153, Kilometer 338+361, Ourinhos.

The Concession Contract was executed on March 16, 2009, after approval of results by the Granting Authority.

## **Concessionária Auto Raposo Tavares S.A.**

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### **1. Operations (Continued)**

The concession term is 30 (thirty) years from the date control of the existing system is granted, and it can be extended according to the law and under the provisions of the concession agreement. Upon concession termination, all reversible assets, rights and privileges related to operation of the road system will be returned to the Granting Authority. CART shall be entitled to compensation corresponding to the unamortized or non-depreciated balance of assets purchased or investments made in the last five years of the concession period, duly authorized by the Granting Authority.

### **2. Basis of preparation and presentation of financial statements**

These financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the Brazilian Securities and Exchange Commission (CVM) and the Brazilian FASB (CPC) accounting standards, guidelines and interpretations effective at December 31, 2013.

The financial statements were prepared considering the historical cost as the value base.

The Company's functional currency is the Brazilian real, which is the same currency used for preparation and presentation of the financial statements. The financial statements are presented in thousands of reais, unless otherwise stated, including the notes thereto.

The financial statements were prepared in accordance with various assessment bases used in accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors, considering management's judgment to establish the proper amount to be recorded in the financial statements. Significant items subject to such estimates and assumptions include:

### **2. Basis of preparation and presentation of financial statements (Continued)**

selection of the useful life of property and equipment items and intangible assets and their recoverability in operations; analysis of the credit risk to determine the allowance for doubtful accounts; as well as the analysis of other risks to determine other provisions, including the provision for contingencies.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent in their estimate process. The Company reviews its estimates at least on a quarterly basis.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

The Company adopted all of the standards, revised standards and interpretations issued by the Brazilian FASB (CPC) and regulatory agencies in effect at December 31, 2013.

There are no other standards and interpretations issued and not yet adopted that, in management's opinion, could significantly impact P&L or equity reported by the Company.

Company management authorized conclusion of the financial statements on March 07, 2014.

### 3. Summary of significant accounting practices

- a) Service concession agreements - ICPC 01 (R1) - "Concession Arrangements" and OCPC 05 - "Concession Arrangements"

These standards provide guidance to concessionaires on how to record public service concessions to private entities and set general principles for the recognition and measurement of obligations and rights related to service concession agreements. Upon adoption of this interpretation and based on the highway concession agreements granting the right to charge fees for the use of the concession infrastructure, the Company recognized: (i) an intangible asset corresponds to granting the use of assets that comprise infrastructure required to carry out public services. In addition, due to the nature of its concession agreements, the Company did not recognize a financial asset corresponding to the amount that could be due - whether directly or indirectly - by the Granting Authority. The intangible asset recognized as compensation for construction or improvement services rendered is measured by fair value upon initial recognition. After initial recognition, the intangible asset is measured at cost, which includes capitalized loan costs, less accumulated amortization.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

b) Cash and cash equivalents

These are valued at fair value upon initial recognition and comprise cash on hand, bank deposits, short-term investments maturing within three months or less which are immediately convertible into a known amount of cash with insignificant risk of change in their value, plus earnings up to balance sheet date, not exceeding their market value.

c) Financial instruments

i) *Classification and measurement*

Financial assets are classified into the following categories: measured at fair value through profit or loss, loans and receivables, investments held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the financial asset classification upon initial recognition. At December 31, 2013 and 2012, the Company did not record any financial assets as held to maturity or available for sale.

ii) *Financial assets measured at fair value through profit or loss*

Financial assets measured at fair value through profit or loss include financial assets held for active and frequent trading. Gains and losses resulting from variations in fair value are stated under financial income (expenses) in P&L for the period they occur, unless they are contracted for other transactions. In this case, variations are recognized under the same account affected by said transaction.

iii) *Loans and receivables*

This category includes loans granted and receivables that are non-derivative financial assets with fixed or determinable payments, not traded in an active market. They are recorded as current assets, except those maturing in over 12 months after the balance sheet date (classified as noncurrent). Loans and receivables include accounts receivable from clients and related parties, other assets and cash and cash equivalents, except for short-term investments. Loans granted and receivables are recorded at amortized cost, using the effective interest rate method.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

#### c) Financial instruments (Continued)

##### iv) *Financial liabilities*

Financial liabilities are classified into the following categories based on the nature of the financial instruments contracted:

Financial liabilities not measured at fair value: non-derivative financial liabilities that are not usually traded before maturity. After initial recognition, they are measured at amortized cost using the effective interest rate method. Interest, monetary restatement and exchange variation, if applicable, are recognized in P&L as incurred.

The main financial assets recognized by the Company are trade accounts payable, loans and financing, debentures and payables to related parties.

##### v) *Market value*

The market value of financial instruments actively traded in organized markets is determined based on prices quoted on the market at the balance sheet date. In the absence of an active market, the market value is determined through valuation techniques. These techniques include the use of recent market transactions conducted between independent parties, reference to market value of similar financial instruments, analysis of discounted cash flows or other valuation models.

#### d) Trade accounts receivable

Accounts receivable substantially refer to electronic toll collection, which are recorded at their billed amount, including the corresponding direct taxes, payable by the Company, received within 45 days.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

e) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined based on the average acquisition cost, not exceeding its market value. Provisions for slow-moving or obsolete inventories are set up when deemed necessary by management.

f) Prepaid expenses

These are stated at amounts effectively disbursed but still not incurred. Prepaid expenses are allocated to P&L to the extent that related services are rendered and economic benefits obtained.

g) Property and equipment

These are recorded at their acquisition, buildup or construction cost, which is not directly linked to the concession agreement, less the respective accumulated depreciation determined on a straight-line basis at rates that consider the assets' estimated useful lives (Note 7).

A property and equipment item is written off when sold or when no future economic benefit is expected to arise from its use or sale. Any gain or loss resulting from asset write off, calculated as the difference between net sales value and book value of the asset, is included in P&L for the year in which the asset is written off.

Net book value and useful life of assets, as well as depreciation methods, are reviewed every year end and adjusted prospectively, when applicable.



## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

h) Intangible assets

Intangible assets acquired separately are initially recognized at cost, plus financial charges incurred until facilities are constructed or when the equipment enters into operation, and subsequently deducted from their accumulated amortization and impairment losses, where applicable. These are substantially represented by concession rights and fixed concession fees, in compliance with ICPC 01 (R1).

Intangible assets with a finite useful life are amortized based on their estimated economic useful life, and are submitted to impairment testing whenever there is indication of loss in the recoverable value (Note 8).

i) Provision for impairment of assets

Management annually tests the net book value of assets with a view to determining whether there are any events or changes in economic, operating or technological circumstances that could indicate deterioration or impairment. To date, there is no evidence indicating that the net book value exceeds the recoverable value. Therefore, no provision for recovery of assets was set up.

j) Loans and financing and debentures

Loans and financing and debentures are recorded at their original value plus interest and monetary restatement through balance sheet date (Note 9).

k) Borrowing costs

Cost of loans directly related to purchase, construction or production of investment properties, necessarily requiring a significant time to be completed, are capitalized as part of the cost of the corresponding asset. All other borrowing costs are recognized as expense in the period in which they incur. Borrowing costs include interest and other costs incurred by the Company.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

l) Obligations linked to legal proceedings

The Company is party to various legal and administrative proceedings. Provisions are set up for all contingencies in which the outflow of funds to settle the contingency/obligation is considered probable and a reasonable estimate may be made. Assessment of the likelihood of loss includes an evaluation of available evidence, hierarchy of laws, available case laws, most recent court rulings and their relevance in the legal system, as well as the outside legal counsel's opinion. Provisions are reviewed and adjusted to take into consideration changes in circumstances, such as applicable statutes of limitation, conclusion from tax audits or additional exposures identified based on new matters or court decisions (Note 10).

m) Provision for maintenance

When applicable, the Company sets up provisions for expenses with maintenance for wear and tear caused by infrastructure use, based on the best estimate to settle the present liability at balance sheet date, recorded against expenses for maintenance period with adjustment to present value of said liability.

