

**ARTERIS S.A. AND SUBSIDIARIES**

**Independent Auditor's Report**

**Parent Company and consolidated interim  
financial information as at September 30,  
2014**

**ARTERIS S.A. AND SUBSIDIARIES**

**Parent Company and consolidated interim financial information  
September 30, 2014**

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ARTERIS S.A. AND SUBSIDIARIES

INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED  
SEPTEMBER 30, 2014 AND INDEPENDENT AUDITOR'S REPORT ON THE INTERIM  
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## ARTERIS S.A. AND SUBSIDIARIES

### NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2014

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

#### 1. OPERATIONS

Arteris S.A. ("Company") has its registered office and principal place of business at Avenida Presidente Juscelino Kubitschek, 1.455 - 9º andar, in the city of São Paulo, state of São Paulo, Brazil. The Company's individual and consolidated interim financial information for the three- and nine-month periods ended September 30, 2014 includes the Company and its subsidiaries (collectively referred to as "Arteris Group" and individually as "Group entity"). The Company was established on November 9, 1998.

There were no changes in operations in the three- and nine-month periods ended September, in relation to the year ended December 31, 2013.

The individual and consolidated interim financial information was approved by the Board of Executive Officers and authorized for issue on November 5, 2014.

#### 2. CONCESSIONS

In conformity with its corporate purposes, as at September 30, 2014, the Company holds interests in highway concessionaires in the State of São Paulo and in federal highway concessionaires.

In comparison with the year ended December 31, 2013, no changes in the interests in concessions were registered in the three- and nine-month periods ended September 30, 2014, except for:

##### State concessionaires

The subsidiary Autovias S.A. agreed with the São Paulo State Public Transport Regulatory Agency - ARTESP ("ARTESP") to include, in the concession agreement, new works for the duplication of 14 kilometers of the SP 318, between kilometers 253 and 249. The inclusion of the works in the agreement and the latter's economic and financial rebalancing will be executed through the Marginal Cash Flow methodology, by extending the concession term of the Company's agreement by six months, whereby the concession will end in May 2019.

The state concessionaires estimate the amounts shown below, as at September 30, 2014, to meet the requirements to make investments and carry out recovery and maintenance works through the end of the concession agreements. These amounts are subject to changes due to contract adaptations and periodic revisions of cost estimates over the concession period, and are verified at least once a year:

Nature of costs	9.30.2014				<u>Total</u>
	<u>Autovias</u> Forecast 2014 to 2019	<u>Centrovias</u> Forecast 2014 to 2019	<u>Intervias</u> Forecast 2014 to 2028	<u>Vianorte</u> Forecast 2014 to 2018	
Infrastructure	155,799	24,147	469,206	28,776	677,928
Special upkeep work	<u>223,835</u>	<u>156,470</u>	<u>282,138</u>	<u>139,097</u>	<u>801,540</u>
	<u>379,634</u>	<u>180,617</u>	<u>751,344</u>	<u>167,873</u>	<u>1,479,468</u>

### Federal concessionaires

As the federal models for concession agreements are non-onerous and consider the lowest toll, the federal concessionaires will not pay to the Concession Authority any fixed and/or variable concession fee for the right to operate such lots.

The main commitment made by the federal concessionaires as a result of the concession agreements is the payment to the ANTT of the inspection fees intended to cover expenses on inspecting the concession over the entire period. The nominal amounts of the inspection fees are as follows:

<u>Concessionaire</u>	<u>Annual amount</u>	<u>Remaining amount in the concession period</u>
Planalto Sul	1,846	33,997
Fluminense	2,665	49,080
Fernão Dias	7,916	145,786
Régis Bittencourt	8,436	155,363
Litoral Sul	<u>6,424</u>	<u>118,309</u>
	<u>27,287</u>	<u>502,535</u>

The annual inspection fees are adjusted based on the same index and at the same date as the basic toll.

The federal concessionaires estimate the amounts shown below, as at September 30, 2014, to meet the requirements to make investments and carry out recovery and maintenance work through the end of the concession agreements. These amounts are subject to changes due to contract adaptations and periodic revisions of cost estimates over the concession period, and are verified at least once a year:

Nature of costs	9.30.2014					<u>Total</u>
	<u>Planalto</u> Sul	<u>Forecast 2014 to 2033</u>			<u>Litoral Sul</u>	
		<u>Fluminense</u>	<u>Fernão Dias</u>	<u>Régis</u> <u>Bittencourt</u>		
Infrastructure	123,454	769,925	325,872	1,002,301	581,351	2,802,903
Recovery/Maintenance	<u>295,527</u>	<u>317,403</u>	<u>693,292</u>	<u>548,412</u>	<u>523,041</u>	<u>2,377,675</u>
Total	<u>418,981</u>	<u>1,087,328</u>	<u>1,019,164</u>	<u>1,550,713</u>	<u>1,104,392</u>	<u>5,180,578</u>

### 3. BASIS OF PREPARATION

Statement of compliance (in regard to IFRS and CPC standards)

The individual interim financial information has been prepared in accordance with the accounting practices adopted in Brazil, and are identified as Parent Company.

The consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

The accounting practices adopted in Brazil comprise those included in the Brazilian Corporation Law and in the technical pronouncements, guidance and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM).

Other information on the measurement basis, functional and presentation currency, and use of estimates and judgments, are consistent with those adopted and disclosed in the financial statements for the year ended December 31, 2013 and, therefore, must be read together with the financial statements.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim financial information are consistent with those disclosed in the financial statements of December 31, 2013 and, therefore, must be read together with the financial statements, taking into consideration the updates below:

#### 4.1 The nominal balances and the present value of current and non-current liabilities, at the end of the reporting period, are as follows:

<u>Current</u>	<u>9.30.2014</u>	<u>12.31.2013</u>
Provision for investments in highways - nominal	97,716	70,738
Provision for investments in highways at present value	<u>91,760</u>	<u>68,489</u>
Effect of discount to present value	<u>5,956</u>	<u>2,249</u>
Provision for maintenance in highways - nominal	105,723	72,784
Provision for maintenance in highways at present value	<u>102,114</u>	<u>71,043</u>
Effect of discount to present value	<u>3,609</u>	<u>1,741</u>
Concession fees - nominal (*)	75,985	72,229
Concession fees at present value (*)	<u>74,343</u>	<u>70,299</u>
Effect of discount to present value	<u>1,642</u>	<u>1,930</u>

## Non-current

Provision for investments in highways - nominal	32,439	51,062
Provision for investments in highways at present value	<u>27,677</u>	<u>43,151</u>
Effect of discount to present value	<u>4,762</u>	<u>7,911</u>
Provision for maintenance in highways - nominal	531,308	480,635
Provision for maintenance in highways at present value	<u>443,735</u>	<u>401,395</u>
Effect of discount to present value	<u>87,573</u>	<u>79,240</u>
Concession fees - nominal (*)	197,443	248,025
Concession fees at present value (*)	<u>175,375</u>	<u>216,540</u>
Effect of discount to present value	<u>22,068</u>	<u>31,485</u>

(\*) Includes the variable portion, as mentioned in Note 15.

The recompilation of balances to their nominal amounts at the reporting date due to passage of time is recognized as finance costs in the income statement.

## 4.2 New and revised standards and interpretations of standards issued

New IASB accounting standards, published and revised on January 1, 2014 were applied by the Company to the financial information for the period ended September 30, 2014, where applicable, and did not have any material effect that required restatement of previous balances.

## 5. CASH AND CASH EQUIVALENTS

Broken down as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2014</u>	<u>12.31.2013</u>
Cash and banks	2,893	1,138	16,400	18,417
Short-term investments (*)	<u>83,991</u>	<u>184,304</u>	<u>850,453</u>	<u>911,494</u>
Total	<u>86,884</u>	<u>185,442</u>	<u>866,853</u>	<u>929,911</u>

(\*) Represented by highly liquid short-term investments, with insignificant risk of change in value and maturity of less than 90 days from the acquisition date, as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2014</u>	<u>12.31.2013</u>
Bank Certificates of Deposit - CDBs	-	-	9,890	8,191
Debentures under repurchase agreements	-	-	41,267	35,524
Investment funds	<u>83,991</u>	<u>184,304</u>	<u>799,296</u>	<u>867,779</u>
Total	<u>83,991</u>	<u>184,304</u>	<u>850,453</u>	<u>911,494</u>

Short-term investments yielded on average 100.40% of the interbank deposit certificate (CDI) in the period.

## 6. TRADE RECEIVABLES

Broken down as follows:

	<u>Consolidated</u>	
	<u>9.30.2014</u>	<u>12.31.2013</u>
Electronic toll(*)	144,664	119,714
Toll tickets	3,922	4,893
Toll cards	2,849	880
Supplementary revenues	<u>23,546</u>	<u>1,222</u>
	<u>174,981</u>	<u>126,709</u>

(\*) According to Note 24c.

The Management of the Company and its subsidiaries did not identify the need to recognize a provision for loss on receivables as at September 30, 2014. The average maturity is 30 days.

## 7. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Broken down as follows:

	<u>Consolidated</u>	
	<u>9.30.2014</u>	<u>12.31.2013</u>
Non-current assets		
Bases of deferred asset:		
Tax loss (a)	83,528	36,787
Accrued profit sharing	10,076	11,248
Civil, labor and tax risks (b)	11,232	9,588
Merger concession (c)	(19,593)	(20,916)
Goodwill from SPR (d)	6,771	11,849
Adjustments related to changes in accounting policies (e)		
Provision for maintenance	422,314	329,469
Differences in intangible assets, deferred charges and property and equipment, net.	40,605	116,215
Adjustment of financial charges	16,916	11,425
Reversal of interest capitalization	<u>588</u>	<u>536</u>
Taxable base	<u>572,437</u>	<u>506,201</u>
Combined statutory rate	<u>34%</u>	<u>34%</u>
Total deferred income tax and social contribution	<u>194,628</u>	<u>172,108</u>



	<u>Consolidated</u>	
	<u>9.30.2014</u>	<u>12.31.2013</u>
Non-current liability		
Bases of deferred liability:		
Tax loss (a)	(70,112)	(9,678)
Accrued profit sharing	(3,608)	(4,402)
Civil, labor and tax risks (b)	(5,406)	(1,985)
Adjustments related to changes in accounting policies (e)		
Provision for maintenance	(123,535)	(99,276)
Differences in intangible assets, deferred charges and property and equipment, net.	455,830	354,111
Adjustment in financial charges	(7,288)	(13,897)
Reversal of interest capitalization	<u>(616)</u>	<u>(384)</u>
Taxable base	<u>245,265</u>	<u>224,489</u>
Combined statutory rate	<u>34%</u>	<u>34%</u>
Total deferred income tax and social contribution	<u>83,390</u>	<u>76,326</u>

(a) Refers to income tax and social contribution losses, whose possibility to offset tax offset is supported by future taxable income projections.

(b) Refer to provisions for civil, labor and tax risks related to unresolved claims.

(c) Credit arising from the amortization of the merged concession, recorded up to the base date of the spin-off of OHL do Brasil Participações em Infraestrutura Ltda. in June 2006 and, until then, controlled in "part B" of that company's taxable income book (LALUR). With the merger of the interest of OHL do Brasil Participações em Infraestrutura Ltda.; the Company recognized this credit that, pursuant to tax legislation, is amortized at the rate of 20% per annum, for tax purposes, and for the term of the concession, for accounting purposes.

