2018 ANNUAL FINANCIAL REPORT

InterCement

Index

1. Letter to Stakeholders

Preparing InterCement for the Near Future

Fully committed to strength its capital structure, InterCement completed in January 2019 another important step of the deleveraging plan and concluded the sale of the operations in Portugal and Cape Verde. The deal is part of the company ongoing restructure, with the proceeds to be mainly used for debt reduction. Over the last two years the indebtness was significantly reduced by 1.5 billion Euros.

In the operational side, the company overall performance in 2018 was affected by the adverse scenario in Argentina and the economic slowdown in Brazil, added by the negative trend in exchange rates. The total volume of sales was slightly down by 2,2% when compared to 2017, reaching 23,6 million tons.

Focusing on promoting the capture of opportunities and increasing resilience in complex scenarios of the different geographies in which the Company operates, InterCement engaged in an important strategic analysis of its business and started a substantial transformation program. With one of the leading global consulting firms support, InterCement built the IC TURN, a project that consist in a turnaround process, with the ambition to reach a new level of performance and the development of a high performance culture, perennially, based on financial discipline, operational excellence and sustainability. In this way, 2019 will open a new cycle enhancing the company's focus on South America and Africa to embrace the growth expected for the balanced portfolio.

In the social field, important developments were reached through the InterCement Institute, building initiatives that combines direct impact in the supply chain and employment generation in local communities, an important social benefit.

Its also important to highlight that, reinforcing the Compliance Standards, InterCement continued to invest on process and tools to deliver a high level of integrity, with the commitment of all its employees.

In March 2019 InterCement welcomed Flavio Aidar as the new CEO of the company, replacing Paulo Nigro, who had an important role, specially in the design of IC TURN. Mr. Aidar has over 20 years of experience in several international corporations, with specific emphasis on strategic transformation processes and has his career associated with major financial institutions.

On behalf of InterCement Board of Directors and our Employees, we thank our Clients, Suppliers, Investors and Stakeholders for the confidence and trust through this challenge years, based on relations that strengthen the responsibility and the commitment of this Company with the results in a sustainable future.

The Board of Directors

2. InterCement at a Glance

InterCement is one of the largest international cement producer, with current 38 million tons of capacity and 35 cement production facilities located in Latin America and Africa. Concluded in January 2019, the selling operations of Portugal and Cape Verde impacted on reducing 9 million tons, and 5 cement facilities.

A privately held company, headquartered in São Paulo, Brazil, InterCement is the cement market leader in Mozambique, the second largest player in Brazil, and holds a regional leading position in South Africa and in Egypt. Additionally, through its stake in Loma Negra, InterCement is the cement market leader in Argentina and the second largest player in Paraguay.

InterCement produces and distributes cement, masonry cement, aggregates, concrete and lime to wholesale distributors, concrete producers and industrial customers, among others. Additionally, the company produces paper bags, suitable for its products.

3. Highlights 2018

In 2018 InterCement has continued focused on its deleveraging plan to strength the capital structure and prepare the company to growth in a new cycle. In October, the company completed another important step in this process, signing an agreement to sell the Portuguese and Cape Verde operations. The transaction was only concluded in January 2019 after the Competition Authority authorization, therefore, doesn't reduce the debt profile of 2018.

As per requirement of IFRS5, Portugal and Cape Verde operations and assets are presented as "Discontinued Operations". Accordingly, items regarding these operations are presented in segregated lines of the P/L (also restated for the comparative period) and the Balance Sheet.

Furthermore, InterCement 2018 Financial Statements categorize Argentina as a hyperinflationary economy in accordance with IFRS (country with a three-year cumulative inflation rate greater that 100%). Consequently the 2018 results were restated adjusting for the change in general purchasing power of the local currency, using official indices.

In operational terms, the company overall performance was affected by the macro-economic scenario in Argentina and Brazil and the negative trend in the exchange rate evolution.

Brazil experienced a transition year with the market stabilizing after four years of decline, but facing increasing costs and operating margin pressure. Loma Negra leveraged its leadership position to increase EBITDA margin in an adverse macro-economic scenario with demand contraction. Paraguay kept the positive performance preserving an EBITDA margin above 40%. In Africa, Egypt and Mozambique inputs balanced the South Africa performance.

Key Figures						
Million €, unless otherwise expressed	2018	2017	Chg.	4Q18	4Q17	Chg.
Cement and Clinker Volumes Sold (t ton)	23.587	24.115	-2,2%	5.812	6.277	-7,4%
Sales	1.704	1.885	-9,6%	395	478	-17,4%
EBITDA	325	294	10,6%	76	46	65,9%
Adjusted EBITDA	331	358	-7,6%	92	101	-9,5%
FCF	-152	-74	105,1%	85	160	-47,2%
Net Debt	1.671	1.525	9,6%			

3.1. Deleveraging initiatives on track

In 2018 the strategic programme to strengthen InterCement's capital structure was continued, combining increased efficiency in the operations, investment discipline, monetization of non-strategic assets and divestment of Portugal and Cape Verde.

3.2. Portugal and Cape Verde Divestment

As publicly announced on October 26, 2018, InterCement signed a definite agreement to sell its operations in Portugal and Cape Verde, and concluded the transaction in January 2019, with 626 million Euros of the proceeds received up to now. The deal is part of the ongoing restructure, with the proceeds been mainly used for debt reduction.

3.3. Loma Negra IPO

The successfully Initial Public Offering of Loma Negra in 2017, represented a milestone in the international capital markets and a significant step in InterCement's strategic development. This was the largest IPO of the recent history of the cement industry and the second largest ever in Argentina – 48.4% of Loma Negra share capital was placed for the amount of 1,097 million US Dollars.

3.4. Completion of Energy Assets Divestment

In the three previous years InterCement sold part of its stake in Estreiro Hydroeletric, Barra Grande (BAESA) and Machadinho. The final phase of the minority stake selling process from the energy assets took place in 2018 (over 11 million Euros in a total of amount of 219 million Euros), with all the proceeds allocated on debt reduction.

3.5. IC-TURN Program

Aiming at delivering a visible and sustainable step-change improvement in InterCement business performance, while strengthening our organization and positioning us to win in the years ahead, InterCement has engaged with one of the leading global consulting firms to design such transformation program for the company. As a result, after a 6-month journey of diagnosis and planning, we have launched IC TURN – a program of hundreds of initiatives planned to allow the company to reach its full potential, seizing all the potential opportunities for additional gains across all functional areas. These opportunities range from new commercial approaches to the enhancement of industrial and procurement processes, resulting in a significant operational and financial impact. In 2019 and onwards, this program will evolve through the implementation phase, under a disciplined execution mode intended to guarantee that the planned results are achieved and new initiatives are mapped and added to the program.

4. 2018 Performance

4.1. New cycle focused on South America and Africa

The current statistics relative to 2018 show economic growth in the geographies in which InterCement operates, in a trend started in 2017. With the exception of Argentina, all countries faced positive economic contexts. In some cases the construction and cement industry remained under pressure. The balanced portfolio and continuous challenge to improve efficiency managed to mitigate adverse impacts.

The new portfolio focused on South America and Africa will benefit from a more favourable scenario in Brazil, Argentina recovering and the African assets continuing to deliver results.

4.2. Consolidated Financial Results

Integral Basis (Continuing And Discontinued Operations)

In 2018, cement and clinker volumes sold reached 24 million tonnes, in line with the figures of 2016 and 2017. Total volume had a reduction of 2.2% related to the reduction of exports from Portugal, since the Argentinian and Egiptian market slowdown was offset by the positive performance in Brazil, Portugal and Mozambique.

Key Figures (Integral Basis)						
Million Euros, unless otherwise expressed	2018	2017	Chg.	4Q18	4Q17	Chg.
Cement and Clinker Sales (thousand ton)	23.587	24.115	-2,2%	5.812	6.277	-7,4%
Sales	1.704	1.885	-9,6%	395	478	-17,4%
EBITDA	325	294	10,6%	76	46	65,9%
Adjusted EBITDA	331	358	-7,6%	92	101	-9,5%

On an integral basis sales were down by 9.6% reflecting forex impact in Euros considering that in local currency all geographies presented sales growth. EBITDA increase reached 10.6% to 325 million Euros but the comparation is distorted by the Extraordinary Adjustment Program of 64 million Euros with negative impact in the 2017 results. Excluding these effects, Adjusted EBITDA reached 331 million Euros, 7.6% below the figure for 2017. Neverthelss the Adjusted EBITDA margin increased from 19.0% to 19.4% in 2018.

Total Net Income was negative by 195 million Euros, whereas Net Income from Discontinued Operations amounted to 7 million Euros.

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Income Statement						
million €	2018	2017	Chg.	4Q18	4Q17	Chg.
Sales	**1.457**	**1.679**	**-13,2%**	**333**	**423**	**-21,2%**
Net Operational Cash Costs	1.191	1.432	-16,9%	270	390	-30,6%
Operational Cash Flow (EBITDA)	**266**	**247**	**7,9%**	**63**	**33**	**89,5%**
Deprec. Amort. and Impairments	214	388	-45,0%	110	93	18,5%
Operating Income (EBIT)	**53**	**-142**	**137,1%**	**-47**	**-60**	**20,9%**
Financial Results	-221	-132	-67,3%	-39	-69	43,3%
Pre-tax Income	**-169**	**-274**	**38,4%**	**-86**	**-129**	**33,0%**
Income Tax	33	144	-76,8%	8	130	-93,7%
Net Inc. from Continuing Operations	**-202**	**-418**	**51,6%**	**-94**	**-259**	**63,6%**
Net Inc. from Discontinued Operations	**7**	**-13**	**156,4%**	**4**	**-7**	**147,9%**
Total Net Income	**-195**	**-431**	**54,8%**	**-91**	**-266**	**65,9%**
Attributable to:						
Shareholders	-192	-364	47,1%	-95	-231	59,0%
Non-controling interests	-2	-67	96,7%	4	-35	111,9%

Continuing Operations:

The volumes sold of cement and clinker were down by 0.8%, at 20 million tonnes, with Brazil, Mozambique and South Africa balancing the weaker sales in Argentina. Sales in Euro decreased 13.2%, reflecting the depreciations of the Argentinian Peso (54% YoY average) and Brazilian Real (20% YoY average). Excluding the forex effect, Sales increased 16.8%. Despite volumes sold were unchanged in 2018, the company focus on product innovation and value-based solutions for the clients led to sales increase in local currency in all geographies. InterCement average cement price, excluding the forex effect, went up (+20.4%), reacting to rising input costs.

Key Figures (Continuing operations)						
Million €, unless otherwise expressed	2018	2017	Chg.	4Q18	4Q17	Chg.
Cement and Clinker Sales (thousand ton)	20.498	20.666	-0,8%	5.139	5.492	-6,4%
Sales	1.457	1.679	-13,2%	333	423	-21,2%
EBITDA	266	247	7,9%	63	33	89,5%
Adjusted EBITDA	270	309	-12,4%	78	87	-11,3%

The results in Brazil and South Africa reflected a difficult business environment on the backdrop of increasing input prices and sluggish markets. Argentina and Egypt tackled market conditions with reinforced commercial approach to address inflationary costs with faster rising selling prices. Mozambique benefited from more favorable conditions combined with a proative leadership strategy of the company in the local market.

EBITDA presented a 7.9% growth compared to 2017 that included non recurring events. Excluding these impacts on both periods, the Adjusted EBITDA reached 270 million Euros, 12,4% below the figure of 2017 of 309 million Euros. These results reflect the ARS and BRL depreciation against the Euro and the general increase of energy and logistic costs. Disregarding the forex impact EBITDA would have increased by 69 million Euros against 2017. The company continued focus on performance improvement and operational delivery, margins were ahead of the previous year reaching 18.6%.

Depreciation and amortization of 160 million Euros was 11% above the 2017 figure. In 2018 the total impairments recorded 53 million Euros and in 2017 reached 243 million Euros, mostly related to capacity increase projects grounded due to footprint rationalization mainly in Brazil.

Financial Results worsen 89 million Euros compared to 2017. On one hand benefited from lower interest cost in the period following the InterCement Liability Management execution impact on debt, resulting on 128 million Euros reduction between the two periods. On the other hand, exchange differences and derivatives unwind had a negative impact of 217 million Euros mostly following the already mentioned ARS and BRL depreciation, whereas 2017 benefited from the positive exchange effect of the USD depreciation on debt.

Income Tax in 2018 had a reduction of 110 million Euros compared to the previous year. Income Tax in 2017, was affected by adjustments in the 4th quarter concerning deferred taxes mainly in Brazil.

Altogether, Net Income presented a 55% recovery from 2017 figure, adding up to a loss 195 million Euros, and 192 million Euros Net Loss for Shareholders.

Integral Basis (Continuing and Discontinued Operations)

Free Cash Flow Generation Map (Integral Basis)		
million €	2018	2017
Adjusted EBITDA	331	358
Change in Working Capital	-109	74
Others	-22	-80
Operating Activities	**200**	**353**
Interests Paid	-152	-225
Income taxes Paid	-58	-51
Cash Flow before investments	**-9**	**78**
CAPEX	-192	-147
Redemption of (Investments in) securities	44	-11
Assets Sales / Others	5	7
Free Cash Flow to the company	**-152**	**-74**
Borrowings, financing and debentures	80	298
Repayment of borrowings, financ. and debent.	-680	-689
Swap Transactions	-23	204
Capital Increases	68	0
Other investment activities	-11	933
Changes in cash and cash equivalents	-718	673
Exchange differences	-34	-76
Cash and cash equivalents, End of the Period	385	1.138

In 2018, InterCement Free Cash Flow was negative in 152 million Euros, to great extended related to the negative change in Working Capital, derivatives unwind adverse impact and CAPEX increase. 2018 cash generation was negative by 752 million Euros due to the use of proceeds from Loma Negra IPO and the sale of InterCement additional minority stakes in Machadinho and Barra Grande Hydroelectric Plant.

Operating activities of 200 million euros mostly penalized from a negative impact in Change in Working Capital for three main reasons: i) 2017 extra efforts in receivables and inventory; ii) L'Amalí project Capex suppliers swing from 2017 to 2018; iii) 2018 end of the year initiatives (i.e. sale of trade receivables) were frozen during the negotiations to sell the Portuguese and Cape Verde Operations. These extra initiatives (sale of trade and receivables and inventory management) in Q4 reached 222 million Euros in 2017 compared to 69 million of 2018.

Following the InterCement Liability Management execution the interest paid reduced from 225 million Euros in 2017 to 152 million Euros in the current year. The Derivates Unwinding had a negative effect of circa 23 million Euros compared to the positive impact in the previous year of 209 million Euros.

In what concerns investment activities in 2018, capex – mainly the capacity expansion project at the L' Amalí plant in Argentina – weighted an additional 44 million Euros from 2017.

Asset Sales and Others in 2018 include additional proceeds from Barra Grande and Machadinho Hydroeletric plants and in 2017 reflect the sale of the minority stake in Loma Negra (IPO) which generated net proceeds of 876 million Euros and part of InterCement's stake in the Estreito Hydroelectric Plant for circa 77 million Euros.

In December 2018 the controlling shareholder Mover Participações S.A. performed a capital increase of 67.5 million Euros to support and strength the company balancesheet.

Cash and Cash equivalents at the end of the period amounted to 385 million Euros, which compare to 1.138 million Euros by the end of 2017. The 707 million Euros of the sell of Portugal and Cape Verde will only impact the cash position in 2019. In January, 626 million Euros were received, and the remaining amount is retained for price adjustments, as further detailed in the Subsequent Event Section.

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Consolidated Balance Sheet Summary			
million €	Dez 31 '2018	Dez 31 '2017	Var.
Assets			
Non-current Assets	2.677	3.269	-18,1%
Derivatives	3	7	-49,7%
Current Assets			
Cash, Equivalents and Securities	342	1.200	-71,5%
Derivatives	0	4	-100,0%
Other Current Assets	415	494	-16,0%
Assets classified as held for sale	747	0	100,0%
Total Assets	**4.184**	**4.973**	**-15,9%**
Shareholders' Equity attributable to:			
Equity Holders	975	841	15,9%
Non-controling interests	189	463	-59,2%
Total Shareholders' Equity	**1.164**	**1.303**	**-10,7%**
Current Liabilities			
Loans & Obligations under finance leases	491	573	-14,3%
Provisions & Employee benefits	0	1	-95,1%
Other Current Liabilities	427	534	-20,0%
Non-current Liabilities			
Loans & Obligations under finance leases	1.447	2.139	-32,4%
Derivatives	0	17	-98,2%
Provisions & Employee benefits	70	138	-49,2%
Other Non-current Liabilities	278	268	3,7%
Liabilities assoc. w/ Assets classified as held for sale	307	0	100,0%
Total Liabilities	**3.021**	**3.670**	**-17,7%**
Total Liabilities & Shareholders Equity	**4.184**	**4.973**	**-15,9%**

Integral Basis (Continuing and Discontinued Operations)

At December 31, 2018 Total Assets amounted to 4.184 million Euros, 15,9% below the figures recorded one year before, revealing the Deleveraging and Liability Management Plan execution following 2017 cash events, namely the prepayments and amortizations influencing Cash, Loans and Obligations.

