Financial Statements

Investimentos e Participações em Infraestrutura S.A. - Invepar and Subsidiaries

December 31, 2012
with Independent Auditor's Report on Financial Statements

Investimentos e Participações em Infraestrutura S.A. - Invepar and subsidiaries

Financial statements

December 31, 2012

Contents

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A free translation from Portuguese into English of Independent Auditor's Report on Individual Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and on Consolidated Financial Statements prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board - IASB and accounting practices adopted in Brazil

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers of
Investimentos e Participações em Infraestrutura S.A. - Invepar
Rio de Janeiro - RJ

We have audited the individual and consolidated financial statements of Investimentos e Participações em Infraestrutura S.A. - Invepar ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2012, and the related statement of incomes, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flow for the year ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements also in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

Auditor's responsibility (Continued)

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

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

Opinion on individual financial statements

In our opinion, the individual financial statements referred above present fairly, in all material respects, the financial position of Investimentos e Participações em Infraestrutura S.A. - Invepar as at December 31, 2012, its operating performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on consolidated financial statements

In our opinion, the consolidated financial statements referred above present fairly, in all material respects, the consolidated financial position of Investimentos e Participações em Infraestrutura S.A. - Invepar as at December 31, 2012, its consolidated operating performance and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with accounting practices adopted in Brazil.

Emphasis of matter

As described in Note 2.1, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. For Investimentos e Participações em Infraestrutura S.A. - Invepar, these practices differ from IFRS applicable to separate financial statements solely with respect to the measurement of investments in subsidiaries, affiliates and jointly-controlled companies under the equity method, while such investments would be measured at cost or fair value for IFRS purposes. Our opinion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2012, the presentation of which is required by Brazilian corporate law for publicly held companies , and as supplementary information under the IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Rio de Janeiro, March 26, 2013.

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

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

Investimentos e Participações em Infraestrutura S.A. - Invepar and subsidiaries

Balance sheets
December 31, 2012 and 2011
(In thousands of reais)

	Parent Company		Consolidated	
	2012	2011	2012	2011
Assets				
Current assets				
Cash and cash equivalents (Note 4)	490,471	220,580	1,029,515	266,314
Short-term investments (Note 4)	53,051	-	444,906	277,320
Trade accounts receivable (Note 5)	-	-	164,772	31,817
Inventories (Note 6)	-	-	16,619	13,535
Taxes recoverable (Note 7.a)	21,431	9,238	48,857	24,740
Debentures (Note 8)	-	38,415	-	-
Advances to suppliers	400	98	20,876	3,046
Transactions with related parties (Note 8)	20,429	-	-	12,413
Dividends receivable (Note 9)	15,113	-	-	-
Other	18	279	7,388	12,289
	600,913	268,610	1,732,933	641,474
Noncurrent assets				
Investments (Note 4)	-	-	252,691	34,609
Transactions with related parties (Note 8)	1,244	1,244	-	9,292
Trade accounts receivable (Note 5)	-	-	5,445	4,365
Taxes recoverable (Note 7.a)	-	1,443	5,020	1,443
Deferred taxes (Note 7.b)	-	-	161,224	135,302
Debentures (Note 8)	-	498,712	-	-
Judicial deposits (Note 17)	200	200	48,109	37,365
Other	-	-	866	143
	1,444	501,599	473,355	222,519
Investments (Note 9)	3,221,851	1,453,534	146	146
Property and equipment (Note 12)	2,990	3,003	265,362	210,496
Intangibles (Note 13)	14,307	282	17,960,200	3,864,497
	3,240,592	1,958,418	18,699,063	4,297,658
Total assets	3,841,505	2,227,028	20,431,996	4,939,132

	Parent Company		Consolidated	
	2012	2011	2012	2011
Liabilities and shareholders’ equity				
Current liabilities				
Trade accounts payable	6,317	1,577	206,603	39,069
Loans and financing (Note 14)	-	-	120,477	495,212
Debentures (Note 15)	-	94,250	24,318	120,139
Taxes payable (Note 7.c)	1,238	920	50,398	34,340
Obligations with employees and managers	7,524	5,736	42,083	39,582

Public service concession (Note 16)	-	-	1,210,985	348,469
Provision for maintenance (Note 18)	-	-	80	73
Advances from customers	-	-	14,607	11,955
Transactions with related parties (Note 8)	620	-	39,602	12,505
Proposed dividends	1,511	-	1,511	-
Other	-	-	68,319	8,880
	17,210	102,483	1,778,983	1,110,224
Noncurrent liabilities				
Loans and financing (Note 14)	-	-	2,412,068	1,190,214
Debentures (Note 15)	-	443,299	1,189,827	845,209
Taxes payable (Note 7.c)	-	-	205	1,930
Deferred taxes	-	-	9,636	6,288
Public service concession (Note 16)	-	-	10,943,690	58,318
Provision for legal obligations related to legal proceedings (Note 17)	-	-	12,879	15,216
Advances from customers	-	-	49,714	11,662
Provision for maintenance (Note 18)	-	-	21,066	14,606
Other	-	-	116	-
	-	443,299	14,639,201	2,143,443
Total liabilities	17,210	545,782	16,418,184	3,253,667
Shareholders’ equity (Note 19)				
Capital	3,351,958	1,699,466	3,351,958	1,699,466
Capital reserve	432,539	-	432,539	-
Income reserve	4,853	-	4,853	-
Accumulated losses	-	(18,220)	-	(18,220)
Cumulative conversion adjustment	34,945	-	34,945	-
	3,824,295	1,681,246	3,824,295	1,681,246
Noncontrolling interest	-	-	189,517	4,219
Total shareholders’ equity	3,824,295	1,681,246	4,013,812	1,685,465
Total liabilities and shareholders’ equity	3,841,505	2,227,028	20,431,996	4,939,132

See accompanying notes.

Investimentos e Participações em Infraestrutura S.A. - Invepar and subsidiaries

Statements of operations
Years ended December 31, 2012 and 2011
(In thousands of reais)

	Parent Company		Consolidated	
	2012	2011	2012	2011
Net service revenue (Note 24)	-	-	1,171,581	904,536
Net construction revenue (Note 24)	-	-	1,338,751	569,695
		-	2,510,332	1,474,231
Cost of services rendered (Note 24)	-	-	(644,122)	(534,176)
Construction cost (Note 24)	-	-	(1,316,996)	(555,437)
Gross profit	-	-	549,214	384,618
General and administrative expenses (Note 24)	(58,978)	(34,130)	(329,188)	(202,370)
Equity in Subsidiaries (Note 9)	41,945	(24,536)	-	-
Other operating income (expenses)	(37)	-	912	(2,391)
Income (loss) before financial income and expenses	(17,070)	(58,666)	220,938	179,857
Financial income (Note 20)	87,964	82,798	189,351	118,814
Financial expenses (Note 20)	(43,606)	(83,735)	(354,554)	(368,681)
Income (loss) before taxes	27,288	(59,603)	55,735	(70,010)
Income and social contribution taxes (Note 7.d)				
Current	(2,704)	-	(54,397)	(45,175)
Deferred	-	-	16,687	55,558
Income (loss) before noncontrolling shareholders	24,584	-	18,025	(59,627)
Attributable to noncontrolling shareholders	-	-	6,559	24
Net income (loss) for the year	24,584	(59,603)	24,584	(59,603)
Basic and diluted earnings (loss) per preferred share	0.06	(0.21)	0.06	(0.21)
Basic and diluted earnings (loss) per common share	0.06	(0.21)	0.06	(0.21)

See accompanying notes.

Investimentos e Participações em Infraestrutura S.A. - Invepar and subsidiaries

Statements of comprehensive income
Years ended December 31, 2012 and 2011
(In thousands of reais)

	Parent Company	
	2012	**2011**
Net income (loss) for the year	**24,584**	(59,603)
Other comprehensive income		
Conversion gains on foreign transactions	**34,945**	-
Total comprehensive income for the year, net of taxes	**59,529**	(59,603)

	Consolidated	
	2012	**2011**
Net income (loss) for the year	**24,584**	(59,603)
Other comprehensive income		
Conversion gains on foreign transactions	**34,945**	-
Total comprehensive income for the year, net of taxes	**59,529**	(59,603)
Attributable to:		
Controlling shareholders’	**52,970**	(59,627)
Noncontrolling shareholders’	**6,559**	24

See accompanying notes.

Investimentos e Participações em Infraestrutura S.A. - Invepar and subsidiaries

Statements of changes in shareholders' equity
Years ended December 31, 2012 and 2011
(In thousands of reais)

		Capital reserve	Income reserve						
	Subscribed and paid-in capital	**Premium on subscription of shares**	**Legal reserve**	**Retained profits reserve**	**Equity valuation adjustments**	**Accumulated losses**	**Total**	**Noncontrolling interest**	**Total - Consolidated**
At December 31, 2010	1,341,591	-	13,941	27,442	-	-	1,382,974	4,243	1,387,217
Capital increase (Note 19)	357,875	-	-	-	-	-	357,875	-	357,875
Loss for the year	-	-	-	-	-	(59,603)	(59,603)	(24)	(59.627)
Absorption of loss	-	-	(13,941)	(27,442)	-	41,383	-	-	-
At December 31, 2011	**1,699,466**	**-**	**-**	**-**	**-**	**(18,220)**	**1,681,246**	**4,219**	**1,685,465**
Capital increase (Note 19)	1,652,492	432,539	-	-	-		2,085,031	-	2,085,031
Cumulative conversion adjustment	-	-	-	-	34,945	-	34,945	-	34,945
Net income for the year	-	-	-	-	-	24,584	24,584	(6,559)	18,025
Allocation of the net income for the year	-	-	-						
Allocated to reserves			318	4.535	-	(4,853)	-	-	-
Dividends						(1,511)	(1,511)		(1,511)
Addition of noncontrolling interest - GRU	-	-	-	-	-	-	-	191,857	191,857
At December 31, 2012	3,351,958	432,539	318	4,535	34,945	-	3,824,295	189,517	4,013,812

See accompanying notes.

Investimentos e Participações em Infraestrutura S.A. - Invepar and subsidiaries

Statements of cash flows
Years ended December 31, 2012 and 2011
(In thousands of reais)

	Parent Company		Consolidated	
	2012	2011	2012	2011
Cash flow from operating activities				
Income (loss) before income and social contribution taxes	27,288	(59,603)	**55,735**	(70.010)
Adjustments to reconcile net income with cash from operating activities				
Noncontrolling interest	-	-	**(6,559)**	(24)
Equity in Subsidiaries	(41,945)	24,536	**-**	-
Depreciation and amortization	5,416	5,519	**228,933**	172,525
Write-off of property and equipment and intangible assets	38	123	**8,042**	1,941
Construction margin	-	-	**(21,755)**	(14,258)
Recognition of deferred revenue	-	-	**38,053**	-
Sundry provisions	-	4,602	**4,130**	7,483
Monetary and exchange variations and charges, net	(37,794)	4,228	**266,217**	197,515
Other	-	-	**-**	3,583
(Increase) decrease in operating assets				
Trade accounts receivable	-	-	**(134,035)**	(8,177)
Current taxes	-	-	**(27,694)**	(58,974)
Taxes recoverable	(10,750)	(5.846)	**-**	-
Judicial deposits	-	(200)	**(10,744)**	(10,313)
Inventories	-	-	**(3,084)**	1,772
Advances	(302)	425	**(17,830)**	5,243
Other receivables	261	(136)	**4,180**	(2,506)
Transactions with related parties	(20,429)	42,499	**21,705**	7,609
Increase (decrease) in operating liabilities	-			
Trade accounts payable	4,740	(2,566)	**167,534**	(18,630)
Obligations with employees and managers	1,788	(2,179)	**2,500**	10,546
Taxes	2,552	621	**(14,184)**	8,971
Advances from customers	-	-	**2,652**	8,068
Transactions with related parties	**620**	46,514	**27,097**	12,505
Other liabilities and accounts payable	**-**	-	**87,070**	(50,573)
Net cash flows provided by(used in) operating activities	**(68,517)**	58,537	**677,963**	204,296
Cash flow from investing activities				
Investments in subsidiaries	**(362,287)**	(197,000)	**-**	-
Acquisition of investments	**-**	(30,000)	**-**	-
Acquisition of intangible assets	**(14,131)**	(209)	**(1,685,588)**	(638,687)
Acquisition of property and equipment	**(782)**	(2,385)	**(95,829)**	(59,602)
Properties for sale	-	-	**-**	5,100
Short-term financial investments	(53,051)	-	**(385,668)**	(288,738)
Net cash flows used in investing activities	**(430,251)**	(229,594)	**(2,167,085)**	(981,927)
Cash flow from financing activities				
Contribution from shareholders	**1,255,861**	357,875	**1,255,861**	357,875
Loans taken out and repaid, net	**(551,094)**	(50,094)	**804,605**	592,487
Dividends and interest on equity received (Note 9)	**63,892**	81,695	**-**	-
Acquisition of noncontrolling interest	**-**	-	**191,857**	-
Net cash provided by financing activities	**768,659**	389,476	**2,252,323**	950,362
Net increase in cash and cash equivalents	**269,891**	218,419	**763,201**	172,731
Cash and cash equivalents at beginning of year	**220,580**	2,161	**266,314**	93,583
Cash and cash equivalents at end of year	**490,471**	220,580	**1,029,515**	266,314
Net increase in cash and cash equivalents	**269,891**	218,419	**763,201**	172,731

See accompanying notes.

Investimentos e Participações em Infraestrutura S.A. - Invepar and subsidiaries

Statements of value added
Years ended December 31, 2012 and 2011
(In thousands of reais)

	Parent Company		Consolidated	
	2012	**2011**	**2012**	**2011**
Revenues	**-**	-	**2,606,449**	1,550,391
Net service revenue	**-**	-	**1,269,039**	977,568
Net construction revenue	**-**	-	**1,338,751**	569,695
Allowance for doubtful accounts	**-**	-	**(2,648)**	(187)
Other revenues	**-**	-	**1,307**	3,315
Inputs acquired from third parties (including ICMS and IPI)	(18,580)	(6,902)	(1,751,857)	(907,244)
Cost of services	**-**	-	**(146,158)**	(149,451)
Construction cost	**-**	-	**(1,316,996)**	(555,437)
Materials, energy, third-party services and other expenses	**(18,757)**	(6,571)	**(285,842)**	(201,314)
Loss/recovery of assets	**177**	-	**176**	(416)
Other costs	**-**	(331)	**(3,037)**	(626)
Gross value added	**(18,580)**	(6,902)	**854,592**	643,147
Retentions	**(5,416)**	(5,519)	**(228,933)**	(172,525)
Depreciation and amortization	**(5,416)**	(5,519)	**(228,933)**	(172,525)
Net value added produced by the Company	**(23,996)**	(12,421)	**625,659**	470,622
Value added received in transfer	**129,911**	58,262	**189,352**	118,814
Equity in Subsidiaries	**41,947**	(24,536)	**-**	-
Financial income	**87,964**	82,798	**189,352**	118,814
Total value added to be distributed	**105,915**	45,841	**815,011**	589,436
Distribution of value added	**105,915**	45,841	**815,011**	589,436
Personnel and charges	**27,534**	16,383	**254,345**	184,198
Direct compensation	23,974	14,727	183,202	109,186
Benefits	2,261	979	48,633	37,855
FGTS	1,299	677	12,061	10,488
Other	-	-	10,449	26,669
Taxes, charges and contributions	**9,353**	3,189	**181,759**	94,597
Federal	9,189	3,109	137,415	58,384
State	164	23	3,057	2,623
Municipal	-	57	41,287	33,590
Debt remuneration	**44,444**	85,872	**355,613**	370,268
Interest	42,322	83,735	166,191	319,597
Rent	2,122	2,137	3,872	3,217
Other		-	185,550	47,454
Equity remuneration	**24,584**	**(59,603)**	**23,294**	**(59,627)**
Retained profits/loss for the year	24,584	(59,603)	24,584	(59,603)
Noncontrolling interest	-	-	(6,559)	(24)
Other	-	-	5.269	-

See accompanying notes.

(In thousands of reais, unless otherwise stated)

1. Operations

Investimentos e Participações em Infraestrutura S.A. - INVEPAR ("Company") is a publicly-held company headquartered at Avenida Almirante Barroso, 52, 30th floor, Centro - city and State of Rio de Janeiro. The Company has no shares listed in the Stock Exchange and is primarily engaged in holding interest in other companies, especially from the infrastructure sector, as follows:

	Equity interest in total capital %	
Subsidiaries and jointly-controlled subsidiaries	**2012**	**2011**
Road concessions		
Linha Amarela S.A.– LAMSA	**99.99**	99.99
Concessionária Litoral Norte S.A.– CLN	**91.49**	91.49
Concessionária Auto Raposo Tavares S.A.- CART	**99.99**	99.99
Concessionária Bahia Norte S.A.- CBN	**50.00**	50.00
Concessionária Rio Teresópolis S.A.- CRT	**24.91**	24.91
Concessionária Rota do Atlântico- CRA	**50.00**	50.00
Linea Amarilla Brasil Participações S.A.- LAMBRA	**99.99**	-
Línea Amarilla S.A.C– LAMSAC	**99.99**	-
Concessionária TransOlímpica S.A.- CTO	**33.34**	-
PEX S.A. – PEX	**99.99**	-
Urban Mobility		
Concessão Metroviária do Rio de Janeiro S.A - METRÔRIO	**99.99**	99.99
Airport concession		
Aeroporto de Guarulhos Participações S.A. - GRUPAR	**90.00**	-
Concessionária do Aeroporto Internacional de Guarulhos S.A. – GRU (GRU Airport)	**(*) 45.90**	-

(*) Refers to final interest of Invepar group in the subsidiary. Aeroporto de Guarulhos Participações S.A. holds 51% interest in Concessionária do Aeroporto Internacional de Guarulhos S.A.

The Company's management authorized the issue of these financial statements on March 26, 2013.

2. Accounting practices

(a) Individual financial statements

The Company's financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which include the provisions of Brazilian Corporate Law and the standards and accounting procedures issued by the Brazilian Securities and Exchange Commission (CVM) and the Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*, or CPC), which differ from the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) regarding the measurement of investments in subsidiaries, affiliates and jointly-controlled subsidiaries by the equity method, as required by ICPC 09 - Consolidated and Separate Financial Statements and application of equity method, which for IFRS purposes would be fair value cost.

(b) Consolidated financial statements

The consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which include the provisions of Brazilian Corporation Law and the standards and accounting procedures issued by CVM and the CPC, which are in conformity with the IFRS issued by the IASB.

The financial statements of Invepar and its subsidiaries (jointly referred to as "the group") were prepared considering various valuation basis used in accounting estimates. Accounting estimates involved in the preparation of the financial statements were based on both objective and subjective factors and use of professional judgment by management to determine the adequate value to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the selection for property and equipment of their useful life expectancy and their recoverability in operations, valuation of financial assets by their fair value and present value adjustment method, credit risk analysis to set up allowance for doubtful accounts, as well as analysis of other risks to determine other provisions, including contingencies.

Settlement of transactions involving these estimates may result in amounts materially different from those recorded in the financial statements due to the probabilistic treatment inherent in the estimate process. The group reviews its estimates and assumptions at least once a year.

The group adopted all the standards, revised standards and interpretations issued by CPC, IASB and regulatory bodies in effect at December 31, 2012.

2. **Accounting practices** (Continued)

The group's financial statements were prepared using the historical cost as base value and are presented in thousands of reais, unless otherwise stated, including in the notes to financial statements.

Group management defined that its functional currency is the Brazilian Real, according to the CPC 02 (R2) - Effects on Exchange Rate Changes and Conversion of Financial Statements, except for subsidiary Línea Amarilla S.A.C - LAMSAC, located in Peru, whose functional currency is the "Nuevo Sol".

The following new standards, standard amendments and interpretations were issued by IASB, but are not effective for 2012. The early adoption of these standards, although encouraged by IASB, was not allowed in Brazil by CPC.

- IAS 1 - "Presentation of Financial Statements". The main change is the separation of other components of comprehensive income into two groups: those that will be realized against the statement of income and those that will remain in the shareholders' equity. This amendment is applicable to annual periods beginning on January 1, 2013. The expected impact from its adoption solely regards disclosure.