Settlement of transactions involving these estimates could result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent to the determination process. The Company reviews its estimates and assumptions at least on an annual basis.

n) Other assets and liabilities

An asset is recognized in the balance sheet when it is probable that its future economic benefits will flow to the Company and its cost or value may be reliably measured.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

n) Other assets and liabilities (Continued)

Liabilities are recognized in balance sheets when the Company has legal or constructive obligations arising from past events, requiring economic benefits to settle certain liabilities involving uncertainties related to term and amount, which are estimated when incurred and recorded through provision. Provisions are recorded reflecting the best estimates of the risk involved. The assets and liabilities are classified as current when their realization or settlement is likely to occur within the next 12 months. Otherwise they are stated as noncurrent.

o) Determination of profit and loss (P&L)

Revenues and expenses are recorded on an accrual basis. Interest income and expenses are recognized by the effective interest rate method, under financial income/expenses. Operating revenue is recognized when highways are used and services provided. Revenues are not recognized if there is significant uncertainty as to their collection. Concession infrastructure expenses are recorded according to CPC 17 - Construction Contracts (R1), i.e. all concession infrastructure expenses are recorded as construction costs in P&L for the year, and then the construction revenue is determined with a margin, which - considering that the Company outsources construction services - is sufficiently calculated to cover the concessionaire's primary liabilities and any management and/or construction monitoring costs. Construction revenue is matched against intangible assets.

p) Taxation

Service revenues are subject to the following taxes, at the statutory rates below:

Tax	Acronym	Rates	
		Toll revenue	Other revenue
Contribution tax on gross revenue for social integration program	PIS	0.65%	1.65%
Contribution Tax on Gross Revenue for Social Security Financing	COFINS	3.00%	7.60%
Service Tax (ISS)	ISS	3.00% to 5.00%	3.00% to 5.00%

The Company adopts the hybrid scheme for calculation of PIS and COFINS, with such charges presented as deductions of gross revenue jointly with ISS (Note 15).

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

p) Taxation (Continued)

The Company's qualification for Special Incentive Regime for Infrastructure Development (REIDI) was recognized as provided for in Ordinance MT No. 245 of September 27, 2010 and in Executive Declaratory Statute No. 59 issued by the internal revenue service office (DRF) of the city of Bauru dated October 4, 2010. The legal entities under REIDI are authorized to purchase goods and services to be used in infrastructure construction works not subject to PIS and COFINS.

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

Deferred tax asset is set up based on effective rates, on income and social contribution tax losses and temporary differences, considering the probable realization amounts pursuant to estimated generation of future taxable profits based on technical feasibility study approved by the Board of Directors (Note 6).

The Transition Tax Regime (RTT) will be in force until a law governing tax effects from adoption of the new accounting methods becomes effective, aiming at preserving tax neutrality of changes in Brazilian corporation law, introduced by Law No. 11638/07 and Provisional Executive Order (MP) No. 449/08 converted into Law No. 11941/09 of May 27, 2009.

q) Accounting estimates

Preparation of the Company's financial statements requires that management make judgments and estimates and adopt assumptions that impact the amounts recorded as revenues, expenses, assets and liabilities, in addition to presentation of contingent liabilities, as of the financial statements date. However, uncertainties associated with those estimates and assumptions could lead to results that require significant adjustment to the book value of assets or liabilities affected in future periods.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

q) Accounting estimates (Continued)

In determining the judgment and estimates, the Company's management considered experience from past and current events, assumptions in respect of future events, and other objective and subjective factors. Significant items subject to these estimates include: the selection of the useful life of property and equipment items and intangible assets and their recoverability in operations; rates and terms used in determining the present value adjustment of certain assets and liabilities, when applicable; provisions for maintenance, deferred income and social contribution taxes, and legal obligations bound to legal proceedings.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimate process. The Company reviews its estimates at least on a quarterly basis.

r) Present value adjustment

Noncurrent monetary assets and liabilities are adjusted to present value, and so are current monetary assets and liabilities whenever the effects are considered significant in relation to the overall financial statements. Present value adjustment is calculated considering contractual cash flows and the explicit, and sometimes implicit, interest rates of the corresponding assets and liabilities. As such, the interest embedded in revenues, expenses and costs associated with these assets and liabilities is discounted in order to conform to the accrual method of accounting. This interest is subsequently reallocated to financial income and expenses in P&L by using the effective interest rate method in relation to contractual cash flows. Implicit interest rates used are determined based on assumptions and are considered accounting estimates.

s) Segment information

The Company concentrates its activities on exploration of services foreseen in the concession agreement. The Company was established with a specific objective, having a sole concession and is organized in a single business unit.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 3. Summary of significant accounting practices (Continued)

t) Earnings (loss) per share

The calculation of earnings per share is based on CPC 41. The calculation of basic earnings per share is made by dividing income for the period, attributable to Company's common and preferred shareholders by the weighted average number of common and preferred shares outstanding in the period.

Diluted earnings per share are calculated by dividing income attributable to Company's common and preferred shareholders by the weighted average number of common and preferred shares, respectively, which would be issued in the conversion of all common and preferred shares potentially dilutive into their respective shares. The Company does not have instruments that could dilute earnings per share.

u) Cash flow statements

Cash flow statement was prepared and is being presented in accordance with accounting pronouncement CPC 03 (R2) - Cash flow statements issued by the Brazilian FASB (CPC).

v) Statements of value added

The statement of value added was prepared and is being presented in accordance with accounting pronouncement CPC 09 - Statement of Value Added issued by the Brazilian FASB (CPC).

x) New accounting pronouncements

There are no other standards and interpretations issued and not yet adopted that, in management's opinion, could significantly impact P&L or equity reported by the Company. Furthermore, certain accounting procedures and interpretations issued by the CPC were revised, with mandatory adoption as from years beginning on or after January 1, 2014. The impacts will be analyzed by the Company management. No impacts are expected on the Company's financial statements.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 4. Cash and cash equivalents and short-term investments

	<u>2013</u>	<u>2012</u>
General cash	10	23
Cash in transit	1,052	1,554
Checking accounts	1,214	5,288
Small change fund	120	120
Repurchase agreements	75,203	-
Bank deposit certificates - CDB	40,350	140,093
Cash and cash equivalents balance	<u>117,949</u>	<u>147,078</u>
Bank deposit certificates (CDB) (reserve account)	-	43,225
Repurchase agreements (reserve account - BNDES)	51,567	-
Repurchase agreements (reserve account - debenture holders)	4,283	-
Bank deposit certificates (CDB)	-	89,323
Repurchase agreements	-	107,508
Short-term investment balance	<u>55,850</u>	<u>240,056</u>

Short-term investments substantially refer to fixed-income transactions held with top-tier financial institutions, backed by debenture repurchase agreements at 75.0% to 103.0% of Interbank Deposit Certificate (CDI), and Bank Deposit Certificates (CDB) indexed to 101.0% of Interbank Deposit Certificate (CDI).

