



MANAGEMENT REPORT

AFAO S.A.

1° BUSINESS EVOLUTION:

Operations of AFAO Group S.A., through its subsidiaries, is consolidated in sectors with high growth potential, such as:

- Railway - track renewal - in Argentina.
- Maintenance Dredging - Local Waterway in Rio de la Plata - Argentina.
- Dredging of "openness" in other waterways as "Amazon Waterway in Peru.
- Production of building materials - Argentina.
- Among others.

These activities have required "investment plans" which are carrying out with its own resources, due to the difficulty "international" to finance them.

2° INVESTMENTS IN PROGRESS:

We highlight as relevant the following:

- Business Acquisition Plan s.r.l. Plant in Italy "Carousel" for the Manufacture of sleepers (sleepers - rail); 3.2 million euros investment.
- Acquisition ongoing ship-dredger Hooper, the Dutch company IHC, with a total investment of 17.7 million euros.
- Acquisition in progress at the German company - Masa Group Plant ACC - for the production of "construction material", with an investment of 14 million euros.
- Acquisition of the Austrian company - Plasser & Theurer equipment for track renewal of "railroad" with an investment of 2.5 million euros.

We are in the process of expanding our capabilities "production- services," the transparency of our financial statements, detailing the risks and the coverage they give us our assets being fundamental.

Generating structures secure financial guarantees, is one of our commitments to the financial institutions that support us in the processes described, now with a lot of confidence and optimism from political change in Argentina, with the new government headed by Mr Mauricio Macri..

3º SIGNIFICANT TRANSACTIONS:

We highlight as relevant the following:

- In mid-2015, it is in Argentina, the company DASA .s.a. Dredging specializing in services; owned by (3) companies, Supercemento-DYOPSA, Pentamar and Frontera S.A. (AFAO Group S.A.). All add participate 100+ years of experience in services "river" Dredging - waterways in Argentina. This positioning will allow us to reach a 25% market share in Argentina competing with international operators such as JD Null and Boskalis.
- In Europe, with emphasis on Spain, we have launched the search for a Spanish Group; expert "Dredging" and "Railway", with the firm intention of creating "alliances" to enter international competitions, with emphasis, in Uruguay, Peru and Colombia. This development scenario will help us strengthen our position at international level in Latin America.
- In this year 2015, Afao s.a, has taken control of the Company Sabavisa in Argentina, with extensive experience in construction-civil infrastructure and dredging services; He participated in the mega-work of Rio Salado. This acquisition has been carried out to consolidate the experience of AFAO Group S.A. Opening dredging and maintenance.

The Management Team, Group AFAO S.A. express to all the members thereof, their gratitude for the attitude of commitment, and above all a sense of belonging, which are the basis for consolidating the Vision business in the short and long term.

Luis Armando Alvarez V

Administration Counsel President

Jorge Eduardo Alvarez Aguirre

Secretary of the Board