- IAS 19 - "Employee Benefits", revised in June 2011. This amendment was included in the content of CPC 33 (R1) - "Employee Benefits". This standard is applicable to annual periods beginning on or after January 1, 2013. This review is not expected to have any impacts on the group's financial position, performance or disclosure.

- IAS 28 - Investments in Associates and Joint Ventures (amended in 2011) As a result of the latest IFRS 11 and IFRS 12, IAS 28 becomes IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method for investments in joint ventures, in addition to investments in associates. This amendment will become effective for annual periods beginning on or after January 1, 2013. The expected impacts are described in the comments on IFRS 9 and IFRS 10 below.

- IAS 32 - Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) - These amendments explain the meaning of "currently have a legally enforceable right of set-off". The amendments also explain the adoption of the offset criteria of IAS 32 for the settlement systems (such as the clearing house systems), which apply gross mechanisms of settlement that are not simultaneous. These amendments shall not have an impact on the Company's financial position, performance or disclosures effective for annual periods beginning on or after January 1, 2014.

2. Accounting practices (Continued)

- IFRS 1 - First-time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment) - IASB provided guidance on how an entity must present the financial statements based on IFRSs when its functional currency seizes to be subject to hyperinflation. This amendment became effective for annual periods beginning on or after July 1, 2011. This amendment caused no impact on the group.

- IFRS 7 - Financial Instruments - Disclosure – enhanced derecognition disclosure requirements - This amendment requires additional disclosure on financial assets that were transferred but not written off to allow that users of the financial statements understand the relation between assets that were written off and corresponding liabilities. In addition, this amendment requires disclosure on the continuous involvement of the entity with assets written off to allow that users assess the nature of the involvement and related risks. This amendment is effective for annual periods as of the beginning on or after July 1, 2011. The group has no assets with these characteristics; therefore, there was no impact on its financial statements.

- IFRS 9 - “Financial Instruments”, approaches the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and supersedes parts of IAS 39 related to the classification and measurement of financial instruments. It requires the classification of financial assets in two categories: measured at fair value and measured at amortized cost. The determination is made upon initial recognition. The classification base depends on the entity’s business model and the financial instruments contractual cash flow characteristics. Regarding financial liabilities, the standard maintains most of requirements established by IAS 39. The main change is related to cases where the fair value is adopted for financial liabilities, and part of the change in fair value, due to the entity’s credit risk, is recorded in other comprehensive income and not in the statement of incomes, except when it results in accounting mismatches. The group is evaluating the total impact of IFRS 9. The standard is applicable to annual periods beginning on January 1, 2015.

- IFRS 10 - “Consolidated Financial Statements”, included as change to the content of CPC 36 (R3) - “Consolidated Financial Statements” and IFRS 11 - “Joint Ventures”. IFRS 10 establishes a single control model applicable to all entities, including special purpose entities. The changes introduced by IFRS 10 will require that management exercise significant judgment to determine which entities are subsidiaries and, therefore, mandatorily required to be consolidated by a parent company, comparatively to requirements in IAS 27. This standard will become effective for annual periods beginning on January 1, 2013.

2. Accounting practices (Continued)

- IFRS 11 eliminates the option of recording jointly-controlled entities based on proportional consolidation. Instead, jointly-controlled entities classified in the definition of joint venture must be accounted for based on the equity method. This standard will become effective for annual periods beginning on January 1, 2013, and must be retrospectively applied to jointly-controlled entities maintained on the first-time adoption date.

Application of these standards will have an impact on the Company's financial position. We expect to eliminate the proportionate consolidation of CBN, CRA and CTO. Investments in investees are accounted for based on the equity method. The impact on current year (which will correspond to the comparison period in the financial statements for the year ending December 31, 2013) is expected to reduce net revenue by approximately R$220,300. Total liabilities will be reduced approximately by R$284,400. There is no impact on net income.

- IFRS 12 - "Disclosure on Interests in Other Entities, disclosed in a new pronouncement CPC 45 - "Disclosure of Interests in Other Entities". It addresses disclosure requirements for all types of interest in other entities, including joint arrangements, associations, interests for specific purposes and other interests not recorded in books. This standard is applicable to annual periods beginning on or after January 1, 2013. The impact from this standard will basically be an information disclosure enhancement.

- IFRS 13 - "Fair Value Measurement", issue in May 2011, and disclosed in a new pronouncement CPC 46 - "Fair Value Measurement". The objective of this standard is to improve the consistency and reduce the complexity of fair value measurement, offering a more precise definition and a sole source of fair value measurement and demanding the disclosure for use in IFRS. The demands, which are aligned with IFRS and US GAAP, do not increase the use of fair value accounting, but offer guidance on how to apply it when its use is required or allowed by IFRS or US GAAP regulations. This standard is applicable to annual periods beginning on January 1, 2013. The impact from this standard will basically be an information disclosure enhancement.

There are no IFRS or IFRIC interpretations not yet effective which could have significant impact on the group.

(In thousands of reais, unless otherwise stated)

2. Accounting practices (Continued)

2.1. Basis of consolidation

The consolidated financial statements include Invepar, its subsidiaries and jointly-controlled companies, in which Invepar' s ownership interest is represented as follows:

	Invepar equity interest (%)			
	Voting interest	Total	Voting interest	Total
	2012		2011	
LAMSA	**99.99**	**99.99**	99.99	99.99
CLN	**99.99**	**91.49**	99.99	91.49
CART	**99.99**	**99.99**	99.99	99.99
METRÔRIO	**99.99**	**99.99**	99.99	99.99
CBN	**50.00**	**50.00**	50.00	50.00
CRT	**36.88**	**24.91**	36.88	24.91
CRA	**50.00**	**50.00**	50.00	50.00
LAMBRA	**99.99**	**99.99**	-	-
GRU PAR	**90.00**	**90.00**	-	-
CTO	**33.34**	**33.34**	-	-
PEX	**99.99**	**99.99**	-	-

(a) *Subsidiaries*

Subsidiaries are entities on which the Company has the power to determine the financial and operating policies, usually followed by ownership interest of more than 50% of the rights to vote (voting shares). The existence and effect of possible rights to vote currently exercisable or convertible are taken into consideration upon evaluating whether the Company controls another entity. The subsidiaries are fully consolidated from the date on which the control is transferred to the Company. The consolidation is ceased from the date on which the Company no longer has ownership control.

Transactions, balances and unrealized gains on intercompany transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment loss on the asset transferred. The accounting practices of subsidiaries are adapted, when necessary, to ensure consistency with those adopted by the Company.

2. Accounting practices (Continued)

2.1. Basis of consolidation (Continued)

(b) *Affiliates and jointly-controlled companies*

Affiliates are all entities on which the Company has significant influence, but not the control, usually through ownership interest from 20% to 50% of voting rights. Jointly-controlled companies are all entities on which the group has the control shared with one or more parties. Investments in affiliates and jointly-controlled companies are accounted for by the equity method and initially recognized at their cost value.

The interest held by the Company in P&L of its affiliates and jointly-controlled companies is recognized in the statement of incomes, and the interest held in changes in reserves is recognized in the Company's reserves. When the interest held by the Company in the losses of an affiliate or jointly-controlled company is equal or higher than the investment book value, including any other receivables, the Company does not recognize additional losses, unless the Company has incurred obligations or made payments on behalf of the affiliate or jointly-controlled company.

Unrealized gains from intercompany transactions are eliminated at the proportion of the interest held by the Company. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment loss on the asset transferred. The accounting practices of affiliates are changed, when necessary, to ensure consistency with those adopted by the Company.

If interest held in affiliate is reduced, but significant influence is held, only a proportional part of the amounts previously recognized in other comprehensive income will be reclassified to P&L, when applicable.

Dilution gains and losses from interest held in affiliates are recognized in the statement of incomes.

The interim financial statements of jointly-controlled subsidiaries CBN, CRT, CRA and CTO were consolidated based on the proportional consolidation method, applicable to each of their financial statement items.

The financial statements of subsidiary LAMBRA were consolidated using the conversion methods provided for in CPC 02 (R2) - Effects of Changes in Foreign Exchange Rates and Conversion of Financial Statements (IAS 21).

2. Accounting practices (Continued)

2.1. Basis of consolidation (Continued)

***(b) Affiliates and jointly-controlled companies** (Continued)*

The other subsidiaries were consolidated by summing up their asset, liability and P&L accounts, with emphasis to the interest of noncontrolling shareholders, where applicable.

The consolidation is made as from the date of acquisition of each investee, the key procedures of which are: (i) the elimination of transactions between consolidated companies; (ii) the elimination of equity capital, reserves and retained earnings (accumulated losses) of the consolidated companies; and (iii) description of impacts on shareholders' equity arising from the simple exchange conversion of financial information.

The financial periods of subsidiaries included in consolidation coincide with those of the Company, and the accounting policies were consistently applied to all consolidated companies.

2.2. Revenue recognition

Revenue is recognized to the extent that economic benefits are likely to flow to the Company and when it can be reliably measured.

a) Service revenue

Service revenue is measured based on the fair value of the amount received, excluding discounts, rebates and taxes or charges on sales, recorded upon provision of the referred to services.

b) Interest income

Interest income is recognized by the straight-line method based on time and effective interest rate on the outstanding principal, and the effective interest rate discounting exactly estimated future cash flow receipts over the financial asset estimated life vis-à-vis initial net book value of this asset.

2. Accounting practices (Continued)

2.2. Revenue recognition (Continued)

c) <u>Construction revenue</u>

Furthermore, considering that the Company has investments in road, airport and subway concessions and that these concessions are covered by ICPC 01 (R1) Concession Arrangements (IFRIC 12), revenue from construction is recorded in accordance with Accounting Pronouncement CPC 17 (R1) - Construction Contracts (IAS 11) and CPC 30 (R1) – Revenues (IAS 18). Accordingly, the Company records revenues and costs related to the infrastructure used to render the services as set out in the statements of operations.

The construction margins are calculated according to the particularities of each business, in amounts sufficient to cover the primary responsibility of each concession operator and the costs incurred by companies with the management and monitoring of construction works, as determined by OCPC 05 - Concession Arrangements.

2.3. Conversion of foreign currency-denominated balances

Items included in each company's financial statements are measured using the currency of the principal economic environment where they operate (the "functional currency"). The consolidated financial statements are presented in Brazilian reais (R$), which is the functional currency of the Company and its subsidiaries in Brazil, as defined by the Company's management, in accordance with CPC 02 (R2) (IAS 21).

Foreign currency transactions are initially recorded at the exchange rate of the functional currency prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate prevailing at the balance sheet date. All currency conversion differences are recognized in the statement of income. Non-monetary assets and liabilities acquired or contracted in foreign currencies are translated at the effective exchange rates at transaction date or when they are valued at fair value, when applicable.

Assets and liabilities of foreign subsidiaries are translated into Brazilian real at the exchange rate of the balance sheet date, and the related statements of operations are translated at the exchange rate of the transaction date. Exchange differences resulting from such conversion are separately recorded in the shareholders' equity. When a foreign subsidiary is divested, the deferred accumulated amount recognized in shareholders' equity, referring to this subsidiary abroad, is recognized in the statement of income.

2. Accounting practices (Continued)

2.4. Cash and cash equivalents and short-term investments

Cash and cash equivalents include cash, bank accounts and highly liquidity short-term investments (three months or less from acquisition date), in a known cash amount and low risk of change in market value, which are maintained to manage the Company's short-term commitments. These short-term investments are valued at cost, plus interest up to the balance sheet date and marked to market. Gains or losses are recorded in statement of income of the year.

2.5. Trade accounts receivable

Trade accounts receivable are recorded by the amount of services rendered including the respective direct taxes under the responsibility of the Company, less withholding taxes, which are deemed tax credits.

Allowance for doubtful accounts is set up based on the evaluation of customers with portions in arrears, and at an amount considered sufficient by management to cover any losses upon realization of credits.

2.6. Inventories

Inventories are carried at the lower of cost and net realizable value, including expenses incurred to take the items to their location and condition of use.

2.7. Investments in subsidiaries

The Company's investments in subsidiaries are accounted for under equity method, in accordance with CPC 18 - Investment in Affiliates and Subsidiaries, for purposes of Company individual financial statements.

Based on the equity method, investments in subsidiaries are recorded in the Company's balance sheets at cost, plus changes after acquisition of ownership interest in the referred to subsidiaries.

The interest held in a subsidiary is stated in the Company's statement of income as equity pickup, representing the net income (loss) attributable to the subsidiaries' shareholders. The financial statements of subsidiaries are prepared for the same reporting period of the Company. Whenever necessary, adjustments are made so that the accounting policies are in accordance with those adopted by the Company.

2. Accounting practices (Continued)

2.7. Investments in subsidiaries (Continued)

After the equity method is applied for disclosure of the Company's financial statements, the Company determines whether it is necessary to recognize additional impairment losses on its investments in subsidiaries. The Company determines, at every balance sheet date, whether there is objective evidence that the investments in subsidiaries had impairment losses. If yes, the Company calculates the impairment loss as the difference between the recoverable amount of the subsidiary and its book value, and recognizes such amount in the Company's statement of income.

When there is loss of significant influence on investees, the Company evaluates and recognizes the investment at fair value, and any difference between the investee's book value upon the loss of significant influence and the fair value of the remaining investment is recognized in P&L.

2.8. Property and equipment

These are recorded at acquisition, buildup or construction cost less their respective accumulated depreciation calculated under the straight-line method at rates that take into account their economic useful lives.

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

The net book value and useful lives of the assets, as well as their depreciation methods, are reviewed at the end of every year, and prospectively adjusted whenever necessary.

Property and equipment items also include equipment and spare parts in warehouse valued at average acquisition cost not exceeding their market value. The cost of these goods includes expenses incurred on their acquisition, transportation and storage.

2. Accounting practices (Continued)

2.9. Intangible assets

These refer to the amount from concession right exploitation of subsidiaries CART, METRÔRIO, GRU, VPR, CTO, LAMSA, CLN, CBN, CRT and CRA and software use rights, recorded at acquisition cost, and assets related to infrastructure of these concessions classified as intangible assets, in accordance with ICPC 01 (R1) (IFRIC 12).

Intangible assets acquired separately are measured upon their initial recognition at acquisition cost and subsequently deducted from their accumulated amortization and impairment losses, where applicable.

Intangible assets with finite useful lives are amortized according to their estimated economic useful lives and, when evidence of impairment losses is found, they are subject to impairment test.

Intangible assets with indefinite useful lives are not amortized, but rather are tested annually for impairment, either individually or at cash-generating-unit level. Indefinite useful life assessment is reviewed annually to determine whether such assessment continues to be justified. Otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and classified in the statement of income on disposal.

2.10. Provision for impairment of non-financial assets

Management annually tests the net book value of the assets with a view to determining whether there are any events or changes in economic, operating or technological circumstances that may indicate impairment loss. When such evidence is found and the net book value exceeds the recoverable amount, a provision for impairment is set up to adjust the net book value to the recoverable amount.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use.

(In thousands of reais, unless otherwise stated)

2. Accounting practices (Continued)

2.10. Provision for impairment of non-financial assets (Continued)

In assessing an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry where the cash-generating unit operates. Net sales amount is determined, whenever possible, based on a firm sales agreement entered into in a transaction on an arm's length basis, between knowledgeable and interested parties, adjusted by expenses attributable to the sale of the asset, or, when there is no firm sales agreement, based on the market price of an active market or the price of the latest transaction with similar assets.

Up to December 31, 2012 no impairment of financial assets was identified.

2.11. Other assets and liabilities

Assets are recognized in the balance sheet when it is likely their future economic benefits will flow into the Company and its subsidiaries, and their cost or value can be reliably measured.

Liabilities are recognized in balance sheets when the Company has legal or constructive obligations arising from past events, the settlement of which may require the use of economic benefits, given that they are stated at known amounts plus their corresponding charges, monetary and/or exchange variations incurred up to balance sheet date, where applicable.

2.12. Taxation

Service revenue is subject to the following taxes and contributions, at the following statutory rates:

		Rate	
Tax	**Acronym**	**Operating revenues**	**Other revenues**
Contribution Tax on Gross Revenue for Social Integration Program	PIS	0.65% or 1.65%	1.65%
Contribution Tax on Gross Revenue for Social Security Financing	COFINS	3.00% or 7.6%	7.60%
Services Tax	ISS	2.00% or 5.00% (*)	-

(*) Service Tax rate is 2.00% for passenger transportation and airport tariff revenues and 5.00% for road operation and airport non-tariff revenues.

2. Accounting practices (Continued)

2.12. Taxation (Continued)

The Company and its subsidiaries use a combined method to calculated PIS and COFINS. According to CPC 30 (R1) (IAS 18), such charges are recorded alongside ISS, under service revenue, in the statement of income, reducing gross revenue.

Taxation on income for the year comprise Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL), as well as current and deferred taxes based on taxable income (adjusted book income) at rates prevailing on the balance sheet dates, which are: (i) income tax - calculated at the rate of 25% on adjusted book income (15% on taxable income plus a surtax of 10% for income exceeding R$ 240 in a 12-month period); and (ii) Social contribution tax - calculated at the rate of 9% on the adjusted book income. Additions to book income deriving from temporarily nondeductible expenses or exclusions from temporarily non-taxable income for determination of current taxable profit generate deferred tax assets or liabilities.

The subsidiaries' deferred tax assets arise from income and social contribution tax losses and temporary differences, and were set up in accordance with CPC 32 - Income Taxes (IAS 12), taking into consideration the expected generation of future taxable profit, based on a technical feasibility study duly approved by management.

The book value of deferred tax assets is reviewed at each balance sheet date and written off to the extent that it is no longer probable that taxable profit will be available to allow all or part of the deferred income tax asset to be used. Deferred tax assets written off are reviewed at each balance sheet date and are recognized to the extent that future taxable income is likely to allow deferred tax assets to be recovered. Deferred tax assets and liabilities are measured at the tax rate that is expected to be applicable in the year in which the asset will be realized or the liability settled, based on tax rates (and tax law) in force at balance sheet date.

Deferred tax assets and liabilities will be stated net if there is a legal or contractual right to offset the tax asset against a tax liability, and the deferred taxes are related to the same taxed entity, subject to the same tax authority.

Prepaid or recoverable taxes are stated under current or noncurrent assets according to their estimated realization.

2. Accounting practices (Continued)

2.13. Earnings (loss) per share

Earnings (loss) per share are calculated based on CPC 41 - Earnings per Shares (IAS 33). Basic earnings (loss) per share are calculated by dividing income (loss) for the period attributable the Company's common and preferred shareholders by the weighted average number of outstanding common and preferred shares for the period.

Diluted earnings (loss) per share are calculated by dividing the net profit attributable to the Company's common and preferred shareholders by the weighted average number of common and preferred shares, respectively, that would be issued on conversion of all the dilutive potential common and preferred shares into equivalent type shares. The Company has no instruments that could dilute earnings (loss) per share.

2.14. Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are discounted to present value, as are current monetary assets and liabilities considered to have a significant effect on the overall financial statements.

The present value adjustment is calculated using contractual cash flows and the explicit interest rate, and in certain cases the implicit interest rate, of respective assets and liabilities. Accordingly, the interest rates accrued on revenues, expenses and costs associated with these assets and liabilities are discounted with a view to recognizing them on an accrual basis. This interest is subsequently reallocated to financial income and expenses in P&L by using the effective interest rate method in relation to contractual cash flows.

The Company found the following assets and liabilities subject to present value adjustment: (i) public service concessions and (ii) provision for maintenance. Implicit interest rates, ranging from 4.8% to 10% p.a. were determined based on assumptions and accounting estimates are considered.

2. Accounting practices (Continued)

2.15. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the individual and consolidated financial statements requires that management make judgments and estimates and adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, as at the financial statement date. However, uncertainty associated with those estimates and assumptions could lead to results that would require significant adjustment to the book value of assets or liabilities affected in future periods.

Estimates and assumptions

Impairment of non-financial assets

Impairment loss exists when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use. The calculation of fair value less cost to sell is based on information available on transactions for sale of similar assets or market prices less additional costs to dispose of the asset. The calculation of value in use is based on the discounted cash flow model. Cash flows arise from the budget from the next five years and do not include reorganization activities to which the Company has not yet committed or significant future investments that will improve the asset base of the cash-generating unit under test. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as expected future cash receipts and growth rate used for extrapolation purposes.