Short-term investments amounting to R\$51,567 at December 31, 2013 were made as provided for in the loan agreement with BNDES, under which the Company should set up a reserve account, in which funds should be deposited in the following amounts: (i) 6 (six) months of installments of repayment of principal falling due and debt charges of Sub-loans "A", "B-1", "B-2", "C", "D", "E" and "F" until August 2013; (ii) 7 (seven) months of installments of repayment of principal falling due and debt charges of Sub-loans "A", "B-1", "B-2", "C", "D", "E" and "F" as from September 2013; and (iii) 8 (eight) months of installments of repayment of principal falling due and debt charges of Sub-loans "A", "B-1", "B-2", "C", "D", "E" and "F" as from September 2015."

Short-term investments of R\$4,283 at December 31, 2013 were made in connection with the provision set forth in the Deed for 2nd issue of unsecured debentures, whereby the Company must hold an account for payment of the debenture debt services.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 5. Trade accounts receivable

	<u>2013</u>	<u>2012</u>
AVI (i)	<b>13,690</b>	11,354
CIELO - toll voucher	<b>520</b>	889
DBTRANS - toll voucher	<b>256</b>	300
Other	<b>-</b>	173
	<b><u>14,466</u></b>	<u>12,716</u>

(i) Trade accounts receivable for the use of electronic tags in automatic lanes. At December 31, 2013, there were no outstanding trade accounts receivable amounts.

### 6. Deferred income and social contribution taxes

Deferred income and social contribution taxes are broken down as follows:

	<u>Balance sheets</u>			
	<u>2013</u>		<u>2012</u>	
	<u>Income tax</u>	<u>Social contribution tax</u>	<u>Income tax</u>	<u>Social contribution tax</u>
Income and social contribution tax loss	<b>(460,278)</b>	<b>(460,278)</b>	(266,229)	(266,229)
Temporary differences	<b>154,743</b>	<b>154,743</b>	36,530	36,530
Tax base	<b>(305,535)</b>	<b>(305,535)</b>	(229,699)	(229,699)
Rate	<b>25%</b>	<b>9%</b>	25%	9%
Deferred income tax	<b><u>76,384</u></b>	<b><u>27,498</u></b>	<u>57,425</u>	<u>20,672</u>
	<u>P&amp;L</u>			
	<u>Income tax</u>		<u>Social contribution tax</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Loss before income and social contribution taxes	<b>(76,365)</b>	(48,913)	<b>(76,365)</b>	(48,913)
Income and social contribution tax rates	<b>25%</b>	25%	<b>9%</b>	9%
Current income and social contribution tax rates	<b>19,091</b>	12,228	<b>6,873</b>	4,402
Adjustments to net income (loss) affecting P&L for the period				
Permanent additions	<b>(132)</b>	(12,939)	<b>(48)</b>	(4,658)
Permanent exclusions	<b>-</b>	6,848	<b>-</b>	2,465
Total taxes in P&L	<b><u>18,959</u></b>	<u>6,137</u>	<b><u>6,825</u></b>	<u>2,209</u>



## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 6. Deferred income and social contribution taxes (Continued)

The Company records tax credits from IRPJ and CSLL losses. The offset of tax losses, limited to 30% of taxable profit for the year, involves a considerable increase in the tax credit recovery period.

Deferred tax credits were set up based on assumption of their future realization, which establishes essential conditions for the accounting recognition and maintenance of deferred assets, arising from tax loss carryforwards and temporary differences.

The technical studies conducted by the Company to support the maintenance of amounts accounted for confirm the probable capacity of generating taxable profits and the full realization of these assets within the estimated deadline. These studies correspond to management's best estimates of the Company's future results. In this sense, and due to the very nature of the financial projections and the uncertainties inherent to information based on future expectations, especially in markets in which the Company operates, there may be differences between estimated and actual results.

The table below presents the estimated schedule for total realization of recorded deferred tax assets:

Years	
2014	<b>2,403</b>
2015	-
2016	-
2017	<b>672</b>
2018	<b>4,334</b>
2019	<b>7,724</b>
2020	<b>88,749</b>
	<b>103,882</b>

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 7. Property and equipment

	Depreciation in years	Balance at 12/31/2012	Additions	Write-offs	Transfers	Balance at 12/31/2013
Facilities	25	153	-	-	-	153
Machinery and equipment	5	4,503	272	(2)	(281)	4,492
Furniture and fixtures	5	3,218	892	(4)	-	4,106
Vehicles	5	1,714	122	(376)	-	1,460
IT equipment	5	28,851	3,627	(12)	(1)	32,465
Tooling and appliances	5	281	32	-	-	313
		38,720	4,945	(394)	(282)	42,989
Accumulated depreciation		(19,142)	(7,985)	130	8	(26,989)
Property and equipment, net		19,578	(3,040)	(264)	(274)	16,000

	Depreciation in years	Balance at 12/31/2011	Additions	Write-offs	Balance at 12/31/2012
Facilities	25	-	153	-	153
Machinery and equipment	5	3,163	1,341	(1)	4,503
Furniture and fixtures	5	2,479	754	(15)	3,218
Vehicles	5	1,420	452	(158)	1,714
IT equipment	5	27,258	1,599	(6)	28,851
Tooling and appliances	5	232	49	-	281
		34,552	4,348	(180)	38,720
Accumulated depreciation		(12,145)	(7,109)	112	(19,142)
Property and equipment, net		22,407	(2,761)	(68)	19,578

At December 31, 2013 and December 31, 2012, there were no property and equipment items pledged as collateral for loans or proceedings of any kind.

Considering the nature of the Company's property and equipment items as of December 31, 2013 and 2012, there are no assets qualified for capitalization of borrowing costs.

Property and equipment items are tested for impairment on an annual basis. At December 31, 2013, based on analysis of internal and external sources of information, the assets showed no signs of impairment, devaluation or physical damage that could impair the Company's future cash flow.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 8. Intangible assets

	Amortization in years	Balance at 12/31/2012	Additions	Write-offs	Transfers	Balance at 12/31/2013
Software licenses	5	6,562	1,092	-	-	7,654
Trademarks and patents	10	20	-	-	-	20
Concession rights	30	947,963	285,495	(87)	282	1,233,653
Fixed fees	30	634,000	-	-	-	634,000
		1,588,545	286,587	(87)	282	1,875,327
Accumulated amortization		(147,538)	(59,261)	81	(8)	(206,726)
Intangible assets, net		1,441,007	227,326	(6)	274	1,668,601

  

	Amortization in years	Balance at 12/31/2011	Additions	Write-offs	Balance at 12/31/2012
Software licenses	5	4,640	1,922	-	6,562
Trademarks and patents	10	20	-	-	20
Concession rights	30	758,159	189,954	(150)	947,963
Fixed fees	30	634,000	-	-	634,000
		1,396,819	191,876	(150)	1,588,545
Accumulated amortization		(95,895)	(51,754)	111	(147,538)
Intangible assets, net		1,300,924	140,122	(39)	1,441,007

The right to fixed fees refers to highway system operation rights for the Raposo Tavares highway corridor, as mentioned in Note 1. Amortization is based on the straight-line method over the concession term.

