ALEATICA

Smart & Sustainable Infrastructure

Annual Report 2019

aleatica.com

“Aleatica is a next generation transport company. 2019 was another year guided by our five corporate pillars, with the commitment to be an investor with a long-term vision, even in turbulent times. Hand in hand with our customers, we continue to grow with the same focus on excellence.”

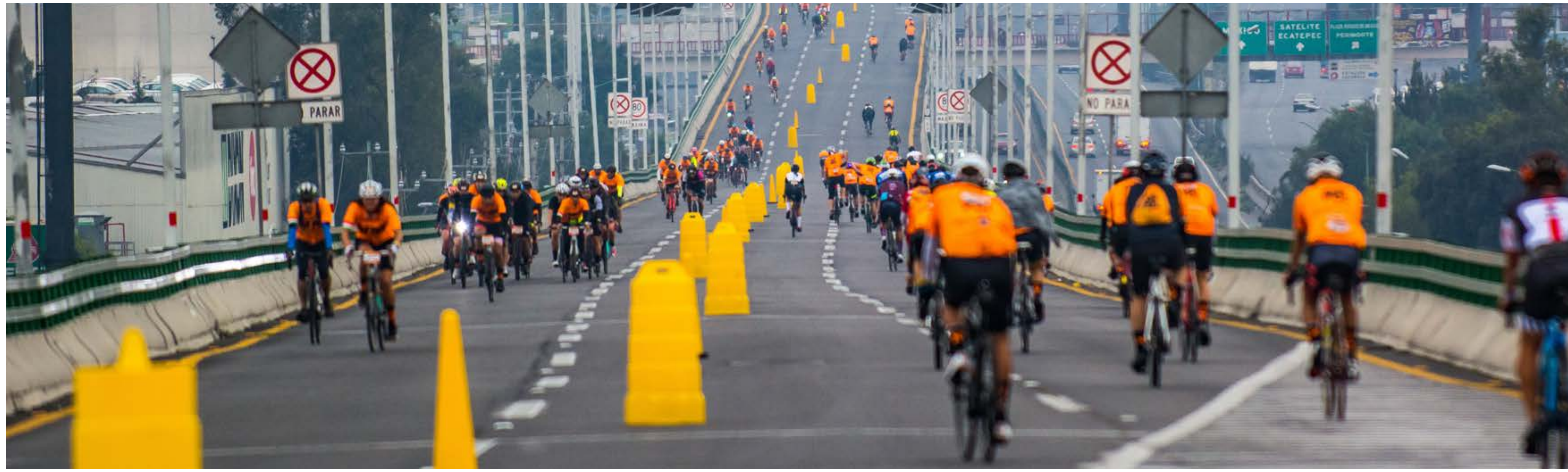
Sergio Hidalgo Monroy, CEO

Index

Letter from the Chairman of the Board

Dear investors,

2019 was a year of very committed and solid work. We are passionate about what we do, and we contribute the best of ourselves to offer our customers, neighbors, communities, workers, and all our stakeholders an optimal mobility service in constant evolution and innovation.



Our mission is to develop a culture within ALEATICA that encompasses our five pillars as the basis of an innovative and results-orientated business. Our vision is to become a preferred top tier supplier of transportation solutions, recognized for exceeding customer and shareholder expectations, whilst contributing to the sustainable development of our planet.

ALEATICA has completed the initial transformation from being part of a construction company to becoming an independent concession company in the long term. During 2019 we formed our global teams which are responsible for each of our pillars, we incorporated new knowledge, we recognized the most committed, expert and conscientious internal talent, we established best practices as our standard in each of our divisions, and we developed a goal-orientated performance management system.

In 2019, we defined and committed to seven of the United Nations 2030 Agenda Sustainable Development Goals (SDG), as we strive to be a company that contributes to the well-being of people, the environment and to opening up opportunities, equality, and diversity. We are confident that it is only possible to achieve the SDG and prosper as humanity and as a company by creating alliances based on trust, joint responsibility, institutionality, transparency, commitment, and integrity in everything we do.

Safety is our number one priority for our employees, our clients, and our stakeholders. Throughout 2019 we incorporated the ALEATICA Accident Prevention Program, the pilot of Job Hazard Assessment Alive, our Near Miss Project, and we adopted the iRAP (International Road Assessment Programme) as the standard for the state of all our roads. We established goals that will keep us happily engaged and totally focused on fulfilling them, improving ourselves and our service.

Like all companies and institutions, during 2019 we faced interesting political, social, economic, and security challenges globally. To face these challenges promptly, we provided an optimal mobility service and we strengthened our risk management system, our audit methodology, and our compliance strategy.

Social and environmental sustainability is what we base ourselves on, knowing that true growth is only possible if people and nature can flourish.

ALEATICA's Board of Directors is responsible for supervising the implementation of the sustainability strategy in each of our business units. In 2019 we incorporated a diagnostic methodology, project implementation and impact evaluation to incorporate a truly sustainable approach to the lives of people and their environment.

We align the principles of IFM investors and ALEATICA's operations every day, to be a worthy service provider for our customers and a sound investment for our shareholders. In this sense, one of our next actions is to implement a clear and consistent communication plan, in both senses, to promote our commercial values through our everyday actions. We will increase our creativity and goodwill to better serve our clients and be part of a global community in constant change.

Fortunately, our business is all about people. We appreciate the opportunity of being a service company, of being part of people's lives by facilitating their mobility in increasingly sustainable, innovative and creative ways, always giving our best.

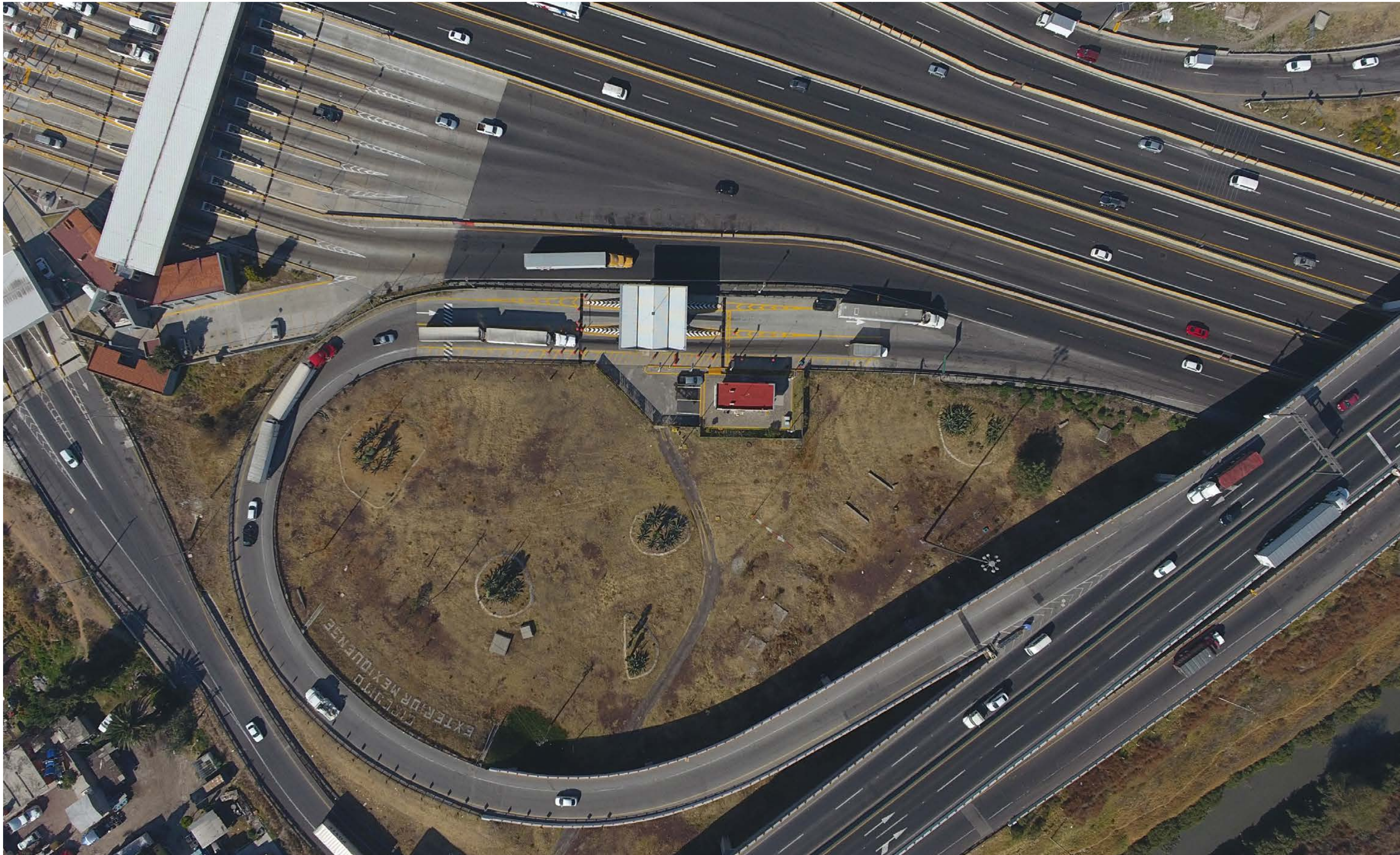
Please always let us know how we can improve.

Our goal is to build a sense of community wherever we have a presence. We are committed to your safety and we care about each one of you: clients, neighbors, workers, and stakeholders.

Sincerely,

Kenneth Frederick Daley

Chairman of the Board
of Directors, Aleatica



Aleatica in Mexico

Present and future value generation

2019 was a year with many challenges for the Mexican economy. Therefore, along with the temporary gasoline shortage that we saw in the year, total traffic on urban roads presented a decrease with respect to the previous year. Long-haul concessions like Autopista Amozoc-Perote and Libramiento Elevado de Puebla had better traffic performance. However, we reported growth both in toll revenue and EBITDA for tolls on all highways.

Operational highlights

Employees: **1,764**

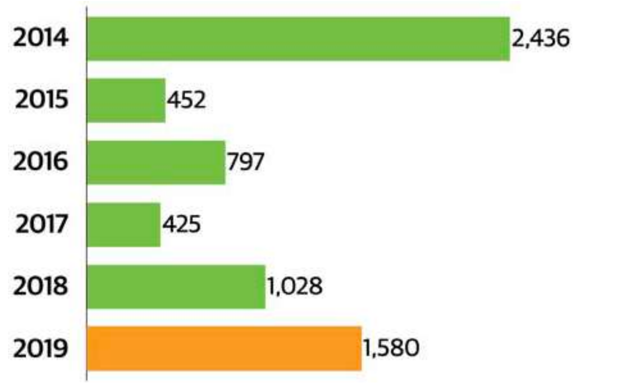
Average remaining life of active roads: **+28 years**

*Does not include data from Toluca International Airport.

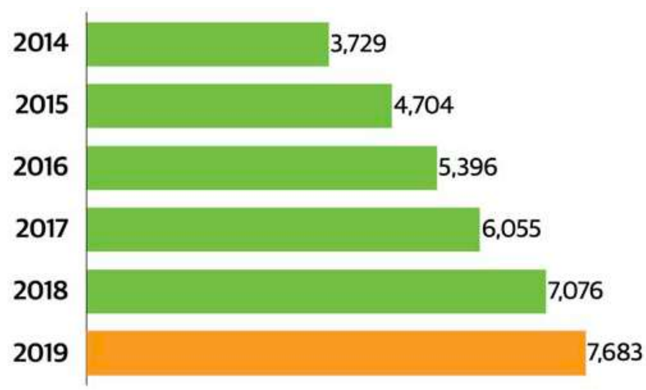
- **Victims of fatal accidents**
  31: 23% reduction vs. 2018
- **Emissions of t CO_2e pollutants***
  -3% compared to 2018 scope 1
- **Investment in the community**
  18.1 MN Pesos
- **Average Satisfaction Survey rating in 2019**
  8.4/10

*Scope 1 emissions are considered with respect to 2018, without considering central offices, TeleVía and ALEATICA Labs in the calculation.

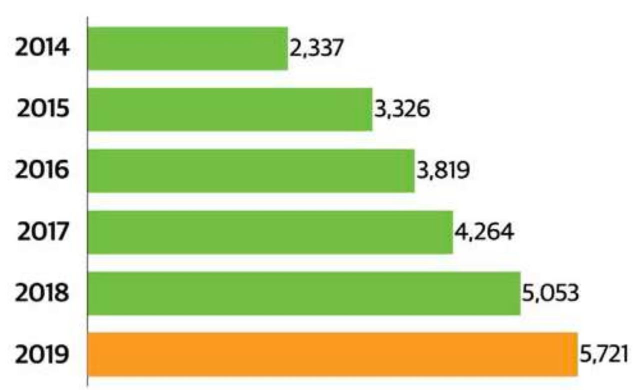
Investment in infrastructure by concessions [1]



Income from toll fees



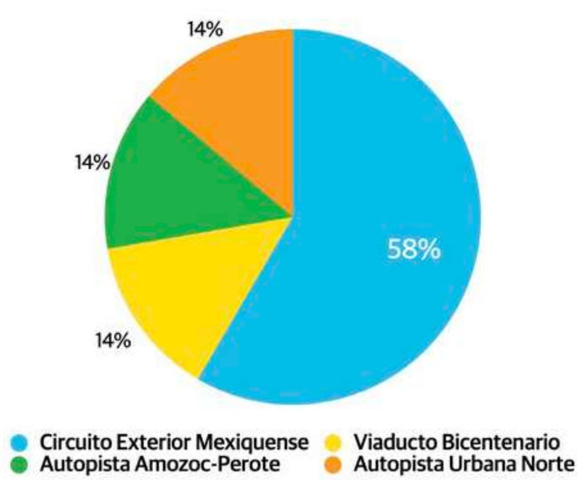
EBITDA from toll fees



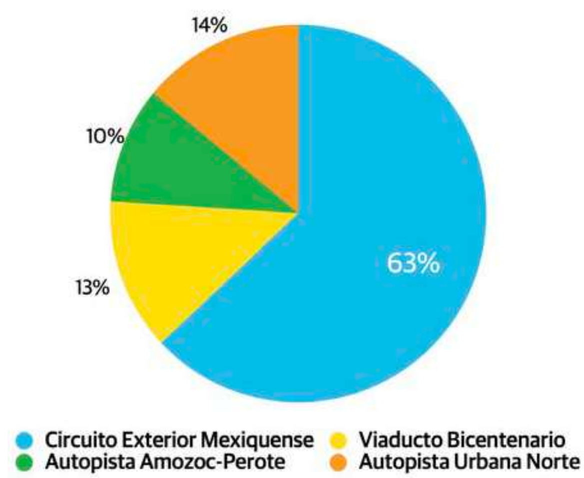
All figures on this page are in millions of pesos.
[1] Does not include investment in joint ventures (POETAS, LEP and AMAIT).

Concession	Year Approved	Start of Operation	Validity Expiration	Distance	% of Participation	Internal Rate of Return	Stage
				in Km	ALEATICA		
Mexiquense	2003	November 2005	2051	155.0	51.0%	10%	110 km in operation
Autopista Amozoc- Perote							
Amozoc - Perote	D/A	January 2007	2063	104.9	69.2%	D/A	Operational
Libramiento de Perote	D/A	July 2004	2043	17.6	69.2%	D/A	Operational
Viaducto Bicentenario	2008	September 2009	2038	32.0	100.0%	7%	Operational
Libramiento Elevado de Puebla	2014	October 2016	2046	15.3	51.0%	10%	Operational
Autopista Urbana Norte	2010	December 2012	2042	9.8	100.0%	10%	Operational
Supervía Poetas	2010	June 2013	2043	5.0+2.0	50.0%	10%	Operational
Atizapán-Atlacomulco	2014	D/A	2044	77.2	100%	D/A	Construction
AMAIT	2005	June 2006	2055	8 MM	49.0%	D/A	Operational

Income from toll fees 2019



EBITDA from toll fees 2019



Figures in millions of pesos, except data per share in pesos	2018	2019	Variation
Total income	23,562	22,710	-3.60%
Income from toll fees	7,076	7,683	8.60%
Total EBITDA [1]	20,060	19,012	-5.20%
Total EBITDA margin	85.10%	83.70%	
EBITDA from toll fees	5,053	5,721	13.20%
EBITDA margin from toll fees	71.40%	74.50%	
Net profit per share [2]	5.52	5.01	

[1] Operating profit plus expenses for depreciation or amortization.
[2] Average shares in circulation 1,732,185,269.

Shareholder composition as of December 31st, 2019	%
Magenta Infraestructura, S.L.	67.88%
Aleatica Investments, S.A. (previously OHL Investments)	16.99%
Aleatica S.A.B. de C.V. (Repurchase fund)	1.15%
Investing Public	13.99%
Total	100%

Relevant Operating Data

Operating Information			
	2018	2019	Variation
Average daily traffic			
Circuito Exterior Mexiquense (1)	355,457	350,559	-1.40%
Viaducto Bicentenario (2)	33,366	33,291	-0.20%
Autopista Amozoc-Perote (1)	43,675	46,511	6.50%
Autopista Urbana Norte (2)	58,319	58,103	-0.40%
Supervía Poetas (1)	48,693	48,512	-0.40%
Viaducto Elevado Luis Cabrera (1)	33,059	32,891	-0.50%
Libramiento Elevado de Puebla (1)	31,915	33,109	3.70%
Average fee per vehicle			
Circuito Exterior Mexiquense (3)	32.59	35.39	8.60%
Viaducto Bicentenario (4)	29.01	30.46	5.00%
Autopista Amozoc-Perote (3)	55.28	61.63	11.50%
Autopista Urbana Norte (4)	26.5	29.31	10.60%
Supervia Poetas (3)	41.84	44.1	5.40%
Viaducto Elevado Luis Cabrera (1)	14.58	15.44	5.80%
Libramiento Elevado de Puebla (1)	44.59	48.02	7.70%

(1) Average Equivalent Daily Traffic
(2) Average Daily Intensity (or "ADI")
(3) Average Fee per Equivalent Vehicle
(4) Average Fee per Vehicle

Airport Operating Information			
	2018	2019	Variation
Average daily traffic			
Commercial passengers	566,876	580,469	2.40%
Commercial operations	7,805	6,584	-15.60%
General aviation operations	86,336	75,231	-12.90%
Income per passenger (pesos)	337.6	307.3	-9.00%
Airport income per passenger (pesos)	214.5	187.7	-12.50%
Non-airport income per passenger (pesos)	123.1	119.6	-2.80%

(1) Average Equivalent Daily Traffic - means the Average Equivalent Daily Traffic and is the result of dividing the cumulative number of equivalent vehicles in a period (month or year) by the number of days in the corresponding month or by 365 days.

(2) Average Daily Intensity (or "ADI") - means the Average Daily Vehicle Intensity, which is the measure of traffic in some of the Company's concessions and is defined as the sum of kilometers traveled daily by all the highway customers, divided by the total kilometers in operation of said highway. This measure represents the number of customers that hypothetically would have traveled the total number of kilometers in operation on said highway.

(3) Average Fee per Equivalent Vehicle - the result of dividing the toll revenue for the period by the Average Equivalent Daily Traffic for the number of days in the period.

(4) Average Fee per Vehicle - the result of dividing the toll revenue for the period by the total number of vehicles in the period.


104
103
102
Gana
MultiTag

Our Corporate Pillars

At ALEATICA we provide the smart infrastructure solutions that a travelling world requires.

We work every day to improve the quality of life and the conditions of our surroundings. We develop technological projects for sustainable mobility, and we generate strategic alliances with people committed to caring for the environment.

Through our actions we create safe routes. Thus, the pillars of the company are reinforced in all our actions and projects.

1. Safety First

Safety is always our top priority. We take care of each customer, each person, always. It is an attitude present in the ALEATICA culture.

2. Social and Environmental Sustainability

For ALEATICA, if what we generate is not sustainable, we do not develop it. We respect and strive to improve the environmental and social surroundings in which we operate. We promote human rights and drive social inclusion.

3. Excellence in Service

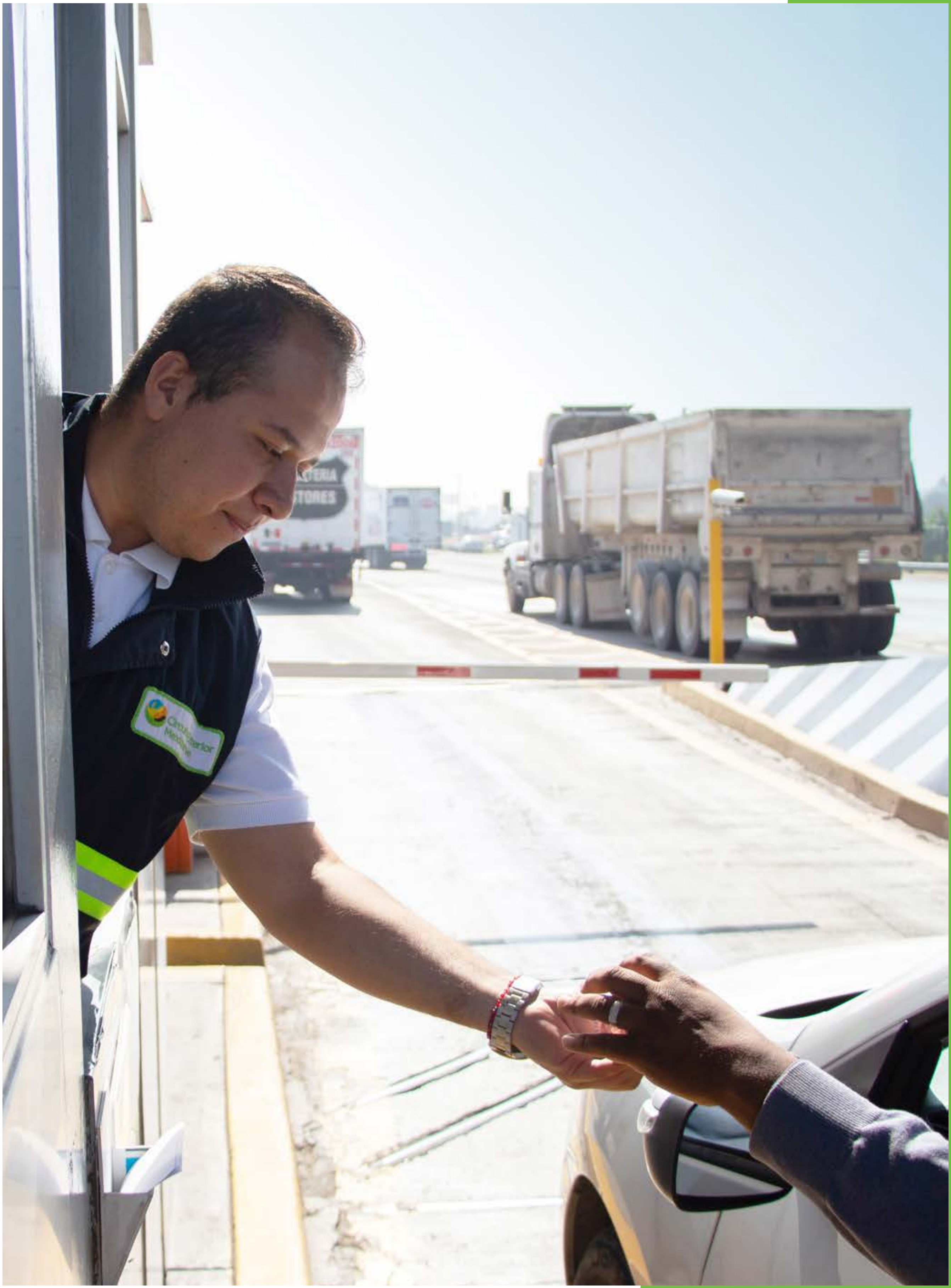
Our reason for being is people. We serve and care for our customers. We apply a systemic and innovative approach, to provide a high value-added service. We are allies of our customers.

4. Transparency and Corporate Governance

We apply the highest corporate governance standards. We adopt international best practices to ensure transparency. We seek efficiency and integrity in the service provided.

5. Passion for the Team

Our people, with their commitment, passion and vision, make it possible to achieve the results and the mission that we propose as a company. We recognize their effort, commitment and collaboration. We enjoy life, inside and outside of the office.



1. Safety First

For ALEATICA, safety is our priority. This allows us to operate responsibly, avoid risks for our workers and customers, as well as ensures the sustainability of our business. Therefore, together with regulatory bodies, key suppliers and industry associations, we create a culture of safety and good practices in our operation.

Our goal is to achieve excellence in safety matters and become a benchmark within our sector, for our customers and workers.

To achieve this objective, our Management is composed of three strategic areas, within which experts from the following areas are in charge:

- Occupational Safety / Labor Risk Prevention
- Road Safety
- Environmental Safety

Security for Our Customers

Our commitment to road safety focuses on strengthening:

- Quality of infrastructure and equipment.
- Clarity of signs.
- Business culture and employee behavior.
- Care for workers and vulnerable customers.
- Timely and fast response from emergency services.
- Speed limits and driving conditions.

We are committed to implementing short, medium, and long term measures to significantly reduce fatal and serious accidents and pursue the commitment set out in the Decade of Action for Road Safety (Decenio de Acción para la Seguridad Vial), with the Mexican Red Cross as our ally. Grupo Autopistas Nacionales worked in this way and in 2019 obtained the ISO 39001 certification in Road Traffic Safety Management.

ALEATICA joined the We Are all Road Safety Program, developed by the Sustainability team, to strengthen road culture in the communities and neighborhoods around our routes. The Program aims to be implemented in public schools close to the road and accident black spots. Through this program we contribute to the reduction of accidents in compliance with the UN 2030 Agenda Sustainable Development Goals 3), Good Health and Well-being and 11) Sustainable Cities and Communities. The Red Cross is a member of the Global Road Safety Partnership (GRSP) and the decision to formalize our collaboration with this international organization reinforces our commitment to SDG 17), Partnerships for the Goals. During 2019, training was given to 1,100 students and the school communities of two institutions on Circuito Exterior Mexiquense, as well as to 70 workers from this concession.

Additionally, through the Accident Reduction Program (Programa de Reducción de Accidentes) we created ALEATICA's 2020-2025 strategic road safety plan. As part of this plan, we intend to reinforce the focus on safety for our routes, taking into account three factors that are involved in road accidents; the road factor (by analyzing the infrastructure and assessing the need to install passive safety elements or through the reconfiguration of roads); the customer factor (with the reinforcement of training and informative campaigns); and the vehicle factor (through training, information, and support campaigns for our clients through checking their vehicles). In 2019 we reduced injuries in Mexico by 14% and reduced fatalities of customers by 23% compared to 2018.

Security for Our Workers

Comprehensive health and safety system

The company has focused on strengthening the health and safety training and strategy through the Safety Plan authorized by the Board of Directors in December 2019, for our employees. This applies to all subsidiaries and establishes the main commitments to this matter by ALEATICA and its subsidiaries.

In December 2019 development of the SMS (Safety Management System) was completed. It is a system based on the internationally recognized continuous improvement cycle, initiating implementation for subsidiaries such as Circuito Exterior Mexiquense, Autopista Urbana Norte, and Viaducto Bicentenario. The expansion of the SMS is also proposed for the other subsidiaries, establishing a unified operating standard.

Hazard identification, risk assessments, and accident investigation

During 2019, 100% of ALEATICA's subsidiaries standardized or updated their hazard identification and risk assessment processes through the Hazard Risk Assessment Identification methodology (IPER) (Identificación de Peligros y Evaluación de Riesgos), which is aligned with international best practices and complies with the regulations in our country. Similarly, a standard accident communication chain was established, where accidents are reported in an orderly manner to the appropriate chains of command, within the times set out internally and required by regulation. Also, where applicable, they are communicated to the corresponding government authorities.

The root cause of all accidents at ALEATICA is analyzed and corrective/preventive actions are taken to avoid any recurrence.

During 2019, 100% of ALEATICA's subsidiaries standardized or updated their hazard identification and risk assessment processes.

During 2019 there were no employee deaths or illnesses due to occupational activities; however, there were three fatalities of contract workers in accidents at Mexican subsidiaries. These events led to the establishment of a collision plan through a contractor shutdown, which led to greater regulation of these events and to the establishment of the Safety Control Group, consisting of ALEATICA specialists, who review all the contracts made by the subsidiaries. Consequently, ALEATICA established the mechanisms to check the Workplace Health and Safety compliance of all contractors.

Health services

At ALEATICA our medical services are an indispensable part of our employees' health care. The health services are based on a Medical Services Operational Manual, which unifies the operating standards of such medical services by country. All subsidiaries have health care plans in place, through their own prevention service or through a third party.

Workplace health and safety training

The regulation of employee training programs is divided into three fundamental aspects:

- Basic induction training on occupational health, safety, and the environment.
- 5-10min training talks/daily talks to workers.
- Specialized training by third parties on high risk jobs.

Participation, consultation, and communication of health and safety services

In 2019, the different employee initiatives that ensured effective participation were consolidated via the ALEATICA Safety Plan. Likewise, a significant effort was made to strengthen the communication and information channels, improving the communication flow between the areas involved in the Safety Plan. Some of the most important actions were:

- The formation of the Workers' Security Committee.
- The pilot implementation of Job Hazard Assessments Alive on urban highways (Autopista Urbana Norte and Viaducto Bicentenario).
- The installation of communication boards through the Safety Plan.
- The creation of an area-specific email: safety@aleatica.com.
- The production of graphic safety material.
- The insertion of frequent communications in the OneALEATICA Newsletter.


ANILLO PERIFERICO
REFORMA CENTRO A 750 m
REFORMA LOMAS A 1 Km
ANILLO PERIFERICO
TOLUC
P DE LAS PA
60
km/h

2. Social and Environmental Sustainability

For ALEATICA, if what we generate isn't sustainable, then it isn't development. For this reason, we established a comprehensive program for social and environmental sustainability through which we make quantifiable contributions to the United Nation's 2030 Agenda Sustainable Development Goals (SDG).

In 2019 we invested a total of 18.1 million pesos in projects that supported the communities of the areas in which we operate, and we were able to reduce our carbon emissions by 3%, Scope 1, in comparison to 2018.

ALEATICA is adhered to the Global Compact Mexico, a United Nations initiative that invites companies and organizations to align their strategies and operations to the 10 Global Compact Principles on human rights, labor laws, the environment, and the fight against corruption.

Through this initiative, the Sustainable Development Goals (SDG) of the 2030 Agenda are promoted in the private sector. They aim to generate an international movement of sustainable companies in alliance with governments and civil society to develop our planet in a sustainable way.

Through our sustainability strategy we contribute to six of the 17 Sustainable Development Goals.

In 2019 we opened our Global Sustainability and Customer Care Office, and we defined our Sustainability Strategy, that was presented and approved by the Board of ALEATICA. From there, a Global Sustainability Team was formed throughout 12 Sustainability Committee sessions, having a renewed paradigm of sustainability as a starting point. The implementation of the strategy consisted of:

1. Sustainability Culture

Promote a culture of sustainability in the corporation and in the business units, through the understanding and adoption of international standards and best practices, based on the nature of ALEATICA's business.

2. New Sustainability Methodology

Diagnosis

Through a Materiality Analysis, which aims to identify the internal and external social and environmental issues that are most relevant for the interest groups of each business unit and the corporation.

Projects Implementation

Dealing with the relevant issues that have been identified, which simultaneously enables risk prevention and allows us to meet community needs and the expectations of our investors and stakeholders, to continue with successful projects with the relevant improvements.

Impact Evaluation

Ensuring that the resources destined for internal and external social and environmental projects and actions, represent an investment that positively changes the reality of the beneficiaries.

3. Environment and Climate Change

Climate Change

We measure our carbon emissions through the implementation of ALEATICA's Carbon Emission Protocol, which establishes the governance and the methodologies for management and communication of the greenhouse gas emissions (GHG) that result from our activity. This protocol will allow us to advance our measures to reduce our electric consumption and the progressive low carbon operation of our assets.

We were able to reduce our carbon emissions by 3%, Scope 1*, in comparison to 2018.

*Scope 1 emissions are considered with respect to 2018, without considering central offices, TeleVía and ALEATICA Labs in the calculation.