Taxes

There are uncertainties regarding the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could require future adjustments to tax income and expenses already recorded. The Company sets up provisions, based on reliable estimates, for possible consequences from audits by tax authorities of the respective jurisdictions in which it operates.

2. Accounting practices (Continued)

2.15. Significant accounting judgments, estimates, and assumptions (Continued)

Estimates and assumptions (Continued)

Taxes (Continued)

The amount of these provisions is based on various factors, such as past tax audit experience and different interpretations of tax regulations by the taxable entity and the responsible tax authority. These different interpretations may arise in a wide variety of issues, depending on the prevailing conditions in the respective domicile of the Company.

Significant judgment from management is required to determine the value of deferred tax assets that can be recognized based on the probable term and level of future taxable profit together with future tax planning strategies.

Fair value of financial instruments

When the fair value of financial assets and liabilities stated in the balance sheet cannot be obtained in active markets, it will be determined using valuation techniques, including the discounted cash flow method. These methods use observable market data, whenever possible; otherwise, a given judgment call is required in order to determine the fair value. Judgment includes considerations on the data used, such liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors could affect fair value presented of financial instruments.

Provisions for tax, civil and labor risks

The Company recognizes a provision for tax, civil and labor claims. Assessment of the likelihood of loss includes analysis of available evidence, hierarchy of laws, available case law, latest court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. The provisions are revised and adjusted to take into consideration changes in circumstances, such as applicable statute of limitation, conclusions of tax audits or additional exposures identified based on new matters or court decisions.

2. Accounting practices (Continued)

2.15. Significant accounting judgments, estimates, and assumptions (Continued)

Estimates and assumptions (Continued)

Provision for maintenance

When applicable, the subsidiaries set up a provision for expenses with maintenance for wear and tear caused by infrastructure use, based on the best estimate to settle the present liability at balance sheet date, in consideration of expenses of the period for maintenance.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent to the determination process. The Company and its subsidiaries review their estimates and assumptions at least once a year.

2.16. Cash flow statements and statements of value added

Cash flow statements were prepared by indirect method and are presented in accordance with accounting pronouncement CPC 03 (R2) - Statement of Cash Flow (IAS 7).

The statements of value added were prepared and are presented in accordance with CPC 09 - Statement of Value Added.

2.17. Financial instruments - Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, financial assets available for sale or derivatives classified as effective hedging instruments, as applicable. The group determines the classification of its financial assets upon initial recognition, when it becomes a party to the contractual provisions of the instrument.

2. Accounting practices (Continued)

2.17. Financial instruments - Initial recognition and subsequent measurement (Continued)

(i) Financial assets (Continued)

Initial recognition and measurement (Continued)

Financial assets are initially recognized at fair value plus, in the case of investments not designated at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial asset.

Sales and purchases of financial assets that involve delivery of assets within a time frame established by regulation or in the marketplace concerned (regular way purchases) are recognized using trade date accounting, i.e., the date on which the group commits itself to purchasing or selling the asset.

The group's financial assets include cash and cash equivalents, trade accounts receivable, other accounts receivable, loans and other receivables.

Subsequent measurement

Subsequent measurement of financial assets depends on their classification, which can be as follows:

Financial* assets *at fair value through profit or loss

These include financial assets held for trading and financial assets initially recognized at FVTPL. Financial assets are classified as held for trading if acquired to be sold within short term. Financial assets at fair value through profit or loss are presented in the balance sheet at fair value, with the related gains or losses recognized in the statement of income.

2. Accounting practices (Continued)

2.17. Financial instruments - Initial recognition and subsequent measurement (Continued)

Loans and receivables

Non-derivative financial assets with fixed or determinable payments which, however, are not traded in an active market. After their initial measurement, they are accounted for at amortized cost calculated under the effective interest rate method, less impairment losses. The amortized cost is calculated taking into account any discount or “premium” on the purchase and charges or costs incurred. Amortization of effective interest rate method is included in the financial income account in the statement of income. Impairment losses are recognized as financial expense in P&L.

Derecognition (write-off)

A financial asset (or, whenever the case, a part of a financial asset, or a part of a group of similar financial assets) is derecognized when:

- ►The rights to receive the cash flows from the asset have expired;
- ►The group has transferred the rights to receive the cash flows from the asset or has assumed an obligation to pay the cash flows received in full without any material delay to a third party under a “pass-through” agreement; and (a) the group has transferred substantially all the risks and rewards related to the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards relating to the asset, but has transferred control over the asset.

2. Accounting practices (Continued)

2.17. Financial instruments - Initial recognition and subsequent measurement (Continued)

Derecognition (write-off) - Continued

When the group has transferred its rights to receive the cash flows from an asset or has entered into a pass-through agreement, and has neither transferred nor retained substantially all the risks and rewards related to the asset, the group continues to recognize a financial asset to the extent of its continuing involvement in the financial asset.
In this case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

When the group's continuing involvement takes the form of guaranteeing the transferred asset, it is measured at the lower of the original carrying amount of the asset or the maximum amount of the consideration that the group could be required to repay.

(ii) Impairment of financial assets

The group assesses at the balance sheet dates whether there is any objective evidence of impairment of the financial asset or group of financial assets. A financial asset or group of financial assets is considered to be impaired only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and this loss event impacted the estimated future cash flow of the financial asset or group of financial assets that can be reliably measured. Evidence of impairment loss may include indication that the borrowing parties are going through significant financial hardship.

2. Accounting practices (Continued)

2.17. Financial instruments - Initial recognition and subsequent measurement (Continued)

Financial assets at amortized cost

Regarding the financial assets at amortized cost, first, the group individually tests whether there is clear evidence of impairment for each financial asset individually significant or group of financial assets that are not individually significant. If the group concludes that there is no impairment evidence for a financial asset individually tested, whether significant or not, the asset is included in a group of financial assets with similar characteristics of credit risk and is tested in a whole in relation to impairment. Assets that are individually tested for impairment, and for which impairment loss is or continues to be recognized, are not included in any group of financial assets to be tested for impairment.

When there is clear evidence of impairment, the impairment loss is measured as the difference between the asset book value and the present value of the estimated future cash flows (excluding future credit losses expected but not incurred).

The asset book value is decreased by a provision and the loss amount is recognized in the statement of income. Interest income continues to be calculated on the book value decreased based on the original effective interest rate for the asset. Loans, jointly with the corresponding provision, are written off when there is no realistic perspective of its future recovery and all guarantees have been realized or transferred to the group. If in a subsequent year the estimated impairment loss increase or decrease due to an event occurred after the impairment loss recognition, the loss previously recognized is increased or decreased, adjusting itself with the provision. In case of future recovery, if any, of an amount written off, this recovery is recognized in the statement of income.

2. Accounting practices (Continued)

2.17. Financial instruments - Initial recognition and subsequent measurement (Continued)

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities measured at fair value through profit or loss, loans and financing or derivatives classified as hedging instruments, as the case may be. The group determines the classification of its financial liabilities upon their initial recognition.

Financial liabilities are initially recognized at fair value plus, in the case of loans and financing, transaction cost directly attributable thereto.

The group's financial liabilities include trade accounts payable, other accounts payable, secured accounts (bank current account with negative balance) loans and financing and debentures.

Subsequent measurement

Measurement of financial liabilities depends on their classification, which can be as follows:

Financial liabilities at fair value through profit or loss

These include financial liabilities held for trading and financial liabilities initially recognized at FVTPL.

Financial liabilities are classified as held for trading if acquired to be sold within short term. This category includes derivative financial instruments engaged by the Company which do not meet the hedge accounting criteria defined by CPC 38 - Derivatives, including embedded derivatives which are not related to the host contract and which must be separated, are also classified as held for trading unless classified as effective hedging instruments.
Gains and losses on liabilities held for trading are recognized in the statement of income.

The group had no financial liability at fair value through profit or loss.

2. Accounting practices (Continued)

2.17. Financial instruments - Initial recognition and subsequent measurement (Continued)

Loans and financing

After initial recognition, loans and financing subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized, as well as over the amortization process, using the effective interest rate method.

Derecognition (write-off)

A financial liability is written off when the obligation thereunder is discharged, cancelled or expires.
When an existing financial liability is replaced by another of the same lender with substantially different terms, or the terms of an existing liability are significantly changed, this replacement or change is treated as write-off of the original liability with recognition of a new liability, being the difference in the respective carrying amount recognized in the statement of income.

(iv) Financial instruments - net presentation

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current enforceable legal right of offsetting the amounts recognized and if there is the intention to offset or realize the asset and settle the liability simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on purchase prices quoted in the market at close of business at balance sheet date, without deduction of transaction costs.

The fair value of financial instruments for which there is no active market is determined by using valuation techniques. These techniques can include the use of recent market transactions (on an arm’s length basis); reference to the current fair value of another similar instrument, analysis of discounted cash flows or other valuation models.

2. Accounting practices (Continued)

2.18. Segment information

Business segments are defined as business activities from which revenue can be earned and expenses can be incurred, and whose operating income/expenses are regularly reviewed by the group's key operation management member, so that decisions can be taken on fund allocation to the segment, and its performance can be assessed in order to have individual financial information available. Segment information is stated in Note 11.

2.19. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value, and the value of any noncontrolling interest in the acquiree. For each business combination, the acquirer shall measure the noncontrolling interest in the acquiree either at its fair value or on the basis of its proportionate share in the identifiable net assets of the acquiree. Costs directly attributable to the acquisition shall be recorded as expenses, when incurred.

Upon acquiring a business, the Company assesses financial assets and liabilities assumed so as to classify and allocate them in accordance with contractual terms, economical circumstances and relevant conditions on the acquisition date, including the segregation, by the acquiree, of embedded derivatives existing in host contracts in the acquiree.

In the event of a business combination in stages, fair value on acquisition date of interests previously held in the acquiree's capital is reassessed at fair value on the acquisition date, and any impacts are recognized in the statement of income.

2. Accounting practices (Continued)

2.19. Business combinations (Continued)

Any contingent portion to be transferred by the acquirer will be recognized at fair value on acquisition date. Subsequent changes in the fair value of the contingent portion to be considered as an asset or liability shall be recognized in the statement of income or in other comprehensive income. If the contingent portion is classified as equity, it shall not be revalued until finally settled in shareholders' equity.

Goodwill is initially measured as transferred payment exceeding amount in relation to acquired net assets (identifiable net assets acquired and liabilities assumed). If payment is lower than fair value of acquired net assets, difference must be recognized as gain in the statement of income.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For impairment test purposes, goodwill acquired in a business combination is, as of acquisition date, allocated to each Company's cash-generating unit, which are expected to benefit from such combination synergy, regardless of other assets or liabilities of the acquiree being attributed to these units.

Where goodwill forms part of a cash-generating unit and a part of that unit is disposed of, the goodwill associated with the portion disposed of is included in the carrying amount of the operation when determining the respective gain or loss thereon. The goodwill disposed of in such circumstances is determined based on amounts proportional to the disposed of portion in relation to the cash-generating unit maintained.

2. Accounting practices (Continued)

2.20. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the corresponding asset. All other borrowing costs are expensed in the period they incur. Borrowing costs include interest expense and other costs incurred by an entity in respect of borrowings.

2.21. Noncurrent assets held for sale

Noncurrent assets (properties) held for sale are measured at the lower of carrying amount and fair value less cost to sell. The assets are classified as held for sale if their carrying amounts are recovered through a sale transaction. This condition is only met when the sale is highly probable and assets are available for immediate sale in their current condition. In 2011, management sold the properties being held for sale.

2.22. Service concession arrangements - ICPC 01 (IFRIC 12)

The subsidiaries account for Service Concession Arrangements pursuant to the Accounting Interpretation ICPC 01 (R1) (IFRIC 12), which specify conditions to be jointly met also considering the inclusion of public concessions within conditions then set forth. The infrastructure within the reach of ICPC 01 (R1) (IFRIC 12) is not recorded as fixed assets of concession operators because the service concession arrangement does not transfer to the concession operator the right to control the use of public services' infrastructure. The transfer of possession of these assets is provided for therein for the public services rendering, thereby being reverted to the granting authority upon termination of the service concession arrangement. The concession operator has access only to operate the infrastructure for the public services rendering on behalf of the granting authority under the terms of the service concession arrangement, operating as a service provider within a specific period. The concession operator recognizes an intangible asset upon the authorization (right) to collect from public services' users and does not have unconditional right to receive cash or another financial asset from the granting authority.

2. Accounting practices (Continued)

2.22. Service concession arrangements - ICPC 01 (IFRIC 12) (Continued)

Amortization of the right to exploit infrastructure is recognized P&L for year in accordance with the term of the respective service concession arrangements.

3. Service concession arrangements

Subsidiaries LAMSA, CLN, CART, METRÔRIO, LAMBRA and GRU as well as jointly-controlled subsidiaries CBN, CRT, CRA and CTO rely on service concession arrangements for the exploitation of public services rendered to third-parties. Accordingly, these activities are accounted for in accordance with ICPC 01 (R1). Following is a brief description of each arrangement:

a) LAMSA

Linha Amarela S.A. - LAMSA relies on an operation and exploitation agreement of the expressway “Linha Amarela” or Yellow Line, through the collection of toll fees. The concession arrangement became effective in January 1998, with 25-year term, also considering the concession granted by Rio de Janeiro local government (PCRJ). The service concession arrangement provides for the annual adjustment of toll fees according to the Extended Consumer Price Index (IPCA-E) variation.

The costs related to constructions and interventions in public assets, set forth by the service concession arrangement, are recorded under intangible assets, because the contract does not provide for the reimbursement of a portion or all the investment made by the concession operator. In the event that the concession is terminated, all reversible assets, rights and privileges related to the road system exploitation shall be returned to the PCRJ.

On May 14, 2010, the 11^{th} amendment to the service concession arrangement was entered into, under which the Company assumed new obligations in the performance of construction works and other interventions, primarily focused on traffic fluidity improvement.

In contrast with these investments, which will be made by LAMSA, the PCRJ extended the concession arrangement for another 15 years and will adjust toll fees by 2.32% above the IPCA-E variation between 2012 and 2015.

There were no significant changes in the service concession arrangement in during 2012 and 2011.

3. Service concession arrangements (Continued)

b) CLN

Concessionária Litoral Norte S.A. - CLN has the right to operate and exploit, by means of the collection of toll fees and other related activities, expressway concession of BA-099, highway system of Estrada do Coco - “Linha Verde” or Green Line, in accordance the service concession arrangement granted by the Bahia State Infrastructure Department (DERBA), on February 21, 2000, with 25-year term for the exploitation through collection of toll fees. The concession arrangement provides for the annual toll fees adjustment according to parametric equations pursuant to the IT, IP, IOAE, INCC, IC and IGPM variations, calculated by Fundação Getúlio Vargas.

The costs related to constructions and interventions in public assets, set forth by the service concession arrangement, are recorded under intangible assets, because the contract does not provide for the reimbursement of a portion or all the investment made by the concession operator. However, CLN will be entitled to indemnity corresponding to unamortized or not subject to depreciation balance of assets or investments, acquisition or execution of which is not recorded in the service concession arrangement and has been duly authorized by the Granting Authority.

In the event that the concession is terminated, all reversible assets, rights and privileges related to the road system exploitation shall be returned to the Granting Authority.

On April 27, 2005, aiming to reestablish the Agreement’s economic and financial balance, the Re-ratification of the Amendment to the Remunerated Service Concession Arrangement involving the Use of Public Assets No. 002/00 was entered into between the Company and the Regulatory Agency of Public Energy, Transportation, Gas and Telecommunications of the State of Bahia (AGERBA). The above-mentioned amendment provided for the increase in the term of the Service Concession Arrangement for another ten years, which will be effective up to March 20, 2035.

Due to the opening of “escape routes” by initiative of the City Administration of Camaçari, CLN faced a considerable decrease in its operating revenues.

3. Service concession arrangements (Continued)

b) CLN (Continued)

In November 2011, said “escape routes” were closed in view of the decision awarded by the 5th Court of Public Treasury of Bahia State, and reopened in December by the same Court that accepted the appeal from the City Administration of Camaçari.

On January 26, 2012, the “escape routes” were again closed due to decision of the 2nd Civil Chamber of the Court of Appeals of Bahia State. Up to the conclusion date of these financial statements the “escape routes” remained closed.

There were no significant changes in the service concession arrangement during 2012 and 2011.

c) CART

Concessionária Auto Raposo Tavares S.A. - CART has the right to operate and exploit, by means of collection of toll fees, the concession granted on March 16, 2009 by São Paulo State, represented by the Transport Regulatory Agency of the State of São Paulo ("ARTESP”), of SP-270, SP-225, SP-327 highways and respective accesses, for 30-year period, as from the start of operations on March 17, 2009.

The object of the concession comprises the implementation, management and monitoring of services rendered, support in the implementation of services not yet rendered and control of complementary services, for a fixed period, through the collection of annually adjusted toll fees, as of July based on the Extended Consumer Price Index (IPCA) variation then effective and on alternative sources of revenue, provided that previously approved by ARTESP, which may arise from activities relating to the exploitation of the highway, of its right-of-way and advertising.

As a counterpart to the concession granted by ARTESP to CART, it was paid a fixed granting amount totaling R$ 668,901 and investments will be made in the amount of R$ 2,250,281 for expansion of the highway, construction of weigh stations, cloverleaf, interchanges, footbridge, implementation of user service stations, among other improvements.

3. Service concession arrangements (Continued)

c) CART (Continued)

The costs related to constructions and interventions in public assets, set forth by the service concession arrangement, are recorded under intangible assets, because the contract does not provide for the reimbursement of a portion or all the investment made by the concession operator. In the event that the concession is terminated, all reversible assets, rights and privileges related to the road system exploitation shall be returned to the Granting Authority.

However, CART will be entitled to indemnity corresponding to unamortized or not subject to depreciation balance of assets or investments made in the last five years within the concession term, acquisition or execution of which is duly authorized by the Granting Authority.

There were no significant changes in the service concession arrangement during 2012 and 2011.

d) MetrôRio

Concessão Metroviária do Rio de Janeiro S.A. - METRÔRIO holds the exclusive right to operate and exploit the concessions of Lines 1 and 2 of the subway system of the city of Rio de Janeiro through the sale of tickets, including integrated trips with operators of other transport modal choices, in accordance with the PED/ERJ Notice of Public Auction Sale No. 01/97- Metrô, of the corresponding service concession arrangement and amendments thereto, the latter of which was entered into between METRÔRIO and the State Government of Rio de Janeiro. In addition to revenue from tickets, METRÔRIO is entitled to accessory revenues, including commercial exploitation of spaces available in areas subject to the concession.

MetrôRio is responsible for the management, operation, conservation, maintenance and repairs of the subway system of the state of Rio de Janeiro. As part of the concession, the Granting Authority transferred to METRÔRIO the possession of assets designated and bound to the service rendering, including: real estate properties, trains and other assets; being incumbent upon METRÔRIO to ensure the integrity of the assets granted.

3. Service concession arrangements (Continued)

d) MetrôRio (Continued)

On December 27, 2007, METRÔRIO entered into with the Granting authority the 6th Amendment to the Concession Arrangement, thereby extending the concession, under dissolving condition, up to January 27, 2038. Until that moment, based on the terms then in force, the concession would terminate on January 27, 2018. The concession extension was in return of: (i) investments to be made by METRÔRIO, by way of payment of the concession granting, in the implementation of new stations of subway system, acquisition of new trains and renovation of operations; (ii) composition of disputes heretofore existing between the Concession operator, the State Government of Rio de Janeiro, the Rio de Janeiro State Metropolitan Company (CMRJ) (in liquidation) and Rio de Janeiro State Rail Company (RIOTRILHOS); and (iii) assumption of obligations of both parties.

The Arrangement sets forth and the Amendment maintained the annual unit fee adjustment, in accordance with the General Price Index-Market (IGP-M), as disclosed by Fundação Getúlio Vargas.

In the event of termination of the service concession arrangement, all reversible assets, rights and privileges bound to the exploitation of the expressway should return to the Granting Authority. METRÔRIO will be entitled to an indemnity corresponding to the unamortized or not subject to depreciation balance of assets or investments made throughout the exploitation period of the respective concession, in compliance with the terms of Paragraph 22, of Clause 17 of the Amendment.