Net Debt at year end amounted to 1.671 million Euros, 9.6% above December 31, 2017. The delevaraging process will advance upon completion of the sale of the Portugal and Cape Verde Operations.

Assets and Liabilities Held for Sale

At December 31, Assets classified as held for sale (Portugal and Cape Verde assets) amounted to 747 million Euros while Liabilities associated with Assets classified as held for sale amounted to 307 million Euros.

As mentinioned before, on January 17, 2019 it was signed the Closing Memorandum completing the sale of business operations in Portugal and Cape Verde to “Ordu Yardimlasma Kurumu” (OYAK Group) of Turkey. With a reference price of 707 Million Euros, the final price for the transaction will be determined considering the closing net debt, the related parties balances, the changes in working capital since June 30, 2018 and other minors aspects, a process that is in course. At that date an amount of about 626 Million Euros was received, being such proceeds to be used mainly to reduce the Group debt level, in accordance with InterCement Liability Management Plan, and up to now an amount of about 350 Million Euros were already paid, including the debt in the sold entities.

5. Country Performance

5.1. Operations In Continuation

Brazil

In Brazil, the economy is expanding but the recovery path has been slow and the impact in the cement industry is still shallow. According to the SNIC cement consumption decrease was contained to 1.2% in 2018, accumulating a drop of 26,2% in the past four years. Last quarter of 2018 reveald a turnround in this trend setting the pace for 2019 were total national sales are expected to increase.

In this scenario, InterCement promoted an assertive commercial strategy in attracting and retaining customer loyalty, improving its customer segmentation programme according to their profile and needs, redefining the long-term positioning of the portfolio's brands, without neglecting to ensure the profitability of its local activity. As a result in 2018, cement and clinker volumes sold by InterCement Brazil were 2% higher than in 2017 despite the market contraction and the context of high idleness of the installed local capacity.

In 2018, the industry cost matrix was particularlly affected by transport, raw materials and energy costs increase. The company pursued several initiatives to improve productivity and control costs to minimize these impacts. Projects to optimize raw materials mix, contracts renegotiation, freight flow and energy consumption were given special attention.

EBITDA went up from 4.0 to 28.0 million Euros, as per the recognition in favour of the company of one of the on-going judicial revenue taxation disputes (PIS COFINS). EBITDA adjusted from non recurring events – including tax credit – was 15.5 million Euros, even so 61% below the comparable value of 2017 due to the impact of freight and higher energy costs.

The company continued it's program of industrial footprint rationalization to reach the most adequate plant network to address the current demand level. These effects include: stock adjustments, mining provisions and impairments registration following the plants decommission and suspension of investiments to expand capacity.

Argentina

The year 2018 began with a very robust market and an economy that showed solid and consistent indicators of growth, unfortunately from the month of April all of those indicators began to deteriorate. In the wake of the crisis, the Argentinian government adopted a large IMF programme including faster consolidation and tight monetary policy that restrain growth on the short run but will help to restore confindence and reduce fiscal and current account imbalances. In this context, InterCement Argentina focus in cost control and continuous improvement of commercial and production processes, allowed to continue generating solid results, increase profit margins and mitigate the adverse situation of the country in 2018.

The advancement of the government plan's in infrastructure, routes, roads, airports, railways and ports, among others, promoted the growth of 2.6% of the firm cement bulk, allowing this segment to gain relevance, and reach approximately 42% of the total volume and, at the same time allowing the concrete segment (Lomax) to reach the all-time high of volume sold, surpassing one million cubic meters. Despite this increase in the shipping of bulk, the fall in the order of 5.9% bag segment produced that consolidated the industry volume is 2.6% lower than the volume of the year 2017. The total volume sales of cement, masonry and lime declined 4.7% compared to the previous year reflecting the overall weak market demand in Argentina.

Despite the adverse market conditions the favourable price environment let to sales increase of 34.3% in local currency. In 2018, the ARS depreciated (54% YoY average) versus the Euro driving the consolidated sales in Euros to 584 million Euros, 22% below the previous year.

Peso depreciation also had a negative impact on the company’s cost structure, mainly in thermal and electricity costs pushing for additional cost otimization and logistics rationalization.

Following the categorization of Argentina as a country with a three-year cumulative inflation rate greater than 100%, the country is considered highly inflationary in accordance with IFRS. Consequently, starting July 1, 2018, the Company is reporting results applying IFRS rule IAS 29. IAS 29 requires that results of operations in hyperinflationary economies are reported as if these economies were highly inflationary as of January 1, 2018, and thus year-to-date, together with comparable results, should be restated adjusting for the change in general purchasing power of the local currency, using official indexes, with negative impact of 14 milion Euros on EBITDA.

Despite the macro-economy environment and weaker demand. EBITDA margin increased 1 p.p. reaching 26% in 2018.

The expansion in L'Amalí plant continues to be a key element of the company long-term growth strategy, as it will allow to optimise the production footprint while providing much needed capacity and significant operational efficiency increase.

Paraguay

In the year 2018, the Paraguayan economy grew 4%, driven by the primary and secondary sectors mainly. The country continues a positive dymamic growing 4.5% on average since 2004, faster than most of its regional comparators.

Meanwhile cement industry maintained the previous year level. The reduction of the total market is almost non-existent compared to the previous year, only 0.1% at the end of 2018 and InterCement Paraguay volumes remained relatively flat as well.

InterCement commercial approach to the market included price increase, allowing a local currency 2.6% increase in Sales, while EBITDA decreased by 4%. The Guarani depreciation against the Euro turned 2018 results in Euros below 2017. Once again the operation in Paraguay remains the benchmarking status with an EBITDA margin above 40%.

Argentina and Paraguay Region

The EBITDA of the Argentina and Paraguay business segment amounted to 174.2 million Euros, a 17.3% decrease compared to 2017. The result is affected to great extended by the depreciation of the Argentinian Peso against the Euro that represents over 104 million Euros.

Egypt

The economic activity in Egypt has improved both in 2017 and 2018 and GDP is reported to growth 5% in the past year refleting the reforms implemented since mid-2016.

Despite the economy performance the cement consumption is estimated to have dropped by 5% driving a decline of approximately 3.5% in the company's volumes sold. In a context of weaker demand the current market overcapacity has increased with the Beni Suef plant entering the market (12 million tons per year capacity).

Our strong positioning in the local market enabled to protect our sales that increased 10.3% to 115 million Euros. Benefiting from our premium brand and efforts to quickly adapt to the market conditions leveraged our price increase.

Steep rises in electricity and fuels prices as well as the clay tax increase were counterbalanced with increased coprocessing and cost reduction initiatives.

2018 operation cashflow increased and EBITDA margin in a comparable basis registered an increase of 13.4p.p. reaching 12,9%.

Mozambique

The macroeconomic scenario in Mozambique still reflects the severe political and fiscal crisis started in 2016. 2018 GDP growth is estimated at 3,5%, the lowest in nearly two decades, that had an economic growth of 7% in average.

The cement market grew at 6% on the back of the first quarter positive performance, stagnating in the remaining part of the year. InterCement cement and clinker sales followed the market trend that combined with price increase led to 11.3% Sales increase to 107 million Euros.

The company had successfully implemented several iniciatives to control costs (mainly energy costs increase) and leverage our leadership position to improve the margin and operational Cash Flow.

As a result the 2018 EBITDA grew in a like-for-like including margin improvement to 25%.

South Africa

South Africa economy grew below 1% after a first semester of recession. The cement industry sales remained stable, constrained by the government challenge in stimulating the economy. Nonetheless, the company commercial dynamics expanded the customer base with 1.5% growth of Cement and Clinker Volumes Sold consolidating a 12% market share.

Sales remained at 2017 figures - 136 million Euros - refleting limited pricing power in a context of import pressure in KwaZulu-Natal region and negative Forex impact.

Operational margins were affected by above-inflation cost increases mainly on electricity and raw materials. Maintenance costs also impacted on performance. 2018 EBITDA generation was stable when compared to 2017.

Africa Region

The EBITDA of Africa region recorded an increase of 87.5% mainly due to the Extraordinary Adjustment Program effects in 2017 results. Excluding that impact, the Adjusted EBITDA amounted to 78.2 million Euros, 22.8% above the previous year. The strong results in Egypt and Mozambique including margin increment have compensated the lower activity in South Africa.

5.2. Discontinued Operations:

Portugal

In 2018 the Portuguese domestic market had growth for second consecutive year altought at a lower rate. The internal market cement and clinker volumes sold grew by 6.9%, ahead of the local market, successfully maintaining the the commercial focus on customer retention and attraction of new costumers. On the other hand, exports fell by 24.0% prioritizing higher margins. Reflecting this strategy, sales grew only by 1,3% and EBITDA margin improved 4.5p.p. reaching 21.2%.

Cape Verde

Despite the economic growth path, the cement market contracted for the second consecutive year particularly in the first quarter of the year. InterCement 's Cement and Clinker Volumes Sold fell by around 2% but sales increased by 3.2% supported by the concrete activity positive performance.

Trading

Cement and clinker trading activity in 2018, recorded 2.1 million tons, of which 1,9 million were to third parties reaching a Sales amount of 141 million Euros.

Exports from Portugal focused on higher margin clients and geographies, balancing the product portfolio and destination markets. Regarding fuels trading, InterCement established new routes taking advantage of the company know–how and international networking.

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5.3. Main Figures:

Cement and Clinker Volumes Sold						
thousand tons	2018	2017	Chg.	4Q18	4Q17	Chg.
Brazil	7.878	7.713	2,1%	1.972	1.819	8,4%
Argentina	6.117	6.419	-4,7%	1.436	1.760	-18,4%
Paraguay	566	568	-0,4%	147	131	12,6%
Portugal	3.099	3.448	-10,1%	656	783	-16,2%
Cape Verde	183	187	-2,3%	43	45	-3,3%
Egypt	3.097	3.209	-3,5%	844	1.058	-20,3%
Mozambique	1.203	1.145	5,1%	307	317	-3,0%
South Africa	1.637	1.613	1,5%	432	406	6,6%
Total	**23.780**	**24.301**	**-2,1%**	**5.839**	**6.320**	**-7,6%**

Sales						
million €	2018	2017	Chg.	4Q18	4Q17	Chg.
Brazil	420	455	-7,7%	105	106	-0,3%
Argentina	584	750	-22,1%	110	200	-44,9%
Paraguay	60	62	-2,7%	16	14	9,8%
Portugal	261	258	1,3%	63	62	2,1%
Cape Verde	31	30	3,2%	7	7	4,5%
Egypt	115	104	10,3%	33	35	-5,2%
Mozambique	107	96	11,3%	29	25	14,5%
South Africa	136	136	0,1%	34	31	8,2%
Trading / Shipping	141	156	-9,6%	17	25	-30,5%
Others	20	43	-53,9%	5	8	-36,9%
Total	**1.875**	**2.089**	**-10,2%**	**419**	**512**	**-18,2%**

EBITDA						
million €	2018	2017	Chg.	4Q18	4Q17	Chg.
Brazil	28,0	4,0	606,6%	2,1	-12,7	116,7%
Argentina & Paraguay	174,2	210,8	-17,3%	39,1	59,6	-34,4%
Portugal & Cape Verde	59,1	47,4	24,7%	12,7	12,4	2,8%
Africa	72,8	38,8	87,5%	23,4	-5,9	494,7%
Trading / Ship. & Others	-9,0	-7,0	-28,6%	-1,8	-7,8	77,3%
Consolidated Total	**325,2**	**294,0**	**10,6%**	**75,5**	**45,5**	**65,9%**
EBITDA margin	***19,1%***	***15,6%***	***3,5 p.p.***	***19,1%***	***9,5%***	***9,6 p.p.***

Adjusted EBITDA						
(€ million)	2018	2017	Chg.	4Q18	4Q17	Chg.
Brazil	21,9	39,1	-44,0%	9,5	21,7	-56,3%
Argentina & Paraguay	176,1	211,0	-16,6%	39,8	56,6	-29,6%
Portugal & Cape Verde	60,8	49,7	22,4%	14,0	13,7	1,8%
Africa	78,2	63,7	22,8%	28,1	15,5	81,2%
Trading / Ship. & Others	-5,8	-5,1	-13,6%	0,2	-6,4	103,3%
Consolidated Total	**331,3**	**358,5**	**-7,6%**	**91,6**	**101,2**	**-9,5%**
EBITDA margin	***19,4%***	***19,0%***	***0,2 p.p.***	***23,2%***	***21,1%***	***2,6 p.p.***

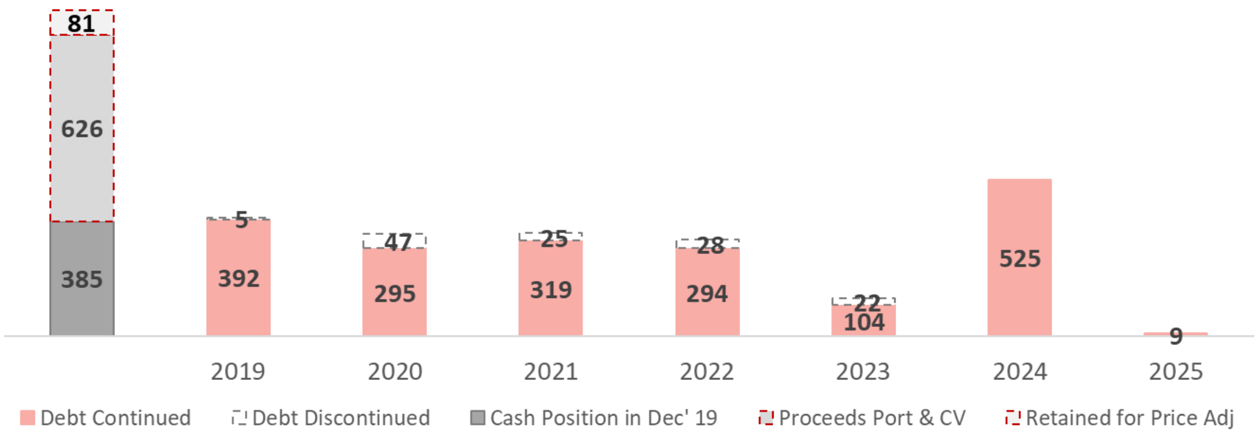
6. Financing Structure

After performing the IPO of Loma Negra, its subsidiary in Argentina, the Company reduced and refinanced its debt profile equalizing over the coming years the amortization schedules and avoiding high debt maturities walls. By the end of 2018, gross debt totalized 1.9 billion Euros, representing a 0.8 billion Euros reduction when compared to the 4Q17 and a 1.5 billion Euros reduction in relation to the 4Q16.

Throughout 2018, the Company continued to pursue its financing policy, based on the reduction of the financial leverage and the adjustment of the debt profile. To reach this target, it was established a four pillars liability management plan, aiming to (i) Enhance Credit Measures, (ii) Paydown and Balancing Bank Debt, (iii) Release Equity at Subsidiaries and (iv) Issue a New Bond. Until now, the three first steps were accomplished, remaining the forth step – subject to market conditions.

In this way, in January 2019, the Company concluded the sale of its operations in Portugal and Cape Verde initially receiveing 626 million Euros, with the objective to continue the liability management plan. The sale of these assets will permit a significant gross debt reduction and to reach a longer and smother amortization schedule. Until March 2019, 350 million Euros of the proceeds received from the equity sale were already used to reduce and refinance debt.

In December 2018 the debt profile is presented below (values are denominated in million Euros):



Due to the Ebitda contraction, the Company requested to it Lenders a financial covenant level increase, from 4,5X to 5,5X, measured and complied by the Company on 31 December 2018. For the following years, the level returns to 4,5X, measured every end of year.

7. Governance

7.1. Governance Philosophy

Following the guidelines of its controlling shareholder, the Governance Philosophy adopted at InterCement is driven by the company's goals of excellence in its sustainable development, promoting transparency in an attitude of absolute compliance and particular respect for the standards on anti-corruption.