In accordance with CPC 01 (R1) - Impairment of Assets, intangible assets items showing evidence that their recorded costs exceed the recoverable value are reviewed to determine the need for a provision to reduce book value to realizable value. The management performed the annual analyses of the corresponding financial and operational performance of its assets. At December 31, 2013, there is no evidence of intangible assets recorded with costs exceeding their recoverable value.

The Company believes that it is not necessary to capitalize interest on loans, in view of the frequent construction works included in its investment program to be executed in the short term.

At December 31, 2013 and 2012, there were no intangible assets pledged as collateral for loans or proceedings of any kind.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and debentures

At December 31, 2013 and 2012, the breakdown of the loans, financing and debenture account was as follows:

2013								
Object	Index	Interest	Maturity	Principal	Amortization	Interest	Monetary restatement	Balance
BNDES	TJLP	2.45% p.a.	03/15/2021	178,048	42,169	407	-	136,286
BNDES	TJLP	2.45% p.a.	03/15/2021	104,132	24,663	238	-	79,707
BNDES	TJLP	2.45% p.a.	03/15/2021	95,395	22,594	219	-	73,020
BNDES	TJLP	2.45% p.a.	03/15/2021	8,949	2,120	21	-	6,850
BNDES	TJLP	2.45% p.a.	03/15/2023	50,922	1,340	149	-	49,731
BNDES	TJLP	2.45% p.a.	03/15/2021	868	200	2	-	670
BNDES	TJLP	2.45% p.a.	03/15/2023	20,283	534	59	-	19,808
BNDES	TJLP	2.45% p.a.	03/15/2023	12,853	338	38	-	12,553
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	12,123	-	3,021	1,517	16,661
BNDES	TJLP	2.45% p.a.	03/15/2021	1,787	361	4	-	1,430
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	15,362	-	3,287	1,652	20,301
BNDES	TJLP	2.45% p.a.	03/15/2023	10,509	277	31	-	10,263
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	17,753	-	3,218	1,656	22,627
BNDES	TJLP	2.45% p.a.	03/15/2023	10,133	267	30	-	9,896
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	25,784	-	3,489	2,161	31,434
BNDES	TJLP	2.45% p.a.	03/15/2023	12,305	324	36	-	12,017
BNDES	TJLP	2.45% p.a.	03/15/2023	15,310	403	45	-	14,952
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	11,077	-	1,190	741	13,008
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	10,227	-	1,098	685	12,010
BNDES	TRB*+2,45%	2.45% p.a.	03/17/2025	34,354	-	121	93	34,568
BNDES	TRB*+2,45%	2.45% p.a.	03/17/2025	38,316	-	135	104	38,555
BNDES	TRB*+2,45%	2.45% p.a.	03/17/2025	22,019	-	78	59	22,156
Debentures - 1 <sup>st</sup> series	IPCA	5.8% p.a.	12/15/2024	380,000	-	904	23,587	404,491
Debentures - 2 <sup>nd</sup> series	IPCA	6.05% p.a.	12/15/2024	370,000	-	917	22,967	393,884
(-) Transaction costs – debentures								(55,668)
Total								<u>1,381,210</u>
Short-term								<u>83,737</u>
Long-term								<u>1,297,473</u>

\*Reference rate of BNDES indexed to IPCA

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and debentures (Continued)

2012								
Object	Index	Interest	Maturity	Principal	Amortization	Interest	Monetary restatement	Balance
BNDES	TJLP	2.45% p.a.	03/15/2021	178,048	23,427	462	-	155.083
BNDES	TJLP	2.45% p.a.	03/15/2021	104,132	13,702	269	-	90.699
BNDES	TJLP	2.45% p.a.	03/15/2021	95,395	12,552	247	-	83.090
BNDES	TJLP	2.45% p.a.	03/15/2021	8,949	1,178	23	-	7.794
BNDES	TJLP	2.45% p.a.	03/15/2023	50,922	-	152	-	51.074
BNDES	TJLP	2.45% p.a.	03/15/2021	868	108	2	-	762
BNDES	TJLP	2.45% p.a.	03/15/2023	20,283	-	60	-	20.343
BNDES	TJLP	2.45% p.a.	03/15/2023	12,853	-	38	-	12.891
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	12,123	-	1,442	774	14.339
BNDES	TJLP	2.45% p.a.	03/15/2021	1,787	164	5	-	1.628
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	15,362	-	1,385	725	17.472
BNDES	TJLP	2.45% p.a.	03/15/2023	10,509	-	31	-	10.540
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	17,753	-	1,121	599	19.473
BNDES	TJLP	2.45% p.a.	03/15/2023	10,133	-	30	-	10.163
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	25,784	-	867	639	27.290
BNDES	TJLP	2.45% p.a.	03/15/2023	12,305	-	37	-	12.342
BNDES	TJLP	2.45% p.a.	03/15/2023	15,310	-	46	-	15.356
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	11,077	-	117	98	11.292
BNDES	TRB*+2,45%	2.45% p.a.	03/15/2023	10,227	-	109	91	10.427
Debentures - 1 <sup>st</sup> series	IPCA	5.80% p.a.	12/15/2024	380,000	-	769	1.329	382.098
Debentures - 2 <sup>nd</sup> series	IPCA	6.05% p.a.	12/15/2024	370,000	-	780	1.294	372.074
(-) Transaction costs - debentures								(58,960)
Total								1,267,270
Short-term								52,447
Long-term								1,214,823

\*Reference rate of BNDES indexed to IPCA

Long-term loan and financing breakdown by year of maturity is as follows:

Years	Balance
2015	125,989
2016	81,105
2017	88,605
2018	88,605
2019	88,605
2020 onwards	880,232
	<b>1,353,141</b>

#### Debentures - 2<sup>nd</sup> issue

The Special Shareholders' Meeting held on November 9, 2012 approved the second issue of unsecured, non-convertible, non-privileged debentures, with additional guarantee, to be converted into cash with security interest, under a Firm Placement Guarantee regime, for public distribution, structured in accordance with CVM Ruling No. 400, in the amount of R\$750,000, issued in two series: "First Series Debentures" and "Second Series Debentures".

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and debentures (Continued)

#### Debentures - 2<sup>nd</sup> issue (Continued)

A total of 750,000 debentures with par value of R\$1, totaling R\$750,000, were issued, in two series: 380,000 debentures for the first series under Law No. 12431/11, and 370,000 debentures for the second series, not subject to the benefits of Law No. 12431/11.

Debentures will mature within 12 (twelve) years from their issue date, i.e. December 15, 2024, subject to interest at a fixed rate of 5.80% p.a. for first series debentures and 6.05% p.a. for second series debentures.

Interest will be paid on a yearly basis as from issue date, every 15<sup>th</sup> of December, beginning December 15, 2013 and ending on the maturity date of those debentures.

Debentures issued do not have a renegotiation clause.

