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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Autopistas del Sol, S.A.

Opinion

We have audited the accompanying financial statements of Autopistas del Sol, S.A. ("the Company"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the corresponding statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, as well as the notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Autopistas del Sol, S.A. as of December 31, 2018 and 2017, as well as its financial performance and its cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS.)

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent from the Company, in accordance with the Code of Professional Ethics of the Association of Certified Public Accountants of the Republic of Costa Rica and the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit matters that have to be communicated in our report.

As disclosed in Note 15 to the financial statements, the Company keeps a concession agreement to provide the construction, operation, and maintenance service of the San José - Caldera highway, through the utilization of the infrastructure that has been built. The Company has concluded that, given the characteristics of the concession agreement, it has a financial asset in accordance with IFRIC 12 - Service Concession Agreements, since it has the unconditional contractual right to receive a guaranteed minimum income from the grantor. The Company recognizes the financial asset using the amortized cost method, and the corresponding income is recognized in results, according to the effective interest rate that results from the concession's cash flows projections. We focus on this area since calculation of the financial asset's fair value and the amortization of income require from management's judgment to determine a series of non-observable variables, as well as management's judgment and estimates, including a future toll collection estimate, according to traffic projections.

Our audit procedures to cover this key audit matter were:

1. We incorporated our valuation experts within our work team, and together, we conducted an independent calculation of the amortized cost in order to determine the financial asset value and the corresponding results in income.

2. We verified the reasonability of the assumptions used to calculate the resulting effective interest rate of the concession's cash flows projections.

3. We validated that methodology was consistent with the one audited in previous years and the applicable accounting standards. In those cases when a modification had taken place, we verified that it was properly supported by events occurred in 2017 and that it was reasonable.

Responsibilities of Management and Those Charged with the Entity's Governance with the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit 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.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements in the context of the applicable financial reporting framework. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on information available at the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with the Company's governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Idoia Gainza Cirauqui - C.P.A. No.4563
Insurance Policy No.0116 FIG 7
Expires: September 30, 2019
Revenue stamp of Law No.6663, for ¢1.000, adhered and paid

April 10, 2019

AUTOPISTAS DEL SOL, S.A.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars)

	Notes	2018	2017
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	1c, 2	10,299,292	16,052,726
Restricted cash	3	13,388,377	24,924,423
Accounts receivable	4	692,921	547,736
Accounts receivable from related parties	12	3,002	2,247
Inventory	1d	135,954	131,645
Income tax advance payments	10	1,649,405	4,524,654
Prepaid disbursements	1e, 5	1,102,814	1,232,853
Current portion of financial assets – concession agreement	1j, 7	78,701,645	77,158,475
Total current assets		**105,973,410**	**124,574,759**
LOANS AND INTEREST RECEIVABLE FROM RELATED PARTIES	12	99,774,466	108,652,417
VEHICLES, FURNITURE, AND EQUIPMENT – Net	1g, 1h, 6	1,281,135	1,626,820
FINANCIAL ASSETS – Concession Agreement	1j, 7	296,342,871	292,945,098
OTHER ASSETS – Net		891,270	218,430
Total non-current assets		**398,289,742**	**403,442,765**
TOTAL		**504,263,152**	**528,017,524**

The accompanying notes are an integral part of these financial statements.

AUTOPISTAS DEL SOL, S.A.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars)

	Notes	2018	2017
LIABILITIES AND STOCKHOLDERS´ EQUITY			
CURRENT LIABILITIES			
Current portion of long-term debt	17	12,656,350	12,135,000
Accounts payable	8	4,131,097	3,136,317
Accounts payable to related parties	12	1,953,777	2,041,875
Accumulated expenses	1p, 9	1,940,332	1,883,424
Total current liabilities		**20,681,556**	**19,196,616**
LONG-TERM LIABILITIES			
Long-term debt	17	312,853,671	324,350,688
Deferred income tax	1i, 10	55,162,019	50,563,447
Total liabilities		**388,697,246**	**394,110,751**
STOCKHOLDERS´ EQUITY:			
Capital stock	14	2,500,000	2,500,000
Additional capital contributions	14	58,000,000	58,000,000
Legal reserve	1m, 14	500,000	500,000
Retained earnings		54,565,906	72,906,773
Total stockholders´ equity		**115,565,906**	**133,906,773**
TOTAL		**504,263,152**	**528,017,524**

The accompanying notes are an integral part of the financial statements.

AUTOPISTAS DEL SOL, S.A.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars)

	Notes	2018	2017
CONSTRUCTION INCOME	1k	3,400,382	447,521
FINANCIAL INCOME – Concession agreement	1*l*, 7	58,962,756	58,086,361
OPERATING AND MAINTENANCE INCOME	1q	18,530,710	20,575,169
Total operating income		**80,893,848**	**79,109,051**
CONSTRUCTION COSTS	1k	(3,400,382)	(447,521)
OPERATING EXPENSES	11	(17,441,960)	(19,223,720)
OPERATING PROFIT		**60,051,506**	**59,437,810**
FEES AND INTEREST EXPENSES		(30,055,515)	(44,644,195)
IMPAIRMENTS AND RESULTS – FINANCIAL INSTRUMENTS		(2,472,956)	-
FINANCIAL INCOME		4,542,262	2,984,876
OTHER INCOME – Net	13	2,069,605	3,708,216
EXCHANGE RATE DIFFERENCE -Net		(191,142)	(146,156)
PROFIT BEFORE INCOME TAX		**33,943,760**	**21,340,551**
INCOME TAX	1i, 10	(7,751,696)	(5,999,421)
NET PROFIT		**26,192,064**	**15,341,130**
OTHER COMPREHENSIVE INCOME:			
Items that could be subsequently			
Reclassified to the result of the period:			
Cash flow hedge		-	17,837,840
Deferred income tax	10	-	(5,351,352)
Cash flow hedge – net	1o	-	12,486,488
NET PROFIT AND OTHER COMPREHENSIVE INCOME OF THE PERIOD		**26,192,064**	**27,827,618**

The accompanying notes are an integral part of the financial statements.

AUTOPISTAS DEL SOL, S.A.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars)

	Notes	Capital Stock	Additional Capital Contribution	Legal Reserve	Retained Earnings	Cash Flow Hedge – Other Comprehensive Income (Accumulated)	Total Stockholders´ Equity
BALANCES AS OF DECEMBER 31,2016		**2,500,000**	**58,000,000**	**500,000**	**77,565,643**	**(12,486,488)**	**126,079,155**
Declared dividends	14	**-**	**-**	**-**	(20,000,000)	-	**(20,000,000)**
Comprehensive income of the period		**-**	**-**	**-**	15,341,130	12,486,488	**27,827,618**
BALANCES AS OF DECEMBER 31, 2017		**2,500,000**	**58,000,000**	**500,000**	**72,906,773**	**-**	**133,906,773**
Initial recognition of financial asset impairment		**-**	**-**	**-**	(832,931)	**-**	**(832,931)**
Declared dividends	14	**-**	**-**	**-**	(43,700,000)	**-**	**(43,700,000)**
Comprehensive income of the period		**-**	**-**	**-**	26,192,064	**-**	**26,192,064**
BALANCES AS OF DECEMBER 31, 2018		**2,500,000**	**58,000,000**	**500,000**	**54,565,906**	**-**	**115,565,906**

The accompanying notes are an integral part of the financial statements.

AUTOPISTAS DEL SOL, S.A.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars)

	Notes	2018	2017
OPERATING ACTIVITIES			
Net profit		26,192,064	15,341,130
Adjustments to reconcile net profit with net cash provided by the operating activities:			
Income tax expense	10	2,796,154	(94,036)
Depreciation	6, 11	418,618	403,628
Amortization	11	62,356	70,749
Fair value variation in financial instruments		2,472,956	-
Loss (profit) in disposal of assets	6	47,329	44,643
Deferred income tax	10	4,955,542	6,093,457
Financial income		(4,122,050)	(2,477,417)
Financial expense		30,055,515	44,644,195
Movements in working capital:			
Accounts and notes receivable		(145,940)	(81,386)
Inventory		(4,308)	(16,857)
Prepaid expenses and other advances		209,133	175,654
Accounts payable		994,780	(2,208,364)
Accounts payable to related parties		(88,098)	467,781
Accumulated expenses		56,908	(2,363,371)
Financial asset – concession agreement		(8,603,800)	(7,064,662)
Cash provided by the operating activities		**55,297,159**	**52,935,144**
Income tax paid		-	(7,139,265)
Interest paid		(28,896,181)	(43,382,670)
Net cash provided by the operating activities		**26,400,978**	**2,413,209**
INVESTMENT ACTIVITIES			
Restricted cash		11,536,046	3,104,869
Acquisition of fixed assets and other assets		(855,458)	(258,490)
Loans receivable from related parties	12	-	(106,175,000)
Other assets		-	(2,980)
Net cash provided by (used in) the investment activities		**10,680,588**	**(103,331,601)**
FINANCING ACTIVITIES			
Declared and paid dividends	14	(30,700,000)	(20,000,000)
Amortization and payoff of CABEI and Bankia debt	17	-	(203,987,386)
Amortization of international bond	17	(12,135,000)	(3,000,000)
Debt issue	17	-	338,864,754
Net cash (used in) provided by the financing activities		**(42,835,000)**	**111,877,368**
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(5,753,434)**	**10,958,976**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**16,052,726**	**5,093,750**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**10,299,292**	**16,052,726**

TRANSACTIONS THAT DO NOT AFFECT CASH:

In June 2018, the Company agreed to offset the loan receivable from related companies with dividends approved for the sum of US$ 13,000,000.

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS, BASIS OF PRESENTATION, AND MAIN ACCOUNTING POLICIES

Nature of Business - Autopistas del Sol, S.A. ("the Company") is an entity organized according to the commercial laws of Costa Rica, specifically under the provisions of Article No.31 of the General Concession Law for Concession agreement (Law No.7762). The Company is organized as a corporation that belongs to the following stockholders: PI Promotora de Infraestructuras, S.A. (35%), SyV Concesiones, S.A. (formerly Itinere Costa Rica, S.A.) (35%), Infraestructura SDC Costa Rica, S.A. (17%), and M&S DI-M&S Desarrollos Internacionales, S.A. (13%). The ultimate stockholder of the Company are the pension funds USS, OPTrust and PGGM. Its objective is to execute and develop the Concession Agreement of the "San José - Caldera" route, awarded to a third party by the Government of Costa Rica, through public bid No.01-98, promoted by the National Concessions Board of the Ministry of Public Works and Transportation (MOPT). Under the authorization of the Government of Costa Rica, on March 9, 2006, the former awardee assigned the contract mentioned above to the business consortium formed by the previously mentioned companies (Autopistas del Sol Consortium). The Company is domiciled in Escazú, adjacent to Autopista Próspero Fernández's toll.