Focused on improving controls and processes, and aimed at giving greater autonomy to local decision-making in the six countries where the company operates, InterCement continuously develops its governance model.

7.2. Governance Structure

InterCement Board of Directors comprise five members being responsible for guaranteeing the effective supervision, monitoring and assessment of the activity of the Executive Committee.

InterCement Governance, Human Resources and Sustainability Committee, InterCement Strategy, Investment and Finance Committee and InterCement Audit, Risks and Compliance Committee report to the Board of Directors. The latter is comprised of five members of which two representatives from the controlling shareholder and two members experts on accounting, audit and tax

THE BOARD OF DIRECTORS IS PRESENTLY COMPOSED BY:	THE EXECUTIVE COMMITTEE IS PRESENTLY COMPOSED BY:
Franklin Feder (**Chairman**)	Flavio Aidar (**CEO**)
André Pires de Oliveira Dias	Paulo Diniz (**CFO**)
Claudio Borin Guedes Palaia	Ricardo Barbosa (**Brazil VP**)
Marcelo Condé	Sergio Faifman (**Argentina and Paraguay VP**)
Nicolas Fournier	Flavio Aidar (**Africa Regio Interin VP**)
	Livio Kuze (**Organizational Development**)
	Luiz Klecz (**Legal Counsel**)

Six technical committees support the Executive Committee: Ethics and Compliance; Safety, Health and Environment; Human Resources; Efficiency and Productivity; Information Technology; Finance and Investments.

At a local level, each unit also has its own Management Committee, led by the local General Manager, and supported by two technical committees: Sustainability and Health, and Safety and Environment.

7.3. Compliance

The concept of Compliance encompasses the practices and disciplines adopted in order to comply with laws, regulations, policies and procedures.

InterCement concerns with disseminating the concept and practices related to Compliance at all hierarchy levels since 2004, when its Code of Conduct was first published. The Code of Conduct was reviewed throughout 2018 and will be republished in early 2019.

In 2018, the InterCement Compliance Communication Program, which is part of the InterCement Integrity Program, was formalized and presented in all geographies, and launched to cover compliance process, therefore including the ethical line, integrity and compliance issues.

Also in 2018, as part of InterCement Integrity Program, the Perception of the Integrity Environment Survey was launched, in order to acess the maturity and perception of our professionals regarding integrity and compliance at InterCement. In addition to this, other standards were developed, such as: Conflict of Interest; Prevention and Combat of Illicit Acts; Ethical Line; Gifts, Courtesies, Donation, Sponsorship and Institutional Marketing.

As a way to reaffirm the commitment of each of InterCement's professionals with the Integrity and Compliance Program, a Letter of Intent has been created and accepted by them.

The company invested in communication to emphasize the Compliance’s importance - doing the right thing, and to give visibility of the company’s internal policies and standards. In addition to the Code of Conduct, InterCement has also launched an Anti-Corruption standard, a Relationship with Competition standard and a Corporate Compliance standard. Furthermore its Compliance standard establishes the internal procedures and mechanisms to ensure its dully adopted and carefully monitored across the company - prevention, detection, response. The company’s website contains significant information related to compliance, in the web address (http://compliance.InterCement.com/conduta.php).

Aditionaly, InterCement Compliance Academy is responsible for continuous compliance training for the company employees and management. In 2018, anti-corruption and antitrust online trainings were made available to all InterCement employees. Furthermore, in the past three years all of the top and medium management acomplished 100% in both training evaluations on the said topics.

At InterCement, all whistle-blowing on deviations of the Code of Conduct are received by the InterCement Ethical Line, a communication channel created in 2004 and available to all employees and stakeholders, that assures a direct, independent and confidential communication channel to deal with complaints, comments, suggestions and denouncements of any kind, either from employees or third parties, such as: violations to the Code of Conduct, to the Anti-Corruption standards, among others. It is available at the InterCement website (http://compliance.InterCement.com/etica.php), either by telephone, e-mail or website in all the countries where the company has business units. The service is handled by specialized and independent companies, that assure strict confidentiality to all reports, having a treatment and response ratio of 100%.

7.4. Risk Management

In the recent challenging years, the company was prepared to mitigate adversities supported by various mechanisms, particularly risk management and control systems, essential in the agility of the company's response to its surrounding context. The Risk Process is overseen by InterCement's Audit, Risk and Compliance Committee, mentioned above, responsible for supporting InterCement's Board of Directors. The Comittee is composed of six members, being two external members - an accounting and a tax experts, three InterCement representative.

The Risk Management Process gained particular improvement in 2014, when a major corporate effort led to the design of the Risk Matrix, which was completed after a reassessment of the most relevant business factors and process risks. Since then, these tools have been used in order to identify and evaluate scenarios and factors that might affect the company's results.

The methodology adopted by InterCement includes the identification of **Business Risks** that could significantly affect EBITDA, market share, debt covenants, business continuity, reputation and image. Those risks are directly monitored by the Executive Commission, assisted by the Audit, Risks and Compliance Committee, with the aknowledge of InterCement's Board of Directors.

Additionaly, **Processes Risks** are those associated with operational and support activities that could affect operational activities. These risks are monitored within the compliance processes flow, directly in the business units, with a specific structure local responsible for managing such risks within the Audit, Risks and Compliance global team.

8. Outlook

In its forecast from January 2019, the International Monetary Fund (IMF) expects a continuation of global economic growth. The growth rate is expected to weaken slightly, from 3.7% in 2018 to 3.5% in 2019. This reduction is due to trade disputes between the USA and China as well as the recent drop in momentum in Europe. The risks that could continue to jeopardise growth include a further escalation of the trade disputes, high public and private debt, a disorderly Brexit and a stronger than expected economic slowdown in China. The general outlook for the countries where InterCement operates is positive with a higher level of uncertainty for Argentina and South Africa. The company expects to capitalize the previous years management changes, increase efficiency, higher profitability and margin compared to 2018.

Operations controlled by InterCement, enter in 2019 with the commitment to strengthen relations with its stakeholders and particularly focused on the development of actions that increase the perceived value by the customer.

The company and its subsidiaries are intended to be the first option in terms of the needs of cement, concrete and other products. Proposed from the corporate guidelines, continuously assess the needs and expectations of local markets to improve response to customers, but also suppliers and communities giving continuity to their

"Partnerships" program. The company will continue betting on improvements of productivity indicators, incorporating new technologies and processes and investing in training of its professionals. Improving their processes and compliance controls, will continue emphasizing the agenda of 2018, as well as increasing the safety of persons within the scope of its activity.

From the environmental point of view, progress in terms of reducing impacts from our activity and expansion of co-processing, reducing the use of fuels and fossil materials. Just like in 2018, the search for alternative sources of energy and raw materials will continue in 2019 occupying a prominent place in the company's long-term vision.

As for the financing of its activity, the company will continue optimizing its capital structure promoting the reduction of the level of leverage. This will combine the reduction of capital employed, through the sale of assets (including Portugal and Cape Verde) non-strategic and minority stakes, with the discipline of CAPEX and an increase in cash, EBITDA via or through the generation of the optimization of the working capital. Greater agility and management efforts should ease working capital investments and a disciplined CAPEX mode will remain in force, with focus Argentina increasing its installed capacity in order to address the rising local demand for cement.

To embrace this new cycle, InterCement is improving its governance model and management approach, simplifying processes, increasing the regions autonomy for a greater businesses dynamics, aiming the sustainable and joint development with its stakeholders.

8.1. Brazil

In Brazil, growth will gain momentum during 2019 and 2020 as private consumption, supported by improvements in the labour market, will increase. The new administration in office is expected to recover confidence and policy estability nevertheless political uncertainty can delay the implementation of social reforms and that remains the largest risk to Brazil's economic trajectory.

Early 2019 signs with the new federal and regional governments in place were positive with general confidence increase, from retailers, industry, services and the construction sector. The speed of reforms will be key to the economic recovery has the investiment becames stronger.

The cement consumption usually lags behind the economic recovery therefore the positive economic trend will have a steady impact on demand increase. The national cement industry association (SNIC) projects an increase of 3% in cement sales for 2019 based on the housing sector and public infrastructure investment reactivation.

InterCement will ensure further progress on management efficiency, cost structure leaning and assets optimisation following the previous years footprint reconfiguration. In a context of high pressure from input costs the partnership statregy with suppliers and logistics will be fundamental. In the commercial side InterCement will pursue the path of growing assertiveness by intensifying its partnerships with customers and delivering a higher value.

Overall, EBITDA generation in 2019, will grow based on more favourable market conditions recovering from the previous years negative cycle.

8.2. Argentina and Paraguay

The forecasts for the Argentine economy indicate a moderate fall of the GDP for 2019 with respect to 2018. For the second semester a change of trend is expected with the regularization of the main economic variables, which will be reflected in the construction sector in general. In particular, for the cement industry, we expect it to behave in line with the economic evolution of the country, and for this reason we estimate a moderate fall in dispatch volumes during the year, with a tendency to recovery in the second half.

8.3. South Africa

The South African economy is likely to grow by 1.5% in 2019, according to the South Africa National Treasury. The growth prospects have been negatively revised due to the slower momentum in 2018 with low improvement in production and employement and a moderation in global trade and investment. The medium-term outlook projects a growth of 2,1% by 2021, supported by a gradual improvement in confidence, more effective public infrastructure spending and better commodity prices outlook.

Cement consumption will follow the the global economy trend facing addional pressure from imports and raw materials cost increase. InterCement will pursue its strategy to invest in customer reach and satisfaction, namely improving sales conditions and possibilities, strengthening partnerships and market research. This drive will focus on strengthening its regional leadership and enhancing operational efficiency, in a higher capacity utilisation mode. In this context, 2019 will be a challenging year, limiting the EBITDA growth prespectives.

8.4. Mozambique

Mozambique's economic growth in 2019 practically unchanged compared to 2018, remaining on a positive track since 2016 after the IMF compromise. In the long term, particularly with the start of the exploration of natural gas deposits in the Rovuma basin, the economy will tend to grow faster, with a forecast of 4.5% in the 2020/2022 period.

The cement market will continue to grow below the general economy penalized by country's financial problems and weak investors confidence. The company has managed to counterbalance the weak growth investing in its relations and technical and commercial partnership with its customers.

The company will strengthen the local presence, leveraging our leadership position to improve results.

Tropical Cyclone Idai had a major impact in the Beira region of Mozambique and the company already design a plan to mitigate supply restriction and actively support and participate in the reconstruction to be undertaken in the affected area.

8.5. Egypt

Egypt economy is expected to sustain growth above 5% in 2019, supported by domestic demand recovery. Egypt has been taking towards reviving its economy in the past few years through the economic reform program lead to budget allocations and subsidy cuts. Politcal stability and growing confidence will back the economic policy reform and sustain growth for the 2019-23 period.

The cement market has been experiencing difficult times but the general investments in infrastructure is expected to start to recover. The industry faces a challenging period with low demand and increasing rates of idle production capacity. InterCement will keep up with the market pace, addressing a more competitive environment with its premium cement brand and preventing profitability deterioration. In an context of hinking prices in raw materials, fuels and government fees, the overall competitive scenario will determine the industry ability to increase selling prices.

9. Subsequent Events

9.1. Sale of Portuguese and Cape Verde Operations

On January 17, 2019 the Company has signed the final closing agreement completing the sale of business operations in Portugal and Cape Verde to “Ordu Yardimlasma Kurumu” (OYAK Group) of Turkey. With a reference price of 707 million Euros, the final price for the transaction will be determined considering the closing net debt, the related parties balances, the changes in working capital since June 30, 2018, which process remains in course.

Up to today, the Company has already received an amount of about €626 million was received, being such proceeds to be used mainly to reduce the Group debt level, in accordance with InterCement Liability Management Plan, and up to now an amount of about 315 million Euros were already paid, including the debt in the sold entities.

Building sustainable partnerships

2018

FINANCIAL STATEMENTS

InterCement

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Directors and Management of
InterCement Participações S.A.

Opinion

We have audited the accompanying consolidated financial statements of InterCement Participações S.A. ("Company"), which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statements of loss, of comprehensive loss, of changes in shareholders' equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of InterCement Participações S.A. as of December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities 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"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

Comparative consolidated financial statements

We draw attention to note 3 to the consolidated financial statements which presents the restatement due to reclassification related to the consolidated financial statements for the year ended December 31, 2017, presented for comparative purposes, and the respective adjustments which are being restated as foreseen in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and IAS 1 - Presentation of Financial Statements. Our opinion is not qualified due to this matter.

Other information accompanying the consolidated financial statements and the independent auditor's report

Management is responsible for the other information. The other information comprises the Annual Report.

Our opinion on the consolidated financial statements does not cover the Annual Report, and we do not express any form of audit conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, issued by the International Accounting Standards Board – IASB, 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.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with International Standards on Auditing, 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.

Deloitte.

- 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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.

The accompanying consolidated financial statements have been issued in English for the convenience of readers outside Brazil.

São Paulo, April 4, 2019

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Torres dos Santos
Engagement Partner

2019-SPO-0834 VF.docx

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position as of December 31, 2018 and 2017

(In thousands of euros - €)

ASSETS	Notes	12.31.2018	12.31.2017
CURRENT ASSETS			
Cash and cash equivalents	4	326,303	1,137,502
Securities	5	15,498	62,292
Trade receivables	6	73,202	82,324
Inventories	7	263,911	334,128
Recoverable taxes		42,547	40,998
Derivatives	25	-	3,856
Other receivables		35,220	36,396
		756,681	1,697,496
Assets classified as held for sale	2.30	747,031	-
Total current assets		1,503,712	1,697,496
NONCURRENT ASSETS			
Securities	5	1,337	2,053
Trade receivables	6	745	1,137
Inventories	7	31,295	19,730
Recoverable taxes		62,423	8,273
Deferred income tax and social contribution	17	15,211	16,860
Escrow deposits		16,675	18,323
Derivatives	25	3,362	6,690
Other receivables		35,281	20,541
Property Investment		4,033	7,079
Investments		562	9,350
Property, plant and equipment	8	1,369,918	1,565,229
Intangible assets:			
Goodwill	9	984,754	1,399,695
Other intangible assets	9	154,871	201,001
Total noncurrent assets		2,680,467	3,275,961
TOTAL ASSETS		4,184,179	4,973,457

LIABILITIES AND EQUITY	Notes	12.31.2018	12.31.2017
CURRENT LIABILITIES			
Trade payables		249,605	291,649
Debentures	11	105,822	105,682
Borrowings and financing	10	385,538	467,604
Interest payable	10 and 11	39,389	57,571
Taxes payable		57,982	75,225
Payroll and related taxes		25,116	43,962
Dividends and interest on capital		159	4,162
Advances from customers		12,548	19,280
Related parties		-	-
Actuarial liabilities	14	38	773
Other payables		42,272	42,221
		918,469	1,108,129
Liabilities directly associated with assets classified as held for sale	2.30	307,057	-
Total current liabilities		1,225,526	1,108,129
NONCURRENT LIABILITIES			
Trade payables		9,948	6,142
Debentures	11	792,905	895,403
Borrowings and financing	10	653,901	1,244,050
Provision for tax, civil and labor risks	12	53,883	83,612
Provision for environmental recovery	13	15,625	38,637
Taxes payable		4,060	12,684
Deferred income tax and social contribution	17	234,636	232,758
Actuarial liabilities	14	639	15,740
Derivatives	25	303	16,589
Other payables		29,133	16,252
Total noncurrent liabilities		1,795,033	2,561,867
TOTAL LIABILITIES		3,020,559	3,669,996
SHAREHOLDER'S EQUITY			
Capital	16	1,081,588	1,080,949
Capital reserves	16	459,978	393,034
Earnings reserves	16	483,797	918,110
Accumulated losses	16	(193,415)	(714,314)
Other comprehensive income	16	(857,191)	(836,819)
Equity attributable to the Company's owners		974,757	840,960
Non-controlling interests	16	188,863	462,501
Total equity		1,163,620	1,303,461
TOTAL LIABILITIES AND EQUITY		4,184,179	4,973,457

The accompanying notes are an integral part of this consolidated financial statements.