Financial charges incurred in raising the debentures of R\$59,008 are allocated to P&L based on the lapse of the term, at the amortized cost, using the effective interest rate method pursuant to CPC 08 (R1) - "Transaction costs and premiums on issue of marketable securities". The unallocated balance at December 31, 2013 totals R\$55,668.

The table below shows the estimated schedule for allocation of financial charges to P&L for the years:

Years	Thousands of reais
2014	(3,225)
2015	(3,428)
2016	(3,228)
2017	(3,443)
2018	(3,201)
2019 onwards	(39,143)
	<u>(55,668)</u>

#### BNDES - Senior loan

On February 10, 2011, Auto Raposo Tavares S.A. entered into an agreement with BNDES converting the initial bridge loan to senior loan.

The first release of the "Sub-loan A" in the amount of R\$377,575 occurred on February 15, 2011, when the amount of R\$273,637 (original amount, interest and commission on bridge loan) was fully discounted, leaving a remaining net balance of R\$103,938.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and debentures (Continued)

#### BNDES - Senior loan (Continued)

The amount of R\$377,575 will be paid in 114 consecutive monthly installments, beginning October 15, 2011. Interest of 2.45% p.a. above long-term interest rate (TJLP) is applied thereon.

The senior loan, in addition to extending debt, poses a lower cost to the Concession than the bridge loan.

The credit was made available to the Company as evidence that the funds previously granted were effectively invested was provided. Of the total amount taken out (R\$1,052,242), BNDES had released R\$765,789 until December 31, 2013.

Sub-loan	BNDES sub-loan balances - senior loan (in thousands of R\$)								
	Sub-loan amount (R\$)	Released up to 12/31/2011	5 <sup>th</sup> release 01/24/2012	6 <sup>th</sup> release 02/15/2012	7 <sup>th</sup> release 05/15/2012	8 <sup>th</sup> release 08/15/2012	9 <sup>th</sup> release 12/16/2012	9 <sup>th</sup> release 12/16/2013	Balance to be released
A TJLP	377,575	377,575	-	-	-	-	-	-	-
B - 1 TJLP	1,787	-	-	1,787	-	-	-	-	-
B - 2 TJLP	9,817	9,817	-	-	-	-	-	-	-
C TJLP	174,285	71,205	12,853	-	10,510	10,133	12,305	-	57,279
D TJLP	15,310	-	-	-	-	-	15,310	-	-
D - 1 IPCA	11,077	-	-	-	-	-	11,077	-	-
D - 2 IPCA	12,123	12,123	-	-	-	-	-	-	-
D - 3 IPCA	15,362	-	-	15,362	-	-	-	-	-
D - 4 IPCA	10,227	-	-	-	-	-	10,227	-	-
D - 6 IPCA	25,784	-	-	-	-	25,784	-	-	-
D - 8 IPCA	17,753	-	-	-	17,753	-	-	-	-
F - 3 IPCA	34,354	-	-	-	-	-	-	34,354	-
F - 4 IPCA	38,316	-	-	-	-	-	-	38,316	-
F - 6 IPCA	22,019	-	-	-	-	-	-	22,019	-
Total	765,789	470,720	12,853	17,149	28,263	35,917	48,919	94,689	57,279

The Company must observe the covenant whereby it shall neither use these funds for purposes other than those established in the financing agreement nor incur new debts exceeding 15% (fifteen percent) of the gross revenue for the last twelve months. The Company management understands that this condition was complied with. Additionally, this financing agreement provides for covenants for certain financial indices, which, in case of non-compliance, will accelerate the maturity of the financing. The financial indices are as follows:

- Equity/Total Asset: Present ratio > 20% (twenty per cent);
- ICSD (Debt Service Coverage Ratio) = adjusted EBITDA/(amortizations + interest of short- and long-term financial debts): Keep index  $\geq 1.2$ .

The Company met the aforesaid covenants at December 31, 2013.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 9. Loans, financing and debentures (Continued)

#### BNDES - Senior loan (Continued)

The total amount approved is R\$ 1,052,242, divided into sub-loans as follows:

Sub-loan	Amount (R\$)	Term	Interest rate	
A	TJLP	377,575	114 monthly installments as from 10/15/2011	Interest of 2.45% p.a. above TJLP
B-1	TJLP	1,787		
B-2	TJLP	9,817		Interest of 2.45% p.a. above benchmark rate disclosed by BNDES
C	TJLP	174,285	114 monthly installments as from 10/15/2013	
D	TJLP	15,310		Interest of 2.45% p.a. above benchmark rate disclosed by BNDES
D-1	TRIPCA	11,077	10 annual installments as from 03/15/2014	
D-2	TRIPCA	12,124		
D-3	TRIPCA	15,363		
D-4	TRIPCA	10,227		
D-5	TRIPCA	6,388		
D-6	TRIPCA	25,784		
D-7	TRIPCA	44,048		
D-8	TRIPCA	17,753		Interest of 2.45% p.a. above TJLP
E	TJLP	138,839	114 monthly installments as from 10/15/2015	
F	TJLP	33,988		Interest of 2.45% p.a. above benchmark rate disclosed by BNDES
F-1	TRIPCA	19,575	10 annual installments as from 03/15/2016	
F-2	TRIPCA	28,159		
F-3	TRIPCA	34,354		
F-4	TRIPCA	38,316		
F-5	TRIPCA	15,454		
F-6	TRIPCA	22,019		
		<u>1,052,242</u>		

### 10. Obligations linked to legal proceedings

The Company is party to civil and labor proceedings. Management, based on the opinion of legal advisors, believes that the applicable legal actions that have already been taken in each situation are sufficient to preserve the Company's equity, and there is no indication of any need to recognize additional provisions for contingencies in relation to those recorded.

#### a) Breakdown of risk

Nature	2013				Provision
	Likelihood of loss			Total	
	Probable	Possible	Remote		
Labor	428	3,461	173	4,062	428
Civil	434	5,228	195	5,857	434
	<u>862</u>	<u>8,689</u>	<u>368</u>	<u>9,919</u>	<u>862</u>



## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
 December 31, 2013 and 2012  
 (In thousands of reais, unless otherwise stated)

### 10. Obligations linked to legal proceedings (Continued)

#### a) Breakdown of risk (Continued)

Nature	2012				Provision
	Likelihood of loss			Total	
	Probable	Possible	Remote		
Labor	448	2,282	180	2,910	448
Civil	101	8,233	341	8,675	101
	549	10,515	521	11,585	549

#### b) Changes

	Opening balance 12/31/2012	Additions	Write-offs	Closing balance 12/31/2013
Labor	448	32	(52)	428
Civil	101	355	(22)	434
Amount accrued	549	387	(74)	862

#### **Civil contingencies**

The Company is party to civil proceedings brought by customers mainly stemming from incidents that have occurred on the highway system. The Company records the amounts for proceedings considered probable loss, estimated at R\$434 at December 31, 2013 (R\$101 at December 31, 2012).

#### **Labor contingencies**

The Company is party to labor proceedings brought by former employees and employees of outsourced companies, the subject of which chiefly relate to claims for reinstatement, overtime and equal pay. The Company records the amounts for proceedings considered probable loss, estimated at R\$428 at December 31, 2013 (R\$448 at December 31, 2012).

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 11. Transactions with related parties

Any transactions between related parties, be they managing officers and employees, shareholders, subsidiaries or affiliates, are carried out at rates and conditions agreed between the parties, approved by the relevant management bodies and disclosed in the financial statements.