On March 9, 2006, the Government of Costa Rica, acting through the National Concession Board (CNC) ("the Granting Authority") signed Addendum No.3 to the Public Service Concession Agreement for the San José - Caldera Highway Project, through which the concession agreement was modified to leave proof of the new concessionaire: Autopistas del Sol Consortium ("the Awardee"), which consists of the following companies: Promotora de Infraestructuras, S.A., SYV CR Valle del Sol, S.A., Infraestructuras SDC Costa Rica, S.A., and M&S DI-M&S Desarrollos Internacionales, S.A. For that purpose, the awardee consortium created the corporation designated as Autopistas del Sol, S.A. ("the Concessionaire") in order to carry out the project which is the objective of this agreement.

On January 8, 2008, the Company received the contract initiation order by the National Concessions Board, and the construction stage of the San José - Caldera highway started. The construction stage was completed on January 27, 2010, and at this moment, the exploitation stage (toll collection) for all the highway sections started.

Basis of Presentation - The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis. Generally, historical cost is based on the fair value of the consideration granted in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- **Level 1** - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- **Level 2** - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- **Level 3** - Inputs are unobservable inputs for asset or liability.

Significant Accounting Policies - The principal accounting polices used in the presentation of the financial statements are summarized as follows:

a. ***Currency and Transactions in Foreign Currency*** - Management has determined that the US dollar is the Company's functional currency since income and most of the concession costs have been determined in such currency, in addition to the fact that the financing and capital required for the work are expressed in this currency. Transactions denominated in other currencies (mainly Costa Rican colones) are recorded at the exchange rates in force as of the date of the transaction, and the exchange rate differences resulting from the liquidation of assets and obligations denominated in such currencies, as well as by the adjustment of the balances as of closing date were registered as part of the cost of the project during the construction stage, and they are registered against the operating results as of the starting date of the exploitation stage. As of December 31, 2018 and 2017, the exchange rate of the Costa Rican colón, in respect of the US dollar, was ¢611.75 and ¢572,56 for selling transactions, respectively.

   As of the date of financial statements, the reference exchange rate for selling transactions was ¢605,30 per US dollar.

b. ***Accounting Records*** - For financial and reporting purposes, the accounting records are kept in the Company's functional currency (US dollar). For legal purposes in Costa Rica, the Company also keeps accounting records expressed in Costa Rican colones.

c. ***Cash and Cash Equivalents*** - Cash and cash equivalents include the cash on hand and due from banks, demand deposits, and certificate of deposit (high liquidity), which original maturity is not greater than three months. The administrators review cash flows to reserve, in the restricted cash accounts, the required balance in accordance with the debt agreement. Every month, when applicable, the restricted cash accounts are provided (or not) with funds based on the required balance, through a formal request to the trust. The trust, in accordance with the payment items included in the contract, ensures for complete provision of each account.

d. ***Inventory*** - Inventories are valued at the lower of cost or net realizable value, using the first in first out (FIFO) accounting method. (Net Realizable Value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale). Inventories correspond to materials purchased to repair infrastructure both for the highway and toll stations. When used, it is charged to the expense of the period.

e. ***Prepaid Expenses*** - The Company records prepaid expenses, all those corresponding to a percentage of the value of the work to be acquired, demanded as advance payments by the construction companies hired to develop its additions, repairs, and maintenance of the work. These advances are applied to the final invoice of the vendor when the work or repair made is formally received.

f. ***Asset Impairment*** -

   - **Financial Asset Impairment** - In order to evaluate the effects of asset impairment, the Company considers that the Financial Asset – Concession Agreement has a low credit risk since the counterparties of these investments show a BBB credit rating. Therefore, for the purpose of evaluating the effects of financial asset impairment, the expected loss is measured for an amount equal to ECL at 12 months. The impairment registered by the assessment is detailed in Note 7. For the rest of the financial assets, no impairment has been recognized.

When determining, the expected credit losses for these assets, the Company's directors have taken into account the historical default experience, the financial position of the counterparties, as well as the future perspectives of the industries of the issuers of bonds, bills of exchange, and obligations obtained from economic reports and financial analyst reports. They have also considered different external sources of actual and forecasted economic information when estimating the probability of default of each of these financial assets within their respective temporary horizon of evaluation of losses, as well as the loss in case of default for each case.

There has not been any change in the estimation techniques or significant assumptions made during the period of the current report at the time of evaluating the expected credit loss for these financial assets.

- **Tangible Asset Impairment** - Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

  If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

  When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g. ***Vehicles, Furniture, and Equipment*** - During the Company's course of operations, these assets are registered at cost less any recognized impairment loss. Such assets are classified in the proper categories of property, plant, and equipment. In case of having any case of impairment, it will be recognized in the result of the reporting period.

h. ***Depreciation*** - Depreciation for vehicles, furniture, and equipment is determined using the straight-line method according to the estimated useful life of assets, as shown below:

Vehicles, Furniture, and Equipment	Vehicles, Furniture, and Equipment
Office furniture and equipment	10%
Vehicles	10%
Computer equipment	20%

i. ***Income Tax*** - Income tax is determined based on the accounting profit, adjusted by non-taxable income, non-deductible expenses, and tax credits.

- **Current Tax** - Current tax payable is based on the tax profits registered during the year.

  Tax profit differs from the profit reported in the statement of profit or loss and other comprehensive income due to the taxable or deductible expenses or income in other years and items that are never taxable or deductible. The Company's liability resulting from current tax is calculated using the tax rates issued or substantially approved at the end of the reporting period.

- **Deferred Income Tax** - Deferred income tax is recognized on temporary differences existing between the carrying amount of assets and liabilities included in the financial statements and the corresponding tax based used to determine the tax profit. The deferred tax liability represents a taxable temporary difference, and a deferred tax asset represents a deductible temporary difference. Asset or liability is not recognized if the temporary difference originates from goodwill or from the initial registration of an asset or liability (different than a business combination) that does not affect the tax or accounting profit.

  Deferred income tax asset is recognized to the extent that it is likely to obtain future taxable profits.

Current and deferred taxes should be recognized in profit or loss, except when related to items of comprehensive income or directly in equity, in which case deferred or current tax is recognized in other comprehensive income or directly in equity, respectively.

The registered value of the deferred tax asset is reviewed as of the date of each financial statement, and it is adjusted if it is not likely to obtain sufficient taxable income or other sources of income that allow a full or partial recovery of the asset.

Deferred tax assets and liabilities are measured at the tax rate expected to be applied during the period in which the asset will be realized or the liability will be paid.

Deferred tax assets and liabilities are shown net since they relate to the same fiscal entity, and the Company expects to write off its tax assets and liabilities in a net form.

j. ***Financial Assets*** - ***Concession Agreement*** - On November 30, 2006 the International Financial Reporting Standards Interpretations Committee (IFRIC) issued IFRIC 12 “Service Concession Arrangements”.

Concession arrangements involve agreements between a contracting government agency (Consejo Nacional de Concesiones) and the Company to provide, in this case, the construction, operation, and maintenance service of the San José - Caldera highway, through the exploitation of the infrastructure that has been built. In addition, income deriving from the provision of the service may be received directly from the users or the contracting entity itself, which regulates as well the prices for the provision of the service. The concessional right grants the monopoly of exploitation of the service for a specific period of time, after which the infrastructure becomes property of the contracting entity, with no consideration whatsoever.

The Company has concluded that, due to the characteristics of the concession agreement, it has a financial asset, since it has the unconditional contractual right to receive a guaranteed minimum income from the grantor.

According to IFRIC 12, there are two clearly differentiated stages to be highlighted in the concession arrangements, the first one is that the concessionaire (the Company) provides construction services that are recognized based on the progress of the work, according to IAS 11 “Construction Contracts”, with a financial asset as counter item, and a second stage, where a series of maintenance and operation services for the infrastructure are provided, which will be recognized according to IFRS 15 ”Revenue Contract with Customers”.
The Company recognizes the financial asset using the amortized cost method, and the corresponding income is recognized in results, according to the effective interest rate that results from the concession’s cash flows projections. As previously stated, construction income and related costs are recognized in the statement of comprehensive income according to IFRS 15 “Revenue Contract with Customers”.

A short term portion of the financial asset is determined based on the estimated cash toll collection to be made on each operations cycle following the reporting period.

k. ***Construction Income and Costs*** **-** Income is recognized based on the progress of quantifiable components or tasks established each contract. Construction incomes are usually quantified by referring to the estimations, both billed and not billed, on the progress of such tasks or components and their respective unit prices. Construction costs are recognized as incurred, and they generally consist of costs directly related to a specific contract plus the applicable indirect costs. Under this accounting practice, income from contracts relate to the costs incurred to complete individual tasks or components of the contract.

l. ***Financial Income*** - ***Concession Agreement*** - Financial income is recognized in the period as a result of the financial asset at the beginning of the period, at the effective interest rate determined at the moment of the initial valuation of the financial asset.

m. ***Legal Reserve*** - According to current laws in Costa Rica, the Company should separate 5% of the net profits in Costa Rican colones to create and accumulate a reserve, until reaching 20% of capital stock.

n. ***Financial Instruments*** - Financial assets and liabilities are recognized when the Company becomes part of the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than the financial assets and liabilities designated at fair value with changes in results) are added or deducted from the fair value of financial assets or liabilities, if applicable, at the time of initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities designated at fair value with changes is results are immediately recognized in profit or loss.

The financial assets kept by the Company correspond to cash and cash equivalents, restricted cash, accounts and notes receivable, and held-to-maturity investments. The classification depends on the nature and purpose of the financial assets, and it is determined at the moment of initial recognition. Regular purchases or sales are those purchases or sales of financial assets that require delivery of assets within the timeframe established by a regulation or agreement in the market's financial assets.

The effective interest rate is a method calculating the amortized cost of a financial instrument and of allocating the interest revenue or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including commission, basic interest points paid or received, transaction costs, and other premiums or discounts that are included in the effective interest rate calculation) through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount in the initial recognition.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the company intends to and has the capacity to keep until maturity. After the initial recognition, held-to-maturity investments are measured at amortized cost, using the effective interest method less any impairment.