(d) Credit arising from the merger of SPR - Sociedade para Participações em Rodovias S.A., former parent company of Vianorte, recognized on the portion of the goodwill amortized by SPR from December 2006 to September 2010. The Company recognized this credit that, according to the tax law, was amortized at the rate of 20% per annum, for tax purposes, and for the term of the concession, for accounting purposes.

(e) Adjustments arising from the first-time adoption of the changes in accounting practices adopted in Brazil and the international financial reporting standards.

The Company has tax credits that are not being recognized, given that it is a holding company with no taxable operating results.

The future business forecasts of the Company and its subsidiaries and their income projections are prepared by their Management. Therefore, they are dependent upon market variables and are subject to changes.

The expectation of recovery of all credits and the actual payment of deferred tax debits, indicated by taxable income projections, are as follows:

Year ended on:

Non-current assets

2015 (after September)	43,097
2016	49,272
2017	33,500
2018	25,837
After 2019	<u>42,922</u>
	<u>194,628</u>

Non-current liabilities

2015 (after September)	3,247
2016	3,383
2017	3,520
2018	3,665
After 2019	<u>69,575</u>
	<u>83,390</u>

## 8. RESTRICTED INVESTMENTS

The Company's subsidiaries hold restricted investments in order to fulfill contractual obligations related to borrowings and financing and debentures. A brief description of these obligations is provided below:

### Debentures - Sinking Fund

As guarantee of the strict and full compliance with the obligations assumed, the Company's subsidiaries have been withholding and depositing on a daily basis part of the amount collected to repay the principal and pay the annual interest of series 2 debentures, so that at the end of each interest and principal amortization period the payment amount is already available. These funds are kept in an investment fund specifically established for this purpose. On September 30, 2014, these investments yielded on average 99.58% of the CDI variation.

### BNDES

The federal concessionaires must deposit, in a payment account with a financial institution, part of the operating revenues (between 43% and 50% of the collection of toll plazas). These funds are used for payment of the debt service and maintenance of the mandatory minimum amount of the reserve account. After the legal fulfillment of the contractual obligations, the excess funds are transferred to a free current account.

The Company's federal subsidiaries must maintain deposited in a reserve account with a financial institution, until the final settlement of all obligations assumed in the financing agreement with the BNDES, a minimum amount equivalent to three times the amount of the last overdue debt service installment, including the

payments of principal, interest and other debt charges arising from the financing agreement. This amount is always recalculated on the day subsequent to each payment of the monthly installments. As at September 30, 2014, these investments yielded on average 98.93% of the CDI variation:

The amounts of these investments are as follows:

	<u>Consolidated</u>		<u>12.31.2013</u>	
	<u>9.30.2014</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Debentures	120,412	-	47,383	-
BNDES	-	<u>87,977</u>	-	<u>63,604</u>
	<u>120,412</u>	<u>87,977</u>	<u>47,383</u>	<u>63,604</u>

## 9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries are as follows:

	<u>30.09.2014</u>						
	Common shares	Equity interest (%)	Equity	Total assets	Total liabilities	Net revenue	Profit / (loss)
Autovias	125,040,451	100%	167,906	802,356	634,450	278,473	74,757
Centrovias	101,483,834	100%	124,784	850,344	725,560	255,854	95,863
Intervias	4,352,285	100%	167,013	921,731	754,718	296,125	108,864
Vianorte	1,132,038	100%	144,883	669,692	524,809	237,997	67,172
Planalto Sul	200,590,574	100%	220,436	776,994	556,558	207,619	(6,100)
Fluminense	137,154,799	100%	282,620	1,113,654	831,034	365,867	5,682
Fernão Dias	330,036,941	100%	308,801	1,514,763	1,205,962	358,375	(11,964)
Régis Bittencourt	170,516,508	100%	426,094	1,641,364	1,215,270	515,155	10,605
Litoral Sul	190,871,174	100%	337,900	1,372,647	1,034,747	433,585	(4,075)
Paulista (*)	-	-	-	-	-	-	(42)
Latina Manutenção (**)	2,113,205	100%	46,939	131,669	84,730	353,833	2,637
Latina Sinalização (**)	250,000	100%	13,924	18,448	4,524	26,241	2,530

(\*)Paulista was incorporated by Latina Manutenção in April 2014.

(\*\*) Quotas.

	<u>12.31.2013</u>						
	Common shares	Equity interest (%)	Equity	Total assets	Total liabilities	Net revenue	Profit / (loss)
Autovias	125,040,451	100%	188,769	797,907	609,138	334,581	92,099
Centrovias	101,483,834	100%	147,038	533,159	386,121	323,841	112,163
Intervias	4,352,285	100%	200,863	948,406	747,543	356,157	138,783
Vianorte	1,132,038	100%	155,386	590,051	434,665	293,167	67,381
Planalto Sul	159,417,665	100%	156,536	631,060	474,524	218,081	(6,446)
Fluminense	105,745,395	100%	182,723	823,129	640,406	414,839	17,749
Fernão Dias	298,681,400	100%	290,765	1,289,290	998,525	480,470	(6,174)
Régis Bittencourt	138,326,717	100%	343,814	1,333,606	989,792	499,596	32,317
Litoral Sul	190,854,749	100%	259,232	1,067,530	808,298	458,105	11,547
Paulista (*)	500,000	100%	1,905	8,940	7,035	-	(132)
Latina Manutenção (*)	250,000	100%	42,439	119,157	76,718	474,571	2,374
Latina Sinalização (*)	250,000	100%	18,394	21,974	3,580	43,704	4,495

(\*) Quotas.

Changes in investments for the period ended September 30, 2014 are as follows:

	Balances at 12.31.2013	Incorporation of Paulista	Capital contribution	Interest on equity / dividends	Equity in the earnings (losses) of subsidiaries for the period	Balances at 9.30.2014
Autovias	188,769	-	-	(95,620)	74,757	167,906
Centrovias	147,038	-	-	(118,117)	95,863	124,784
Intervias	200,863	-	-	(142,714)	108,864	167,013
Vianorte	155,386	-	-	(77,676)	67,172	144,882
Planalto Sul	156,536	-	70,000	-	(6,100)	220,436
Fluminense	182,723	-	94,215	-	5,682	282,620
Fernão Dias Régis	290,765	-	30,000	-	(11,964)	308,801
Bittencourt	343,814	-	71,675	-	10,605	426,094
Litoral Sul	259,232	-	82,743	-	(4,075)	337,900
Paulista Latina	1,905	(1,863)	-	-	(42)	-
Manutenção Latina	42,440	1,863	-	-	2,637	46,940
Sinalização Serviço e Tecnologia de pagamentos S.A.	18,394	-	-	(7,000)	2,530	13,924
Other investments	1,034	-	-	-	-	1,034
Total	<u>1,988,918</u>	<u>-</u>	<u>348,633</u>	<u>(441,127)</u>	<u>345,929</u>	<u>2,242,353</u>

On April 14, 2014 the merger of Paulista Gerenciamento de Rodovias Ltda. ("Paulista") into Latina Manutenção de Rodovias Ltda. ("Latina Manutenção"), both of them controlled by Arteris, was approved ("Merger"). The Merger of Paulista into Latina Manutenção is part of the group's corporate restructuring, which aims to improve the organization of activities, increase economic efficiency and synergy gain, reduce operating and financial costs and simplify the corporate structure.

Changes in investments for the year ended December 31, 2013 are as follows:

	Balances at 12.31.2012	Capital contribution	Interest on equity /dividends	Equity in the earnings (losses) of subsidiaries for the year	Balances at 12.31.2013
Autovias	173,743	-	(77,073)	92,099	188,769
Centrovias	120,476	2,121	(87,722)	112,163	147,038
Intervias	190,702	-	(128,622)	138,783	200,863
Vianorte	123,902	-	(35,897)	67,381	155,386
Planalto Sul	162,982	-	-	(6,446)	156,536
Fluminense	119,083	50,106	(4,215)	17,749	182,723
Fernão Dias	256,939	40,000	-	(6,174)	290,765
Régis Bittencourt	257,830	61,342	(7,675)	32,317	343,814
Litoral Sul	247,035	3,391	(2,741)	11,547	259,232
Paulista	2,037	-	-	(132)	1,905
Latina Manutenção	40,066	-	-	2,374	42,440
Latina Sinalização	13,899	-	-	4,495	18,394
Serviço e Tecnologia de Pagamentos S.A.	1,034	-	-	-	1,034
Other investments	19	-	-	-	19
<b>Total</b>	<b><u>1,709,747</u></b>	<b><u>156,960</u></b>	<b><u>(343,945)</u></b>	<b><u>466,156</u></b>	<b><u>1,988,918</u></b>

## 10. PROPERTY AND EQUIPMENT

Changes in property and equipment are as follows:

	<u>Parent Company</u>					
<u>Cost of property and equipment, gross</u>	<u>Furniture, fixtures and facilities</u>	<u>Facilities, buildings and premises</u>	<u>Leasehold improvements</u>	<u>Other property and equipment</u>	<u>Land</u>	<u>Total</u>
Balance at 12.31.2013	2,650	2,782	2,711	2,309	586	11,038
Additions	707	-	3,866	843	-	5,416
Disposals/write-offs	-	-	(2,223)	(127)	-	(2,350)
Balance at 9.30.2014	<u>3,357</u>	<u>2,782</u>	<u>4,354</u>	<u>3,025</u>	<u>586</u>	<u>14,104</u>
<u>Accumulated depreciation</u>						
Balance of 12.31.2013	(2,132)	(1,064)	(2,178)	(569)	-	(5,943)
Depreciation	(387)	(83)	(477)	(157)	-	(1,104)
Disposals/write-offs	-	-	2,140	126	-	2,266
Balance at 9.30.2014	<u>(2,519)</u>	<u>(1,147)</u>	<u>(515)</u>	<u>(600)</u>	<u>-</u>	<u>(4,781)</u>
<u>Property and equipment, net</u>						
Balance at 12.31.2013	518	1,718	533	1,740	586	5,095
Balance at 9.30.2014	838	1,635	3,839	2,425	586	9,323
Depreciation rates - %	10	4	20	10	-	-

Consolidated

<u>Cost of property and equipment, gross</u>	<u>Furniture, fixtures and facilities</u>	<u>Computers and peripherals</u>	<u>Vehicles</u>	<u>Facilities, buildings and premises</u>	<u>Land</u>	<u>Machinery and equipment</u>	<u>Other property and equipment</u>	<u>Property and equipment in progress</u>	<u>Total</u>
Balance at 12.31.2013	16,785	7,019	16,335	19,373	586	26,365	2,415	299	89,177
Additions	2,113	1,417	3,561	4,262	-	4,998	878	7,236	24,465
Transfers / Reclassifications (a)	23	(59)	(1,271)	(8,135)	-	943	-	208	(8,291)
Disposals/write-offs	<u>(281)</u>	<u>(444)</u>	<u>(74)</u>	<u>(2,235)</u>	<u>-</u>	<u>(3,313)</u>	<u>(154)</u>	<u>(8)</u>	<u>(6,509)</u>
Balance at 9.30.2014	<u>18,640</u>	<u>7,933</u>	<u>18,551</u>	<u>13,265</u>	<u>586</u>	<u>28,993</u>	<u>3,139</u>	<u>7,735</u>	<u>98,842</u>
<u>Accumulated depreciation</u>									
Balance at 12.31.2013	(9,658)	(5,102)	(10,256)	(5,508)	-	(11,671)	(605)	-	(42,800)
Depreciation	(1,470)	(1,108)	(1,953)	(1,001)	-	(2,229)	(166)	-	(7,927)
Transfers / Reclassifications	1	420	(1)	728	-	(12)	-	-	1,136
Disposals/write-offs	<u>100</u>	<u>69</u>	<u>27</u>	<u>2,139</u>	<u>=</u>	<u>511</u>	<u>128</u>	<u>=</u>	<u>2,974</u>
Balance at 9.30.2014	<u>(11,027)</u>	<u>(5,721)</u>	<u>(12,183)</u>	<u>(3,642)</u>	<u>=</u>	<u>(13,401)</u>	<u>(643)</u>	<u>=</u>	<u>(46,617)</u>
<u>Property and equipment, net</u>									
Balance at 12.31.2013	7,127	1,917	6,079	13,865	586	14,694	1,810	299	46,377
Balance at 9.30.2014	7,613	2,212	6,368	9,623	586	15,592	2,496	7,735	52,225
Depreciation rates - %	10	20	20	13	-	12	16.67	-	-

(a) Refers to the transfer of property and equipment to intangible assets due to expropriation of the third-party property where the headquarters of Régis Bittencourt are located. The place now belongs to the Granting Authority and is part of the right-of-way.