When necessary, the decision-making procedure involving the performance of operations with related parties will comply with article 115 of the corporation law, which determines that the shareholder or managing officer, as applicable, may refrain from voting in the general or management meetings concerning the resolution of matters referring to: (i) valuation report of assets for capital formation; (ii) approval of accounts as administrator; and (iii) matters that may bring direct benefit or that causes conflict with the Company's interest.

With regard to loans between companies of the Invepar Group and shareholders, we stress that these occurred due to the temporary cash flow needs of those companies to fulfill their investment and/or operations, and subject to financial charges agreed between the parties approved by management bodies.

	Relationship with the Company	2013				
		Assets		Current liabilities	P&L (cost)	P&L (financial expense)
		Current	Noncurrent			
OAS S.A.	Indirect controlling company	-	-	-	(240,488)	-
Concessão Metroviária do Rio de Janeiro S.A. - Metro Rio	Related party	-	-	100	-	-
Linha Amarela S.A. - LAMSA	Related party	-	-	41	-	-
Concessão Litoral Norte - CLN	Related party	-	-	2	-	-
GRU Airport	Related party	605	-	-	-	-
Investimentos e Participações em Infraestrutura S.A. - Invepar	Direct controlling company	-	-	1,452	-	-
		<b>605</b>	<b>-</b>	<b>1,595</b>	<b>(240,488)</b>	<b>-</b>
	Relationship with the Company	2012				
		Assets		Current liabilities	P&L (cost)	P&L (financial expense)
		Current	Noncurrent			
Linea Amarilla SAC	Related party	465	-	-	-	-
OAS S.A.	Indirect controlling company	-	-	-	(135,436)	-
Investimentos e Participações em Infraestrutura S.A. - Invepar	Direct controlling company	71	-	440	(5,182)	(322)
		<b>536</b>	<b>-</b>	<b>440</b>	<b>(140,618)</b>	<b>(322)</b>

## **Concessionária Auto Raposo Tavares S.A.**

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### **11. Transactions with related parties (Continued)**

#### **Services - assets**

On March 5, 2009, an agreement to perform civil construction works between the Company and the related party OAS S.A., including functional and executive projects for renovation, expansion and improvements to the Raposo Tavares highway system. Prices and amounts, when applicable, are in accordance with that established in the concession agreement, which is overseen by ARTESP.

These services, to be delivered within five years, will be performed under a turnkey agreement, and the global price agreed between the parties is R\$1,078,096, payable as follows:

- i) Advance amounting to R\$57,276, made on March 19, 2009, repaid during the first twelve months of execution of the services, through monthly discounts in the measurement of those services, settled on April 30, 2010.
- ii) Monthly installments in accordance with the performance of services based on the physical-financial schedule of the respective agreement.

The global price will be adjusted every twelve months as per parametric formula included in the agreement. Exceptionally, regardless of any readjustment that may occur in applying this formula, contractual prices will be readjusted whenever this variation indicates a percentage equal to or higher than the inflation target disclosed by the Central Bank of Brazil. The balance of the construction work agreement with the OAS S.A. at December 31, 2013 is R\$321,092 (R\$537,604 at December 31, 2012).

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 12. Management compensation

Compensation of professionals responsible for planning, steering and controlling the Company's activities, including members of the Board of Directors and statutory officers, are comprised of fees, private pension plan, medical and dental plans, amounting to R\$1,465 at December 31, 2013 (R\$1,170 at December 31, 2012).

	<u>2013</u>	<u>2012</u>
	<u>Officers</u>	<u>Officers</u>
Fees	969	910
Charges	113	184
Benefits	383	76
	<u>1,465</u>	<u>1,170</u>

The Company does not offer post-employment or long-term benefits.

### 13. Deferred revenue

At December 30, 2011, the Company signed a long-term agreement maturing on March 16, 2039, relating to the lease of fiber-optic infrastructure by TIM Celular S.A. During the course of these negotiations the Company received a prepayment of R\$53,067, R\$11,662 of which was received in 2011 and R\$41,405 in 2012, equivalent to the total amount of services engaged. Unallocated revenue at December 31, 2013 totals R\$49,713, recorded under current (R\$1,971) and noncurrent (R\$ 47,742) liabilities. The amounts will be allocated to P&L as from the date that the leased assets are made available and according to the contractual term.

On July 3, 2012, the Company entered into an agreement referring to lease of fiber-optic infrastructure by TNL PCS S.A. (OI). In 2012, the Company received a prepayment of R\$1,746, allocated to P&L over an twelve-month as from the date the leased assets were made available, i.e., December 3, 2013. In 2013, the agreement was automatically renewed, and the Company received R\$1,848 corresponding to total services to be rendered. . Unallocated revenue at December 31, 2013 totals R\$1,392, recorded under current liabilities. The amount will be allocated to P&L as from the date the leased assets were made available, i.e. October 3, 2013, over a twelve month period.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 13. Deferred revenue (Continuação)

On December 23, 2010, the Company signed an agreement relating to lease of fiber-optic infrastructure by Empresa Brasileira de Telecomunicações S.A. - EMBRATEL, with first amendment on June 30, 2011 and second amendment on May 31, 2012. On August 1, 2013, the Company received a prepayment of R\$4,240, corresponding to the totality of services in the first year of the agreement. The balance of unallocated revenue at December 31, 2013 totals R\$2,463, recorded under current liabilities. The amount is allocated to P&L as from the date the leased assets were made available, i.e. August 1, 2013, over a twelve month period.

On April 11, 2013 and June 3, 2013, the Company entered into 17 (seventeen) agreements with Empresa Brasileira de Telecomunicações S.A. - EMBRATEL referring to occupation of the rights of way temporarily and at valuable consideration. During the negotiation process, the Company received a prepayment of R\$481, corresponding to the totality of services in the first year of the agreements. Unallocated revenue at December 31, 2013 totals R\$223, recorded under current liabilities. The amount will be allocated to P&L as from the date the authorizations for use are granted, over a twelve month period.

### 14. Equity

At December 31, 2013 and 2012, the Company's authorized capital limit is R\$715,000 (R\$715,000 at December 31, 2012).

At December 31, 2013 and 2012, the Company capital is broken down as follows:

	2013			
	Number of shares	% of interest	Common shares	Preferred shares
Investimentos e Participações em Infraestrutura S.A. - INVEPAR	1,026,969,956	100	513,484,978	513,484,978

Preferred shares have no voting rights and are entitled to the same profit sharing as common shares, in addition to preemptive right in capital reimbursement, without premium, in the event of wind-up, and will also have the right to participate in public offering of shares for the same price and under the same conditions as common shares.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 15. Net operating revenue

	<u>2013</u>	<u>2012</u>
Gross revenue from toll collection	241,529	215,426
Additional revenue	11,440	7,349
Revenue from construction agreement	282,080	185,561
Deductions from revenue	<b>(22,249)</b>	<b>(19,502)</b>
	<b>512,800</b>	<b>388,834</b>

### 16. Cost of services rendered

	<u>2013</u>	<u>2012</u>
Service providers	<b>(45,340)</b>	(49,832)
Operating	<b>(20,354)</b>	(8,750)
Amortization	<b>(59,241)</b>	(51,754)
Provision	-	(6,772)
Personnel	<b>(21,593)</b>	(8,658)
Contractual concession costs	<b>(5,939)</b>	(8,150)
	<b>(152,467)</b>	<b>(133,916)</b>

### 17. Financial income (expenses), net

	<u>2013</u>	<u>2012</u>
Financial income		
Discounts obtained	3	3
Interest receivable	16	14
Interest income	25,932	5,509
Monetary restatement	35	3,011
	<b>25,986</b>	<b>8,537</b>
Financial expenses		
Commissions and bank charges	<b>(1,100)</b>	(1,628)
Interest on loans	<b>(94,045)</b>	(82,306)
IOF	(4)	(290)
Monetary variation loss	<b>(49,652)</b>	(5,454)
Other	<b>(17)</b>	(145)
	<b>(144,818)</b>	<b>(89,823)</b>
	<b>(118,832)</b>	<b>(81,286)</b>

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 18. Earnings (loss) per share

In accordance with CPC 41, the Company disclosed the following information on earnings (loss) per share for the years ended December 31, 2013 and 2012.