Accounts and notes receivable are measured at amortized cost using the current interest method less any impairment. Interest income is recognized when applying the current interest rate, except the short-term accounts receivable when the effect of not discounting is not material.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to retain the control of the transferred asset, the Company continues to recognize the financial asset and also recognizes a collateral loan for the funds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the amount of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the amount of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

o. ***Derivative Financial Instruments -*** As of December 31, 2018 and 2017, the Company had not entered into any agreement that involves derivative financial instruments, such as futures, options, and financial swaps.

p. ***Provisions*** - A provision is recognized when the Company has a current (legal or implicit) obligation as a result of a past event, and it is likely that it will have to use funds of its own to pay off the obligation, and a reliable estimate of the amount can be made.

The amount recognized as provision should be the best estimate of the amount that will be needed to pay off the current obligation at the end of the reporting period, taking into account the corresponding risks and uncertainties. When a provision is measured using the estimated cash flow to pay off the current obligation, its carrying amount represents the current value of such cash flow (when the effect of the value of money throughout time is material).

When the recovery of some or all of the economic benefits required to pay off the provision are expected, an account receivable is recognized as an asset if it is highly likely that the disbursement will be received, and the amount of the account receivable can be reliably measured.

q. ***Operation and Maintenance Income*** - Income which represents the operation and maintenance costs incurred by the Issuer, plus a 10% markup.

r. ***Adoption of New and Revised International Financial Reporting Standards***

- ***Application of New and Revised International Financial Reporting Standards (IFRS) that are Mandatory for the Current Year***

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting periods that begin on or after January 1, 2018.

Impact of Initial Application of IFRS 9 – Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after January 1, 2018. The transition provisions of

IFRS 9 allow an entity to restate the comparative data of the classification and measurement of the financial instruments, although the Company has chosen to include such adjustments as of January 1, 2018, without restating the comparative data.

In addition, the Company has adopted amendments to IFRS 7 Financial Instruments:

Disclosures that were applied to the disclosures for 2018 and to the period ended 2017.
IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and Measurement of Financial Assets

The date of initial application (that is, the date in which the Company has evaluated its financial assets and liabilities in terms of the IFRS 9 requirements) is January 1, 2018. Therefore, the Company has applied the IFRS 9 requisites to the instruments that continue to be recognized as of January 1, 2018 and has not applied the requirements to the instruments that have already been derecognized as of January 1, 2018. The comparative amounts in relation to the instruments that continue to be derecognized as of January 1, 2018 have been restated when applicable.

All recognized financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;

- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

- Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and

- The Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, as well as of January 1, 2018, The Company has decided that the financial asset meets the criteria of amortized cost or fair value; therefore, it recorded the amount corresponding to the impairment with changes in other comprehensive income. (Note 7).

None of the other financial asset reclassifications has had an impact in the Company's financial position, profit or loss, other comprehensive income, or the total of other comprehensive results in this year.

(b) Impairment of Financial Assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Thus, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, IFRS 9 requires the Company to recognize a loss allowance for expected credit losses on:

1) Debt investments measured subsequently at amortized cost or at FVTOCI;
2) Lease receivables;
3) Trade receivables and contract assets; and
4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The impact recognized as of January 1, 2018, according to the credit risk valuation, was US$1,189,902, of which US$832,931 have been recognized as minor retained earnings; therefore, the remaining amount represents the tax impact of the adjustment.

At the end of the period, the recognized impact according to the credit risk valuation was US$2,472,956.

The calculation considers that the financial asset is in stage 1, that is, it is an asset which credit rating has not impaired significantly since the initial recognition, and therefore, the expected loss is calculated in twelve months.

(c) Classification and Measurement of Financial Liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has not has any impact in the classification and measurement of the Company's financial assets.

Review sections (e) and (f) below to obtain more details on the change on the classification after the application of IFRS 9.

(d) General Hedge Accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

The application of the hedge accounting requirements of IFRS 9 has not had an impact on the Company's financial statements since it does not have any hedges

(e) Disclosures in Relation to the Initial Application of IFRS 9

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

The application of IFRS 9 has not had an impact on the Company's cash flows.

Impact of the Application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after January 1, 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. After analyzing IFRS 15, the Company has concluded that there has not been a significant impact in the disclosures on in the amounts reported in these financial statements.

Impact of the Application of Other Amendments to the IFRS Standards or Interpretations

In the current year, the Company has applied a series of amendments to the IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period beginning on or after the January 1, 2018. Their adoption has had no significant impact on the disclosures or amounts reported in these financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment

Transactions

The Company has adopted amendments to IFRS 2 for the first time in this current year. The amendments specify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as far equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity- settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

   (i) the original liability is derecognized.
   (ii) the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   (iii) any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

Amendments to IAS 40 Transfers of Investment Property.

The Company has adopted amendments to IAS 40 Investment Properties for the first time during the current year. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the ‘date of transaction’ for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non- monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

New and Revised IFRS in Issue but not Yet Effective

As of the date of issue of these financial statements, the Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

IFRS 16	*Leases*
IFRS 17	*Insurance Contracts*
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
Annual Improvements to IFRS - 2015–2017 Cycle	*Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*
Amendments to IAS 19 *Employee Benefits*	*Plan Amendment, Curtailment or Settlement*
IFRS 10 Consolidated Financial Statements and IAS 28 - (amendments)	*Sale or contribution of assets between an Investor and its Associate or Joint Venture*
IFRIC 23	*Uncertainty over Income Tax Treatments*

The directors do not expect that the adoption of the previously mentioned standards will have a significant impact in the Company´s financial statements in future periods, except as indicated below:

IFRS 16 Leases

In January 2016, the IASB issued the new IFRS 16 Leases, with which it introduces an accounting model based on the control for the determination of leases, both for the lessee and for the lessor, distinguishing between leases and service contracts based on whether or not there is an identified asset controlled by the Company. The lessee recognizes a right-of-use asset that represents its right to use the underlying asset and a lease liability that represents its obligation to make lease payments. The standard is effective for annual periods beginning on January 1, 2019 or later. Early adoption is permitted as long as the Companies apply IFRS 15 on or before the initial application date of IFRS 16. The Company plans to adopt the new IFRS 16 on its financial statements starting on January 1, 2019, using the modified retrospective (prospective) approach, which does not require the restructuring of comparative information, but rather the accumulated effect of the initial application is presented as an adjustment to retained earnings.

Currently, the Company is conducting a qualitative and quantitative evaluation of the impacts that the adoption of this standard will originate in its financial statements.

The main impacts are expected in the current operating leases under IAS 17, arising from the recognition of leased assets as rights of use and from liabilities for the obligation to make such payments. In addition, the expense for a linear operating lease is replaced by a depreciation charge for the right to use the assets under lease, and an interest expense is recorded from the lease liabilities that will be initially recognized at their present value.

IFRS 17 Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The General Model will use the current assumptions to estimate the amount, time and uncertainty of future cash flows and will explicitly measure the cost of that uncertainty, taking into account the market interest rates and the impact of the options and guarantees of the insured.

The Company´s management does not anticipate that the application of the standard in the future will have an impact on the Company’s financial statements.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purposes of the transition requirements, the date of the initial application is the beginning if the annual reporting period in which the Company applies the Standard for the first time, and the transition date is the beginning of the period immediately preceding the date of the initial application. The Company's Management does not anticipate that the application of the Standard in the future will have an impact on the Company's financial statements.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after January 1, 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The Company´s management does not anticipate that the application of amendments in the future will have an impact on the Company’s financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

The Company´s management does not anticipate that the application of the amendments in the future will have an impact on the Company´s financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Annual Improvements include amendments to four standards.

IAS 12 Income Taxes

The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its previously held interest in the joint operation.

All the amendments are effective for annual periods beginning on or after January 1, 2019 and generally require prospective application. Earlier application is permitted.

Management is analyzing the implications of such standards, despite not anticipating that the application of the amendments in the future would have an impact on the company´s financial statements.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognized in the normal manner in other comprehensive income.

The paragraphs that relate to the measurement of the current service cost and the net interest on the liability (asset) for net defined benefits have also been modified. A Company will now be required to use the updated assumptions of this new measurement to determine the current cost of the service and the net interest for the remainder of the reporting period after the change to the plan. In the case of net interest, the amendments make clear that, for the period following the modification of the plan, the net interest is calculated by multiplying the liability (asset), as measured again in accordance with IAS19.99, with the discount used in the new measurement (also taking into account the effect of contributions and benefit payments on the liability (asset) for net defined benefits).

The modifications are applied prospectively. They apply only to modifications, reductions or liquidations of the plan that occur on or after the beginning of the annual period in which the amendments to IAS 19 apply for the first time.. The amendments to IAS 19 must be applied to annual periods beginning on or after January 1, 2019, but they can be applied earlier if an entity elects to do so.

The Company´s management does not anticipate that the application of the amendments in the future will have an impact on the Company´s financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments establish that the gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the profit or loss of the parent only to the extent of the interests of the non-related investors in that associate or joint venture. Similarly, the gains and losses resulting from the re-measurement of the investments retained in any previous subsidiary (which has become an associate or a joint venture that is accounted for using the equity method) in the fair value are recognized in the profit or loss of the previous parent only for the scope of the interests of the unrelated investors in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The Company´s management does not anticipate that the application of the amendments in the future will have an impact on the Company´s financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- Determine whether uncertain tax positions are assessed separately or as a company; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
    - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
    - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

Interpretation is effective for annual periods beginning on or after January 1, 2019. Entities can apply the interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The Company is performing a qualitative and quantitative assessment of the impacts that the adopting of this standard will originate in its financial statements.

The Company´s management expects that there will be some impact as a result of these amendments.

2. CASH AND CASH EQUIVALENTS

As of December 31, 2018 and 2017, cash and cash equivalents were broken down as follows:

	2018	2017
Cash on hands and due from banks	10,124,814	16,026,500
Cash equivalents	174,478	26,226
Total	**10,299,292**	**16,052,726**

As of December 31, 2018 and 2017, cash equivalents included certificates of deposit at Banco de Costa Rica.

3. RESTRICTED CASH

The restricted cash for the years ended December 31, 2018 and 2017 is detailed as follows:

	2018	2017
Allowance for long-term debt	6,135,071	20,144,375
Allowance for maintenance	7,253,306	4,780,048
Total	**13,388,377**	**24,924,423**

On May 31, 2017, the Company issued a bond in the local and international market and paid off the debt with the financial entities.

Such transaction required a renewal of the Trust (*Fideicomiso*) as detailed in Note 18.