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements of Profit or Loss for the years ended December 31, 2018 and 2017

(In thousands of euros - €, except per earnings per share)

	Notes	12.31.2018	12.31.2017 (Restated - Note 2.30)
CONTINUING OPERATIONS			
NET REVENUE	18 and 27	1,456,627	1,678,944
COST OF SALES AND SERVICES	19	(1,215,410)	(1,369,216)
GROSS PROFIT		241,217	309,728
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	19	(188,625)	(218,597)
Other income (expense)	19	(67)	(232,843)
Equity result		-	(86)
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		52,525	(141,798)
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	20	(78,931)	128,535
Financial income	20	46,262	38,426
Financial expenses	20	(188,575)	(299,154)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(168,719)	(273,991)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	17	(38,323)	(75,901)
Deferred	17	4,987	(67,671)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(202,055)	(417,563)
DISCONTINUED OPERATIONS			
PROFIT / (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.30	7,394	(13,116)
LOSS FOR THE YEAR ATTRIBUTABLE TO			
Company's owners	18	(192,434)	(363,728)
Non-controlling interests	27	(2,227)	(66,951)
LOSS PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted loss per share	22	(8.76)	(15.58)
LOSS PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted loss per share	22	(8.48)	(16.03)

The accompanying notes are an integral part of this consolidated financial statements.

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Profit or Loss for the years ended December 31, 2018 and 2017

(In thousands of euros - €)

	Notes	12.31.2018	12.31.2017
CONTINUING OPERATIONS			
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(202,055)	(417,563)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits	16	14	68
Items that might be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations	16	(225,090)	(227,851)
Adoption of IAS29	2.1	218,804	-
Hedging derivatives financial instruments	16	9,617	15,443
TOTAL COMPREHENSIVE LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(198,710)	(629,903)
DISCONTINUED OPERATIONS			
INCOME / (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS		7,394	(13,116)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits	16	(4,958)	1,396
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS		2,436	(11,720)
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(216,288)	(469,728)
Non-controlling interests		17,578	(160,175)
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(214,514)	(478,740)
Non-controlling interests		18,240	(162,883)

The accompanying notes are an integral part of this consolidated financial statements.

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2018 and 2017

(In thousands of euros - €)

	Notes	Share capital	Capital Reserves	Earnings reserves			Other comprehensive income	Accumulated losses	Total attributable to the Company's owners	Non-controlling interests	Total equity
				Transactions with noncontrolling interests	Legal	Investments					
BALANCE AT DECEMBER 31, 2016		1,080,949	393,034	162,080	18,063	137,590	(720,321)	(507,726)	563,669	391,469	955,138
Loss for the year		-	-	-	-	-	-	(363,728)	(363,728)	(66,950)	(430,678)
Realization of deemed cost of property, plant and equipment		-	-	-	-	-	(1,487)	1,487	-	-	-
Sale of noncontrolling interests	1 and 16	-	-	703,041	-	-	-	-	703,041	316,152	1,019,193
Aquisition of noncontrolling interests	1 and 16	-	-	55,559	-	-	-	-	55,559	(64,400)	(8,841)
Loss absortion through earning reserves		-	-	-	(18,063)	(137,590)	-	155,653	-	-	-
Transactions with shareholders recognized directly in equity	2 and 15	-	-	(2,570)	-	-	-	-	(2,570)	(873)	(3,443)
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	-	(16,964)	(16,964)
Other comprehensive income		-	-	-	-	-	(115,011)	-	(115,011)	(95,933)	(210,944)
BALANCE AT DECEMBER 31, 2017		1,080,949	393,034	918,110	-	-	(836,819)	(714,314)	840,960	462,501	1,303,461
Capital increase	16	639	66,944	-	-	-	-	-	67,583	-	67,583
Loss for the year		-	-	-	-	-	-	(192,434)	(192,434)	(2,227)	(194,661)
Realization of deemed cost of property, plant and equipment		-	-	-	-	-	1,708	(1,708)	-	-	-
Sale of noncontrolling interests	1 and 16	-	-	6,522	-	-	-	-	6,522	746	7,268
Aquisition of noncontrolling interests	1 and 16	-	-	274,421	-	-	-	-	274,421	(277,393)	(2,972)
Loss absortion throught earnings reserves		-	-	(714,314)	-	-	-	714,314	-	-	-
Other		-	-	(942)	-	-	-	727	(215)	942	727
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	-	(16,173)	(16,173)
Adoption of IAS29 (Note 2.1)		-	-	-	-	-	104,401	-	104,401	114,403	218,804
Other comprehensive income		-	-	-	-	-	(126,481)	-	(126,481)	(93,936)	(220,417)
BALANCE AT DECEMBER 31, 2018		1,081,588	459,978	483,797	-	-	(857,191)	(193,415)	974,757	188,863	1,163,620

The accompanying notes are an integral part of this consolidated financial statements.

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017

(In thousands of euros - €)

	Notes	12.31.2018	12.31.2017 (Restated - Note 3)
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before income tax and social contribution from continuing and discontinuing operations		(164,550)	(293,452)
Adjustments to reconcile income before income tax and social contribution with net cash generated by operating activities:			
Depreciation, amortization and impairment losses		261,918	446,722
Recognition (reversal) of allowance for probable losses, net		(6,898)	(10,648)
Interest, accrued charges, and exchange differences		228,832	139,865
Gain on sale of long-lived assets		(7,114)	(7,292)
Equity result		(1,003)	(864)
Other noncash operating losses (gains)		(1,619)	4,646
Decrease (increase) in operating assets:			
Related parties		(4,613)	(367)
Trade receivables		(30,233)	51,594
Inventories		(49,069)	6,361
Recoverable taxes		2,271	(195)
Other receivables		(103)	237
Increase (decrease) in operating liabilities:			
Related parties		456	603
Trade payables		33,629	15,980
Payroll and vacation payable		(338)	1,776
Other payables		(61,716)	(13,456)
Taxes payable		439	11,366
Cash generated by operating activities		200,289	352,876
Income tax and social contribution paid		(57,815)	(50,704)
Interest paid		(151,544)	(225,158)
Net cash generated / (used) by operating activities		(9,070)	77,014
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of (Investments in) securities		43,990	(11,294)
Purchase of property, plant and equipment		(190,158)	(130,336)
Increase in intangible assets		(1,676)	(2,437)
Acquisition of noncontrolling interests		-	(14,606)
Sale of long-lived assets		5,307	7,732
Other		(1,010)	(1,436)
Dividends received		833	850
Net cash used in investing activities		(142,714)	(151,527)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	10	79,983	298,469
Swap transactions	25	(22,508)	204,456
Acquisition of noncontrolling interests	1 and 16	(2,972)	(6,663)
Capital increase	16	67,583	-
Repayment of borrowings, financing and debentures	10 and 11	(680,482)	(689,283)
Sale of noncontrolling interests	1 and 16	11,444	953,685
Other instruments		(19,359)	(13,521)
Net cash generated / (used) in financing activities		(566,311)	747,143
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(718,095)	672,630
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(34,404)	(76,271)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4	1,137,502	541,143
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	385,003	1,137,502

The accompanying notes are an integral part of this consolidated financial statements.

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2018

(Amounts in thousands of euros - €, unless otherwise stated)

1. General Information

InterCement Participações, S.A. ("Company" or "ICP") is a privately-held company headquartered in the City of São Paulo, State of São Paulo, Brazil, engaged in holding equity interests and investments abroad, leading a business group operating in 8 countries ("ICP Group" or "Group"). Its ultimate parent company is Mover Participações S.A. (previously named Camargo Corrêa S.A.). The Group is primarily engaged in the manufacture and sale of cement and cement by-products, in addition to the extraction of the minerals used to manufacture these products.

The Company owns 40 cement plants, 71 concrete plants, and 20 aggregates plants (located in Brazil, Argentina, Paraguay, Portugal, Egypt, Mozambique and South Africa). It also owns one port terminal in Cape Verde, and seven plants producing lime, packaging and mortar. Additionally, in Brazil it holds electric power generation equity interests and assets, as a self-generator for part of its production.

On October 26, 2018, InterCement Participações, S.A. announces the signing of a definitive agreement to sell its operations in Portugal and Cape Verde to Ordu Yardimlaşma Kurumu (OYAK) of Turkey ("Discontinued operations"). The sale includes 3 integrated cement plants and 2 independent milling facilities, with a total cement production capacity of 9.1 million tons, 46 concrete units, 2 dry mortar units, 17 quarries and a cement bagging plant. The closing date and control transfer depends on conditions precedent clauses, including regulatory approvals, which as of December 31, 2018, was not yet obtained (Note 28).

During 2019, the Company is using most of such amount to reduce Corporate indebtedness and, consequently, materially strength its capital structure, including adjust the Company negative working capital presented as "continued operations". This transaction is an important component of InterCement's Liability Management program, which it publicly announced in early 2017 and which included cash equity contributions that also served to reduce the Company's financial leverage and enhance its capital structure.

As a result, Portugal and Cape Verde segment is present as "Discontinued operations" or "Assets held for sale" in the Consolidated Interim Financial Statements, as required by International Financial Reporting Standard 5 ("IFRS 5") – Non Current Assets Held for Sale and Discontinued Operating Units.

Additionally, during 2018 there were the following main transactions: i) Company's capital increase in December 2018 by Mover S.A. in the amount of €67,583 (R$ 300,000 thousand); ii) acquisition 0.66% of Cimpor shares (non-controlling interest) in the amount of €2,972 (see Note 16); and iii) in December 12, 2018, the General Assembly of InterCement Portugal S.A. approved the capital increase, the result of it was a share capital increase from €672,000 to €1,372,079. Following this capital increase the equity interest of the company increase to 94.8% (see note 2.30).

In the year ended December 31, 2017, we would lie to highlight to the following main operations:

On September 5, 2017, the Company turned public that among the initiatives being undertaken to reduce its leverage, the board of directors of its controlled company in Argentina, Loma Negra, C.I.A.S.A. ("Loma Negra"), was promoting initiatives to enable Loma Negra to be in a position to pursue an equity offering in the domestic and international capital markets. Loma Negra initial public offering ("IPO") for partial share capital took place in a dual listing deal on the NYSE (USA) and BYMA (Argentina).

On November 3, 2017, the IPO closed at a price of US$19.00 per American Depositary Shares ("ADSs").

Loma Negra sold 53,530,000 ADS in such international offering, representing 267,650,000 of Company's ordinary shares, including the full exercise of the underwriters' option to purchase an additional 7,530,000 ADSs. Loma Negra raised gross proceeds of USD 34,200 million and the selling shareholder (Loma Negra Holding GmbH) raised gross proceeds of USD 982,870 million. Loma Negra also received gross proceeds of USD 79,800 million from the sale of 21,000,000 ordinary shares in the concurrent Argentine offering. In total, the company and the selling shareholder raised gross proceeds of USD 1,096,870 million (from the global offering), for 48.43% of the share capital (€876,317 net proceeds - see Note 16).

On June 21, 2017, an extraordinary general shareholders' meeting ("EGM") of Cimpor – Cimentos de Portugal, SGPS, S.A. ("Cimpor") resolved on the loss of public company status, pursuant to article 27(1)(b) of the Portuguese Securities Code ("PSC"), upon a proposal of resolution to that effect presented by InterCement Austria Holding GmbH, a fully controlled subsidiary of InterCement Participações S.A., which directly held (prior to the delisting process) 74.64% of the company's share capital. The shareholders' resolution was passed by a majority of 99.28% of the votes cast corresponding to 94.67% of Cimpor's voting share capital.

Further to the aforementioned resolution and following the request of Cimpor, on September 26, 2017 the Portuguese Securities and Exchange Commission (Comissão do Mercado de Valores Mobiliários, or "CMVM") approved the said loss of public company status, under the terms of articles 27, 28 and 29 of the PSC. As a consequence of CMVM's decision, Cimpor shares were excluded from trading on the NYSE Euronext Lisbon.

Pursuant to article 27(3) of the PSC, InterCement Austria Holding GmbH undertook to acquire the remaining free-float (up to 29,907,603 shares) of Cimpor's share capital that did not vote in favour of the resolution on the loss of public company status at the EGM, for a unitary price of 0.340 euros per share. InterCement Austria Holding GmbH's undertaking was in force for a period of 3 months counted from the date of publication of the declaration of loss of public company status by the CMVM (i.e. until December 27, 2017). InterCement acquired 2.92% of Cimpor shares pursuant to this undertaking, in an investment of €6,663 (see Note 16).

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of presentation

The accompanying consolidated financial statements were prepared on a going concern basis from the books and accounting records of the Company and the companies included in the consolidation, maintained in accordance with Brazilian accounting practices, which are equivalent to International Financial Reporting Standards ("IFRS"). Such standards include the IFRS issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the Accounting Standards Committee ("IASC") and the interpretations issued by the IFRS Interpretation Committee ("IFRIC"). These standards and interpretations are hereinafter referred to collectively as "IFRS".

The Company's functional currency is the Brazilian real (R$) and the financial statements are presented in euros (presentation currency), for the convenience of readers outside Brazil and, as prescribed by IAS 21, paragraph 38 - The Effects of Changes in Foreign Exchange Rates, the Company may present its financial statements in any currency.

<u>Note on the accounting practice for the effects of inflation on the financial statements of Loma Negra CIASA.</u>

Inflation levels in Argentina have been high these past years and the inflation rate accumulated over these past three years has exceeded 100% without the expectation of a significant decrease in the short-term. Therefore, such situation had trigged the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies, or IAS 29, applicable to our segment whose functional currency is the Argentine peso. Such adjustments were required to be shown from July 1, 2018 (period in which hyperinflation was identified).

IAS 29 requires that the financial statements recorded in a hyperinflationary currency be adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting period. As a result of the above, our consolidated financial statements for the year end December 31, 2018 reflect hyperinflation accounting for our Argentinean subsidiaries applying IAS 29 rules.

The impacts of such accounting standard in our consolidated financial statements for the year ended December 31, 2018 were an equity increase of €218,804, with reference to the opening balance, reported in other comprehensive income, mainly arising from the revaluations of Tangible and Intangible assets (Notes 8 and 9) and also the impact of the year presented in financial results, amounting of €5,355 (Note 20).

2.2. New standards and interpretations, revisions and amendments

a) New standards and interpretations came into effect during the year ended

Standard	Effective date	Description
IFRS 9 - Financial Instruments (2009) and subsequent amendments	January 1, 2018	This standard is part of the revision of IAS 39 project and sets new requirements for the classification and measurement of financial assets and also liabilities, impairment calculation methodology and the application of hedge accounting rules.
IFRS 15 - Revenue from contracts with customers	January 1, 2018	This standard introduces a structure of principles-based revenue and based on a model to be applied to all contracts with customers, replacing IAS 18 - Revenue, IAS 11 - Construction Contracts; IFRIC 13 - Customer loyalty programs; IFRIC 15 - Agreements for the Construction of Real Estate; IFRIC 18 - Coming Asset Transfer Customers and SIC 31 - Revenue - Transactions involving barter advertising services.
Clarifications on IFRS 15 - Revenue from Contracts with Customers	January 1, 2018	These amendments introduce several clarifications in the standard in order to eliminate the possibility of divergent

		interpretations of various topics.
Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	January 1, 2018	Amended by Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'. IFRS 4 will be replaced by the entry into force of IFRS 17.
Amendment to IFRS 2: Classification and measurement of share based payment transactions	January 1, 2018	This amendment clarify the classification and measurement of the standard related to: (i) accounting for cash-settled share-based payment transactions that include a performance condition; (ii) accounting for modifications of share-based payment transactions from cash-settled to equity-settled; (iii) Classification of share-based payment transactions with net settlement features.
Amendment to IAS 40: Transfers of investment property	January 1, 2018	This amendment provides guidance on transfers to, or from, investment properties, when there was an evident change in use.
Improvements to International Financial Reporting Standards (IFRS) (cycle 2014-2016)	January 1, 2018, except the amendments to IFRS 12, beginning on or after January 1, 2017.	These improvements involve the clarification of certain aspects related to: IFRS 1 - First-time Adoption of International Financial Reporting Standards: Delete the short-term exemptions; IFRS 12 - Disclosure of Interests in Other Entities: Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5; IAS 28 - Investments in Associates and Joint Ventures: Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018	This Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

<u>IFRS 9</u>

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

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;

2) Impairment of financial assets; and
3) General hedge accounting.

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

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is January 1, 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at January 1, 2018 and has not applied the requirements to instruments that have already been derecognised as at January 1, 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

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

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

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

The Board of Directors of the Company reviewed and assessed the Company's existing financial assets as at January 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no significant impacts on the Company's financial assets as financial assets classified as held to maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Impairment of financial assets

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

(c) Classification and measurement of financial liabilities

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

The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

(d) General hedge accounting

The Company has not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39. The application of the IFRS 9 hedge accounting requirements has had no impact on the results and financial position of the Company.