There were no significant changes in the service concession arrangement during 2012 and 2011.

3. Service concession arrangements (Continued)

e) LAMBRA

Línea Amarilla S.A.C. - LAMSAC, controlled by Invepar group through Linea Amarilla Brasil Participações S.A. - LAMBRA, holds the operation and exploitation right of the express way known as Línea Amarilla. The service concession arrangement was entered into on November 12, 2009 for a 30-year concession term, granted by *Municipalidad Metropolitana de Lima*, Peru. The concession arrangement provides for renewal of the concession term for additional periods of up to 5 years, not exceeding a maximum term of 60 years, as long as LAMSAC has not received from Granting Authority penalties higher than US$20,000 thousand and that LAMSAC assumes new infrastructure commitments.

Under the terms of the service concession arrangement, LAMSAC shall build, maintain and operate the road infrastructure of the project named Línea Amarilla, including right to collect toll fees within the concession term.

Pursuant to the service concession arrangement, LAMSAC shall: return to the granting authority reversible assets, after termination of the service concession arrangement; Exploit and maintain section 1 of Línea amarilla project; Build and exploit section 2 of Línea amarilla project; and Build - within 24 months after completion of the construction works of section 2 of Línea amarilla project - a bus corridor for traffic of urban buses in the areas of section 1 of the project. These construction works will be transferred to the granting authority once completed, and the Company will not receive any consideration for it.

The costs related to constructions and interventions in public assets, set forth by the concession arrangement, are recorded under intangible assets, because the arrangement does not provide for the reimbursement of a portion or all the investment made by the concession operator.

There were no significant changes in the service concession arrangement during 2012 and 2011.

3. Service concession arrangements (Continued)

f) GRU

Concessionária do Aeroporto Internacional de Guarulhos S.A - "GRU", controlled by Invepar group through Aeroporto de Guarulhos Participações S.A. - "GRU PAR", holds the operation and exploitation arrangement of Aeroporto Internacional de Guarulhos, city of Guarulhos, São Paulo State. The concession arrangement was entered into on June 14, 2012, providing for a 20-year concession term, granted by National Civil Aviation Agency (ANAC). The concession arrangement provides for renewal of the concession term for additional periods of up to 5 years, only once, for the purposes of reestablishment of the economic and financial balance due to the Extraordinary Review.

The arrangement purpose is the concession of public services for extension, maintenance and exploitation of the airport infrastructure of the Airport Complex. The concession operator compensation will be composed of tariff and non-tariff revenues paid by users, without any minimum payment guarantee made by the Granting Authority.

The direct interest held by Invepar in the business corresponds to 45.9%, since:

a) The concession operator comprise shareholders (i) Aeroporto de Guarulhos Participações S.A. (Private Shareholder), which holds 51% interest; and (ii) Brazilian Airport Infrastructure Company (INFRAERO), which holds 49% interest;

b) The Private Shareholder is a Special Purpose Entity (SPE) formed by the following shareholding structure: Invepar with 90% interest and ACSA with 10% interest.

The costs related to constructions and interventions in public assets, set forth by the concession arrangement, are recorded under intangible assets, because the arrangement does not provide for the reimbursement of a portion or all the investment made by the concession operator.

The concession operator started airport operations on November 15, 2012. There have been no amendments to the agreement from inception to the reporting date.

3. Service concession arrangements (Continued)

g) CBN

Concessionária Bahia Norte S.A. - CBN holds the right to operate and exploit, by means of collection of toll fees and other relevant activities, areas of the highways BA 093, BA 512, BA 521, BA 524, BA 526 and BA 535, Bahia Norte highway system, in accordance with the concession arrangement granted by Regulatory Agency of Public Energy, Transportation, Gas and Telecommunications of the State of Bahia (AGERBA) on August 17, 2010.

The concession arrangement shall be effective for 25 years, as of the date of the assumption, and fees will be annually adjusted according to the IPCA index. Investments amounting to R$ 805,000 are provided for through the term of the agreement herein, aiming to expand traffic capacity, deploy shoulders, construction of footbridge and adjustment of stops in urban areas, among other improvements.

The costs related to constructions and interventions in public assets, set forth by the service concession arrangement, are recorded under intangible assets, because the contract does not provide for the reimbursement of a portion or all the investment made by the concession operator. In the event that the concession is terminated, all reversible assets, rights and privileges related to the road system exploitation shall be returned to the Granting Authority.

There were no significant changes in the service concession arrangement during 2012 and 2011.

h) CRT

Concessionária Rio Teresópolis (CRT) holds the right to operate, through the collection of toll fees, as granting of service free of charge preceded by public construction work, for a 25-year period, not being extendable, except in the cases provided for in the concession arrangement involving the exploitation of BR-116/RJ highway, beginning at the junction with BR-40/RJ highway all the way up to the city of Além Paraíba, pursuant to the agreement entered into on November 22, 1995 with the Federal Government, through the National Highway Traffic Department (DNER), current Brazilian Ground Transportation Authority (ANTT).

3. Service concession arrangements (Continued)

h) CRT (Continued)

CRT maintains a special agreement partnership of technical cooperation with ANTT for the performance of services, studies and research related to several areas within the highway engineering area, in addition to the exchange of professional experiences and technical information with national and international agencies, in conferences, technical meetings, courses and development of joint works. The above-mentioned agreement allocates 0.25% of the revenue provided for in the service concession arrangement, with annual use.

Basic toll fees are subject to the terms of the service concession arrangement, being annually adjusted through the use of an own formula provided for in said arrangement, and may be reviewed at a later period, in order to ensure the agreement’s economic and financial balance.

CRT, to date, has made the investments and works provided for in the service concession arrangement and has operated the Highway Exploitation Program (PER) within the physical-financial schedule established by the DNER, current ANTT, thereby it has not foreseen changes within this scope.

The Highway Exploitation Program (PER) provides for investments in the amount of R$ 199,963.

On August 27, 2012, the 4^{th} amendment to the concession arrangement was entered into, with adoption of the margin cash flow for new construction works (not provided for in the PER), besides IPCA replacing the parameter formula.

There were no significant changes in the service concession arrangement during 2012 and 2011.

3. Service concession arrangements (Continued)

i) CRA

Concessionária Rota do Atlântico S.A. (CRA) holds the right to operate and exploit, through collection of toll fees and other related activities, the Road and Logistics Complex of SUAPE - Express Way. This is aimed to foster development and implementation of integration solutions between SUAPE Port and industries of road accesses located therein. The concession arrangement provides for investments in the amount of R$ 300,000 over the 35-year concession term.

Basic toll fees are subject to the terms of the service concession arrangement, being annually adjusted through the use of an own formula provided for in said arrangement, and may be reviewed at a later period, in order to ensure the agreement’s economic and financial balance.

The costs related to constructions and interventions in public assets, set forth by the service concession arrangement, are recorded under intangible assets, because the contract does not provide for the reimbursement of a portion or all the investment made by the concession operator.

In the event that the concession is terminated, all reversible assets, rights and privileges related to the road system exploitation shall be returned to the Granting Authority.

There were no significant changes in the service concession arrangement during 2012 and 2011.

3. Service concession arrangements (Continued)

j) CTO

Concessionária TransOlímpica S.A. holds the right to operate and exploit, through collection of toll fees and other related activities, the highway system subject of the concession, composed of the area to be built, connecting Avenida Brasil in its crossing point with Avenida da Equitação in Magalhães Bastos, being extended until Estrada dos Bandeirantes in its crossing point with Avenida Salvador Allende, in Curicica, including their access and rights-of-way, buildings, land, improvements and extensions to be made thereto.

The Arrangement provides for the concession comprising implementation and exploitation of the infrastructure and rendering of public services of operation, maintenance, monitoring and improvements in the Transolympic Connection under the conditions established in the Arrangement, according to the performance parameters and minimum required specifications in the Concession Exploitation Program (PEC). The concession term will be 35 years and may be extended for the purposes of reestablishment of the economic and financial balance of the arrangement.

The concession operator is compensated by means of collection of toll fees, receipt of subsidies and extraordinary revenues from concession-related activities. The basic toll fees are subject to the terms of the service concession arrangement, annually restated through utilization of own formula, provided for in said arrangement.

The service concession arrangement provides for payment of financial asset by the Granting Authority to the concession operator, whose amounts were used for the performance of construction works in the implementation of the Transolympic Connection. The costs related to constructions and interventions in public assets, set forth by the service concession arrangement, are recorded under intangible assets, because the contract does not provide for the reimbursement of a portion or all the investment made by the concession operator. In the event that the concession is terminated, all reversible assets, rights and privileges related to the road system exploitation shall be returned to the Granting Authority. The reversal will be free and automatic, with the assets under perfect conditions of operation, use and maintenance as well as free and clear of any liens or encumbrances. There have been no amendments to the concession agreement from inception to date.

(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents and short-term investments

	Parent Company		Consolidated	
	2012	**2011**	**2012**	**2011**
Cash and cash equivalents				
Cash and banks	**8,209**	4,566	**156,479**	19,396
Short-term Guaranteed Investments				
Bank Deposit Certificates (CDBs)	**482,262**	176,001	**751,568**	185,340
Repurchase agreements	**-**	40,013	**120,563**	61,326
Other	**-**	-	**905**	252
Total cash and cash equivalents	**490,471**	220,580	**1,029,515**	266,314
Short-term investments				
Bank Deposit Certificates (CDBs)	**-**	-	**165,817**	55,033
Financial Treasury Bills - LFT (a)	**-**	-	**97,001**	-
Federal government bonds - National Treasury (a)	**-**	-	**43,041**	-
Exchange fund (a)	**-**	-	**-**	239,036
Repurchase agreements	**-**	-	**107,509**	-
Non-exclusive fixed investment funds	**53,051**	-	**64,807**	-
Trust	**-**	-	**219,422**	-
Other	**-**	-	**-**	17,860
Total short-term investments	**53,051**	-	**697,597**	311,929
	543,522	220,580	**1,727,112**	578,243
Current				
Cash and cash equivalents	**543,522**	220,580	**1,029,515**	266,314
Short-term investments	**-**	-	**444,906**	277,320
Noncurrent				
Short-term investments	**-**	-	**252,691**	34,609

(a) Under the terms of the financing and pass-through arrangement between subsidiary Metrô Rio and the Brazil's Federal Savings and Loans Bank (CEF), the funds earmarked for the liability payment flow recorded under the terms of the concession arrangement (acquisition of new trains) must be allocated in a specific account for this purpose and, consequently, they are not readily available to the Company's management.

Highly liquid short-term investments considered cash equivalents are held for the purposes of short-term commitments other than for investment or other purposes. The group deems to be highly liquid short-term investments those which may be converted into a known cash amount, subject to insignificant risk of change in their value, represented by investments in Interbank Deposits (DI) and Bank Deposit Certificates (CDB), which are redeemable within 90 days from the investment date.

(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents and short-term investments (Continued)

The group has policies stating that investments must be held in low risk securities and short-term investments in top-tier financial institutions. The amount invested in domestic currency mainly consists of Bank Deposit Certificates (CDBs) and highly liquid fixed-income investments, remunerated at rates that vary between 90.0% and 103.5% of the Interbank Deposit Certificate (CDI).

Short-term investments blocked or pledged as collateral refer to investments in subsidiaries MetrôRio and LAMSA, which are judicially blocked or pledged as collateral for loans, or are linked to the payment flow of liabilities set up under the terms of the service concession arrangement and, therefore, not considered cash equivalents.

5. Trade accounts receivable

	Consolidated	
	2012	**2011**
Current assets		
Aircrafts (a)	**63,144**	-
Storage (a)	**9,565**	-
Lease of space (a)	**60,926**	-
Amounts receivable from toll fees (b)	**28,848**	25,101
Lease of physical space and advertising (c)	**4,487**	3,799
Amounts receivable from tickets (d)	**1,030**	4,110
Other	**720**	74
Allowance for doubtful accounts	**(3,948)**	(1,267)
Total	**164,772**	31,817
Noncurrent assets		
State Government (e)	**5,445**	4,365
Total	**5,445**	4,365

(a) Refers to operations of the service concessionaire Guarulhos Airport (GRU AIRPORT), representing accounts receivable from tariff revenues such as aviation and storage, and non-tariff revenues such as lease of space;
(b) Revenue from time collection of toll fees by the use of electronic labels in automatic lines of subsidiaries LAMSA, CART, CBN, CLN and CRT. The average term for the receipt of these amounts is 30 days.
(c) Supplementary revenue (agreements with third-parties providing for the lease of available space and advertising) of subsidiary METRÔRIO.
(d) Revenue in custody of the carrier of valuables.
(e) Amounts receivable from the Rio de Janeiro State Government by subsidiary METRÔRIO.

(In thousands of reais, unless otherwise stated)

5. Trade accounts receivable (Continued)

Changes in allowance for doubtful accounts:

	Consolidated	
	2012	2011
Balance at beginning of period	**(1,267)**	(3,641)
Additions	**(6,622)**	(514)
Reversals	**3,941**	2,888
Balance at end of period	**(3,948)**	(1,267)

At December 31, the aging list of accounts receivable is as follows:

	Total	Balance not yet due - not impaired	Balance overdue <30 days	31 - 60 days	61 - 90 days	91 - 120 days	>120 days
2012	174,165	164,401	414	124	351	486	8,389
2011	36,819	30,666	640	407	177	153	4,776

6. Inventories

	Consolidated	
	2012	2011
Maintenance, supplementary materials and tickets	**11,561**	8,578
Advances to suppliers	**369**	3,540
Imports in transit	**4,555**	1,388
Other	**134**	29
Total	**16,619**	13,535

7. Taxes, charges and contributions

a) Taxes recoverable

	Parent Company		Consolidated	
	2012	2011	2012	2011
Income and social contribution taxes	**21,327**	9,109	**41,869**	21,503
PIS and COFINS	**104**	129	**184**	209
ISS	**-**	-	**393**	126
IRRF	**-**	-	**6,175**	1,508
Other	**-**	-	**236**	1,394
Current	**21,431**	9,238	**48,857**	24,740
Income and social contribution taxes	**-**	1,443	**5,020**	1,443
Noncurrent	**-**	1,443	**5,020**	1,443

Taxes recoverable refer basically to prepayments or amounts that can be offset by the Company or its subsidiaries.

(In thousands of reais, unless otherwise stated)

7. Taxes, charges and contributions (Continued)

b) Deferred income and social contribution tax assets (consolidated) - Continued

Subsidiaries CART, MetrôRio, LAMSA, GRU, CTO and LAMSAC, according to the CPC 32 - Income Taxes and based on the expected future taxable income generation, established in technical studies approved by management, recognize, when applicable, tax credits on income and social contribution tax losses, without any time period barred by statute and whose offset is limited to 30% of annual taxable profits. The book value of deferred tax asset and projections are reviewed at least on an annual basis. Whenever relevant factors may modify the assumptions of such projections, those will be reviewed in smaller periods by the subsidiaries.

The groundings and expectations for the realization of deferred tax assets and liabilities are presented below:

	Consolidated	
Nature	2012	2011
Income tax loss	**180,500**	75,811
Social contribution tax loss	**61,731**	27,472
Excess amortization of concession	**(66.324)**	21.980
Other	**(14.683)**	10,039
	161,224	135,302

b) Deferred income and social contribution tax assets (consolidated) - Continued

Management of the Company and subsidiaries METRÔRIO, CART, LAMSA, GRU, CTO and LAMSAC considers that the assumptions used to define P&L projections and, consequently, the realizable amount of deferred taxes, reflect the goals and objectives to be met.

Based on the technical study of P&L projections computed according to CPC 32 - Income Taxes, the subsidiaries estimate to recover the tax credit resulting from temporary differences and accumulated losses in the following years:

2013	**3,227**
2014	**3,454**
2015	**13,237**
2016	**28,821**
2017 onward	**112,485**
	161,224

(In thousands of reais, unless otherwise stated)

7. Taxes, charges and contributions (Continued)

c) Taxes payable

	Parent Company		Consolidated	
	2012	2011	2012	2011
Income and social contribution taxes	**-**	-	**20,878**	20,442
PIS and COFINS	**251**	86	**11,068**	4,092
ISS	**-**	41	**8,586**	4,161
State VAT (ICMS)	**-**	-	**378**	34
IRRF	**821**	382	**5,344**	2,282
Agetransp fees	**-**	-	**907**	492
INSS on third parties	**22**	261	**2,154**	1,470
Other	**144**	150	**1,083**	1,367
Current	**1,238**	920	**50,398**	34,340
PIS and COFINS	**-**	-	**205**	1,930
Noncurrent	**-**	-	**205**	1,930

d) Income and social contribution taxes on statement of income for the year

Reconciliation of expense calculated by applying income and social contribution tax rates is as follows:

	Consolidated	
	2012	2011
Income (loss) before income and social contribution taxes	**55,735**	(70,010)
Combined rate of income and social contribution taxes	**34%**	34%
Income and social contribution taxes at statutory rates	**(18,950)**	23,803
Adjustments to net income affecting P&L for the year		
Permanent additions	**(13,637)**	(3,788)
Permanent exclusions	**3,377**	2,303
Deferred income and social contribution taxes not recorded	**(8,500)**	(11,935)
Total taxes in P&L	**(37,710)**	10,383

(In thousands of reais, unless otherwise stated)

8. Transactions with related parties

Transactions between any related parties of the Invepar group - management and employees, shareholders, subsidiaries and affiliates - are conducted at rates and under conditions agreed between the parties, as approved by relevant managing bodies and disclosed in the financial statements.

When necessary, the decision-making procedure involving the conduction of operations with related parties shall comply with article 115 of Brazilian Corporation Law, which determines that the shareholder or director, as applicable, may refrain from voting in the General or Management's meetings concerning the resolution of matters involving: (i) valuation report of assets for capital formation; (ii) approval of accounts as administrator; and (iii) matter that may bring direct benefit or that cause conflict with the Company's interest.

In relation to intercompany loans carried out between the Company and its related parties, we clarify those are performed given these companies' temporary need of cash for the compliance with their investments and/or operations, being subject to financial charges agreed upon between the parties and approved by management bodies.

a) Breakdown

Parent Company

			2012					
			Assets		Liabilities		Statement of income	
Related party	Transaction	Relationship	Current	Noncurrent	Current	Noncurrent	Revenues	(Expenses)
LAMSA	Debt note	Subsidiary	1,674	-	136	-	7,714	(304)
CART	Debt note	Subsidiary	440	-	70	-	5,504	-
CBN	Sundry	Subsidiary	-	-	14	-	-	-
CLN	IOE/Debt note	Subsidiary	6	1,244	-	-	3,187	-
MetrôRio	Debt note	Subsidiary	2,451	-	400	-	50,420	-
LAMBRA	Debt note	Subsidiary	1,135	-	-	-	-	-
CRA	Sundry	Subsidiary	10	-	-	-	75	-
GRU	Debt note	Subsidiary	14,713	-	-	-	-	-
			20,429	1,244	620	-	66,900	(304)

Parent Company

			2011					
			Assets		Liabilities		Statement of income	
Related party	Transaction	Relationship	Current	Noncurrent	Current	Noncurrent	Revenues	(Expenses)
PREVI	Debentures	Direct shareholder	-	-	23,563	110,825	-	(20,762)
PETROS	Debentures	Direct shareholder	-	-	23,563	110,825	-	(20,762)
FUNCEF	Debentures	Direct shareholder	-	-	23,563	110,825	-	(20,762)
LAMSA	Debt notes	Subsidiary	-	-	-	-	3,882	-
CART	Debt notes	Subsidiary	-	-	-	-	3,881	-
CLN	IOE/Debt note	Subsidiary	-	1,244	-	-	1,090	-
MetrôRio	Debentures	Subsidiary	38,415	498,712	-	-	84,319	-
CRA	Dividends	Subsidiary	-	-	-	-	-	-
			38,415	499,956	70,689	332,475	93,172	(62,286)

(In thousands of reais, unless otherwise stated)

8. Transactions with related parties (Continued)

a) Breakdown (Continued)

			Consolidated					
			2012					
			Assets		Liabilities		Statement of income	
Related party	**Transaction**	**Relationship**	**Current**	**Noncurrent**	**Current**	**Noncurrent**	**Revenues**	**(Expenses)**
Construtora OAS Ltda.	Advance/intangible assets	Direct shareholder	**93,174**	**156,706**	**43,516**	-	**-**	**(171,512)**
			93,174	**156,706**	**43,516**	-	**-**	**(171,512)**

			Consolidated					
			2011					
			Assets		Liabilities		Statement of income	
Related party	**Transaction**	**Relationship**	**Current**	**Noncurrent**	**Current**	**Noncurrent**	**Revenues**	**(Expenses)**
OAS Eng. e Part S.A.	Advance/ intangible assets	Indirect shareholder	2,401	-	-	-	-	(166,998)
Construtora OAS Ltda.	Advance	Direct shareholder	12,413	9,292	12,505	-	-	(86,996)
PREVI	Debentures	Direct shareholder	-	-	23,563	110,825	-	(20,762)
PETROS	Debentures	Direct shareholder	-	-	23,563	110,825	-	(20,762)
FUNCEF	Debentures	Direct shareholder	-	-	23,563	110,825	-	(20,762)
			14,814	9,292	83,194	332,475	-	(316,280)

b) Summary of transactions between related parties

i. MetrôRio entered into contract work under global price regime with Construtora OAS Ltda. for the execution of implementation construction works of the future Uruguay subway station. The execution regime of these services, effective for 24 months, comprises global contract works, and the price agreed upon between the parties totaled R$ 147,563, and payments should be made in monthly installments, in accordance with the physical evolution of services, which is monthly evaluated. At December 31, 2012, the service value amounts to R$ 70,073.

ii. On May 31, 2010, LAMSA advanced the amount of R$ 20,089 to Construtora OAS Ltda., for the execution of civil works and improvements in the expressway, related to the 11th amendment to the service concession arrangement. The execution regime for the implementation of these services with 2-year term comprises the works and the overall price agreed upon between the parties came to R$ 211,412 with monthly payments, thereby deducting the amount advanced. At December 31, 2012, the advanced amount was fully offset.