The account denominated allowance for short-term debt is related to the "*Fideicomiso Irrevocable de Garantía y Administración de Cuentas del Proyecto de Concesión San José - Caldera*" (Irrevocable Account Management and Guarantee Trust Agreement of the San José-Caldera Concession Project Accounts) (Note 18). The objective of this is to reserve the amounts to be paid on the following contractual maturity date, including principal and interest, in order to comply with the Loan Agreement (Note 18). Such reserve is subdivided into:

	2018	2017
Debt Service Reserve Account US Bonds*	4,409,571	18,418,875
Debt Service Reserve Account CR Bonds	1,725,500	1,725,500
Total	**6,135,071**	**20,144,375**

*Moreover, as of December 31, 2018, guarantees for US$12,500,000 were included and endorsed by Globalvia Inversiones in accordance with the trust agreement.

The objective of the allowance for maintenance is to fund the Operation and Maintenance account (in United States of America dollars) and the Operation and Maintenance account (in Costa Rica colones) in case of situations of insufficiency in this account.

4. ACCOUNTS RECEIVABLE

Accounts receivable mainly include accrued and uncollected interest on bank deposits held (Note 2 and 3), exemptions from fuels and asphalts, sales taxes to be recovered and balances receivable from the Grantor (National Concession Board).

5. PREPAID EXPENSES

The detail of the prepaid expenses is the following:

	2018	2017
Construction companies and repairs	316,380	187,531
Insurance	587,546	616,084
Others	198,888	429,238
Total	**1,102,814**	**1,232,853**

As of December 31, 2018 and 2017, the Others balance consists mainly of advance payments to the National Concession Board related to the fees of the guaranteed minimum income.

6. VEHICLES, FURNITURE, AND EQUIPMENT - NET

The detail of vehicles, furniture, and equipment is the following:

	2018	2017
Vehicles	1,357,274	1,469,016
Office furniture and equipment	1,017,263	978,295
Computer equipment	966,712	885,612
Subtotal	3,341,249	3,332,923
Less:		
Accumulated vehicle depreciation	(1,028,859)	(945,536)
Accumulated depreciation of office furniture and equipment	(520,414)	(409,025)
Accumulated depreciation of computer equipment	(510,841)	(351,542)
Sub total	(2,060,114)	(1,706,103)
Net	**1,281,135**	**1,626,820**

The movement of the vehicles, furniture, and equipment account is the following:

	Note	2018	2017
Initial balance		**1,626,821**	**1,816,602**
Additions		120,261	258,490
Disposals – cost		(111,935)	(118,528)
Disposal – accumulated depreciation		64,606	73,885
Depreciation expense	11	(418,618)	(403,628)
Final balance		**1,281,135**	**1,626,821**

7. FINANCIAL ASSET - CONCESSION AGREEMENT

The detail of the financial asset account balance is the following:

	Note	2018	2017
Initial balance		**370,103,573**	**363,038,911**
Application of IFRS 9	1r	(1,189,902)	-
Increases resulting from construction and operation of the highway		21,931,093	21,022,690
Increase from financial income		58,962,756	58,086,361

	Note	2018	2017
Charges through toll collection and Complementary Agreement No. 1		(72,290,048)	(72,044,389)
Impairment adjustment	1r	(2,472,956)	-
Total		**375,044,516**	**370,103,573**
Less: Current portion of financial asset		(78,701,645)	(77,158,475)
Total		**296,342,871**	**292,945,098**

8. ACCOUNTS PAYABLE

Accounts payable for 2018 and 2017 include construction suppliers, service suppliers (security and toll agents) and others.

In addition, as of December 31, 2018 and 2017, there is a balance of US$1,884,093 and US$1,952,234, respectively related to the withholding tax on remittances abroad according to Law No.7092 for December due to the payment of interest of the international bonds (Note 17). This withholding tax has been paid on January 2019 and January 2018, respectively.

9. ACCUMULATED EXPENSES

As of December 31, 2018 and 2017, the accumulated expenses are detailed as follows:

	Note	2018	2017
Employees' legal benefits		353,110	320,421
Provision for vacations		61,967	52,669
Provision for duty payable to National Concession Board	16h	734,392	729,525
Provisions for suppliers (not billed)		778,290	767,888
Others		12,573	12,921
Total		**1,940,332**	**1,883,424**

10. INCOME TAX

Review by Tax Authorities - Income tax returns for the last three fiscal years are open for review by the tax authorities. Consequently, discrepancies may arise from the application of concepts by the tax authorities that differ from those applied by the Company. The Company's management considers that is has properly applied and interpreted the tax regulations. The tax rate in Costa Rica corresponds to 30% in 2018 and 2017.

Income Tax Calculation - For the periods 2018 and 2017, income tax was calculated on the accounting profit using the current tax rate, deducting non-taxable income, and adding the non-deductible expenses:

	2018	2017
Profit before income tax	33,943,760	21,340,551
Difference between IFRIC result and tax result	(16,518,474)	(20,311,523)
Adjustments to the tax basis	(8,104,774)	(1,567,974)
Profit before tax, adjusted	9,320,512	(538,946)
Tax rate	30%	30%
Current income tax	**2,796,154**	

	2018	2017
Income tax	**7,751,696**	**5,999,421**
Deferred income tax	4,955,542	5,999,421
Current income tax	2,796,154	-

The adjustments to the tax base correspond to non-deductible or non-taxable items, such as fines, donations, financial income, expense provisions, and exchange rate differences that are adjusted according to the Regulations to the Income Tax Law.

The movement of income advances was:

	2018	2017
Paid Advances	4,445,559	4,524,654
(Less) Applications of tax credits	(2,796,154)	-
Income tax advances (positive balance)	**1,649,405**	**4,524,654**

Deferred Income Tax - Deferred income tax liability originates from the financial asset related to the concession agreement. Deferred tax asset originates from the interest rate hedge agreement.

Deferred income tax movement is detailed as follows:

	As of December 31, 2018				
	2017	IFRS 9 Adjustment (Note 1)	Movement Effect in Results	Movement Effect in Equity	2018
Effect of application IFRIC 12	(50,563,447)	356,970	(4,955,542)	-	(55,162,019)
Total	**(50,563,447)**	**356,970**	**(4,955,542)**	**-**	**(55,162,019)**

	As of December 31, 2017			
	2016	Movement Effect in Results	Movement Effect in Equity	2017
Effect of application IFRIC 12	(44,469,990)	(6,093,457)		(50,563,447)
Hedge agreement	5,351,352	-	(5,351,352)	-
Total	**(39,118,638)**	**(6,093,457)**	**(5,351,352)**	**(50,563,447)**

11. OPERATING EXPENSES

The detail of operating expenses is the following:

	Notes	2018	2017
Salaries		2,481,953	2,314,272
Social contributions		556,020	523,671
General office expense		943,495	833,477
Rentals		298,121	432,253
Depreciation	6	418,618	403,628
Amortization		62,356	70,749
Professional fees		4,547,098	4,484,284
All-risk insurance		1,573,745	1,477,879

	Notes	2018	2017
Operation and maintenance		3,858,617	4,310,156
1% duty and other fees	15h	1,246,935	1,201,156
Bank fees		553,002	2,602,669
Other taxes		543,275	236,137
Other operating expenses		358,725	333,389
Total		**17,441,960**	**19,223,720**

Duties (fees) also include 1% of the toll income of the period corresponding to the amount earned for adopting the Guaranteed Minimum Income plan with the National Concession Board, according to the Concession Agreement (Note 15).

12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances with related parties are detailed as follows:

	2018	2017
Short-term accounts receivable:		
Infraestructura SDC Costa Rica, S.A.	970	832
SyV Concesiones, S.A.	413	116
M&S Desarrollo Internacional, S.A.	991	849
Promotora de Infraestructura, S.A.	628	450
Total	**3,002**	**2,247**
Long-term loans receivable:		
Infraestructura SDC Costa Rica, S.A	16,676,307	18,049,750
M&S Desarrollo Internacional, S.A.	12,752,472	13,802,750
Promotora de Infraestructura, S.A.	34,333,578	37,161,250
SyV Concesiones, S.A.	34,333,578	37,161,250
Total	**98,095,935**	**106,175,000**
Interest Receivable:		
Infraestructura SDC Costa Rica, S.A	285,350	421,161
M&S Desarrollo Internacional, S.A.	218,209	322,064
Promotora de Infraestructura, S.A.	587,486	867,096
SyV Concesiones, S.A.	587,486	867,096
Total	**1,678,531**	**2,477,417**
Total long-term loans and interest receivable	**99.774.466**	**108.652.417**
Accounts payable:		
Globalvía Inversiones, S.A.	1,838,398	1,943,908
Globalvía Infraestructuras Chile, S.A.	115,379	97,967
Total	**1,953,777**	**2,041,875**

Accounts receivable and payable in the short-term do not have guarantees, do not earn interest, and do not have a previously-agreed maturity date. These originate from business transactions as well as from intercompany loans.

Long-term accounts receivable correspond to a loan granted to stockholders with fixed interest rate of 4% per annum. The maximum maturity is the date of the end of the concession.

Transactions with related parties for the years ended December 31, 2018 and 2017 are the following:

	2018	2017
Miscellaneous fees (includes surety bonds and guarantees:		
Globalvía Infraestructuras Chile, S.A.	287,283	342,872
Globalvía Inversiones, S.A.	17,411	-
Total	**304,694**	**342,872**
Financial Income:		
Infraestructura SDC Costa Rica, S.A	700,748	421,161
SyV Concesiones, S.A.	1,442,717	867,096
M&S Desarrollo Internacional, S.A.	535,867	322,064
Promotora de Infraestructura, S.A.	1,442,717	867,096
Total	**4,122,049**	**2,477,417**

Moreover, as of December 31, 2018, it includes activated license purchases from Globalvía Inversiones, S.A. for US$ 732,850. In FY2017, it is included as part of the valuation at amortized cost of the bonds (Note 17) US$1,753,750 for services rendered in the refinancing process.

Fees correspond to services provided by the Parent Company necessary for the development of the project, among these, services in the areas of construction, traffic, information systems, sureties, and legal services. In addition, management services fees correspond to fees earned by the Financial Director, who is an expatriate employee from the Company's stockholders (the amount earned by these directors is approved by the Company's Board of Directors, and the amounts paid are periodically billed to the Company by the respective employers of these persons).

The financial income corresponds to the interest accrued by the loan granted to the stockholders of the Company.