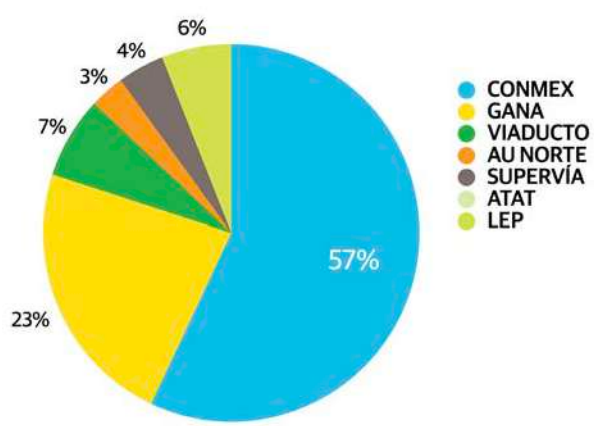
CO2e Emissions*	*2018 Total	2019 Total	2018/2019 Difference (%)
Scope 1 Emissions (t CO2 e)	2,425.25	2,580.08	6%
Scope 2 Emissions (t CO2 e)	5,197.96	5,375.49	3%
Scope 3 Emissions (t CO2 e)	2,680,265.96	2,706,629.61	1%

Scope 1: Direct emissions from GHG.
Scope 2: Indirect emissions from GHG.
Scope 3: Losses from transport and distribution of electricity; also includes the use of the product and journeys.
*Data included from Mexican concessions and offices.

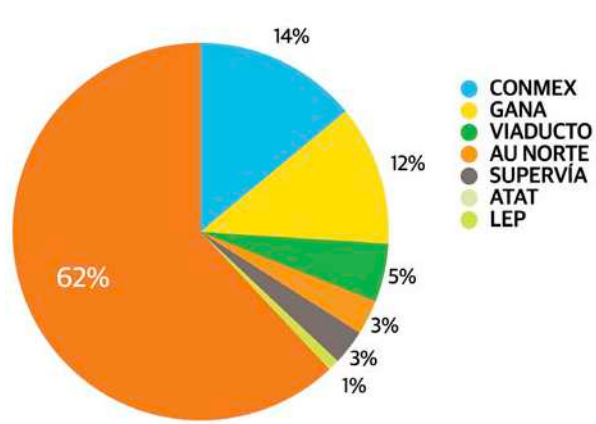
Greenhouse Gases	2018 Total (metric tons)	Total 2019 (metric tons)	2018/2019 Difference
CO2	719.501	726.141	1%
CH4	405	402	-1%
N2O	7.381	7.457	1%

*Data included from Mexican concessions and offices.

Emissions Distribution in Mexico



Water Consumption Distribution by Concession



	Units	2018 Total	2019 Total	2018/2019 Difference (%)
Electricity consumption	Kwh	10.760.693	11.303.394	5%
Gasoline consumption	Liters	654.535	585.324	-11%
Diesel consumption	Liters	111.170	127.216	14%
Liquid gas consumption (LPG, Butane, Propane)	Liters	391.646	412.963	5%
LPG/electrical vehicles	Nº	43	38	-12%
Consumption of solar energy generated on the premises	Kwh	699.786	684.398	-2%

*Includes data from associated concessionaries.

Energy Consumption and Main Reduction Measures

We continue to progressively drive our position to improve the energy efficiency of our infrastructure, mainly through three aspects: efficient technology, solar energy, and more sustainable vehicles, which increased during 2019.

Water Consumption

38% of the Mexican concessions' water consumption comes from the distribution network (pressure pipes, channeling, and ditching), 49% from subterranean water, and 13% from surface waters like rivers, lakes, canals, and reservoirs. Circuito Exterior Mexiquense, Grupo Autopistas Nacionales, Supervía Poniente and the Toluca International Airport make sure that 100% of the water that is consumed is treated through physical and biological means prior to being reused for irrigation or discharged into the sewer network, the ground, underground, or into any body of water. This means that 92% of the water consumed by the Mexican associations is treated.

Efficient Technology

ALEATICA promotes the substitution of obsolete lighting for LED technology; since 2016, installed LED technology is monitored and increased progressively from year to year. In 2019, the Mexican associations had 470kW of installed LED power.

In Peaje Naucalli de Viaducto, Mexico, the highway lamps that consumed 100W/h were substituted for LED lamps with greater energy efficiency, only consuming 50 W/h.

Solar Energy

We started operations for "Naucalli" Solar Farm KM04+200 Body B of Viaducto Bicentenario, which has 190 solar panels with 250W each. We estimate that the total installed capacity will be able to generate up to 47.5kW, supplying 100% of the energy required for the section located in Naucalli.

For Circuito Exterior Mexiquense, 106% more solar energy was generated in its own installations in comparison with 2018, reducing the purchase of energy for its operation by 23%.

For LEP, by the end of 2019, the installation of 772 solar panels with the capacity to generate 247kW was initiated. This will provide energy to a large part of the project's lighting, buildings, and toll areas. Once in operation, a saving of 40% of the energy supplied by CFE (the Federal Electricity Commission) is estimated, along with a saving in spending of the same percentage.

Sustainable Vehicles

As part of our commitment to the search for sustainable mobility solutions, we encourage strategic alliances to reduce emissions linked to the use of our infrastructure. The EcoTAG initiative promoted by TeleVía in 2017, that applies discounts to clients with electric or hybrid vehicles on the Mexico City toll roads, supports the reduction of CO2 by 21% compared with emissions from vehicles running on gasoline or diesel. In 2019, 1,059 EcoTAGs were activated, representing a total number of 2,593 active EcoTAGs from 2017 to 2019.

Waste

We drive the comprehensive management of our waste through initiatives taken by our team to contribute, from our field of activity, to an efficient and competitive economy with a low environmental impact. We currently dispose of our waste in accordance with Mexican laws and regulations.

97% of the non-hazardous waste corresponds to mixes (urban or urban-assimilated), while 1.6% corresponds to organic waste and the remaining 1.4% to scrap metal, plastic, and wood.

In terms of hazardous waste, tires that are no longer in use account for 90% of the total disposed. These mostly come from waste abandoned by our customers in our infrastructure; they are collected and separated during cleanups. The other 10% corresponds to battery waste (5.1%), oil and grease residue (2.9%), and residue from absorbent materials like rags, sepiolite, etc. (1.9%). The remaining is from the generation of plastic and metallic residue contaminants, as well as oil.

Consumption of Materials

The principle material consumed by the associations that make up ALEATICA is composed of bituminous or asphalt mixtures, purchased directly from suppliers, which represents almost 97.7% of the materials used in the main maintenance tasks, both minor and major, of our infrastructure. Paints or prints, oils and fats, polishes, fertilizers and salt, make up the remaining 2% of the total materials consumed.

The consumption of our materials may decrease or increase significantly from one year to the next due to specific maintenance needs or the growth of infrastructure over the period.

Biodiversity, Ecosystem Recovery, and Reforestation

The effects of ALEATICA's infrastructure on biodiversity are evaluated in the investment phase of the assets under concession through the identification, evaluation, and establishment of compensatory or mitigative measures approved by the country's regulatory bodies.

The main impacts are the transformation and fragmentation of habitats, the reduction of species, noise pollution, amongst others. During the operational stage, if the infrastructure intersects a protected natural area, the main impact that remains after the construction phase, is the fragmentation of the habitat, which is an irreversible impact.

ALEATICA makes significant efforts for the recovery of damaged areas and the protection of biodiversity.

Environmental Risks

Much of the damage caused by natural disasters, which have worsened with climate change, have been identified amongst the main environmental risks for the Group. The geographic location of some infrastructures makes them vulnerable to earthquakes and tsunamis, as well as torrential rain and floods. This is why multiple emergency drills have been carried out to prepare our response towards natural disasters.

During 2019, we carried out an exercise to put together a preparation and response plan for emergencies, with all of the concessionaries of the Group; in which each association identified the environmental risks that they had around them, and at the same time, implement plans of action to mitigate each of these risks.

4. Supply Chain

The Code of Ethics, the Anticorruption Policy, the Responsible Purchase Policy, and the Internal Purchase Regulation are the main axes of our process for the management of purchases and contracts. We also adhere to ALEATICA's Purchase Rule RHS-NORM-01, that forms part of the internal documents of ALEATICA and which employees have access to through our Intranet.

Purchase Structure

The organizational structure responsible for the purchasing process is also in charge of the general services in the majority of the business units. Some purchases are carried out centrally. During the second half of 2019, in order to strengthen the purchasing process, the Process and Continuous Improvement Management, in collaboration with the Risk, Compliance and Auditing Management, revised the supply chain to integrate the following corporate and operative functions to the purchase area: identification of the need for purchases, quote request, comparison of prices, supplier evaluation, issuance of the purchase order, payment of suppliers, consolidation of payments, etc.

We make significant efforts for the recovery of damaged areas and the protection of biodiversity.

Supplier Evaluation

To ensure the continuity of operations and service to our customers, within the evaluation of risks that is carried out by the Risk Management, operational risks are identified and classified as coming from offers, outsourcing and suppliers, the execution of the construction, the management of exploitation, labor, environmental, from technology, and systems.

The suppliers' adherence to our code of conduct and ethics is formalized through the contractual agreement in which a clause is included on the knowledge and compliance with our Code of Ethics as a condition to begin a relationship with any of the Group's companies. Additionally, we carry out a process to evaluate the due diligence of critical suppliers to formalize their best practices.

5. Fiscal Contribution

Fiscal transparency and responsibility are fundamental pillars of the ALEATICA Group Fiscal Policy, and therefore, in the management of all our economic activities. These principles are displayed with diligence when it comes to complying with all tax obligations, including taxation and collaboration with the tax authorities in each of the jurisdictions in which we operate.

3. Excellence in Service

The infrastructure we provide is for people; people are our reason for being. That is why we focus on generating solutions that allow us to offer an excellent service which provides our customers with safe, reliable, and quiet routes.

We work with roadside assistance, operations, maintenance, safety, and customer service teams and provide our customers with various ways to contact us so that we can listen to them, solve their needs, and heed their suggestions. Every contact received is attended personally and immediately.

We focus on generating solutions that allow us to offer an excellent service.

Customer Care

The Customer Care team specializes in the opening and management of communication channels that allow us to serve our customers, in addition to promoting a process of continuous improvement in our infrastructure service, which has contributed to generating a new way of working and guarantees excellent service in collaboration with the Operations Team.

Our goal is that by making use of the ALEATICA infrastructure, our customers will know that they are in good hands and that we collaborate with them in taking responsibility for ourselves as drivers, travelers, and providers of an excellent service.

We carry out inquiries about the service we provide to understand the thoughts of our customers. Through these mechanisms, our customers guarantee our continuous improvement.

Satisfaction surveys carried out in 2019 gave an average rating of 8.4/10 where, in the case of CEM, AuNorte, VB, and GANA these surveys were done after providing Road Assistance service to the customer.

We also generate a monthly integrated report of the types of contact we have with our customers; suggestions, information requests, complaints, service requests, positive feedback, and service offerings.

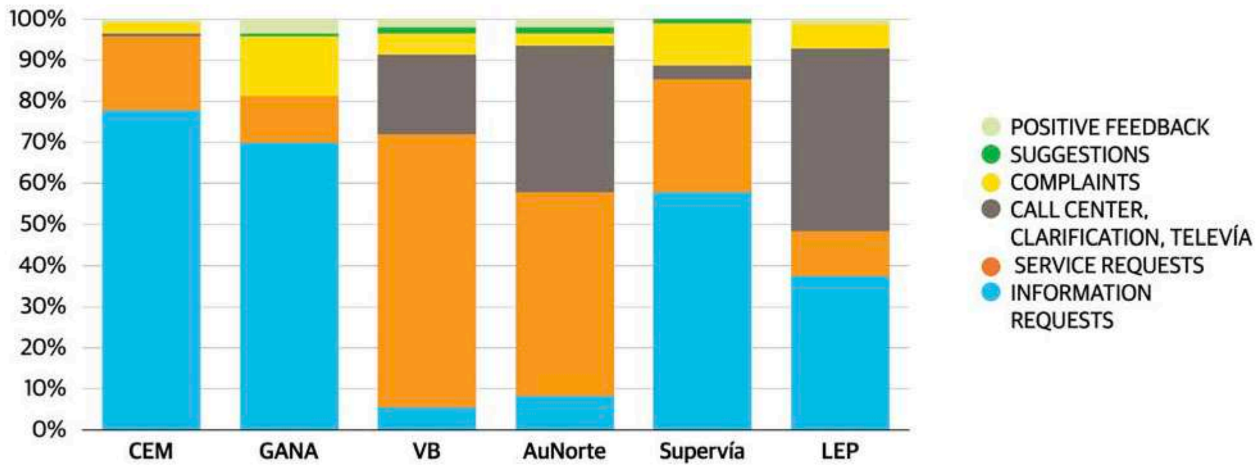
Mexico								
Contact method	CEM	GANA	VB	AuNorte	Supervia	LEP	TeleVía	AIT
Website	•	•	•	•	•	•	•	•
Email	•	•	•	•	•	•	•	
Telephone	•	•	•	•	•	•	•	•
Control center/ Emergencies	•	•	•	•	•	•		
Support center	•	•	•	•	•	•	•	
Twitter	•		•	•	•	•	•	•
Facebook	•		•	•	•	•	•	•
YouTube	•		•	•	•			•
WhatsApp						•	•	
App							•	

Satisfaction Surveys 2019	
Business Unit	Rating
CEM	8.1/10
GANA	7.9/10
VB	8.8/10
AuNorte	8.8/10

Complaint Origins

Our Customer Care team manages each and every complaint received for the different concessions. In 2019 there were no registered substantiated claims relating to customer privacy violations and loss of customer data.

Mexico Contact 2019



Main complaints	Concessions
Staff support	Circuito Exterior Mexiquense, Grupo Autopistas Nacionales
Tag detection	Libramiento Elevado de Puebla
Physical state of the highway	Circuito Exterior Mexiquense, AuNorte, Supervía Poniente
Billing	Grupo Autopistas Nacionales
Automatic links	AuNorte, Viaducto Bicentenario
Roadside assistance	Grupo Autopistas Nacionales, AuNorte
Waiting times	Supervía Poniente
Irregular public transport	Viaducto Bicentenario

Personal Data Privacy

In ALEATICA we pay special attention to ensuring the privacy of personal information to guarantee the right to data protection of all the people who interact with the companies belonging to the group. Thus, we ensure respect for the rights to honor and privacy in the processing of personal data and, in particular the establishment of common principles and action guidelines that must govern the group in terms of data protection, guaranteeing compliance with applicable legislation in this matter.

In 2019 we finalized the adaptation to the different data protection regulations. However, before this adaptation, no claim about data privacy or violation of this requirement had been reported to the authorities. After the adaptation, we have not received any claims in this regard.

Customer Service

Circuito Exterior Mexiquense

In order to sensitize employees to the importance of providing a good service and improve the perception that customers have of Circuito Exterior Mexiquense, we provide support material to operational service personnel to improve the service process and efficiency of incoming calls to the 01-800 number and to the Control Center. The support material consists of a Q&A guide that includes the most frequent questions asked by customers such as billing issues and general information about the road. Templates are also provided to send emails so that a more personalized and standardized service is offered. Training and workshops on customer service and support were also carried out by three service groups: cashiers, treasurers, and shift management.

Autopista Urbana Norte and Viaducto Bicentenario

A workshop on customer service was given to 67 employees who have direct contact with customers; chiefs and road operators, control center operators and roadside assistance officers. Four sessions were held which totaled 16 hours per participant. Likewise, in the last quarter of 2019, a customer service and support workshop was held for the guards from the security company we use. The talks were given in conjunction with the Physical and Patrimonial Operations and Security area. Three sessions were carried out, which totaled 3 hours per participant for 45 people. This initiative is part of a plan to improve the service on our roads.

Grupo Autopistas Nacionales

117 employees from the operative area, who have functions associated with contact with customers, were trained. The training course "Excellence in Customer Service and Support" was carried out in the toll booths of Cuapiaxtla and Cantona. Likewise, a new portal was developed for customer billing (www.gana-mexico.com.mx), with the objective of reducing the number of complaints for this matter and offering an efficient and personalized electronic billing service.

Supervía Poniente

At Supervía Poniente, the course "Improving Customer Support", was taught by the Construction Industry Training Institute for the control center personnel, as well as the road management and operators.

TeleVía

To offer a more efficient service, at TeleVía the process of updating banking data was improved for clients that were considered trustworthy –the criteria was established according to the client's compliance profile – and for clients whose credit card would expire soon. This allowed us to improve the customer experience and service. During 2019, 1,272 cases were attended.

4. Transparency and Corporate Governance

One of the most important pillars for ALEATICA is transparency and corporate governance, as our business seeks to build a trusting relationship with all our stakeholders; customers, employees, suppliers, partners, governments, communities that we impact, and any group or person who is related to the business.

In order to ensure that the decision-making and transparency of our information is clear and accurate, we have taken solid steps in our corporate governance structure and in the ALEATICA Compliance program, which contains international best practices and has been endorsed and approved by the Board of Directors.

As ALEATICA, we promote and adopt the transparency mechanisms necessary to guarantee a reliable and equitable service. We have the support and experience of the IMF Investors, our controlling shareholder, which is a signatory of the Principles for Responsible Investment of the United Nations.

The members of our governing bodies are committed to regulatory compliance in line with all international regulations and with the countries where we work.

ALEATICA is listed on the Mexican Stock Exchange and is part of the FTSE4Good index for emerging markets in Latin America.

Corporate Governance

ALEATICA S.A.B. de C.V. is the parent company of the ALEATICA group in Mexico. This Mexican company is listed on the Mexican Stock Exchange and is the direct/indirect owner of its share of the group in the country. The principles of its Corporate Governance are as follows:

- ALEATICA Board of Directors, S.A.B. de C.V. consists of eight members, of which five are independent directors; that is to say, more than half of the Board of Directors is independent.

- The Council has created two Committees: The Audit Committee, formed exclusively of independent members, and the Corporate Practices Committee, also formed exclusively of independent members.

As ALEATICA, S.A.B. de C.V. is listed on the Mexican Stock Exchange, it attracts the supervision of the National Banking and Securities Commission (CNBV in Spanish) and the application of relevant regulations, along with the Ley del Mercado de Valores (LMV), the Circular Única de Emisoras and the Nueva Circular Única de Auditores (CUAE). These standards guarantee the transparency and integrity of financial information that the Mexican group provides to the market.

The highest governing body is the Board of Directors, which is made up of nine directors, six independent and three non-independent, normally appointed through the Ordinary General Shareholder Meeting (art. 24 Stock Market Law – LMV in Spanish), which may designate one or more alternates.

The management of the company is in the hands of the Board of Directors and the CEO (role of the CEO – art. 44 LMV) within the scope of their respective responsibilities; the Board of Directors will appoint a secretary and an alternate secretary who are not members of the Board of Directors and will also designate the people who occupy the other positions that are created to facilitate better performance of their duties.

Board of Directors

Kenneth Frederick Daley
President

Sergio Hidalgo Monroy
Director

Gabriel Núñez García
Director

Carlos Cárdenas Guzmán
Independent Director

José Guillermo Kareh Auran
Independent Director

Antonio Hugo Franck Cabrera
Independent Director

Luis Miguel Vilatela Riba
Independent Director

Francisco Javier Soni Ocampo
Independent Director

José Ignacio Rivero Andere
Board Secretary

Audit Committee

Francisco Javier Soni Ocampo
President

Carlos Cárdenas Guzmán
Member

Luis Miguel Vilatela Riba
Member

Corporate Practices Committee

José Guillermo Kareh Aarun
President

Antonio Hugo Franck Cabrera
Member

Francisco Javier Soni Ocampo
Member

Other corporate governance principles

Shareholders with voting rights, including limited or restricted rights, who individually or jointly own 10% of the Company's capital, will have the right to appoint and revoke a member of the Board of Directors at the General Shareholder Meeting. Such an appointment may only be revoked by the other shareholders when it is revoked for all other directors, in which case the replaced persons may not be appointed during the 12 months following the revocation date.

Once such appointments have been completed, the other members of the Council will be appointed by a simple majority of votes, without computing the minority shareholders' votes that correspond to the appointment or appointments mentioned (art. 50 LMV).

In accordance with the provisions outlined in the Statutes of ALEATICA, S.A.B. de C.V., the members of the Board of Directors will complete one year in office, ratifying their appointment in the Annual General Meeting. Board members will continue performing their duties even after completing the year for which they were appointed or if they have resigned from office, for up to 30 calendar days. This is in the case that there isn't a substitute or if the substitute cannot take office, without being willing to be subject to article 154 of the General Law of Commercial Companies (LGSM in Spanish).

The Board of Directors may designate provisional directors, without the intervention of the Shareholders' Meeting, in cases where the director has resigned or when there is an update to art. 155 of the LGSM (revocation of appointment cases for administrators).

The Company Shareholder Meeting will ratify such appointments and/or will appoint the substitute advisors at the Meeting. The supervision of the management, conduction and execution of the business and the legal persons it controls will be the responsibility of the Board of Directors via the Corporate Practices Committee and the Audit Committee, as well as through the legal entity that carries out the external audit of the Company.

In the selection on values, strategy and purpose, the directors are responsible for ensuring that the LMV and the Bylaws confer with each other, and that they act in good faith and in the best interests of the Company and moral persons that it controls (duty of care – art. 30 LMV). Likewise, they must maintain confidentiality in terms of the information relative to their position at the Company, when such information or matters are not of a public nature (duty of loyalty – art. 34 LMV).

In the development, approval, and update of the Company's goals, statements, values, missions, strategies, policies, and related economic, environmental and social objectives, the Board of Directors abides by the pillars of Grupo ALEATICA: Safety, Sustainability, Excellence in Service, Transparency and Corporate Governance, and Passion for the Team. Additionally, it complies with the provisions of the Code of Ethics and the Anticorruption Policy as well as the rest of the policies and standards approved by Grupo ALEATICA.

Risk and Compliance

At ALEATICA we are exposed to a wide range of challenges and risks due to the nature of our operations, which could affect our performance and prevent the fulfillment of our goals. That is why Risk Management is essential to reduce the impact and/or probability of risks to which we are exposed.

ALEATICA's Compliance Department has an independent status, which oversees the compliance with regulations by the Group, in particular the Code of Ethics and the ALEATICA regulatory system, identify and monitor inherent business risks inherent, which are addressed through the established channels.

Risk Management System

Risk Management is an institutional process present in each business unit and is advocated by the Board of Directors and the Senior Management of ALEATICA, where it is promoted as part of corporate culture.

Code of Ethics and Anti-Corruption Policy

For ALEATICA, the Code of Ethics is a simple and essential tool that our team, in accordance with our basic values, principles, and code of conduct, can use to take action in any situation. Thus, it is a basic element to strengthen our corporate sustainability strategy.

Crime Prevention Model

ALEATICA has a crime prevention model, in which the risks that the company is exposed to, due to the activities it carries out and based on its organizational structure, are identified. These risks are evaluated in terms of impact and probability. Based on the results, controls are identified that will mitigate the probability of each criminal risk occurring. These internal controls are documented with the attributes that characterize them, among which are: responsible management, frequency of performance, description of the activity, and evidence that support said control. The model is updated based on the legal and organizational changes that arise, and will be gradually implemented in the different countries where ALEATICA has a presence, taking locally applicable regulations into account.

Zero Tolerance for Corruption

ALEATICA is a group determined to guarantee the transparency and prevention of corruption. This has meant that we achieved the number one position in the IC500 ranking, developed by Transparencia Mexicana and Mexicanos Contra la Corrupción y la Impunidad, for the second consecutive year. These are Mexican civil society organizations, leaders in the anti-corruption agenda, which evaluate the quality of anti-corruption policy, considering internal standards, complaint channels, and the existence of a policy for conflicts of interest, amongst others, of the 500 most important companies in Mexico. This ranking is published by Expansión, a leading magazine on private sector issues.

Conflicts of Interest

At ALEATICA there is a rule that regulates the conflicts of interest of employees, which indicates that all ALEATICA Directors and Executives must comply annually with a declaration of interests. In addition, if any situation that could involve a conflict of interest changes during the year, the Director or Executive has the obligation to communicate it to the Compliance Department, which is in charge of managing and requesting this annual statement from all employees.

Unfair Competition

Unfair competition is a practice that we look to eliminate completely at ALEATICA, just like other practices that are contrary to corporate good faith and that do not reach the necessary ethical standards to be considered as honest. In 2019, no cases of disloyal competition were presented in any of our operations.

Ethics Channel

The Director of Compliance and Risks is the person who arbitrates the Ethics Channel of ALEATICA, which guarantees confidentiality and the protection of those who make use of this mechanism. The ethics channel is available to all of the people that form part of ALEATICA and for all of the interest groups through an external provider, with the objective of guaranteeing independence and objectivity, as well as ensuring the confidentiality and protection of its customers.

In 2019, 97 reports were received of which 86 were through the Ethics Channel and the other 11 through an email account reaching the Compliance Department. The majority of the reports referred to common work topics.

During 2019 we have not received any reports related to the violation of human rights, indigenous community rights, or the non-compliance with laws and regulations in the social and economic fields.

Transparency Page

In 2019, as an additional initiative and as part of our commitment to transparency and accountability, we developed the internet page (http://www.transparencia-aleatica.com.mx/), and made it available to the public. Its purpose is to be a consultable source accessible to all of the people and organizations that wish to know our story, the operation and the environment of Viaducto Bicentenario and Circuito Exterior Mexiquense, the two most relevant roads in Mexico for the Group.

Human Rights

Through our Human Rights Policy we establish an institutional commitment to the respect for and protection of the human rights of our employees, customers, suppliers, communities, and any other stakeholder that has a relationship with ALEATICA.

These are the main initiatives and departments that serve as a foundation to work on and survey the fulfillment of human rights at all times:

- Universal Declaration of Human Rights.
- United Nations Global Compact.
- Tripartite Declaration of the International Labor Organization, relative to the principle and fundamental rights at the workplace.
- OECD guidelines for multinational companies.
- UN Guiding Principles on Business and Human Rights.

ALEATICA Human Rights Principles:

- Eradicate forced labor.
- Work towards equality and combat discrimination.
- Offer decent work.
- Safeguard the security and health of our people.
- Respect minorities and indigenous communities.
- Promote freedom of association and collective negotiation.
- Eradicate child labor.
- Protect our people's environment and surroundings.
- Physical security, security companies, and Human Rights.


QUERETARO
PRECAUCION
CONSERVE SU CARRIL
80
MAXIMA

5. Passion for our Team

At ALEATICA we believe that excellence comes from inside the organization, from a work environment that reflects our values and fosters a corporate culture that motivates the commitment of our workers to our mission. Therefore, during 2019 we focused on improving the quality of working life for employees, providing better working conditions and strengthening the human rights of the collaborators.

Our human resources policy is composed of a set of principles that support our declaration to apply the highest human talent management standards to guarantee full compliance with local and international laws and our Code of Ethics. This ensures the absolute respect of human rights principles, and also provides a collaborative work environment that encourages the development of the maximum potential of the collaborators.

The principles that guide our actions are:

- The safety and well-being of employees is essential to enable a productive working environment.
- Zero tolerance for any type of abusive behavior and/or workplace or sexual harassment should always be guaranteed.
- The promotion of diversity and equal opportunities in the workforce supports progress towards a more inclusive society and drives greater business performance.
- The right of association and collective negotiation in the workplace must be respected and promoted regardless of local regulations.

Talent Incorporation

We recruit people whose personal values are in line with the pillars of the company. Technical skills are as important as attitudes. We seek the best match between talent and job positions.

We incorporate the best available talent, men and women trained in various educational institutions and productive sectors, with diversity of creeds, ideologies or preferences of any order.

We ensure that our collaborators have adequate working conditions, even higher than stated by local labor laws. As of December 31st, 2019, we had a total of 1,764 employees. The distribution by gender is 1,239 men and 525 women.

Hiring of Collaborators

During 2019, there were 584 new hires, of which 36% were women.

Our selection process guarantees equal opportunities and does not discriminate based on gender, race, sexual orientation, religious beliefs, political opinion, nationality, ethnicity, functional diversity or any other circumstance; respecting current legislation at all times. For each open selection process an equal number of female and male candidates must be presented, and the incorporation of staff with functional diversity will be ensured.

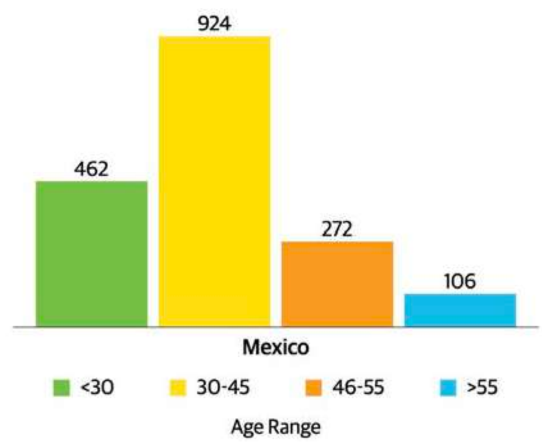
Country: Mexico

	265	290	29
Age Range	<30	30-50	>50

Total: 584

Workforce Profile

Workforce by Age Range



Training and Development

We promote professional training that contributes to the productivity and personal fulfillment of all ALEATICA collaborators. In 2019, the company invested 2.9 million pesos in learning and development programs to improve technical and personal skills, specialization and the security of our workforce, as well as to ensure compliance with our values and principles. In total, 49,243 hours of training were accumulated in the country (excluding training in non-consolidated concessions).

Category of Work	Hours
Management	1.911
Middle-management	747
Administration / Operations	46.585

DNA ALEATICA

In 2019 the organizational skills model was designed, which defines the behaviors that collaborators must show by living the ALEATICA pillars. These competencies are:

Key Competencies

Live the change

We are able to cope effectively with any situation, being flexible and adapting. We take new actions derived from changes in the organization.

Effective communication

We communicate clearly and concisely, using the right resources to achieve success and we show empathy and respect for the person or group we manage.

Value diversity

We work in a positive environment; we value each person and recognize their contribution to the Company. We respect differences and accept personal preferences.

Passion for what we do

We understand our internal and external clients. We have an in depth understanding of our challenges, strengths, and areas of opportunity, in order to anticipate needs and exceed customer expectations, adding value to everything we do. We enjoy what we do, and we collaborate with enthusiasm.

Administrative Competences

Inspire by example

We have a genuine interest in people. We care about knowing and understand others. We are an example of ethical conduct and a role model.

Our way of acting positively influences others to achieve extraordinary results.

Responsible execution

We take ownership of situations and problems, taking responsibility for our actions and decisions, without blaming others for failures or difficulties.

We work in an organized and disciplined manner, defining and adjusting priorities, to ensure timely implementation of our strategy.

Operational Competencies

Problem solving

We analyze and solve all setbacks that arise in a logical and agile way, according to the situation and procedures.

We are stronger together

We collaborate effectively, identifying common interests and taking advantage of each other's strengths to achieve the objectives. We promote communication and we build win-win relationships.

Talent Management System

We initiated the set-up of a Talent Management System that will allow for the integration and standardization of the data bases of all our collaborators, in order to deliver an excellent internal service. At the same time, by taking advantage of the system, we will have better tools for communication and collaboration, support mechanisms for performance management, the creation and administration of development plans to promote professional and personal growth, as well as occupational wellness plans.

Compensations and Benefits

Our Remuneration Policy and Control System to which collaborators have access through the intranet, consider performance and the employee's experience for the allocation of remuneration, using the equivalent market remuneration for the position that the person occupies within ALEATICA as a reference.

We were advised by an internationally recognized consulting firm to ensure that our compensation practice is competitive with the market and is internally equitable, depending on the contribution of each position to the organizational pillars and business objectives. With the results we will be implementing a new remuneration scheme in 2020. To ensure our practices remain up to date, we participate in salary surveys with external market leaders.

On the other hand, ALEATICA offers benefits to collaborators in line with the practices of local markets to attract and retain talent. The various benefits include: a flexible compensation plan, life insurance, major medical insurance, coverage for disability or sick leave, parental leave, shopping vouchers, savings fund, personal days paid to resolve personal situations, company medical center, seasonal preventive vaccinations, and discount agreements for the use of services or acquisition of goods.