IFRS 15

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after January 1, 2018. IFRS 15 introduced a 5 step approach to revenue recognition.

The Company's accounting policies for its revenue streams are disclosed in detail in note 2.23 below, and essentially derives from the sale of cement, aggregates and other construction materials. Revenue is recognized when delivery has occurred and the transfer of control of the goods has been completed and there are no other significant performance obligations to be fulfilled thereafter. The moment of recognition of the performance obligation occurs on a specific date, which does not differ from the previous practice.

The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

b) New standards and interpretations that will take effect in future years

Standard	Effective date	Description
IFRS 16 - Leases	January 1, 2019	This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 - Leases. This standard defines a unique lease contracts accounting model that results in the recognition by the lessee of assets and liabilities for all leases, except for the locations with less than 12 months or for locations that relate to value assets reduced. Landlords continue to classify the leases between operating or financial, and IFRS 16 will not entail substantial changes to such entities in relation to the defined in IAS 17.
Amendment to IFRS 9: Prepayment Features with Negative Compensation	January 1, 2019	This amendment will allow that financial assets with contractual conditions which, as a result of a prepayment feature, allows the payment of a considerable amount by the creditor, would be eligible to be measured at amortised cost or at fair value through other comprehensive income (depending on a company's business model) if two conditions are met: (i) when the entity initially recognises the financial asset, the fair value of the prepayment feature is insignificant; and (ii) the assessment that the prepayment amount is not solely a payment of principal and interest on the principal amount outstanding only hinges on the fact that the party that chooses to terminate the contract early may receive reasonable additional compensation for doing so.

The evaluation of the impact of the referred improvements on the Group's financial statements is not yet completed. It is expected that IFRS 16 adoption would have impact on the Group financial statements, which is still under analysis, considering certain specific clauses on lease contract in countries/locations where the Company has operations.

2.3. Critical accounting judgements/estimates

The preparation of financial statements in accordance with IFRS recognition and measurement principles requires the Board of Directors ("Management") to make judgements, estimates and assumptions that can affect the presented amount of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as of income and expenses.

These estimates are based on the best knowledge existing at each moment and the planned actions, and are regularly reviewed based on the information available. Changes in facts and circumstances can lead to a revision of the estimates and so actual results may differ from these estimates.

The significant estimates and assumptions made by the Management in preparing these financial statements include assumptions used in estimating the following items:

• Impairment of non-current assets (excluding Goodwill)

The determination of a potential impairment loss can arise as result from the occurrence of several events, many of them external to the ICP Group, such as macroeconomic conditions, industry and market considerations, cost factors, financial performance or any other changes, either internal or external, to ICP Group.

The identification of impairment indicators and the determination of the assets' recoverable amount, are subject to a Management's judgement referring to the identification and evaluation of the different impairment indicators, cash-generating units, expected cash flows, applicable discount rates, growth rates, useful lives and transaction values.

• Impairment of goodwill

Goodwill is subjected to annual impairment tests or whenever there are indications of a possible loss in value. The recoverable amounts of the cash-generating units to which goodwill has been allocated, is the higher between the market value, determined according with recent transaction multiples, and the value in use, determined according to the expected cash flows. The calculation of these amounts requires the use by the Management of estimates regarding the future evolution of the activity and the discount rates considered.

• Accounts receivable impairment

The credit risk associated to accounts receivable is evaluated at the end of each reporting period, taking into consideration the debtor's historical information and his risk profile. The accounts receivable are adjusted by the assessment of the estimated collection risks at the balance sheet dates, which might differ from the effective risk to incur.

• Useful lives of intangible and tangible fixed assets

The useful life of an asset is the time period during which an entity expects that an asset will be available for use and it must be reviewed at least at the end of each year.

The determination of the assets useful lives, amortization/depreciation method to apply, its residual value and of the estimated losses resulting from the early replacement of equipment, due to technological obsolescence, is essential to determine the amount of amortization/depreciation charge to the profit and loss of each year.

These parameters are defined according to Management's best estimate, for the assets and businesses in question, also considering the best practices adopted by companies operating in the same business activity.

• Provisions recognition and contingent liabilities disclosure

The Group periodically analyses possible obligations that arise from past events that should be recognized or disclosed. The inherent subjectivity to the determination of the probability and amount of internal resources required to settle the obligations, might lead to significant adjustments, either by the variation of the assumptions used or by the future recognition of provisions previously disclosed as contingent liabilities.

• Recognition of deferred tax assets

Deferred tax assets are only recognised when there is strong expectation that there will be sufficient future taxable income to utilise them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by Management at the end of each year and takes into consideration the expectation about the future performance.

• Retirement and healthcare benefits

An actuarial valuation made by independent experts and based on economic and demographic assumptions is performed each year in order to assess the liabilities resulting from retirement and healthcare benefits granted to Group's employees. Any change in these assumptions will have an impact on the on the amount of the liability for retirement and health benefits, being the Group's policy to periodically review the assumptions.

• Measurement of derivative financial instruments

The measurement of derivative financial instruments involves a number of estimates and assumptions, in particular expectations about interest rate and exchange rates, as well as estimates of the Group's credit risk and the various involved counterparties, which may differ from the original ones.

2.4. Consolidation principles

a) Controlled entities – Subsidiaries

Subsidiary companies have been consolidated in each accounting period. The Group controls a company when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Although the Group generally holds a majority of voting rights in the companies that are controlled, this applies irrespective of the percentage of interest in the share capital if control is obtained through agreements with other shareholders.

Third party participation in shareholders' equity and net profit of such companies is presented separately in the consolidated statement of financial position and consolidated statement of comprehensive income under the caption "Non-controlling interests".

The results of controlled companies acquired or sold during the period are included or excluded in the consolidated statement of comprehensive income from the date of their control is obtained to the date of their control is lost, respectively.

Significant balances and transactions between controlled companies are eliminated in the consolidation process. Capital gains or losses within the Group on the sale of subsidiary and associated companies are also eliminated.

Whenever necessary, adjustments are made to the financial statements of subsidiaries and associated companies to conform to the Group's accounting policies.

b) Business combinations

Business combinations, namely the acquisition of controlled companies are recorded in accordance with the purchase method.

Acquisition cost is determined by the sum of the fair value of the assets given, liabilities and contingent liabilities incurred or assumed and equity instruments issued by the Group in exchange for the assumption of control in the entity acquired. Costs relating to the acquisition are recognized as expenses when incurred. Where applicable, cost includes the fair value of the contingent payments measured as of the date of acquisition. Subsequent changes in the value of the contingent payments or deferred payments, measured in accordance with IFRS 13, are recorded in profit or loss.

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 - Business Combinations ("IFRS 3"), are measured by their fair value as of the purchase date, except for non-current assets (or groups of assets) that are identified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), which are recognised and measured by their respective fair values less costs to sell.

Any excess of cost plus the amount of the non-controlling interests over the fair value of the identifiable assets and liabilities acquired as of the purchase date is recorded as Goodwill. Where acquisition cost increased with non-controlling interests is lower than the fair value of the net assets identified, the difference is recorded as a gain of profit and loss for the period in which the acquisition is made after reconfirmation of the fair value attributed.

If the process for recording combinations of business activities is incomplete at the end of the year in which the combination occurs, the Group discloses the situation and the amounts provided can be adjusted during the provisional measuring period (the period between the date of acquisition and the date the Group obtains complete information on the facts and circumstances that existed as of the date of acquisition, up to a maximum of 12 months).

Non-controlling interests are reflected separately in equity from the interests of the shareholders. Non-controlling interests can initially be measured at their fair value or by the proportion of the fair value of the assets and liabilities of the subsidiary acquired. This option is made separately for each transaction.

After initial recognition, the book value of the non-controlling interests is determined as the amount initially recognized plus the proportion of changes in equity of the subsidiary. Comprehensive income of a subsidiary is attributed to non-controlling interests even if it is negative.

The results of subsidiaries acquired or sold during the period are included in the statement of comprehensive income as from the date of acquisition or up to the date of sale.

In specific situations in which the Group has in substance control of other entities created for a specific purpose, even if it does not have participations directly in the entities, they are consolidated.

Changes in the percentage of control over subsidiaries that do not result in loss of control are recorded as equity transactions. The value of the Group's non-controlling interests is adjusted to reflect changes in percentages. Any difference between the amount for which the non-controlling interests is adjusted and the fair value of the transaction is recorded directly in equity and attributed to the shareholders of the parent company.

When the Group loses control over a subsidiary, the gain or loss on the sale is calculated as the difference between (i) the aggregated amount of the fair value of the assets received and the fair value of the interests retained and (ii) the book value of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interests. Amounts previously recognized in equity as “Other comprehensive income”, namely the exchange effect resulting from the translation of foreign currency financial statements as set in the Note 2.9 below, are transferred to profit and loss or to retained earnings in the same way as would happen if related assets or liabilities were sold. The fair value of the interests retained corresponds to the fair value at the initial recognition for purposes of the subsequent recording in accordance with IAS 39 – Financial instruments or, where applicable, cost for purposes of the initial recognition of an investment in an associate or joint venture.

c) Investments in associates

An associated company is one over which the Group exercises significant influence, but does not have control or joint control, through participation in decisions relating to its financial and operating policies.

Investments in the associated companies are recorded in accordance with the equity method, except where they are classified as held for sale, being initially recorded at cost which is then increased or decreased by the difference between cost and the proportional value of the equity of such companies as of the purchase date or the date the equity method and adjusted, whenever necessary, to reflect the Group’s accounting policies.

In accordance with the equity method investments are recorded at cost at purchase date, adjusted periodically by the amount of comprehensive income in the associate (including net results of associated companies) by corresponding entry to net profit for the year or other comprehensive income, respectively, and dividends received.

Losses in associated companies in excess of the investment in them are not recognised, unless the Group has assumed commitments to participate in the losses.

Any excess of cost over the fair value of the identifiable net assets and contingent liabilities is recorded as “Investments in associates – Goodwill”. Where acquisition cost is lower than the fair value of the net assets and contingent liabilities identified, the difference is recorded as a gain in the consolidated statement of comprehensive income for the period in which the acquisition is made.

In addition, dividends received from these companies are recorded as decreases in the amount of the investments.

A valuation is made of investments in associated when there are indications that the asset may be impaired, any impairment losses being recognized. When impairment losses recognized in previous periods cease to exist, they are reversed. The reversal of impairment losses is recognized as income up to the carrying amount of the investment that would have been determined had no impairment loss been recognized.

d) Interest in joint ventures and operations

Investments in joint ventures are recorded using the equity method. According to this method, investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in equity (including net profit) of these companies, against gains or losses for the year and dividends received net of accumulated impairment losses.

The classification of financial interests in jointly controlled entities is determined based on: i) shareholders' agreements governing joint control; ii) the effective percentage of detention; iii) the voting rights held.

Investments in joint operations are joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company records assets, liabilities and operations based on the rights and obligation determined in such arrangement.

e) Goodwill

Differences between the cost of investments in subsidiaries, plus the fair value of non-controlling interests, and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies as of the date of acquisition, if positive, are recognized as goodwill.

Goodwill is recorded as an asset and is not amortised, being reflected in a separate caption of the consolidated statement of financial position. Annually, or whenever there are indications of a possible loss in value, goodwill is subjected to impairment tests. Any impairment loss is immediately recorded as a cost in the consolidated statements of profit and loss and other comprehensive income for the period and is not subject to subsequent reversal.

Goodwill is included in determining the gain or loss on the sale of a subsidiary.

Goodwill is stated in the functional currency of the respective cash-generating unit, being translated to the Company functional currency (Brazilian reais) at the rate of exchange as of the balance sheet date. Exchange differences generated in that translation are recorded in the equity caption “Currency translation adjustments”.

Goodwill on acquisition prior to 31 December 2008 was maintained at the former amount and denominated in reais, being subject to annual impairment tests as from that date.

Where cost is lower than the fair value of the net assets and contingent liabilities identified, the difference is recorded as a gain in the consolidated statement of profit and loss and other comprehensive income for the period in which the acquisition takes place.

2.5. Intangible assets

Intangible assets, which comprise essentially contractual rights and costs incurred on specific projects with future economic value, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are only recognised if it is probable that they will produce future economic benefits for the Group, they are controlled by the Group and their value can be determined reliably.

Internally generated intangible assets, namely current research and development costs, are recognised as costs when incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the statement of profit and loss and other comprehensive income when incurred, except where such costs relate directly to projects which will probably generate future economic benefits. In such cases these costs are capitalised as intangible assets.

Amortisation of such assets is provided on a straight-line basis as from the date the assets are available for use, in accordance with their estimated useful life, as follows:

	Useful life in years
Software licenses	3 to 5
Project development costs	3 to 5
Concession-related assets	10 to 35

2.6. Property, Plant and Equipment

Property, plant and equipment used in production, rendering services or for administrative use are stated at cost, including expenses incurred with their purchase, less accumulated depreciation and impairment losses, when applicable.

Depreciation of tangible fixed assets is provided on a straight-line basis over their estimated useful lives (reviewed when evidence of inadequacy exists), except when another method is shown to be more adequate based on its use, as from the date the assets become available for their intended use and in the proper place, in accordance with the following estimated periods of useful life:

	Useful life in years
Buildings and other constructions	3 to 50
Machinery and equipment	2 to 50
Vehicles	2 to 16
Furniture and fixtures	2 to 33
Mines and ore reserves	(*)
Reservoirs, dams and feeders	50
Furnaces, mills and silos	30 to 53

(*) The depletion of mines and ore reserves is conducted: (a) based on actual output as compared to total expected yield; or (b) on a straight-line basis over the mine's useful life.

Land relating to stone quarry operations and mineral resources is depreciated on a straight-line basis over their expected operating periods less, where applicable, their residual amount.

The amount subject to depreciation does not include, when determinable and significant the estimated residual value of the assets at the end of their useful lives. Additionally, the assets stop being depreciated when they are classified as assets held for sale.

Improvements are only recognised as assets when they increase the useful life or efficiency of the assets, resulting in increased future financial benefits.

Tangible assets in progress correspond to tangible assets under construction/production and are recorded at acquisition or production cost less possible impairment losses. These assets are depreciated as from the date they become available for their intended use.

Gains and losses arising from the sale or write off of tangible assets, which are determined by the difference between the proceeds of the sale of the assets and their net book value at the date of sale, are recognised by its net amount in the statement of profit and loss as “Other operating income” or “Other operating expenses”.

2.7. Leases

Lease contracts are classified as: (i) finance leases, if substantially all the risks and benefits of ownership are transferred under them; and (ii) operating leases, if substantially all the risks and benefits of ownership are not transferred under them.

Leases are classified as finance or operating leases based on the substance and not on the form of the contract. Property, plant and equipment acquired under finance lease contracts, as well as the corresponding liabilities are recorded in accordance with the financial method. In accordance with this method, the cost of assets are recorded as property, plant and equipment assets, the corresponding liability is recognised and the interest included in the lease instalments and depreciation of the assets, calculated as explained in item 2.6, are recognised in the consolidated statement of comprehensive income for the period to which they relate.

In the case of operating leases, the lease instalments are recognised on a straight- basis, in the consolidated statement of profit and loss over the period of the lease contracts.

In accordance with IFRIC 4 – Determination if an agreement contains a lease, if an agreement entered into contains a lease in substance, including transactions that transfer the right to use an asset or, if compliance with the agreement depends on the use of a specific asset, the Group analyses the agreement so as to assess if it contains a lease and if the requirements of IAS 17 – Leases should be applied.

2.8. Impairment of non-current assets, excluding goodwill

Impairment valuations are made whenever an event or change in circumstances is identified that indicates that the book value of an asset may not be recovered. Where such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss. In situations in which the individual asset does not generate cash flows independently of other assets, the recoverable value is estimated for the cash generating unit to which the asset belongs.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised by charge to the consolidated statement of comprehensive income caption “Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets”.

The recoverable amount is the higher between the net selling price (selling price, less costs to sell) and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between knowledgeable independent entities, less the costs directly attributable to the sale. The value in use is the present value of the estimated future cash flows resulting from the continued use of the asset and sale thereof at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the unit generating the cash flows to which the asset belongs.

Impairment losses recognised in prior periods are reversed when there are indications that such losses no longer exist or have decreased. The reversal of impairment losses are recognised in the consolidated statement of comprehensive income caption "Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets". However, the impairment loss is reversed up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior periods.

2.9. Foreign currency assets, liabilities and transactions

Transactions in currencies other than the functional currency of the respective subsidiary are recorded at the exchange rates in force on the date of the transaction. Foreign currency monetary assets and liabilities at the balance sheet dates are translated to the functional currency of the respective subsidiary at the rates of exchange in force on that dates.