13. OTHER INCOME

The other income for 2018 and 2017 corresponds to the recovery of concepts that were previously registered as repair and maintenance expenses for damages caused by the users, in addition to the sale of scrap and other income for the right of use of the highway for some cable companies.

In 2018, the Company collected US$598,184 for the recovery of withholdings abroad related to the previous financing as well as insurance indemnities amounting to US$966,063 for events of previous years.

Additionally, in 2017, the sum of US$2,797,024 is included, which corresponds to the return of the MIGA policy related to the previous financing, as well as insurance indemnities amounting of US$450,000 for events of previous years.

14. CAPITAL STOCK AND ADDITIONAL CAPITAL CONTRIBUTIONS

a. ***Capital Stock*** - As of December 31, 2018 and 2017, capital stock amounts to US$2,500,000 represented by 2,500,000 nominative common shares of US$1.00 each. In 2017, the totality of the shares was endorsed to guarantee the local and international bonds (Note 17).

The shares are part of a Trust entered into with Scotiabank de Costa Rica, S.A. (Note 18).

b. ***Additional Capital Contributions*** - As of December 31, 2018 and 2017, no additional capital contributions were made by the stockholders; thus, the amount remained in US$58,000,000 for each of those years.

c. ***Legal Reserve*** - As of December 31, 2018 and 2017, the Company reaches 20% of the legal reserve established by Costa Rican laws. Such reserve is accounted for in the moment in which the financial statements have been approved by the Stockholders' Meeting.

d. ***Dividends*** - In 2018 and 2017, dividends amounting to US$43,700,000 and US$20,000,000 were paid, respectively.

15. WORKS WITH PUBLIC SERVICE CONCESSION AGREEMENT FOR THE SAN JOSÉ - CALDERA HIGHWAY

The concession agreement consists of providing services of design, planning, financing, construction, renovation, extension, lighting, signposting, repair, maintenance, and conservation services for Route 27, which has a total length of 76.8 kilometers, starting in the west area of the city of San José and ending at the Port of Caldera in the province of Puntarenas.

On October 4, 2007, the Government of Costa Rica, acting through the National Concession Board ("the Granting Authority") and Autopistas del Sol, S.A. ("the Concessionaire") signed Addendum No.5 to the Concession agreement with Public Services Concession Agreement for the San José - Caldera Highway Project. This Addendum modifies some clauses of the original concession agreement and was endorsed by the Office of the Comptroller General of the Republic on November 19, 2007. The following is a detail of the main clauses of the Concession Agreement after incorporating the modifications agreed on through Addendum No.5:

a. The estimated value of the investment up to the moment when all sections of the highway are in full operation was estimated approximately in three hundred thirty-one million dollars, legal tender of the United States of America (US$331,000,000).

b. The term of the concession is of twenty-five years and six months, commencing on January 8, 2008, date of the Works Start Order. However, if the Concessionaire reaches the present value of income offered through toll collection before the expiration of the above mentioned term, the concession will terminate in the month in which such circumstance occurs.

c. The maximum term for the construction of works is 30 months.

d. The Concessionaire, prior to receiving the provisional order for start of operations shall submit its proposal of minimum income guaranteed by the State for years 1 through 18 of the highway operation, which may be equal or less than the maximum offered by the Granting Authority in the Bid Tender and in the Agreement. During each individual year of the concession exploitation, the Concessionaire has the option whether to take or not such Minimum Income Guarantee, and if the Concessionaire decides to take it, the Company shall pay an amount that will be determined based on a mathematical formula established in the Concession Agreement. Given that the final opening of the highway took place within fiscal year 2015, the company adopted such guarantee effectively.

e. The concessionaire is authorized to charge a toll fee as they finish the construction of works, and the Granting Authority issues the respective authorization.

f. Toll fees may be adjusted due to variations in the economic environment although they may not be related to the operation of the highway such as the devaluation of the colón with respect to the dollar, external inflation, and factors related to the operation, maintenance, and execution of new investments on the highway in order to readjust the financial balance of the agreement.

g. The concessionaire will not have, at any moment, actual ownership rights over the public domain works and assets that are the objective of this Concession. All equipment, systems, and other assets and rights used in the Concession will be transferred to the corresponding State institutions and bodies upon expiration of the Concession, whatever its cause, in good state and operating conditions, free and clear of any encumbrances, liens, or obligations and free of cost for the Granting Authority.

h. The Concessionaire will annually pay to the Granting Authority, as reimbursement for inspection and agreement control expenses, a one percent (1%) over the company's gross income generated in colones by the concession granted during the previous calendar year. When submitting its annual report on audited financial statements, the Concessionaire will also turn in a certification of audited gross income, which will be used as basis for the calculation of the payment.

i. The Granting Authority authorized the Concessionaire to constitute a Guarantee Trust for one hundred percent of the ownership of the shares that form the capital stock of the Concessionaire Corporation so that they could be transferred in trust property as part of the securities granted to the Banco Centroamericano de Integración Económica (BCIE) and Bankia SAU in order to obtain financing for the Project.

j. The Granting Authority is entitled to receive from the Concessionaire an income co-participation for toll per the co-participation table defined in the bid.

Obligations of the Granting Authority -

a. The Granting Authority recognizes all tax benefits contained in Article No.44 of the Concession agreement with Public Services Concession General Act. The Concessionaire is exempt from the following taxes: import tariff duties, 1% tax under Law No.6946, selective consumption tax, sales tax, single tax on fuels, and any other tax for local purchases as well as for the import of assets required to build the concession works or provide the services.

b. The Granting Authority will proceed to pay the debt incurred with the Concessionaire Corporation, corresponding to tax liquidation either by the corporation or by subcontractors, within 30 days of the submission of the respective tax liquidation proof to the Granting Authority.

c. In order to ensure that the payment of the above mentioned tax liquidation is made within the established time limit, the Tesorería Nacional del Ministerio de Hacienda will issue an annual liquidity bond for an amount of US$6 million, exclusively to guarantee the payment of taxes, financial costs and administrative costs to be reimbursed in relation to the single tax on fuels in case the required resources were not budgeted and paid on the established date. This bond shall be renewed annually for the same amount and shall be effective for the entire term of the Concession. However, for the exploitation period, the amount of this bond will be reduced up to a minimum value of US$1 million.

d. As a result of the application of the methodology for the extraordinary updating of the civil works and equipment costs included in the bid, due to delays during the project development, which prevented the start of the works within the planned terms, a cost overrun for the works have been determined. Therefore, the parties submitted to an arbitration process, which has been approved.

16. COMPLEMENTARY AGREEMENT No.1 TO THE CONCESSION AGREEMENT WITH PUBLIC SERVICE CONCESSION AGREEMENT FOR THE SAN JOSÉ - CALDERA HIGHWAY

On July 1, 2008, the Government of Costa Rica, acting through the National Concession Board ("the Granting Authority") and Autopistas del Sol, S.A. ("the Concessionaire") signed the Complementary Agreement No.1 to the Concession agreement with Public Services Concession Agreement for the San José - Caldera Highway Project through Special Meeting No.07-2008.

This complementary agreement incorporates additional investments. Some of these investments were included in the Concession Agreement, but they had not been assigned a value, and other were not considered in the referential project of the invitation to bid such as, among others, repair of pavement slabs, construction of alternate routes, improvement of the traffic management plan, building walls to avoid expropriations, expansions (Circunvalación-Guachipelín), and the construction and renovation of structures. The following is a detail of the main clauses of Complementary Agreement No.1:

a. The estimated value of the new investments incorporated was approximately of thirty-five million, nine hundred thirty-five thousand, and seven hundred forty-one dollars (US$35,935,741), legal tender of the United States of America. As of December 31, 2018 and 2017, the Company maintains the amount received of US$34,000,743, becoming the final amount of the new investments.

b. The original term established in this agreement for the conclusion of the new works was of 12 months. However, they were finished approximately in January 2010. As of December 31, 2018 and 2017, the Company had not closed this agreement because the certification of completion of works, which is a requirement to consider works finished and delivered, had not been issued. As of the date of the financial statements, a settlement has not been signed.

c. The Concessionaire must deliver to the Granting Authority a construction guarantee equivalent to 5% of the value of the new investments included in this complementary agreement - excluding from such guarantee the cost of closing works, transport, collection, wood custody, traffic management plan, and detail design - for a total amount of US$1,518,000. This guarantee was provided by the Company's stockholders.

d. Costs related to the Complementary Agreement No.1 will be included in a monthly estimation report as works progress. This report will be submitted by the Concessionaire to the Project Manager designated by the Granting Authority within the first 15 business days of each month.

Obligations of the Granting Authority -

a. The Granting Authority will have 15 calendar days to issue the approval of or the observations regarding the monthly estimation report. The Granting Authority will have 30 calendar days after the approval of such report to pay the respective amounts to the Concessionaire.

b. As of the date of the last monthly estimation, the Granting Authority will pay the Concessionaire annually, within the first 5 days of the month of January, compensation for insurance and guarantees in effect during the exploitation phase, as well as for operating and maintenance costs.

c. Given that the Granting Authority will directly assume the cost of the additional investments that are the objective of this agreement, it has been considered that the payments for such additional investments and their related costs have no effect on tax payments to which the Concessionaire is subject such as, among others, income tax or the corresponding municipal taxes withholdings.

As of December 31, 2018 and 2017, income was collected as a result of the additional costs for the payment of guarantees, maintenance, and insurance for the additional works of the complementary agreement was the amount of US$430.924 and US$530.638 respectively.

17. FINANCING AGREEMENT

On May 31, 2017, Autopistas del Sol, S.A. issued a bond in the international market under rule 144A of the Securities Exchange Commission, and simultaneously, a bond issue in the local market authorized by the General Superintendence of Securities. The main characteristics of the issues are:

	International Bond (US Bonds)	Local Bond (CR Bonds)
Issue amount	US$300,000,000	US$50,750,000
Balance at 12.31.2018	US$284,865,000	US$50,750,000
Interest rate	7.375%	6.80%
Maturity	December 30, 2030	June 30, 2027
Currency	United States Dollar	
Interest frequency	Biannual	
Interest payment date	June 30 and December 30	

This transaction has been accounted for in accordance with International Financial Reporting Standards (IFRS) at amortized cost as of December 31, 2018 and 2017, bearing interest according to the effective interest rate method.