## 11. INTANGIBLE ASSETS

Changes in intangible assets are as follows:

	<u>Parent Company</u>		
<u>Cost of intangible assets:</u>	<u>Software</u>	Intangible assets in <u>progress</u>	<u>Total</u>
Balance at 12.31.2013	1,465	-	1,465
Additions	<u>325</u>	<u>4,594</u>	<u>4,919</u>
Balance at 9.30.2014	<u>1,790</u>	<u>4,594</u>	<u>6,384</u>
 <u>Accumulated amortization:</u>			
Balance at 12.31.2013	(806)	-	(806)
Amortization	<u>(165)</u>	-	<u>(165)</u>
Balance at 9.30.2014	<u>(971)</u>	-	<u>(971)</u>
 <u>Intangible assets, net:</u>			
Balance at 12.31.2013	659	-	659
Balance at 9.30.2014	819	4,594	5,413
Amortization rate	20%		

Consolidated

	Intangible assets in highways - works and services (a)	Concession (b)	Merged concession (c.)	Software	Operation right (d)	Intangible assets in progress	Advances to suppliers	Total
<u>Cost of intangible assets</u>								
Balance at 12.31.2013	6,224,431	351,939	144,380	20,275	9,997	1,173,983	3,452	7,928,457
Additions	385,707	-	-	7,806	-	921,920	11,749	1,327,182
Transfers/Reclassifications	412,318	-	-	40	-	(390,358)	(12,879)	9,121
Disposals/write-offs	<u>(508)</u>	<u>-</u>	<u>-</u>	<u>(241)</u>	<u>-</u>	<u>(7,671)</u>	<u>(53)</u>	<u>(8,473)</u>
Balance at 9.30.2014	<u>7,021,948</u>	<u>351,939</u>	<u>144,380</u>	<u>27,880</u>	<u>9,997</u>	<u>1,697,874</u>	<u>2,269</u>	<u>9,256,287</u>
 <u>Accumulated amortization</u>								
Balance at 12.31.2013	(1,714,222)	(219,649)	(76,388)	(11,670)	(3,059)	-	-	(2,024,988)
Amortization	(206,942)	(20,672)	(7,520)	(1,770)	(1,129)	-	-	(238,033)
Transfers/Reclassifications	(1,166)	-	-	12	-	-	-	(1,154)
Disposals/write-offs	<u>174</u>	<u>-</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327</u>
Balance at 9.30.2014	<u>(1,922,156)</u>	<u>(240,321)</u>	<u>(83,908)</u>	<u>(13,275)</u>	<u>(4,188)</u>	<u>-</u>	<u>-</u>	<u>(2,263,848)</u>
 <u>Intangible assets, net</u>								
Balance at 12.31.2013	4,510,209	132,290	67,992	8,605	6,938	1,173,983	3,452	5,903,469
Balance at 9.30.2014	5,099,792	111,618	60,472	14,605	5,809	1,697,874	2,269	6,992,439



- (a) Refer to projects and services carried out on the highway, such as paving, duplication, side roads, shoulders, work yards, special construction works, ground leveling, implementing a system for collecting tolls and monitoring traffic, signaling and other such services, amortized based on the traffic curve projected until the final term of the concession.
- (b) Refers to the amount assumed for the operation of the highway system discounted to present value. See Note 15.
- (c) Refers to the merged concession resulting from the merger of the spun-off portion, in June 2006, of OHL Participações, former parent company of Autovias and Centrovias. This amount is being amortized based on the traffic curve projected until the final term of the concession.
- (d) Refers to the amount assumed for using granite and gneiss rocks in infrastructure work in projects for the companies belonging to the Arteris Group and installation and safeguarding of equipment to perform the work.

## 12. BORROWING AND FINANCING

Broken down as follows:

	<u>Annual charges</u>	<u>Consolidated</u> 9.30.2014	<u>12.31.2013</u>
<b>Current liabilities:</b>			
Investment financing (BNDES) (a)	TJLP + 2.3% p.a. to 2.58% p.a.	174,297	134,103
Investment financing (BNDES) - automatic (a)	TJLP + 3.3% p.a. to 5.3% p.a.	-	2,463
Equipment financing - State (FINAME) (b)	TJLP + 3.3% p.a. to 7.93% p.a.	-	29
Equipment financing - Federal (FINAME) (b)	TJLP + 2.6% p.a.	292	344
Equipment financing - Construction companies (FINAME) (b)	TJLP + 4.5% p.a.	-	3,569
Leasing (c)	CDI + 1.23% p.a. to 3.7% p.a.	1,720	2,439
Working capital - Construction companies (e)	112.5% CDI	5,536	-
Vehicle financing (d)	16.63% p.a. fixed rate	<u>3,798</u>	<u>42</u>
		<u>185,643</u>	<u>142,989</u>
<b>Non-current liabilities:</b>			
Investment financing (BNDES) (a)	TJLP + 2.3% p.a. to 2.58% p.a.	2,555,851	2,143,257
Investment financing (BNDES) - automatic (a)	TJLP + 3.3% p.a. to 5.3% p.a.	-	1,013
Equipment financing - State (FINAME) (b)	TJLP + 3.3% p.a. to 7.93% p.a.	-	92
Equipment financing - Federal (FINAME) (b)	TJLP + 2.6% p.a.	877	50
Equipment financing - Construction companies (FINAME) (b)	TJLP + 4.5% p.a.	376	3,232
Leasing (c)	CDI + 1.23% p.a. to 3.7% p.a.	436	1,346
Working capital - Construction companies (e)	112.5% CDI	<u>9,855</u>	<u>-</u>
		<u>2,567,395</u>	<u>2,148,990</u>
		<u>2,753,038</u>	<u>2,291,979</u>

TJLP - Long-term interest rate.

- (a) Credit facility opening agreement entered into with the Brazilian Economic and Social Development Bank (BNDES) to finance the recovery, improvement, maintenance, conservation, expansion, and operation works and services in the highways.
- (b) Financing of equipment, guaranteed by the financed assets, collateral signature of shareholders or promissory notes.

(c) Finance lease agreements signed with financial institutions for acquisition of vehicles, information technology equipment and other equipment. The guarantees are the financed assets.

(d) Bank credit notes contracted from the financial institution for purchase of vehicles for administrative use, with repayment term of 36 months as from the transaction formalization date, guaranteed by the financed assets.

(e) Working capital for Latina Manutenção's operating activities.

As at September 30, 2014, the maturities of the long-term borrowings and financing are as follows:

#### Maturity year

2015 (after September)	43,280
2016	202,728
2017	225,273
2018	236,693
After 2019	<u>1,859,421</u>
	<u>2,567,395</u>

As at September 30 2014 there were no changes to the restrictive covenants contained in the financial statements of December 31, 2013.

The Company and its subsidiaries are compliant with all restrictive covenants of the agreements with the BNDES at the end of the reporting period. The fair value of borrowings recognized in current and non-current liabilities approximates their carrying amount, since the impact of the discount is not significant, considering that the discount rates are substantially similar to the contracted rates.

### 13. DEBENTURES

Broken down as follows:

	Number <u>issued</u>	<u>Parent Company</u>		<u>9.30.2014</u>	<u>12.31.2013</u>
		<u>Contractual yield rates (%)</u>	<u>Maturities</u>	<u>Current</u>	<u>Non-current</u>
1 <sup>st</sup> issue (c)	<u>20,000</u>	CDI + 1.40% p.a.	July/2015	<u>223,380</u>	<u>205,022</u>
	<u>20,000</u>			<u>223,380</u>	<u>205,022</u>

<u>Consolidated</u>							
	Number issued	Contractual yield rates (%)	Maturities	9.30.2014		31.12.2013	
				Current	Non-current	Current	Non-current
<b>Arteris:</b>							
1 <sup>st</sup> issue (c)	<u>20,000</u>	CDI + 1.4% p.a.	July/2015	<u>223,380</u>	-	-	<u>205,022</u>
	<u>20,000</u>			<u>223,380</u>	-	-	<u>205,022</u>
<b>Autovias:</b>							
2 <sup>nd</sup> series (a)	120,000	IPCA + 8% p.a.	March/2017	59,946	102,508	9,461	148,675
3 <sup>rd</sup> issue (b)	<u>30,000</u>	CDI + 0.83% p.a.	August/2017	<u>99,856</u>	<u>204,000</u>	<u>726</u>	<u>300,000</u>
	<u>150,000</u>	-		<u>159,802</u>	<u>306,508</u>	<u>10,187</u>	<u>448,675</u>
Transaction cost				<u>(681)</u>	<u>(605)</u>	<u>(760)</u>	<u>(1,096)</u>
				<u>159,121</u>	<u>305,903</u>	<u>9,427</u>	<u>447,579</u>
<b>Centrovias:</b>							
1 <sup>st</sup> series (a)	286,131	CDI + 1.7% p.a.	March/2015	-	-	67,690	16,847
2 <sup>nd</sup> series (a)	120,000	IPCA + 8% p.a.	March/2017	58,589	103,865	9,460	148,676
2 <sup>nd</sup> issue (e)	<u>40,000</u>	CDI + 0.99% p.a.	June/2018	<u>81,734</u>	<u>342,880</u>	-	-
	<u>446,131</u>			<u>140,323</u>	<u>446,745</u>	<u>77,150</u>	<u>165,523</u>
Transaction cost				<u>(985)</u>	<u>(1,097)</u>	<u>(412)</u>	<u>(294)</u>
				<u>139,338</u>	<u>445,648</u>	<u>76,738</u>	<u>165,229</u>
<b>Intervias:</b>							
3 <sup>rd</sup> issue (b)	<u>60,000</u>	CDI + 1.09% p.a.	September/2018	<u>812</u>	<u>600,000</u>	<u>16,234</u>	<u>600,000</u>
	<u>60,000</u>			<u>812</u>	<u>600,000</u>	<u>16,234</u>	<u>600,000</u>
Transaction cost				<u>(756)</u>	<u>(1,561)</u>	<u>(756)</u>	<u>(2,129)</u>
				<u>56</u>	<u>598,439</u>	<u>15,478</u>	<u>597,871</u>
<b>Vianorte:</b>							
1 <sup>st</sup> series (a)	153,776	CDI + 1.7% p.a.	March/2015	-	-	36,379	9,054
2 <sup>nd</sup> series (a)	100,000	IPCA + 8% p.a.	March/2017	48,824	86,554	7,880	123,834
2 <sup>nd</sup> issue (e)	<u>150,000</u>	CDI + 0.86% p.a.	March/2017	<u>60,398</u>	<u>90,000</u>	-	-
	<u>403,776</u>			<u>109,222</u>	<u>176,554</u>	<u>44,259</u>	<u>132,888</u>
Transaction cost				<u>(477)</u>	<u>(337)</u>	<u>(300)</u>	<u>(250)</u>
				<u>108,745</u>	<u>176,217</u>	<u>43,959</u>	<u>132,638</u>