Exchange gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those in force on the dates of collection, payment or the balance sheet date are recognised as income or expenses in the consolidated statement of comprehensive income, except for those relating to non-monetary items where the change in fair value is recognised directly in shareholders' equity ("Currency translation adjustments").

The foreign currency financial statements of subsidiary and associated companies are translated as follows: assets and liabilities at the exchange rates in force on the balance sheet dates; shareholders' equity captions at the historical exchange rates; and consolidated statement of profit and loss and other comprehensive income and statement of cash-flows captions at the average exchange rates.

The exchange effect of such translations is recognized in the shareholders' equity caption "Currency translation adjustments" in the case of subsidiary companies and in the shareholders' equity caption "Reserves - Adjustments in investments in associates" in the case of investments in associated companies, and is transferred to the statement of profit and loss when the corresponding investments are sold.

In accordance with IAS 21, goodwill and fair value corrections determined on the acquisition of foreign entities are considered in the reporting currency of such entities, and are translated to Brazilian Reais at the exchange rate in force on the balance sheet date. Exchange differences arising from these translations are reflected in the equity caption "Currency translation adjustments", except when they correspond to a discontinued operation, in which case they are included in Net result of discontinued operations.

2.10. Borrowing costs

Costs incurred on loans obtained directly to finance the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for its intended use or sale ("qualifying assets") are capitalised as part of the cost of the assets during that period.

To the extent that variable interest rate loans, attributable to finance the acquisition, construction or production of qualifying assets, are being covered through a cash flow hedge relation, the effective portion of fair value of the derivative financial instrument is recognized in Reserves and transferred to profit and loss when the qualifying asset has an impact on results. Additionally, to the extent that fixed interest rate loans used to finance a hedged item are covered by a fair value hedge relation, the financial burden in addition to the cost of the asset should reflect the interest rate covered.

Any financial income generated by loans obtained in advance to finance specific capital expenditure is deducted from the capital expenditure subject to capitalisation.

2.11. Subsidies

Subsidies are recognised based on their fair value, when there is reasonable certainty that they will be received and that the Group will comply with the conditions required for them to be granted.

Investment subsidies relating to the acquisition of tangible fixed assets are recorded in the caption “Other non-current liabilities” or deducted from the asset cost and transferred to profit and loss for the period on a consistent straight-line basis in proportion to depreciation of the subsidised assets.

2.12. Inventories

Merchandise and raw, subsidiary and consumable materials are stated at average cost using the average cost as the costing method.

Finished and semi-finished products and work in progress are stated at production cost, which includes the cost of the raw materials incorporated, labour and production overheads.

Inventories are adjusted when net realisable value is lower than book value, through the recognition of an impairment loss, the reduction being reversed when the reasons that gave rise to it cease to exist.

2.13. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal group) are classified as held for sale if their value is realizable through a sale transaction rather than through its continued use. This situation is only considered to arise when: (i) the sale is highly probable; (ii) the asset is available for immediate sale in its present condition; (iii) the management is committed to a plan of sale; and (iv) the sale is expected to take place within a period of twelve months.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the book value or their fair value less the costs incurred in their sale, and are presented separately in the consolidated statement of financial position.

A discontinued operation is a component of an entity which was either sold or is classified as available for sale and:

- Represents a significant separate operating or geographic business line;
- Is part of a single coordinated plan to sell a significant separate business line or geography;
- Is a subsidiary acquired exclusively to be resold.

The amounts included in the consolidated statement of profit and loss and other comprehensive income and consolidated statement of cash flows relating to these discontinued operations are presented separately for the current period and all earlier periods that are presented in the financial statements.

Assets and liabilities relating to discontinued operations (not yet sold) are presented in separate lines for the latest year presented, without readjustment of prior years.

2.14. Segment reporting

An operating segment is a distinguishable component of an entity that is engaged in providing a product or service or a group of related products or services which are different from those of other segments.

The Group reports its assets and liabilities, as well as its operations, as geographical segments, following the way Management carries out businesses.

2.15. Balance sheet classification

Assets to be realized and liabilities to be settled within one year of the balance sheet date are classified as current assets and current liabilities, respectively.

In addition, the liabilities are also classified as current, when there is no unconditional right to defer its settlement for a period of at least twelve months after the balance sheet date.

2.16. Net operating income

Net operating income includes operating income and expenses, including restructuring costs and operating income and expenses associated to tangible assets and intangible assets. Also comprise gains or losses on the sale of direct or indirect subsidiaries and joint operations. As such the operating results, the net financial expenses, the share of results of associates, other financial investments and income tax are excluded.

2.17. Provisions

Provisions are recognised when: (i) exists an obligation (legal or constructive) resulting from a past event; (ii) under which it is probable that it will have an outflow of resources to settle the obligation; and (iii) the amount of the obligation can be reasonably estimated. At each balance sheet date provisions are reviewed and adjusted to reflect the best estimate as of that date.

When one of the conditions described is not completed the Group disclosures the events in question as contingent liabilities, unless the possibility of outflow of resources is remote, in which case they are not subject to disclosure.

a) Provisions for restructuring costs

Provisions for restructuring costs are recognised by the Group whenever there is a formal detailed restructuring plan which has been communicated to the parties involved.

b) Environmental recovery

In accordance with current legislation and practices in force in several business areas in which the Group operates, land used for quarries must be environmentally rehabilitated.

In this regard, provisions are recorded to cover the estimated cost of environmentally recovering and rehabilitating the land used for quarries, whenever this can be reasonably determined. Such provisions are recorded together with a corresponding increase in the amount of the underlying assets, based on the conclusions of landscape rehabilitation studies, being recognised in profit and loss as the corresponding assets are depreciated.

In addition, the Group has the procedure of progressively rehabilitating the areas freed up by the quarries, using the recorded provisions.

2.18. Financial instruments

Financial assets and liabilities are recognised when the Group becomes part to the contractual relationship.

a) Cash and cash equivalents

The caption "Cash and cash equivalents" includes cash, bank deposits, term deposits and other treasury applications which mature in the short term (three months or less), highly liquid and immediately convertible into cash with insignificant risk of change in value.

b) Accounts receivable

Accounts receivable are measured at fair value on the initial recognition and are subsequently stated at amortised cost in accordance with the effective interest rate method. Correspond to receivable from sale in the normal course of business, net of the allowance for doubtful accounts, which is evaluated at the end of each reporting period, taking into consideration the debtor's historical information and his risk profile. The accounts receivable are adjusted by the assessment of the estimated collection risks at the balance sheet dates, which might differ from the effective risk to incur.

c) Other investments

<u>Initial measurement of financial instruments</u>

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

<u>Subsequent measurement of financial assets</u>

IFRS 9 divides all financial assets that are currently in the scope of IAS 39 into two classifications: (i) those measured at amortised cost; and (ii) those measured at fair value.

Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognised in other comprehensive income (fair value through other comprehensive income, FVTOCI).

d) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contract independently of its legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deducting its liabilities.

Equity instruments issued are recorded at the amount received net of costs incurred to issue them.

The Company also has contracts, which contains components of equity instruments and financial instruments, these components are classified separately according to their contractual characteristics. Equity instruments are measured at historical cost and derivative financial instruments at fair value through profit or loss.

e) Loans

Loans are initially recorded as liabilities at the amount received, net of loan issuing costs, which corresponds to their fair value on that date. Loans are subsequently measured at amortised cost, being the corresponding financial costs calculated at the effective interest rate.

Accrued interest is recognized on an accruals basis and is presented in the consolidated statement of financial position caption "Interest payable".

f) Accounts payable

Accounts payable are initially recognised at fair value and subsequently measured at amortised cost in accordance with the effective interest rate method.

g) Derivative financial instruments and hedge accounting

The Group has the policy of using to financial derivative instruments to hedge the financial risks to which it is exposed as a result of changes in interest and exchange rates.

The Group contracts financial derivative instruments in accordance with internal policies set and approved by the Board of Directors.

Financial derivative instruments are measured at fair value. The method of its recognition depends on the nature and purpose of the transaction.

<u>Hedge instruments</u>

Derivative financial instruments are designated as hedging instruments in accordance with the provisions of IFRS 9, as regards their documentation and effectiveness.

Changes in the fair value of derivative instruments designated as "fair value hedging" are recognised as financial income or expense for the period, together with changes in the fair value the asset or liability subject to the risk.

Changes in the fair value of derivative financial instruments designated as "cash flow hedging" instruments are recorded in "Other comprehensive income" as hedging operations reserves regarding their effective component and in financial income or expense for the period regarding their non-effective component. The amounts recorded are transferred to financial income or expense in the period in which the effect on the hedged item is also reflected in profit and loss.

Changes in the fair value of derivative financial instruments hedging net investments in a foreign entity, are recorded in “Other comprehensive income” as currency translation adjustments regarding their effective component. The ineffective component of such changes is recognised immediately as net financial expenses for the period. If the hedging instrument is not a derivative, the corresponding variations resulting from changes in the exchange rate are recorded in “Other comprehensive income” as currency translation adjustments.

Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with the requirements of IFRS 9.

Trading instruments

Changes in the fair value of derivative financial instruments which are contracted for financial hedging purposes in accordance with the Group’s risk management policies, but do not comply with all the requirements of IFRS 9 to qualify for hedge accounting, are recorded as net financial expenses in the statement of profit and loss for the period in which they occur.

h) Treasury shares

Treasury shares are recorded at cost, as a decrease in shareholders’ equity. Gains and losses on the sale of treasury shares are recorded in equity.

i) Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions;

Derecognition of financial assets and liabilities

The Group derecognises 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised 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 Group 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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group 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 Group 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 per cent 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 recognised in profit or loss as the modification gain or loss within other gains and losses.

2.19. Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors. For all other financial instruments, the Group recognises lifetime expected credit losses 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Lifetime expected credit losses 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 expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.20. Employee benefits - retirement

Responsibilities for the payment of retirement, pensions, disability and survivor are recorded in accordance with IAS 19 - Employee benefits ("IAS 19").

<u>Defined benefit plans</u>

Costs of these benefits are recognised as the services are rendered by the beneficiary employees.

Therefore, at the end of each accounting period actuarial valuations are performed by independent entities to determine the amount of the liability as of that date and the pension cost to be recognised in the period, in accordance with the “projected unit credit” method. The liability thus estimated is compared with the market value of the pension fund, so as to determine the amount of the difference to be recorded in the consolidated statement of financial position.

As established in the above mentioned standard, pension costs are recognised in the caption “Payroll costs – retirement benefits”, based on the amounts determined on an actuarial basis, and include current service costs (increase in the liability), which corresponds to the additional benefits accrued to the employees during the period and net interest costs, which result from updating the initial past service liability using the discount rate. Actuarial gains and losses are recorded as other comprehensive income directly in equity.

Defined contribution plans

Contributions made by the Group to defined contribution plans are recorded as costs when they are due.

2.21. Employee benefits - healthcare

Some Group companies provide supplementary healthcare benefits to their employees in addition to those provided by the Public Social Security, extensive to their families, early retired and retired personnel. The liability resulting from these benefits is recorded in a similar manner to the retirement pension liability, in the caption “Payroll costs - healthcare benefits”.

As in the case of retirement benefits, actuarial valuations made by an independent entity are obtained at the end of each accounting period, so as to determine the amount of the liability as of that date. Actuarial gains and losses are recognized directly in the statement of comprehensive income.

2.22. Contingent assets and liabilities

A contingent liability is (i) a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events; or (ii) a present obligation that arises from past events, but that is not recognized because an outflow of funds are not probable or the amount cannot be reliably measured.

Contingent liabilities are not recognised in the financial statements but are disclosed in their notes, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events.

Contingent assets are not recognised in the financial statements, but are disclosed in the notes to the financial statements when a future economic benefit is probable.

2.23. Revenue recognition and accruals basis

Income resulting from sales is recognised in the profit or loss when delivered has occurred and the transfer of control of the goods or services has being completed and there are no other significant performance obligation to be fulfilled thereafter. Sales are recognised at the fair amount received or receivable, net of taxes, discounts and other costs incurred to realise them, by the fair value of the amount received or receivable.

Income from services rendered is recognised in the statement of profit or loss in the period in which they are rendered considering the phase of completion of the transaction as of the balance sheet date.

Interest and financial income are recognised on an accrual basis in accordance with the effective interest rate.

Costs and income are recognised in the period to which they relate regardless the date of invoicing. Costs and income, the amount of which is not known, are estimated.

Costs and income attributable to the current period which will only be paid or received in future periods, as well as amounts paid and received in the current period that relate to future periods and will be attributed to each of the periods by the amount corresponding to them, are recorded in the captions “Other current assets” and “Other current liabilities”.

Dividends relating to investments recorded at cost or in accordance with IAS 39 are recognized when is given the right to receive them.

2.24. Income tax

Tax on income for the year is calculated based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is calculated based on the taxable results (which could differ from the accounting results) of the companies included in the consolidation, in accordance with the tax rules applicable to the area in which the tax jurisdiction of each Group company.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes and are recorded in the statement of profit and loss, except when they are related with items registered as other comprehensive income recognised directly in equity, in which case the deferred tax is recorded in equity.

Deferred tax assets and liabilities are calculated and assessed periodically using the tax rates expected to be in force when the temporary differences reverse, and are not subject to discounting.

Deferred tax liabilities are recognised for all the taxable temporary differences. Deferred tax assets are only recognised when there is reasonable expectation that there will be sufficient future taxable income to utilise them. At each balance sheet date a reappraisal is made of the temporary differences underlying the deferred tax assets so as to recognize or adjust them based on the current expectations of their future recovery. The compensation of deferred tax assets and liabilities is not allowed, except if: i) there is a legal right to compensate such assets and liabilities or there is the intention and its allowed to do such compensation; ii) such assets and liabilities are related to income taxes due to the same tax authority; iii) there is an intention to clear those balances for settlement purposes.

Deferred income taxes assets are recognized by unused tax losses when it is probable that future income subject to taxation will be available and against which they will be used in accordance with each subsidiary's tax regulations.

2.25. Earnings per share

Earnings per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period.

The diluted earnings per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over shares and other financial instruments issued by the Group, convertible to shares of the parent company.

2.26. Subsequent events

Events that occur after the date of the balance sheet that provide additional information on conditions that existed as of the balance sheet date are reflected in the financial statements.

Events that occur after the balance sheet date, that provide information on conditions that exist after the balance sheet date, if material, are disclosed in the notes to the financial statements.

2.27. Interest on capital

Stated as allocation of profit for the year directly in equity, and interest received or receivable from investments in subsidiaries, joint ventures, and associates is recorded as investment credit, when applicable. For tax purposes, interest on capital is treated as financial income or expenses, thus reducing or increasing the income tax and social contribution tax base.

2.28. CO_2 emission licences – Emissions market

Some of the Group's production units in Portugal are covered by the European greenhouse effect gas emissions market. While the IASB does not issue accounting policies covering the granting and trading of emission licences, the Group adopts the following policy:

- Emission licences granted at no cost, as well the corresponding emissions covered by that licences, do not give rise to the recognition of any asset or liability;

- Gains from the sale of emission rights are recognised in Net operating income;

- When it is estimated that annual CO2 emissions will exceed the licences granted annually, a liability, measured in accordance with the price at the end of the year, is recognised by corresponding charge to "Other operating expenses";

- Licences acquired are recognised at cost, in a specific intangible assets account under the "Industrial property and other rights" caption.