The amortized cost as of December 31, 2018 and 2017 is as follows:

	2018	**2017**
International bond	276,986,899	288,309,080
Local bond	48,523,122	48,176,608
Total	**325,510,021**	**336,485,688**
<u>Less: Current portion of the long- term debt</u>		
International bond	10,941,000	12,135,000
Local bond	1,715,350	-
Total	**12,656,350**	**12,135,000**
Total	**312,853,671**	**324,350,688**

The nominal maturity of the debt by years is as follows:

	International Bond (US Bonds)	**Local Bond (CR Bonds)**
Less than a year	10,941,000	1,715,350
Between 1 and 3 years	26,049,000	9,627,275
Between 3 and 5 years	36,429,000	13,255,900
More than 5 years	211,446,000	26,151,475
Total	**284,865,000**	**50,750,000**

Limitation of Restricted Payments - The main conditions to declare or make any Restricted Payment are:

a. No Default or Event of Default exists, or would exist after such a payment.
b. All required payments of Debt Service through the month-end date immediately preceding the date such Restricted Payment is to be made have been fully accounted for through the Indenture Trustee Accounts.
c. The Debt Service Coverage Ratio with respect to the most recently completed Calculation Period is equal to or greater than 1.20 (June 2018: 1.31, December 2018: 1.37) (1.65 in December 2017).

d. The Projected Debt Service Coverage Ratio, with respect to the Calculation Period in effect on the date such calculation is made (as set forth in the current Annual Budget and Base Case Model), is equal to or greater than 1.20.
e. The Debt Service Reserves Accounts is funded in an aggregate amount not less than the Debt Service Reserve Required Amount and the O&M Reserve Account is funded in an aggregate amount not less than the O&M Reserve Required Amount.

The Company states and agrees with the Secured Parties that, until the date of final termination, they will be bound by the following affirmative and negative covenants, which have been previously established:

Affirmative Covenants - The main affirmative covenants of the Agreement are detailed as follows:

a. Maintaining the project in good condition.
b. Keeping insurance and relevant permits up-to-date.
c. Complying with regulatory requirements.
d. Maintaining guarantees.
e. Conducting business.
f. Complying with the reporting obligation, including the presentation of financial statements.
g. Complying with the repayment obligation, including scheduled amortization and payments.
h. Being continuously committed to the business.
i. Maintaining authorized auditors.
j. Timely filing all the required tax returns.
k. Financing certain reserves and other accounts in accordance with the Irrevocable Guarantee Trust and Account Management Agreement (Note 19).
l. Maintaining rating agency.

Negative Covenants - The main negative covenants of the Agreement are detailed as follows:

a. Debt limitations.
b. Limitations to amendments, modifications, and exemptions of the project's documents.
c. Limitations to the termination and allocation of transaction documents.
d. Limitations to subsidiaries and investments.
e. Limitation to the sale of assets.
f. Limitation to transactions with stockholders and affiliates.
g. Restrictions in mergers, consolidation, liquidation or dissolution transactions.
h. Restrictions in hedge transactions with commercial or speculative purposes.
i. Restrictions related to paying in advance or paying off the debt.

The Agreement shall establish that certain events, actions, circumstances, or conditions that will be considered an event of default (an "event of default") regarding the bonds, among which the following are included:

a. Not paying any principal or interest on the promissory notes when these expire.
b. Failure to comply with the loan documents.
c. Failure to comply with the terms of the Concession Agreement.
d. Deceitful behavior (in any material matter).
e. Seizure or similar process against any of the properties of the concession (including those properties subject to the guarantee documents) for the sum higher than U$25.000.000.
f. Event of loss.
g. When a sentence has been pronounced, or an order or final and unappealable arbitration award has been issued, against the Issuer or any property of the Concession exceeding the threshold amount, or when one or more sentences have been pronounced, or one or more orders or final and unappealable arbitration awards have been issued against the Issuer of the Project, and which could, or could be reasonable expected to, result in an Adverse Material Change.

h. Inability to pay debts for an amount exceeding the threshold amount.
i. Bankruptcy or insolvency proceedings.
j. CNC will not pay the sum corresponding to the Minimum Income Guarantee after the final resolution of any conflict regarding this payment is given, according to the Concession Agreement.
k. Revocation, suspension, termination or repudiation of the Concession Agreement.
l. Revocation, suspension, termination, or rejection of other documents of the Project.
m. Not maintaining the relevant permits required for the Project.
n. Guarantees are no longer in full force of effect, and neither are any promissory notes, or any other document securing an obligation, applicable either.
o. Any event of force majeure that has materially and adversely affected the Project for two hundred seventy (270) consecutive days.

After the breach of contract occurs, and while it continues to occur, the bondholders will have certain remedies available to them, including the right to accelerate the reimbursement obligation in virtue of the bonds.

As of December 31, 2018, the Company has complied with the covenants of the loan agreement.

18. IRREVOCABLE ACCOUNT MANAGEMENT AND GUARANTEE TRUST FOR THE SAN JOSÉ - CALDERA CONCESSION AGREEMENT

On December 20, 2007, the Company and its stockholders entered into an Account Management and Guarantee Trust. On May 31, 2017. It was fully reformed to adapt it to the new financing structure, being the main features:

Trustors:	Autopistas del Sol, S.A. P.I. Promotora de Infraestructuras, S.A. SyV CR Valle del Sol, S.A. Infraestructuras SDC Costa Rica, S.A. M&S DI-M&S Desarrollos Internacionales, S.A.
Main Beneficiary:	Banco Improsa, S.A
Trustee:	Scotiabank de Costa Rica, S.A.

a. ***Object of the Contract*** - That Trustors guarantee with the trust assets, the loan granted by the Beneficiaries to Autopistas del Sol, S.A. and the loan agreement (Note 17).

b. ***Trusted Assets:***

- Shares of the concessionaire
- Compensation for early termination of the Concession Agreement
- Brands of the Concessionaire
- Other assets and rights

c. ***Assets Under Trustee Administration:***

- Project Income/cash flows
- Trust accounts
- Other assets and rights

19. INSURANCE POLICY MANAGEMENT TRUST

On November 23, 2007, the Company entered into an "Insurance Policy Management Trust for the Concession agreement with Public Service of the San José-Caldera Highway Concession Agreement" ("Concession Agreement"). The parties of the Agreement are:

Trustor:	Consejo Nacional de Vialidad
Trustee:	Banco de Costa Rica
Main Beneficiary:	Autopistas del Sol, S.A. (the concessionaire)
Secondary Beneficiary:	Consejo Nacional de Vialidad ("CONAVI")

The main objective of the contract is to provide a smooth, transparent, and efficient financial mechanism to receive, manage, invest, and disburse the funds provided to the Trustee by the National Insurance Institute (INS) for concept of indemnifications resulting from policies duly acquired at such entity, intended to cover a potential claim in the Concession Agreement, so that such funds are irrevocably allocated to the reconstruction or replacement of the insured works by the Concessionaire. For such purpose, the corresponding amounts will be, upon previous express authorization in writing of the Trustor, delivered to the Trustor in order to comply with the contractual obligations by means of the payment procedure established for such purpose.

The term of the trust agreement is equal to that of the Concession Agreement plus the time necessary for liquidation and settlement of the trust, and this term cannot exceed 30 years.

20. CONSTRUCTION AGREEMENT

On December 18, 2007, the Company and Constructora San José Caldera CSJC, S.A. ("CSJC") (related party) entered into an agreement to design and develop works including the supply of materials, object of the San José - Caldera Concession Agreement. CSJC will implement, with technical and administrative autonomy but in all events under the supervision of the Company and the National Concession Board (CNC), all the works and services needed for the design and construction of the works described and specified in the Concession Agreement and its Addenda. The agreement is governed by the "back to back" principle regarding the rights and obligations assumed by the Company with the CNC with respect to the matters relating to the construction activity of the Concession Agreement. In this sense, unless different obligations or rights are otherwise expressly set forth in the Agreement, CSJO will have the same rights and obligations of the Company with CNC. The price of the agreement is US$229,924,319.

On November 17, 2016, the Company proceeded with the settlement agreement with the Constructora San José Caldera CSJC, S.A. The main agreements reached were:

- Agreed that the Company has complied with the payment obligations regulated in the construction contract, delivering in favor of Constructora San José Caldera CSJC, S.A. US$3,000,000 related to the amounts owed under the construction contract.

- Constructora San José Caldera CSJC, S.A granted a total, comprehensive, irrevocable and final settlement of the obligations assumed by the Company in the construction contract, expressly waiving any judicial or extrajudicial claim.

- Constructora San José Caldera CSJC, S.A issued a certificate to the Company, stating that the Company has fully complied with its obligations. Likewise, Constructora San José Caldera CSJC, S.A. expressly waives any claim against the Company.

- The Company declared, except for the hidden defects and contingencies of the builder that must be duly corrected and compensated by the construction company, had received the works object of the work contract, duly executed.

21. CONSTRUCTION AGREEMENT TO COMPLEMENTARY AGREEMENT No. 1

a. On December 1, 2008, the Company entered into with Constructora San José Caldera CSJC, S.A. (“CSJO”) (a related party) an addendum to the Construction Agreement executed on December 18, 2007 to perform the works included in the Complementary Agreement No.1 to the Concession agreement with Public Service of the San José - Caldera Highway Concession Agreement (Note 15). The term and amount of this agreement will be in accordance with the Complementary Agreement No.1 to the Concession agreement with Public Service of the San José- Caldera Highway Concession Agreement, in other words, US$34,000,743, and a twelve-month term, which expired in July 2010 (Note 16). As of January 2010, the works of the complementary agreement were completed; however, the Company has not settled this agreement because there has not been a certificate of completion of works, which is a requisite to complete and deliver the works.

22. GUARANTEES

According to the terms of the Concession Agreement (Note 15), the Concessionaire must provide the following bonds:

a. ***Operation Guarantee*** - Operation bonds will have the same validity term as the operation period. As of December 31, 2018 and 2017, the Company will extend the operation bonds, which have been assumed by the Company’s stockholders. As of December 31, 2018, the aforementioned bonds will be in the amount of US$276,600 (US$26,400 of the Complementary Agreement, US$46,300 of Sector I, US$126,400 of Sector II and US$77,500 of Sector III), an amount notified by the National Concession Board and which expires on May 7, 2019.

b. ***Environmental Guarantee*** - On December 4, 2007, an environmental guarantee was furnished on behalf of the Ministry of Energy and Mines “Ministerio de Energía y Minas” (MINAE) in the amount of US$1 million, which was provided by Constructora San José - Caldera CSJC, S.A., pursuant to the construction agreement. During 2011, the environmental guarantee was adjusted by MINAE to US$2.3 million; as of December 31, 2018, such amount is kept as a guarantee that expires on May 7, 2019.

c. ***Other Guarantees*** – Guarantee in favor of the National Concessions Board (CNC) amounting to US$533,229.75, as a requirement to qualify for the Guaranteed Minimum Income mechanism for 2019. Additionally the Company has also provided for a total of US$174,478 related to works to be executed detailed in Addendum No.6.