<b>Planalto Sul:</b>							
1 <sup>st</sup> issue (d)	<u>1,390</u>	CDI + 1.4% p.a.	July/2015	15,525	-	-	14,250
	<u>1,390</u>			<u>15,525</u>	=	=	<u>14,250</u>
Transaction cost				<u>(18)</u>	<u>(153)</u>	<u>(20)</u>	<u>(13)</u>
				<u>15,507</u>	<u>(153)</u>	<u>(20)</u>	<u>14,237</u>
<b>Fluminense:</b>							
1 <sup>st</sup> issue (d)	<u>2,250</u>	CDI + 1.4% p.a.	July/2015	25,130	-	-	23,065
	<u>2,250</u>			<u>25,130</u>	=	=	<u>23,065</u>
Transaction cost				<u>(23)</u>	=	<u>(31)</u>	<u>(15)</u>
				<u>25,107</u>	=	<u>(31)</u>	<u>23,050</u>
<b>Fernão Dias</b>							
1 <sup>st</sup> issue (d)	<u>3,370</u>	CDI + 1.4% p.a.	July/2015	37,639	-	-	34,546
	<u>3,370</u>			<u>37,639</u>	=	=	<u>34,546</u>
Transaction cost				<u>(14)</u>	=	=	<u>(32)</u>
				<u>37,625</u>	=	=	<u>34,514</u>
<b>Régis Bittencourt</b>							
1 <sup>st</sup> issue (d)	<u>3,940</u>	CDI + 1.4% p.a.	July/2015	44,006	-	-	40,389
	<u>3,940</u>			<u>44,006</u>	=	=	<u>40,389</u>
				<u>44,006</u>	=	=	<u>40,389</u>
<b>Litoral Sul:</b>							
1 <sup>st</sup> issue (d)	<u>2,610</u>	CDI + 1.4% p.a.	July/2015	29,151	-	-	26,756
	<u>2,610</u>			<u>29,151</u>	=	=	<u>26,756</u>
Transaction cost				<u>(41)</u>	=	<u>(58)</u>	<u>(29)</u>
				<u>29,110</u>	=	<u>(58)</u>	<u>26,727</u>
<b>Total</b>				<u>781,995</u>	<u>1,526,054</u>	<u>145,493</u>	<u>1,687,256</u>

- (a) 1<sup>st</sup> issue - series 1 and 2 of state debentures on March 15, 2010 with nominal unit value of R\$1 each.
- (b) 3<sup>rd</sup> issue of Intervias on September 25, 2013 with nominal unit amount of R\$10 each, and 3<sup>rd</sup> issue of Autovias debentures on December 18, 2013 with nominal unit amount of R\$10 each.
- (c) 1<sup>st</sup> issue of the Parent Company on October 4, 2013 with nominal unit value of R\$10 each.
- (d) 1<sup>st</sup> issue of federal debentures on October 4, 2013 with nominal unit value of R\$10 each.
- (e) 2<sup>nd</sup> issue of Centrovias and Vianorte state debentures on March 20, 2014, with nominal unit value of R\$10 for Centrovias and R\$10 for Vianorte.

Debentures were subscribed at their nominal unit amount plus, for series two debentures, the corresponding adjustment for inflation and, for all debentures, the interest charged from the issue date through their actual payment date, as described below:

	Issue date	Nominal amount	Payment date	Subscribed amount
1 <sup>st</sup> issue – State concessionaires				
1 <sup>st</sup> series	3.15.10	439,907	4.26.10	444,799
2 <sup>nd</sup> series	3.15.10	340,000	4.27.10	345,382
3 <sup>rd</sup> issue – State concessionaires	9.25.13 and 12.18.13	900,000	10.07.13 and 12.26.13	902,168
1 <sup>st</sup> issue – Federal concessionaires	10.04.13	135,600	10.08.13	135,677
1 <sup>st</sup> issue – Parent Company	10.04.13	20,000	10.08.13	20,016
2 <sup>nd</sup> issue – State concessionaires	3.20.14	<u>550,000</u>	3.25.14	<u>550,722</u>
		<u>2,385,507</u>		<u>2,398,764</u>

The yield on series 2 debentures is paid on an annual basis, on the 15<sup>th</sup> day of March, beginning March 2011, and will be amortized on an annual basis beginning March 15, 2015. The yield on series 2 debentures will be paid on a quarterly basis, on the 22<sup>th</sup> day of February, May, August and November, and is amortized on a quarterly basis beginning November 22, 2011.

The yield on series 1 and 2 debentures of Autovias and Intervias, and series 1 debentures of Centrovias and Vianorte were settled before estimated due to refinancing, through new issues, as per items b and e above, respectively.

The yield on 3<sup>rd</sup> issue debentures of Intervias is paid on a semi-annual basis, every 25 of March and September, as of 2014, and amortized in three annual installments, as of September 25, 2016.

The yield on 3<sup>rd</sup> issue debentures of Autovias will be paid on a semi-annual basis, the first payment on February 18, 2014, and amortization of principal in three annual installments, the first of them in February 2015.

The yield on 1<sup>st</sup> issue debentures of the federal concessionaires and the Parent Company will be paid on a single installment jointly with the principal on the maturity date.

The yield on 2<sup>nd</sup> issue debentures of the state concessionaires will be paid on a semi-annual basis, every 20<sup>th</sup> day of March and September and amortized on a semi-annual basis after the one-year grace period, every March and September for Vianorte and, for Centrovias, the payments will be made semi-annually, the first of which on December 20, 2014, and the others in June and December of each year, amortized semi-annually as of June 20, 2015.

As at September 30, 2014, long-term installments of the issues are broken down as follows:

## Maturity year

2015 (after September)	76,632
2016	614,287
2017	574,410
2018	<u>260,725</u>
	<u>1,526,054</u>

1<sup>st</sup> issue of series 2 debentures of the state concessionaires contain restrictive covenants that could accelerate their maturity and require the fulfillment of certain financial ratios, as disclosed in the section "Information on the Offering - Accelerated Maturity" of the Final Public Placement Prospectus filed with the CVM.

As at September 30, 2014, the subsidiaries of the Company, issuers of the debentures, were compliant with the contractual terms and conditions agreed for the debentures.

The debentures are guaranteed by:

1. Pledge of 99.99% of the shares of the issuers. The pledge percentage will be periodically decreased as the debentures are amortized.
2. Collateralization of 80% of toll plaza receivables. The collateralized percentage will be periodically decreased as the debentures are amortized.
3. Collateralization of 100% of the concession compensation receivables.
4. All units of the Sinking Fund, as described in Note 8.

The 1<sup>st</sup> issue debentures of the Parent Company and the federal concessionaires, the 2<sup>nd</sup> issue of Centrovias and Vianorte and the 3<sup>rd</sup> issue of Autovias and Intervias have restrictive clauses that entail early redemption and require compliance with certain financial indices, as disclosed in the section "Indentures and advances from debentures", filed at CVM.

As at September 30, 2014, the Company and its subsidiaries, issuers of the debentures, were compliant with the contractual terms and conditions agreed for the debentures.

The debentures of the federal and state concessionaires and Parent Company issued in 2013 and 2014 are guaranteed by:

1. Suretyship granted by the Guarantor (Arteris S.A.) in favor of the Debenture Holders.
2. The suretyship is granted universally and will encompass the principal debt and all its ancillary expenses, such as interest for late payment, conventional fine or fine for late payment, and other additions, including any costs that may be incurred by the Debenture Holders as a result of legal proceedings and other court or out-of-court measures.

3. The Guaranteed Amount shall be paid by the Guarantor within three (3) business days after receipt, by the Guarantor, of written notice sent by the Trustee, which shall be accompanied, whenever applicable, by receipts of all expenses incurred.
4. No objection or opposition from the Issuer may be admitted or invoked by the Guarantor with the goal of shrinking from its obligations before the Debenture Holders.
5. The Guarantor shall subrogated to the rights of the Debenture Holders in case they honor, totally or partially, the Suretyship, up to the limit of the portion of the debt effectively honored, and the Guarantor undertakes to demand such values from the Issuer only after the Debenture Holders have received the full Guaranteed Amount.
6. Non-compliance, from the Trustee, with the terms for execution of the Suretyship in favor of the Debenture Holders shall not entail, under any circumstance, loss of any right or faculty, and the Suretyship may be executed and demanded by the Trustee in court or out of court.
7. It is incumbent upon the Trustee, in accordance with the duty assigned to him or her by this Indenture and the Brazilian Corporation Law, to demand in-court or out-of-court execution of the suretyship envisaged, once or additional times, whenever it is verified any event of non-payment of any amounts, principals or ancillary expenses owed by the Issuer.

#### 14. RELATED-PARTY TRANSATIONS

	<u>Parent Company (*)</u>	
	<u>9.30.2014</u>	<u>12.31.2013</u>
Current assets		
Amounts due from related parties:		
Subsidiaries:		
Autovias (a)	728	269
Centrovias (a)	792	270
Intervias (a)	809	267
Vianorte (a)	691	267
Planalto Sul (b)	228	453
Fluminense (b)	366	621
Fernão Dias (b)	523	599
Régis Bittencourt (b)	480	892
Litoral Sul (b)	460	693
Latina Manutenção (b)	1,120	126
Latina Sinalização (b)	103	120
Autovias (e)	3,161	1,716
Centrovias (e)	2,084	1,218
Intervias (e)	3,041	1,763
Planalto Sul (c)	15,356	8,592
Fluminense (c)	13,383	5,415
Fernão Dias (c)	28,767	17,412
Régis Bittencourt (c)	13,269	9,908
Litoral Sul (c)	<u>25,517</u>	<u>9,626</u>
Total	<u>110,878</u>	<u>60,227</u>

	Parent Company (*)	
	9.30.2014	12.31.2013
Dividends receivable from subsidiaries:		
Fluminense	-	4,215
Régis Bittencourt	-	7,675
Litoral Sul	=	2,742
Total	=	<u>14,632</u>

	Parent Company (*)	
	9.30.2014	12.31.2013
<u>Non-current assets</u>		
Amounts due from related parties:		
Planalto Sul (c)	156,940	151,483
Fluminense (c)	163,900	100,418
Fernão Dias (c)	332,109	235,227
Régis Bittencourt (c)	144,432	127,471
Litoral Sul (c)	<u>328,866</u>	<u>173,227</u>
Total	<u>1,126,247</u>	<u>787,826</u>

(\*)There are no balances in the consolidated.