8. Transactions with related parties (Continued)

b) Summary of transactions between related parties (Continued)

iii. On March 15, 2010, MetrôRio issued private debentures, which were fully subscribed by Invepar. According to the Minutes of the Special General Meeting held on June 29, 2012, the debentures were settled and the corresponding amount was invested in capital increase of MetrôRio, in the amount of R$ 514,160, as provided for in the Indenture and under the terms of article 166, item III of Brazil's Corporation Law.

iv. On January 6, 2012, CART entered into a loan agreement with Invepar in the amount of R$ 30,000, effective for 30 days, with financial charges of 100% of CDI, plus a surtax rate of 0.2% p.m. calculated on a *pro rata* day basis. This agreement was fully settled on February 16, 2012.

v. On March 5, 2012, MetrôRio entered into a loan agreement with Invepar in the amount of R$ 100,000, effective for 13 days, with financial charges of 100% of CDI, plus a surtax rate of 0.2% p.m. calculated on a *pro rata* day basis. On June 1, 2012, this agreement was fully settled.

vi. On June 21, 2012, subsidiary CRA took out from its shareholders OTP and Invepar a loan agreement in the amount of R$ 30,000.00, equally divided between the subsidiaries, R$ 15,000 each, which will be withdrawn in installments, at CRA's sole discretion. The maturity term of the agreement's total balance will expire on September 12, 2012, as restated by the CDI + interest of 2.0% p.m. The balances referring to this loan was fully settled.

vii. On July 31, 2012, MetrôRio issued debentures in the amount of R$ 154,170. On August 31, 2012, the restated amount of R$ 155,475 was transferred from Linha Amarela S.A. to Concessão Metroviária do Rio de Janeiro S.A.

(In thousands of reais, unless otherwise stated)

8. Transactions with related parties (Continued)

vii. The amount of R$ 249,880 advanced to Construtora OAS Ltda. refers to construction works under global contract works regime, whose payments must be made in monthly installments, according to the physical evolution of the services, as monthly calculated. From this advanced amount, R$ 211,571 are from VPR; R$ 13,667 from CBN; R$ 23,162 from CTO; and R$ 1,480 from CRA.

b) Summary of transactions between related parties (Continued)

Key management personnel compensation

The compensation of managing officers, in charge of planning, management and control of activities of the Company, comprising the Board of Director's members, Supervisory Board and Statutory Executive Officers, is composed as follows:

Parent Company			
	2012		
Breakdown	Executive Board	Boards	Total
Management fees	2,466	1,300	3,766
Employment Taxes	493	260	753
Variable bonuses	2,227	-	2,227
Benefits	374	-	374
Total	5,560	1,560	7,120

Parent Company			
	2011		
Breakdown	Executive Board	Boards	Total
Management fees	2,028	862	2,890
Employment Taxes	406	172	578
Variable bonuses	1,857	-	1,857
Benefits	332	-	332
Total	4,623	1,034	5,657

Additionally, the Company and its subsidiaries do not depend economically, financially or technologically on suppliers or institutions with which the Company maintains commercial relationship.

The Company and its subsidiaries do not have stock option plans for their executive officers and employees of any position. The Company does not grant any post-employment benefits.

(In thousands of reais, unless otherwise stated)

9. Investments

a) Company

Interest in subsidiaries, evaluated by the equity method, was calculated based on the balance sheets of the corresponding investees on each reporting date:

		Number of shares 2012		Balances at 2011						Balances at 2012
Investee	Equity interest %	Common shares	Preferred shares	Investments	Paid-up	Dividends and IOE	Equity in Subsidiaries	Conversion adjustments	Acquisition/ (amortization)	Investments
LAMSA	**99.99**	**51,927,409**	**103,854,827**	116,332	-	(72,490)	92,452	-	-	**136,294**
CLN	**91.49**	**10,463,020**	**18,257,592**	45,416	-	-	4,344	-	-	**49,760**
CART	**99.99**	**513,484,978**	**513,484,978**	518,021	90,000	-	(40,567)	-	(202)	**567,252**
METRÔRIO	**99.99**	**1,446,898,779**	**-**	650,989	594,161	-	530	-	-	**1,245,680**
CBN	**50.00**	**45,000,000**	**-**	28,006	6,000	-	(795)	-	-	**33,211**
CRT	**24.91**	**17,992**	**3,546**	64,784	-	(6,515)	12,051	-	(4,346)	**65,974**
CRA	**50.00**	**30,000,000**	**-**	29,986	-	-	(4,294)	-	-	**25,692**
LAMBRA	**99.99**	**143,641,521**	**-**	-	898,534	-	(9,353)	34,945	-	**924,126**
GRUPAR	**90.00**	**16,849,896,819**	**-**	-	168,508	-	(11,637)	-	-	**156,871**
CTO	**33.34**	**13,926,118**	**-**	-	16,427	-	(760)	-	-	**15,667**
PEX	**99.99**	**1,350,000**	**-**	-	1,350	-	(26)	-	-	**1,324**
				1,453,534	1,774,980	(79,005)	41,945	34,945	(4,548)	**3,221,851**

(a) Information on transactions with related parties and acquisition of new investments are detailed in Notes 8 and 12, respectively.
(b) A summary of investees' operations and activities is included in Note 3.

(In thousands of reais, unless otherwise stated)

9. Investments

a) Company (Continued)

Investee	Equity interest %	Number of shares at 2011 – Common shares	Number of shares at 2011 – Preferred shares	Balances at 2010 – Investments	Paid-up	Dividends and IOE	Equity in Subsidiaries	Acquisition/ (amortization)	Balances at 2011 – Investments
LAMSA	**99.99**	**51,927,403**	**103,854,827**	108,593	-	(76,637)	84,376	-	**116,332**
CLN	**91.49**	**10,463,004**	**18,257,592**	45,672	-	-	(256)	-	**45,416**
CART	**99.99**	**434,691,946**	**434,691,947**	436,655	113,000	-	(31,450)	(184)	**518,021**
METRÖ	**99.99**	**758,115,145**	**-**	652,874	80,000	-	(81,885)	-	**650,989**
CBN	**50.00**	**38,999,996**	**-**	30,023	4,000	-	(6,017)	-	**28,006**
CRT	**24.91**	**17,992**	**3,546**	16,709	-	(5,058)	10,710	42,423	**64,784**
CRA	**50.00**	**30,000,000**	**-**	-	30,000	-	(14)	-	**29,986**
				1,290,526	227,000	(81,695)	(24,536)	42,239	**1,453,534**
CRT Goodwill				47,463	-	-		(47,463)	**-**
				1,337,989	227,000	(81,695)	(24,536)	(5,224)	**1,453,534**

(In thousands of reais, unless otherwise stated)

9. **Investments** (Continued)

a) Information on the Company's investments (Continued)

a.1) Other information on subsidiaries

	LAMSA		CLN		CART		MetrôRio		LAMBRA	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Assets	574,370	335,921	95,135	94,626	1,942,186	1,451,270	2,595,467	2,540,443	948,940	-
Liabilities	438,076	219,589	40,752	44,991	1,380,221	938,738	1,349,788	1,889,454	700,714	-
Equity	136,294	116,332	54,383	49,635	561,965	512,532	1,245,679	650,989	248,226	-
Capital	54,118	54,118	31,394	48,564	715,000	625,000	1,344,160	750,000	213,842	-
Net income (loss) for the year (*)	92,452	84,375	4,747	(280)	(40,567)	(31,450)	530	(81,855)	(9,353)	-

	CBN (*)		CRT (*)		CRA (*)		GRU (*)		CTO (*)	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Assets	473,714	320,252	199,852	170,142	121,371	61,304	12,747,593	-	116,596	-
Liabilities	407,290	264,239	90,580	83,084	69,987	1,333	12,405,831	-	69,602	-
Equity	66,424	4	109,272	87,058	51,384	59,971	341,762	-	46,994	-
Capital	90,000	78,000	54,400	45,700	60,000	60,000	543,315	-	49,270	-
Net income (loss) for the year (*)	(1,590)	(21,030)	48,379	42,998	(8,587)	27	(11,570)	-	(2,276)	-

	PEX		METROBARRA	
	2012	2011	2012	2011
Assets	1,324	-	1	-
Liabilities	-	-	-	-
Equity	1,324	-	1	-
Capital	1,350	-	1	-
Net income (loss) for the year	(26)	-	-	-

(*) The information above of each company does not take into account the interest percentage held by INVEPAR.

9. **Investments** (Continued)

b) MetrôRio

At December 31, 2012, subsidiary MetrôRio has negative working capital, net amounting to R$ 185,486 (R$ 393,864 at December 31, 2011). Management of subsidiary MetrôRio understands that, with the investments made for expansion of the subway system, the construction of the already started Uruguay station, acquisitions of 19 new trains (114 subway trains), whose production is in progress - some of them already delivered - and renovation of operations, there will certainly be a significant increase in the number of paying passengers, consequently increasing the generation of operating cash, and enabling the settlement of liabilities.

Furthermore, the management of the Company and subsidiary MetrôRio has been actively inspecting and replacing the sources of financing, aiming at extending the debt profile and improving its financial indicators. If the extension of the debt profile and generation of operating cash is not sufficient, the Company will make the necessary investments to maintain the subsidiary.

b.1) Capital contributions

On March 11, 2011, Invepar subscribed for and paid up R$ 55,000 in subsidiary MetrôRio, represented by 59,288,448 common shares, from which (i) R$ 35,000 through cash contribution and (ii) R$ 20,000 through payment of future capital contributions performed on March 27, 2009.

On March 28, 2011, Invepar subscribed for and contributed R$ 15,000 in subsidiary MetrôRio, represented by 16,296,165 common shares.

On July 15, 2011, Invepar subscribed for and paid up R$ 30,000 in subsidiary MetrôRio represented by 32,530,532 common shares.

On March 02, 2012, Invepar subscribed for and paid up R$ 80,000 in subsidiary MetrôRio through issue of 90,014,070 common shares at the value of R$ 0.888749946 (amount expressed in reais) per share.

On June 29, 2012, Invepar paid up R$ 514,160, through issue of 598,769,564 common registered no-par-value shares.

9. **Investments** (Continued)

c) CART

At December 31, 2012, CART has positive working capital amounting to R$ 308,001 (at December 31, 2011 it had negative working capital of R$34,866).

c.1) Capital contributions

On March 28, 2011, Invepar subscribed for and contributed R$ 25,000 in subsidiary CART, represented by 19,871,297 common shares and 19,871,297 preferred shares.

On June 29, 2011, Invepar subscribed the amount of R$ 17,000 in subsidiary CART, through issue of 13,836,879 and 13,836,879 common and preferred registered no-par-value shares. This amount was fully paid up at that same date, in cash, with funds from CART bank account.

On July 15, 2011, Invepar subscribed for and paid up R$ 39,000 in subsidiary CART, represented by 31,743,657 common shares and 31,743,657 preferred shares.

On December 21, 2011, Invepar subscribed for and paid up R$ 32,000 in subsidiary CART, through issue of 26,573,362 and 26,573,362 common and preferred registered no-par-value shares.

On April 30, 2012, Invepar subscribed for and paid up R$ 55,000 in subsidiary CART, through issue of 481,338,902 and 481,338,902 common and preferred registered no-par-value shares, which were subscribed and paid up on July 17, 2012.

9. Investments (Continued)

c) CART (Continued)

On August 31, 2012, Invepar subscribed the amount of R$ 35,000 in subsidiary CART, through issue of 32,146,076 and 32,146,076 common and preferred registered no-par-value shares, fully paid up on September 28, 2012.

d) LAMSA

At December 31, 2012, subsidiary LAMSA has negative working capital, net amounting to R$ 34,662 (R$ 198,649 at December 31, 2011) due to the high investment assumed in 2010, as provided for by the 11th amendment to the service concession arrangement (R$ 254,000), as well as the non-complete structuring of its financing sources, which has been performed by the Company's management to extend the debt profile. Through the 11th amendment, LAMSA extended the concession term for 15 years, in which the subsidiary will recover the investment.

e) CBN

On November 1, 2011, Invepar subscribed for and paid up R$ 4,000 in subsidiary CBN, through issue of 4,000,000 common registered no-par-value shares, at the issue price of R$1 (one real), paid up in local currency.

On May 8, 2012, Invepar subscribed for and paid up the amount of R$2,000 in CBN, through issue of 2,000,000 common registered no-par-value shares, at the issue price of R$1 (one real), paid up in local currency. The subscription and payment of shares took place proportionally to the interest held by each shareholder.

On August 8, 2012, Invepar subscribed for and paid up R$ 4,000 in CBN, through issue of 4,000,000 common registered no-par-value shares, at the issue price of R$1 (one real), paid up in local currency. The subscription and payment of shares took place proportionally to the interest held by each shareholder.

9. **Investments** (Continued)

f) CRT

At December 31, 2012, CRT presented negative working capital, net of R$ 4,151 (R$ 9,592 at December 31, 2011), due to financial impacts arising from losses occurred in January 2011, caused by heavy rainfall on the highland regions of Rio de Janeiro State. The renewal price of the road insurance policy was increased due to adverse conditions. In December 2012, the Company received indemnity for the loss in 2011.

CRT has been considering long-term financing options available in the market for the construction works that might not be covered by the insurance, since the preliminarily estimated losses exceed the policy value. CRT may temporarily reduce its dividend flow and compensation for debentures to met possible cash needs stemming from the above-mentioned loss adjustment. The insurance indemnity was paid in December 2012.

g) CRA

g.1) Winning bid

On April 14, 2011, Consórcio SUAPE Rodovias, comprising Invepar and Odebrecht Transport Participações S.A. with equal interest, submitted the winning bid in the bidding process organized by Pernambuco State, under the terms of Concession Call for Bid No. 001/2010, for operation, maintenance and exploration, through collection of toll fees in the Road and Logistics Complex of SUAPE - Express Way. This is aimed to foster development and implementation of integration solutions between SUAPE Port and industries of road accesses located therein, where the amount of R$300,000 will be invested over the 35-year concession term.

g.2) Capital contributions

On June 10 and July 14, 2011, Invepar contributed the amounts of R$3,000 and R$27,000, respectively, in CRA. On July 18, 2011, CRA entered into the service concession arrangement with the Granting Authority.

9. Investments (Continued)

h) GRUPAR

h.1) Winning bid

On February 06, 2012, Invepar won, in a consortium with Airports Company South Africa Soc Limited - ACSA, the auction of public service concession for partial build, maintenance and exploitation of Governador André Franco Montoro International Airport, in the City of Guarulhos, São Paulo State. To exploit such concession, Concessionária do Aeroporto Internacional de Guarulhos S.A. - "GRU" was created, of which Consortium Invepar - ACSA holds 51% (of which 90% interest held by Invepar and 10% held by ACSA) and 49% are held by the Brazilian Airport Infrastructure Company (INFRAERO), according to the notice of bidding.

The concession will be effective for a 20-year term, and in addition to the investments required, the consortium undertook to pay the amount of R$16,213,000, through GRU, which will be restated by reference to the IPCA and annually amortized over the concession period (20 years). Invepar is entitled to the amount of R$ 7,457,980, proportional to its interest held in GRU's capital.

The auction result was approved on April 09, 2012 by the Brazil's National Civil Aviation Agency (ANAC). GRU hold the control and operation of the concession on November 14, 2012.

9. **Investments** (Continued)

h) GRUPAR (Continued)

h.2) Capital contribution

On April 25, 2012, Invepar subscribed for R$9,000 in subsidiary GRU PAR, represented by 9 common registered shares, and paid up 1,000 (one thousand) common registered shares, in the total amount of R$1.

On May 21, 2012, Invepar subscribed for and paid up R$31,258 in subsidiary GRUPAR, represented by 3,125,787,819 common registered no-par-value shares, at the proportion of its interest held in this subsidiary.

On September 18, 2012, Invepar subscribed for and paid up R$137,241 in subsidiary GRUPAR, represented by 13,724,100 common registered no-par-value shares, at the proportion of its interest held in such subsidiary.

i) LAMBRA

On March 21, 2012, Invepar became the parent company of V.P.R. Brasil Participações S.A. ("VPR"), holding 100% of that company's capital, through subscription and payment of OAS S.A.'s shares, which was the single shareholder of VPR's equity (see Note 10).

Invepar acquired from terminated VPR Brasil Participações S.A., 100% of Linea Amarilla Brasil Participações S.A. ("LAMBRA") capital, which in its turn already had acquired the ownership control, still in 2010, of Línea Amarilla S.A.C. ("LAMSAC"), a company headquartered in Peru, set up on October 6, 2009, and engaged in construction and exploitation of an express way in the Metropolitan region of Lima, according to a 30-year term service concession arrangement entered into November 12, 2009 with *Municipalidad Metropolitana de Lima*, in Peru.

On December 6, 2012, Invepar subscribed for the paid up R$70,200 in subsidiary LAMBRA, represented by 70,200,000 common registered no-par-value shares.

9. Investments (Continued)

j) CTO

j.1) Winning bid

On April 20, 2012, Concessionária TransOlímpica S.A. was set up, which will be the company responsible for the implementation, operation, maintenance, monitoring, conservation and improvements in the road express corridor named Transolympic Connection, which will link the regions of Avenida Brasil, in Magalhães Bastos, to Avenida Salvador Allende, in Jacarepaguá, and its implementation is scheduled in the Rio 2016 Olympic Plan, since it will connect the Olympic centers of Barra da Tijuca and Deodoro.

On April 26, 2012, the Transolympic Connection Service Concession Arrangement was entered into by the City Administration of Rio de Janeiro, as the Granting Authority, and Concessionária TransOlímpica S.A., under the terms of the Public Bid Notice No. 44/2011 of the City Administration of Rio de Janeiro.

j.2) Capital contributions

On April 20, 2012, Invepar subscribed for the amount of R$ 4,001, represented by 4,000,800 common shares, at the proportion of its interest held in the jointly-controlled subsidiary, and immediately paid up 10% of that amount.

On June 5, 2012, Invepar subscribed for and paid up the amount of R$ 6,925, represented by 6,924,718 common shares, at the proportion of its interest held in the jointly-controlled company, totaling R$ 10,926.