2.29. Exchange rates

The main exchange rates used to translate the financial information were as follows:

		Closing exchange rate (R$)		Average exchange rate (R$)	
Currency		12.31.2018	12.31.2017	12.31.2018	12.31.2017
USD	US Dollar	3.87480	3.30800	3.64976	3.20721
EUR	Euro	4.43900	3.96930	4.30371	3.62428
MZN	Mozambique Metical	0.06316	0.05661	0.06203	0.05114
CVE	Cape Verde Escudo	0.04026	0.03600	0.03903	0.03287
EGP	Egyptian Pound	0.21660	0.18660	0.20418	0.18076
ZAR	South African Rand	0.26990	0.26900	0.27735	0.23988
ARS	Argentinian Peso	0.10278	0.17737	0.10278	0.19224
PYG	Paraguayan Guaraní	0.00065	0.00059	0.00064	0.00057

2.30. Consolidation

The consolidated financial statements incorporate the following direct and indirect subsidiaries and joint operations:

			12.31.2018		12.31.2017	
			Equity interest - %		Equity interest - %	
			Direct	Indirect	Direct	Indirect
SUBSIDIARIES:						
HOLDINGS AND BUSINESS AND CORPORATE SUPPORT COMPANIES SEGMENT						
InterCement Austria Holding GmbH	1	Austria	100.00	-	100.00	-
InterCement Portugal, S,A,	2	Portugal	b)	94.84	-	77.55
Cimpor Trading e Inversiones, S.A.	3	Spain	-	94.84	-	77.55
Cimpor Trading e Inversiones Egito, S.A.	4	Spain	a)	94.84	-	-
InterCement Austria Equity Participation GmbH	5	Austria	-	94.84	-	77.55
Caue Austria Holding GmbH	6	Austria	-	94.84	-	77.55
Loma Negra Holding GmbH	7	Austria	-	94.84	-	77.55
Cimpor Financial Operations, B.V.	8	Netherlands	-	94.84	-	77.55
Cimpor Reinsurance, S.A.	9	Luxembourg	-	94.84	-	77.55
Cimpor Imobiliária, S.A.	10	Portugal	-	100.00	-	77.55
Cimpor - Serviços de Apoio à Gestão de Empresas S.A.	11	Portugal	a)	-	-	77.55
BRAZIL SEGMENT						
InterCement Brasil S.A.	12	Brazil	-	94.84	-	77.55
Cauê Finance Limited	13	Virgin Islands	-	94.84	-	77.55
Neogera Investimentos em Inovação Ltda.	14	Brazil	-	94.84	-	77.55
Barra Grande Participações, S.A.	15	Brazil	c)	75.93	-	62.88
Estreito Participações S.A.	16	Brazil	e)	76.65	-	77.55
Machadinho Participações S.A	17	Brazil	d)	76.01	-	63.05
CECC - Incorporadora e Administradora de Bens, Ltda.	18	Brazil	-	94.84	-	77.55
Ecoprocessa - Tratamento de residuos, Ltda.	19	Brazil	-	94.84	-	77.55
Comican - Companhia de Mineração Candiota, Ltda.	20	Brazil	-	97.52	-	89.22
JOINT OPERATIONS:						
BRAZIL SEGMENT						
BAESA - Energética Barra Grande S.A.	20	Brazil	-	8.54	-	6.98
CONSORTIUM:						
BRAZIL SEGMENT						
Consórcio Estreito Energia - OESTE	21	Brazil	-	4.21	-	3.44
Consórcio Machadinho	22	Brazil	-	5.01	-	4.09

ARGENTINA AND PARAGUAY SEGMENT						
Loma Negra C.I.A. S.A.	23	Argentina	-	48.40	-	39.58
Cofesur S.A.	24	Argentina	-	48.40	-	39.58
Recycomb S.A.	25	Argentina	-	48.40	-	39.58
Ferrosur Roca S.A.	26	Argentina	-	48.40	-	39.58
Cementos del Plata S.A.	27	Uruguay	-	0.09	-	0.26
Yguazu Cementos S.A.	28	Paraguay	-	24.69	-	20.19
EGYPT SEGMENT						
Cimpor Egypt for Cement Company, S.A.E.	29	Egypt	-	94.84	-	77.55
Amreyah Cement Company, S.A.E.	30	Egypt	-	94.02	-	76.88
Amreyah Cimpor Cement Company, S.A.E.	31	Egypt	-	94.22	-	77.05
Cement Services Company, S.A.E.	32	Egypt	-	94.47	-	77.25
Cimpor Sacs Manufacture Company, S.A.E.	33	Egypt	-	94.74	-	77.47
Amreyah Dekheila Terminal Company, S.A.E.	34	Egypt	-	94.24	-	77.06
Amreyah Cimpor Ready Mix Company, S.A.E.	35	Egypt	-	94.13	-	76.97
MOZAMBIQUE SEGMENT						
Cimentos de Moçambique, S.A.	36	Mozambique	f)	88.10	-	64.08
Cimpor Betão Moçambique, S.A.	37	Mozambique	f)	88.10	-	64.08
Imopar - Imobiliária de Moçambique, S.A.	38	Mozambique	-	94.83	-	77.55
Cimentos de Nacala, S.A.	39	Mozambique	f)	88.14	-	64.15
SOUTH AFRICA SEGMENT						
Natal Portland Cement Company (Pty) Ltd.	40	South Africa	-	94.84	-	77.55
Npc - Cimpor (Pty) Limited	41	South Africa	-	70.18	-	57.39
Simuma Rehabilitation Trust	42	South Africa	-	31.58	-	25.82
Npc Concrete (Pty) Ltd.	43	South Africa	-	70.18	-	77.55
South Coast Stone Crushers (Pty) Ltd.	44	South Africa	-	52.16	-	42.65
Sterkspruit Aggregates (Pty) Ltd.	45	South Africa	-	52.16	-	42.65
Intercement South Africa (Pty) Ltd.	46	South Africa	-	94.84	-	77.55
PORTUGAL AND CAPE VERDE SEGMENT						
Cimpor Portugal, SGPS, S.A.	47	Portugal	g)	94.84	-	77.55
Cement Trading Activities – Comércio Internacional, S.A.	48	Portugal	g)	94.84	-	77.55
Cimpor - Indústria de Cimentos, S.A.	49	Portugal	g)	94.84	-	77.55
Cimentaçor - Cimentos dos Açores, Lda.	50	Portugal	g)	94.84	-	77.55
Betão Liz, S.A.	51	Portugal	g)	93.41	-	76.39
Agrepor Agregados - Extracção De Inertes, S.A.	52	Portugal	g)	94.84	-	77.55
Ibera - Indústria de Betão, S.A.	53	Portugal	g)	47.42	-	38.77
Sacopor - Sociedade de Embalagens e Sacos de Papel, S.A.	54	Portugal	g)	94.84	-	77.55
Ciarga - Argamassas Secas, S.A.	55	Portugal	g)	94.84	-	77.55
Nova Cimpor - Serviços Portugal, S.A.	56	Portugal	a) g)	94.84	-	-
Cimpor Cabo Verde, S.A.	57	Cape Verde	g)	93.07	-	76.10
INVESTMENT IN ASSOCIATES:						
PORTUGAL AND CAPE VERDE SEGMENT						
Setefrete - Sociedade Gestora de Participações Sociais, S.A	58	Portugal	g)	23.71	-	19.39
AVE- Gestao Ambiental e Valorização Energética, S.A.	59	Portugal	g)	33.19	-	27.14

Changes in ownership in 2017 and 2018 were mainly as follow:

(a) Changes occurred resulting from mergers and new group companies with no equity effect in the consolidated financial statements;

(b) In the year ended December 31, 2018, an additional stake of 0.66% in InterCement Portugal S.A. (formely named by Cimpor – Cimentos de Portugal, SGPS, S.A. ("Cimpor)) was bought and also a capital increase made essentially by its majority shareholder InterCement Austria Holding Gmbht which has increase the equity interest of 16,4%. Consequently, as Cimpor is owner of the majority of Company's segments and entities, such change also increase equity interest of investments in all segments/geographies (Note 1);

(c) In addition to the impact described in item (b) above, on August 21, 2018, the company realized the conversion of 653,405 ordinary shares into preferred shares. On October 9, 2018, the company sold such preferred shares of Barra Grande, equivalent to 1.02% of the shareholding interest by the amount of R$25,927 thousand, resulting in a net gain of €3,440 (R$15,450 thousand, net of income tax and social contribution) recorded in shareholders' equity.

    On December 31, 2018, the Company has 64,129,456 shares of which 51,438,455 are common and 12,781,001 preferred shares, fully subscribed and paid-up. The shareholders holding the Company's preferred shares are entitled to priority dividends equivalent to 75% of the net income of each fiscal year and have no voting rights.

(d) In addition to the impact described in item (b) above, on September 6, 2018, the company realized the conversion of 365,650 ordinary shares into preferred shares. On October 9, 2018, the company sold such preferred shares of Machadinho, equivalent to 1.15% of the shareholding interest by the amount of R$23,210 thousand, resulting in a net gain of €3,082 (R$13,953 thousand, net of income tax and social contribution) recorded in shareholders' equity.

    On December 31, 2018, the Company has 31.795.658 shares of which 25.484.220 are common and 6.311.438 preferred shares, fully subscribed and paid-up. The shareholders holding the Company's preferred shares are entitled to priority dividends equivalent to 75% of the net income of each fiscal year and have no voting rights.

(e) On April 24, 2017, all the preferred shares of Estreito, equivalent to 19.2% of the shareholding interest, were sold by the amount of €78,000 (R$290,000 thousand), resulting in a net gain of €42,000 (R$165,302 thousand, net of income tax and social contribution) recorded in shareholders' equity.

    On December 31, 2018, the Company has 181.597.485 shares of which 146.769.168 are common and 34.828.317 preferred shares, fully subscribed and paid-up. The shareholders holding the Company's preferred shares are entitled to priority dividends equivalent to 75% of the net income of each fiscal year and have no voting rights.

(f) In addition to the impact described in item (b) above, a capital increase was made in Cimentos de Moçambique, S.A. from which the Group interest increased 9.7% (Note 16).

(g) On October 26, 2018, InterCement Participações, S.A. announces the signing of a definitive agreement to sell its operations in Portugal and Cape Verde to Ordu Yardimlaşma Kurumu (OYAK) of Turkey ("Discontinued operations"), which as of December 31, 2018, was not yet obtained (Note 28).

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

As explained in the General Information Note, on October 26, 2018 considering the sales agreement relating to Portugal and Cape Verde such segment was considered as "discontinued operation"; therefore, our financial information became subject to the requirements of IFRS 5, where the following main changes existing in relation to the normal presentation of the remaining continuing operations:

- The total profit or loss for the years from "Discontinued Operations" are presented in a single line in the Consolidated Statements of Profit or Loss under the caption "Profit / (Loss) for the period from Discontinued Operations";

- The total assets and total liabilities included in the Group subject to sale are also presented in two lines in the Consolidated Statements of Financial Position, under the captions "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale";

- This note includes details on the "Profit or Loss from Discontinued Operations" and details on the related "Assets and Liabilities of Discontinued Operations", as well as information on the cash flow generated by these operations;

- Notes to the financial statements were adjusted to present the profit or loss, assets and liabilities of the continuing operations, even if in some cases, whenever considered significant for a proper understanding of the effects, details on the "Discontinued operations" are also presented therein;

- "Discontinued operations" correspond to the Group's business in the countries mentioned to and are consistent with the Group's operating geographic Segments and, consequently, Note 27 - "Operating Segments" includes the geographic segments not already detailed;

- The valuation criteria used for the "Discontinued operations" are consistent with those used for continuing operations.

Details of the net profit or loss from discontinued operations

	12.31.2018	12.31.2017
DISCONTINUED OPERATIONS		
NET REVENUE	247,232	205,819
COST OF SALES AND SERVICES	(187,832)	(149,324)
GROSS PROFIT	59,400	56,495
OPERATING INCOME (EXPENSES)		
Administrative and selling expenses	(70,018)	(68,292)
Other income (expense)	21,372	819
Equity result	1,003	949
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	11,757	(10,029)
FINANCIAL INCOME (EXPENSES)		
Foreign exchange gains/(losses), net	(349)	(224)
Financial income	856	327
Financial expenses	(8,095)	(9,537)
PROFIT / (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	4,169	(19,463)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(4,880)	8,802
Deferred	8,105	(2,455)
PROFIT / (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	7,394	(13,116)
PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO		
Company's owners	6,231	(10,309)
Non-controlling interests	1,163	(2,807)

During the year ended December 31, 2018, "Other income (expenses)" are positively impacted by a net gain of €11,092 (€4,041 in the twelve months period ended December 31, 2017), as a result of the sale of 1,065,000 tons of CO2 emissions allowances (750,000 tonnes of CO2 emissions in the year ended December 31, 2017).

Details of the assets of the discontinued operations and liabilities relating to these assets:

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	58,700
Trade receivables	11,226
Inventories	54,549
Recoverable taxes	3,493
Other receivables	6,544
Total current assets	134,512
NONCURRENT ASSETS	
Deferred income tax and social contribution	1,565
Other receivables	207
Investments	9,008
Property, plant and equipment	250,402
Intangible assets:	
Goodwill	304,861
Other intangible assets	46,476
Total noncurrent assets	612,519
Assets in Consolidated Statement of financial position	747,031
Inter-segment eliminations (a)	116,764
Assets from discontinued operations	863,795

LIABILITIES	
CURRENT LIABILITIES	
Trade payables	60,369
Borrowings and financing	679
Interest payable	774
Taxes payable	8,766
Payroll and related taxes	8,200
Advances from customers	462
Actuarial liabilities	730
Other payables	7,324
Total current liabilities	87,304
NONCURRENT LIABILITIES	
Trade payables	1,657
Borrowings and financing	133,830
Provision for tax, civil and labor risks	10,126
Provision for environmental recovery	13,402
Deferred income tax and social contribution	39,462
Actuarial liabilities	21,246
Other payables	30
Total noncurrent liabilities	219,753
Liabilities related with assets from discontinuing operations	307,057
Inter-segment eliminations (a)	(769)
Liabilities from discontinued operations	306,288

(a) It relates to intercompany balances with continuing operations where balances were eliminated during the consolidation.

The contribution of these operations to the Group's discontinued operations cash flow is as follows:

	12.31.2018	12.31.2017
Net cash generated / (used) by operating activities	34,999	42,877
Net cash used in investing activities	(5,742)	(87,958)
Net cash generated / (used) in financing activities	(54,460)	87,324
Increase / (Decrease) in cash and cash equivalents	(25,203)	42,243
Cash and cash equivalents from discontinuing operations	58,700	-

3. Change in accounting policies and errors

During the year ended December 31, 2018, there were no changes in accounting policies in relation to those considered in the preparation of the financial information for the year ended on December 31, 2017, except as regards the adoption of the revised or amended standards and interpretations, revisions and amendments mentioned in Note 2, which did not have a significant impact on financial position or comprehensive income, nor were any identified errors that should have been corrected.

The amounts related to the consolidated statement of cash flows as of December 31, 2017, originally presented comparatively with the financial statements of December 31, 2016, issued on April 25, 2018, are being restated in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and IAS 1 - Presentation of Financial Statements. In the other financial statements, there were no changes, being the only impact on the statement of cash flows.

In 2017, the following transactions was classified as cash flow of investing activities instead cash flow of finance activities. Such adjustment has been made due to the Company maintained the control over those subsidiaries.

a) Sale of non-controlling interest: (i) As described in note 16, the effect, net of expenses, of the sale of a non-controlling interest (IPO) of the subsidiary Loma Negra with an equity increase by €876,317; and (ii) by the sale of all preferred shares of the subsidiary Estreito, equivalent to 19.2% of the shareholding interest, by the amount of € 77,368 (Note 2.30.e)).

b) Acquisition of non-controlling interest: an acquisition from minority shareholders of an additional stake of 2.92% of Cimpor shares (Note 16) in the amount of €6,663.

The restatement is being made spontaneously by the Company's Management, as shown below:

Consolidated Statement of Cash Flows	12.31.2017 originally presented	Adjustment	12.31.2017 (Restated - Note 3)
Operating activities	77,014	-	77,014
Investing activities	795,495	(947,022)	(151,527)
Financing activities	(199,879)	947,022	747,143
Increase / (Decrease) in cash and cash equivalents	672,630	-	672,630
Exchange differences on cash and cash equivalents	(76,271)	-	(76,271)

4. Cash and Cash Equivalents

	12.31.2018	12.31.2017
Cash and bank accounts	143,039	909,868
Short-term investments	183,264	227,634
Total cash and cash equivalents	326,303	1,137,502
Cash and cash equivalents in assets from discontinued operations (Note 2.30	58,700	-
	385,003	1,137,502

Short-term investments were as follows:

	12.31.2018	12.31.2017
Certificate of Bank Deposit (CDBs)	2,159	9,233
Short Term Investment in Reais (a)	27,447	15,113
Fixed-income funds (b)	77,278	-
Exclusive funds: (c)		
National Treasury Bills (LTNs)	-	742
Certificate of Bank Deposit (CDBs)	-	195
Fixed-income funds	-	2,021
Financial letter		
Others	-	18,251
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos (d)	26,393	88,609
Short-term investments in US dollars	22,119	45,041
Short-term investments in euro	-	11,886
Short-term investments in Egyptian pound	930	701
Short-term investments in South African rand (e)	20,905	35,388
Short-term investments in Mozambique metical	6,033	-
Short-term investments in Cape Verd escudos	-	454
Total short-term investments	183,264	227,634

(a) As of December 31, 2018, the short term investiments have a yield between 50% and 65% of the Interbank

Deposit Certificate (CDI) (70% as at December 31, 2017).