Working Conditions

All concessions have staggered or flexible start and finish times for employees. Breaks are established in the respective contracts or collective or individual agreements and in accordance with the relevant local legislation. The working hours are set according to the nature of the activities of each role, always respecting the laws, collective and individual contracts or agreements. We comply with the workplace health and safety regulations established by law, in addition to the strict Company rules that are responsible for the safety of our employees and clients as a top priority, as described in the chapter on Safety.

We comply with the workplace health and safety regulations established by law.

Workplace Well-being

The corporate offices were remodeled to improve space distribution, increase natural lighting inside offices, improve team communication, and promote an open and transparent atmosphere as part of the new work culture. Healthy snacks are offered daily to collaborators and significant days are celebrated in accordance with culture and tradition with a brief get together inside the office. Viaducto Bicentenario and Autopista Urbana Norte office were moved to a new building in the Plaza Parque Toreo, which is modern, bright and with an open plan design, which significantly improved the working conditions of the employees.

Work-Life Balance

During 2019 we made progress in implementing measures that strengthen work-life balance, as well as the digital disconnection in coming years.

All staff have the right to parental leave. In 2019, 3% of workers used this right. Of the 58 collaborators who took parental leave, 97% returned to work for the company.

Country	Male	Female	Total
Mexico	38	20	58

Equality, Diversity, and Inclusion

The principle of equality declared in our human resources policy sets out the implementation of various actions in the area of gender equality; in the recruitment processes, internal promotion, training, work-life balance, improvements in working conditions, accessibility and internal communication channels that guarantee the right of collaborators to be informed, file queries, criticisms, complaints, and reports.

In 2019 the equality plan review process was consolidated in order to guarantee its coherence with the new corporate culture and to strengthen the incorporation of female talent.

At the end of 2019, 30% of our workforce was made up of women. The number of women in managerial positions is 5.40% higher than in 2018.

Of our 63 senior executives, 94% are personnel who belong to the locality.

Aleatica | Annual Report 2019

Circuito Exterior Mexiquense

Concession Period:
February 2003 – December 2051 [1]

Concessionary:
The Government of the State of Mexico

Investment up to December 31st, 2019:
$24,944 million pesos [2]

Aleatica's participation:
51.00%

Length: 155 km, 110 km currently in operation.

[1] There is a possibility of extending the period if at the expiration of the concession's duration the total amount of the investment, as well as the agreed profitability, have not been recovered.

[2] Investment at 100%.

- In 2019 we were able to reduce our customer complaint index by 59% with respect to 2018, down to 327 in 2019. This was mainly due to the improvements in the electronic billing process for customers.

- This year, our materiality and social impact study was concluded to identify the most relevant subjects for our sustainability strategy towards communities in coming years. As a result, in 2019 we worked with the communities in Ecatepec and Texcoco through the following actions:

  - Reforestation in Coatlinchán, Texcoco in alliance with "Protectora de Bosques del Estado de México – PROBOSQUE", where 130 volunteers including our employees, families, members of PROBOSQUE and suppliers took part in plating 1,000 trees.

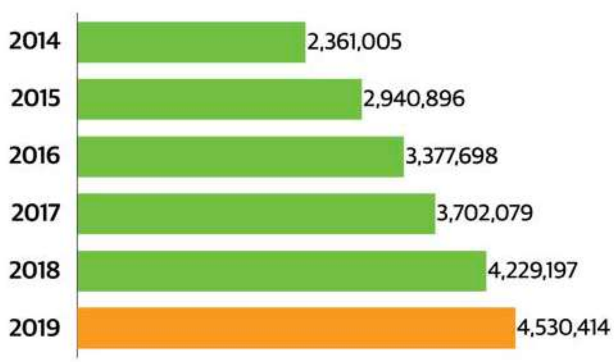
  - Programs on road education in alliance with the Red Cross in the Nedezha Krupskaya Middle School in the Sagitario 7 community and the José Vasconcelos Middle School in the new Aragón community. These schools were selected based on a study of the areas with the greatest concentration of road accidents in communities close to the highway. 2,660 hours of instruction was given to students, parents, and teachers.

  - Recovery of public spaces, like the one carried out on the soccer field in the Colonia Granjas Ecatepec, where a 5,500 m2 area was cleaned up; with the participation of 30 people and 240 hours of work. Additionally, a soccer tournament was organized, with the participation of five soccer teams from four communities (Granjas Ecatepec, Potrero del Rey, San Francisco de Asís and Abel Martínez).

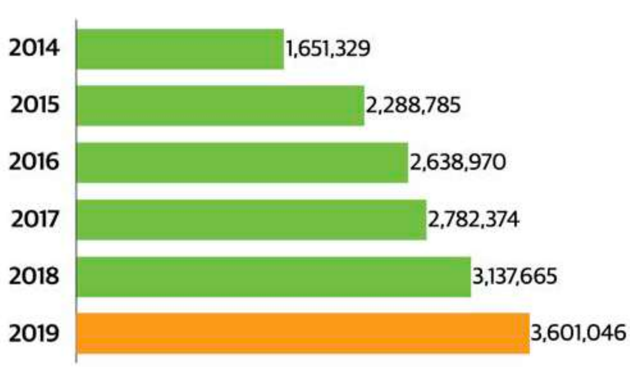
- During 2019, 610 workers completed their training on the Code of Ethics and Anti-corruption.

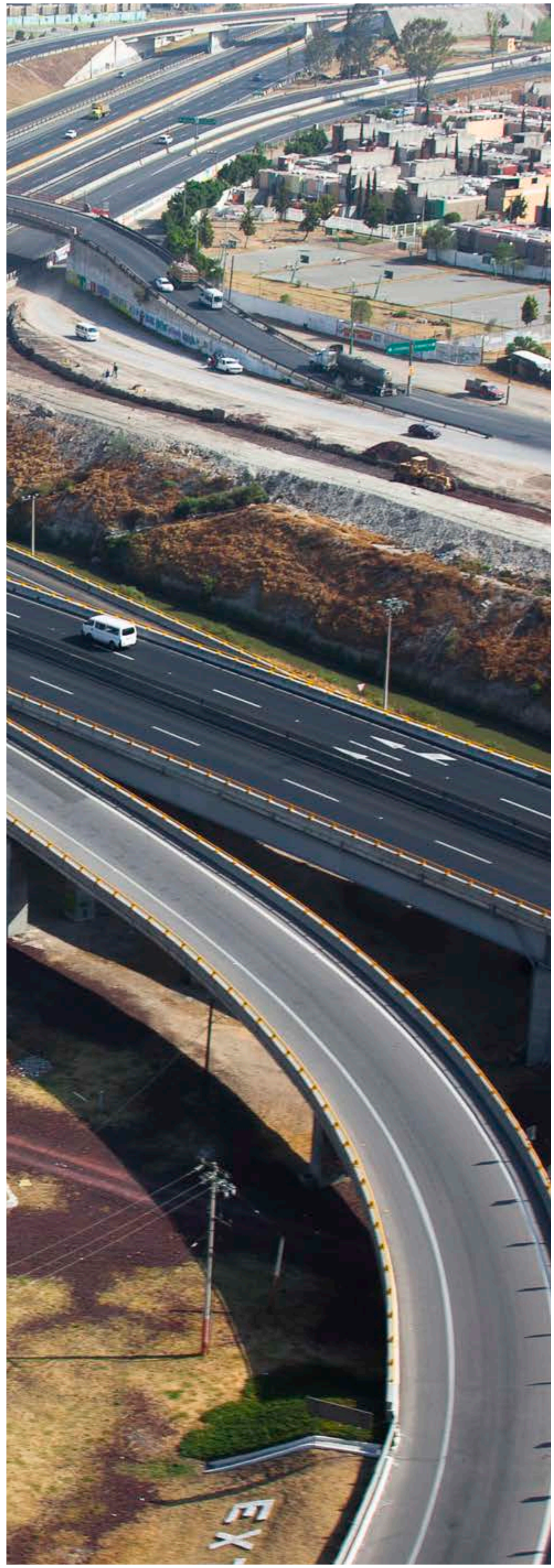
Average daily traffic
(Average daily equivalent traffic)

Toll Road Revenues
(Thousands of pesos)



Toll Road EBITDA





Autopista Amozoc - Perote

Concession Period:

- Section of 104.9 km known as Autopista Amozoc – Perote, November 2063.
- Section of 17.6 km known as Libramiento Perote, November 2043.

Concessionary:
Ministry of Communications and Transport

Investment up to December 31st, 2019:
$1,362 million pesos (1)

Aleatica's participation:
69.18%

Length: 105 km of highway and 18 km of bypass.

(1) Net investment of accumulated amortization and amortization of Finfra, at 100%.

- In terms of security, efforts were reinforced by signing agreements with the National Guard, which made it possible to improve the indicators in this area.

- In 2019 we obtained the ISO 39001 standard certification, which deals with road safety.

- GANA achieved the first installation of a bumper system in the concession (Truck Mounted Attenuator). This system helps guarantee the safety of our collaborators, when maintenance work is carried out on the road, as well as our clients.

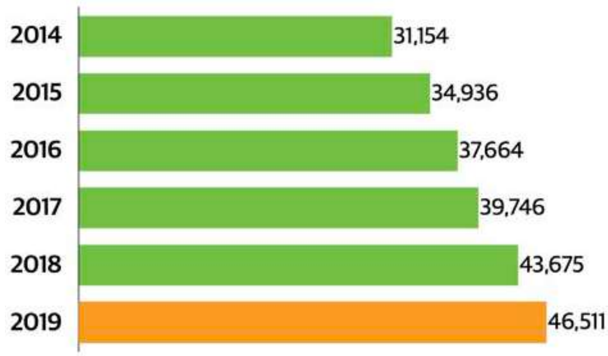
- During 2019 we began the creation of the "living fence" through the Fundación Produce de Tlaxcala and the Ministry of National Defense carried out a reforestation campaign that planted 5,000 trees donated by the CONAFOR, in the right of way over kms 32+000 to 38+000, from 37+000 to 39+700, and from 40+600 to 43+980.

- As a result of the iRAP evaluation for 2019, many different actions were programmed to reinforce vertical and horizontal signaling, amongst others, to maintain the security of access points and the teaching of courses on defensive management to reduce the risk of accidents for personnel and customers in general.

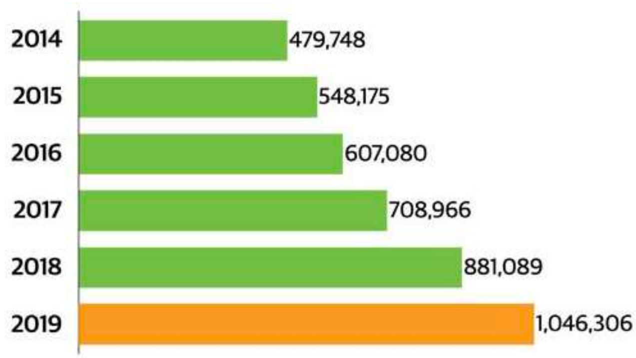
- In the survey that was carried out with customers of the different ALEATICA highways and circuits, we obtained the highest possible score in terms of service, road quality, and satisfaction, in relation to the amount paid to use the highway.

- We began the installation of fiber optic cables to improve the communication between toll booths and the SOS phone services.

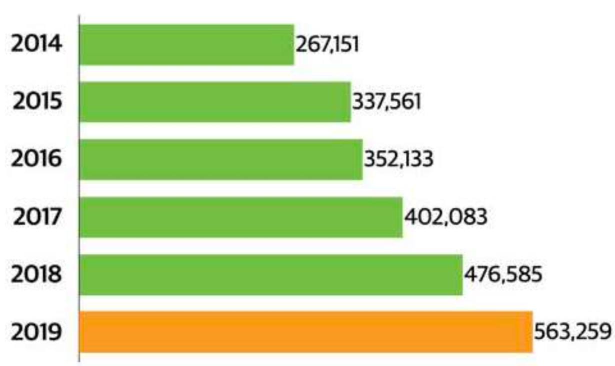
Average daily traffic
(Average daily equivalent traffic)



Toll Road Revenues
(Thousands of pesos)



Toll Road EBITDA



Viaducto Bicentenario

Concession Period:
May 2008 – May 2038 [1]

Concessionary:
The Government of the State of Mexico

Investment up to December 31st, 2019:
$11,789 million pesos

Aleatica's participation:
100%

Length: 32 km in three phases.
Currently in operation: 22 km. of Phase I and 4 km of Phase II.

[1] There is a possibility of extending the period if at the expiration of the concession's duration the total amount of the investment, as well as the agreed profitability have not been recovered.

- In the last quarter of 2018, a reversible lane was created, and its use was consolidated during 2019, reducing travel times up to 60% for the customers of Viaducto Bicentenario and Urbana Norte in the South-North direction.

- We changed the lighting on the road to improve night-time visibility for customers. We replaced 75% of the old lighting with the next generation lighting, which with half the energy consumption, provides better lighting.

- As a result of the iRAP 2018 evaluation, starting in 2019 action was taken to reinforce vertical and horizontal signaling, amongst others, to keep access routes and the road itself safe (including Urbana Norte) to reduce the risk of accidents for the personnel and customers in general.

- In addition, since the end of 2019, in compliance with our ALEATICA Safety principles, we have permanent supervision over all of our activities and those executed by third parties (including Urbana Norte) to reduce risks for our employees and contractors.

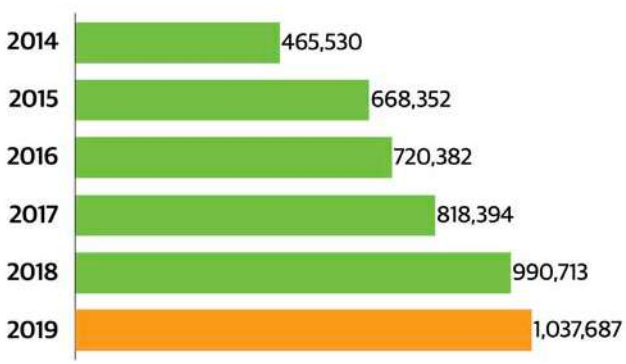
- In 2019 the OBO (Operational Back Office) was implemented, which led to the complete renovation of the system to guarantee the appropriate functionality of the register, capacity control and daily entries for the highway.

- Information processing equipment from ALEATICA's corporation, and furniture from the old offices of Autopista Urbana Norte and Viaducto Bicentenario was donated to the Marillac and Citlalitzin charities to be used in areas of the library and study for people coming from various states of the Republic who live in the residences. Another donation of 48 boxes full of brand-new hospital equipment was made to the San Agustín Hospital, through Mexico City's Junta de Asistencia Privada (Private Assistance Board).

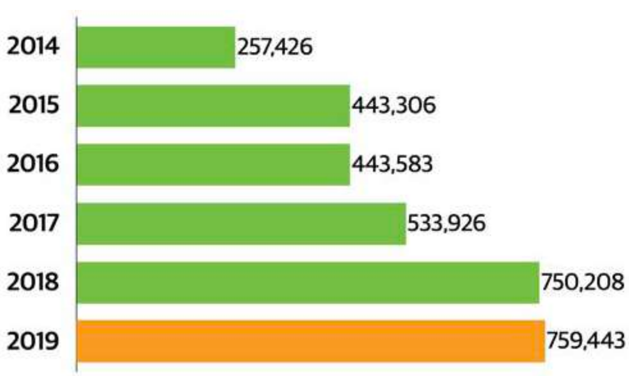
- In 2019 we carried out the Reto Naucalpan, the only race that is run on the second floor of the “Periférico” with 1,430 participants.

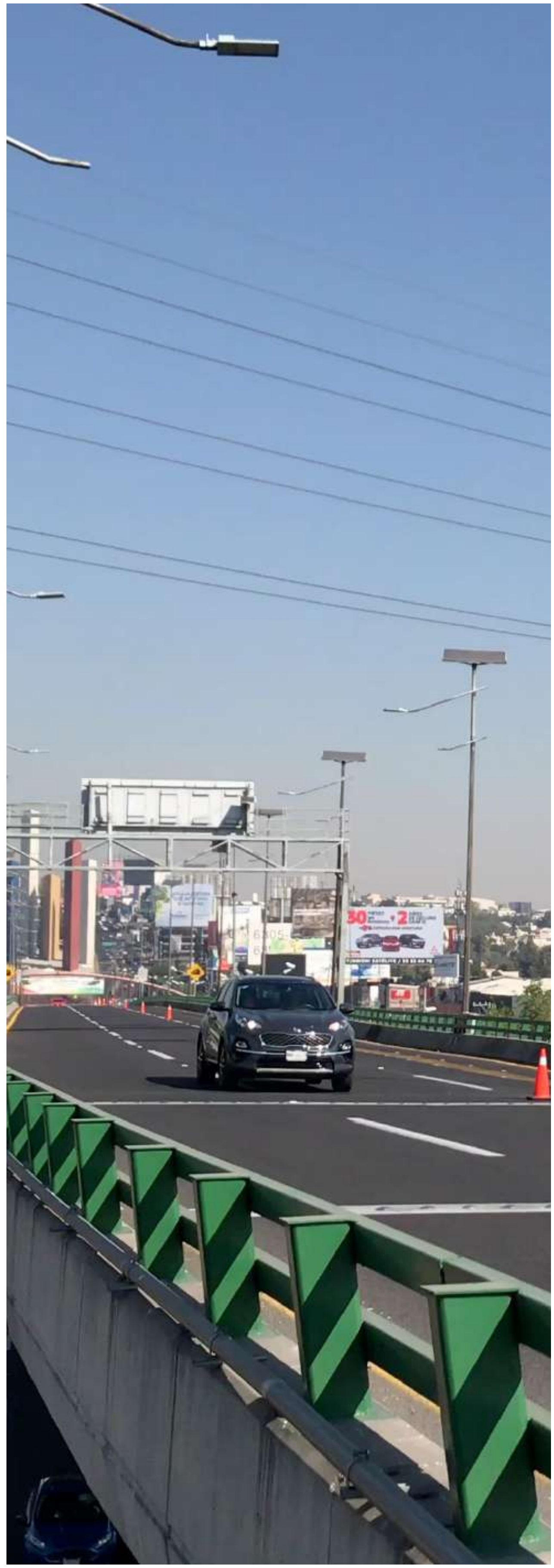
Average daily traffic
(Average daily equivalent traffic)

Toll Road Revenues
(Thousands of pesos)



Toll Road EBITDA





Autopista Urbana - Norte

Concession Period:
July 2010 – December 2042 (1) (2)

Concessionary:
The Government of Mexico City

Investment up to December 31st, 2019:
$11,541 millon pesos

Aleatica's participation:
100%

Length: 9.8 km.

(1) 30 years from the start of operations onwards.

(2) There is a possibility of extending the period if at the expiration of the concession's duration the total amount of the investment, as well as the agreed profitability, have not been recovered.

- In 2019 the first comprehensive Job Hazard Analysis (JHA) was initiated, which considered 100% of the workers in the area of conservation of this highway and of Viaducto Bicentenario. As a result of this analysis, several changes were made that improved all of the elements of personal protection, as well as the homologation of performance standards in our team.

- Within the Accident Reduction Plan (PRA in Spanish), including Viaducto Bicentenario, there was an increase in the automation of the links to reduce the number of personnel on the road as much as possible and avoid accidents.

- We changed our offices' headquarters and they were noticeably improved to achieve a superior quality of life in the workplace for our staff (including Viaducto Bicentenario team), focusing on open spaces to facilitate collaboration and communication among employees. Additionally, the building holds the Gold LEED Certificate, with benefits such as energy alternatives and efficiency, in compliance with our sustainability principle.

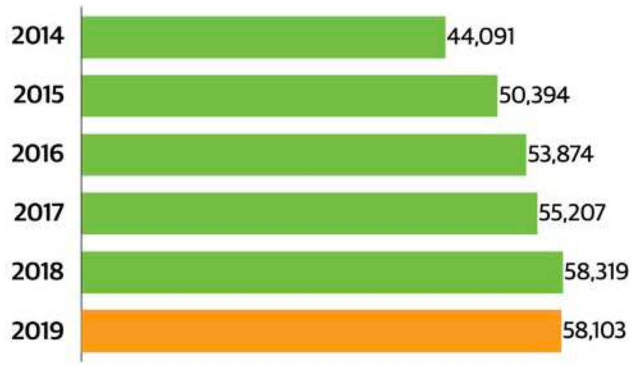
- We also created websites for Viaducto Bicentenario and AUNORTE highways to improve our customers' experience, as well as an e-mail address used specifically to centralize our contact point (www.viaductobicentenario.com.mx; - www.aunorte.com.mx).

- Cleaning and waste separation were carried out on the roads, removing 63 m3 of concrete blocks and more than 80 lights to final confinement, located in Naucalli. By December 31st, we had collected 2,255 kg of paper, 2,920 kg of plastic, 120 kg of aluminum, 715 kg of scrap metal, 30 m3 of inorganic waste in AuNorte, and 51 m3 in Viaducto Bicentenario.

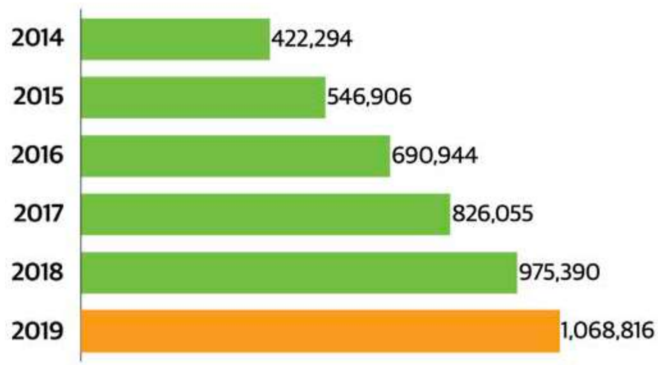
- With the aim of promoting sports and sustainable mobility, two cycling races were organized: the ALEATICA Split 60K race and the Grand Fondo MX on Viaducto

Bicentenario and Autopista Urbana Norte, with the participation of 1,200 and 5,000 people respectively.

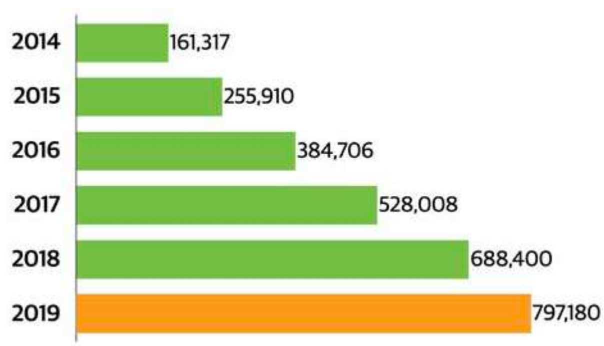
Average daily traffic
(Average daily equivalent traffic)



Toll Road Revenues
(Thousands of pesos)



Toll Road EBITDA



Supervía Poetas

Concession Period:
April 2010 – April 2043 (1) (2)

Concessionary:
The Government of Mexico City

Investment up to December 31st, 2019:
$7,240 millon pesos (3)

Aleatica's participation:
50%

Length: 7 km.

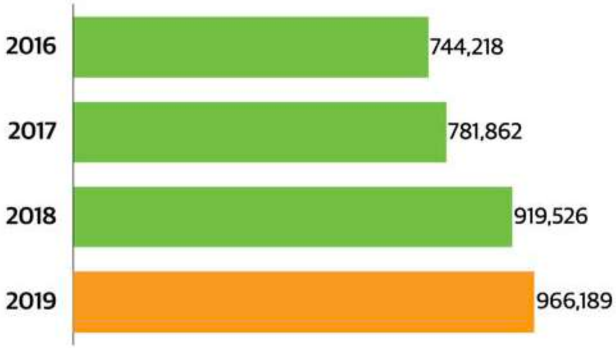
(1) 30 years from the start of operations onwards.

(2) There is a possibility of extending the period if at the expiration of the concession's duration the total amount of the investment, as well as the agreed profitability, have not been recovered.

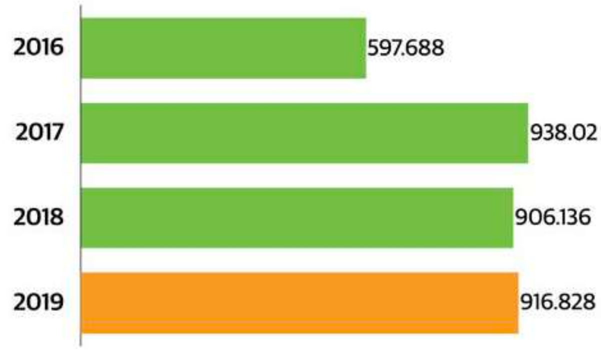
(3) Investment and income at 100%.

- 2019 was again a year without fatal accidents, reflecting the concession's efforts to guarantee customer safety.
- Despite the above, during 2019 the iRAP (International Road Assessment Programme) evaluated us, finding sections of the highway with a score of three out of five stars (five being the highest possible score). As a result, areas of opportunity and improvement were identified, which will be attended to in 2020.
- As for our relationship with surrounding communities, 250 different tree and shrub species were donated as part of the Area of Environmental Value Reforestation Program "Barranca de Tarango".
- In 2019, the Institution for Training in the Construction Industry taught the course Improving Customer Support to the personnel in the control center, road management, and operators.
- During 2019, in compliance with Aleatica's safety principles, there was permanent supervision of all our own activities and those carried out by third parties to reduce the risk to our employees and contractors. In the same way, various reinforcement measures were taken:
  - There was an increase in staff dedicated to implementing security protocols and producing follow-up reports.
  - Various training activities were carried out for workers on issues such as earthquakes and defensive management.
  - Security principles are reinforced through brief 5-10min talks prior to the execution of tasks and activities that are considered risky.
- In addition, in 2019 efforts were made to improve the labor conditions of our workers to guarantee that they are in accordance with the market's best practices. For these reasons, there were improvements in compensation and benefits.

Toll Road Revenues
(Thousands of pesos)



Participation in the associated company's profits



Supervía Poetas Traffic
(Average daily equivalent traffic)

Viaducto Elevado Luis Cabrera Traffic
(Average daily equivalent traffic)

Libramiento Elevado de Puebla

Concession Period:
August 2014 – October 2046 [1]

Concessionary:
The Government of the State of Puebla

Investment up to December 31st, 2019:
$9,977 millon pesos [2]

Aleatica's participation:
51%

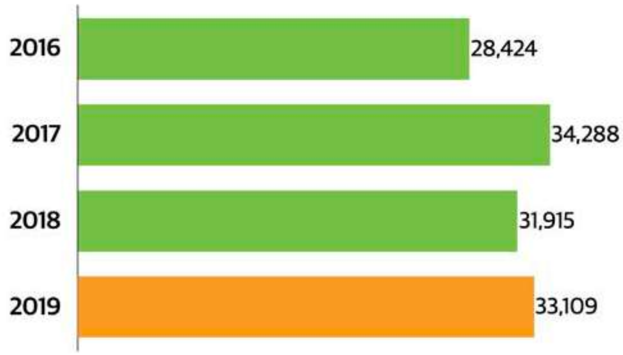
Length: 15.3 km.

[1] 30 years from the start of operations onwards.

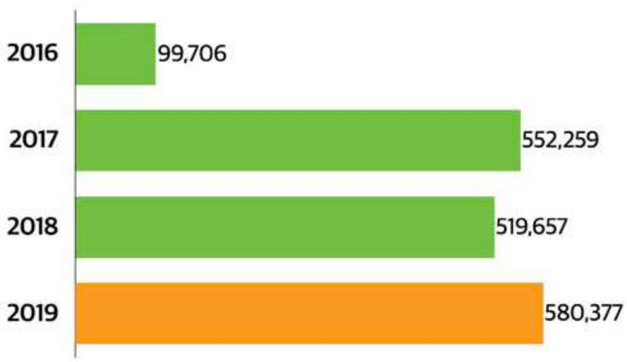
[2] Investment and income at 100%

- In 2019, the iRAP (International Road Assessment Programme) gave us a score of four out of five possible stars, demonstrating that our project meets the highest safety standards for our customers. For this to be possible, various measures were taken, such as:
    - Metallic defense installation in areas close to the toll booths.
    - Construction of an alert band along the elevated viaduct at the edge of the road surface on Body A as well as B.
    - Installation of triple crest bumpers and central concrete barriers, with the purpose of giving the customer protection barrier continuity.
- During 2019, we developed security protocols along with our staff on various subjects like earthquakes, toll strikes, defensive management, among others and courses on these protocols were taught to all of the concession's personnel.
- Additionally, in order to discover our clients' satisfaction level, we developed an app that, with a single tap on the electronic tablets available at the toll booths, enables the customer to rate the services that we offer them. During 2019 39,796 surveys were completed with an average rating of 8.6 for our service.
- We continue with our environmental mitigation measures, formalizing our commitment with the community of San Diego la Mesa, a municipality of Tochimilco, Puebla, where we hold five hectares in permanent reforestation with 5,545 trees planted, as well as caring for local flora and fauna. Through these measures, 20 people from this community are directly benefitted and take care of the maintenance and care of these trees, ensuring the survival of all the flora planted, as well as the "living fence" located under the bridge of the Libramiento.

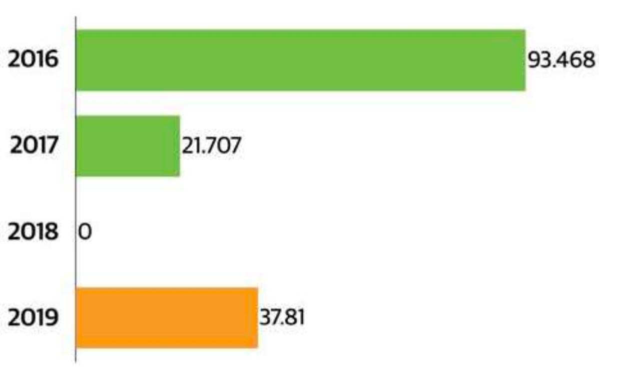
Average daily traffic
(Average daily equivalent traffic)



Toll Road Revenues
(Thousands of pesos)



Participation in the associated company's profits



Autopista Atizapán - Atlacomulco

Concession Period:
April 2014 – April 2044 [1]

Concessionary:
Ministry of Communications and Transportation

Investment up to December 31st, 2019:
$4,910 millon pesos

Aleatica's participation:
100%

Length: 77.2 km.

[1] 30 years from the signature of the Concession onwards.

- The Company continued their joint efforts with the Ministry of Communications and Transportation (SCT in Spanish) to complete the process of the release of the highway's right-of-way. An additional $250 million were added to this fund for that reason. At the end of the period, they had approximately 67 km, the rest remains on hold mainly as we await the judicial resolutions.

- By the end of the period the Company had made capital contributions of $5,616 million pesos to promote the development of the project, along with its construction. The project has a new basis for the private bidding of the highway, to which the most important construction companies in the country will be invited.

- The project continued its social work program by supporting surrounding communities through the maintenance and rehabilitation of roads and developing a program of educational growth, handing out scholarships to female students through the BECAR I.A.P. foundation. Likewise, two social causes were initiated with these plans and developments: an ecotourism park in the Ejido San Felipe Pueblo Nuevo, a municipality of Atlacomulco, and a purifying plant in common goods of San Jerónimo Zacapexco, a municipality of Villa del Carbón.

- In 2019 we were able to extend the lead time of the Resolutivo Ambiental until January 2022, and we continued with the reforestation efforts in compliance with the environmental impact and changes in land use resolutions.

Toluca International Airport

Concession Period:
September 2005 – September 2055

Concessionary:
Ministry of Communications and Transportation

Investment up to December 31st, 2019:
$4,177 millon pesos

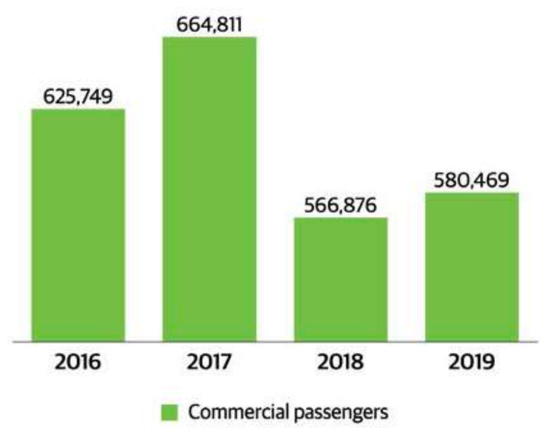
Aleatica's participation:
49%

Services: Airport, complementary, and commercial.