On August 31, 2012, Invepar subscribed for and paid up the amount of R$3,001, represented by 3,000,600 common shares, at the proportion of its interest held in the jointly-controlled company, totaling R$ 9,000.

On December 14, 2012, Invepar subscribed 8,668,400 common shares, corresponding to R$ 8,664 and paid up 2,500,500 shares in local currency, corresponding to R$ 2,500.

9. **Investments** (Continued)

k) PEX

On July 6, 2012, by means of the General Meeting of Incorporation, PEX S.A. was created with headquarters in the city and State of Rio de Janeiro, having Investimentos e Participações em Infraestrutura S.A - INVEPAR as its single capital subscriber.

The new company is engaged in (i) exploitation of accessory services to the transportation and parking sector, including management and intermediation of means of payment of toll and parking fees; (ii) the collection, receipt, deposit, payment and management of funds, for the account and by order of the users of the services; and (iii) acquisition, maintenance, exchange, sale, donation, lease and free-lease of equipment for the performance of its activities.

Upon PEX S.A. incorporation, Invepar subscribed R$1,350 as its initial capital, represented by 1,350,000 common shares. On that same date, the amount of R$ 135 was paid up and the remained amount in the fourth quarter of 2012. The duration of PEX S.A. is for an indefinite period of time.

10. Business combination

At a Special General Meeting held on March 21, 2012, the shareholders decided on the merger of VPR Brasil Participações S.A. (“VPR”) by Invepar, upon issue of 17,429,354 new common shares and 34,858,708 new preferred shares.

Invepar acquired from terminated VPR Brasil Participações S.A., 100% of Linea Amarilla Brasil Participações S.A. (“LAMBRA”) capital, which in its turn already had acquired the ownership control, still in 2010, of Línea Amarilla S.A.C. (“LAMSAC”), a company headquartered in Peru, set up on October 06, 2009, and engaged in construction and exploitation of an express way in the Metropolitan region of Lima, according to a 30-year term service concession arrangement entered into November 12, 2009 with *Municipalidad Metropolitana de Lima*, in Peru.

10. Business combination (Continued)

Considering the amount corresponding to LAMBRA's book equity (R$ 396,633 on March 21, 2012, merger date of VPR - single shareholder of LAMBRA - by Invepar) and its asset and liability fair value on the application of provisions set out in Accounting Pronouncement CPC 15 - Business Combination (IFRS 3), the amount of R$ 432,539 was allocated to concession right, as per the conclusion drawn in the valuation report issued by a specialist firm for fair value measurement of the acquired assets and liabilities.

This transaction kicks off the group's globalization process and increases its portfolio of road concessions. From the date of the business combination, LAMBRA has contributed to the group pre-tax losses of R$ 12,564.

There is no contingent consideration relating to this business combination. Transaction-related costs were considered immaterial in relation to the financial statements taken as a whole and were recognized in the income statement.

Consistently with the economic valuation techniques, the determination of the value in use is made for the concession period, considering intangible assets with finite useful lives.

(In thousands of reais, unless otherwise stated)

11. Information by business segment

Management has defined the Company's operating segments, based on the division of its administration and having as a criterion the areas of activity of each of them, grouped as follows: (i) road concessions, (ii) urban transportation, (iii) airport concessions; and (iv) holding.

The Company has managerial reports that allow it to reliably segregate revenues, costs and results per company.

Information by business segment, reviewed by Company management and for the years ended December 31, 2012 and 2011, is as follows:

	2012				
	Toll Roads	**Urban Mobility**	**Airports**	**Holding**	**Consolidated**
Service revenue, net	531,523	506,902	133,156	-	1,171,581
Revenue from construction, net	669,153	72,463	597,135	-	1,338,751
Total revenue	1,200,676	579,365	730,291	-	2,510,332
Costs of services rendered	(228,677)	(323,142)	(92,303)	-	(644,122)
Construction cost	(665,652)	(70,982)	(580,362)	-	(1,316,996)
Gross profit	306,347	185,241	57,626	-	549,214
General and administrative expenses	(104,024)	(81,996)	(84,164)	(59,004)	(329,188)
Other operating income (expenses)	461	489	-	(38)	912
Income (loss) before financial income and expenses	202,784	103,734	(26,538)	(59,042)	220,938
Financial income	17,087	121,324	2,776	48,164	189,351
Financial expenses	(129,831)	(180,384)	(733)	(43,606)	(354,554)
Income (loss) before taxes	90,040	44,674	(24,495)	(54,484)	55,735
Income and social contribution taxes	(40,744)	(158)	5,896	(2,704)	(37,710)
Current	(46,285)	(5,408)	-	(2,704)	(54,397)
Deferred	5,541	5,250	5,896	-	16,687
Income (loss) before noncontrolling shareholders	49,296	44,516	(18,599)	(57,188)	18,025
Attributable to noncontrolling shareholders	890	-	5,669		6,559
Net income (loss) for the year	50,186	44,516	(12,930)	(57,188)	24,584
Additional information					
Depreciation and amortization	(82,634)	(93,014)	(47,869)	(5,416)	(228,933)
Investment in subsidiaries	146	-	-	-	146
Total assets	4,509,114	2,595,067	12,747,597	580,218	20,431,996
Liabilities - Equity	2,821,029	1,190,338	12,391,118	15,699	16,418,184

(In thousands of reais, unless otherwise stated)

11. Information by business segment (Continued)

	2011			
	Toll Roads	**Urban Mobility**	**Holding**	**Consolidated**
Service revenue, net	**451,876**	**452,660**	-	**904,536**
Revenue from construction, net	**488,496**	**81,199**	-	**569,695**
Total revenue	**940,372**	**533,859**	-	**1,474,231**
Costs of services rendered	**(221,395)**	**(312,781)**	-	**(534,176)**
Construction cost	**(476,834)**	**(78,603)**	-	**(555,437)**
Gross profit	**242,143**	**142,475**	-	**384,618**
General and administrative expenses	**(79,914)**	**(88,326)**	**(34,130)**	**(202,370)**
Other operating income (expenses)	**913**	**(3,304)**	-	**(2,391)**
Income (loss) before financial income and expenses	**163,142**	**50,845**	**(34,130)**	**179,857**
Financial income	**13,245**	**102,472**	**3,097**	**118,814**
Financial expenses	**(100,577)**	**(184,369)**	**(83,735)**	**(368,681)**
Income (loss) before taxes	**75,233**	**(110,176)**	**(35,067)**	**(70,010)**
Income and social contribution taxes	(17.907)	28.290	-	10.383
Current	(45,175)	-	-	(45,175)
Deferred	27,268	28,290	-	55,558
Income (loss) before noncontrolling shareholders	**57,326**	**(81,886)**	**(35,067)**	(59,627)
Attributable to noncontrolling shareholders	24	-	-	24
Net income (loss) for the year	**57,350**	**(81,886)**	**(35,067)**	(59,603)
Additional information				
Depreciation and amortization	**(66,893)**	**(100,113)**	**(5,519)**	**(172,525)**
Investment in subsidiaries	**146**	**-**	**-**	**146**
Total assets	**2,162,321**	**2,003,316**	**773,495**	**4,939,132**
Liabilities – Equity	**1,355,557**	**1,352,328**	**545,782**	**3,253,667**

(In thousands of reais, unless otherwise stated)

12. Property and equipment (Consolidated)

	Weighted average annual depreciation rates (%)	**Balance at 2011**	**Additions**	**Write-offs**	**Transfer**	**Balance at 2012**
Cost						
Electronic tags	**6.6**	6,504	96	-	(1,222)	**5,378**
Facilities	**13.6**	3,706	252	(30)	126	**4,054**
Machinery and equipment	**9.2**	36,407	10,473	(144)	95	**46,831**
Furniture and fixtures	**9.2**	11,484	2,713	(50)	73	**14,220**
Vehicles	**19.1**	8,989	5,623	(576)	1,270	**15,306**
Improvements to third parties' machinery and vehicles	**11.5**	134,339	8,035	(28)	9,442	**151,788**
Improvements to third parties' buildings and facilities	**6.8**	75,514	16,626	-	2,209	**94,349**
IT equipment	**19.6**	39,653	9,258	(506)	41	**48,446**
Spare parts (*)		12,107	12,637	(204)	(11,632)	**12,908**
Construction in progress		21,268	27,003	(25)	(650)	**47,596**
Advances to suppliers		5,468	2,689	(5,718)	226	**2,665**
Other		2,883	424	(2,250)	40	**1,097**
		358,322	95,829	(9,531)	18	**444,638**
Accumulated depreciation						
Electronic tags		(5,987)	(190)	611	609	**(4,957)**
Facilities		(1,308)	(523)	-	62	**(1,769)**
Machinery and equipment		(12,767)	(2,739)	52	(2,500)	**(17,954)**
Furniture and fixtures		(5,333)	(1,057)	38	(79)	**(6,431)**
Vehicles		(6,372)	(2,337)	340	1,428	**(6,941)**
Improvements to third parties' machinery and vehicles		(93,287)	(16,534)	-	(6,755)	**(116,576)**
Improvements to third parties' buildings and facilities		(1,630)	(1,501)	55	2,103	**(973)**
IT equipment		(19,126)	(8,072)	637	3,471	**(23,090)**
Other		(2,016)	(212)		1,643	**(585)**
		(147,826)	(33,165)	1,733	(18)	**(179,276)**
Property and equipment, net		210,496	62,664	(7,798)	-	**265,362**

(*) Spare parts will be depreciated upon their application in the respective asset.

(In thousands of reais, unless otherwise stated)

12. Property and equipment (Consolidated) – Continued

	Weighted average annual depreciation rates (%)	Balance at 2010	Additions	Write-offs	Transfer.	Balance at 2011
Cost						
Electronic tags	**6.6**	6,326	178	-	-	**6,504**
Facilities	**13.6**	2,666	946	-	94	**3,706**
Machinery and equipment	**9.2**	27,499	10,099	(1,324)	133	**36,407**
Furniture and fixtures	**9.2**	10,069	1,733	(40)	(278)	**11,484**
Vehicles	**19.1**	7,422	2,078	(511)	-	**8,989**
Improvements to third parties' machinery and vehicles	**11.5**	115,796	6,319	-	12,224	**134,339**
Improvements to third parties' buildings and facilities	**6.8**	61,089	12,453	(414)	2,386	**75,514**
IT equipment	**19.6**	31,508	8,212	(67)		**39,653**
Spare parts		12,278	13,925	-	(14,096)	**12,107**
Construction in progress		21,121	241	-	(94)	**21,268**
Advances to suppliers		1,316	4,521	-	(369)	**5,468**
Other		2,740	143	-	-	**2,883**
Total		299,830	60,848	(2,356)	-	**358,322**
Accumulated depreciation						
Electronic tags		(5,838)	(149)	-	-	**(5,987)**
Facilities		(877)	(431)	-	-	**(1,308)**
Machinery and equipment		(9,557)	(3,321)	97	14	**(12,767)**
Furniture and fixtures		(4,036)	(1,319)	22	-	**(5,333)**
Vehicles		(3,774)	(2,894)	296	-	**(6,372)**
Improvements to third parties' machinery and vehicles		(70,137)	(23,150)	-	-	**(93,287)**
Improvements to third parties' buildings and facilities		(1,445)	(476)	291	-	**(1,630)**
IT equipment		(11,815)	(7,328)	17	-	**(19,126)**
Other		(1,665)	(338)	-	(14)	**(2,016)**
Total		(109,144)	(39,406)	723	-	**(147,826)**
Property and equipment, net		190,686	21,442	(1,633)	-	**210,496**

(*) the Company's property and equipment balance and its respective changes in the years presented are not material in relation to the overall financial statements and therefore are not detailed in a footnote.

Invepar group has performed extensions and improvements provided for in the service concession arrangements. Since these construction works were financed by external capital, the Company capitalized interest referring to the amounts that were used in the construction works, in compliance with the fund investment criteria. The amount of the capitalized loan costs for the year ended December 31, 2012 was R$38,359 (R$10,901 at December 31, 2011).

In addition, the Company has neither assets pledged as guarantee nor leases.

The items of property and equipment showing signs that their recorded costs exceed the recoverable amount are reviewed to determine the need for a provision to reduce book value to realizable value. Management conducted the annual analysis of the corresponding operational and financial performance of its assets as at December 31, 2012 and did not identify the need for recognizing any impairment loss.

(In thousands of reais, unless otherwise stated)

13. **Intangible assets** (Consolidated)

	Balance at 2011	Additions	Write-offs	Transfers	Balance at 2012
Cost					
Software	17,522	26,480	(86)	(7,564)	**36,352**
Public service concession					
Principal grant - MetrôRio (a)	311,389	-	-	-	**311,389**
Supplemental grant – MetrôRio (b)	162,940	-	-	-	**162,940**
Principal and supplemental grant - MetrôRio (c)	867,120	182,774	(25)	7,564	**1,057,433**
ARTESP grant (d)	634,000	-	-	-	**634,000**
Concession right - LAMSA (e)	314,141	41,050	-	-	**355,191**
Concession right - CLN (e)	94,478	3,795	(1)	-	**98,272**
Concession right - CART (e)	759,433	188,680	(150)	-	**947,963**
Concession right - CBN (e)	133,050	91,014	(25)	-	**224,039**
Concession right - CRT (e)	66,772	10,579	(63)	(13)	**77,275**
Concession right - Metrô Rio (f)	932,843	-	-	-	**932,843**
Concession right - CART (g)	5,957	-	-	-	**5,957**
Concession right - CRA (e)	19,421	38,471	-	-	**57,892**
Concession right - LAMBRA (e)	-	669,617	-	-	**669,617**
Concession right - CRT (until 2021) (i)	47,931	-	-	-	**47,931**
Concession rights – CTO (e)	-	36,512	-	-	**36,512**
Concession rights - GRU (h)	-	12,317,391	-	-	**12,317,391**
Goodwill – LBR	-	675,901	-	-	**675,901**
Other	2,031	9,451	-	13	**11,495**
	4,369,028	14,291,717	(350)	-	**18,660,393**
Amortization					
Software	(8,446)	(4,485)	50	4,343	**(8,538)**
Public service concession					
Principal grant (until 2018)	(164,555)	(8,348)	-	-	**(172,903)**
Supplemental grant (until 2018)	(34,204)	(4,634)	-	-	**(38,838)**
Principal and supplemental grant (until 2038)	(53,201)	(23,443)	-	(4,338)	**(80,982)**
ARTESP grant (until 2039)	(58,029)	(21,537)	-	-	**(79,566)**
Concession right - LAMSA (until 2038)	(11,429)	(8,203)	-	-	**(19,632)**
Concession right - CLN (until 2035)	(8,718)	(3,701)	-	-	**(12,419)**
Concession right - CART (until 2039)	(37,963)	(28.089)	-	-	**(66,052)**
Concession right - MetrôRio (until 2038)	(88,573)	(32,254)	-	-	**(120,827)**
Concession right - CBN (until 2035)	(3,424)	(5,722)	-	-	**(9,146)**
Concession right - CRT (until 2021)	(30,992)	(3,335)	41	-	**(34,286)**
Concession right - CRT (until 2021) (i)	(4,833)	(4,346)	-	-	**(9,179)**
Concession right - CRA (until 2046)	-	(22)	-	-	**(22)**
Concession rights - GRU	-	(47,592)	-	-	**(47,592)**
Other	(164)	(57)	15	(5)	**(211)**
	(504,531)	(195,768)	106	-	**(700,193)**
Intangible assets, net	3,864,497	14,095,949	(244)	-	**17,960,200**

(*) The Company's intangible assets balance and its respective changes in the years presented are not material in relation to the overall financial statements and therefore are not detailed in a footnote.

(a) Resulting from the principal grant right for the first period of concession of subsidiary Metrô Rio (until January 27, 2018): The amount recorded for Intangible assets - Principal grant, amounting to R$ 311,389, refers to the principal grant right for concession exploitation for the period until January 27, 2018.

13. Intangible assets (Continued)

(b) The amount recorded for Intangible assets - Supplemental grant, amounting to R$ 162,940, refers to the Supplemental grant right for concession exploitation for the period until January 27, 2018.The amount recorded reflects the terms of paragraph 13, Clause 22 of the 6th Amendment. This amendment term set the supplemental grant right price and, consequently, this was recorded under intangible assets.

(c) Resulting from the principal and supplemental grant right for the second concession period of subsidiary MetrôRio (from January 28, 2018 Up to January 27, 2038): Through the 6^{th} Amendment to service concession arrangement, MetrôRio and the granting authority agreed, among other measures, to extend, subject to conditions precedent, the term of the Arrangement, thus the concession term was extended up to January 27, 2038. The extension of the concession was given in exchange for investments to be undertaken by the concession operator under the terms of paragraph 3, Clause 9 of the Amendment to the service concession arrangement. These investments are recognized in intangible assets as they are made by subsidiary MetrôRio.

(d) Under the concession arrangement executed, subsidiary CART committed itself to paying R$ 634,000 to an account on behalf of DER/SP, for the fixed concession right to operate and explore highways SP-270, SP-225, SP-327 and their access roads for a 30-year period.

(e) Concession rights arising from related infrastructure investments made by each subsidiary, obligations under the respective service concession arrangements.

(f) Concession right obtained in the acquisition of controlling interest in Metrô Rio: The concession right value was determined based on a valuation report prepared by an independent firm to determine the fair value of acquired assets and liabilities.

(g) Concession right obtained in the acquisition of controlling interest in CART. The concession right value was determined based on a valuation report prepared by an independent firm to determine the fair value of acquired assets and liabilities.

13. Intangible assets (Continued)

(h) Exploitation right of airport complex at Guarulhos International Airport for 20 years. Upon the concession arrangement execution, subsidiary GRU undertook to pay the total of R$ 16,213,000 in annual installments of R$ 810,650, whose balance is restated since February 2012 by reference to the IPCA-IBGE index, in an account on behalf of FNAC for the fixed concession right.

(i) On May 28, 2010, Construtora OAS subscribed 2,867,545 common shares and 5,735,090 preferred shares issued by INVEPAR, at market value, amounting to R$64,172, to be paid in upon transfer of 17,992 common shares and 3,545 preferred shares issued by Concessionária Rio Teresópolis (CRT) to the Company. To perform this transaction, an authorization from the Granting Authority was necessary, which occurred on December 2, 2010. Therefore, on December 20, 2010, the shares issued by CRT and held by Construtora OAS were transferred to Invepar. After this transaction, the Company became the holder of CRT shares, representing 36.88% of the voting capital and 24.91% of the total capital.

Considering that the amount corresponding to Invepar interest in book equity of CRT at December 31, 2010 was R$ 16,241, goodwill determined in the amount of R$ 47,931 was allocated to concession rights, according to valuation report of the specialized firm engaged to measure the fair value of acquired assets and liabilities.

Consistently with the economic valuation techniques, the determination of the value in use is made for the concession period, considering intangible assets with finite useful lives.

The following significant assumptions are used in estimating value in use:

- Revenues

  Revenues were projected for the concession period, considering the growth in customer base of the cash-generating unit.

- Operating costs and expenses

  Costs and expenses were projected in line with the historical performance of the subsidiary as well as with revenue growth.

13. Intangible assets (Continued)

- Capital investments

  Investments in capital assets were estimated considering the infrastructure necessary to enable the provision of services, based mainly on contractual obligations and the history of the concession.

The key assumptions were based on historical performance of the subsidiary and reasonable macroeconomic assumptions justified based on financial market projections, documented and approved by Company management.

The impairment test of the Company's intangible assets did not result in recognition of loss for the year ended December 31, 2012, since their estimated market value is greater than the net carrying amount as of the measurement date.

i) Amortization term

Amortization of intangible assets related to the concessions is aligned with the remained number of days for the end of each concession period. The amount is recorded in the amortization expense account, under cost with revenues from tickets and/or toll fees and the matching entry is the accumulated amortization account, in intangible assets. The exception is GRU concession, in which, under the guidelines contained in items 12 (a) and 13 of OCPC 5, the fixed grant was recognized and adjusted at present value based on borrowing costs and will be amortized according to the evolution of the passengers curve. The financial expenses arising from this restatement will be capitalized in GRU according to the investment curve (CAPEX). The capitalization will be made proportionally to the completion of each phase.

The amortization of software use rights is calculated by the straight-line method, taking into consideration its effective utilization, which does not exceed 5 years.