The calculation of basic earnings per share is made by dividing income for the period, attributable to Company's common and preferred shareholders by the weighted average number of common and preferred shares available in the period.

The table below presents P&L data and shares used in the calculation of basic and diluted earnings per share:

	2013			2012		
	Common	Preferred	Total	Common	Preferred	Total
Basic numerator						
Net losses attributable to common and preferred shareholders	(25,289)	(25,289)	(50,578)	(20,284)	(20,283)	(40,567)
Basic and diluted denominator						
Weighted average number of shares (in thousands)	513,485	513,485	1,026,970	466,943	466,943	933,886
Basic and diluted loss per share (R\$)	(0.0492)	(0.0492)	-	(0.0434)	(0.0434)	-

The Company does not have dilutive instruments in the for the year ended December 31, 2013 and 2012 and there is no difference between the calculation of basic and diluted earnings per share.

### 19. Concession commitments

The Company's concession term and liabilities stemming from the Concession Agreement agreed with the São Paulo State Transport Agency (ARTESP) is projected to end in 2039.

Upon executing the Highway Service Concession Arrangement No. 002/ARTESP/2009, related to International Public Notice No. 004/2008, the Company assumed the following obligations:

a) Investments

The main investments arising from the concession are shown below:

- i) Duplication of highway and implementation of level and raised u-turn ramps.
- ii) Construction of vehicle weighing stations (fixed and mobile) and customer service stations.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 19. Concession commitments (Continued)

a) Investments (Continued)

- iii) Construction of nine toll plazas and the demolition of two pre-existing toll plazas (Presidente Bernardes and Caiuá).
- iv) Implementation and improvements to ramps, clover-leaf interchanges, loop ramps, pedestrian walkways, interchange safety devices and improvements to inter-sections.

b) Fixed and variable fees

The following amounts correspond to the right of operate the highway system:

i. *Fixed fees*

Fixed fees of R\$634,000 in favor of DER/SP were fully settled on September 16, 2010.

ii. *Variable fees*

Percentage of gross toll revenue and additional revenue effectively earned by the Company, payable on a monthly basis.

ii. *Variable fees*

Pursuant to resolution issued by the ARTESP Executive Board, published in the São Paulo Official Gazette on July 27, 2013, the percentage of variable fees on gross revenue reduced from 3% (three percent) to 1.5% (one point five percent) in July, August and September 2013.

In October 2013, the rate went back to 3% (three percent) on gross revenue.

Pursuant to resolution issued by the ARTESP Executive Board, published in the São Paulo Official Gazette on December 14, 2013, the percentage of variable fees on gross revenue was once again reduced to 1.5% (one point five percent) as from November, now for an indefinite period of time.

At December 31, 2013, the commitment amounted to R\$ 349 (R\$652 in 2012).

In the year ended December 31, 2013, the amount of R\$6,241 (R\$6,567 in 2012) was paid to the Granting Authority relating to variable fees.



## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 19. Concession commitments (Continued)

c) Guarantees

The Company used surety bonds to meet the following contractual guarantees:

1. Guarantee of compliance with expansion commitments corresponding to 1.5% of the contracted amount, limited to 10% of the investment. This guarantee is released to the extent the expansion commitments are met, limited to maximum indemnity limit of R\$109,808, effective for at least twelve months;
2. Guarantee of compliance with operating, upkeep and variable monthly payment commitments, to the maximum indemnity limit of R\$117,413, effective for twelve months.

d) Financial resources

The Company began operating on March 17, 2009. The financial income required to meet investments and payment of fees will be obtained through capital contribution by shareholders and fund raising in the capital market.

### 20. Insurance coverage

The Company maintains surety bonds, insurance against property damages, revenue loss and civil liability, which were contracted according to ARTESP guidance and obligations provided for in the Concession Agreement, as under:

Type	Maximum indemnity	Effective term	Insurance company	Object
Expansion guarantee	R\$109,808	03/16/2013 to 03/16/2014	Austral Seguradora	(a)
Operating commitment guarantee	R\$117,413	03/16/2013 to 03/16/2014	Austral Seguradora	(b)
Civil liability	R\$50,000	08/01/2013 to 08/01/2014	Tóquio Marine	(c)
Operational risks	R\$200,000	08/01/2013 to 08/01/2014	Tóquio Marine	(d)

- a) Ensure compliance with expansion commitments referred to in item 29.1 of the Concession Agreement of the Highway System by the state highway network of Raposo Tavares Corridor, corresponding to Lot 16 of the São Paulo State Highway Concession Program, International Public Notice No. 004/2008.

## **Concessionária Auto Raposo Tavares S.A.**

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### **20. Insurance coverage (Continued)**

- b) Ensure compliance with operating, upkeep and variable monthly payment commitments referred to in item 29.1.a of the Concession Agreement of the Highway System by the state highway network of Raposo Tavares Corridor, corresponding to Lot 16 of the São Paulo State Highway Concession Program, International Public Notice No. 004/2008.
- c) Damages caused to third parties deriving from management of public assets represented by the highway system complex referred to as Lot 16 of the São Paulo State Highway Concession Program, which includes stretches of highways SP-225, SP-327 and SP-270, with their respective accesses, as well as any improvements.
- d) This operational risk insurance aims to guarantee, for every accident, any losses that the insured may suffer related to each coverage taken out and expressly identified in the policy, in the event of occurrence of any risks described and specified in the General Conditions, special and/or specific conditions, under the maximum limits of indemnification established for each coverage and under the legal provisions and other contractual conditions applicable.

### **21. Financial instruments and risk concentration**

The estimated realizable values of financial assets and liabilities of the Company were determined using available market information and appropriate valuation methodologies. However, considerable judgment was required in interpreting market data to produce the most adequate estimated realizable value. Consequently, the estimates below do not necessarily indicate the amounts that could be realized in a current exchange market. The use of different market methodologies may generate changes in the estimated realizable values.

Management of these instruments occurs through operating strategies aimed at liquidity, security and profitability. The control policy permanently monitors contractual rates versus current market rates, and assesses the financial situation of the institutions involved. The Company does not make speculative investments in derivatives or other risk assets.