	Parent Company (*)	
	9.30.2014	12.31.2013
<u>Current liabilities</u>		
Borrowings and financing - subsidiaries:		
Autovias (d)	28,858	18,275
Centrovias (d)	19,987	9,840
Intervias (d)	29,561	22,485
Vianorte (d)	<u>16,576</u>	<u>10,075</u>
Total	<u>94,982</u>	<u>60,675</u>

(\*)There are no balances in the consolidated.

	Parent Company		Consolidated	
	9.30.2014	12.31.2013	9.30.2014	12.31.2013
Trade payables:				
Related parties:				
Participes en Brasil S.L.	152	154	152	154
Subsidiaries:				
Autovias (b)	-	12	-	-
Intervias (b)	-	33	-	-
Latina Sinalização (b)	-	2	-	-
Total	<u>152</u>	<u>201</u>	<u>152</u>	<u>154</u>

	Parent Company (*)	
	9.30.2014	12.31.2013
<u>Non-current liabilities</u>		
Borrowing and financing - subsidiaries:		
Autovias (d)	348,691	235,955
Centrovias (d)	290,665	149,361
Intervias (d)	305,059	289,261
Vianorte (d)	<u>160,306</u>	<u>154,000</u>
Total	<u>1,104,721</u>	<u>828,577</u>

(\*)There are no balances in the consolidated.

In order to increase the efficiency of the current criterion for cost apportionment, expedite the administrative process and ensure that all the benefited parties pay for a share of the expenses related to the Group's administrative and support areas, in 2014, the Company adopted a new criterion for apportioning costs applicable to all



Group companies. This criterion adjusts the apportioned percentages of costs based on the companies' revenue. This change does not affect the consolidated operating result.

- (a) Refer to administrative expenses of the state concessionaires paid by the Company, which will be reimbursed.
- (b) Refer to the apportionment of administrative costs and expenses among Arteris Group companies.
- (c) Intercompany loan agreements with an interest rate equivalent to 100% of the CDI fluctuation plus 1.037% to 1.7% per year. Interest falls due beginning December 2015 and the principal, beginning December 2015. In the period ended September 30, 2014, the Company granted new loans to subsidiaries Fluminense, Fernão Dias, Regis Bittencourt and Litoral Sul, totaling R\$60,000, R\$85,000, R\$10,000 and R\$150,000, respectively, with interest rate equivalent to 100% of the CDI (Interbank Deposit Certificate) variation plus 1.4% p.a.
- (d) Intercompany loan agreements with an interest rate equivalent to 100% of the CDI fluctuation plus 1.037% to 1.7% per year. Interest falls due beginning December 2013, and the principal, beginning December 2015. In the period ended September 30, 2014, the Company granted new loans to subsidiaries Autovias and Centrovias, totaling R\$100,000 and R\$135,000, respectively, with interest rate equivalent to 100% of the CDI (Interbank Deposit Certificate) variation plus 1.4% p.a.
- (e) Refers to interest on capital receivable.

	<u>Parent Company</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Period</u>	<u>Quarter</u>	<u>Period</u>
Finance income (loss), net:				
Subsidiaries:				
Autovias	(7,023)	(27,434)	(5,914)	(14,984)
Centrovias	(9,273)	(19,354)	(3,778)	(7,416)
Intervias	(5,647)	(26,912)	(7,132)	(18,586)
Vianorte	(5,449)	(15,065)	(3,983)	(7,419)
Planalto Sul	5,211	14,378	2,853	6,420
Fluminense	5,296	13,471	1,625	4,097
Fernão Dias	8,970	27,339	5,905	13,978
Régis Bittencourt	3,123	12,144	3,143	8,191
Litoral Sul	5,149	25,330	2,862	6,634
Total	<u>357</u>	<u>3,897</u>	<u>(4,419)</u>	<u>(9,085)</u>

During the period ended September 30, 2014, the Company recognized R\$3,004 (R\$8,445 as at September 30, 2013) Parent Company, and R\$12,819 (R\$15,197 as at September 30, 2013) Consolidated, as management compensation. The officers did not receive loans from or grant loans to the Company and its subsidiaries, and are not entitled to significant fringe benefits.

The Company grants its employees profit sharing on an annual basis, which is calculated based on the attainment of corporate targets and specific goals

established, approved and disclosed at the beginning of each fiscal year, and the payment is made in the following year, in accordance with the attainment of targets and goals. During the current fiscal year, the accounting provisions are calculated each month on bases that are estimated and appropriated to the result, having social obligations as counterparty. The balances of the provision for profit sharing (PLR) recorded on September 30, 2014, under the "Social obligations" line, are R\$5,918 on the parent company, and R\$21,078 on the consolidated.

All active employees and employees dismissed for the period, who worked during the fiscal year, are entitled to profit sharing. In the case of employees dismissed, only those dismissed without cause are entitled to profit sharing.

The calculation of the profit sharing is based on corporate targets and specific goals to which weights are attributed in accordance with specific tables. The targets, goals and weights can be mainly summarized as the achievement of the budget for expenses and revenues, consolidated EBITDA and EBITDA by company, in addition to individual evaluations based on technical competence and commitment to quality.

The Company and its subsidiaries offer their employees health care, reimbursement of dental care expenses and life insurance during the employment period. Such benefits are partially funded by the employees, based on their professional category and the usage of the respective plans. These benefits are recognized as costs or expenses when incurred.

In regard to transactions carried out with related parties, the transactions have strictly adhered to market standards, legal requirements and the interests of the Company and its subsidiaries. Whenever necessary, these transactions are submitted to the Board of Directors for approval, in the manner stipulated in the Bylaws. The transactions and business entered into by the Company and its subsidiaries with related parties are subject to the finance charges previously described, which are compatible with the rates normally charged in Brazil.

## 15. CONCESSION FEES

Refer to the fees payable for the concessions granted to subsidiaries Autovias, Centrovias, Intervias and Vianorte to the São Paulo State Highway Department (DER/SP), discounted to present value.

The concession fees will be paid in 240 monthly consecutive installments, the first of which was paid in September 1998 by Autovias, in June 1998 by Centrovias, in February 2000 by Intervias, and in March 1998 by Vianorte. The amounts are adjusted using the same formula and at the same dates as the toll adjustment, and are due on the last business day of each month.

Pursuant to the concession agreement, tolls are adjusted in July of each year using the IGP-M fluctuation through May 31. On July 27, 2011, the Concession Authority prepared, and in December 2011 the Concessionaires agreed to, the Modifying Amendment, which establishes the changes of the toll adjustment index from the IGP-M to the IPCA. The other adjustments used by the concession will be maintained based on the IGP-M and possible annual revision with the Concession Authority for verification of the existence of economic imbalance arising from the use of the new

index may determine the imbalance in favor of the Companies or the Concession Authority, through the change of the concession period or another form mutually defined between the parties. This amendment was approved by the State Secretary of Logistics and Transportation on June 28, 2012, and entered into effect in 2013, as of the adjustment of July 1, 2013.

On June 27, 2013, the Extraordinary Resolution of ARTESP's Managing Board regarding the toll tariff adjustment was published in the Diário Oficial do Estado. To sum up, the Resolution authorizes adjusting the concessionaires' toll tariffs as of July 1, 2013 by the General market Price Index (IGP-M), but with no pass-through of inflation to users. In anticipation of the concession fee rebalance, the Managing Board authorized the charging of tariffs for air lift axles of heavy vehicles and the reduction of variable concession fee percentages since July 2013, except for the payments made in November 2013. On September 30, 2014, ARTESP had not yet formalized the Modifying Amendment - TAM, which envisages the concession contract rebalancing system for these measures.

On June 28, 2014 the Extraordinary Resolution of Artesp's Managing Board regarding the toll tariff adjustments was published in the Diário Oficial do Estado. To sum up, the Resolution authorized adjusting the concessionaire's toll tariffs as of July 1, 2014 by the IPCA Index, with an adjustment of 5.17% for Autovias, 5.04% for Centrovias, 4.67% for Intervias and 5.58% for Vianorte, which did not correspond to the IPCA rate variation in the period. The Company does not agree with the São Paulo state government's unilateral decision, announced by Artesp, and is taking the measures to guarantee its rights.

On September 19, 2014, the subsidiary Centrovias S.A. was granted an injunction from the Court of Appeals of São Paulo to fully adjust its toll tariffs. The adjustment index to be applied is 6.37% and is in compliance with the IPCA rate variation between June 2013 and May 2014. Tariffs were adjusted as of that date.

Therefore, the amount of the fees payable was determined as follows:

	<u>Current</u>	<u>Consolidated</u>			
		<u>Present value</u>		<u>Notional value(*)</u>	
		<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2014</u>	<u>12.31.2013</u>
Autovias	Concession fee	7,590	7,219	7,792	7,414
	Variable portion (a)	449	418	449	418
Centrovias	Concession fee	11,357	10,802	11,700	11,093
	Variable portion (a)	485	462	432	462
Intervias	Concession fee	7,067	6,640	7,255	6,903
	Variable portion (a)	617	537	617	537
Vianorte	Concession fee	46,350	43,825	47,300	45,006
	Variable portion (a)	<u>428</u>	<u>396</u>	<u>428</u>	<u>396</u>
Total		<u>74,343</u>	<u>70,299</u>	<u>75,973</u>	<u>72,229</u>

	<u>Non-current</u>	<u>Consolidated</u>			
		<u>Present value</u>		<u>Notional value(*)</u>	
		<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2014</u>	<u>12.31.2013</u>
Autovias	Concession fee	19,921	24,176	22,486	27,780
Centrovias	Concession fee	27,413	33,910	34,126	38,735
Intervias	Concession fee	26,650	30,189	31,108	35,864
Vianorte	Concession fee	<u>101,391</u>	<u>128,265</u>	<u>113,090</u>	<u>145,646</u>
Total		<u>175,375</u>	<u>216,540</u>	<u>200,810</u>	<u>248,025</u>

(\*) Notional amounts adjusted for inflation through the end of the reporting period, included solely as additional information.

(a) The variable portion, equivalent to 3% of the gross monthly revenue, is due by the last business day of the subsequent month. Exceptionally, between July and September 2013, the variable concession fee was calculated based on 1.5% of gross revenue to offset the non-pass-through of inflation to tariffs as of July 1, 2013, as published on July 27, 2013 in the *Diário Oficial do Estado*, proceedings 015.147/2013 and registration 234.316/13.

(b) The variable portion, corresponding to 3% of the monthly toll revenue and 25% of the monthly supplementary revenues actually earned, is due by the last business day of the subsequent month.

On December 14, 2013, ARTESP's Managing Board extended, for indefinite term, the previously granted authorization to withhold and discount 50% of the amount due as variable concession fee (which corresponds to 1.5% of the Concessionaire's revenue). This extension does not include the payments made in November 2013 related to the variable concession fee of October 2013.

The number of installments payable as at September 30, 2014 is as follows:

	<u>Current</u>	<u>Installments</u> <u>Non-current</u>	<u>Total</u>
Autovias	12	35	47
Centrovias	12	32	44
Intervias	12	52	64
Vianorte	12	29	41

The amounts paid by the Company to the Concession Authority during the period ended September 30, 2014 are as follows:

	<u>Fixed</u>	<u>Concession fee</u> <u>Variable</u>	<u>Amount paid</u>
Autovias	5,580	3,805	9,385
Centrovias	8,350	4,101	12,451
Intervias	5,196	5,074	10,270
Vianorte	<u>25,568</u>	<u>4,046</u>	<u>29,614</u>
Total	<u>44,694</u>	<u>17,026</u>	<u>61,720</u>

As at September 30, 2014, the portions related to the notional amount classified in non-current liabilities are broken down as follows:

#### Maturity year

2015	18,304
2016	73,219
2017	81,018
2018	20,489
After 2019	<u>7,780</u>
	<u>200,810</u>

Federal highway concessions do not entail the payment of concession fees as they were granted on a lowest toll offered basis.