The detail of the guarantees is the following:

	Guarantee	Maturity
Section I	46,300	07-May-19
Section II	126,400	07-May-19
Section III	77,500	07-May-19
Complementary Agreement	26,400	07-May-19
Environment	2,300,000	07-May-19
Guaranteed Minimum Income 2019	533,230	31-Dic-19
Addendum 6	174,478	31-Oct-19
Total	**3,284,308**	

23. QUICK PASS OPERATION AGREEMENT SIGNED WITH ETC PEAJE ELECTRÓNICO, S.A.

The Concession agreement with Public Service of the San José - Caldera Highway Concession Agreement includes the electronic toll as one method of payment, which is defined as a system that allows paying the toll without stopping the vehicle through an electronic device which is set up inside the vehicle. Given an increase in the number of operations of the Company, the Concessionaire has required to expand this service to customers by authorizing a larger variety of banking entities; therefore, on May 27, 2010, an agreement was entered into so that ETC Peaje Electrónico, S.A. will be in charge of the logistics of the "QUICK PASS" distribution, customization, and maintenance and of the collection procedures. This agreement will be in effect for five years after its execution and can be renewed for identical conditions.

24. FINANCIAL INSTRUMENTS

A summary of the main disclosures regarding the financial instruments is the following:

24.1 FINANCIAL INSTRUMENT CATEGORIES

As of December 31, 2018 and 2017, the Company's financial instruments consist of the following:

	2018	**2017**
Cash	10,273,066	16,026,500
Financial assets (valued at fair value):		
Restricted cash	13,388,377	24,924,423
Financial assets (valued at amortized cost):		
Cash equivalents	26,226	26,226
Accounts receivable	692,921	547,736
Accounts receivable from related parties	99,777,468	108,654,664
Financial asset - concession agreement	375,044,516	370,103,573
Total	**499,202,574**	**520,283,122**
Financial liabilities:		
At amortized cost	**325,510,021**	**336,485,688**
Accounts payable	**6,084,875**	**5,178,192**
Total	**331,594,896**	**341,663,880**

A summary of the main risks associated to the previously mentioned financial instruments, as well as the way in which the Company is managing the risks, is presented as follows:

a. ***Credit Risk*** - The financial instruments that may potentially subject the Company to credit risk consist mainly of cash, restricted cash, cash equivalents, held-to-maturity investments, and accounts receivable. Cash and cash equivalents and restricted cash are kept at sound financial institutions is payable on demand, and it generally poses a minimum risk. The accounts receivable are mainly with government agencies and with related companies that do not present any risks for their recovery based on the Company's previous experience with these entities.

b. ***Liquidity Risk*** - The Company requires of liquid funds for its normal operation. For these purposes, the Company receives on a daily basis liquidity through toll payment collection. The Company constantly monitors it cash flows and analyzes its matched maturities, in order to attend to any short and mid-term obligation.

The expected recovery of financial assets as of December 31, 2018:

Financial Assets	Interest Rate	Less than 1 Month	2 Months	From 3 Months to 1 Year	More than 1 Year	Total
Non-interest bearing Instruments		-	-	692,921	-	692,921
Interest-bearing instruments	Between 1.50% and 16%	30,246,140	6,558,470	65,584,704	396,120,339	498,509,653
Total		**30,246,140**	**6,558,470**	**66,277,625**	**396,120,339**	**499,202,574**

The expected recovery of financial assets as of December 31, 2017:

Financial Assets	Interest Rate	Less than 1 Month	2 Months	From 3 Months to 1 Year	More than 1 Year	Total
Non-interest bearing Instruments		-	-	549,983	-	549,983
Interest-bearing instruments	Between 1.50% and 16%	47,380,796	12,885,972	57,868,856	401,597,515	519,733,139
Total		**47,380,796**	**12,885,972**	**58,418,839**	**401,597,515**	**520,283,122**

The scheduled payments for the financial liabilities as of December 31, 2018, are the following:

Financial Liabilities	Interest Rate	Less than 1 Month	2 Months	From 3 Months to 1 Year	More than 1 Year	Total
Interest-bearing obligations	Between 6.80% and 7.36%	-	-	12,656,350	312,853,671	325,510,021
Non-interest bearing obligations		4,131,098	-	1,953,777	-	6,084,875
Total		**4,131,098**	**-**	**14,610,127**	**312,853,671**	**331,594,896**

The scheduled payments for the financial liabilities as of December 31, 2017, are the following:

Financial Liabilities	Interest Rate	Less than 1 Month	2 Months	From 3 Months to 1 Year	More than 1 Year	Total
Interest-bearing obligations	Between 6.80% and 7.36%	-	-	12,135,000	324,350,688	336,485,688
Non-interest bearing obligations		3,136,317	-	2,041,875	-	5,178,192
Total		**3,136,317**	**-**	**14,176,875**	**324,350,688**	**341,663,880**

c. ***Interest Rate Risk*** - Until May 31, 2017, the loan obtained for financing the works has been acquired at fluctuating interest rates (Libor rate plus a margin). Consequently, the Company is exposed to risk of variations in such interest rate, which effect can be significant in the Project's operations. In order to be protected from this risk, the Company entered into an interest rate swap agreement (Note 20). Such risk does not apply as of December 31, 2017, due to the cancellation of the hedge agreement on May 30, 2017, and the new loan has a fixed rate.

d. ***Exchange Rate Risk*** - Most of the transactions conducted by the Company have been denominated in US dollars, and the transactions performed in Costa Rican colones (local currency) during these stages have been minimal. In addition, both the financing structure and the Concession agreement include that most of the Company's construction and operating income and costs have been convened in this currency. Income from toll collection is received in Costa Rican colones, which is exchanged to US dollar on a daily basis, and in addition, the rate is adjusted on a quarterly basis, taking into account the exchange rate behavior. Consequently, Management considers that the Project is not exposed to exchange rate risk, except for those transactions that take place in local currency, which are not material.

e. ***Leverage Risk*** - The Company manages its capital structure in order to maximize the return for its stockholders by optimizing equity and debt balance. The capital structure used consists of debt, cash and its equivalents, restricted cash, and stockholders' equity, which is included in the capital stock, additional capital contributions, reserves, retained earnings, and interest flow hedges. The Company's leverage ratio is the following:

	Note	**2018**	**2017**
Bank debt	17	325,510,021	336,485,688
Cash and cash equivalents	2, 3	(23,687,669)	(40,977,149)
Net bank debt		**301,822,352**	**295,508,539**
Stockholders' equity		115,565,906	133,906,773
Leverage ratio		261%	221%

Restricted cash is included for debt service (Note 3).

f. ***Fair Value Risk*** - Management considers that the carrying amounts of the financial assets and liabilities in the financial statements approximate its fair value.

The financial instrument valued at fair value were analyzed, and they classified by the valuation method, as detailed below:

- **Level 1** - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- **Level 2** - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; (that is, derived from the prices).

- **Level 3** - Inputs are unobservable inputs for asset or liability (that is, unobservable data).

As of December 31, 2018 and 2017, all the assets and liabilities were classified in Level 3.

24.2 RECONCILIATION OF LIABILITIES AND EQUITY ACCOUNTS DERIVED FROM FINANCING ACTIVITIES

The following is a detail of the changes in the liabilities and equity accounts from financial activities, including those that generate cash and those that do not. The liabilities arising from financial activities are those shown for cash flows, future cash flows, and they are classified in the statement of cash flows of the Association as cash flows from financial activities.

The reconciliation of 2018 is as follows:

		Monetary Changes			Non-Monetary Changes	
	December 31, 2017	Cash Received (Principal)	Cash Paid (Principal)	Cash Paid (Interest)	Interest Accrued	December 31, 2018
International bond	288,309,080	-	(12,135,000)	(21,628,404)	22,441,224	276,986,900
Local bond	48,176,608	-		(3,451,000)	3,797,513	48,523,121
Total	**336,485,688**	**-**	**(12,135,000)**	**(25,079,404)**	**26,238,737**	**325,510,021**

The reconciliation of 2017 is as follows:

		Monetary Changes			Non-Monetary Changes	
	December 31, 2016	Cash Received (Principal)	Cash Paid (Principal)	Cash Paid (Interest)	Interest Accrued	December 31, 2017
Central American Bank for Economic Integration (CABEI)	133,590,726	-	(133,034,614)	(3,124,274)	2,568,162	-
Bankia SAU	71,186,307	-	(70,952,772)	(1,316,794)	1,083,259	-
International bond	-	290,873,694	(3,000,000)	(12,906,250)	13,341,636	288,309,080
Local bond	-	47,991,060		(2,013,083)	2,198,631	48,176,608
Total	**204,777,033**	**338,864,754**	**(206,987,386)**	**(19,360,401)**	**19,191,688**	**336,485,688**

25. CONTINGENT LIABILITIES

As of December 31, 2018, the Company had the following contingent liabilities:

a. ***Ordinary Civil Lawsuit filed by Carlos Arrea Anderson and P Tres Counsel, LTD Against Autopistas del Sol, S.A.*** - The lawsuit results after alleged breach of contract for untimely termination of the professional services agreement. The estimated amount of the lawsuit is US$138,750. Autopistas del Sol was sentenced to pay the professional services fee condemnatory for US$10,500.

b. ***Ordinary Civil Lawsuit filed by Carlos Arrea Anderson and others against Autopistas del Sol, S.A.*** - The lawsuit results from the collection of attorney's fees for the legal representation of Autopistas del Sol, S.A., in the arbitration filed under file N. 00215-2011/AR/AD HOC, whose claim amounts to US$4,427,784 plus interest estimated according to the Fees for the Practice of Law and Notarial Services amounting to US$4,250,627.64. Through resolution of November 14, 2018 (notified to the Corporation on November 21, 2018), the lawsuit was admitted, ADS was granted a term of 30 days to answer. The lawsuit was answered in due time and proper form, and the defense was asserted.

c. ***Administrative Contentious Lawsuit 3-102-562805 S.R.L. against the State, Consejo Nacional de Vialidad (Highway Administration Authority), Consejo Nacional de Concesiones (National Concession Board) and Autopistas del Sol, S.A.*** - A complaint so that a property without access is granted access to a public road. The amount has an inestimable value. The lawsuit was dismissed.