(1) Investment at 100%

- On the August 14th, 2019, Aleatica through its subsidiary AAToluca, in accordance with the SCT and the appearance of GEM and ASA (Aeropuertos y Servicios Auxiliares), subscribed a letter of intent to Grupo Aeroportuario de la Ciudad de México (GACM), in which the indicative criteria is established, according to which AAToluca and GACM will conduct the negotiation of the sale of the stock owned by AAToluca. This represents 49% of the social capital of AMAIT, holder of the concession for the administration, operation, and exploitation of the Toluca International Airport.

- GACM confirmed its interest in continuing the process of negotiation and informed that said process will suffer delays due to the difficulties that the existing COVID-19 contingency implies. The transaction is tied to the agreement, signature, and implementation of the necessary definitive documents to carry out the transaction, including the corresponding sales contract. Likewise, the transaction is subject to obtaining the corporate, governmental, and third-party authorizations deemed necessary.




sae
POLICÍA
FEDERAL
03

Analysis and Discussion of Results

Income from toll fees increased by 8.6%, from $7,076.4 million in 2018 to $7,683.2 million in 2019. Income from toll fees from Circuito Exterior Mexiquense reached $4,530.4 million, 7.1% higher than the $4,229.2 million reported in 2018. Income from toll fees from Viaducto Bicentenario reached $1,037.7 million, 4.7% higher than the $990.7 million reported in 2018.

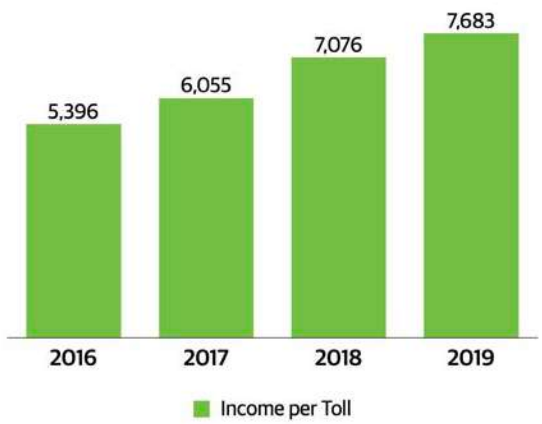
The income from toll fees from Amozoc-Perote Highway reached $1,046.3 million, 18.8% higher than the $881.1 million reported in 2018. Income from toll fees from Autopista Urbana Norte reached $1,086.8 million, 9.6% higher than the $975.4 million reported in 2018.
In 2019, total revenues decreased by 3.6% to $22,710.5 million, compared to the $23,562.9 million reported in 2018. This marginal decrease is mainly due to the decrease in the valuation of intangible assets and the deficit in the charge of the grantor, mainly for Circuito Exterior Mexiquense and Viaducto Bicentenario concessions.

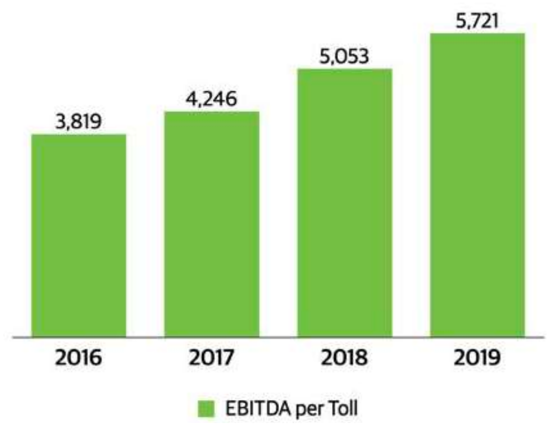
The Equivalent Average Daily Traffic of Circuito Exterior Mexiquense in 2019 was 350,559 daily vehicles on average, representing a decrease of 1.4% when compared to the 355,457 vehicles registered in 2018. However, the average fee per vehicle for 2019 increased by 8.6% reaching $35.39, compared to the $32.59 fee reported in 2018. For Viaducto Bicentenario, the average daily traffic intensity decreased by 0.2%, from 33,366 vehicles in 2018 to 33,291 in 2019. However, the average fee per vehicle average daily intensity (IMD) was $30.46 in 2019, compared to the $29.01 reported during 2018. In 2019, the Amozoc-Perote Highway continued its favorable performance, reporting a 6.5% increase in the average daily equivalent traffic, increasing from 43,675 vehicles in 2018 to 46,511 vehicles in 2019, while the average fee per equivalent vehicle increased by 11.5% from $55.28 in 2018 to $61.63 in 2019. Autopista Urbana Norte reported an average daily traffic intensity of $58,103 vehicles, 0.4% lower than the 58,319 reached in 2018, while the average fee per vehicle IMD for 2019 was $29.31, which is 10.6% higher than the $26.50 fee reported in 2018.

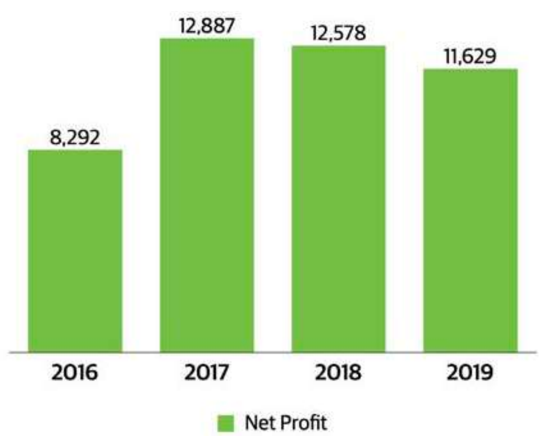
Operating income decreased by $1,112.4 million, equivalent to 5.6%, from $19,990.7 million in 2018 to $18,878.4 million in 2019. This variation is mainly explained by higher costs, mainly in construction.

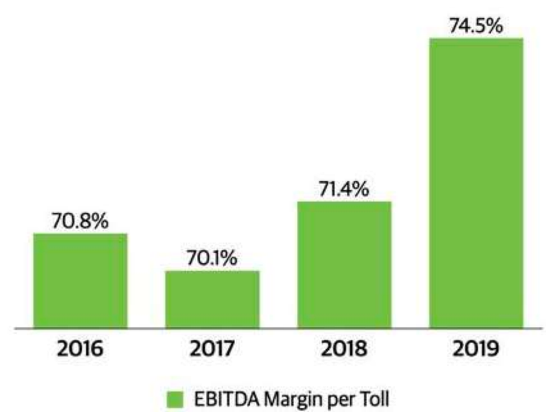
The participation in the profit of the associated company and joint ventures in 2019 was $954.6 million compared to the $883.6 million reported in 2018.

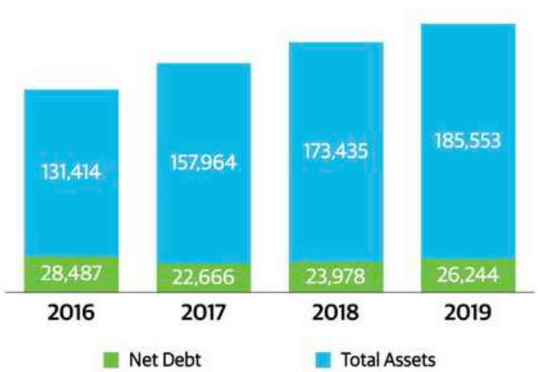
In 2019, the consolidated net income reached $11,629.5 million, representing a 7.5% decrease compared to the $12,578.3 million reported in 2018.


5,396
6,055
7,076
7,683
2016
2017
2018
2019
Income per Toll


3,819
4,246
5,053
5,721
2016
2017
2018
2019
EBITDA per Toll


8,292
12,887
12,578
11,629
2016
2017
2018
2019
Net Profit


70.8%
70.1%
71.4%
74.5%
2016
2017
2018
2019
EBITDA Margin per Toll


131,414
157,964
173,435
185,553
28,487
22,666
23,978
26,244
2016
2017
2018
2019
Net Debt
Total Assets


76,130
94,576
106,390
114,842
28,487
22,666
23,978
26,244
2016
2017
2018
2019
Net Debt
Shareholder Equity

Aleatica, S. A. B. de C. V. and Subsidiaries

(Subsidiary of Magenta Infraestructura, S.L.)

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018, and Independent Auditors' Report Dated March 9, 2020

Aleatica, S. A. B. de C. V. and Subsidiaries

(Subsidiary of Magenta Infraestructura, S.L.)

Independent Auditors' Report and Consolidated Financial Statements as of December 31, 2019 and 2018

Content

Independent Auditors' Report to the Board of Directors and Stockholders of Aleatica, S.A.B. de C.V.

Opinion

We have audited the consolidated financial statements of Aleatica, S.A.B. de C.V (the Company or Entity) which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the consolidated statements of income and other comprehensive income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Responsibilities of Independent Auditors' for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Ethics Code issued by the Mexican Institute of Public Accountants, A.C. (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA and IMCP Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Paragraph

As discussed by the Company's Management in Note 1 to the accompanying consolidated financial statements, during 2015, the National Banking and Securities Commission (the Commission) performed an inspection visit to the Company. As a result of this and the process that the Company carried out with the Commission, on March 10, 2016, the Commission issued several rulings, which concluded with the imposition of administrative fines for different matters of the consolidated financial statements for the years 2014, 2013 and 2012, including, among others, the application of accounting principles accepted by such Commission, and the records related to the concessions which recognize a return on their investment in conformity with that established in the Concession Titles and respective laws. On March 15, 2016, the Commission requested, through official notices, the filing of the Company's consolidated financial statements for 2015, without considering the recording of the return on the investment, and to do so on a comparative basis with 2014 and 2013.

On March 18, 2016, the Company filed letters informing the Commission of the form and terms under which it would address the observations contained in the official notices described above, for which reason it was requested to continue presenting in its consolidated financial statements the recognition of its investment in concessions and their return in a form consistent with the previous years and to disclose in a note to the comparative consolidated financial statements for 2015, 2014 and 2013 the effects which would arise from applying the accounting treatment requested by the Commission until such time as the aforementioned reasonable presentation was defined.

On March 23, 2016, the Commission authorized the remediation plan discussed in the preceding paragraph.

The information described above was presented for the year 2015 and until the third quarter of 2016.

On February 17, 2017, the Company filed a follow-up letter informing the Commission of how the record of its investment in concessions and their respective return will be made in accordance with IFRIC 12 Service Concession Arrangements (IFRIC 12), considering the nature and terms of the Concession Titles and the laws applicable thereto.

On February 21, 2017, the Commission acknowledged the receipt of the follow-up letter in conformity with the official notices described in the preceding paragraphs.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Investment in concessions and compliance with laws and regulations

As discussed in the emphasis paragraph of this report, on February 17, 2017, the Company filed a letter informing the Commission of the way in which the accounting of its investment in concessions and their return would be made in accordance with IFRIC 12, considering the nature and terms of the Concession Titles and the laws applicable thereto.

Therefore, since that date, the Company has identified two types of concessions based on the economic nature and specific characteristics of each Concession Title, as discussed below:

a) Concessions whose Concession Titles establish that the deficit determined between the investment in infrastructure, plus the return established in the Concession Titles themselves, compared with the toll flows obtained during the concession period is recovered through the granting entity, in conformity with applicable legal provisions.

b) Concession titles which establish that the recovery of the investment in infrastructure and the return established in the titles themselves will be recovered only by the toll flows.

The assets related to Concession Titles whose recovery is through the toll flows and, if, at the end of the concession period there were a deficit to be recovered through the granting entity, are recorded: 1) based on the future discounted flows equivalent to the fair value expected to be received directly from the customers of the service; and 2) as applicable, the defined deficit assumed by the granting entity as established in paragraph 16 of IFRIC 12.

The assets related to Concession Titles which establish that the recovery of the investment in infrastructure will be through toll flows, are recorded at their investment cost, which is amortized over the concession period.

How our audit addressed the Key Audit Matter:

We focused our audit tests on ascertaining and inquiring the following:

1. In relation to the concessions whose Concession Titles establish that the deficit determined between the investment in the infrastructure plus the return established in the concession titles themselves, compared to the toll flows obtained during the concession period is recovered through the granting entity, in accordance with applicable legal provisions, we performed the following:

    a) We confirmed with the Company's Management that the Concession Titles and their modifications were in effect up to the date of the consolidated financial statements of the Entity.

    b) We reviewed the modifications to the Concession Titles since the granting until the date of the consolidated financial statements and their impact on the accounting treatment defined by the Company.

    c) We obtained from the Company written opinions of their outside legal advisers on the rights and obligations of the Company included in the Concession Titles. We confirmed the independence of the aforementioned outside legal advisers of the Company.

    d) We applied audit procedures to the conclusions contained in the opinions issued by the Entity's external legal advisors to confirm the absence of amendments to applicable laws.

    e) We reviewed the accounting policy defined by the Company, which is included in the notes to the consolidated financial statements, for the accounting recognition of these concessions based on IFRS.

    f) For the projection of future toll flows, Management was assisted by independent specialized experts. We confirmed their independence from the Company.

    g) With the support of specialists from our audit team, we reviewed the financial model used as the basis for determining the financial projections.

    h) We reviewed the financial projections prepared by the Company, including the assumptions used in their preparation.

2. In relation to the concessions whose Concession Titles establish that the recovery of the investment in infrastructure and the return established in the titles themselves will be recovered only by the toll flows, we carried out the following:

   a) We confirmed with the Company's Management that the Concession Titles and their modifications were in effect up to the date of the consolidated financial statements of the Company.

   b) We reviewed the modifications to the Concession Titles made during the period from January 1 to December 31, 2019 and their impact on the accounting treatment defined by the Company.

   c) We reviewed the probable impairment indicators in the investment of the concession which might require modification to the amount of the investment recorded in the consolidated financial statements.

   The results of our tests were satisfactory.

Other information

The Company's Management is responsible for the other information. The other information will include the information that will be incorporated into the annual report which the Company is required to prepare in accordance with Article 33, section I, subsection b) of Title Fourth, Chapter First of the General Provisions Applicable to Issuers and Other Stock Market Participants in Mexico and the instructions accompanying such provisions (the Provisions). The Annual Report is expected to be available for our reading after the date of this audit report.

Our opinion on the consolidated financial statements will not cover the other information and we will not express any form of assurance thereon.

In relation to our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when it is available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or appears to contain a material misstatement. When we read the Annual Report we will issue a declaration on its reading, as required in Article 33, section I, sub-section b) numeral 1.2 of the Provisions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Responsibilities of Independent Auditors' for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other matter

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C.P.C. Erik Padilla Curiel
March 9, 2020

Aleatica, S. A. B. de C. V. and Subsidiaries
(Subsidiary of Magenta Infraestructura, S.L.)

Consolidated Statements of Financial Position

As of December 31, 2019 and 2018
(In thousands of Mexican pesos)

Assets	Notes	12/31/2019	12/31/2018
Current assets:			
Cash, cash equivalents and trust funds	5	$ 8,157,549	$ 10,422,538
Accounts receivable for services	6	376,093	287,097
Due from related parties	19	303,720	294,673
Recoverable taxes	7	434,493	425,740
Derivative financial instruments	17	715	-
Other accounts receivable and other assets	8	240,932	260,442
Non-current assets held for sale	10	1,400,000	-
Total current assets		10,913,502	11,690,490
Non-current assets:			
Long-term trust funds and cash restricted	5	3,573,544	3,424,967
Investment in recoverable infrastructure through future toll flows		54,545,076	52,996,249
Portion of intangible asset recoverable through future toll flows		59,946,577	58,189,593
Concessions intangible asset		114,491,653	111,185,842
Deficit by the grantor, net		48,167,268	36,583,430
Total investment in concessions	9	162,658,921	147,769,272
Advances to suppliers for construction work		60,141	1,012,849
Due from related parties	19	801,167	746,838
Office furniture and equipment, net		83,753	41,768
Right-of-use asset, net	11	213,941	-
Derivative financial instruments	17	-	631,685
Investment in shares of associated entity and joint ventures	10	7,109,914	7,976,330
Other assets, net		138,143	140,663
Total non-current assets		174,639,524	161,744,372
Total assets		$ 185,553,026	$ 173,434,862

The accompanying notes are part of these consolidated financial statements.

Liabilities and stockholders' equity	Notes	12/31/2019	12/31/2018
Current liabilities:			
Current portion of long-term debt	14	$ 1,753,519	$ 1,895,874
Leases, short-term	12	55,622	-
Trade accounts payable to suppliers, taxes payable and accrued expenses	13	1,892,521	1,906,718
Provision for major maintenance	15	556,313	704,386
Accounts and notes payable to related parties	19	38,739	562,383
Total current liabilities		4,296,714	5,069,361
Non-current liabilities:			
Leases, long-term	12	166,119	-
Long-term debt	14	36,221,654	35,929,381
Derivative financial instruments	17	346,215	-
Provision for major maintenance	15	511,081	461,435
Employee benefits	16	90,544	63,653
Consolidated income tax		339,276	487,785
Deferred income taxes	21	28,739,316	25,032,853
Total non-current liabilities		66,414,205	61,975,107
Total liabilities		70,710,919	67,044,468
Stockholders' equity:	18		
Capital stock		15,334,502	15,334,502
Additional paid-in capital and repurchase of shares		10,270,547	10,270,547
Retained earnings		65,404,380	59,321,586
Effect on the valuation of derivative financial instruments		(72,954)	249,566
Effect for employee retirement benefits		(12,694)	(1,440)
Stockholders' equity attributable to controlling interest		90,923,781	85,174,761
Non-controlling interest		23,918,326	21,215,633
Total stockholders' equity		114,842,107	106,390,394
Total liabilities and stockholders' equity		$ 185,553,026	$ 173,434,862

Aleatica, S. A. B. de C. V. and Subsidiaries
(Subsidiary of Magenta Infraestructura, S.L.)

Consolidated Statements of Income and Other Comprehensive Income

For the years ended December 31, 2019 and 2018
(In thousands of Mexican pesos, except earnings per common share)

	Notes	2019	2018
Revenues:			
Tolls		$ 7,683,223	$ 7,076,389
Adjustment for valuation of intangible assets		1,756,983	5,354,798
Adjustment for valuation of the deficit by the grantor		11,538,200	9,963,027
Total revenues from concessions' operation		20,978,406	22,394,214
Construction		1,579,838	1,028,254
Services and others		152,229	140,424
		22,710,473	23,562,892
Costs and expenses:			
Construction costs		1,579,838	1,028,254
Costs and operating expenses	20	1,648,297	1,863,223
Amortization of investment in concessions, right-of-use asset and depreciation		133,993	69,714
Impairment of expected credit losses		(45,637)	47,224
General and administrative expenses	20	362,549	539,967
Other expenses, net		153,060	23,776
		3,832,100	3,572,158
Financing cost		4,468,432	4,925,363
Financing interest		(1,050,594)	(1,100,776)
Foreign exchange gain, net		(37,439)	(24,725)
Effect on valuation of derivative financial instruments	17	6,008	302
		3,386,407	3,800,164
Equity in income of associated entity and joint ventures	10	954,638	883,633
Consolidated income before income taxes from continuing operations		16,446,604	17,074,203
Income taxes	21	4,401,713	4,520,976
Consolidated net income for the year from continuing operations		12,044,891	12,553,227
Discontinued operation:			
(Loss) gain from discontinued operation	10	(415,433)	25,095
Consolidated net income for the year		11,629,458	12,578,322

	Notes	2019	2018
Other components of comprehensive income, net of income taxes:			
Items that will be reclassified subsequently to profit or loss:			
Effect from the valuation of derivative financial instruments		(634,461)	177,042
Effect from deferred tax of derivative financial instruments		190,338	(53,113)
		(444,123)	123,929
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (profit) loss on defined benefit plans		(19,176)	8,182
Effect of deferred tax on actuarial losses on defined benefit plans		5,753	(2,455)
		(13,423)	5,727
Net consolidated comprehensive income		$ 11,171,912	$ 12,707,978
Net consolidated income for the year attributable to:			
Controlling interest		$ 8,682,809	$ 9,568,931
Non-controlling interest		2,946,649	3,009,391
		$ 11,629,458	$12,578,322
Net consolidated comprehensive income for the year attributable to:			
Controlling interest		$ 8,349,035	$ 9,667,516
Non-controlling interest		2,822,877	3,040,462
		$ 11,171,912	$ 12,707,978
Basic earnings per common share:			
Net income attributable to controlling interest from continuing and discontinued operations		$ 5.0126	$ 5.5242
Net income attributable to controlling interest from continuing operations		$ 5.2525	$ 5.5097
Net income attributable to controlling interest from continuing and discontinued operations, without repurchased shares		$ 5.0707	$ 5.5882
Weighted average shares outstanding		1,732,185,269	1,732,185,269
Weighted average of shares outstanding without repurchased shares		1,712,338,896	1,712,338,896

(concluded)

The accompanying notes are part of these consolidated financial statements.

Aleatica, S. A. B. de C. V. and Subsidiaries
(Subsidiary of Magenta Infraestructura, S.L.)

Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2019 and 2018
(In thousands of Mexican pesos)

	Notes		Additional paid-in capital							
		Capital stock	From sale of shares	Resale of repurchased shares	Retained earnings	Effect for employee retirement benefits	Effect on valuation of derivative financial instruments	Stockholders' equity attributable to controlling interest	Non-controlling interest	Total stockholders' equity
Beginning balances as of January 1, 2018		$ 15,334,502	$ 10,270,165	$ 382	$ 50,551,073	$ (12,583)	$ 155,200	$ 76,298,739	$ 18,276,929	$ 94,575,668
Initial recognition of impairment for expected loss, net of taxes		-	-	-	(18,241)	-	-	(18,241)	(1,830)	(20,071)
Dividends declared to non-controlling interest	18.f,g,h	-	-	-	-	-	-	-	(99,869)	(99,869)
Dividends declared	18.i	-	-	-	(770,552)	-	-	(770,552)	-	(770,552)
Reserve for employee retirement benefits		-	-	-	(9,625)	6,924	-	(2,701)	(59)	(2,760)
Consolidated comprehensive income:										
Consolidated net income for the year		-	-	-	9,568,931	-	-	9,568,931	3,009,391	12,578,322
Reserve for employee retirement benefits		-	-	-	-	4,219	-	4,219	1,508	5,727
Effect on valuation of derivative financial instruments, net of taxes		-	-	-	-	-	94,366	94,366	29,563	123,929
Consolidated comprehensive income for the year		-	-	-	9,568,931	4,219	94,366	9,667,516	3,040,462	12,707,978
Balances as of December 31, 2018		15,334,502	10,270,165	382	59,321,586	(1,440)	249,566	85,174,761	21,215,633	106,390,394
Dividends paid to non-controlling interest	18.b	-	-	-	-	-	-	-	(70,881)	(70,881)
Dividends declared to non-controlling interest	18.c	-	-	-	-	-	-	-	(49,303)	(49,303)
Dividends paid	18.a	-	-	-	(2,600,015)	-	-	(2,600,015)	-	(2,600,015)
Consolidated comprehensive income:										
Consolidated net income for the year		-	-	-	8,682,809	-	-	8,682,809	2,946,649	11,629,458
Effect for employee retirement benefits		-	-	-	-	(11,254)	-	(11,254)	(2,169)	(13,423)
Effect on valuation of derivative financial instruments, net of taxes		-	-	-	-	-	(322,520)	(322,520)	(121,603)	(444,123)
Consolidated comprehensive income for the year		-	-	-	8,682,809	(11,254)	(322,520)	8,349,035	2,822,877	11,171,912
Balances as of December 31, 2019		$ 15,334,502	$ 10,270,165	$ 382	$ 65,404,380	$ (12,694)	$ (72,954)	$ 90,923,781	$ 23,918,326	$ 114,842,107

The accompanying notes are part of these consolidated financial statements.

Aleatica, S. A. B. de C. V. and Subsidiaries
(Subsidiary of Magenta Infraestructura, S.L.)

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018
(In thousands of Mexican pesos)
(Indirect Method)

	2019	2018
Cash flows from operating activities:		
Consolidated income before income taxes from continuing operations	$ 16,446,604	$ 17,074,203
Adjustment for valuation of the intangible asset	(1,756,983)	(5,354,798)
Adjustment for valuation of the deficit by the grantor	(11,538,200)	(9,963,027)
Effect of impairment of expected credit losses	(45,637)	47,224
Equity in income of associated entity and joint ventures	(954,638)	(883,633)
Amortization of investments in concessions, right-of-use asset and depreciation	133,993	69,714
Provision for major maintenance	355,485	538,031
Interest income	-	(6,793)
Interest income in joint ventures	(81,833)	(132,838)
Unrealized foreign exchange	(25,140)	(2,176)
Interest expense	4,468,432	4,925,363
Effect on valuation of derivative financial instruments	6,008	300
	7,008,091	6,311,570
Changes in working capital:		
Due from and due to related parties, net	(36,950)	104,439
Recoverable taxes	(8,751)	(15,345)
Other accounts receivable and other assets	(69,485)	(7,884)
Trade accounts payable to suppliers, taxes and accrued expenses	(131,871)	391,206
Major maintenance	(453,912)	(339,355)
Employee benefits	13,467	(8,251)
Income taxes paid	(548,482)	(2,026,225)
Net cash flows generated by operating activities	5,772,107	4,410,155
Cash flows from investing activities:		
Acquisition of office furniture and equipment and other assets	(86,607)	(64,902)
Reimbursement of common stock contributions in joint ventures	-	1,020,000
Investment in bonds issued by joint ventures	-	(250,000)
Repayment of bonds issued by joint ventures	3,006	-
Interest collected on bonds issued by joint venture	22,615	13,117
Dividends collected from joint venture	-	135,150

	2019	2018
Investment in concessions and advances to suppliers for construction work	(265,065)	(1,020,913)
Loans to joint ventures	-	(83,640)
Interest collected from joint ventures	-	38,331
Loans collected from joint ventures	-	991,224
Net cash flows (used in) generated byinvesting activities	(326,051)	778,367
	5,446,056	5,188,522
Cash flows from financing activities:		
Reduction of contributions for future capital increases of the non-controlling interest	(523,968)	(803,649)
Lease payments	(59,821)	-
Borrowing costs	-	(13,497)
Dividends paid to non-controlling interest	(70,881)	(99,869)
Dividends paid	(2,600,015)	(770,552)
COFIDES debt contract settlement	(578,441)	-
Payment of securitized certificates	(88,404)	(81,040)
Loans paid to financial institutions	(1,055,831)	(818,953)
Loans obtained from financial institutions	-	291,823
Interest paid	(2,585,107)	(2,615,553)
Payment collected of forward financial instruments (forwards)	-	(62,733)
Net cash flows used in financing activities	(7,562,468)	(4,974,023)
Net (decrease) increase in cash, cash equivalents and trust funds, short and long-term	(2,116,412)	214,499
Short and long-term cash, cash equivalents and trust funds at beginning of year	13,847,505	13,633,006
Short and long-term cash, cash equivalents and trust funds at end of year	$ 11,731,093	$ 13,847,505

(concluded)

The accompanying notes are part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018
(In thousands of Mexican pesos, except as otherwise indicated)

1. Activities and significant operations

Activities - Aleatica, S. A. B. de C. V. ("Aleatica" or the "Entity"), subsidiary of Magenta Infraestructura, S.L.U., was incorporated in Mexico on March 31, 2005. Its main activity is to invest in shares of companies engaged in the design, operation and construction of road infrastructure projects, airports and ports, as well as to enter into contracts related to the above activities (Notes 9 and 10).

The Entity's address is Avenida Paseo de la Reforma 222, 25th floor, Colonia Juárez, CP 06600, Mexico, City, Mexico, and is a traded stock corporation, whose shares are traded in the Mexican Stock Exchange, which after the Public Bid, mentioned below, represent 13.99% without considering the Entity's treasury shares.

On July 9, 2018, a Stockholders' Extraordinary Meeting approved the change of business name to Aleatica, S.A.B. de C.V., as a result an amendment to Clause 1 of the Entity's bylaws was approved.

Significant operations

Aleatica announces the signing of a letter of intent (the "Letter of Intent") with Grupo Aeroportuario de la Ciudad de México, S.A. de C.V. ("GACM") to sell its equity interest in Toluca International Airport.

On August 14, 2019, Aleatica announced that its subsidiary Administradora de Acciones de Toluca, S.A. de C.V. ("AAToluca") signed, with Grupo Aeroportuario de la Ciudad de México, S.A. de C.V. ("GACM"), a Letter of Intent, in conjunction with the Ministry of Communications and Transportation ("SCT") and with the appearance of the Government of the State of Mexico and Aeropuertos y Servicios Auxiliares ("ASA"), which establishes the criteria under which AAToluca and GACM will negotiate the sale of the shares held by AAToluca and which represent 49% of the common stock of Administradora Mexiquense del Aeropuerto Internacional de Toluca, S.A. de C.V. ("AMAIT"). AMAIT holds the Concession for the administration, operation and exploitation of Toluca International Airport (the "Potential Transaction").

Among other conditions, the Potential Transaction is subject to an audit process, the agreement of the parties regarding the sales price of the shares, as well as the negotiation, execution and implementation of the definitive documents needed to perform the Potential Transaction, including the respective acquisition contract.

Likewise, the Potential Transaction is subject to obtaining the required corporate, government and third-party authorizations.

On February 25, 2020, the Entity received a formal purchase proposal from GACM, which it subsequently accepted. At the date of issuance of these consolidated financial statements, the transaction is subject to the agreement, execution and implementation of the required definitive documents, including the respective purchase-sale contract. Similarly, the transaction is subject to obtaining the necessary corporate, government and third-party authorizations.

Oversight by the National Banking and Securities Commission (the "Commission")

On May 15, 2015, the Entity reported through a significant event that the National Banking and Securities Commission (the "Commission" or "CNBV"), based on Article 359 of the LMV, and in the exercise of its official powers and its continued oversight functions of issuers listed on the Mexican Stock Market, initiated an inspection visit of the Entity to ascertain compliance with that established in the LMV and in the applicable provisions, for purposes of protecting the interests of investors and the market in general.

As a result of the aforementioned inspection initiated by the Commission, on October 23, 2015, the Commission granted the right to a hearing to the Entity, and the different officers of the Entity, in order to address certain administrative proceedings initiated against them (the "Administrative Proceedings").

As part of the Administrative Proceedings, the Commission alleges noncompliance with applicable regulations, including among others; (a) inappropriate application of accounting principles accepted by the Commission, including the records related to the concessions which recognize guaranteed profitability and the fact that, according to the Commission, such recognition is invalid; (b) supposed improper information to the market related to the current traffic levels and their projections in the concessions of the Entity; (c) verifiability in certain operations and; (d) noncompliance in the authorization processes for transactions with related parties.

On November 25, 2015, the Entity responded to the questions raised by the Commission.

On March 10, 2016, the CNBV issued official notices to the Entity.

The rulings on the Administrative Proceedings establish the following:

1. With regard to the Administrative Proceedings related to the application of accounting principles recognized by CNBV for certain accounting records relative to the guaranteed profitability of the concessions of its subsidiaries, the CNBV concluded that during the years 2012, 2013 and 2014, the Entity and its subsidiaries Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. ("OPI") and Concesionaria Mexiquense, S.A. de C.V. ("CONMEX") ("the issuers") had inappropriately recorded the guaranteed profitability, in accordance with its interpretation of IFRIC 12 (Service Concessions Agreements). After considering the extenuating circumstances described above, the CNBV levied an administrative penalty of the Entity and some of its executives for such information.

2. In the ruling on the Administrative Proceedings related to information on the traffic levels in its concessions, the CNBV ruled that there was an inconsistency in the description of one of the processes included in the section of the Principal Accounting Policies of the financial statements of the Entity in comparison with the rest of the

information disclosed by the Entity. The CNBV, after considering the extenuating circumstances described above, levied an administrative penalty on the Entity and some of its executives for such violation.

3. In relation to the Administrative Proceedings on the verifiability in the recording of certain operations of the Entity, the CNBV ruled that the respective support documentation was not provided in every case. The CNBV, after considering the extenuating circumstances described above, levied an administrative penalty on the Entity and some of its executives for such violation.

4. In accordance with the ruling on the Administrative Proceeding related to the authorization procedure for certain transactions with related parties of the Entity, the CNBV ruled that not all of the documentation was provided to certify that the formalities in such authorization procedure had been effectively fulfilled. The CNBV, after considering the extenuating circumstances described above, levied an administrative penalty on the Entity. No individuals were summoned as part of this Administrative Proceeding.