(In thousands of reais, unless otherwise stated)

14. Loans and financing

Financial institution	Type	Maturity	Index	Annual charges	Current	Noncurrent	2012	2011
HSBC, BNB, Bradesco, CEF and Santander	Working capital and secured account	Apr/12 to Apr/16	CDI	+1.51% to +3.80%	**7,699**	**12,821**	**20,520**	41,569
BNB, Desenbahia, BCP and Interbank	Other	Nov/17 to Aug/31	TJLP	+3.00% to +10.00%	**5,328**	**740,447**	**745,775**	494,417
BNDES	Direct	May/15 to Oct/24	TJLP	+1.72% to +2.02%	**50,290**	**865,858**	**916,148**	406,941
CEF, Calyon and FINEP	Financing	Nov/16 to Jun/34	TR and USD	+3.44% to +8.25%	**5,550**	**263,105**	**268,655**	271,403
BNDES	Senior	Jul/17 to Mar/24	TJLP and IPCA	+1.80% to +2.80%	**53,160**	**530,996**	**584,156**	473,096
			Effective rate adjustment		**(1.550)**	**(1,159)**	**(2,709)**	(2,000)
Total					**120,477**	**2,412,068**	**2,532,545**	1,685,426

Breakdown of long-term loans and financing per maturity date is as follows:

2014	**156,515**
2015	**136,160**
2016	**140,593**
2017	**125,507**
2018 onward	**1,853,293**
	2,412,068

Guarantees and financial covenants

At December 31, 2012:

- R$ 15,417 of the debt balance are secured by Invepar surety.
- R$ 13,775 of the debt balance have no guarantees.
- R$ 509,192 of the debt balance are secured by guarantee letter.
- R$ 572,058 of the debt balance are secured by pledge of all shares of CART and assignment in trust of credit rights and rights arising from the concession, as well as assignment in trust of credit rights of the centralized account, which are shared with the debentures that were issued in January 2011, in addition to Invepar surety for 2-year period and assignment in trust of credit rights of the reserve account, not shared with debenture holders. The financial covenant is as follows: ICSD > =1.2 and Equity/Total assets >= 20% of CART, which was fully complied with.

14. Loans and financing (Continued)

Guarantees and financial covenants (Continued)

At December 31, 2012: (Continued)

- R$ 50,325 of the debt balance are secured by assignment in trust of credit rights and emerging, by Invepar surety and set up of reserve account. The financial covenant is as follows: EBITDA/Financial Expenses, net higher or equal to 2.0. Due to the provisions of item 74 of CPC 26 (R1) - Presentation of Financial Statements, MetrôRio reclassified the liability amount of R$8,899 from noncurrent to current, as it did not reach the contractually required index.

- R$ 627,167 of the debt balance are secured by Invepar surety, assignment in trust of credit rights of the emerging and reserve account.

- R$ 570,190 of the debt balance are secured by assignment of credit rights, credit rights letters, pledge of shares and reserve account.

- R$ 17,111 in loans and financing are secured by pledge of 100% of CLN's common shares, Invepar surety, liquidity fund, assignment in trust of credit rights and assignment of indemnity in case of loss of collection.

- R$ 157,310 of the balance are pledge by CBN's shares, assignment in trust and bond of emerging rights, assignment in trust and bond of credit rights, liquidity fund in reserve account and shareholders' support agreement.

(In thousands of reais, unless otherwise stated)

15. Debentures

	Parent Company		Consolidated	
Entity	**2012**	**2011**	**2012**	**2011**
LAMSA	-	-	389,669	-
MetrôRio	-	-	107,531	-
CBN	-	-	18,361	-
CRT	-	-	3,372	3,537
CART	-	-	695,212	424,262
INVEPAR (a)	-	537,549	-	537,549
	-	**537,549**	**1,214,145**	**965,348**
Current	-	94,250	24,318	120,139
Noncurrent	-	443,299	1,189,827	845,209

(a) At December 31, 2012, the Company had no outstanding debentures. At December 31, 2011, the balance of outstanding debentures recorded by the Company was R$ 537,549, including R$ 94,250 in current liabilities and R$ 443,299 in noncurrent liabilities.

a) Invepar

On March 15, 2010, 900 simple non-convertible debentures were issued at par value of R$ 500, totaling R$ 450,000. The public offer, with restricted placement efforts, was approved at the Special General Meeting of Invepar held on March 4, 2010. The funds were used for payment of private debentures issued by subsidiary MetrôRio, which used these funds in the execution of its investment and expansion plan. Invepar fully settled this liability with its debenture holders in the first quarter of 2012 (R $537,549 at December 31, 2011).

b) CRT

At December 31, 2001, jointly-controlled company CRT issued debentures in the amount of R$ 62,963, of which R$ 12,949 refers to the nominal value and R$50,014 to issue premium. The total amount of R$ 37,287 was traded, of which R$ 7,668 refers to the nominal value and R$ 26,919 to issue premium. These debentures were issued at a premium of - R$ 2.1653 (amount in reais) per debenture on the issue date. The debentures may be converted into preferred class A CRT shares, under the terms and conditions of the indenture and the prospectus.

(In thousands of reais, unless otherwise stated)

15. Debentures (Continued)

Evaluation of future conversions

At December 31, 2012, taking into consideration the clauses in the debentures indenture, an evaluation of the conversion option defined in said indenture was made at fair value, based on the best estimate arising from the economic model used for this evaluation and other variables provided for in the indenture on the quarterly information closing date. Management reached the conclusion that the options' fair value is zero, since the conversion of debentures into shares is not ideal. Since the assumptions used for these calculations may vary over time, the fair value estimate may vary comparatively with actual values in the future.

c) CART

On January 24, 2011, 40 non-convertible debentures were issued and paid in, in the amount of R$ 10,000 thousand each, remunerated at 116.5% of the CDI variation, with maturity on January 24, 2013. These debentures were raised by Bradesco and HSBC. See below the proportional amounts in the Company:

Debenture holders	Currency	Annual charges	Maturity	Principal	Interest	Amortization	Balance at 2012
Banco Bradesco	R$	116.5% of CDI	01/24/2013	**300,000**	**29,049**	**(329,049)**	**-**
HSBC	R$	116.5% of CDI	01/24/2013	**100,000**	**9,683**	**(109,683)**	**-**
				400,000	**38,732**	**(438,732)**	**-**

The debentures are secured by pledge of all shares of CART and assignment in trust of credit rights and rights arising from the concession, as well as assignment in trust of credit rights of the centralized account, which are shared with the BNDES financing. The financial covenant is as follows: ICSD > =1.2 and Equity/Total assets >= 20%. All covenants were complied with. The 1st issue of debentures was early redeemed in full on December 28, 2012 with part of funds of the 2nd issue of the Company's debentures.

15. Debentures (Continued)

c) CART (Continued)

The Special General Meeting held on November 9, 2012 approved the Distribution of the 2nd Issue of Unsecured, Non-privileged Junior Debentures of CART, not Convertible into Shares, with Additional Security Interest, to be Converted into Cash with Security Interest, under Firm Guarantee of Placement, for Public Distribution, structured according to CVM Rule No. 400/03, in the amount of R$ 750,000 issued in two series: "First Series Debentures" and "Second Series Debentures".

750,000 debentures were issued at par value of R$1 amounting to R$ 750,000. The issue was performed in two series; in the First Series 380,000 debentures were issued according to Law No. 12431/11, and in the Second Series 370,000 debentures, which were not benefited by Law No. 12431/11.

The issue was coordinated by Banco Bradesco - BBI jointly with Banco do Brasil - BI, Banco Votorantim and Banco HSBC.

Part of the funds obtained through the issue was used for the early redemption of the entire 1st issue (principal and interest) in the amount of R$415,191. The remaining amount will be used for feasibility and implementation of infrastructure investment projects in Raposo Tavares corridor.

The debentures will mature in 12 years, from the issue date, thus, maturing on December 15, 2024, and will bear fixed interest corresponding to 5.80% p.a. for first series debentures and 6.05% p.a. for second series debentures.

Remuneration interest will be paid on an annual basis, from the issue date, always on December 15, beginning in 2013. The last payment will be made on the debentures' maturity date.

Issued debentures are not subject to repricing arrangements.

Financial charges incurred with raising debentures, totaling R$ 59,104, have been charged to income over time, at amortized cost unsing the effective interest rate method, pursuant to CPC08 (R1). By December 31, 2012, R$23,439 of total issuance costs had not been paid to the financial brokers, assistants, lawyers or advisors. This amount was settled in January 2013; at the balance sheet date, it is recorded as current liabilities.

(In thousands of reais, unless otherwise stated)

15. Debentures (Continued)

c) CART (Continued)

Financial interest is expected to be appropriated to the income statements as follows:

Year	R$ thousand
2013	**(3,305)**
2014	**(3,120)**
2015	**(3,443)**
2016	**(3,223)**
2017	**(3,460)**
2018 onward	**(42,553)**
	(59,104)

d) LAMSA

On January 10, 2012, the Company issued 18,000 debentures not convertible into shares, in a single series, at a par value of R$10 each, totaling R$180,000. The debentures were subject to interest equivalent to 107.50% of the accumulated variation of average daily rates of the Interbank Deposits (DI), maturing on January 4, 2013, to cover investments deriving from the amendment to the service concession arrangement. On July 6, 2012, these debentures were fully settled.

On May 31, 2012, the Company issued 386,722 debentures, not convertible into shares, in single series, with par value of R$1 each, totaling R$386,722. The debentures will be remunerated at the Reference Rate (TR) of the first day of the month, based on 252-day year, calculated and disclosed by the Central Bank of Brazil (BACEN), and capitalized by a surcharge of 9.50% p.a., based on 252-day year. For this transaction, the Company presented Concessão Metroviária do Rio de Janeiro S.A. (Metrô Rio) as its Guarantor. At December 31, 2012, the balance related to this liability was R$398,669.

Debenture holders	Currency	Annual charges	Maturity	Principal	Interest	Amortization	Balance at 2012
Federal Savings and Loans Bank (CEF)	R$	9.5% + TR	05/31/2027	**386,722**	**21,058**	**(18,110)**	**398, 669**
				386,722	**21,058**	**(18,110)**	**398,669**

(In thousands of reais, unless otherwise stated)

15. Debentures (Continued)

e) MetrôRio

On March 14, 2012, 10,000 debentures not convertible into shares were subscribed for at a par value of R$10 each, totaling R$100,000. The debentures will bear interest equivalent to the accumulated variation of average daily rates of the Interbank Deposits (DI), plus 1.50% p.a. maturing on March 14, 2014. The funds obtained will be intended for settlement of the Company's debits falling due.

The debentures are subject to a Restricted Offer, under firm guarantee of placement and best placement efforts to be granted to the Company by HSBC Corretora de Títulos e Valores Mobiliários S.A. of which R$50,000 are under firm guarantee of placement and the remaining R$50,000 under best placement efforts. The maximum term for placement of debentures by the Issuer will be 60 days from the issue date.

On May 03, 2012, an Adhesion Term was entered into for the Contract of Coordination and Public Distribution of the 2nd Issue of Non-privileged, Single-Series Unsecured Junior Debentures not Convertible into Shares, for Public Distribution with Restricted Efforts of the Company.

Pursuant to the Adhesion Term, Brazil's Federal Savings and Loans Bank (CEF) will carry out the placement of the offered debentures, under firm guarantee of placement considering the amount of R$50,000, represented by 5,000 debentures.

On May 31, 2012, the amount of R$50,000 was disbursed by CEF to the Company.

Debenture holders	Currency	Annual charges	Maturity	Principal	Interest	Balance at 2012
HSBC	R$	CDI + 1.50%	03/14/2014	100,000	7,531	107,531
				100,000	7,531	107,531

Invepar group's debentures are not subject to repricing arrangements and their raising cost, when significant, are recorded in accordance with CPC 08 (R1) - Transaction Costs and Premium on the Issue of Bonds and Securities (IAS 32). At December 31, 2012, issuance costs to be amortized totaled R$ 59,110. These costs will be amortized on an annual basis between 2013 and 2024 by reference to the appropriation of financial charges of underlying debentures.

(In thousands of reais, unless otherwise stated)

16. Public service concession

	Consolidated	
	2012	**2011**
Current		
MetrôRio Grant (a)	**255,330**	347,933
GRU Grant (b)	**935,854**	-
TransOlimpica Grant	**19,149**	-
CART Variable Grant	**652**	536
	1,210,985	348,469
Noncurrent		
MetrôRio Grant (a)	**47,628**	58,318
GRU Grant (b)	**10,799,355**	-
LAMSAC (c)	**96,707**	-
	10,943,690	58,318
Total	**12,154,675**	406,787

(a) Refers to the burden of concession of subsidiary MetrôRio, assumed in the bidding process, renegotiated through the terms of the Amendment, determined based on the amount due to the Granting Authority through investments. Based on the amendment, the balance of R$134,384, at December 31, 2012, will be paid by subsidiary MetrôRio under accord and satisfaction, through purchase of subway trains until January 2018.

Commitment arising from the principal and supplemental grant right for the second concession period (between January 28, 2018 and January 27, 2038): In addition to the payments made to the Granting Authority, the concession operator assumed the commitment to improve, upkeep and expand the subway system in the city of Rio de Janeiro, which belongs to the concession. From January 27, 2007, through the Amendment, the Company also assumed the commitment of performing investments intended for: (i) the implementation of new subway stations, including the obligation to complete, in conditions of operation, an area of 3.2 km, denominated Linha 1A (inaugurate on December 22, 2009), with the construction of Cidade Nova Station (inaugurated on November 1, 2010), as well as Uruguai Station, up to December 31, 2014; (ii) the acquisition of new trains; and (iii) the modernization of operations. At December 31, 2012, the amount payable is R$120,946.

16. Public service concession (Continued)

(a) Under paragraph 9, clause 1 of the service concession arrangement, the Granting Authority has the right to review the grant price of subsidiary MetrôRio should the expansions described in paragraphs 6 and 7, clause 1 of the agreement take place. Up to December 31, 2012, subsidiary Metrô Rio had received from the Granting Authority 3 stations that are subject to the terms of this clause: Siqueira Campos, Cantagalo and General Osório stations.

Under the terms of paragraph 14, clause 22 of the Amendment, subsidiary MetrôRio took responsibility for settling certain liabilities related to legal proceedings brought against RIOTRILHOS and CMRJ, in return for payment of supplemental grant, including in relation to the General Osorio station. At December 31, 2012, this commitment totaled R$47,628 (R$55,745 at December 31, 2011), net of the amount of pledged income of subsidiary MetrôRio already deposited in court in the amount of R$49,611 (R$49,541 at December 31, 2011). Such obligations: (i) will be settled as the payments are required in collection proceedings approved by the Judiciary and (ii) are monetarily restated based on the rates applied in the court of origin. Based on management's analysis, in light of information available to date and the various possibilities for settlement of the proceedings, subsidiary Metrô Rio is maintaining the supplemental grant portion recorded in noncurrent liabilities.

(b) The concession operator undertakes to pay to Federal Government the annual installment of the fixed contribution, corresponding to the annual amount of R$810,650, and the variable contribution which will correspond to the annual amount in reais (R$) resulting from the application of 10% on total gross revenue of the concession operator.

The fixed contribution annually paid will be restated by reference to IPCA calculated by IBGE accumulated between the month of the auction public session and the beginning date of the contribution payment.

If annual gross revenue earned by the concession operator and its wholly-owned subsidiaries, if any, is higher than the amounts described in the agreements, the variable contribution on the exceeding revenue will be collected by the rate of 15%.

(In thousands of reais, unless otherwise stated)

16. Public service concession (Continued)

(b) The concession agreement will be effective for a 20-year term, subject to a one-time renewal for a maximum period of 5 years, with the Grantor being Brazil's National Civil Aviation Agency (ANAC).

At December 31, 2012, the balance payable to Federal Government is R$11,735,209.

(c) As part of obligations assumed by LAMSAC, the Company recorded a liability of R$96,707, considering the conversion by the closing rate of December 2012 referring to the commitment to build a bus corridor in the areas of section 1 of the project, which, after completion of construction work, will be transferred to the granting authority, with no consideration for it received by the Company.

17. Provision for legal obligations related to legal proceedings

The subsidiaries are parties to legal and administrative proceedings in various courts and government agencies arising from the normal course of their activities, involving tax, labor and civil matters, among other issues.

Based on information provided by legal advisors, the subsidiaries assessed the pending legal proceedings and, based on experience regarding amounts claimed, management set up provision in an amount deemed sufficient to cover estimated losses on ongoing proceedings, as follows:

Nature of contingency	Balance at 2011	Set up	Payments	Reversals	Monetary restatement	Balance at 2012
Labor	7,341	**605**	**(12)**	**(1,333)**	**(757)**	**5,844**
Civil	7,834	**456**	**(11)**	**(1,642)**	**357**	**6,994**
Tax	182	**-**	**-**	**-**	**-**	**182**
Other	985	**-**	**-**	**-**	**-**	**985**
Total	16,342	**1,061**	**(23)**	**(2,975)**	**(400)**	**14,005**
Judicial deposits	(1,126)	**-**	**-**	**-**	**-**	**(1,126)**
Contingencies, net	15,216					**12,879**

17. Provision for legal obligations related to lawsuits (Continued)

a) Civil contingencies

The subsidiaries are parties to civil lawsuits brought by customers, mainly due to incidents occurred in the road and subway systems.

b) Labor contingencies

The subsidiaries are parties to labor claims filed by former employees, most of which claim job reinstatement, overtime, equal pay, among others. The Company and subsidiaries figure as defendant in civil, labor and tax suits, which, in the opinion of the legal advisors, involve possible loss. Based on the legal advisors' opinion, no provision for contingencies was set up.

18. Provision for maintenance

The subsidiaries set up provision for major maintenances, when applicable, as determined by ICPC 01 - Concession Arrangements and based on CPC 25 - Provisions, Contingent Liabilities and Contingent Assets. The purpose of this provision is to adequately measure liabilities considering the best estimate of the expense required to settle the present obligation at the balance sheet date.

To calculate the present value of the provision, the discount rate of 10% is used. At December 31, 2012, the balance of the provision is R$21,146 (R$14,679 at December 31, 2011).

19. Shareholders' equity (Company)

a) Capital

At December 31, 2012, subscribed and paid-in capital of the Company totals R$3,351,958 (R$1,699,466 at December 31, 2011), represented by 429,171,372 shares, of which 143,057,124 are common shares and 286,114,248 are preferred shares.

Authorized capital of Invepar totals R$3,410,494 (R$1,758,000 at December 31, 2011). Observing the authorized limit, which may only be changed by resolution of the General Meeting, it is incumbent upon the Board of Directors to decide on issue of shares. Also, capital increases shall preferably be intended to investments in companies in which Invepar holds or will hold interest, bearing in mind the business purpose.

(In thousands of reais, unless otherwise stated)

19. Shareholders' equity (Company) - Continued

The shareholding structure of Invepar at December 31, 2012 and 2011 is as follows:

	2012				2011	
	Common shares	Preferred shares	Total	%	Total	%
Construtora OAS Ltda	**3,051,499**	**5,735,090**	**8,786,589**	**2.05**	8,786,585	2.95
OAS Participações S.A.	**17,429,354**	**34,858,708**	**52,288,062**	**12.18**	-	-
OAS Investimentos S.A.	**15,283,428**	**28,523,582**	**43,807,010**	**10.21**	43,807,010	14.72
BB Carteira Livre I Fundo de Investimento em Ações	**35,764,281**	**73,939,746**	**109,704,027**	**25.56**	109,704,023	36.85
Fundação dos Economiários Federais -FUNCEF	**35,764,281**	**71,528,561**	**107,292,842**	**25.00**	60,968,306	20.48
Fundação Petrobras de Seguridade Social - PETROS	**35,764,281**	**71,528,561**	**107,292,842**	**25.00**	74,421,977	25.00
Total	**143,057,124**	**286,114,248**	**429,171,372**	**100.00**	297,687,901	100.00

The Company's Articles of Incorporation determine that minimum dividend corresponding to 25% of net income for the year be distributed, adjusted pursuant to article 202 of Brazilian Corporation Law.