The amounts recorded in asset and liability accounts, as financial instruments, are restated as contracted through December 31, 2013 and approximate their market value. These amounts basically comprise cash and cash equivalents, short-term investments, receivables, loans and financing and debentures.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 21. Financial instruments and risk concentration (Continued)

Under the terms of CVM Rule No. 550 of October 17, 2008, the Company management reports that the risk factors to which the Company is exposed are:

a) General considerations

The Company participates in transactions involving financial instruments, including short-term investments, trade accounts receivable, trade accounts payable, loans and financing and debentures for the purpose of managing the availability of cash funds of operations.

b) Risk management

The Company is exposed to market risks arising from interest rate variation and to credit risk arising from the possibility of default of its counterparties in financial investments and accounts receivable.

The Company adopts procedures for market and credit risk management through financial market mechanisms that seek to minimize the exposure of the Company's assets and liabilities, ensuring the profitability of contracts and equity.

c) Exposure to interest rate risk

The main market risk factor that may affect the Company's business is the interest rate. This risk is linked to the possibility that the Company incurs losses due to variations in interest rates that increase financial expenses related to loans and financing and debentures raised in the market. The Company has not been entering into derivative agreements to hedge against this risk. Nonetheless, the Company continuously monitors market interest rates aiming to assess the need to enter into derivative contracts to hedge against volatility of such rates.

The Company is exposed to the risk that a change in interest rates will result in the increase of its financial expenses with future interest payments. The national currency debt is subject to variations in the DI, TJLP and IPCA.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 21. Financial instruments and risk concentration (Continued)

#### d) Sensitivity analysis

Analyses of the sensitivity of financial instruments to the variables that pose risk of variation are presented below:

##### *Selection of scenarios*

In compliance with CVM Ruling No. 475/08, the Company presents three scenarios in the sensitivity analysis, where one probable and two that may represent adverse effects for the Company with 25% and 50% deterioration in each index.

The rates considered are as follows:

Indicator	Scenario I	Scenario II	Scenario III
	Probable	Possible - adverse	Extreme - adverse
CDI	9.77%	7.33%	4.89%
TJLP	5.00%	6.25%	7.50%
IPCA	5.91%	7.39%	8.87%

Sensitivity amounts in the table below refer to interest to be incurred by financial instruments under each scenario.

##### *Sensitivity analysis of interest rate variations*

The sensitivity of each financial instrument, based on exposure to variation of each one of them, is presented in the table below:

Instrument	Maturity	Risk	Interest to be incurred		
			Scenario I	Scenario II	Scenario III
			Probable	Possible - adverse	Extreme - adverse
Cash equivalents		DI decrease	29,600	21,558	13,970
Short-term investments		DI decrease	8,049	6,010	3,994
Debentures - 1 <sup>st</sup> series	Dec/2024	IPCA			
		increase	579,827	716,204	870,915
Debentures - 2 <sup>nd</sup> series	Dec/2024	IPCA			
		increase	577,002	711,031	863,039
BNDES - Senior loan	Mar/2021	TJLP			
		increase	123,556	127,597	147,674
BNDES - Senior loan	Mar/2023	IPCA			
		increase	162,423	175,594	190,000

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 21. Financial instruments and risk concentration (Continued)

#### d) Sensitivity analysis (Continued)

The amount equivalent to 100% of the Company's loans and financing and debentures are subject to remuneration at the accumulated variation of DI, TJLP and IPCA rates, and cash equivalents and short-term investment are subject to CDI.

These analyses illustrate sensitivity to changes in market variables of the Company's financial instruments.

The sensitivity analysis is established based on assumptions and estimates about future events. The Company management regularly revises estimates and assumptions used in these calculations. Nevertheless, settlement of transactions involving these estimates could result in amounts different from those estimated due the subjectivity inherent to the process used to prepare such analyses.

#### e) Credit risk exposure

Operations that subject the Company to concentrations of credit risk refer primarily to checking accounts and investments, in which the Company is exposed to the risk of the financial institution involved. In order to manage this risk, the Company holds checking accounts and short-term investments with first-tier financial institutions, according to management.

At December 31, 2013, the Company recorded trade accounts receivable in the amount of R\$14,466, of which R\$13,690 referred to CGMP- Centro de Gestão de Meios de Pagamento S.A., corresponding to 94,6% of the total amount receivable, arising from toll revenue collected by the electronic toll payment system ("Sem Parar"), recognized in "Trade accounts receivable". Because CGMP is controlled by the highway sector, the Company management believes that the credit risk arising from these receivables is unlikely, as such risk is considered to have been mitigated among the concessionaires of the highway sector.

#### f) Derivatives

The Company did not participate in transactions involving derivative financial instruments or any other speculative instruments in the period from January 1 to December 31, 2013.

The Company does not have derivative financial instruments or other financial instruments linked thereto at December 31, 2013.

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 21. Financial instruments and risk concentration (Continued)

g) Market values

At December 31, 2013, the market values of trade accounts receivable and payable approximate amounts recorded in the financial statements given their short-term nature.

In relation to loans and financing and debentures, the related market values substantially approximate the amounts recorded in the financial statements, as such financial instruments are subject to variable market interest rates.

h) Exposure to liquidity risk

The Company monitors the risk of insufficient funds through a recurrent liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funds and flexibility by means of overdraft facilities, bank loans and debentures.

i) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages the capital structure and adjusts it considering the changes in economic conditions.

	<b>2013</b>	<b>2012</b>
Loans and financing	<b>638,503</b>	572,058
Debentures	<b>742,707</b>	695,212
Cash and cash equivalents	<b>(117,949)</b>	(147,078)
Short-term investments	<b>(55,850)</b>	(240,056)
Net debt	<b>1,207,411</b>	880,136
Equity	<b>511,387</b>	561,965
Equity and net debt	<b>1,718,798</b>	1,442,101

## Concessionária Auto Raposo Tavares S.A.

Notes to financial statements (Continued)  
December 31, 2013 and 2012  
(In thousands of reais, unless otherwise stated)

### 21. Financial instruments and risk concentration (Continued)

j) Fair value hierarchy

The Group adopts the hierarchy below to determine the fair value of financial instruments:

Level 1: quoted prices in active markets for identical assets or liabilities.

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

Level 3: techniques that use data that have significant effect on fair value recorded, not based on observable market data.

### 22. Other matters

On September 17, 2013, Revenue Procedure RFB No. 1397 (IN No. 1397) was published, followed by publication of Provisional Executive Order No. 627 (MP No. 627), providing for the following: revocation of the Transition Tax Regime (RTT) as from 2015, with introduction of a new tax regime; (ii) amendment to Decree-Law No. 1598/77 as regards calculation of corporate income tax and legislation on social contribution tax on net profit. The new tax regime established in MP No. 627 is effective as from 2014, should the entity elect such option. The provisions of MP No. 627 include treatment of profit distribution and payment of dividends, calculation base of interest on equity and calculation criterion for equity pickup during effectiveness of RTT, among others.

The Company prepared a preliminary study of the potential effects of application of MP No.627 and IN No. 1397 and concluded that the impacts on operations and financial statements for the year ended December 31, 2013 are not significant, based on their best interpretation of the current wording of MP No. 627. The possible conversion of MP No. 627 into law could change the referred to conclusion. The Company is awaiting the definition of amendments to MP No. 627 in order to decide on whether to opt for its early adoption in fiscal year 2014.