After considering the extenuating circumstances in this case, specifically the absence of deceit, fraud or any impact on the Mexican financial system or third parties, the CNBV levied administrative penalties on the Entity and the individuals for a total amount of $61.2 million for the Entity, and the amount of $10.2 million for the individuals who are currently directors of the Entity.

On March 15, 2016, the CNBV issued official notices instructing changes to the consolidated financial statements of the Entity for 2013, 2014 and 2015, granting a deadline of 5 days to submit to the Commission the form and terms under which compliance with the official notices would be accomplished.

Notwithstanding, as the interpretations that the Entity and their outside advisers gave to the accounting provisions applicable to the recording of the guaranteed profitability in their financial statements are not consistent with the interpretation of the CNBV, with the aim of improving transparency for small investors, providing comparable financial information and, considering that the accounting treatment for the guaranteed profitability does not have and has not had any effect on the cash flows of the Entity, the latter proposed to the CNBV the remediation process described in the following paragraph.

On March 18, 2016, the Entity submitted letters informing the CNBV of the form and terms in which it would comply with the observations contained in the official notices, offering as a remediation process to review the way in which it must carry out the recording of the guaranteed profitability by considering the nature and terms of the Concession Titles, in order to seek an interpretation of the recording of the guaranteed profitability in accordance with IFRIC 12 which would be reasonable for the CNBV, for which reason it was requested to continue presenting in its consolidated financial statements the recognition of the guaranteed profitability consistently with previous years and show in a note to the financial statements the effects which would arise from applying the accounting treatment required by the CNBV until such time as the aforementioned reasonable presentation for the CNBV was determined.

On March 23, 2016, the CNBV approved the proposal submitted by the Entity as follows:

i) In the 2015 audited financial statements of the Entity, the recording of the guaranteed profitability as a financial asset will be maintained and a note with financial information for the respective periods will be included in the section "Notes to the Financial Statements", solely for comparative purposes, reflecting the record of the guaranteed profitability in accordance with the accounting treatment requested by the CNBV;

ii) In the 2015 annual report, the financial statements of the last three years in which the recording of the guaranteed profitability is kept as a financial asset will be included, and a note with information for the respective periods will be included in the section "Notes to the Financial Statements", solely for comparative purposes, reflecting the record of the guaranteed profitability in accordance with the accounting treatment requested by the CNBV, both in the notes to the financial statements attached to the annual report, and in the section "Selected Financial Information"; and

iii) In the quarterly and annual consolidated financial reports, beginning in the first quarter of 2016 (a) the recording of the guaranteed profitability as a financial asset will be maintained and (b) a note with comparative information for the respective periods will be included in the section "Notes to the Financial Statements", solely for comparative purposes, reflecting the record of the guaranteed profitability in accordance with the accounting treatment requested by the CNBV, until such time as the form in which the record of the guaranteed profitability must be made in the financial statements of the Entity is determined in conformity with IFRIC 12.

iv) On February 17, 2017, the Entity filed a letter informing the CNBV of the form in which the recording of its investment in concessions and their return will be made, by considering the economic nature and the terms established in the Concession Titles and the laws applicable thereto, in accordance with that established in IFRIC 12.

Therefore, the information described in subsection (iii) above was presented for the year 2015 and until the third quarter of 2016.

On February 21, 2017, the Commission admitted the follow-up letter in accordance with the official instruction notices described in the preceding paragraphs.

2. Basis of presentation

1) *Application of new and revised International Financial Reporting Standards*

a. *Application of new and revised International Financial Reporting Standards ("IFRS" or "IAS") and interpretations that are mandatorily effective for the current year*

In the current year, the Entity has applied a number of amendments to IFRS and new Interpretation issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2019.

New and amended IFRS effective for the years and reporting period starting as of January 1, 2019

The Entity implemented IFRS 16 (issued by the IASB in January 2016), which establishes new or modified lease accounting requirements. It introduces significant lessee accounting changes by eliminating the distinction between operating and capital leases, and requiring the recognition of a right-of-use asset and a lease liability at the starting date of all leases, albeit with the exception of those considered as short-term or involving low-value assets. In contrast to lessee accounting, the requirements applicable to lessors have remained significantly unchanged. Details of the new requirements are described in Note 3. The initial effect derived from the adoption of IFRS 16 on the Entity's consolidated financial statements is described below.

For the Entity, the initial application date of IFRS 16 was January 1, 2019.

The Entity has applied IFRS 16 by utilizing the modified retrospective approach, but has not reissued comparative information.

(a) *Effect of the new lease definition*

The Entity has opted to apply the practical expedient available for the transition to IFRS 16 to avoid reassessing whether a contract is or contains a lease. Consequently, the lease definition contained in IAS 17 and IFRIC 4 will continue to be applied to contracts executed or amended prior to January 1, 2019.

The modification of the lease definition primarily refers to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer is entitled to control the use of an identified asset for a given period of time in exchange for a payment. This contrasts with the "risks and rewards" approach of IAS 17 and IFRIC 4.

The Entity applies the lease definition and related guidelines detailed in IFRS 16 to all the contracts executed or amended on or as of January 1, 2019. For the initial adoption of IFRS 16, the Entity carried out a project, which indicated that the new lease definition established by IFRS 16 does not significantly modify the scope of contracts that fulfill the lease definition for the Entity.

(b) *Effect on lessee accounting*

(i) Prior operating leases

IFRS 16 modifies the manner in which the Entity accounts for leases previously classified as operating leases under IAS 17, which were maintained off the consolidated statement of financial position.

When applying IFRS 16 to all its leases (except for those discussed below), the Entity:

(a) Recognizes right-of-use asset and lease liability in the consolidated statement of financial position, initially measured at the present value of future lease payments.

(b) Recognizes the depreciation of right-of-use asset and the interest accrued by lease liability in the consolidated statement of income.
(c) Separates the total amount of cash paid for principal (financing activities) and interest (financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g., rent-free periods) are recognized in the initial measurement as part of the right-of-use asset and lease liability when, under IAS 17, lease incentives were recognized as a reduction of lease expenses, generally by utilizing the straight-line method.

Under IFRS 16, right-of-use asset is tested for impairment according to IAS 36.

In the case of short-term leases (for periods of 12 months or less) and those involving low-value assets (such as computers, small items of office furniture and telephones), the Entity has opted to recognize a lease expense according to the straight-line method, as permitted by IFRS 16. This expense is presented under the "Costs and operating expenses" heading in the consolidated statement of income.

(ii) Prior capital leases

The main difference between IFRS 16 and IAS 17 with regard to contracts classified as capital leases is the measurement of the residual value of the guarantees provided by the lessor to the lessee. IFRS 16 requires that the Entity only recognize the amount expected to be paid under a residual value guarantee as part of its lease liability, as opposed to the maximum guarantee amount required by IAS 17. This change did not generate any material effects for the Entity's consolidated financial statements because it did not have any capital lease contracts.

(c) *Initial financial effect derived from the adoption of IFRS 16*

The adjustment amount for each item of the consolidated financial statements affected by the application of IFRS 16 in 2019 is detailed below.

The application of IFRS 16 to leases previously classified as operating leases according to IAS 17 resulted in the recognition of right-of-use asset of $268,625, together with a lease liability of $268,625. This also led to a decrease of costs and operating expenses of $41,274, a depreciation increase of $67,620 and an interest expense increase of $18,631.

The application of IFRS 16 affected the Entity's consolidated statement of cash flows. Under IFRS 16, lessees must present:

- Short-term lease payments, payments made for leases involving low-value assets and variable lease payments are not included in the lease liability measurement, as part of operating activities;
- The cash paid for interest accrued by the lease liability, whether based on operating activities or financing activities, as permitted by IAS 7 (the Entity decided to include paid interest as part of financing activities); and
- Cash payments for the principal portion of the lease liability, as part of financing activities.

Under IAS 17, all operating lease rental payments were presented as part of the operating activities cash flows. Consequently, the net cash generated by operating activities increased by $59,821 in 2019, whereby lease payments and the net cash flows used in financing activities increased by the same amount.

The adoption of IFRS 16 did not generate effects in net cash flows.

Effect of the application of other amendments to the Standards and Interpretations of IFRS, which are effective for periods starting on or as of January 1, 2019

During the current year, the Entity applied a series of amendments to the Standards and Interpretations of IFRS issued by the IASB. Their adoption did not have any material effects on the disclosures or amounts recorded in these consolidated financial statements.

Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures	The amendment clarifies that IFRS 9, including its impairment requirements, is applicable to other financial instruments in an associate or joint venture to which the equity method is not applicable. This includes long-term interests, which substantially form part of the net investments in an associate or joint venture. The Entity applies IFRS 9 to these long-term interests, to which it formerly applied IAS 28. When applying IFRS 9, the Entity does not consider adjustments to the book value of long-term interests, as required by IAS 28 (as adjustments to the book value of long-term interests derived from the assignment of losses in the investee or the assessment of impairment according to IAS 28).
Annual improvements to IFRS 2015-2017 Cycle Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations, and IFRS 11 Joint Arrangements	IAS 12, Income taxes - The amendments clarify that the income tax incurred by dividends must be recognized in the statement of income, under other comprehensive income or capital based on the manner in which the transactions that generated distributable profits were originally recognized. This is the case regardless of whether different tax rates are applied to distributed and undistributed profits.

IAS 23, Borrowing costs - The amendments clarify that, if a specific loan remains outstanding after the related asset is ready for its foreseen use or sale, the loan forms part of the borrowed funds when calculating the capitalization rate of general loans.

IFRS 3, Business combinations - The amendments clarify that, when control is obtained over a business that is a joint venture, the requirements established for a business combination in stages are also applicable, including the reassessment of previously held interest (PHI) in the joint venture at fair value. The previously held interest subject to remeasurement includes the unrecognized assets, liabilities and goodwill of the joint venture.

IFRS 11, Joint Arrangements - The amendments clarify that when a party to a joint venture that did not have joint control obtains joint control, the previously held interest in the joint venture must not be reassessed.

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

The amendments clarify that the cost of past service (or the settlement gain or loss) is calculated by measuring the defined benefit liability or asset, utilizing current assumptions and comparing the offered benefits and plan assets before and after the plan amendment (curtailment or settlement), while excluding the asset ceiling effect (which may arise when the defined benefit plan has a surplus position). IAS 19 now clarifies that the modification of the asset ceiling effect that may result from plan amendment (curtailment or settlement) is determined in a second step and regularly recognized in other comprehensive income.

Paragraphs related to the measurement of the current service cost and net interest accrued by the defined benefit liability (asset). Updated remeasurement assumptions must be used to determine the current service cost and net interest following the plan amendment (curtailment or settlement) and for the remaining reporting period. In the case of net interest, the amendments clarify that, during the period following the plan amendment

	(curtailment or settlement), net interest is calculated by multiplying the defined benefit liability (asset) revalued according to IAS 19:99 based on the discount rate utilized in the new remeasurement (while considering the effect of benefit contributions and payments on the net defined-benefit liability (asset).
IFRIC 23, Uncertainty over income tax treatments	Establishes how to determine the tax accounting position when uncertainty exists as regards income tax treatments. The interpretation requires the following: • Determine whether uncertain tax positions are assessed individually or collectively; and • Evaluate whether it is likely that the tax authority will accept an uncertain tax treatment utilized or proposed for use by an entity in its income tax returns: ◦ If this is the case, the tax position must be consistently determined in accordance with the tax treatment utilized in income tax returns. ◦ If this is not the case, the effect of uncertainty on the determination of the tax position must be reflected by utilizing the most likely amount or expected value method.

Management does not expect the adoption of the aforementioned amendments to have a material effect on the Entity's consolidated financial statements in future periods.

New and revised IFRS which are not yet effective

At the date of authorization of these consolidated financial statements, the Entity has not applied the following new and revised IFRS Standards, which have been issued, but are not yet effective:

IFRS 10 and IAS 28 (amendments)	*Sale or contribution of assets between an investor, its associate or joint venture*
Amendments to IFRS 3	*Definition of a business*
Amendments to IAS 1 and IAS 8	*Definition of materiality*
Conceptual Framework	*Conceptual Framework of IFRS Standards*

Management does not expect the adoption of the aforementioned standards to have a material effect on the Entity's consolidated financial statements and future periods, except as indicated below:

Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture

The amendments to IFRS 10 and IAS 28 cover situations in which the sale or contribution of assets takes place between an investor and its associate or joint venture. The amendments specifically establish that the gains or losses resulting from the loss of control over a subsidiary that does not contain a business in a transaction performed with an associate or joint venture, which is accounted for by means of the equity method, are recognized in the gain or loss of the holding company only to the extent of unrelated investors' interest in that associate or joint venture. Likewise, the gains and losses resulting from the remeasurement of investments retained in any former subsidiary (which has become an associate or joint venture that is accounted for by utilizing the equity method) at fair value, are recognized in the gain or loss of the former holding company, only to the extent of unrelated investors' interest in that new associate or joint venture.

The effective date of the amendments has not yet been set by the IASB, although early application is permitted. The Entity's management considers that the application of these amendments may affect the Entity's consolidated financial statements in future periods if these transactions arise.

Amendments to IFRS 3, Definition of a business

The amendments clarify that, while businesses usually have outputs, they are not required in order for an integrated set of activities and assets to qualify as a business. For consideration as a business, a set of acquired activities and assets must include at least one input and a substantive process that contribute significantly to the capacity to generate outputs.

Additional guidelines are provided to determine whether a substantive process has been acquired.

The amendments introduce an optional test for identifying the concentration of fair value, which permits the simplified assessment of whether a set of acquired activities and assets is not business if all the fair value of the acquired gross assets is substantially concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions when the acquisition date is on or after the first reporting period starting on or as of January 1, 2020, although early adoption is permitted.

Amendments to IAS 1 and IAS 8, Definition of materiality

The amendments are intended to simplify the definition of materiality contained in IAS 1, thereby making it easier to understand, but are not intended to modify the underlying concept of materiality in IFRS Standards. The concept of obscuring material information with immaterial information has been included in the new definition.

The limit established for materiality that influences the decisions of customers has been changed from “could influence” to “could be reasonably expected to influence”.

The definition of materiality in IAS 8 has been replaced by a reference to the definition of materiality contained in IAS 1. Furthermore, the IASB amended other standards and the Conceptual Framework containing a definition of materiality through a reference to the term materiality to guarantee consistency.

The amendment will be applied prospectively for reporting periods starting on or as of January 1, 2020, although early application is permitted.

Conceptual Framework of IFRS Standards

Together with the revised Conceptual Framework, which took effect on its date of publication, March 29, 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments for IFRS 2, 3, 6, 14, IAS 1, 8, 34, 37, 38, IFRIC 12, 19, 20, 22 and SIC 32.

However, not all the amendments update pronouncements regarding the Conceptual Framework so as to refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate the version they refer to (to the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010 or the revised Framework of 2018), or to indicate which definitions in the Standard have not been updated with new definitions developed in the revised Conceptual Framework.

The amendments, which are actually updates, are effective for annual periods starting on or as of January 1, 2020, although application is permitted.

3. Significant accounting polices

a. ***Statement of compliance***

The consolidated financial statements have been prepared in accordance with IFRS released by IASB.

b. ***Basis of preparation***

The consolidated financial statements have been prepared on the historical cost basis except for that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in
IAS 36.

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

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Entity and entities (including structured entities) controlled by the Entity and its subsidiaries. Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Entity, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Entity's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

<u>Changes in the Entity's ownership interests in existing subsidiaries</u>

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Entity.

When the Entity loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Entity had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

As of December 31, 2019 and 2018, the equity in the capital stock of the principal subsidiaries are shown below:

		Direct and Indirect Ownership Equity %	
Subsidiaries	**Activity**	**2019**	**2018**
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. and subsidiary ("OPI" and subsidiary) (1) (2)	Holder of 99.99% shares of Concesionaria Mexiquense, S.A. de C.V. ("Conmex")	51.00	51.00
Grupo Autopistas Nacionales, S.A. ("GANA")	Owner of the Amozoc-Perote Highway concession	69.18	69.18
Viaducto Bicentenario, S.A. de C.V. ("VIADUCTO BICENTENARIO")	Owner of the Viaducto Elevado concession in the State of Mexico	99.99	99.99
Autovías Concesionadas, S.A. de C.V. ("AUTOVIAS") (5)	Ceded the Concession of the Viaducto Elevado de Puebla to Libramiento Elevado de Puebla, S.A. de C.V.	99.99	99.99
Administradora de Acciones Toluca, S.A. de C.V. ("AATOLUCA") (6)	Investment of the Toluca Airport concession	99.99	99.99
Construcciones Amozoc Perote, S.A. de C.V. ("CAPSA")	Constructor	69.18	69.18
Operadora Concesionaria Mexiquense, S.A. de C.V. ("OPCOM")	Operating services provider to the toll road concessions	99.99	99.99
Autopista Urbana Norte, S.A. de C.V. ("AUNORTE")	Owner of the Vía Periferia Elevada concession	99.99	99.99
Latina México, S.A. de C.V. ("LATINA")	Constructor	99.99	99.99
Seconmex Administración, S.A. de C.V. ("SECONMEX")	Professional, technical and administrative services	98.00	98.00
Concesionaria AT-AT, S.A. de C.V.	Owner of the North Bypass Atizapán-Atlacomulco concession	99.99	99.99

Subsidiaries	Activity	Direct and Indirect Ownership Equity % 2019	2018
OPCEM, S.A.P.I. de C.V. (2)	Service provider operating the Circuito Exterior Mexiquense	51.00	51.00
Conservación MM, S.A. de C.V. (3)	Operating services provider to VIADUCTO BICENTENARIO and AUNORTE	99.99	99.99
Manop, S.A. de C.V. (3)	Operating services provider to GANA	69.18	69.18
OTM Servicios de Pago, S.A. de C.V. (4)	Operating services provider to Televía	99.99	99.99

(1) Direct and indirect equity of the Entity in the concession for Circuito Exterior Mexiquense ("CEM").

(2) On May 9 and 10, 2018, through its subsidiaries, IFM GIF transferred its 49% shareholding in OPI and OPCEM to Caisse de Dépôt et Placement du Québec ("CDPQ") and to its Assignee Trust 2893 "Trust 2893". CDPQ and the investors of Trust 2893 are institutional investors with long-term investments.

(3) On April 23, 2018, Conservación MM, S.A. de C.V. was incorporated.

(4) On October 24, 2018, OTM Servicios de Pago, S.A. de C.V. was incorporated.

(5) On January 14, 2019, the change of official name was made from Autovías Concesionadas.

(6) On March 26, 2019, the change of official name was made from Administradora de Acciones Toluca, S.A. de C.V.

A summary of the consolidated financial information of OPI with its subsidiary CONMEX, which has a significant non-controlling interest, is detailed below.

OPI and Subsidiary	2019	2018
Current assets	$ 2,006,553	$ 1,378,458
Non-current assets	$ 89,086,424	$ 82,515,639
Current liabilities	$ 1,895,158	$ 1,970,012
Non-current liabilities	$ 41,037,441	$ 39,204,370
Stockholders' equity attributable to controlling interest	$ 48,160,378	$ 42,719,715
Revenues	$ 11,312,290	$ 12,425,093
Costs and expenses	$ 1,015,897	$ 1,260,640
Financing cost	$ 2,410,833	$ 2,975,011

OPI and Subsidiary	2019	2018
Income taxes	$ 2,196,603	$ 2,281,735
Net income	$ 5,688,957	$ 5,907,707
Other comprehensive result	$ (248,269)	$ 60,338
Net comprehensive income	$ 5,440,688	$ 5,968,045
Net cash generated by operating activities	$ 3,639,979	$ 3,419,745
Net cash flows used in investing activities	$ (4,988)	$ (102,336)
Net cash flows used in financing activities	$ 2,966,620	$ (3,268,860)
Net increase in cash, cash equivalents and trust funds	$ 3,723,831	$ 3,055,460

The reconciliation of the financial information above summarized, of the book value of the non-controlling interest in OPI, was recognized in the consolidated financial statements:

OPI and Subsidiary	2019	2018
OPI's net assets	$ 48,160,378	$ 42,719,715
Attributable to OPI's non-controlling interest	23,598,585	20,932,660
OPI's controlling interest book value	$ 24,561,793	$ 21,787,055

Subsidiaries

Subsidiaries are companies over which the Entity exercises control. The existence and effects of the potential voting rights which are currently exercisable or convertible are considered when the Entity evaluates if it controls the investee. Subsidiaries are consolidated from the date on which their control is transferred to Entity, and they cease to consolidate from the date on which control is lost.

The accounting policies of the subsidiaries have been modified to conform to the policies adopted by the Entity.

Investments in associates and joint ventures

An associate is an entity over which the Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Entity's share of losses of an associate or a joint venture exceeds the Entity's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate or joint venture), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Entity retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Entity accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

The Entity continues to utilize the equity method when an investment in an associated entity becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associated entity. The fair value of these equity changes is not revalued.

When the Entity reduces its ownership interest in an associate or a joint venture but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Entity, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Entity's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Entity.

d. ***Trusts Funds*** - The Entity presents as long-term in the consolidated statement of financial position, the cash deposited in the Funds as reserves to service the debt, which will not be used within the 12 months following the end of the period reported. Those funds that will be used in the following year or whose dispositions are unrestricted, are classified as short-term.

e. ***Other financial assets*** - The investments in debt instruments managed under a business model whose purpose is to collect the contractual cash flows, which are exclusively payments of principal and interest on the unpaid balance, are generally measured at amortized cost at the end of the subsequent accounting periods.

   They are initially valued and recorded at fair value. The transaction costs which are directly attributable to the acquisition of the investments, are added to or subtracted from the fair value of the financial assets, as the case may be, in the initial recognition.

   Investments of debt bonds, which the Entity has contracted, are subsequently valued at amortized cost using the effective interest method, less impairment. Interest income is recognized by applying the effective interest rate. The yields generated are recognized in results as they are accrued, as part of interest income.

f. ***Investments in concessions*** - For accounting purposes the Entity recognizes the investments made in infrastructure projects in accordance with Interpretation No. 12 of the Interpretation Committee of the International Financial Reporting Standards "Services Concession Agreements" ("IFRIC 12").

IFRIC 12 refers to the recording by private sector operators involved in providing infrastructure assets and services to the public sector established in concession agreements, classifying the assets into financial assets, intangible assets or a combination of both.

In accordance with IFRIC 12, the Entity records the investment in concessions in two captions based on the economic nature and characteristics of the concession titles, as follows:

1. Concession Titles, which establish that the deficit between the investment in infrastructure and the return established in the Concession Titles themselves, compared to the real cash flows, is recovered through the granting entity. The assets recorded in this caption are valued 1) based on discounted future flows, equivalent to their fair value which is expected to be received for tolls collected directly from customers of the service, in what is known as an intangible asset; and 2) the defined deficit assumed by the granting party, which refers to a financial asset as established in paragraph 16 of IFRIC 12. These concessions are valued at present value as of the date of the consolidated financial statements.

   The determination of the amount defined as intangible assets, in accordance with IAS 38, Intangible Assets involves the use of financial projections, which are prepared together with management experts and independent outside experts. Such financial projections are prepared annually, and will be updated in the event of indicators or events which significantly affect the assumptions used for their preparation.

   The revenues from valuation of intangible assets are determined based on the future toll flows discounted at an appropriate discount rate. The revenues from valuation of the deficit assumed by the granting party are determined based on the difference between the total return established under the concession title and the revalued book value determined for intangible assets in each period.

2. Concession Titles, which establish that the recovery of the investment in infrastructure and the return established in the titles themselves will be recovered only from the toll flows. These concessions are recorded as intangible assets.

   The intangible asset from concessions where the recovery is only through future toll flows and there is no supplemental liability assumed by the granting entity, is valued at cost and is amortized by the units of activity method and are subject to quarterly impairment testing.

   IFRIC 12 establishes that in the concession titles the infrastructure assets should not be recognized as property, plant and equipment by the operator.

   The revenues and costs related to the construction or improvements are recognized in revenues and costs during the construction phase. The interest cost accrued during the construction period is capitalized in the case of concessions classified as intangible assets.

Construction revenues are recognized by the percentage of completion method, whereby the revenue is matched with the costs incurred to reach the stage of progress required to terminate the concession, resulting in the recording of revenues and costs attributable to the percentage of work finished at the close of each year. To construct the highways for which it holds concessions, in general the Entity and its subsidiaries subcontract related parties or independent construction companies; as a result of the construction subcontracts signed, the builders are responsible for the performance, termination and quality of the work. The contracting prices with the subcontracting companies are at fair market values, for which reason the Entity does not recognize a profit margin in its consolidated statements of income and other comprehensive income for the performance of such construction work. The construction subcontracts do not release the Entity from its obligations acquired in relation to the concession titles. For those works that are carried out directly by the Entity, utility margins are recognized in its construction.

g. ***Advances to suppliers for construction work*** - Advances to suppliers correspond to payments made for specific works that will be carried out in the near future for the construction of infrastructure under the concessions. Amounts are recorded as advances given that the risks and rewards of the assets or services to be acquired or received have not yet been transferred to the Entity.

h. ***Government grants and government assistance*** - Government grants are not recognized until there is reasonable assurance that the Entity will comply with the conditions corresponding IAS 20, "Government grants" and that the grants will be received.

Based on the application of IAS 20, such government assistance is deducted systematically from the value of the related investment in infrastructure asset.

Grants for the acquisition of assets are presented net against the related asset, and are applied to results over the same period and using the same amortization criteria as that of the related asset.

i. ***Office furniture, equipment and other assets*** - Office furniture and equipment are recorded at cost less depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is calculated under the straight-line method based on useful life, as follows:

	Annual percentage %
Computer equipment	30
Transportation equipment	25
Office equipment	10
Machinery	10
Road signs and signals	10
Electrical power equipment	10
Installation expenditures in leased facilities	10

Residual values, useful lives and depreciation methods are reviewed at the end of each year, and the effect of any change in the estimate is recognized on a prospective basis.

An element of furniture and equipment and other assets is derecognized when sold or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising from the sale or retirement of an item of furniture and equipment, is calculated as the difference between the resources received from sales and the carrying amount of the asset and is recognized in the consolidated statement of income and other comprehensive income.

j. ***Leases***

- The Entity as lease

The Entity assesses whether a contract initially contains a lease. The Entity recognizes a right-of-use asset and the respective lease liability for all the lease contracts in which impacts it acts as lessee, albeit with the exception of short-term leases (executed for periods of 12 months or less) and those involving low-value assets (like electronic tablets, personal computers and small items of office furniture and telephones). For these leases, the Entity records rental payments as an operating expense according to the straight-line method throughout the lease period, unless another method is more representative of the time pattern in which economic gains result from the consumption of the leased assets.

The lease liability is initially measured at the present value of the rental payments that are not settled at the starting date, discounted according to the implied contractual rate. If this rate cannot be easily determined, the Entity utilizes incremental rates.

The rental payments included in the lease liability measurement are composed by:

- Fixed rental payments (including substantially fixed payments), less any received lease incentive;
- Variable rental payments that depend on an index or rate, which are initially measured by utilizing the index or rate in effect at the starting date;
- The amount expected to be paid by the lessee under residual value guarantees;
- The purchase option exercise price, if it is reasonably certain that the lessee will exercise these options; and
- Penalty payments resulting from the termination of the lease, if the lease period reflects the exercise of a lease termination option.

The lease liability is presented as a separate item in the consolidated statement of changes in financial position.

The lease liability is subsequently measured based on the book value increase to reflect the interest accrued by the lease liability (using the effective interest method) and reducing the book value to reflect the rental payments made.

The Entity revalues the lease liability (and makes the respective adjustments to the related right-of-use asset) as long as:

- The lease period is modified or an event or significant change takes place with regard to the circumstances of the lease, thereby resulting in a change to the assessment of the purchase option exercise, in which case, the lease liability is measured by discounting restated rental payments and utilizing a restated discount rate.
- Rental payments are modified as a result of changes to indexes or rates, or a change in the payment expected under a guaranteed residual value, in which case, the lease liability is revalued by discounting restated rental payments by using the same discount rate (unless the change in rental payments is due to a change of variable interest rate, in which case a restated discount rate is used).
- A lease contract is amended and the lease amendment is not accounted for as a separate lease, in which case the lease liability is revalued according to the amended lease period by discounting restated rental payments using a discount rate restated at the date on which the amendment took effect.

The Entity did not make any of these adjustments.

Right-of-use asset is composed by the initial measurement of the respective lease liability, the rental payments made on or prior to the starting date, less any received lease incentive and any initial direct costs. The subsequent valuation is the cost less accumulated depreciation and impairment losses.

If the Entity assumes an obligation derived from the cost of dismantling and removing a leased asset, to restore the place where it is located or restore the underlying asset to the condition required by lease terms and conditions, a provision measured according to IAS 37 must be recognized. To the extent that costs are related to a right-of-use asset, they are included in the related right-of-use asset unless they are incurred to generate inventories.

Right-of-use asset is depreciated during the shorter of the lease period and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset indicates that the Entity plans to exercise the purchase option, the right-of-use asset is depreciated according to its useful life. Depreciation begins at the lease starting date.

Right-of-use asset is presented as a separate item in the consolidated statement of financial position.

The Entity applies IAS 36 to determine whether a right-of-use asset is impaired and to account for any identified impairment loss, as described in the 'Furniture, fixtures and other assets' policy.

Variable leases that do not depend on index or rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense of the period in which the event or condition leading to the payments arises and are included under the "Operating costs and expenses" heading in the consolidated statement of income. (Notes 11 and 12).

As a practical expedient, IFRS 16 offers the option of not separating non-lease components and instead recording any lease and its associated non-lease components as a single agreement. The Entity has not utilized this practical expedient. For contracts containing lease components and one or more additional lease or non-lease components, the Entity assigns the contractual payment to each lease component according to the relative stand-alone selling price method for all non-lease components.

k. ***Borrowing costs*** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

l. ***Impairment of long-lived assets in use*** - Management periodically evaluates the impairment of long-lived assets in order to determine whether there is evidence that those assets have suffered an impairment loss. If impairment indicators exist, the recoverable amount of assets is determined, with the help of independent experts, to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

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

m. ***Other assets*** - Other assets mainly includes costs incurred on the electronic toll project and other development costs. Costs incurred with respect to these assets, which give rise to future economic benefits and meet certain requirements for recognition are capitalized and amortized over their useful lives. Costs that do not comply with the criteria to be capitalized are recognized directly in the consolidated statements of income and other comprehensive income.

n. ***Provisions*** - Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

   The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation, at the end of the reporting period. When a provision is valued using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the value of money over time is material).

o. ***Provision for major maintenance*** - The Entity records the provision of major maintenance of road sections based on its best estimate of the cost of major maintenance, on a straight-line basis, from the last maintenance incurred, in order to comply with contractual obligations that require the Entity to return the infrastructure assets to the government in optimal working conditions at the end of the concession term.

   The Entity performs an analysis of the major maintenance work it will carry out in the 12-month period following the financial statements date, quantifying the estimated accounts to be incurred, which are presented as short-term.

   The amount recognized in this provision is the best estimate of the disbursement required to settle the present obligation, at the end of the reporting period, bearing in mind the risks and uncertainties surrounding the obligation. When a provision is valued using the estimated cash flows to settle the present obligation, its book value represents the present value of such cash flows (when the effect of the value of money over time is material).

p. ***Employee benefits***

   <u>Employee benefits from termination and retirement</u>

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Entity presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expense within other operating costs and expenses. Gains and losses for reduction of service are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Entity's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term employee benefits

A liability is recognized for employee benefits in relation to wages and salaries, annual vacations, paid leave, vacations and vacation premium.

The liabilities recognized for short-term employee benefits are valued at the amount not discounted for the benefits expected to be paid for this service.

Statutory employee profit sharing (PTU)

PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses and cost line item in the consolidated statement of income and other comprehensive income.

Based on the 2014 Income Tax Law, as of December 31, 2019 and 2018, PTU is determined based on taxable income, according to Section I of Article 9 of the same Law.

q. ***Income taxes*** - The Entity is subject to the provisions of the Income Tax Law (ISR).

The expense for income taxes represents the sum of current income taxes and deferred income taxes.