## 16. PROVISIONS

### Civil, labor and tax risks

The Company and its subsidiaries are parties to ongoing lawsuits basically involving civil liability to highway users and labor claims.

Management recognized, based on the opinion of its legal counsel, a provision to cover probable losses on said lawsuits and estimates that the final outcome will not affect significantly the cash flows, financial position, and results of operations of the Company and its subsidiaries.

Changes in the consolidated balance of civil, labor and tax risks during the period ended September 30, 2014 are as follows:

	<u>12.31.2013</u>	<u>Additions</u>	<u>Reversals</u>	<u>Uses</u>	<u>9.30.2014</u>
Civil	5,858	13,703	(2,798)	(7,886)	8,877
Labor	<u>5,929</u>	<u>7,530</u>	<u>(5,430)</u>	<u>(205)</u>	<u>7,824</u>
Total	<u>11,787</u>	<u>21,233</u>	<u>(8,228)</u>	<u>(8,091)</u>	<u>16,701</u>

Additionally, the Company and its subsidiaries are parties to ongoing civil and labor lawsuits arising from the normal course of business, which were assessed as possible loss by their legal counsel and for which no provision has been recognized. These lawsuits total R\$14,294, R\$2,358 and R\$762, respectively, in each nature of risk, as at September 30, 2014 (R\$8,443 and R\$3,757 as at December 31, 2013).

The Company recorded a provision for civil risks totaling R\$8,951 million, related to deficiency notices issued by ANTT. This decision was made after all administrative efforts failed and given that it is not possible to file a lawsuit, as there were no sufficient arguments. In August 2014, the Company paid a portion of these deficiency notes, with a discount, in the amount of R\$6,835. The remainder provision as of September 30, 2014 is R\$2,281.

Escrow deposits totaling R\$51,158 (R\$20,372 as at December 31, 2013) classified in non-current assets refer to lawsuits for which no provision has been recognized because the respective risk of loss was assessed as possible or remote.

In May 2014, the Company filed lawsuits with the Federal Court, in the amount of R\$23,308, against ANTT, to annul the deficiency notices imposed by the Agency. In the opinion of the legal advisors, the deficiency notices were based on weak grounds and the amounts therein were disproportionate.

#### Provision for maintenance and investment in highways

The provision for maintenance and investments in highways is calculated, respectively, based on the best estimate of the expenditures to be incurred on repairs and replacements and construction and improvement services. The provision for investments considers the amounts through the end of the concession period, while the provision for maintenance considers the amounts of the next intervention.

Changes in provisions for maintenance and investments in highways during the period ended September 30, 2014 are as follows:

<u>Provisions</u>	<u>Current</u>		<u>Non-current</u>	
	<u>Maintenance in highways</u>	<u>Investments in highways</u>	<u>Maintenance in highways</u>	<u>Investments in highways</u>
Balances at 12.31.2013	71,043	68,489	401,395	43,151
Additions	-	4,653	86,617	-
Uses	(30,405)	(844)	1,454	-
Discount to present value	-	1,872	15,745	2,116
Transfers	<u>61,476</u>	<u>17,590</u>	<u>(61,476)</u>	<u>(17,590)</u>
Balances at 9.30.2014	<u>102,114</u>	<u>91,760</u>	<u>443,735</u>	<u>27,677</u>

Payments made in the period ended September 30, 2014, related to maintenances performed, totaled R\$58,620.

## 17. EQUITY

- a) As at September 30, 2014 share capital is R\$873,822 (R\$772,417 as at December 31, 2013) represented by 344,444,440 common shares without par value, held as follows:

	<u>9.30.2014</u>	
	<u>Number of shares subscribed</u>	<u>Equity interest - %</u>
Participes en Brasil S.L.	238,563,304	69.26
Board of Directors	5	0.00
Other	<u>105,881,131</u>	<u>30.74</u>
Total	<u>344,444,440</u>	<u>100.00</u>

The Annual and Extraordinary Shareholders' Meeting held on April 23, 2014, approved the capital increase using the profit reserve, in the amount of R\$101,405, without issuing new shares.

- b) Profit reserves and distribution of dividends (Parent Company):

### Legal and profit retention reserve

The Company's bylaws prescribe that the profit for the year, after recognition of the legal reserve, as provided for by law, can be allocated to the provision for civil, labor and tax risks, the earnings retention reserve set out in the capital budget to be approved at the Shareholders' Meeting, or the unrealized earnings reserve, pursuant to Article 198 of Law 6404/76.

### Distribution of dividends

The Company's bylaws provide for the distribution of a minimum mandatory dividend of 25% of the profit for the year, adjusted pursuant to Article 202 of Law 6404/76.

The Annual and Extraordinary Shareholders' Meeting held on April 23, 2014 approved the distribution of additional dividends in the amount of R\$101,405.

## 18. REVENUES

Broken down as follows:

	<u>Consolidated</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Revenue from services provided	635,956	1,792,625	601,612	1,696,602
Revenue from construction services	495,057	1,280,367	351,262	875,886
Other revenues	<u>25,981</u>	<u>37,307</u>	<u>8,664</u>	<u>28,530</u>
	<u>1,156,994</u>	<u>3,110,299</u>	<u>961,538</u>	<u>2,601,018</u>

The reconciliation between gross revenue and net revenue presented in the income statement for the period is as follows:

	<u>Consolidated</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Gross revenue	1,156,994	3,110,299	961,538	2,601,018
Service tax (ISSQN)	(32,615)	(90,985)	35,053)	(98,767)
Tax on revenue (PIS)	(2,372)	(12,945)	(4,114)	(11,629)
Tax on revenue (COFINS)	(23,251)	(56,104)	18,980)	(53,657)
Other deductions	<u>(571)</u>	<u>(1,226)</u>	<u>(100)</u>	<u>(182)</u>
Net revenue	<u>1,098,185</u>	<u>2,949,039</u>	<u>903,291</u>	<u>2,436,783</u>

## 19. COSTS AND EXPENSES BY NATURE

Broken down as follows:

Expenses:	<u>Parent Company</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Personnel	(2,170)	(2,595)	(878)	(3,691)
Outsourced services	(283)	(685)	(1,201)	(2,635)
Depreciation / amortization	(200)	(1,269)	(314)	(930)
Insurance / guarantees	-	(1)	(10)	(38)
Consumption	(13)	(73)	(209)	(454)
Transportation	(21)	(117)	94	(261)
Other	<u>114</u>	<u>(705)</u>	<u>(1,485)</u>	<u>(4,155)</u>
Total	<u>(2,573)</u>	<u>(5,445)</u>	<u>(4,003)</u>	<u>(12,164)</u>



In order to increase the efficiency of the current criterion for cost apportionment, expedite the administrative procedure and ensure that all the benefited parties pay for a share of the expenses related to the Group's administrative and support areas, in 2014, the Company adopted a new criterion for apportioning costs applicable to all Group companies. This criterion adjusts the apportioned percentages of costs based on the companies' revenue. This change does not affect the consolidated operating result.

Costs:	<u>Consolidated</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Construction cost	(495,057)	(1,280,367)	(351,262)	(875,886)
Personnel	(33,674)	(102,215)	(33,529)	(99,333)
Outsourced services	(44,208)	(129,510)	(38,430)	(114,483)
Depreciation / amortization	(83,717)	(234,558)	(71,090)	(197,437)
Costs with granting authority	(5,952)	(16,705)	(5,745)	(25,033)
Insurance / guarantees	(6,100)	(17,375)	(5,037)	(14,549)
Conservation	(24,394)	(76,380)	(23,790)	(72,098)
Provision for maintenance in highways	(41,707)	(117,210)	(46,700)	(150,462)
Inspection fee	(9,708)	(29,028)	(9,184)	(27,465)
Other	<u>(4,859)</u>	<u>(44,162)</u>	<u>(13,286)</u>	<u>(28,564)</u>
Total	<u>(749,376)</u>	<u>(2,047,510)</u>	<u>(598,053)</u>	<u>(1,605,310)</u>

Expenses:	<u>Consolidated</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Personnel	(21,133)	(58,819)	(18,799)	(56,416)
Outsourced services	(10,192)	(25,241)	(8,223)	(25,973)
Depreciation / amortization	(3,780)	(11,402)	(3,878)	(11,297)
Civil, labor and tax risks	(1,274)	(10,163)	(1,193)	(3,476)
Insurance / guarantees	(506)	(1,355)	(386)	(1,175)
Other	<u>(11,514)</u>	<u>(32,800)</u>	<u>(10,865)</u>	<u>(30,985)</u>
Total	<u>(48,399)</u>	<u>(139,780)</u>	<u>(43,344)</u>	<u>(129,322)</u>

## 20. FINANCE INCOME (COSTS)

	<u>Parent Company</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Finance income:				
Interest income	36,859	93,862	16,640	39,989
Short-term investments	877	4,668	4,029	5,257
Other income	<u>61</u>	<u>88</u>	<u>1</u>	<u>1</u>
Total income	<u>37,797</u>	<u>98,618</u>	<u>20,670</u>	<u>45,247</u>
Finance costs:				
Finance charges	(31,737)	(88,765)	(25,137)	(52,735)
Other costs	<u>(11,272)</u>	<u>(22,926)</u>	<u>(392)</u>	<u>(5,841)</u>
Total costs	<u>(43,009)</u>	<u>(111,691)</u>	<u>(25,529)</u>	<u>(58,576)</u>

	<u>Consolidated</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Finance income:				
Interest income	7	1,199	244	661
Short-term investments	31,476	84,014	14,050	36,268
Finance charges - reversal of discount to present value	-	-	-	-
Other income	<u>557</u>	<u>865</u>	<u>1,146</u>	<u>1,389</u>
Total income	<u>32,040</u>	<u>86,078</u>	<u>15,440</u>	<u>38,318</u>
Finance costs:				
Finance charges	(89,320)	(260,323)	(63,451)	(183,111)
Inflation adjustment of concession fee	(2,239)	(15,717)	(8,014)	(19,932)
Finance charges - discount to present value	(3,442)	(20,161)	(3,252)	(16,025)
Other costs	<u>(14,926)</u>	<u>(33,673)</u>	<u>(4,261)</u>	<u>(17,646)</u>
Total costs	<u>(109,927)</u>	<u>(329,874)</u>	<u>(78,978)</u>	<u>(236,714)</u>

## 21. STATEMENT OF CASH FLOWS

### a) Cash and cash equivalents

The breakdown of cash and cash equivalents included in the statement of cash flows is stated in Note 5.