d. ***Administrative Contentious Lawsuit filed by Natalia Bolaños Araya against the State and Autopistas del Sol, S.A.*** - Plaintiff is seeking payment of damages caused by a rock that fell on the windshield. Damage is estimated at US$522,389. On October 29, 2015, the lawsuit was dismissed; however, an appeal for reversal (*recurso de casación*) was filed. The dictation of the resolution on the appeal of reversal filed by the plaintiff is pending.

e. ***Administrative Contentious Lawsuit filed by Lorena Bolaños Masis and others against the State, Consejo Nacional de Concesiones (National Concession Board) and Autopistas del Sol S.A.*** - A lawsuit to determine damages undergone by the plaintiff's vehicle, as a result of rocks that fell in Kilometer undergone by the plaintiff's vehicle, as a result of rocks that fell in Kilometer PK 44 of Route 27. The amount estimated for the lawsuit is ¢64.216.470. Through judgement of February 16, 2018, the complaint was dismissed and it was decided that the plaintiff would pay both costs. The plaintiff filed an appeal for reversal. The resolution on this appeal is pending.

f. ***Administrative Contentious Lawsuit filed by Marta Mora Rojas against the State, Consejo Nacional de Concesiones (National Concession Board), Constructora San José Caldera CSJC S.A. and Autopistas del Sol S.A.(ADS)*** - Complaint to determine damages caused to the property of the plaintiff located in Pan de Azúcar. The amount has an inestimable value. Through decision N. 28-2017-IV of April 04, 2017, ADS and CSJC were sentenced to take the necessary technical actions to guarantee the reestablishment of the access from the public road to the property of the plaintiff, and the stability of the entire terrain and the safety of the users of Pan de Azúcar. Moreover, the payment of the subjective moral damage was estimated at ₡5.000.000 and the payment of both legal costs. On June 27, 2017, ADS filed an appeal for reversal, and the resolution is pending.

g. ***Administrative Contentious Lawsuit filed by Asociación Preservacionista de Flora y Fauna (APREFLOFAS) against the State, the Office of the Comptroller General, Consejo Nacional de Vialidad (Highway Administration Authority), Consejo Nacional de Concesiones (National Concession Board), Regulatory Authority of Public Services and Autopistas del Sol S.A.*** - Claim for nullity of Addenda No. 2 et. Seq. of the Concession Agreement. The amount of the lawsuit is inestimable. The oral and public trial is scheduled for early 2020 since the amount of the lawsuit is inestimable.

h. ***Administrative Contentious Lawsuit of Quintas Vistas Santa Ana, S.A. against the Company, the State, and the CNC*** – A claim for damages for a landslide of a landfill that left parcel without access to Route 27. The proceeding had a positive result with an out-of-court settlement between the parties, so the proceeding was finalized without any special ruling about judicial costs.

i. ***Administrative Contentious Lawsuit filed by Tajo Florencia, S.A. and Franklin Rojas Castillo Contra Autopistas del Sol S.A., and the State*** - Enforcement of judgment to determine damages that were granted by the Fourth Chamber ("Sala IV"). The estimated amount is US$1,227,619. In a sentence of December 10, 2018, the case was dismissed, and the plaintiff was sentenced to pay judicial costs in favor of the Company.

j. ***Administrative Contentious Lawsuit filed by Omar Alvarado Gatjens and Others against Autopistas del Sol, S.A., the State, Consejo Nacional de Vialidad (Highway Administration Authority) and Consejo Nacional de Concesiones (National Concession Board)*** - Introduction proceeding to determine damages caused to property for deviation of water in virtue of highway. The amount is US$586,543. The preliminary hearing took place on January 31, 2018.

k. ***Administrative Contentious Lawsuit filed by Office of the Comptroller General against Autopistas del Sol, S.A.*** - Complaint filed in order for the Company to be declared civilly liable for the alleged contractual breach regarding the lump sum design and execution of works for the alternate route Escazú - Hatillo - Calle Morenos. The estimate is ¢2.528.591.618. Through resolution of October 10, 2017, the case submitted to the Court of Cassation to resolve the disagreement presented by Autopistas del Sol, S.A. To date, such resolution is pending.

l. ***Administrative Contentious Lawsuit filed by María Isabel Ramírez González against Autopistas del Sol, S.A., the State and Others*** - Complaint filed in order for the Company to be declared civilly liable for not building a drainpipe that would allow rainwater to properly drain at the plaintiff´s property, which resulted in damages to the plaintiff and her property. The amount has not been estimated. On April 23, 2018, it was dismissed, thus sentencing the plaintiff to pay both costs of the proceeding. On May 17, 2018, the plaintiff filed an appeal for reversal (recurso de casación) because the ruling on the appeal for reversal filed by the plaintiff is pending.

m. ***Administrative Actions Brought by the Technical Secretary of Consejo Nacional de Concesiones (National Concession Board) against Autopistas del Sol, S.A.*** - They consist of miscellaneous complaints for alleged noncompliance regarding delivery of information, non-observance of orders, instructions, deficiencies, conditions of pavement, attention to landslides or interruption of service. The total amount of these 16 cases is US$4,009,580. As of December 31, 2018, it is not possible to assess if there will be adverse results since the cases were filed recently.

n. ***Administrative Environmental Action Filed by Anonymous (Amicus: the State and the Central Pacific Conservation Area (ACOPAC) against Autopistas del Sol, S.A.; filed with the Administrative Environmental Court (TAA), under administrative file No. 215-09-02-TAA*** - A response of the Registration Service Department of the National Registry regarding the registration status of Autopistas del Sol, S.A., and the existence or not of Globalvía Ruta 27 in the National Registry is still pending. An oral hearing by the Administrative Environmental Court has not been scheduled yet.

o. ***Administrative Tax Proceeding at the Large Taxpayers Division due to Review of Income Tax Return for FY2011*** - The Large Taxpayer Division reviewed the 2011 Income Tax Return of Autopistas del Sol, S.A. Such tax review resulted in Settlement Event number 1-10-034-13-031-41-03, where the Tax Administration rejected as deductible expense what was paid by the Company for repair and maintenance of route number 27.

Specifically, the rejected expense corresponds to an invoice paid to vendor Constructora San José - Caldera CSJC, S.A., for the sum of U$3,500,000 (three million five hundred thousand dollars), which resulted in an increase in the 2011 income tax base. Likewise, in virtue of the previously described procedures, the Large Taxpayer Division issued Penalization Resolution N°2-10-034-013-052-514-03, establishing a 25% penalty on the sums that supposedly were not paid by Autopistas del Sol, S.A. in relation to FY2011.

In August 2016, the Constitutional Chamber of the Supreme Court of Justice declared the unconstitutionality of the Article 144 of the Tax Standards and Procedures Code. Due to the foregoing, on November 11, 2016, the Company proceeded to file a request for an event of nullity against the Official Clearance Act No. 1-10-034-13-031-41-03 issued by the Large Taxpayers Division, who issued the Act based on a rule annulled as being unconstitutional.

On March 27, 2017, the Administrative Tax Court notified the Resolution TFA-122-S-2017, through which it communicates the ex officio cancellation of the Provisional Regularization Proposal, as well as the acts that depend on it.

Even with such cancellation, the Large Taxpayers Division notified on May 22, 2017 the resumption of the revision action. Not agreeing with this resumption, the company decided to file a prescription exception, which was rejected by Letter SFGCN-195-2017.

As of June 7, 2017, the Tax Administration notifies the Provisional Regularization Proposal Nº 1-10-034-13-013-031-03 and the Proposal for Sanctioning Resolution Nº 2-10-034-13-003-581-03. Regarding these Proposals, the Company presents its respective oppositions.

On August 18, 2017, the Large Taxpayers Division notified the Assessment Notice in which they ratified the adjustments made since the Provisional Regularization Proposal. The Company challenged the previous Assessment Notice on October 2, 2017. This challenge is currently pending resolution.

On August 18, 2017, the Large Taxpayers Division notified Assessment Notice N°1-10-034-13-009-41-03 in which they ratified the adjustments made since the Provisional Regularization Proposal. The Company challenged the previous Assessment Notice on October 2, 2017. This challenge is currently pending resolution.

The amount at issue is ¢752.886.450 (US$1,314,948 as of December 31, 2018), plus the corresponding penalty.

p. ***Administrative Tax Proceeding at the Large Taxpayers Division due to Review of Income Tax Return for FY 2017 and the Withholding Tax for May 2017.*** -

The Large Taxpayer Division conducted a review of the Company's income tax return FY2017 and the withholding at source tax on remittances abroad for the May 2017.

Through Assessment Notice N° DGCN-SF-PD-27-18-25-41-03 regarding the Income Tax, the Tax Authorities made adjustments for foreign exchange differences, derecognition of interest expenses, derecognition of liability exchange rate differences, derecognition of expenses paid for service provision, derecognition of expenses paid for the "refinancing management and support" agreement, resulting in an additional tax of ¢737.117.134. (US$ 1,204,932).

Moreover, through Assessment Notice N° DGCN-SF-PD-27-18-26-41-12, corresponding to the withholding at source tax on remittances abroad, the Tax Authorities made adjustments due to the non-reported remittances abroad for the payment made to Global Vía Inversiones-España for a "refinancing management and support" agreement, thus determining an additional tax of ¢50.869.310. (US$83,154).

Both Assessment Notices were notified on December 7, 2018, and the Company filed the respective challenge on January 31, 2018.

As of the date of the financial statements, the final resolution of previous matters is unknown (except for what is expressly indicated in each case); therefore, Management has not recorded any liabilities for these contingencies.

26. TOLL COLLECTION

The calculation for toll collection as of December 31, 2018 and 2017 is the following:

	Note	2018	2017
Gross toll collection		74,577,411	73,954,759
Co-participation - National Concession Board	16j	(2,045,634)	(1,767,631)
Tolls paid to own Employees		(153,575)	(140,783)
Exemptions, not under contract, granted to the Government		(519,079)	(532,597)
Net toll collection		**71,859,123**	**71,513,748**

The Company, when determining the financial asset balance (Note 7), in addition to the co-participation with the National Concession Board, does not take into consideration any amounts that correspond to tolls granted to their own employees, as well as non-contractual exempted tolls granted to the Government, and this is due to the fact that it does not receive funds for these concepts.

27. SUBSEQUENT EVENTS

In January 2019, based on the compliance with the loan agreement, restricted payments (dividends) were made for US$5,000,000.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by Management, and their issue has been authorized for April 10, 2019.

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