On March 14, 2014, Aleatica, S,A.B. de C.V. filed a letter reporting that it elects to be taxed under this new Optional Regime for Groups of Companies referred to in Chapter VI of Title II of the Income Tax Law, for which reason as of this date the Entity is taxed under this new regime.

1. Current tax

   Current income tax ("ISR") is recognized in the results of the year in which is incurred.

   The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

   A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Entity supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2. Deferred income tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. <u>Current and deferred tax</u>

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

r. ***Fund for repurchase and sale of own shares*** - Shares acquired are shown as a decrease in the fund for repurchase of shares included in the consolidated statement of financial position in the line of retained earnings and are valued at acquisition cost.

In the case of a resale of shares from the fund for repurchase of shares, the amount received in excess or deficit of the historical cost is recognized in the premium on sale of repurchased shares.

s. ***Recognition of revenues from toll fees and services*** - Toll revenues are recognized at the time the service is rendered to the customer, which is when the customer enters the Concessioned Highway. The Entity satisfies the performance obligation by permitting use of the highway.

The basis of the charge (collection) is determined according to the toll rate in effect at the time of entry, whether in cash or by interoperability within the next 24/48 hours by electronic transfer.

A part of the toll rates from vehicle flows earned at GANA and CONMEX concessions belongs to Caminos y Puentes Federales ("CAPUFE"), and are not recognized as the Entity's own revenues. Such charges which belong to CAPUFE for the years ended December 31, 2019 and 2018 were $594,231 and $551,508, respectively.

- Revenues from the placement of TAG devices

  Revenues derived from the placement of TAG devices for highway crossings.

  The revenues derived from the placement of TAG include the fulfillment of a single performance obligation, which must be recognized when the Entity grants use of the TAG device to the customer.

- Revenues from TAG usage

  The revenues derived from the collection of a toll from customers at each highway crossing through the use of the electronic device known as TAG.

  The Entity, acts as an agent in this transaction because it acts as an intermediary between the customer and the highway, for which reason it only recognizes the respective commission at a given moment in time; i.e., when the customer utilizes the highway by means of the TAG device.

t. ***Earnings per share*** - Basic and diluted earnings per share is computed by dividing consolidated net income of the controlling interest available to common stockholders by the weighted average number of common shares outstanding during the year. The Entity has repurchased shares, therefore diluted earnings per share is not equal to basic earnings per ordinary share.

u. ***Financial instruments*** - Financial assets and liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

   Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

v. ***Financial assets***

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

   All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

   Classification of financial assets

   Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

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

- The Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Entity may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) *Amortized cost and effective interest method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Entity recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income" line item.

(ii) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i)) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Entity designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (i)) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Entity has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'foreign exchange (gain) loss' line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'foreign exchange (gain) loss' line item;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'foreign exchange (gain) loss' line item.
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'foreign exchange (gain) loss' line item; and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Entity always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Entity recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Entity compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Entity's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Entity presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Entity has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Entity assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Entity considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Entity becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Entity considers the changes in the risk that the specified debtor will default on the contract.

The Entity regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

The Entity considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Entity, in full (without taking into account any collateral held by the Entity).

Irrespective of the above analysis, the Entity considers that default has occurred when a financial asset is more than 90 days past due unless the Entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) *Write-off policy*

The Entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Entity in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Entity expects to receive from the holder, the debtor or any other party.

If the Entity has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Entity recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Entity derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument, which the Entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

w. ***Financial liabilities and equity***

Classification as debt or capital

Debt and capital instruments are classified as financial liabilities or capital based on the content of contractual agreements and the definitions of a financial liability and capital instrument.

Capital instruments

A capital instrument is any contract that indicates a residual interest in an entity's assets after deducting all its liabilities. Received income, net of direct issuance costs, is recognized for the capital instruments issued by the Entity.

The repurchase of the Entity's own capital instruments is recognized and directly deducted in capital. A gain or loss is not recognized in the profit or loss related to the purchase, sale, issuance or cancellation of the Entity's own capital instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of an Entity of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'foreign exchange (gain) loss' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

When the Entity exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

x. ***Derivative financial instruments***

The Entity obtains financing under different conditions. When financing is obtained under a variable interest rate, the Entity attempts to minimize the potential negative effects of the risk of fluctuations in the interest rate by entering into interest rate "SWAPS" and/or CAPS, which convert the variable profile of interest payments from variable to fixed, and attempts to minimize the potential negative effects of the risk of security exchange by entering into "FORWARD" which convert the variable profile of interest payments from variable to fixed. The Entity only enters into derivative transactions with institutions of recognized solvency and limits have been established for each institution. The Entity's policy is not to enter into derivative transactions for speculative purposes.

The Entity recognizes all assets or liabilities arising from derivative transactions in the consolidated statement of financial position at fair value, regardless of the purpose for which they are held. Fair value is determined based on recognized market prices, when the instrument is not traded in an active market, fair value is determined based on valuation techniques accepted in the financial community.

When derivatives are entered into to hedge certain risks and the derivative instrument complies with all accounting hedge requirements, their designation as a hedging instrument is documented at the start of the hedge transaction, documenting the objective, characteristics, accounting recognition and how the effectiveness will be measured for such transaction.

Accounting for the changes in the fair value of derivatives designated as hedges depends on the type of hedge transaction: (1) for fair value hedges, fluctuations in the fair value of both the derivative and the hedged item are recognized in current earnings; (2) for cash flow hedges, the effective portion is recognized temporarily in other comprehensive income within stockholders' equity and is reclassified to current earnings when affected by the hedged item; the ineffective portion is recognized immediately in current earnings.

For interest rate CAPS that are designated as hedges and which establish a ceiling, the effective portion of the CAP is determined by the intrinsic value of the CAP or the amount that exceeds the ceiling. With respect to measuring effectiveness, the Entity opted to exclude the time value of money (extrinsic value), which such effect is recognized directly in results.

The Entity suspends accounting for hedges when the derivative has matured, has been sold, is canceled or exercised, when the derivative does not reach a sufficiently high effectiveness to offset the changes in fair value or cash flows of the hedged item, or when the Entity decides to cancel the hedge designation.

When discontinuing hedge accounting for cash flow hedges, any amounts recorded in stockholders' equity as part of other comprehensive income remain in equity until the effects of the forecasted transaction or firm commitment affect the current earnings. If it is no longer probable that the firm commitment or forecasted transaction will occur, the gains or losses that were accumulated in other comprehensive income are recognized immediately in results. If the forecasted transaction will occur but subsequently it becomes ineffective, the gains or losses that were accumulated in other comprehensive income are recognized proportionally in results.

Even though certain derivatives are contracted for hedging purposes from an economic standpoint, because they do not comply with all the requirements for hedge accounting established in financial reporting standards, they have been designated as trading derivatives for accounting purposes. The fluctuation in fair value of these derivatives is recognized in interest expense or income.

y. ***Foreign currencies*** - In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Mexican pesos, using exchange rates prevailing at the end of each reporting period.

z. ***Financial assets and liabilities denominated in UDIS*** - The Entity presents in the consolidated statements of income and other comprehensive income, as part of the financial costs or revenues, the valuation effect of the UDI on its financial assets and liabilities denominated in this value unit.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 3, the management of the Entity is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the management of the Entity has made in the process of applying the Entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Management has decided not to recognize a profit margin on the construction revenues and costs in its concessionaire subsidiaries, because the amount of such revenues and costs is substantially the same and has no effect on the Entity's net income.

- Management has decided to recognize the asset generated on the investments in concessions and the return stipulated in the concession titles whose recovery is through the operation of the concessions themselves, during the concession term and the extensions granted, by considering the future toll flows and the deficit to be recovered through the granting government when so established in the Concession Titles themselves and applicable laws.

- Management has decided to recognize an expected loss for the financial asset denominated "Deficit payable by the grantor" and has opted to apply the general model, which allows the issuer to utilize an expected loss approach for the counterparty during the following 12 months by considering that the latter's credit risk has not increased significantly since the recognition of the aforementioned deficit, thus enabling the Entity to select the model to be utilized, in conformity with paragraph 5.5 of IFRS 9. In order to determine the expected loss, the Entity has considered the following variables, Expected Loss = Probability of Default x Loss Given Default x Financial Asset.

The sources of key uncertainty in the estimates made at the date of the consolidated statement of financial position, and which have a significant risk of resulting in an adjustment in the carrying values of assets and liabilities during the following financial period, are as follows:

- The Entity has accumulated recoverable tax losses, whose recoverability has been assessed, and has concluded that it is appropriate to recognize a deferred income tax asset.

- The Entity prepares valuations of its financial derivatives which are contracted to mitigate the risk of interest rate fluctuations. The transactions which comply with the requirements for using hedge accounting have been designated as cash flow hedges. Note 17 describes the valuation techniques and methods of the financial derivatives.

- The Entity revises the estimate of the useful life and amortization method of its assets due to investment in concessions at the end of each reporting period and the effect of any change in the estimate is recognized prospectively. Furthermore, at the end of each period, the Entity revises the book values of its investment in concessions in order to determine whether there is an indication that they have suffered any loss from impairment.

- The concessions in which the recovery of the investment in infrastructure and of the return established in the Concession Titles themselves is made from its operation during the concession terms and the extensions granted and, if the deficit to be recovered through the granting entity were not fully recovered from the operation, are valued at their present value at the date of the financial statements. To determine the amount identified as intangible assets, projections are used which are prepared together with management experts and independent outside expert. Such financial projections are prepared annually except when there are indicators or events, which significantly affect the assumptions used in their preparation.

- Management prepares an estimate to determine and recognize the provision to cover the major maintenance expenses of the concessioned routes, which affect the results of the periods from the time the concessioned highways are available for use until the major maintenance works are performed.

- The Entity reviews the book values of its investment in the shares of its associate to determine whether there are indications to suggest that these shares have suffered an impairment loss.

5. Cash, cash equivalents and trust funds

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts and cash. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	2019	2018
Cash and bank deposits	$ 3,382,942	$ 1,371,173
Cash equivalents (overnight investments)	658,421	5,438,838
Cash for prepayments and post-payment (7)	167,841	246,035
Trust funds (additional revenues) (1A)	6,734	6,461
Cash restricted (letter of credit) and cash guarantees (8)	1,352,104	1,350,000
Trust funds (1) (2) (3)(4)(5)(6)	6,163,051	5,434,998
	11,731,093	13,847,505
Less: Long-term portion of trust funds	(3,573,544)	(3,424,967)
Current portion of cash, cash equivalents and trust funds	$ 8,157,549	$ 10,422,538

Trust funds are as follows:

(1) **CONMEX:**

The balances of the trust were as follows:

	2019	2018
Reserve fund for debt service	$ 1,632,155	$ 1,561,084
Fund for major maintenance	183,627	149,387
Hub fund (Invex 429)	672,172	602,614
Hub fund (Additional revenues) (A)	6,734	6,461
Fund for release of right-of-way	107	343
Hub fund for debt service of the Notes Zero Coupon (Invex 15580)	53,977	51,631
Hub fund for of excessive cash (Invex 15575)	6,602	5,964
Total trust funds	2,555,374	2,377,484
Trust CPac (Concesionaria Pac, S.A. de C.V.)	9,200	9,200
Total trust funds	2,564,574	2,386,684
Total long-term trust funds	(1,632,264)	(1,561,427)
Total funds in short-term trust funds	$ 932,310	$ 825,257

(2) **VIADUCTO BICENTENARIO:**

The fund balances in those trusts are as follows:

	2019	2018
Invex Bank Trust	$ 373,657	$ 335,591
Fund for release of right of way	26	26
Total trust funds	$ 373,683	$ 335,617

(3) **GANA:**

The fund balances in those trusts are as follows:

	2019	2018
Operation fund	$ 1,033,130	$ 764,108
Maintenance fund	244,251	226,954
HSBC trust fund	178,638	168,169
Consolidation bank	855	20,307
Fund for release of right of way	14	11
Total trust funds	1,456,888	1,179,549
HSBC long-term trust fund	(178,638)	(168,169)
Total short-term trust funds	$ 1,278,250	$ 1,011,380

(4) **AUNORTE:**

The trust balance is composed as follows:

	2019	2018
INVEX Trust Fund	$ 207,050	$ 83,162
INVEX Trust Fund reserve	86,928	85,229
INVEX Major Maintenance Fund	9,760	15,359
INVEX VAT Fund	14,308	35
IXE Trust Fund	4	4
Total short-term trust funds	$ 318,050	$ 183,789

(5) **OPI:**

The trust balance is composed as follows:

	2019	2018
INVEX Consolidation Trust	$ 166,621	$ 114,221
Trust 2001 Invex - debt service reserve fund	357,645	345,371
	524,266	459,592
Long-term debt service reserve fund	(357,645)	(345,371)
Total short-them trust funds	$ 166,621	$ 114,221

(6) **AT-AT:**

The trust balance is composed as follows:

	2019	2018
Right of way release fund	$ 932,324	$ 896,227
Long-term right-of-way release fund	(52,894)	-
Total short-term trust funds	$ 879,430	$ 896,227

(7) **OPCOM:** Includes cash received for prepayments by the customers for use of the concession routes, which will be paid by OPCOM to the concessionaires when the customers actually utilize such routes for $16,278 and $33,013 as of December 31, 2019 and 2018, respectively.

(8) Includes restricted cash related to the issuance of a letter of credit to guarantee the venture capital in the Atizapán-Atlacomulco project for $1,350,000 and cash guarantees.

6. Accounts receivable for services

	2019	2018
For interoperability	$ 336,356	$ 258,830
For toll services	125,473	112,349
Third parties	196	-
	462,025	371,179
Allowance for bad debts from interoperability	(85,932)	(84,082)
	$ 376,093	$ 287,097

Aging of accounts receivable for interoperability:

	2019	2018
0-90 days	$ 179,194	$ 121,187
91-120 days	2,695	2,730
More than 121 days	154,467	134,913
Total	$ 336,356	$ 258,830

Aging of accounts receivable for toll services:

	2019	2018
0-90 days	$ 59,410	$ 63,631
91-120 days	6,736	5,818
More than 121 days	59,327	42,900
Total	$ 125,473	$ 112,349

Recognition of the allowance for doubtful accounts from interoperability was:

	2019	2018
Balance at the beginning of the year	$ 84,082	$ 16,801
Charge to results	10,359	73,218
Application	(8,509)	(5,937)
Balance at the end of the year	$ 85,932	$ 84,082

7. Recoverable taxes

	2019	2018
Value-added tax (VAT)	$ 139,978	$ 162,472
Income tax	294,515	263,268
	$ 434,493	$ 425,740

8. Other accounts receivable and other assets

	2019	2018
Sundry debtors	$ 11,947	$ 5,805
Prepaid expenses	186,327	122,682
Guarantee deposits	10,000	9,984
Due to Constructora de Proyectos Viales de México, S.A. de C.V.	1,648	89,973
Others	31,010	31,998
	$ 240,932	$ 260,442

9. Investment in concessions

Intangible assets from concessions	2019	2018
Civil works completed	$ 47,005,217	$ 45,244,654
Construction in-progress	3,772,406	4,043,044
Initial contribution	1,827,949	1,827,949
Capitalized loan cost	3,325,881	3,235,969
Other investment assets	310,462	310,462
	56,241,915	54,662,078
Federal Infrastructure Fund ("FINFRA" for its acronym in Spanish) contribution received	(1,159,412)	(1,159,412)
Accumulated amortization	(537,427)	(506,417)
Investment in recoverable infrastructure through future toll flows	54,545,076	52,996,249
Portion of intangible asset recoverable through future toll flows	59,946,577	58,189,593
Intangible asset by concessions	114,491,653	111,185,842
Deficit by the grantor	48,194,584	36,656,384
Impairment of deficit by the grantor	(27,316)	(72,954)
Total investment in concession	$ 162,658,921	$ 147,769,272

Below is a composition of the total investment by concession:

As of December 31, 2019	CONMEX	VIADUCTO	AUNORTE	GANA	AT-AT	Total
Investment in recoverable infrastructure through future toll flows	$ 24,943,648	$ 11,788,602	$ 11,541,029	$ 1,361,877	$ 4,909,920	$ 54,545,076
Portion of intangible asset recoverable through future toll flows	44,042,767	3,479,548	12,424,262	-	-	59,946,577
Intangible asset by concessions	68,986,415	15,268,150	23,965,291	1,361,877	4,909,920	114,491,653
Deficit by the grantor	18,064,625	16,108,828	14,021,131	-	-	48,194,584
Impairment of deficit by the grantor	(6,020)	(11,386)	(9,910)	-	-	(27,316)
Total investment in concession	$ 87,045,020	$ 31,365,592	$ 37,976,512	$ 1,361,877	$ 4,909,920	$ 162,658,921

As of December 31, 2018	CONMEX	VIADUCTO	AUNORTE	GANA	AT-AT	Total
Investment in recoverable infrastructure through future toll flows	$ 24,938,660	$ 11,768,822	$ 11,533,873	$ 1,392,887	$ 3,362,007	$ 52,996,249
Portion of intangible asset recoverable through future toll flows	46,341,873	1,921,078	9,926,642	-	-	58,189,593
Intangible asset by concessions	71,280,533	13,689,900	21,460,515	1,392,887	3,362,007	111,185,842
Deficit by the grantor	9,007,449	15,182,845	12,466,090	-	-	36,656,384
Impairment of deficit by the grantor	(17,927)	(30,217)	(24,810)	-	-	(72,954)
Total investment in concession	$ 80,270,055	$ 28,842,528	$ 33,901,795	$ 1,392,887	$ 3,362,007	$ 147,769,272

A description of the Entity's primary concessions is provided as follows:

I. CONMEX - Sistema Carretero del Oriente del Estado de México

On February 25, 2003, the Government of the State of Mexico ("GEM"), as a grantor, granted a concession to CONMEX, for the construction, operation, conservation and maintenance of the Sistema Carretero del Oriente del Estado de México (the Highway System in the Eastern Portion of the State of Mexico or "El Sistema Carretero" for its name in Spanish).

The original concession period according to the Concession Title was 30 years. On December 14, 2012 a Fifth Amendment to the Concession Title was signed, extending the Concession's term up to December 31, 2051.

In accordance with Article 17.42 of the Administrative Code of the State of Mexico, the useful life of the concession may only be extended for a maximum of one additional period equal to the term originally granted. The Concession Title establishes that the minimum proprietary financing that the concessionaire will have to contribute in the project is equal to 20% of its own funds, and the concessionaire may make combinations of resources at its discretion, as long as the aforementioned percentages are fulfilled. This means that the concessionaire may become indebted and reduce its own resources until they reach the minimum required under the concession title.

Pursuant to clauses third and eighth of the Concession Title, if as part of the highway operation the vehicle flows were less than that established in the projected vehicle flows, CONMEX will be entitled to request the extension of the concession term in order to obtain the total recovery of the investment made, plus the return stipulated in the concession title itself. For such purpose, it must submit to the Infrastructure Department of the State of Mexico ("SAASCAEM") the respective studies to support such circumstance or, if the concessionaire is unable to operate the system partially or totally for a period of one year for reasons not attributable thereto, the deadline will be extended so that the damage may be redressed.

Pursuant to nineteenth clause of the concession title, in its sixth amendment, the maximum authorized rate will be increased automatically based on the Mexican National Consumer Price ("INPC") each year or when it reflects an increase greater than 5% as of the last adjustment.

In accordance with the concession title and applicable laws, the amount of the investment in infrastructure and the amount of the return stipulated in such title, which cannot be recovered through toll flows during the concession term and its respective extensions, will be recovered through the granting entity, which constitutes the deficit assumed by the granting party described in these consolidated financial statements.

II. VIADUCTO BICENTENARIO - Viaducto Elevado

On April 21, 2008, the GEM, through the SAASCAEM as the grantor, awarded the concession for VIADUCTO BICENTENARIO to the Entity as concessionaire, which related to the construction, operation, conservation and maintenance of Viaducto Elevado in the following sections: from the Periférico Manuel Ávila Camacho, beginning in the

Toreo de Cuatro Caminos in Naucalpan to Valle Dorado in Tlalnepantla (km. 23+000 of the Mexico-Querétaro Highway) and from km. 23+000 to km. 44+000 of the Mexico-Querétaro Highway, in Tepotzotlán.

The duration of the concession is for 30 years.

In accordance with Article 17.42 of the Administrative Code for the State of Mexico, the concession term may only be extended for one maximum additional term equal to the period originally granted. The concession title establishes that the minimum proprietary financing that the concessionaire will have to contribute to the project will be equivalent to 20% of its own resources, and the concessionaire may make combinations of resources at its discretion, as long as the aforementioned percentages are fulfilled. This means that the concessionaire may possibly become indebted and reduce its own resources until they reach the minimum required under the concession title.

In accordance with fortieth clause of the concession title, the concessionaire certifies that for reasons not attributable thereto, it has not recovered its investment plus the return stipulated in the concession title itself, the SAASCAEM must grant the respective extension; if the Department believes that it is not advisable to grant the respective extension, it may be released from the obligation established in the preceding paragraph through the payment to the concessionaire of the investment made in the concession plus the return stipulated in the title itself which has not been recovered.

Pursuant to clause twelve of the concession title, in the operation of the concession it may apply the toll rates, which do not exceed the maximum authorized rates. The maximum authorized rates will be increased based on the INPC each year in January using a pre-established formula in the concession title itself.

If the increase in the INPC exceeds 5% before one year elapses since the last restatement, the concessionaire will present to SAACAEM an analysis to justify the advance application of rates with the accumulated inflation percentage, which is subject to the approval of the SAACAEM.

Consequently, based on the concession title and applicable laws, the amount of the investment in infrastructure and the return stipulated in the title itself which cannot be recovered through the toll flows during the concession term and its extensions, would be recovered through the granting entity, which constitutes the deficit assumed by the granting entity mentioned in these consolidated financial statements.

III. GANA - Carretera de altas especificaciones Amozoc-Perote

On November 24, 2003, the Mexican Federal Government, through the Ministry of Communication and Transportation ("SCT" for its acronym in Spanish) as the grantor, awarded to GANA, as concessionaire, the concession for the construction, operation, conservation and maintenance of the Carretera de Altas Especificaciones de Jurisdicción Federal (the High-Specification Federal Highway) with a length of 104.9 kms. from the Amozoc III Junction, located at kilometer 137+455 of the Mexico-Orizaba Highway, ending at the Perote III Junction, located at kilometer 104+971 of the Amozoc-Perote Highway, in the states of Puebla, Tlaxcala and Veracruz. ("Carretero System or Via Concesionada") and operate, conserve, exploit and maintain the Perote

Bypass, with a length of 17.6 kilometers, starting at kilometer 94+000 of the Acatzingo-Zacatepec-Perote-Jalapa federal highway and ending at kilometer 111+581 of that same highway in Veracruz state ("Perote Highway Loop"). Construction of the entire Toll Road concluded in October 2008.

On May 20, 2016, the SCT granted the second amendment to the Concession Title Received from GANA on June 24 2016, under the following terms:

i) The concessions are extended up to a term equal to the original period: for the Highway, 30 years expiring in 2063; and for the Perote Bypass, 20 years expiring in 2043.

ii) The Maximum Average Rate (TPM) is given a 36% increase, applicable in six annual stages. The first adjustment is for 6%, beginning July 1, 2016.

iii) The commitment is made to perform the necessary work for the installation and operation of the automated toll collection and video surveillance systems under the technical specifications determined by the SCT. In June 2018, the first phase involving electronic toll systems was concluded; the second phase is currently under construction and is composed by the control center, installation of fiber optics and video security systems.

The terms established in the Concession are as follows:

a. Purpose - The concession grants the right to build, operate, exploit, conserve and maintain the Concession Highway, as well as the right to operate, exploit, conserve and maintain the Perote Highway Loop, while establishing the conditions needed to perform these activities.

b. Duration - The current duration will be 60 years for the Amozoc III junction, ending at the Perote III junction, and 40 years for the Perote Highway Loop on the Acatzingo-Zacatepec-Perote-Jalapa Federal Highway, as of the date on which the Concession Title was granted, which were extended for a period equal to the duration of the original concession (Amozoc III 30 years for the Amozoc junction and 20 years for the Perote Highway Loop.

c. Tolls - The Entity must exploit the concession according to the toll regulation bases contained in the Concession Title and apply the maximum average toll (TPM) in such a way that specifically established tolls result in an observed average toll that is equal to or less than the TPM.

d. d. Venture capital - On November 22, 2010, the SCT with official letter No. 3.4.105.665 of the General Directorate of Road Development approved the protocols for the UDIS valuation of risk capital and the application of the IRR of the proposal and of the recovery of risk capital and its returns. Said amount will be updated monthly in accordance with the provisions of the Concession Title and the procedures authorized by the SCT.

"Venture Capital" refers to the amount established in condition Fifth of the Concession Title, which was contributed for works construction, or other amounts contributed to fulfill the Entity's obligations, the delivery, utilization, application and payment of which takes place in conformity with the terms and conditions detailed in the Concession Title.

IV. AUTOVIAS - Viaducto Elevado de Puebla

On August 18, 2014, the Puebla State Government granted a concession to AUTOVIAS for the construction, operation, conservation and maintenance of an elevated roadway viaduct on the Mexico City-Puebla Highway, from kilometer 114+000 to kilometer 129+300 in the Puebla metropolitan zone.

Subsequently, authorization was requested to assign the concession title granted by the State Government of Puebla through the decentralized government agency "Carreteras de Cuota-Puebla, to Libramiento Elevado de Puebla, S.A. de C.V. ("LEP").

The State of Puebla authorized Autovías Concesionadas, S.A. de C.V. to grant the concession title to LEP.

Aleatica has executed an agreement with Promotora y Operadora de Infraestructura, S.A.B. de C.V. to establish the terms and conditions applicable to the development of this alternative project, in which Aleatica will hold 51% equity, while Promotora y Operadora de Infraestructura, S.A.B. de C.V. will hold the remaining 49%, share control of the operation of concession.

V. AUNORTE - Vía Periferia Elevada

On July 16, 2010, the GDF, granted a concession to AUNORTE for the construction, use, exploitation, operation, and administration of the infrastructure of public domain of the Vía Periferia Elevada in the upper of the Periférico Manuel Ávila Camacho (Anillo Periférico), in the section between the Distribuidor Vial San Antonio which ends at the boundary between the State of Mexico and the Federal District, on Manuel Ávila Camacho at Parque de Chapultepec Avenue ("Concessioned route") of 9.8 kilometers.

The duration of the concession is for 30 years.

Furthermore, the concession title establishes that if during its term, the concessionaire does not recover its total investment plus the return stipulated in the concession title, the GDF undertakes to: i) extend the term of the concession for the time necessary for the concessionaire to recover the total investment, plus the return stipulated in the concession title, or ii) provide the resources necessary for the concessionaire to recover the total investment and the return stipulated in the concession title that is still pending on the termination date of the concession.

Consequently, in accordance with the concession title and applicable laws, the amount of the investment in infrastructure and the return stipulated in the title itself which cannot be recovered through the toll flows during the concession term and its extensions, will be recovered through the granting entity, which constitutes the deficit assumed by the granting entity mentioned in these consolidated financial statements.

In conformity with thirteenth clause of the concession title, to maintain the balance and financial viability of the concession, every calendar year the base average rates will be adjusted automatically in accordance with the INPC, so that inflation will not decrease the value of the base average rates in real terms over the term of the concession. For such purposes, on January 15 each year the amount of rates in effect at that time will be multiplied by the restatement factor obtained from dividing the INPC in effect at the time by the INPC in effect on January 15 of the immediately previous year.

The support agency may authorize adjustments before the established dates for such purpose if 1) at least three months have elapsed since the last adjustment, and 2) the INPC has registered an increase of more than 5% compared to the INPC used in the previous restatement, provided there is justified cause evidenced in a study prepared by the concessionaire.

The concession title establishes a minimum of 20% of its own financing which the concessionaire will have to contribute to the project.

VI. AT-AT - Autopista de altas especificaciones Atizapán-Atlacomulco

On April 25, 2014, through the SCT, the Federal Government, in its capacity as the grantor, awarded a concession to AT-AT (the "concession holder") for the construction, conservation and maintenance of a high-specification, 77 kilometers section of the Atizapán - Atlacomulco federal highway, starting at kilometer 19+620 of the Chiluca junction, located at kilometer 14+500 of the Chamapa - Lechería highway, and ending at kilometer 100+046 of the Atlacomulco junction, located at the intersection of the Atlacomulco - Maravatío highway, the Mexico City Bypass and the Atlacomulco - Palmillas highway in the State of Mexico ("Concessioned Route").

On March 31, 2016, the SCT, through the Highway Development Agency, granted the Entity: "Authorization to Begin Construction" for the work on the Atizapán-Atlacomulco Highway in the State of Mexico, with construction due to begin on April 1, 2016, on the Ixtlahuaca Junction of Section 3, located at approximately kilometer 76+200, in accordance with fifth clause of the Concession Title.

The effective term will be 30 years computed as of the date on which the Concession Title is delivered, and may be extended when, for reasons not attributable to the Entity, delays are generated in the delivery of the scheduled easement works, such as the impossibility of operating the highway, or modifications are made to the project and/or delays arise due to natural disasters which could not have been prevented in accordance with prudent industry practices, armed conflict or trade barriers which limit the availability of materials and inputs for construction of the highway. The extension term will be computed provided that it exceeds 10 consecutive days; for such purpose the SCT and the Concessionaire will issue a fact-finding report for each event with the aim of counting the days which, in the judgment of the SCT, will not be considered in the computation of 30 years effective duration of the concession.

Due to delays in the delivery of the scheduled easement works by the SCT, on September 11, 2017 the SCT authorized the new highway construction program for the Entity, which considers a new scheduled construction termination date of June 30, 2019, since at the end of 2018 there was still easements to liberate, a new date programing was authorized by the SCT for July 31, 2021 and the operation beginning on August 1 of such year.

Currently 75.68 kms. have been released by way of delivery/reception of easement, equivalent to 98.03% of the total 77.209 kms. leaving 1.52 kms. (1.97%) still pending. The delivery/reception certificates form part of an administrative procedure independent from the legal and administrative possession, which are obtained when the promise of purchase and sale agreements and pre-occupancy agreements are signed.

Due to delays in delivery of the easement and the definition of social projects with the communities adjacent to the project, the respective section was rerouted to avoid crossing through a zone of freshwater springs, which required a change in the length, leaving it at 77.209 kilometers, as a result, the Concessionaire conducted a new revaluation, based on completion of the project and authorization by the SCT of the Executive Project, and the possible impacts of the changes, at the date of issuance of this report the Entity is still reviewing the updates to the construction program in order to define the new starting date of operations with the SCT. On November 20, 2018, the SCT authorized the new construction budget derived from the modification of the Highway route.

10. Investment in shares of associated entity, joint ventures and non-current assets held for sale / discontinued operation

a. As of December 31, 2019 and 2018, investment in associated entities and joint arrangements are as follows:

		December 31, 2019		
Entities	**Activities**	**Percentage of equity %**	**Investment in shares**	**Equity in results**
Controladora Vía Rápida Poetas, S.A.P.I. de C.V. ("POETAS")	Viaducto concession, beginning at Centenario Av. and ending at Luis Cabrera Av.	50.00	6,215,702	897,377
Coordinadora Vía Rápida Poniente, S.A.P.I. de C.V. ("PONIENTE")	Construction company.	50.00	13,716	(501)
Prestadora de Servicios Vía Rápida Poniente, S.A.P.I. de C.V. ("PSVRP")	Provider of professional, technical administrative services.	50.00	3,974	1,124
Operadora Vía Rápida Poetas, S.A.P.I. de C.V. ("OVRP")	Provider of operating services for the concessioned highways.	50.00	57,913	18,828

December 31, 2019

Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
LEP (4) (5)	Concession for the Viaducto Elevado of the Mexico City-Puebla highway.	51.00	734,263	35,253
Constructora del Libramiento Elevado de Puebla, S.A. de C.V. ("CLEP") (6)	Builder of the Viaducto Elevado of the Mexico City-Puebla highway.	51.00	74,854	(3,342)
Operadora del Libramiento Elevado de Puebla, S.A. de C.V. ("OLEP")	Provider of operating services for the Viaducto Elevado of the Mexico City-Puebla highway.	51.00	9,492	5,899
			$ 7,109,914	$ 954,638

December 31, 2018

Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
AMAIT (1)	Administer, operate, construct and/or operate the International Airport "Adolfo López Mateos".	49.00	$ 1,821,055	$ 25,095
POETAS (2) (3)	Viaducto concession, beginning at Centenario Av. and ending at Luis Cabrera Av.	50.00	5,318,325	923,466
PONIENTE	Construction company.	50.00	14,216	(27,545)
PSVRP	Provider of professional, technical administrative services.	50.00	2,850	510

December 31, 2018

Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
OVRP	Provider of operating services for the concessioned highways.	50.00	39,085	9,705
LEP (4) (5)	Concession for the Viaducto Elevado of the Mexico City-Puebla highway.	51.00	699,009	(27,986)
CLEP (6)	Builder of the Viaducto Elevado of the Mexico City-Puebla highway.	51.00	78,196	3,469
OLEP	Provider of operating services for the Viaducto Elevado of the Mexico City-Puebla highway.	51.00	3,594	2,014
			$ 7,976,330	$ 908,728

The equity in the 2018 results of AMAIT of $25,095 is presented in the accompanying consolidated financial statements as a discontinued operation.