### b) Supplemental information

	<u>Parent Company</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Non-cash investing financing transactions:				
Capital payment	101,405	101,405	92,447	92,447

  

	<u>Consolidated</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Non-cash investing and financing transactions:				
Purchase of intangible assets recognized under trade payables, related parties, contractual guarantees and taxes payable	6,068	67,473	3,366	12,688
Capital payment	2,742	19,612	43,391	61,960
Capitalized interest	3,079	44,185	9,557	25,347

## 22. RECONCILIATION OF INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of effective and statutory income tax and social contribution rates in the income statements for the periods ended September 30, 2014 and 2013 is as follows:

	Parent Company			
	9.30.2014		9.30.2013	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Profit before income tax and social contribution	144,096	333,318	125,488	317,985
Combined statutory rate	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Income tax and social contribution according to the combined statutory rate	(48,993)	(113,328)	(42,666)	(108,115)
Adjustments to effective rate:				
Equity in the earnings (losses) of subsidiaries	50,565	117,615	45,736	117,082
Interest on capital received	(2,112)	(5,550)	(1,837)	(6,000)
Other adjustments	<u>540</u>	<u>122</u>	<u>-</u>	<u>-</u>
Expenses recognized	<u>-</u>	<u>(1,141)</u>	<u>(1,233)</u>	<u>(2,967)</u>
Income tax and social contribution expense:				
Current	=	<u>(1,141)</u>	=	=

	Consolidated			
	9.30.2014		9.30.2013	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Profit before income tax and social contribution	222,130	513,687	195,984	496,974
Combined statutory rate	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Income tax and social contribution according to the combined statutory rate	(75,524)	(174,654)	(66,635)	(168,971)
Adjustments to effective rate:			-	
Other adjustments	<u>(150)</u>	<u>230</u>	<u>(284)</u>	<u>719</u>
Expenses recognized	<u>(75,674)</u>	<u>(174,424)</u>	<u>(66,918)</u>	<u>(168,252)</u>
Income tax and social contribution expenses:				
Current	<u>(76,595)</u>	<u>(189,880)</u>	<u>(67,878)</u>	<u>(169,689)</u>
Deferred	<u>920</u>	<u>15,456</u>	<u>960</u>	<u>1,437</u>

On November 11, 2013, the Provisional Measure 627, converted into Law 12937 on May 13, 2014, was published, introducing changes in tax rules and revoking the Transitional Tax Regime (RTT), adopted by the Company and its subsidiaries for calculation of income tax and social contribution on net income.

By the closing of the interim financial information referring to the three-month period ended September 30, 2014 the Company's Management had not made a

decision yet concerning early adoption of the above-mentioned Provisional Measure for fiscal year 2014.

## 23. EARNINGS PER SHARE

The tables below present the reconciliation of profit for the year to the weighted average of the value per share used for calculation of basic earnings and diluted earnings per share.

	<u>Parent Company</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Profit for the period	144,096	332,177	125,488	317,985
Number of shares during the year	<u>344,444</u>	<u>344,444</u>	<u>344,444</u>	<u>344,444</u>
Earnings per share	<u>0.4183</u>	<u>0.9644</u>	<u>0.3643</u>	<u>0.9232</u>

	<u>Consolidated</u>			
	<u>9.30.2014</u>		<u>9.30.2013</u>	
	<u>Quarter</u>	<u>Nine months</u>	<u>Quarter</u>	<u>Nine months</u>
Profit for the period	146,455	339,263	129,066	328,722
Number of shares during the year	<u>344,444</u>	<u>344,444</u>	<u>344,444</u>	<u>344,444</u>
Earnings per share	<u>0.4252</u>	<u>0.9850</u>	<u>0.3747</u>	<u>0.9544</u>

There is no difference between basic and diluted earnings per share, since during the period ended September 30, 2014 there were no equity instruments with dilutive effect.

## 24. FINANCIAL INSTRUMENTS

According to their nature, financial instruments may involve known or unknown risks and a potential risk assessment is important. The main market risk factors that may affect the business of the Company and its subsidiaries are as follows:

### Capital risk management

The Company's management manages its cash in order to be able to continue as a going concern and maximize the funds for use in new investments, as well as to provide return to shareholders.

The Company's capital structure consists of financial liabilities, cash and cash equivalents, marketable securities and equity, comprising share capital and profit reserves.

Management periodically reviews the capital structure and its ability to settle its liabilities, and timely monitors the average term of suppliers in relation to the average turnover of current assets, taking the necessary actions when the ratio between these balances presents assets higher than liabilities.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and maximize the funds for use in new investments and investments in existing businesses.

Fair value of financial instruments carried at amortized cost

The financial instruments held by the Company are carried at amortized cost and approximate their fair value because:

Borrowings, financing and debentures: are substantially contracted at floating interest rates.

Trade receivables and payables: have average term of 30 days.

Cash and cash equivalents and restricted investments: are substantially indexed to the CDI.

As the nature, characteristics and contracted conditions are reflected in the carrying amounts, the eligible balances are discounted to present value, when applicable. The Company and its subsidiaries did not hold derivatives or other instruments with similar risks. Differences might occur if these amounts were settled in advance.

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2014</u>	<u>12.31.2013</u>
Assets	Loans receivable	Loans receivable	Loans receivable	Loans receivable
Cash and cash equivalents	86,884	185,442	866,853	929,911
Related parties	1,237,125	848,053	-	-
Trade receivables	-	-	174,981	126,709
Restricted investments	-	-	208,389	110,987
Other receivables	924	2,826	15,318	5,691

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2014</u>	<u>12.31.2013</u>
Liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Trade payables and contract guarantees	239	1,071	205,031	167,252
Borrowings and financing	-	-	2,753,038	2,291,979
Debentures	223,380	205,022	2,308,049	1,832,749
Related parties	1,199,703	889,252	-	-
Concession fees	-	-	249,718	286,839
Other payables	3,640	4,347	8,529	9,833

## Market risks

### a) Exposure to exchange rate risks

As at September 30, 2014, the Company and its subsidiaries did not have any material assets or liabilities denominated in foreign currency.

### b) Exposure to interest rate risks

The Company, through its subsidiaries, is exposed to normal market risks related to TJLP, IPCA and CDI fluctuation in connection with real-denominated borrowings and debentures. Interest on short-term investments is pegged to CDI fluctuation.

As at September 30, 2014, Management carried out a sensitivity analysis, taking into account 25% and 50% increases and a 25% decrease in expected interest rates on the balances of borrowings and financing and debentures, net of short-term investments.

<u>Indicators</u>	<u>Scenario I</u> <u>(probable)</u>	<u>Scenario II</u> <u>(+ 25%)</u>	<u>Scenario III</u> <u>(- 25%)</u>	<u>Scenario IV</u> <u>(+ 50%)</u>
CDI	12.00%	15.00%	9.00%	18.00%
Interest to be incurred (*)	(204,531)	(251,236)	(150,462)	(295,864)
Income from short-term investments	98,892	123,604	74,179	148,318
TJLP	5.00%	6.25%	3.75%	7.50%
Interest to be incurred (*)	(178,093)	(212,707)	(143,472)	(247,313)
IPCA	6,40%	8,00%	4,80%	9,60%
Interest to be incurred (*)	<u>(41,456)</u>	<u>(45,860)</u>	<u>(36,958)</u>	<u>(55,601)</u>
Interest to be incurred, net (*)	<u>(325,188)</u>	<u>(386,199)</u>	<u>(256,713)</u>	<u>(450,460)</u>

Source of indexes: Focus Report - Brazilian Central Bank (BACEN).

(\*) Refers to the scenario of interest to be incurred in the shorter of the next 12 months or up to the agreement termination date.

These presentations are additional to the disclosures required by IFRS, being in conformity with the disclosures required by the CVM.

### c) Credit risk

As at September 30, 2014, the subsidiaries have receivables from CGMP - Centro de Gestão de Meios de Pagamento S.A. totaling R\$118,888, in addition to receivables from Dbtrans, totaling R\$1,838, Conectar, totaling R\$240, and Autoexpresso, totaling R\$131 (R\$326, R\$249 and R\$5 as at December 31, 2013), arising from tolls collected by the electronic toll payment system ("Sem Parar"), recognized in line item "Trade receivables".

The subsidiaries have a letter of guarantee issued by a bank to secure the collection of such receivables from CGMP.

d) Liquidity risk

Liquidity risk is managed by the parent company Arteris S.A., which has an appropriate liquidity risk management model for the needs to obtain funding and manage liquidity on a short-, medium- and long-term basis.

The parent company manages liquidity risks by maintaining adequate reserves, bank credit lines and other credit lines for obtaining funding in the form of loans, as deemed appropriate, through ongoing monitoring of forecast and actual cash flows, as well as through the combination of maturity profiles for financial assets and liabilities.

The table below shows details of the remaining contractual maturity of the Company's non-derivative financial liabilities and the contractual amortization terms. This table was prepared under the undiscounted cash flow method for financial liabilities based on the most recent date on which the Company should settle the respective obligations. The table includes interest and principal cash flows. To the extent that the interest flows are post-fixed, the undiscounted amount was obtained based on the interest curves at the end of the reporting period. The contractual maturity is based on the most recent date on which the Company should settle the respective obligations:

Type	Effective (weighted average) interest rate - % p.a.	2014	2015	2016	2017	After 2018	Total
Debentures(CDI) BNDES Automático	12.29	177,962	486,755	545,642	511,363	395,030	2,116,752
Finame	7.75	128,933	302,447	339,723	349,964	2,602,453	3,723,520
Grant	4.54	80	339	275	262	367	1,323
Leasing	4.03	54,707	63,662	66,863	86,201	17,779	289,212
Working capital Debentures (IPCA)	11.50	1,660	4,708	279	-	-	6,647
Total	12.60	-	6,749	11,859	-	-	18,608
	14.68	<u>35,458</u>	<u>200,209</u>	<u>179,413</u>	<u>168,069</u>	<u>3,931</u>	<u>587,080</u>
		<u>398,800</u>	<u>1,064,869</u>	<u>1,144,054</u>	<u>1,115,859</u>	<u>3,019,560</u>	<u>6,743,142</u>

## 25. SEGMENT REPORTING

On January 1, 2009, the Company adopted CPC 22 and IFRS 8 - Segment Reporting, which require that operating segments be identified based on internal reports regarding the Company's components that are regularly reviewed by the Company's officers, chief operating decision-makers, to allocate funds to the segment and assess its performance.