Preferred shares will not be entitled to vote, however, will be entitled to participate in equal conditions with common shares, in the receipt of dividend calculated pursuant to referred to Articles of Incorporation.

Capital increases

On July 14, 2011, shareholders FUNCEF and PETROS subscribed and paid-up in INVEPAR the total amount of R$ 150,000 (R$ 75,000 each), represented by 3,644,962 common shares and 7,289,924 preferred shares.

On December 28, 2011, shareholder PETROS subscribed for and paid up the total amount of R$207,875 in Invepar, represented by 4,484,557 common shares and 8,969,114 preferred shares.

On March 21, 2012, the General Meeting also approved a capital increase upon issue of 26,398,467 common shares and 52,796,934 preferred shares, totaling R$1,255,860 fully subscribed for and paid up in cash by shareholders Fundação Petrobras de Seguridade Social - PETROS ("PETROS") and Fundação dos Economiários Federais - FUNCEF ("FUNCEF"), in the following numbers: (i) 10,956,955 common shares and 21,913,910 preferred shares by shareholder PETROS, amounting to R$521,258; and (ii) 15,441,512 common shares and 30,883,024 preferred shares by shareholder FUNCEF, amounting to R$734,603.

(In thousands of reais, unless otherwise stated)

19. Shareholders' equity (Company) - Continued

a) Capital (Continued)

Capital increases (Continued)

On March 21, 2012, the General Meeting approved a second capital increase in Invepar, through which 17,429,354 common shares (14.94% of total shares of this class) and 34,858,708 preferred shares (14.94% of total shares of this class) were issued, fully subscribed for and paid up by OAS S.A., a privately-held stock corporation, headquartered in São Paulo State. OAS S.A. was the single holder of the shares representing V.P.R. Brasil Participações S.A. ("VPR) equity, which were used for the payment of this capital increase. VPR had equity of R$396,632. The number of shares to be issued is based on VPR's fair value, and the amount of R$432,539 equivalent to the difference between fair value and book values of VPR was recorded as capital reserve in equity.

On March 21, 2012, the Company was notified by shareholders BB Carteira Livre I Fundo de Investimento em Ações ("Fundo BB") and OAS Investimentos S.A. ("OASI") regarding the private instrument of equity interest exchange entered into by and between them, whereby a barter of common and preferred shares between those shareholders was agreed upon, in the following numbers:

Shareholder	Registered common shares transferred or received by way of barter	Registered preferred shares transferred or received in exchange
OASI	(11,459,636)	11,459,636
Fundo BB	11,459,636	(11,459,636)

b) Retained profits reserve

The remaining portion of net income of Invepar at December 31, 2009 was allocated to the retained profits reserve, in accordance with article 196 of Brazilian Corporation Law. The loss computed at December 2010 and 2011 was absorbed by the same reserve.

Net income for 2012, amounting to R$4,535 was allocated to the retained profits reserve based on the capital budget prepared by management to be considered by the General Shareholders' Meeting.

(In thousands of reais, unless otherwise stated)

19. Shareholders' equity (Company) - Continued

c) Legal reserve

The Company allocates 5% of its net income before any other allocation for setting up its legal reserve, which may not exceed 20% of capital, as provided for by article 193 of Brazilian Corporation Law. Part of the loss computed in 2011 was absorbed by such reserve.

At December 31, 2012, after the accumulated loss offset, the amount of R$318 was allocated to "Legal reserve".

Legal reserve and dividends were calculated as follows:

Net income for the year	24,584
Absorption of losses	(18,220)
Legal reserve calculation basis	6,364
Legal reserve (5%)	(318)
Calculation basis of minimum mandatory dividends	6,046
Minimum mandatory dividends (25%)	1,511

(In thousands of reais, unless otherwise stated)

20. Financial income

	Parent Company		Consolidated	
	2012	**2011**	**2012**	**2011**
Financial income				
Interest on short-term investment	**47,355**	2,769	**116,678**	64,439
Interest on debentures	**39,804**	79,701	**1,938**	-
Hedging transactions	**-**	-	**-**	5,189
Monetary variation gain	**805**	226	**11,231**	7,268
Exchange variation gains	**-**	-	**53,402**	38,508
Other	**-**	102	**6,102**	3,410
Total financial income	**87,964**	82,798	**189,351**	118,814
Financial expenses				
Commissions and banking expenses	**(4,105)**	(144)	**(7,697)**	(2,171)
Interest payable	**-**	-	**(175,282)**	(146,270)
Monetary variation loss	**-**	-	**(23,174)**	(10,385)
Exchange variation losses	**(19)**	-	**(83,750)**	(78,808)
Interest on debentures	**(38,612)**	(83,050)	**(48,644)**	(86,761)
Present value adjustment	**-**	-	**(9,355)**	(11,648)
Other	**(870)**	(541)	**(6,652)**	(32,638)
Total financial expenses	**(43,606)**	(83,735)	**(354,554)**	(368,681)
Total financial income (expenses)	**44,358**	(937)	**(165,203)**	(249,867)

21. Insurance coverage

At December 31, 2012, the Company and subsidiaries have surety bond insurance against property damages, loss of revenue and civil liability, among others, as shown below:

Company	Insured peril	Maximum indemnification	Effectiveness Beginning	Effectiveness End	Insurance company
LAMSA	Liability guarantee	**18,160**	12/18/2012	12/18/2013	J.Malucelli
LAMSA	Criminal liability	**35,000**	08/01/2012	08/01/2013	Tokio Marine
CLN	Guarantee	**4,610**	02/22/2012	02/22/2013	Cesce Brasil
CLN	Operational risks	**493,000**	08/01/2012	08/01/2013	Tokio Marine
CLN	Civil liability	**35,000**	08/01/2012	08/01/2013	Tokio Marine
METRÔRIO	Civil liability	**35,000**	08/01/2012	07/31/2013	Tokio Marine
METRÔRIO	Domestic transportation	**4,000**	02/12/2012	02/12/2013	Royal & Sunalliance
METRÔRIO	Import transportation	**1,015**	02/10/2012	02/10/2013	MAPFRE Seguros
CART	Extensions guarantee	**120,280**	03/16/2012	03/16/2013	Austral Seguradora
CART	Operational functions guarantee	**114,613**	03/16/2012	03/16/2013	Austral Seguradora
CART	Civil liability	**35,000**	08/01/2012	08/01/2013	Tokio Marine
CART	Operational risks	**200,000**	08/01/2012	08/01/2013	Tokio Marine
CRT	Civil liability	**7,000**	08/12/2012	08/12/2013	Chartis
CRT	Engineering risks	**33,000**	05/13/2012	11/30/2013	Tokio/Itaú Seguros
CRT	Operational risks	**45,000**	07/11/2012	07/11/2013	Itaú Seguros
CRT	Performance Bond insurance	**13,700**	11/22/2012	11/22/2013	Banco Fator
CRT	Civil liability (D&O)	**10,000**	02/15/2012	02/15/2013	Chartis
CRT	Business multi-risk	**5,930**	07/11/2012	07/11/2013	Itaú Seguros
CBN	Civil liability (D&O)	**20,000**	04/08/2012	04/08/2013	Itaú Seguros
CBN	Civil liability	**30,000**	08/17/2012	08/17/2013	Allianz
CBN	Road Insurance	**35,000**	08/17/2012	08/17/2013	Itaú Seguros
CBN	Performance Bond insurance	**89,898**	08/17/2012	08/17/2013	Banco Fator
CRA	Guarantee	**30,000**	07/17/2012	07/17/2013	Banco Fator Seguradora
CRA	Civil liability	**17,371**	11/05/2012	11/04/2013	Allianz Seguros
CRA	Operational risks	**96,000**	06/15/2012	06/15/2013	Tokio Marine
CRA	Civil liability (D&O)	**20,000**	07/10/2012	07/10/2013	Allianz Seguros
GRU	Civil liability	**50,000**	08/22//2012	09/30/2016	ACE Seguradora
GRU	Operational risks	**700,000**	05/24/2012	05/24/2013	Itaú Seguros
GRU	Civil liability	**500,000***	05/24/2012	05/24/2013	Itaú Seguros
GRU	Public liability guarantee	**884,853**	05/17/2012	04/06/2013	Itaú Seguros
GRU	Engineering risks and Civil	**1,170,000**	09/28/2012	06/30/2016	ZURICH Seguradora
Inveprar, Lamsa, MetrôRio, CLN and CART	Operational liability	**200,000**	08/01/2012	08/01/2013	Tokio Marine
Invepar, MetrôRio, Lamsa, CLN, CART, LAMBRA, LAMSAC, GRUPAR, GRU, PEX and Instituto Invepar	Civil liability (D&O)	**50,000**	09/21/2012	09/21/2013	Allianz Seguros

(*) In thousands of dollars.

(In thousands of reais, unless otherwise stated)

22. Financial instruments and sensitivity analysis of financial assets and liabilities

The estimated realizable values of the financial assets and liabilities of the Company and its subsidiaries were determined using market information and appropriate valuation methodologies. However, considerable judgment was required in interpreting market data to develop the most adequate estimate of realizable value. Accordingly, the estimates presented do not necessarily reflect the amounts that may be realized in the current exchange market. The use of different market methodologies may generate changes in the estimated realizable values.

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

The amounts recorded in asset and liability accounts, as financial instruments, are restated as contracted through December 31, 2012 and approximate their market value. These amounts are substantially represented by cash and cash equivalents, short-term investments, accounts receivable, loans and financing and obligations to Granting Authorities.

	2012			2011		
Financial Instruments	**Fair value**	**Amortized cost.**	**Total**	**Fair value**	**Amortized cost.**	**Total**
Assets						
Cash and cash equivalent	1,029,515	-	1,029,515	266,314	-	266,314
Short-term investments	697,597	-	697,597	311,929	-	311,929
Accounts receivable	-	170,217	170,217	-	36,182	36,182
Total assets	1,727,112	170,217	1,897,329	578,243	36,182	614,425
Liabilities						
Loans and financing and debentures	-	3,746,690	3,746,690	-	2,650,774	2,650,774
Liabilities to grantors	-	12,154,675	12,154,675	-	406,787	406,787
Total liabilities	-	15,901,365	15,901,365	-	3,057,561	3,057,561

22. Financial instruments and sensitivity analysis of financial assets and liabilities (Continued)

The operations of the Company and subsidiaries are subject to the risk factors below:

a) Criteria, assumptions and limitations used in the calculation of market values

The market values reported do not reflect subsequent changes in the economy, such as interest rates, tax rates and other variables that could have an effect on their determination. The following methods and assumptions were used in determining the market value:

- Cash and cash equivalents and short-term investments

  The market value of current account balances held in banks approximates the book value. The book value of short-term investments approximates market value due to the short-term maturity of these instruments.

- Trade accounts receivable

  The customer’s credit risk is managed by each business unit, subject to the procedures, controls and policies established by the group in relation to this risk. Credit limits are set for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard.

  The need of a provision for impairment loss is analyzed each reporting date, individually for all customers. The calculation is based on effective historical data.

b) Exposure to interest rate risks

Interest rate risk derives from the possibility of the Company and its subsidiaries incur gains or losses arising from oscillations in interest rates levied on their financial assets and liabilities. The Company and its subsidiaries have financial investments exposed to floating interest rates. Interest rates on short-term investments are mostly linked to the CDI variation while on loans and financing are linked to TJLP, IPCA and CDI variation.

c) Credit risk concentration

These financial instruments potentially subject the Company and its subsidiaries to credit risks and primarily comprise cash, banks and short-term investments. The Company maintains bank checking accounts and short-term investments with various financial institutions, in accordance with objective criteria for credit risk diversification.

22. Financial instruments and sensitivity analysis of financial assets and liabilities (Continued)

d) Currency risk

P&L of subsidiary MetrôRio may vary due to the effect of exchange rate volatility on the obligations it has undertaken upon entering into the Amendment to the Contractual Agreement, particularly with respect to the purchase of subway trains abroad. In addition, subsidiary MetrôRio has short-term investments and foreign loans.

P&L of subsidiary GRU may change due to the exchange rate volatility derived from the non-tariff revenue from Dufry do Brasil, duty-free shops, which has part of its revenues in foreign currency. Dufry do Brasil entered into an agreement with the concession operator that provides for a variable collection clause on the total sales.

e) Derivative transactions

The Company and its subsidiaries adopt a conservative policy in relation to derivatives, making use of these instruments only when there is need for hedging of operating or financial liabilities or, possibly, of any asset. Additionally, the amount of these operations is dimensioned and limited to cover these liabilities only, or, as mentioned above, an adventitious asset, but not for leveraging purposes. At December 31, 2012, none of the Invepar group companies had transactions involving derivative financial instruments or hedging transactions.

f) Liquidity risk

The group monitors the risk of shortage of funds through a recurrent liquidity planning tool. The group's goal is to maintain the balance between continuity of funds and flexibility through secured accounts, bank loans, debentures, preferred shares, finance lease and operating lease.

g) Sensitivity analysis of exchange and interest rate variations

The Company and its subsidiaries are exposed to risks of fluctuations in interest rates on their loans and financing.

The table below considers three scenarios for the relevant financial liabilities, as follows: (i) probable scenario, the one adopted by the Company; and (ii) key variable scenarios, with their impact on the Company's P&L. In addition to the probable scenario, CVM Rule No. 475 determined that two other scenarios be presented, with 25% and 50% increase in the risk variable considered. These scenarios are presented in accordance with said CVM requirement:

(In thousands of reais, unless otherwise stated)

22. Financial instruments and sensitivity analysis of financial assets and liabilities (Continued)

g) Sensitivity analysis of exchange and interest rate variations (Continued)

g.1 Financial asset

Company	Operation	Risk	Probable scenario	Scenario A	Scenario B
MetrôRio	Exchange fund	Exchange USD x R$	-	35,010	70,707
MetrôRio	Cash and cash equivalent	DI	1,259	944	629
MetrôRio	Short-term investments	DI	1,756	1,317	878
INVEPAR	Cash and cash equivalent	DI	37,720	28,290	18,860
LAMSA	Cash and cash equivalent	DI	2,523	1,892	1,262
LAMSA	Short-term investments	DI	816	612	408
CART	Cash and cash equivalent	DI	7,895	9,869	11,843
CART	Short-term investments	DI	18,972	23,715	28,458
PEX	Cash and cash equivalent	DI	32	24	16
LAMBRA	Cash and cash equivalent	DI	1,033	774	516
LAMBRA	Short-term investments	DI	15,228	11,421	7,614
CBN	Cash and cash equivalent	DI	59	44	29
CBN	Short-term investments	DI	431	323	215
CRT	Cash and cash equivalent	DI	106	79	53
CRA	Cash and cash equivalent	DI	17	13	8
GRU	Cash and cash equivalent	DI	21,693	16,269	10,847
CTO	Cash and cash equivalent	DI	111	83	55

g.2 Financial liability

Company	Operation	Risk	Probable scenario	Scenario A	Scenario B
LAMSA	Debentures	TR	324,503	326,957	329,371
CART	Debentures	JPCA	48,248	60,310	72,372
CART	BNDES	TJLP	23,588	29,485	35,382
CART	BNDES	IPCA	5,857	7,321	8,786
METRÔRIO	BNDES	TJLP	150,536	178,276	206,195
METRÔRIO	FINEP	TJLP	5,824	6,442	7,059
METRÔRIO	Import financing	Exchange rate R$/US$	638	798	957
METRÔRIO	CAIXA financing	TR	238,645	240,784	242,922
METRORIO	Private debenture	IPCA	137,737	138,803	139,845
METRÔRIO	Debenture HSBC	DI	91,577	118,757	149,674
CRT	BNDES direct 1	TJLP	40,159	50,199	60,238
CRT	BNDES direct 2	TJLP	8,076	10,094	12,114
CLN	Working capital	CDI	2,673	3,341	4,009
CBN	FUNDESE	TJLP+3%	13,184	14,875	16,549
CBN	FAT	TJLP+4%	11,965	13,324	14,669
CBN	Debenture	DI	3,330	3,571	3,809

Reference for financial liabilities			
TJLP (% p.a.)	5.00%	6.25%	7.50%
DI liabilities (% p.a.)	6.94%	8.68%	10.41%
DI asset (% p.a.)	6.94%	5,21%	3.47%
IPCA (% p.a.)	5.84%	7.30%	8.76%
Average exchange rate (R$/US$)	R$2.04	R$2.55	R$3.07
TR (% p.a.)	0.29%	0.36%	0.43%

(In thousands of reais, unless otherwise stated)

22. Financial instruments and sensitivity analysis of financial assets and liabilities (Continued)

h) Capital management

The main objective of the Company's capital management is to ensure maintenance of a strong credit rating and a capital ratio free from risks in order to support business and maximize shareholder value. The Company manages its capital structure and makes adjustments considering changes in economic conditions:

	Consolidated	
	2012	**2011**
Loans and financing	**2,532,545**	1,685,426
Debentures	**1,214,145**	965,348
Cash and cash equivalents	**(1,029,515)**	(266,314)
Short-term investments	**(697,597)**	(311,929)
Net debt	**2,019,578**	2,072,531
Equity	**3,824,295**	1,681,246
Equity and net debt	**5,843,873**	3,753,777

i) Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

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

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

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

23. Earnings (loss) per share

In compliance with CPC 41 (IAS 33) - Earnings per Share, the Company sets out below information on earnings (loss) per share for the years ended December 31, 2012 and 2011.

Basic earnings (loss) per share are calculated by dividing net income for the year attributed to the Company's common and preferred shareholders by the weighted average number of common and preferred shares available in the year.

The tables below present P&L data and shares used in the calculation of basic and diluted earnings (loss) per share:

	Parent Company		Consolidated	
Basic and diluted earnings (loss) per share	**2012**	**2011**	**2012**	**2011**
Numerator				
Net income (loss) for the year attributed to the Company's shareholders	**24,584**	(59,603)	**24,584**	(59,603)
Denominator (in thousands of shares)				
Weighted average number of shares	**400,353**	278,503	**400,353**	278,503
Basic and diluted earnings (loss) per share	**0.06**	(0.21)	**0.06**	(0.21)

There were no transactions involving common or potential common shares between the balance sheet date and the date of conclusion of these financial statements.

At December 31, 2012 and 2011, the Company had no dilution instruments and, consequently, there is no difference between the calculation of basic and diluted earnings (losses) per share.

(In thousands of reais, unless otherwise stated)

24. Revenues, costs and expenses by nature

The Company elected to present its statements of operations for the years ended December 31, 2012 and 2011 by function, and sets out below details by nature:

Revenues

	Consolidated	
	2012	**2011**
Toll revenue	**574,548**	493,971
Revenue from ticket sales	**510,349**	454,614
Airport revenues	**87,907**	-
Ancillary revenue	**99,773**	29,174
Deductions, returns and cancellations	**(100,996)**	(73,223)
Service revenue	**1,171,581**	904,536
Revenue from construction	**1,338,751**	569,695
Total revenue	**2,510,332**	1,474,231

Costs and expenses

	Consolidated	
	2012	**2011**
Operating, general and administrative expenses	**(467,489)**	(335,611)
Personnel and charges	**(270,700)**	(209,630)
Depreciation and amortization	**(228,933)**	(172,525)
Marketing and sale of services	**(6,188)**	(18,780)
Construction cost	**(1,316,996)**	(555,437)
	(2,290,306)	(1,291,983)
Costs of services rendered	**(644,122)**	(534,176)
Construction cost	**(1,316,996)**	(555,437)
General and administrative expenses	**(329,188)**	(202,370)
	(2,290,306)	(1,291,983)

25. Subsequent events

On February 10, 2013, Via Parque Rimac (VPR) started up its operations and on February 13, 2013 a contractual amendment was executed between Via Parque Rimac and Lima City Government extending the concession term for another 10-year term from 30 to 40 years until 2049. In turn, the concession operator agreed to carry out new investments, as well as the payment of 7% of gross revenue as a variable concession.

On February 15, phase 1-A was completed and GRU transferred Infraero's employees who had been invited during the transition process and accepted the arrangements proposed by the concession operator. Transferred employees have their jobs guaranteed for a 5-year period; conditions defined in their employment agreements are at least equivalent to those adopted by Infraero; and employees remain associated to Infraero's social security institute (INFRAPREV – Instituto Infraero de Seguridade Social).