1) 1) Non-current assets held for sale / discontinued operation

AMAIT was incorporated on December 19, 2003 as a majority-owned entity by the Government of the State of Mexico, whose primary activity is to construct, administer and operate the International Airport "Adolfo López Mateos" located in the city of Toluca (the "Airport") and to provide airport, complementary and commercial services for the exploitation of such Airport. Accordingly, in September 2005, the SCT granted AMAIT the concession to administer and operate, and, as the case may be, construct the Airport for a 50 year period.

The investment in AMAIT includes intangible assets, which as of December 31, 2018 was $264,147, less accumulated amortization as of December 31, 2018 was $62,290.

As mentioned in Note 1, on August 14, 2019, through its subsidiary AAToluca, Aleatica signed a Letter of Intent with GACM, in agreement with the SCT and with the appearance of GEM and ASA, which establishes the indicative criteria that AAToluca and GACM will utilize to negotiate the sale of shares held by AAToluca representing 49% of the common stock of AMAIT, the Concession holder, to administer, operate and exploit Toluca International Airport.

At December 31, de 2019, the Entity recognized an adjustment to the value of its investment in its associate in the Toluca International Airport based on the most reasonable estimate included in the analysis performed by its external advisors. This estimate was prepared according to IFRS 5. The sale did not adversely affect the Entity's cash flows in 2019 and is not a strategic asset that could jeopardize its business continuity. The investment value adjustment recorded was $421,055.

On February 25, 2020, the Entity received a formal purchase proposal from GACM, which it subsequently accepted. At the date of issuance of these consolidated financial statements, the transaction is subject to the agreement, execution and implementation of the required definitive documents, including the respective purchase-sale contract. Similarly, the transaction is subject to obtaining the necessary corporate, government and third-party authorizations.

December 31, 2019

Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
AMAIT "Activos no corrientes disponibles para la venta" (1	Administer, operate, construct and/or operate the International Airport "Adolfo López Mateos".	49.00	$ 1,400,000	$ (415,433)

December 31, 2018

Entities	Activities	Percentage of equity %	Investment in shares	Equity in results
AMAIT (1)	Administer, operate, construct and/or operate the International Airport "Adolfo López Mateos".	49.00	$ 1,821,055	$ 25,095

2) On April 6, 2010, the GDF, granted a concession to POETAS for the construction of the infrastructure project related to the use, operation and management of the state-owned asset identified as the urban toll route, with a length of 5 kms. starting at the junction with Avenida Centenario in the Álvaro Obregón Alcaldía, and ending at the junction with Avenida Luis Cabrera, in the Magdalena Contreras Alcaldía in Mexico City, and the junctions with the following avenues, Luis Cabrera,

Las Torres, Las Águilas and Centenario ("the Concessioned Route"). The term of the concession is 30 years.

3) For the years ended December 31, 2019 and 2018, POETAS has recognized as revenues from valuation of intangible assets and adjustment for valuation of the deficit by the grantor $2,510,570 and $2,821,829, respectively.

4) On August 18, 2014, LEP was established for the construction, exploitation, conservation, and maintenance of Viaducto Elevado over the Mexico City-Puebla federal highway, from kilometer 115 to kilometer 128+300 in the metropolitan area of Puebla.

   Aleatica executed an agreement with Promotora y Operadora de Infraestructura, S.A.B. de C.V., to establish the terms and conditions for the performance of LEP alternate project, in which Aleatica has 51% of the equity and Promotora y Operadora de Infraestructura, S.A.B. de C.V. has 49%, having shared control of the operation of the concession.

5) On May 28, 2018, the Entity received a reimbursement of its holding in the equity of LEP for $1,020,000.

6) On December 20, 2018, CLEP distributed $135,150 of dividends to the Entity.

b. The financial information related to the Entity's associated companies is summarized below:

The financial information summarized below represents the amounts in thousands of pesos shown in the consolidated financial statements:

AMAIT	2019	2018
Current assets	$ 356,236	$ 453,123
Non-current assets	$ 3,751,652	$ 3,694,293
Current liabilities	$ 95,256	$ 93,377
Non-current liabilities	$ 704,674	$ 752,796
Stockholders' equity attributable to the Entity´s shareholders	$ 3,307,958	$ 3,301,243
Revenues	$ 211,710	$ 233,360
Costs and expenses	$ 247,307	$ 241,270
Financing cost	$ 13,801	$ 15,707
Net loss for the year	$ (49,398)	$ (23,617)

The reconciliation of the financial information summarized below of the book value of the equity in AMAIT, was recognized in the consolidated financial statements:

	2019	2018
Net assets of associated	$ 3,307,958	$ 3,301,243
Percentage of the Entity's equity in AMAIT	1,620,899	1,617,609
Intangible asset	207,946	207,946
Insufficiency from valuation in investment in shares	(6,788)	(4,500)
Book value of the Entity's equity in AMAIT	$ 1,822,057	$ 1,821,055

POETAS, PONIENTE, PSVRP, OVRP	2019	2018
Current assets	$ 1,036,881	$ 926,709
Non-current assets	$ 23,156,570	$ 20,624,622
Current liabilities	$ 160,139	$ 931,703
Non-current liabilities	$ 11,450,701	$ 9,870,674
Stockholders' equity	$ 12,582,611	$ 10,748,954
Revenues	$ 3,759,164	$ 3,924,149
Costs and expenses	$ 516,837	$ 592,643
Financing cost	$ 578,493	$ 623,145
Income taxes	$ 830,302	$ 865,557
Net income for the year	$ 1,833,532	$ 1,842,804

The reconciliation of the financial information summarized below of the book value of the equity in POETAS, PONIENTE, PSVRP and OVRP, was recognized in the consolidated financial statements:

	2019	2018
Net assets of joint ventures	$ 12,582,611	$ 10,748,954
Percentage of the Entity's equity in POETAS, PONIENTE, PSVRP and OVRP	6,291,306	5,374,476
Book value of the Entity's equity in POETAS, PONIENTE, PSVRP y OVRP	$ 6,291,306	$ 5,374,476

LEP, CLEP y OLEP	2019	2018
Current assets	$ 1,472,241	$ 1,509,500
Non-current assets	$ 9,323,710	$ 9,366,369
Current liabilities	$ 4,814,699	$ 4,917,236
Non-current liabilities	$ 4,376,136	$ 4,427,654
Stockholders' equity	$ 1,605,116	$ 1,530,979
Revenues	$ 651,699	$ 1,790,970
Costs and expenses	$ 387,167	$ 1,414,840
Financing cost	$ 483,442	$ 319,212
Income taxes	$ (143,924)	$ 17,422
Net (loss) income for the year	$ (74,986)	$ 39,496

The reconciliation of the financial information summarized below of the book value of the equity in LEP, CLEP and OLEP, was recognized in the consolidated financial statements:

	2019	2018
Net assets of joint ventures	$ 1,605,116	$ 1,530,979
Percentage of the Entity's equity in LEP, CLEP and OLEP	818,609	780,799
Book value of the Entity's equity in LEP, CLEP and OLEP	$ 818,609	$ 780,799

11. The Entity as lessee

The Entity leases different assets, including buildings, vehicles and electronic toll equipment.

Right-of-use asset	Buildings	Vehicles	Electronic toll equipment and other assets	Total
Cost				
At the beginning of 2019	$ 126,350	$ 28,886	$ 113,389	$ 268,625
Additions	4,568	-	8,368	12,936
At December 31, 2019	$ 130,918	$ 28,886	$ 121,757	$ 281,561

Right-of-use asset	Buildings	Vehicles	Electronic toll equipment and other assets	Total
Accumulated depreciation				
At the beginning of 2019	$ -	$ -	$ -	$ -
Change for the period	38,418	11,345	17,857	67,620
At December 31, 2019	$38,418	$11,345	$17,857	$67,620
Book value				
At the beginning of 2019	$ 126,350	$ 28,886	$ 113,389	$ 268,625
At December 31, 2019	$ 92,500	$ 17,541	$ 103,900	$ 213,941

Amounts recognized in the consolidated statement of income	2019
Depreciation expense of the right-of-use asset	$ 65,107
Capitalized depreciation expense of the right-of-use asset	2,513
Financial expense incurred for lease liability	18,289
Capitalized financial expense incurred for lease liability	342
Expense related to leases involving low-value assets	5,071

At December 31, 2019, the Entity has commitments of $55,622 for short-term leases.

The total amount for lease cash disbursements is $59,821 in 2019.

12. Lease liability

	2019
Maturity analysis:	
Year 1	$ 71,712
Year 2	41,766
Year 3	35,876
Year 4	34,445
Year 5	30,896
Subsequent	59,228
	273,923
Less: Unaccrued interest	(52,182)
	$ 221,741
Analyzed as:	
Short-term	$ 55,622
Long-term	166,119
	$ 221,741

The Entity does not have a significant liquidity risk derived from its lease liability, which is monitored.

13. Trade accounts payable to suppliers, taxes payable and accrued expenses

	2019	2018
Trade accounts payable to suppliers	$ 1,279,362	$ 1,323,660
Trade accounts payable (Additional revenues)	6,734	6,461
Taxes payable	294,866	278,831
Income taxes	235,072	271,048
Accrued expenses	51,979	25,607
Statutory employee profit sharing	24,508	1,111
	$ 1,892,521	$ 1,906,718

14. Long-term debt

a. The long-term debt is as follows:

	2019	2018
CONMEX- On August 29, 2014, UDI denominated securitized certificates were issued for the amount of $7,546,435, equal to (1,464,078,000 UDIS), with maturity in 2046, which were placed with a discount as they will not pay a coupon or interest during their term. At December 31, 2019 and 2018 the value of the senior secured notes was $9,368,650 and $9,116,272 respectively equal to (1,464,078,000 UDIS), with a discount of $5,886,830 (919,959,485 UDIS) and $5,998,230 (963,318,853 UDIS), respectively.	$ 3,481,820	$ 3,118,042
On December 18, 2013, UDI senior secured notes were issued for the historical amount of $8,250,669, equal to (1,663,624,000 UDIS), with maturity in 2035 and a fixed interest rate of 5.95%. At December 31, 2019 and 2018 the value of the secured notes was $10,453,576 and $10,171,972, respectively, equal to (1,633,624,000 UDIS), with a discount of		

	2019	2018
$1,154,410 (180,404,467 UDIS) and $1,238,294 (198,870,670 UDIS), respectively.	9,299,165	8,933,678
On December 18, 2013, Zero Coupon Notes were issued for $10,541,862 (2,087,278,000 UDIS) with maturity in 2046, which such notes will not accrue interest during their term. On August 29, 2014, a portion of the notes were refinanced with the zero coupon UDI senior notes mentioned above. At December 31, 2019 and 2018 the value of the secured notes was $3,987,863 and $3,880,436, respectively, equal to (623,200,000 UDIS) and with a discount of $2,922,630 (456,731,650 UDIS) and $2,956,696 (474,846,891 UDIS), respectively.	1,065,233	923,740
On December 18, 2013, CONMEX entered into a loan agreement with Goldman Sachs Bank USA, in which it was granted a line of credit of up to $6,465,000. This line of credit must be paid over a term of 14 years (matures in 2027) accruing interest during the first part of the term of the loan stage at the 91 days TIIE plus 2.10 percentage points (from December18,2013 to December 15,2027). As of January 2019, monthly payments of $287,692 are being made to principal, for which reason the balance as of December 31, 2019 is $5,791,994. As of December 31, 2019 and 2018, the discount is $218,145 and $270,471, respectively.	5,573,849	5,906,837
OPI		
On March 31, 2015, through its subsidiary OPI, the Entity issued securitized certificates denominated in UDIS for the amount of 773,908,000 UDIS, equivalent to $4,100,000, at an interest rate of 6.95%, maturing in 2035. As of December 31, 2019 and 2018, the value of the securitized certificates was $4,952,242 and $4,818,836 equal to (773,907,555 UDIS), respectively.	4,952,242	4,818,836
VIADUCTO BICENTENARIO		
On November 27, 2009, signed simple credit facilities with BANOBRAS and FONADIN.		

	2019	2018
BANOBRAS (preferential credit A)		
The amount of $2,000,000 credit was destined to pay the initial contribution to GEM, payment of the investments made and to be undertaken in connection with the construction of the project. This facility must be paid within 15 years, through 60 exhibits and bears interest at 8.2550% plus a spread (ranging from 2.75% to 4.5%). As of December 31, 2019 and 2018, repayments have been made for $577,600 and $372,400, respectively.	1,422,400	1,627,600
FONADIN (subordinated loan)		
The maximum amount of credit extended is $1,500,000. The amount of $1,200,000 of the loan was to cover partial payment of principal and interest on the loans, preferential payment of the costs of derivative contracts, payment of commissions for the subordinated loan, the capitalization of interest on the subordinated loan and accrued and unpaid expenses of structuring this contract, including without limitation, fees and expenses FONADIN advisers. The remaining $300,000 was earmarked to pay the costs of the work, studies, permits, control equipment and other costs associated with project construction.		
This facility must be paid within 15 years through 60 exhibits, beginning on March 2014, according to the sixth clause of the credit agreement, and accrues interest based on the 91 days TIIE plus certain percentage points (in a range of 2.75% to 4.5%) which varies during the term of financing. The balance payable at December 31, 2019 and 2018, includes capitalized interest of $1,546,814 and $1,096,603, respectively. No payments have been made as of the date of these consolidated financial statements.	3,046,815	2,596,603
On March 16, 2010, entered into a loan agreement with Banco Inbursa, S. A. (Inbursa), in which it was granted a line of credit of up to $2,000,000. This line of credit must be paid		

	2019	2018
over a term of 15 years through 60 payments, taking the unpaid balance of the credit disposed at the date of the payments and accruing interest at the 91 days TIIE, plus a spread which varies over the term of the financing (ranging from 2.75% to 4.5%) which varies during the term of financing. As of December 31, 2019 and 2018, payments of $577,600 and $372,400, respectively.	1,422,400	1,627,600
AUNORTE		
On August 11, 2011, entered into a loan agreement with BBVA Bancomer, S.A. and BANOBRAS, which granted a line of credit of up to $5,300,000.	-	-
After the end of the grace period the line of credit must be paid (unpaid principal) through 58 consecutive quarterly payments from March 15, 2014 until September 15, 2028, accruing interest at the 91 days TIIE, plus a spread (ranging from 2.75% to 4%) which varies during the term of financing. As of December 31, 2019 and 2018, payments of $1,217,000 and $967,000, respectively, have been made.	4,083,000	4,333,000
On August 11, 2011, entered into loan agreements in which the lender is BANOBRAS in its capacity as fiduciary institution in trust number "1936" denominated FONADIN and BBVA Bancomer, S.A. acting as the agent bank; this credit is divided into two tranches, (i) the tranche "A" for a maximum amount of $690,000 and (ii) the tranche "B", for up to a maximum amount of $1,450,000. The credit term will be 20 years computed as of the first disposition; accruing interest at the 91 days TIIE rate plus 1.75% base points plus a spread (ranging from 2.75 % to 4.00%) that varies over the term of the loan. As of December 31, 2019 and 2018, the total amount of the credit for Section "A" has been exercised, plus the respective commissions and interest, for $1,091,299 and $821,930, respectively. The part applicable to Section "B" is intended for debt servicing and has not been exercised.	1,781,299	1,511,930

	2019	2018
GANA On April 19, 2011, issued Fiduciary Securitized Certificates ("Securitized Certificates") in the Mexican debt market for the amount of $1,700 million or its equivalent in UDIS (370,225,400 UDIS) with a maximum term of 20 years and an interest rate of 6.64%. The resources from the Securitized Certificates were used to refinance the existing debt in relation to its toll road concession of Autopista Amozoc-Perote and Libramiento de Perote, mainly. The balance as of December 31, 2019 and 2018 are 292,108,154 UDIS and 306,176,375, respectively.	1,869,203	1,906,447
ALEATICA On March 6, 2012, entered into an investment agreement with COFIDES in which the latter agrees to invest a maximum of €25 million euros, funds that were disbursed as needed for the development of concession, representing an approximate percentage of 11% of AUNORTE's equity. Aleatica contributed the equivalent to the amount paid by COFIDES, in accordance with certain fixed ratios in the investment contract referenced to the behavior of the traffic volumes of AUNORTE. The payment term is 5 years from the date of the first withdrawal (on April 27, 2012, the first withdrawal was made). As of December 31, 2013, COFIDES had made the total payments of $425,445 historical, (€25 million euros). On April 26, 2017 this term expired. On April 27, 2017, an amendment novation was made to the investment contract with COFIDES, bearing in mind that the investment project had been significantly extended in relation to the existing provisions, for which reason the parties agreed to renew up to a term of two more years with an expiration date of April 26, 2019, using a variable rate of the EURIBOR Index plus 4 percentage points. The balance was settled on April 26, 2019.	-	586,728
AT-AT		

	2019	2018
(1) Syndicated Loan for the investment project (excluding VAT). On September 25, 2017, a simple credit opening agreement was signed with Santander, Inbursa and BANOBRAS, for a line of credit of up to $5,310 million pesos, in order to finance any cost or expense related to the highway startup (Construction of the Investment Project). The credit term will be up to 20 years computed as of the first drawdown, and will earn interest based on the 28 days TIIE rate, (within a range of between 2.75% and 4%) that varies over the term of the financing. As of December 31, 2019, the amounts disposed under this credit are $245,145.	245,145	245,145
VAT Credit On September 25, 2017, an unsecured loan agreement was signed with Inbursa and BANOBRAS, for a line of credit of up to $1,165,000, in order to finance VAT generated during the construction of the Investment Project. The loan term will be up to 20 years computed as of the first drawdown and will earn interest based on the 28 days TIIE rate (within a range of between 2.75% and 4%), that varies over the term of the financing. At December 31, 2019, the Entity utilized $46,678, which were paid in the same year.	-	10,118
Interest and fees on bank debt and senior notes	246,294	261,045
Borrowing costs - net	(513,692)	(582,094)
	37,975,173	37,825,255
Current portion of long-term debt	(1,764,861)	(1,141,858)
Current portion of interest and fees for long-term debt and senior notes	(246,294)	(246,517)
Current portion of COFIDES	-	(602,815)
Current portion of borrowing costs	257,636	95,316
	$ 36,221,654	$ 35,929,381

(1) **AT-AT;** The debt is guaranteed by a) the beneficiary rights under Trust F/1760, b) Stock collateral contract, c) pledge contract without transfer of possession d) if applicable, the letter of credit for the debt service reserve, e) the letter of credit and f) support contract.

As a result of different credit contract defaults, on November 12, 2018, the Entity submitted an exemption document to Banco Santander in order to continue utilizing credit resources, in which it refers to: 1) the change of highway route through an area of natural springs; 2) the right-of-way pending release by the SCT, and 3) the start of procedures with the SCT for the approval of the works adjustment program and to agree a new operations starting date, while confirming that it has sufficient right-of-way to continue construction work. At the date of issuance of this report, as the banks are engaged in the internal authorization process, the outstanding long-term balance was reclassified to short-term.

Long-term loans obtained by some subsidiaries included restrictive clauses, which prohibit any merger or spin-off without prior authorization from creditor institutions, changes in the shareholding structure and bylaws without their express consent, changes in the line of business, dissolution, guaranteeing additional financing with their assets, tax payment obligations, selling assets, limitations on dividend distribution, while also maintaining certain financial ratios. As of December 31, 2019 and 2018, these restrictions were satisfactorily fulfilled.

b. The rates and exchange rates in effect on the date of the consolidated financial statements were as follows:

	2019	2018	March 9, 2020
28 days TIIE	8.5956%	7.5555%	7.2275%
91 days TIIE	8.6347%	7.4465%	7.0937%
UDI	6.22663	6.39901	6.46542
EURO	22.4921	21.2202	24.1233
DOLLAR	19.6566	18.8642	21.1117

c. As of December 31, 2019, long-term debt matures as follows:

Expiration year	Nominal Value Amount
2021	$ 1,854,812
2022	2,008,738
2023	2,291,423
2024	2,454,003
Thereafter	38,219,371
Total long-term liabilities	$ 46,828,347

d. As of December 2019 and 2018, the Entity has lines of credit, for which amounts available to be withdrawn are $5,293,313 and $5,562,182, respectively, 94% of unused credit lines belong to AT-AT.

e. Reconciliation of obligations derived from financing activities.

	01/01/2018	Borrowing costs	Loans paid	Loans obtained	12/31/2019
Bank loans	$ 17,542,382	$ (1,055,831)	$ (1,455,719)	$ 2,282,783	$ 17,313,615
Securitized certificates	19,680,061	(88,404)	(1,129,388)	2,199,289	20,661,558
Notes payable (COFIDES)	602,812	(578,441)	-	(24,371)	-
	$ 37,825,255	$ (1,722,676)	$ (2,585,107)	$ 4,457,701	$ 37,975,173

	01/01/2018	Borrowing costs	Loans paid	Loans obtained	Paid interest	Interest expense / UDIS valuation	12/31/2018
Bank loans	$ 17,569,685	$ (178,617)	$ (818,953)	$ 291,823	$ (1,518,758)	$ 2,197,202	$ 17,542,382
Securitized certificates	18,124,835	-	(81,040)	-	(1,096,795)	2,733,061	19,680,061
Notes payable (COFIDES)	603,972	-	-	-	-	(1,160)	602,812
	$ 36,298,492	$ (178,617)	$ (899,993)	$ 291,823	$ (2,615,553)	$ 4,929,103	$ 37,825,255

15. Provision for major maintenance

As of December 31, 2019 and 2018, the long-term provisions for major maintenance to concessioned assets, are as follows:

	OPI/CONMEX	VIADUCTO BICENTENARIO	GANA	AUNORTE	Eliminations	Total
Balance at January 1, 2018	$ 330,340	$ 343,485	$ 22,337	$ 270,983	$ -	$ 967,145
Additions	423,339	3,764	200,300	29,747	(119,119)	538,031
Applications	(302,342)	(46,423)	(89,531)	(20,178)	119,119	(339,355)
Balance at December 31, 2018	451,337	300,826	133,106	280,552	-	1,165,821
Additions	261,602	3,764	194,232	23,388	(127,501)	355,485
Applications	(399,954)	(32,001)	(109,048)	(40,410)	127,501	(453,912)
Balance at December 31, 2019	$ 312,985	$ 272,589	$ 218,290	$ 263,530	$ -	$ 1,067,394

As of December 31, 2019 and 2018, the classification of the short and long-term parts of the provision established by the Entity for maintenance is as follows:

December 31, 2019	OPI/CONMEX		VIADUCTO BICENTENARIO		GANA		AUNORTE		Total	
Short-term	$	160,364	$	98,664	$	148,919	$	148,366	$	556,313
Long-term	$	152,621	$	173,925	$	69,371	$	115,164	$	511,081
Total	$	312,985	$	272,589	$	218,290	$	263,530	$	1,067,394

December 31, 2018	OPI/CONMEX		VIADUCTO BICENTENARIO		GANA		AUNORTE		Total	
Short-term	$	240,407	$	236,063	$	83,734	$	144,182	$	704,386
Long-term	$	210,930	$	64,763	$	49,372	$	136,370	$	461,435
Total	$	451,337	$	300,826	$	133,106	$	280,552	$	1,165,821

16. Employee benefits

The Entity recognizes obligations for defined benefits which, cover all employees who complete 65 years of age.

These obligations also cover seniority premium, which consists of a one-time payment of 12 days for each year worked based on the last wage, and cannot exceed twice the minimum wage established by law. The liability and the annual cost of benefits are calculated by an independent actuary in accordance with the bases defined in the plans, using the projected unit credit method.

Rate used in actuarial calculations are:

Valuation as of	2019 %	2018 %
Discount rate	9.00	11.25
Inflation rate in the long-term	3.50	3.50
Wage increase	4.75	4.75

The amounts recognized in results related to these defined benefit plans are:

	2019					
	Retirement benefits		Seniority premium		Total	
Service cost	$	5,248	$	700	$	5,948
Interest cost		6,212		463		6,675
	$	11,460	$	1,163	$	12,623

	2018					
	Retirement benefits		Seniority premium		Total	
Service cost	$	6,542	$	766	$	7,308
Interest cost		6,161		411		6,572
	$	12,703	$	1,177	$	13,880

The net periodic cost is included in other operating costs and expenses in the consolidated statements of income and other comprehensive income.

The amounts included in the consolidated statements of financial position arising from the Entity's obligation with respect to defined benefit plans is as follows:

	2019					
	Retirement benefits		Seniority premium		Total	
Present value of defined benefit obligation	$	84,398	$	6,146	$	90,544

	2018					
	Retirement benefits		Seniority premium		Total	
Present value of defined benefit obligation	$	59,315	$	4,338	$	63,653

Other disclosures required by IFRS are not considered material.

17. Financial instruments

Entity	Instrument	Item hedged	Beginning	Maturity	Notional amount 2019	Notional amount 2018	Asset fair value 2019	Asset fair value 2018
Asset								
AUNORTE	CAP	interest rate	June 17, 2013	September 15, 2020	937,297	978,443	$ 1	$ 6,010
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026	1,633,200	1,733,200	-	97,421
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026	1,633,200	1,733,200	-	94,425
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025	2,027,198	2,162,058	-	144,277
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025	1,158,399	1,235,461	-	87,133
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025	1,158,399	1,235,461	-	91,480
AT-AT	CAP	interest rate	July 27, 2018	December 31, 2020	3,641,599	2,791,637	714	62,733
AT-AT	SWAP	interest rate	July 27, 2018	September 30, 2027	1,792,612	1,792,612	-	25,578
AT-AT	SWAP	interest rate	July 27, 2018	September 30, 2027	1,792,612	1,792,612	-	22,628
							$ 715	$ 631,685

Entity	Instrument	Item hedged	Beginning	Maturity	Notional amount 2019	Notional amount 2018	Liabilty fair value 2019	Liabilty fair value 2018
Asset								
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026	1,633,200	1,733,200	$ 42,444	$ -
AUNORTE	SWAP	interest rate	September 15, 2011	September 15, 2026	1,633,200	1,733,200	45,643	-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025	2,027,198	2,162,058	20,296	-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025	1,158,399	1,235,461	7,451	-
CONMEX	SWAP	interest rate	February 18, 2014	December 15, 2025	1,158,399	1,235,461	3,891	-
AT-AT	SWAP	interest rate	July 27, 2018	September 30, 2027	1,792,612	1,792,612	113,092	-
AT-AT	SWAP	interest rate	July 27, 2018	September 30, 2027	1,792,612	1,792,612	113,398	-
							$ 346,215	$

a. ***Capital Risk Management***

The Entity's ability to commence operations at current and new concessions depends on its ability to contribute equity and obtain financing, as required under the terms of its concessions.

The increases in construction costs or delays, including delays in the release of rights-of-way, could adversely affect the Entity's ability to meet the schedules established in its concessions and have a negative effect on its activities, its financial position and its results of operations.

The Entity is exposed to the risks related to the construction, operation and maintenance of its projects.

The Entity's management reviews its capital structure routinely. As part of such review, it considers the cost of equity and the risks associated with each equity class. The net debt equity ratio as of December 31, 2019 and 2018 is as follows:

– Net debt to equity ratio

	2019	2018
Debt (i)	$ 37,975,173	$ 37,825,255
Cash, cash equivalents and trust funds	(11,731,093)	(13,847,505)
Net debt	$ 26,244,080	$ 23,977,750
Equity (ii)	$ 114,842,107	$ 106,390,394
Net debt to equity ratio	22.85%	22.54%

(i) Debt is defined as short and long-term borrowings (excluding derivatives), as described in Notes 14 and 17.

(ii) Equity includes all capital and reserves of the Entity that are managed as capital.

b. ***Significant accounting polices***

The details of the significant accounting policies and methods adopted (including recognition criteria, valuation bases and the bases for recognition of revenues and expenses) for each class of financial asset, financial liability and equity instruments are disclosed in Note 3.

c. ***Categories of financial instruments***

	2019	2018
Financial assets:		
Cash, cash equivalents and trust funds	$ 11,731,093	$ 13,847,505
Loans and receivables:		
Accounts receivable for services	376,093	287,097
Accounts and notes receivable to related parties short and long-term	1,104,887	1,041,511
Deficit by the grantor	48,167,268	36,583,430
Short and long-term derivative financial instruments	715	631,685
Financial liabilities		
Financial liabilities at amortized cost:		
Short-term debt	$ 1,753,519	$ 1,895,874
Long-term debt	36,221,654	35,929,381
Accounts payable to suppliers and trade accounts payable	1,286,096	1,330,121
Accounts and notes payable to related parties	38,739	562,383
Short and long-term derivative financial instruments	346,215	-
Leases, short-term and long-term	221,741	-

The assets and liabilities of the Entity are exposed to various financial risks, including market risks, credit risk and liquidity risk.

d. ***Financial risk management objectives***

The Entity's finance department handles and supervises financial risks through internal risk reports, which analyze the exposures by degree and size of the risks. These risks include market risk (including pricing risk, interest rate risk and exchange rate risk), credit risk and liquidity risk.

The Entity's internal control policy establishes that the issuance of debt and the risks involved in projects requires a comprehensive analysis by the representatives from the finance, legal and administration and operation areas prior to their authorization. Such analysis also evaluates the use of derivatives to hedge financial risks. The internal control policy establishes that entering into derivative financial instrument transactions is the responsibility of the Entity's finance and administrative areas, once the aforementioned analysis has been concluded.

The Entity seeks to minimize the potential negative effects of the aforementioned risks in its financial performance through different strategies. Financial derivatives are used to hedge certain exposures to the financial risks of transactions recognized in the consolidated statement of financial position (recognized assets and liabilities). The financial derivatives which are contracted may be designated as hedges for accounting purposes or for trading purposes, without affecting the objective of mitigating the risks to which the Entity is exposed in its projects.

e. ***Market risk***

The Entity's activities expose it primarily to interest rate, exchange rate and pricing risk.

Sensitivity analyses in the following paragraph, consider that all variables are held constant, except for those in which the sensitivity is displayed.

Price risk management

The Entity is exposed to price risks, mainly due to the maintenance costs of the highways which are linked to international oil prices.

By the same token, the tolls which the Entity collects are regulated and adjusted based on the INPC in Mexico.

The Entity considers that its exposure to price risk is immaterial, because if the Entity's investment in a concession is not recovered through the toll rates established, it may be possible to renegotiate both the concession term and the rates in question.

Management of currency exchange risk

The Entity is exposed to currency exchange risk as a result of placing securitized certificates on the Mexican debt market in 2011 for the amount of $1,700 million or its equivalent in UDIS (370,225,400 UDIS) of GANA. As of December 31, 2019, the balance is $1,869 million or its equivalent in UDIS (292,108,154 UDIS).

On August 29, 2014, CONMEX placed zero coupon UDI denominated securitized certificates for the amount of $7,546 million or the equivalent in UDIS (1,464,078,000 UDIS). At December 31, 2019, the balance is $9,368 million, which is equal to 1,464,078,000 UDIS.

On December 18, 2013, CONMEX carried out the placement of guaranteed senior notes, denominated in UDIS for the amount of $18,792 million or its equivalent in UDIS (3,720,902,000 UDIS). As of December 31, 2019, the balance is $14,441 million, equivalent to 2,256,824,000 UDIS.