As a means of managing its business in both financial and operational terms, the Company has classified its businesses as construction and concession of highways. These two divisions are considered the primary segments for purposes of disclosing information. The main characteristics are mentioned in notes 2 and 4.



a) Income statement by segment

	<u>9.30.2014</u>			Eliminations and <u>holding</u>	Consolidated <u>balance</u>
	<u>Concession</u>	<u>Construction</u>	<u>Total</u>		
Net revenue of the segment	2,949,039	380,074	3,329,113	(380,074)	2,949,039
Costs	(2,074,528)	(346,310)	(2,420,838)	373,328	(2,047,510)
Gross profit	874,511	33,764	908,275	(6,746)	901,529
General and administrative expenses	(145,477)	(25,486)	(170,963)	15,729	(155,234)
Other operating (expenses) income	642	69	711	9,361	10,072
Finance income	168,212	1,821	170,033	(83,955)	86,078
Finance costs	(397,815)	(1,798)	(399,613)	69,739	(329,874)
Foreign exchange gain (loss)	-	-	-	1,114	1,114
Operating profit before taxes	500,074	8,370	508,444	5,242	513,685
Income tax and social contribution:					
Current	(183,093)	(5,646)	(188,739)	(1,141)	(189,880)
Deferred	16,664	2,442	19,106	(3,651)	15,456
Profit for the period	333,645	5,166	338,811	450	339,261
			<u>9.30.2013</u>		
	<u>Concession</u>	<u>Constructio n</u>	<u>Total</u>	Eliminations and <u>holding</u>	Consolidated <u>balance</u>
Net revenue of the segment	2,437,133	367,986	2,805,117	(368,334)	2,436,783
Costs	(1,632,175)	(348,627)	(1,980,802)	375,492	(1,605,310)
Gross profit	804,958	19,359	824,315	7,158	831,473
General and administrative expenses	(107,886)	(16,671)	(124,557)	(22,348)	(146,905)
Other operating (expenses) income	2,259	(766)	1,493	9,314	10,807
Finance income	79,526	1,278	80,804	(42,486)	38,318
Finance costs	(264,708)	(1,160)	(265,868)	29,154	(236,714)
Foreign exchange gain (loss)	-	-	-	(5)	(5)
Operating profit before taxes	514,149	2,038	516,187	(19,213)	496,974
Income tax and social contribution:					
Current	(167,482)	(2,207)	(169,689)	-	(169,689)
Deferred	(893)	2,330	1,437	-	1,437
Profit for the period	345,774	2,161	347,935	(19,213)	328,722

## b) Balance sheet by segment

			9.30.2014		
Assets	<u>Concession</u>	<u>Constructi on</u>	<u>Total</u>	<u>Eliminations and holding</u>	<u>consolidated balance</u>
<b>CURRENT</b>					
Cash and cash equivalents	753,094	26,875	779,969	86,884	866,853
Trade receivables	174,111	870	174,981	-	174,981
Restricted investments	120,412	-	120,412	-	120,412
Amounts due from related parties	94,989	-	94,989	(94,989)	-
Other current assets	<u>57,787</u>	<u>80,330</u>	<u>138,117</u>	<u>(52,820)</u>	<u>85,297</u>
Total current assets	<u>1,200,393</u>	<u>108,075</u>	<u>1,308,468</u>	<u>(60,925)</u>	<u>1,247,543</u>
<b>NON-CURRENT ASSETS</b>					
Restricted investments	87,977	-	87,977	-	87,977
Amounts due from related parties	1,104,721	-	1,104,721	(1,104,721)	-
Deferred income tax and social contribution	166,224	7,000	173,224	21,404	194,628
Other non-current assets	45,941	450	46,391	6,208	52,599
Property and equipment	14,663	28,240	42,903	9,322	52,225
Intangible assets	6,980,674	6,352	6,987,026	5,413	6,992,439
Deferred charges	<u>62,952</u>	<u>-</u>	<u>62,952</u>	<u>(62,952)</u>	<u>-</u>
Total non-current assets	<u>8,463,152</u>	<u>42,042</u>	<u>8,505,194</u>	<u>(1,125,326)</u>	<u>7,379,868</u>
Total assets	<u>9,663,545</u>	<u>150,117</u>	<u>9,813,662</u>	<u>(1,186,251)</u>	<u>8,627,411</u>
<b>9.30.2014</b>					
Liabilities	<u>Concession</u>	<u>Constructi on</u>	<u>Total</u>	<u>Eliminations and holding</u>	<u>consolidated balance</u>
<b>CURRENT LIABILITIES</b>					
Borrowings and financing	174,589	11,054	185,643	-	185,643
Debentures	558,615	-	558,615	223,380	781,995
Trade payables	126,346	17,663	144,009	232	144,241
Payroll and related taxes	132,057	37,035	169,092	14,444	183,536
Concession fees	74,343	-	74,343	-	74,343
Dividends proposed	-	-	-	-	-
Claims received	33,481	-	33,481	-	33,481
Provision maintenance / investments	193,874	-	193,874	-	193,874
Other current liabilities	<u>270,443</u>	<u>8,602</u>	<u>279,045</u>	<u>(207,675)</u>	<u>71,370</u>
Total current liabilities	<u>1,563,748</u>	<u>74,354</u>	<u>1,638,102</u>	<u>30,381</u>	<u>1,668,483</u>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings and financing	2,556,575	10,667	2,567,242	153	2,567,395
Debentures	1,526,270	-	1,526,270	(216)	1,526,054
Concession fees	175,375	-	175,375	-	175,375
Provision maintenance/investment	471,412	-	471,412	-	471,412
Other non-current liabilities	<u>1,223,213</u>	<u>4,233</u>	<u>1,227,446</u>	<u>(1,126,183)</u>	<u>101,263</u>
Total non-current liabilities	<u>5,952,845</u>	<u>14,900</u>	<u>5,967,745</u>	<u>(1,126,246)</u>	<u>4,841,499</u>
Equity	2,180,433	60,863	2,241,296	(123,867)	2,117,429
Total liabilities	<u>9,697,026</u>	<u>150,117</u>	<u>9,847,143</u>	<u>(1,219,732)</u>	<u>8,627,411</u>

Assets	12.31.2013			Eliminations and holding	Consolidated balance
	<u>Concession</u>	<u>Construction</u>	<u>Total</u>		
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	708,395	36,074	744,469	185,442	929,911
Trade receivables	125,981	728	126,709	-	126,709
Restricted investments	47,383	-	47,383	-	47,383
Amounts due from related parties	60,682	-	60,682	(60,682)	-
Other current assets	33,044	79,073	112,117	(54,662)	57,455
Total current assets	975,485	115,875	1,091,360	70,098	1,161,458
<b>NON-CURRENT ASSETS</b>					
Restricted investments	63,604	-	63,604	-	63,604
Amounts due from related parties	828,577	-	828,577	(828,577)	-
Deferred income tax and social contribution	142,495	4,558	147,053	25,055	172,108
Other non-current assets	15,565	268	15,833	6,162	21,995
Property and equipment	19,298	21,984	41,282	5,095	46,377
Intangible assets	5,895,424	7,386	5,902,810	659	5,903,469
Deferred	84,424	-	84,424	(84,424)	-
Total non-current assets	<u>7,049,387</u>	<u>34,196</u>	<u>7,083,583</u>	<u>(876,030)</u>	<u>6,207,553</u>
Total assets	<u>8,024,872</u>	<u>150,071</u>	<u>8,174,943</u>	<u>(805,932)</u>	<u>7,369,011</u>
<b>Liabilities</b>					
Liabilities	12.31.2013			Eliminations and holding	Consolidated balance
	<u>Concession</u>	<u>Construction</u>	<u>Total</u>		
<b>CURRENT LIABILITIES</b>					
Borrowings and financing	136,872	6,008	142,880	109	142,989
Debentures	145,511	-	145,511	(18)	145,493
Trade payables	99,345	21,764	121,109	1,006	122,115
Payroll and related taxes	113,322	35,017	148,339	14,239	162,578
Concession fees	70,299	-	70,299	-	70,299
Dividends proposed	14,632	-	14,632	7,551	22,183
Provision for maintenance / investments	139,532	-	139,532	-	139,532
Claims received	-	-	-	40,152	40,152
Other current liabilities	208,327	15,738	224,065	(168,915)	55,150
Total current liabilities	927,840	78,527	1,006,367	(105,876)	900,491
<b>NON-CURRENT LIABILITIES</b>					
Borrowings and financing	2,283,329	4,578	2,287,907	(138,917)	2,148,990
Debentures	1,482,450	-	1,482,450	204,806	1,687,256
Concession fees	216,540	-	216,540	-	216,540
Provision for maintenance/ investment	444,546	-	444,546	-	444,546
Other non-current liabilities	<u>734,311</u>	<u>4,228</u>	<u>738,539</u>	<u>(646,924)</u>	<u>91,615</u>
Total non-current liabilities	5,161,176	8,806	5,169,982	(581,035)	4,588,947
Equity	<u>1,935,856</u>	<u>62,738</u>	<u>1,998,594</u>	<u>(119,021)</u>	<u>1,879,573</u>
Total liabilities	<u>8,024,872</u>	<u>150,071</u>	<u>8,174,943</u>	<u>(805,932)</u>	<u>7,369,011</u>

## 26. GUARANTEES AND INSURANCE

By force of contract, the concessionaires maintain regularized and updated the guarantees covering expansion and special conservation functions, as well as operating functions, ordinary upkeep of the highway network and payment of the fixed concession fees, when applicable. In addition, as required by contract and the internal risk management policy, the concessions have insurance policies in place

for operating risks, engineering risks and civil liability, to ensure coverage of damages arising from risks inherent to its activities, such as loss of revenue, total or partial destruction of works and assets that are part of the concession, as well as property damage and bodily injury to users. All of them are in accordance with international standards for projects of this nature.

As at September 30, 2014, the subsidiaries' insurance coverage is summarized as follows:

Type	Covered risks	Indemnity limits - state concessions			
		Autovias	Centrovias	Intervias	Vianorte
All risks	Property damage/loss of revenue (*)	180,000	180,000	180,000	180,000
	Civil liability	17,000	24,000	21,000	24,000
Guarantee	Concession agreement performance guarantee	92,626	131,448	160,272	122,292

  

Type	Covered risks	Indemnity limits - federal concessions				
		Planalto Sul	Fluminense	Fernão Dias	Régis Bittencourt	Litoral Sul
All risks	Property damage /loss of revenue (*)	180,000	180,000	180,000	180,000	180,000
	Civil liability	20,000	20,000	20,000	20,000	20,000
Guarantee	Concession agreement performance guarantee	50,640	74,369	131,061	139,839	106,548

(\*)By claim

The Company has also civil liability insurance policies for board members, directors and officers, with an indemnity limit of R\$57,500.

## 27. SUBSEQUENT EVENTS

### Federal concessionaires

The subsidiaries Autopista Régis Bittencourt S.A., Autopista Litoral Sul S.A., Autopista Fernão Dias S.A. and Autopista Fluminense S.A., jointly referred to as "Concessionaires", entered into "Conduct Adjustment Agreements" with the National Land Transport Agency ("ANTT"), as a result of sanctioning administrative procedures due to possible non-compliances, filed by ANTT, from the beginning of the concessions to September 22, 2014.

As a result of the signature of the adjustment agreements, the Concessionaires will execute new works not included in the concession agreement, totaling R\$141.3 million, which will bring improvements, security and comfort to users of the highways object of their concessions, as follows:

Autopista Fernão Dias: R\$28.2 million; Autopista Fluminense: R\$31.2 million; Autopista Régis Bittencourt: R\$29.0 million, Autopista Litoral Sul: R\$52.9 million.

The Company has 60 days to define with ANTT the works that will be part of this agreement and, after this definition, these investments will be assessed based on independent experts' reports to determine when to recognize the intangible asset between two groups: (a) investments that generate potential additional revenue; and (b) investments that do not generate potential additional revenue.

With regard to the subsidiary Autopista Planalto Sul, the Company announces that it is still negotiating to enter into an adjustment agreement with ANTT under similar conditions in the coming months, but it is still presenting justifications and its administrative defense in non-compliance procedures.

#### Parent Company

In October 2014, Arteris issued debentures totaling R\$300,000 at the CDI rate + 1.28%, maturing in three years. The proceeds of this issue will be allocated mainly to the financing of investments in federal concessionaires.

On October 30, 2014, the Company informed shareholders that it would distribute, by November 30, 2014, interim dividends in the amount of R\$79,222, which will be entirely imputed to the minimum mandatory dividends to be distributed by the Company for fiscal year 2014.