On March 6, 2012, Aleatica entered into an investment contract with COFIDES, whereby the latter undertakes to invest up to a maximum of €25 million euros; the balance was settled on April 26, 2019.

On March 31, 2015, OPI issued securitized certificates denominated in UDIS for the amount of 773,908,000 UDIS, equivalent to $4,100 million, at an interest rate of 6.95%, maturing in 2035. As of December 31, 2019, the revalued securitized certificates amounted to $4,952 million, (equivalent to 773,907,526 UDIS).

This debt represents the maximum exposure to exchange risk. For the remaining debt, the Entity contracts its financing in the same currency as the repayment source. Management believes that the positions in UDIS and Euros do not expose the Entity to significant exchange risk for its financial position, performance or flows, because the increases in the rates of the concessions, the main source of payment for the financing, are closely related to inflation and therefore with the value of the UDI.

- Foreign currency sensitivity analysis

  The following table details the Entity's sensitivity to a 10% increase and decrease in the UDI and Euro. This fluctuation represents management's evaluation of the possible reasonable change in the value of the UDI and Euro. The sensitivity analysis includes only the monetary position at the close of 2019. When the peso appreciates by 10% against the UDI and Euro, it would result in an increase in results and in stockholders' equity. When the peso depreciates by 10% against the UDI and Euro, it would result in a decrease in results and stockholders' equity.

	2019
Profit or loss and equity	$ 3,063,154

  This effect would represent an increase/decrease of 26% in income for the 2019 annual period.

  The sensitivity analysis may not be representative of the foreign exchange risk during the period due to variances in the net position denominated in UDIS.

Interest rate risk management

The Entity is exposed to interest rate risks because its subsidiaries obtain loans at variable interest rates.

The exposure to interest rates mainly arises due to the long-term debts, which are contracted at variable rates (TIIE).

The contracts related to the current debt of the Entity's subsidiaries could impose restrictions on the latter's capacity to operate.

To mitigate the risk of interest rate fluctuations, the Entity uses SWAP, as well as CAP options, to fix variable rates or establish a ceiling and link it to the generation of cash flows derived from the revenue sources.

- ***Sensitivity analyses for interest rates***

  The following sensitivity analyses have been determined based on the exposure to interest rates both for derivatives and for non-derivatives at the end of the reporting period. For variable rate liabilities, an analysis is prepared on the assumption that the amount of the liability in effect at the end of the reporting period was the liability in effect throughout the year. When key management personnel are internally informed of the interest rate risk, an increase or decrease of 100 basis points is used, which represents management's assessment of the reasonable possible change in interest rates.

  If the interest rates were 100 basis points above/below and all other variables, remain constant:

  The income for the periods ended December 31, 2019 and 2018 would decrease/increase by $166,286 and $169,296, respectively. This is mainly attributable to the Entity's exposure to interest rates on its variable rate loans.

- ***Current interest rate hedge transactions***

  The transactions which comply with hedging requirements have been designated as cash flow hedged.

  The following tables detail the amounts of notional equity and the remaining terms of the financial derivatives contracted by the Entity through its subsidiaries.

i. Financial derivatives, interest rate SWAP

AUNORTE

As discussed in Note 14, on August 11, 2011, obtained financing which establishes the payment of interest at the 91 days TIIE rate plus a spread (2.75 % will apply from the first disposition until the date on which the third anniversary is completed; this margin will increase every three years until the contract expires), contracting an interest rate SWAP with the aim of fulfilling the obligation of paying 72% of the interest on the credit.

As of December 31, 2019 a liability was recognized for $88,087 and in 2018 an asset was recognized for $191,846, with an effect in other comprehensive income for ($279,933) and $90,845, respectively, and an accumulated deferred income tax of ($26,426) and $57,553, respectively. The amount included in other comprehensive result as part of stockholders' equity will be recycled to results simultaneously when the interest on the debt is charged to results; such amount is subject to changes due to market conditions.

As of December 31, 2019 and 2018, there was no ineffectiveness related to the hedge.

The following table shows the detail of the interest rate SWAP entered into by AUNORTE.

Instru-ment	Counterparty	Notional (Current)	Underlying 91 days TIIE 12/31/2019	Fixed rate	Maturity	Liability fair value 2019
IRS 1	BBVA BANCOMER	$ 1,633,200	7.4465%	7.39%	15/09/2026	$ 42,444
IRS 2	BANOBRAS	1,633,200	7.4465%	7.34%	15/09/2026	45,643
		$ 3,266,400				$ 88,087

Instru-ment	Counterparty	Notional (Current)	Underlying 91 days TIIE 12/31/2018	Fixed rate	Maturity	Asset fair value 2018
IRS 1	BBVA BANCOMER	$ 1,733,200	8.6347%	7.39%	15/09/2026	$ 94,425
IRS 2	BANOBRAS	1,733,200	8.6347%	7.34%	15/09/2026	97,421
		$ 3,466,400				$ 191,846

CONMEX

As discussed in Note 14, on December 18, 2013, executed a credit contract with Goldman Sachs Bank USA, which establishes the payment of interest at the 91 days TIIE rate plus a spread (interest plus 2.10% percentage), an interest rate "SWAP" was also contracted to hedge against the variable interest rate risk. At December 31, 2019, 75% of the debt has been hedged.

At December 31, 2019, a liability was recognized for $31,638 and in 2018 an asset was recognized for $322,890, with an effect in other comprehensive income of $(354,528) and $86,198 respectively and a deferred tax effect of $(9,491) and $96,867, respectively. The amount included in other comprehensive income under stockholders' equity will be recycled to results when the interest on the loan is charged to results; this amount is subject to changes derived from market conditions.

As of December 31, 2019 and 2018 there was no ineffectiveness related to the hedge.

The following table shows the interest rate SWAP entered into by CONMEX.

Instru-ment	Counterparty	Notional (Current)	Underlying 91 days TIIE 12/31/2019	Fixed rate	Maturity	Liability fair value 2019
IRS 1	GOLDM SACHS USA	$ 2,027,198	7.4465%	6.915%	15/12/2025	$ 20,296
IRS 2	GOLDM SACHS USA	1,158,399	7.4465%	6.8175%	15/12/2025	7,451
IRS 2	GOLDM SACHS USA	1,158,399	7.4465%	6.7350%	15/12/2025	3,891
		$ 4,343,996				$ 31,638

Instru-ment	Counterparty	Notional (Current)	Underlying 91 days TIIE 12/31/2018	Fixed rate	Maturity	Asset fair value 2018
IRS 1	GOLDM SACHS USA	$ 2,162,058	8.6347%	6.915%	15/12/2025	$ 144,277
IRS 2	GOLDM SACHS USA	1,235,461	8.6347%	6.8175%	15/12/2025	87,133
IRS 2	GOLDM SACHS USA	1,235,461	8.6347%	6.7350%	15/12/2025	91,480
		$ 4,632,980				$ 322,890

AT-AT

As discussed in Note 14, on September 25, 2017 financing was obtained with payment of interest at the 28 days TIIE rate (within a range of 2.75% to 4%), which varies over the financing term, with an interest rate SWAP contracted to meet the obligation to pay 68% of the credit balance established on each date, beginning December 31, 2020.

As of December 31, 2019, a $226,489 liability was recognized and in 2018 an asset was recognized for $48,206, with an effect in Concession Investment of $(274,695).

The following table shows the detail of the interest rate swaps entered into by AT-AT.

Instru-ment	Counterparty	Notional (Current)	Underlying 91 days TIIE 12/31/2019	Fixed rate	Maturity	Liability fair value 2019
IRS 1	BANCO SANTANDER	$1,792,612	7.5555%	8.33%	30/09/2027	$113,092
IRS 2	BANCO SANTANDER	1,792,612	7.5555%	8.33%	30/09/2027	113,397
		$3,585,224				$226,489

Instru-ment	Counterparty	Notional (Current)	Underlying 91 days TIIE 12/31/2018	Fixed rate	Maturity	Asset fair value 2018
IRS 1	BBVA BANCOMER	$1,792,612	8.5956%	8.33%	30/09/2027	$25,578
IRS 2	BANOBRAS	1,792,612	8.5956%	8.33%	30/09/2027	22,628
		$3,585,224				$48,206

ii. Financial derivatives, interest rate CAP options:

AUNORTE

As discussed in Note 14, in September 2011 contracted CAP options to hedge interest rate fluctuations on the financing obtained, and to comply with the obligations to hedge 72% of the interest on the bank loan received. To obtain this CAP, paid a premium for $68,500. As of December 31, 2019 and 2018, paid accrued interest based on the 91 days TIIE, which has not exceeded the ceiling fixed at 9%. Accordingly, the options have not reached an intrinsic value and there have been exchanges of cash flows. The CAP was designated as a cash flow hedge, documenting the objective of the hedge, the measurement of effectiveness based on its intrinsic value and other requirements established in accounting regulations.

The following table shows the financial instruments to hedge fluctuations through interest rate CAP that AUNORTE has contracted to date.

						Fair value	
Instru-ment	Counterparty	Notional (Current)	Underlying 91 days TIIE 12/31/2019	Fixed rate	Maturity	2019	2018
CAP	BBVA BANCOMER	$ 937,297	7.4465%	9.00%	15/09/2020	$ 1	$ 6,010

AT-AT

As discussed in Note 14, in July 2018 it contracted options (CAP) to cover the interest rate fluctuations on the loan obtained, and meet the obligation to cover 70% of the credit balance. As of December 31, 2019, it paid accrued interest at the 28 days TIIE rate, exceeding the 8% ceiling established, so the options have reached an intrinsic value and there have been recovery flows. The CAP was designated as an instrument in a cash flow hedge relationship, describing the objective of the hedge, the measurement of effectiveness based on its intrinsic value and other requirements established in accounting regulations. As of December 31, 2019, there was ineffectiveness in its operations.

The following table shows the financial instruments to hedge fluctuations through interest rate CAPs that AT-AT has contracted to date.

						Asset fair value	
Instru-ment	Counterparty	Notional (Current)	Underlying 91 days TIIE 12/31/2019	Fixed rate	Maturity	2019	2018
CAP	B BANOBRAS	$ 3,641,599	7.5555%	8.00%	31/12/2020	$ 714	$ 62,733

f. ***Credit risk management***

Credit risk refers to the risk that one of the parties will default on its contractual obligations, thus resulting in a financial loss for the Entity. The Entity has adopted a policy of only becoming involved with solvent parties and obtaining sufficient collateral, when appropriate, as a way to mitigate the risk of financial loss from default. The Entity only performs transactions with entities, which have a risk rating equivalent to investment grade or above. This information is provided by independent ratings agencies and, if it is not available, the Entity uses other available public financial information and its own commercial records to rate its principal customers. The maximum exposure to credit risk as of December 31, 2019 is approximately $44,727,402, as shown in subsection c) which describes the principal financial assets subject to credit risk.

g. ***Liquidity risk management***

The Entity manages liquidity risk by establishing an appropriate framework to administer its short, medium and long-term financing, and the requirements of liquidity management. The Entity manages liquidity risk by maintaining adequate reserves, banking facilities and to obtain loans, through constant oversight of projected and real cash flows. Note 14 specifies the details of the financing contracted by the Entity, as well as the respective maturities. The Entity maintains reserves based on its contractual obligations, whose funds are intended for the payment of debt, maintenance and highway expansion work, among others.

The following tables detail the Entity's remaining contractual expirations for its current non-derivative liabilities with payment periods agreed. The tables have been designed based on the undiscounted cash flows of the financial liabilities, using the most recent date on which the Entity has to make payments. The tables include both cash flows from interest and principal. As long as the interest is variable-rate, the undiscounted amount derives from curves in the interest rate at the end of the reporting period. Contractual maturity is based on the minimum date on which the Entity has to make the payments:

2019	Less than 1 year	1 to 5 years	5 years +	Total
Bank loans	$ 3,430,423	$ 14,276,931	$ 7,127,998	$ 24,835,352
Notes payable and securitized certificates	1,328,771	6,177,688	56,962,558	64,469,017
Accounts payable to related parties	38,739	-	-	38,739
Leases	71,712	142,983	59,228	273,923
Trade accounts and notes payable	1,286,097	-	-	1,286,097
Total	$ 6,155,742	$ 20,597,602	$ 64,149,784	$ 90,903,128

2018	Less than 1 year	1 to 5 years	5 years +	Total
Bank loans	$ 3,038,139	$ 13,507,513	$ 10,306,483	$ 26,852,135
Notes payable and securitized certificates	1,190,289	5,907,211	59,003,630	66,101,130
Notes payable under investment agreement	602,815	-	-	602,815
Accounts payable to related parties	12,823	-	-	12,823
Trade accounts and notes payable	1,319,053	-	-	1,319,053
Total	$ 6,163,119	$ 19,414,724	$ 69,310,113	$ 94,887,956

h. ***Fair value of financial instruments***

– ***Fair value of financial instruments carried at amortized cost***

Management considers that the carrying values of financial assets and liabilities recognized at their amortized cost in the consolidated financial statements does not differ significantly from their fair value:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Cash, cash equivalents and trust funds	$ 11,731,093	$ 11,731,093	$ 13,847,505	$ 13,847,505
Accounts and Notes receivable:				
Accounts receivable from related parties	1,104,887	1,104,887	1,041,511	1,041,511
Accounts receivable for services	376,093	376,093	287,097	287,097
Financial liabilities:				
Financial liabilities at amortized cost:				
Bank loans and notes payable	$ 37,975,173	$ 38,313,309	$ 37,825,255	$ 38,063,234
Accounts and notes payable to related parties	38,739	38,739	562,383	562,383
Trade accounts and notes payable	1,286,096	1,286,096	1,330,121	1,330,121
Leases	221,741	221,741	-	-
Derivative financial instruments	346,215	346,215	-	-

– ***Fair value measurements recognized in the consolidated statements of financial position***

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative financial instruments (CAP)	$ -	$715	$ -	$ 715
Financial liabilities at fair value through comprehensive income				
Derivative financial instruments (SWAP)	$ -	$346,214	$ -	$ 346,214

2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative financial instruments (CAP)	$ -	$68,743	$ -	$ 68,743
Financial liabilities at fair value through comprehensive income				
Derivative financial instruments (SWAP)	$ -	$562,942	$ -	$ 562,942

To determine the fair value of the other financial instruments, valuation techniques are used such as discounted cash flows, considering the respective dates of cash flows and the related market interest rates, discounting such cash flows with rates that reflect the counterparty's risk and the Entity's risk for the period in question. During 2019, there was no change in the classification of the level of financial asset type with respect to 2018.

The fair value of interest rate SWAP is determined by discounting future cash flows using the curves at the end of the reporting and the credit risk inherent in the contract.

European CAP options are evaluated using the Black-Scholes model which measures the probability that the ceiling will be exceeded based on market inputs.

18. Stockholders' equity

Par value common stock as of December 31, 2019 and 2018 is composed as follows:

	2019 and 2018		
	Number of shares		Amount
Fixed capital	5,648	$	50
Variable capital	1,732,179,621		15,334,452
Total	1,732,185,269	$	15,334,502

a. On May 20, 2019, cash dividends of $2,600,015 were paid at a rate of $1.5184 pesos for each outstanding share. This dividend was declared on April 30, 2019 by the Entity's Annual Ordinary General Stockholders' Meeting.

b. In April, October and December 2019, the Entity paid dividends of $70,881 to the non-controlling interest through its subsidiaries GANA and CAPSA.

c. The Ordinary General Stockholders' Meeting of April 30, 2019 of the subsidiary OPCEM resolved to declare dividends payable to its stockholders derived from the results of 2018, for the amount of $80,200, of which the amount of $39,298 relate to the non-controlling interest. At that same date, a complement to the dividends of $10,005 declared by the Stockholders' Ordinary General Meeting of April 27, 2018 for the non-controlling interest was recognized. At December 31, 2019 both amounts of $49,303 have not been paid.

d. As of December 31, 2019 and 2018, the Entity has 19,846,373 repurchased shares in its possession.

e. On April 26, 2018 and April 30, 2019, a stockholders' resolution approved that the amount of up to $2,000,000 should be asigned for the own share buyback program; this amount does not exceed the total balance of the Entity's net income, including retained earnings.

f. At a Stockholders' Ordinary General Meeting held on April 27, 2018, OPCEM (subsidiary of Aleatica) approved a payment of dividends to stockholders from the 2017 results in the amount of $59,180, of which $29,008 relate to non-controlling interest.

g. On April 5, and October 26, 2018, the Entity paid dividends of $15,389 to the non-controlling interest through its subsidiary CAPSA.

h. On April 5 and May 17, 2018, the Entity paid dividends of $55,472 to the non-controlling interest through its subsidiary GANA.

i. On August 20, 2018, a cash dividend of $770,552 was paid to stockholders at the rate of $0.45 for each share outstanding. Such dividend was declared on April 26, 2018 at a Stockholders' Ordinary Annual General Meeting, at which the Board of Directors was empowered to determine the payment date for the dividend.

Non-controlling interest

	2019	2018
Beginning balance as of January 1	$ 21,215,633	$ 18,276,929
Dividends paid	(49,303)	-
Dividends declared	(70,881)	(99,869)
Initial recognition impairment for expected loss, net of taxes	-	(1,830)
Consolidated net income	2,946,649	3,009,391
Reserve for employee retirement benefits, net of taxes	(2,169)	1,449
Effect on the valuation of subsidiary derivative financial instruments, net of taxes	(121,603)	29,563
Ending balance as of December 31	$ 23,918,326	$ 21,215,633

j. In accordance with the Mexican General Law for Mercantile Corporations, net profits of the year must be separated by at least 5% to form the reserve fund, until reaching 20% of the capital stock at par value. The reserve fund can be capitalized, but it must not be distributed unless the Entity is dissolved, and it must be reconstituted when it decreases for any reason. As of December 31, 2019, the amount of the reserve fund amounts to $3,066,900.

k. The distribution of stockholders' equity, except for tax-retained earnings, will cause the ISR payable by the Entity at the rate in effect at the time of distribution. The tax paid for such distribution may be credited against the ISR of the year in which the tax on dividends is paid and in the two following immediate fiscal years, against the tax for the year and the provisional payments of the same.

19. Transactions and balances with related parties

a. Transactions with related parties performed in the regular course of the Entity's business for the year ended December 31, 2019 and 2018 were as follows:

	2019	2018
Construction services received, includes capitalized	$ -	$ 3,375
Services provided	(22,653)	(106,566)
Other expenses	15,084	29,578
Other income	(1,104)	(1,742)
Accrued interest income	(77,664)	(139,631)
Interest paid	-	10,080
Interest received	(22,615)	(13,117)
Loans received	-	83,640
Loans received	-	(991,224)
Dividend received	-	(135,150)
Dividend paid	2,600,015	770,552
Dividends declared to non-controlling interest	120,184	99,869
AFAC'S paid	523,968	803,649
(Reimbursement) investment in "LEPCB 18" Senior Trust Bonds	(3,006)	250,000
Reimbursement of common stock contributions in joint ventures	-	(1,020,000)

b. Balances with related parties are as follows:

		2019		2018
Receivable:				
Controladora Vía Rápida Poetas, S.A.P.I. de C.V. (2)	$	282,700	$	274,290
Libramiento Elevado de Puebla, S.A. de C.V.		5,547		4,312
Libramiento Elevado de Puebla, S.A. de C.V. Inversión en Certificados Bursátiles Fiduciarios "LEPCB 18" (4)		4,107		4,423
Operadora Vía Rápida Poetas, S.A.P.I. de C.V.		3,652		7,283
Aleatica Labs, S.A. de C.V.		7,714		3,550
AMAIT, S.A. de C.V.		-		815
	$	303,720	$	294,673
Long-term receivables:				
Libramiento Elevado de Puebla, S.A. de C.V. (1)	$	554,173	$	496,838
Libramiento Elevado de Puebla, S.A. de C.V. Investment in CEBURES "LEPCB 18" (4)		246,994		250,000
	$	801,167	$	746,838
Payable:				
Aleatica, S.A.U.	$	72	$	36,780
Aleatica Labs, S.A.		5,118		1,635
Aleatica Labs, S.A. de C.V.		6,296		-
Dividends declared to Caisse de Dépét et Placement du Québec ("CDPQ") and Trust No. 2893		27,253		-
	$	38,739	$	38,415
Notes payable:				
Caisse de Dépôt et Placement du Québec ("CDPQ") and Trust No. 2893	$	-	$	523,968

(1) On August 19, 2014, the Government of the State of Puebla granted the concession to AUTOVÍAS, for the construction, exploitation, conservation and maintenance of Viaducto Elevado above the Mexico-Puebla federal highway. On January 8, 2015, the First Amendment agreement was made to the concession title assignment agreement dated August 20, 2014, whereby the Entity assigned to Libramiento Elevado de Puebla, S.A. de C.V. the work of construction, exploitation, operation, conservation and maintenance of the Bypass. The amount of the consideration for the assignment of the concession title, which at the date of this report has not been collected, generates interest on the unpaid balance of 10% annually, plus any inflation registered in the period of the respective calculation. At December 31, de 2019 and 2018, the balance is composed by the principal amount of $463,679 (including VAT), plus receivable accrued interest of $57,335 (including VAT) and $33,159 (including VAT) in 2019 and 2018, respectively.

(2) On July 16, 2012, the Entity, acting as borrower, entered into an unsecured credit contract with POETAS for up to $400,000, payable as of December 31, 2012, earning interest at two percentage points above the TIIE rate. At December 31, 2019, seven amendatory agreements have been executed to extend maturity dates until December 31, 2019, while the fourth amendatory agreement extends the credit line by up to $550,000. On April 24, 2019, the meeting of the stockholders of POETAS resolved to recognize this credit balance, plus interest of $282,700, as contributions for future capital increases.

(3) The Entity considers the future capital increases (AFAC) of the non-controlling interest, as short and long-term notes payable to related parties.

- At beginning of year 2017, the amount of AFAC amounted to $1,028,194.
- On April 17, 2017, the AFAC increased in favor of the non-controlling interest, for $459,049.
- On October 20, 2017, the Entity reduced the AFAC in favor of the non-controlling interest for $159,626.
- On May 3, 2018, the Entity reduced the AFAC in favor of the non-controlling interest for $426,300.
- On November 13, 2018, the Entity reduced the AFAC in favor of the non-controlling interest for $377,349.
- On May 29, 2019, the Entity reduced the AFAC in favor of the non-controlling interest for $284,358.
- On May 29, 2019, the Entity reduced the AFAC in favor of the non-controlling interest for $239,610.

(4) Investment in Senior Trust Bonds “LEPCB 18”, with the aim of holding them to obtain contractual cash flows of principal and interest until maturity.

		2019
Senior Notes (1)	$	250,000
Capital amortization		(3,006)
Interest		4,107
		251,101
Less, current portion		(4,107)
Total investment in long-term senior notes	$	246,994

Main characteristics of the Certificados Bursátiles “LEPCB 18” investment:

Date of transaction:	April 25, 2018
Date of maturity:	October 19, 2046
Currency:	Mexican pesos
Instrument:	CERTIBUR
Certificates:	2,500,000
Face value:	$100.00 (One hundred pesos for each Senior Note)
Term:	10,404 days (October 19, 2046)
Current coupon rate:	9.96% payable semiannually

(5) The total compensation of key senior management members includes the base wage, performance bonuses, cash and other benefits, which at December 31, 2019 and 2018, were $96.3 and $126 million pesos, respectively.

20. Cost and expenses by nature

a. Costs and operating expenses

	2019	2018
Operating expenses	$ 811,212	$ 855,138
Major maintenance	355,485	538,031
Administrative expenses and others	352,418	344,966
Insurance and bonds	126,471	124,272
PTU	2,711	816
	$ 1,648,297	$ 1,863,223

b. General and administrative expenses

	2019	2018
Services contracted	$ 156,324	$ 251,322
Other administrative expenses	73,608	166,446
Project expenses	-	11,748
Fees	42,155	37,382
Other expenses	83,725	50,911
Leases	6,737	22,158
	$ 362,549	$ 539,967

21. Income taxes

The Entity is subject to ISR, which rate is 30%. The Entity incurred ISR on a consolidated basis until 2013 with its Mexican subsidiaries. As a result of the 2014 Tax Law, the tax consolidation regime was eliminated, and the Entity and its subsidiaries have the obligation to pay the deferred income tax benefit calculated as of that date over a 10 year-period beginning in 2014, as illustrated below.

In accordance with current tax provisions, this ISR will be due and payable as follows:

	2010	2011	2012	2013	Accumulated
2020	10,931	30,600	109,969	65,442	216,942
2021	-	30,600	82,477	52,354	165,431
2022	-	-	82,477	39,265	121,742
2023	-	-	-	39,265	39,265
	$ 10,931	$ 61,200	$ 274,923	$ 196,326	$ 543,380

While the 2014 Tax Law repealed the tax consolidation regime, an option was established, which allows groups of companies to determine a joint calculation of ISR (tax integration regime). The new regime allows groups of consolidated companies that share common direct or indirect ownership of more than 80%, certain benefits in the tax payment (when the group of companies include both profit and loss entities in the same period), which can be deferred over three years and reported, as updated, at the filing date of the income tax return corresponding to the tax year following the completion of the abovementioned three year period.

On March 14, 2014, Aleatica filed a notice to confirm its intention to pay income tax according to the new Optional Regime for Company Groups referred to by Chapter VI of Title II of the Income Tax Law.

In accordance with the Mexican Miscellaneous Tax Resolution in 2014, entities that at December 31, 2013 have tax loss carryforwards to be amortized at the subsidiary level cannot include such losses in the determination of the taxable income of the consolidated entity until such losses have been amortized at the individual subsidiary level, corresponding to tax years prior to 2014.

Subsidiaries of the Entity that do not meet the characteristics to be included in the regime mentioned above are GANA, CAPSA and MANOP, as the Entity does not hold more than 80% of their shares.

Due to capital transactions in different entities, neither OPI, CONMEX and OPCEM are currently included.

a. Income tax expense for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Deferred income tax	$ 4,067,812	$ 4,285,321
Current income tax	333,901	235,655
	$ 4,401,713	$ 4,520,976

b. As of December 31, 2019 and 2018, the main items comprising the liability balance of deferred ISR are as follows:

	2019	2018
Deferred ISR asset:		
Effect of unconsolidated tax loss carryforwards of subsidiaries	$ 6,021,491	$ 6,152,308
Customer advances	12,823	20,912
Accounts payable to suppliers, subcontractors, accrued expenses and labor obligations	1,078,329	198,180
	7,112,643	6,371,400
Deferred ISR liabilities:		
Derivative financial instruments	(35,917)	154,421
FINFRA	-	3,044
Investment in concession	35,873,078	31,194,673
Other assets	14,798	52,115
	35,851,959	31,404,253
Total liability, net	$ 28,739,316	$ 25,032,853

c. The reconciliation of the statutory ISR rate and the effective rate expressed as a percentage of income before taxes on income is:

	2019 %	2018 %
Statutory rate	30.00	30.00
Add (less) the effect of permanent differences, mainly the effects of inflation, net		
Effect of change in the estimate for the valuation reserve	(5.11)	(3.33)
Equity in the income of associated entity	3.58	1.37
Add (less) the effect of permanent differences, mainly the effects of inflation, net	(1.71)	(1.56)
Effective rate	26.76	26.48

According to rule I.3.4.31 of the Omnibus Tax Ruling in effect on April 29, 2009, effective as of December 31, 2019, taxpayers engaged in the exploitation of a concession, authorization or permit granted by the Federal Government may apply their tax losses until they are depleted, the concession, authorization or permit ends, or the Entity is liquidated, whichever occurs first. The benefits of restated individual tax loss carryforwards are $22,979,113, for which a deferred income tax asset of $6,893,734 has been recognized, of which $895,976 have been reserved as deferred ISR tax losses.

22. Operating segments information

For management purposes, the Entity is organized into five reportable segments, corresponding to the concession projects, and these represent strategic divisions of the Entity. The divisions offer different services and are administrated separately by a General Director, who is in charge of the operating decisions and the review of the internal administrative reports.

A summary of segment information is as follows, as of December 31, 2019 and 2018:

2019	CONMEX	VIADUCTO	AUNORTE	GANA	AT-AT	Other and eliminations	Total consolidated
Toll revenues	$4,530,414	$1,037,687	$1,068,816	$1,046,306	$ -	$ -	$7,683,223
Adjustment for valuation of the intangible assets	(2,299,106)	1,558,470	2,497,619	-			1,756,983
Adjustment for valuation of the deficit by the grantor	9,057,177	925,982	1,555,041	-	-	-	11,538,200
Total revenues from concession operation	11,288,485	3,522,139	5,121,476	1,046,306	-	-	20,978,406
Revenues for construction	4,988	19,780	7,156	-	1,547,914	-	1,579,838
Revenues for services and other	-	-	-	-	-	152,229	152,229
	11,293,473	3,541,919	5,128,632	1,046,306	1,547,914	152,229	22,710,473
Operating income		3,262,629	4,867,736	531,952	-	(148,220)	18,878,373
Amortization of investments in concessions and depreciation	6,013	358	1,267	31,307	-	95,048	133,993
Impairment of deficit by the grantor	(11,906)	(18,831)	(14,900)	-	-	-	(45,637)
Financing cost	1,981,687	756,321	721,017	68,123	-	(140,741)	3,386,407
Equity in income of associated entity and joint ventures	-	-	-	-	-	954,638	954,638
Income taxes	2,196,603	630,674	1,090,423	148,151	-	335,862	4,401,713
Total assets	90,050,589	31,809,842	38,363,792	2,970,029	5,946,436	16,412,338	185,553,026
Long-term debt and current portion	19,387,487	5,895,334	5,768,736	1,870,271	74,684	4,978,661	37,975,173
Total liabilities	38,951,075	10,735,114	14,119,208	2,186,923	330,412	4,388,187	70,710,919

2018	CONMEX	VIADUCTO	AUNORTE	GANA	AT-AT	Other and eliminations	Total consolidated
Toll revenues	$4,229,197	$990,713	$975,390	$881,089	$ -	$ -	$7,076,389
Adjustment for valuation of the intangible assets	4,620,724	(803,311)	1,537,385	-			5,354,798
Adjustment for valuation of the deficit by the grantor	3,471,344	3,480,705	3,010,978	-	-	-	9,963,027
Total revenues from concession operation	12,321,265	3,668,107	5,523,753	881,089	-	-	22,394,214
Revenues for construction	102,357	18,951	92	-	906,854	-	1,028,254
Revenues for services and other	-	-	-	-	-	140,424	140,424
	12,423,622	3,687,058	5,523,845	881,089	906,854	140,424	23,562,892
Operating income	11,221,478	3,408,017	5,237,386	445,243	-	(321,390)	19,990,734
Amortization of investments in concessions and depreciation	2,765	649	411	31,342	-	34,547	69,714
Financing cost	2,453,083	721,969	752,195	138,634	-	(265,717)	3,800,164
Equity in income of associated entity and joint ventures	-	-	-	-	-	883,633	883,633
Income taxes	2,281,735	688,370	1,348,855	102,952	-	99,064	4,520,976
Total assets	83,274,100	29,318,817	34,339,590	2,844,814	5,402,469	18,255,072	173,434,862
Long-term debt and current portion	18,850,725	5,842,359	5,725,637	1,905,021	63,153	5,438,360	37,825,255
Total liabilities	38,045,765	10,187,942	12,955,486	2,184,358	136,445	3,534,472	67,044,468

23. Approval of the issuance of the consolidated financial statements

On March 9, 2020, the issuance of the consolidated financial statements as of December 31, 2019 was authorized by Sergio Hidalgo Monroy Portillo, CEO; consequently, they do not reflect events occurred after that date and are subject to approval at the Entity's general ordinary stockholders' meeting, where they may be modified, based on provisions set forth in the Mexican Stock Market Law. On February 19, the consolidated financial statements as of December 31, 2018 were authorized for issuance, and on April 30, 2019, were authorized in an ordinary stockholders' meeting.

Investor Relations

Planning and Investor Relations Office
Aleatica, S.A.B. de C.V.
Tel: +52 (55) 5003-9552
E-mail: inversionistas.mx@aleatica.com

Ana María Ybarra
Miranda IR
Tel: +52 (55) 3660-4037
E-mail: ana.ybarra@miranda-ir.com

aleatica.com