(b) As of December 31, 2018, the fixed income fund has a yield of 101.31% of the Interbank Deposit Certificate (CDI).

(c) As of December 31, 2017, short-term investments in Exclusive funds yielded an average of 100% to 115% of the Interbank Deposit Certificate (CDI) variation.

(d) In Argentine represents short-term investments in Argentinean pesos amounting to €26,393 (€32,467 as at December 31, 2017) from 40.5% to 59.1% (28.9% and 23,2% as at December 31, 2017) and fixed rate bonds of 28.9% in Argentinean pesos issued by governmental entities amounting to €56,143 as at December 31, 2017. Additionally, short-term investments in USD amounting to €22,119 (€45,041 as at December 31, 2017) with yields from 0.1 to 2.5% (1.8% as at December 31, 2017).

(e) In South Africa term-bank deposit in Rands yielded interest of 6.55% to 6.7% amounting to € 20,905 (€35,388 as at December 31, 2017).

All are available for immediate withdraw.

5. Securities

Securities are classified as financial assets, as follows:

	12.31.2018	12.31.2017
Market investments	1,337	32,087
Investments funds and others	15,498	32,258
Total	16,835	64,345
Total - current	15,498	62,292
Total - noncurrent	1,337	2,053

As of December 31, 2017, “Market investments” include investments of the Brazil’s business area in exclusive funds, related to debentures, national treasury bills, among others. The decrease occurred relates to the redemption of national treasury bills.

As at December 31, 2018, the variation occurred in caption Investment funds and others relates mainly to: i) the reimbursement of a short-term deposit in Cimpor Trading e Inversiones, amounting to €25,405 and ii) the increase in financial assets corresponding to a portfolio of investment funds of Cimpor Reinsurance in the total amount of €8,645

6. Trade Receivables

	12.31.2018	12.31.2017
Domestic and foreign customers - current	95,332	117,006
(-) Impairment for doubtful accounts – current	(22,130)	(34,682)
Trade receivables - current	73,202	82,324
Domestic and foreign customers - noncurrent	1,470	1,757
(-) Impairment for doubtful accounts – noncurrent	(725)	(620)
Trade receivables - noncurrent	745	1,137

As of December 31, 2018 and 2017, the Company has settled agreements for accounts receivable securitization with related parties. In 2018, the Company has settled accounts receivable securitization with CCSA Finance, Ltda. and Camargo Corrêa Desenvolvimento Imobiliário S.A. in the amount of €21,567 and €23,816, respectively. In 2017 with its controlled entity Mover Participações S.A. and CCSA Finance Ltd amounting to €51,557 (Note 15). Additionally, in 2017 the Company has also performed accounts receivable securitization setted with financial institutions in the amount of €8,124 (Note 15).

Until December 31, 2017, the impairment losses for doubtful accounts were set up based on the estimated or determined uncollectible amounts pursuant to the past default experience and analysis of the ability to pay of each customer, also taking into account the collaterals provided by such customer. With the adoption of IFRS 9 requirements beginning January 1, 2018 (see note 2.2 above), the impairment losses calculation also take into consideration, from the beginning, since the first moment the expected future credit losses, and not only those that result from risk of credits default arising from events already observed. As a result of the analyses performed, in the year ended December 31, 2018, the impact was immaterial.

As aresult of IFRS 5 adopting, in the year ended December 31, 2018, trade receivables related to “Discontinued operations”, totalling €11,226, were reclassified to the caption “Assets of discontinued operations” (Note 2.30).

<u>Aging list of trade receivables</u>

	12.31.2018	12.31.2017
Current	58,563	60,121
Past-due:		
0 to 30 days	13,816	14,932
31 to 60 days	3,613	2,525
61 to 90 days	1,139	1,615
91 to 180 days	1,488	3,640
181 days or more	18,184	35,930
Total	96,802	118,763

Changes in impairment for doubtful accounts

	12.31.2018	12.31.2017
Opening balance	35,302	28,819
Adoption of IAS 29 (Note2.1)	186	-
Recognitions	3,880	9,499
Derecognitions	(230)	(459)
Amounts written off in the year as uncollectible	(700)	(1,067)
Exchange gains or losses	(1,591)	(1,489)
Discontinued operations (Note 2.30)	(13,992)	-
Closing balance	22,855	35,302

7. Inventories

	12.31.2018	12.31.2017
Current:		
Finished products	22,298	33,195
Work in process	66,821	87,228
Raw material	44,629	71,691
Fuel	36,619	42,912
Spare parts	80,482	101,532
Advances to suppliers	2,004	423
Packaging and other	17,552	10,399
Allowance for losses	(6,495)	(13,252)
Total	263,911	334,128
Noncurrent:		
Raw material	15,611	10,150
Spare parts	16,323	9,658
Allowance for losses	(668)	(78)
Packaging and other	29	-
Total	31,295	19,730

In the year ended December 31, 2018, the decrease in allowance for losses relates to estimated inventories impairments mainly in spare parts obsolescence provision.

As a result of IFRS 5 adopting, in the year ended December 31, 2018, inventories related to “Discontinued operations”, totaling €54,549, were reclassified to the caption “Assets of discontinued operations” (Note 2.30).

Changes in the impairment for inventories accounts

	12.31.2018	12.31.2017
Opening balance	13,330	2,660
Adoption of IAS 29 (Note2.1)	496	-
Recognitions	-	11,161
Derecognitions	(3,274)	(20)
Write-off	(1,932)	(62)
Exchange gains or losses	(70)	(408)
Discontinued operations (Note 2.30)	(1,387)	-
Closing balance	7,163	13,330

8. Property, Plant and Equipment

	12.31.2018		
	Cost	Depreciation & Impairment	Net book value
Land	89,677	(25,158)	64,519
Buildings	588,195	(341,466)	246,729
Machinery and equipment	1,648,343	(897,138)	751,205
Vehicles	86,585	(54,562)	32,023
Furniture and fixtures	28,575	(25,035)	3,540
Mines and ore reserves	156,423	(96,641)	59,782
Reservoirs, dams and feeders	63,245	(20,017)	43,228
Other	11,927	(8,269)	3,658
Spare parts	4,232	-	4,232
Advances to suppliers	21,207	-	21,207
Construction in progress	281,865	(142,068)	139,797
Total	2,980,274	(1,610,354)	1,369,918

In the Argentina and Paraguay business area and Brazil business area, as at December 31, 2018, there are assets given as collateral for loans obtained for their own acquisition in the amount of approximately €59,246 and €4,650, respectively (€62,940 and €3,020 for December 31, 2017).

In addition, in Brazil business area, two cement plants were given as guarantee in the "CADE" process, as referred in Note 12.

During the year ended December 31, 2018, the Company capitalized financial charges amounting to €1,348 related to loans granted to finance eligible assets (€121 as of December 31, 2017).

Construction in progress and advances to suppliers as at December 31, 2018 and 2017 refers basically to investments in the expansion and construction on new units and investments in the improvement of facilities and equipment of the cement plants of other business units.

	12.31.2017		
	Cost	Depreciation & Impairment	Net book value
Land	150.775	(18.169)	132.606
Buildings	490.882	(184.431)	306.451
Machinery and equipment	1.662.953	(747.280)	915.673
Vehicles	37.440	(11.466)	25.974
Furniture and fixtures	9.402	(6.583)	2.819
Mines and ore reserves	139.937	(78.215)	61.722
Reservoirs, dams and feeders	70.707	(19.744)	50.963
Other	10.498	(8.812)	1.686
Spare parts	4.259	-	4.259
Advances to suppliers	23.239	-	23.239
Construction in progress	234.217	(194.381)	39.836
Total	2.834.309	(1.269.081)	1.565.229

Changes in property, plant and equipment were as follows:

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Mines and ore reserves	Reservoirs, dams and feeders	Spare parts	Other	Construction in progress	Advances to suppliers	Total
Balance at December 31, 2016	173,113	357,035	1,094,447	27,669	3,420	32,103	61,797	4,549	4,995	262,096	26,614	2,047,838
Changes in consolidation perimeter	10,295	-	1	-	2	2,104	-	-	-	1,296	-	13,698
Additions	707	1,264	20,419	160	487	20,922	58	310	124	90,510	118	135,079
Write-offs	(4,821)	(533)	(373)	(287)	(14)	-	-	-	(3)	-	-	(6,031)
Depreciation	(4,104)	(19,622)	(128,032)	(6,033)	(1,097)	(23,718)	(2,875)	-	(1,566)	-	-	(187,047)
Impairment	(5,234)	(5,216)	(20,343)	-	-	-	-	-	-	(212,885)	-	(243,678)
Effect of changes in exchange rates	(41,382)	(33,902)	(104,039)	(6,592)	(345)	21,205	(8,022)	(640)	(942)	(16,881)	(3,320)	(194,859)
Transfers	4,032	7,425	53,593	11,057	366	9,106	5	40	(922)	(84,300)	(173)	229
Balance at December 31, 2017	132,606	306,451	915,673	25,974	2,819	61,722	50,963	4,259	1,686	39,836	23,239	1,565,229
Adoption of IAS 29 (Note2.1)	6,541	95,915	105,496	19,269	571	21,743	-	-	339	10,516	-	260,390
Additions	5,091	8,930	45,885	330	446	5,176	5	745	421	152,414	1,166	220,609
Write-offs	(1,775)	(558)	(41)	(164)	(8)	-	-	-	4	(656)	(25)	(3,223)
Depreciation	(6,343)	(28,955)	(128,283)	(8,160)	(3,833)	(21,444)	(2,422)	-	(1,497)	-	-	(200,937)
Impairment	(6,594)	(9,129)	(36,651)	(14)	-	-	-	-	(752)	-	-	(53,140)
Effect of changes in exchange rates	(3,836)	(32,009)	(82,357)	(9,991)	(422)	(13,526)	(5,318)	(464)	(654)	(2,857)	(2,114)	(153,548)
Transfers	5,862	(174)	17,538	5,222	4,205	6,111	-	(308)	4,188	(56,726)	(977)	(15,059)
Discontinued operations (Note 2.30)	(67,033)	(93,742)	(86,055)	(443)	(239)	-	-	-	(77)	(2,730)	(82)	(250,400)
Balance at December 31, 2018	64,519	246,729	751,205	32,023	3,539	59,782	43,228	4,232	3,658	139,797	21,207	1,369,918

As a result of IFRS 5 adopting, in the year ended December 31, 2018, property, plant and equipment related to “Discontinued operations”, totalling €250,402, were reclassified to the caption “Assets of discontinued operations” (Note 2.30).

<u>Additions</u>

In 2018, the main additions are as follows:

- In the Argentinean business area there are disbursements in the total amount of €111 million, namely the increase of the installed capacity at its L’Amalí plant by 2.7 million tons annually amounting to €39,3 million (USD46.4 million). This expansion involves a capital expenditure of approximately €296.8 million (USD350 million). The execution phase of the L’Amalí plant expansion started in August 2017, with a total execution time estimated at 31 months and is expected to be completed early 2020; and €17,3 million related to quarry recovery.

- In the Brazilian business area there are disbursements in the total amount of €40.2 million, substantially referred to the expansion of units, as well as improvements in the production process, to the full utilization of the capacity of the existing units

- Acquisition of a cement gridding in the region of Matola (Mozambique) for the amount of €27.6 million (USD

32.5 million).

Impairment losses

Brazil business segment

Given the macroeconomic context in Brazil in past years, which results in reductions of cement consumption, the Group has decided to take some actions as follows:

a) In 2018, following the management decisions in concentrating its efforts in plants with better margins (see b) below) the Group has recorded additional impairment losses in the amount of €53,140, which could be reversed once the market conditions allow the recovering of such operations.

b) In 2017, the Group decided to interrupt certain investments that were in progress in the cement production lines. Completion of those investments could be reassessed in the future, depending on the economy recovery and market conditions. During the year ended December 31, 2017, there was further deterioration of business activity, reflected in an increase in idle times and the shutting down of production lines. Considering that context, it was not possible to predict the time when these investments may be resumed and to what extent the respective returns will materialise. Therefore, an impairment totalling €228,396 was recorded in the Brazilian business area related to tangible fixed assets mainly in cement production lines subject to investment, which is reversible once those investments are resumed.

The Group expected Brazilian economy will grow in 2019 and 2020 based on factors as expansive tone of monetary policy and the increase in confidence in investors.

Other business segment

In 2017, Egypt business segment an impairment related to tangible fixed assets in the amount of €8,552, was recognized, and also in Portugal business segment an amount of €6,730 related to tangible fixed assets was recorded. No other relevant impairment was recognized.

9. Intangible Assets

	12.31.2018	12.31.2017
Other intangible assets:		
Mining rights	108,616	168,952
Concession-related assets	18,450	4,563
Software licenses	5,450	16,830
Project development costs	4,051	6,276
Trademarks, patents and others	18,304	4,380
	154,871	201,001
Goodwill:		
Loma Negra C.I.A. S.A.	217,523	243,263
CBC - Companhia Brasileira de Cimentos (“CBC”)	23,121	25,857
Cia. Industrial e Mercantil de Cimentos S.A. (“CIMEC”)	17,076	19,097
Cimpor - Cimentos de Portugal, SGPS, S.A.	711,092	1,092,321
Other	15,942	19,157
	984,754	1,399,695
Total	1,139,625	1,600,696

As a result of the adoption of IFRS 5, in the year ended December 31, 2018, other intangible assets (including the related impairment losses) and goodwill related to “Discontinued operations” in the amount of €46,476 and €304,861, respectively, were reclassified to the caption “Assets of discontinued operations” (Note 2.30).

Impairment on assets

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segments (Note 27).

Attending to business model and considering the financial statement structure adopted for management purposes, goodwill is attributed generally to each operating segment, due to the existence of synergies between the units of each segment in a perspective of vertical integration of business.

The recoverable value of each group of cash-generating units is compared, in the tests performed, with the respective recognized value of assets and liabilities (“book value”). An impairment loss is only recognized when the book value exceeds the higher of the value in use and transaction value, based on cash flow projections under medium and long term business plans approved by the Board of Directors, plus perpetuity.

Cash Flow projections

The Group annually or when there is impairment indicatives revises assumptions underlying to the determination of recoverable amount of liquid assets, considering the estimate of future cash flows which reflect, among others, a set of estimates related to market growth, market share, investments and costs.

In general, the plan was projected by applying growth rates for the markets, considering the expected demands for building materials and taking into consideration the evolution of the related economies.

The projected sales volumes are based on the assumption of the capacity usage and market shares according to historical levels. Concerning to variable costs, it was assumed an evolution in line with the sales development. For the Brazilian and Mozambique cash flows, the Company considered improvement in operating margins through operational leverage (as capacity utilization increases) and savings achieved by cost reduction programs and initiatives for price recovery, expecting to achieve by the end of the projection period a margin close to the historical reference margin in both markets.

Determination of discount rate

Discount rates are calculated for each cash generating unit based on relevant local risk-free rate adjusted by the country risk premium, among other parameters.

The determination of the value in use was based on discounted cash flows calculated in local currency, using the corresponding WACC and perpetuities rates, as follows:

		12.31.2018			12.31.2017		
Segments	Currency	Goodwill	"WACC" rate (*)	Real long-term growth rates	Goodwill	"WACC" rate (*)	Real long-term growth rates
Brazil	BRL	619,203	10.75%	0.0%	692,476	10.6%	0.0%
Argentina and Paraguay	ARS - PYG	217,907	44.52% - 12.22%	0.0%	245,021	(a)	0.0%
Egypt	EGP	19,923	22.24%	0.0%	19,195	24.9%	0.0%
Portugal and Cape Verde	EUR	-	6,7% - 7,8%	0.0%	304,861	7.9% - 9.8%	0.0%
Mozambique	MZN	37,559	17.54%	0.0%	37,647	19%	0.0%
South Africa	ZAR	90,162	12.71%	0.0%	100,495	12.5%	0.0%

(*) Discount rate calculated after taxes. For Egypt and Argentina business areas, "WACC" rate refers to the first year of the projection, and varies thereafter according to the inflation rate variation.

(a) For Argentina and Paraguay business area, the impairment test was performed by comparing the accounting value of the related assets with the market value of Loma Negra shares in the stock market at December 31, 2017.

As of December 31, 2018, the Group calculate the eventual impact of a 0.5% change in discount rate and in the EBITDA margin in relation with all the business areas projections, and no other impairment would result from such analysis:

	+50 BP	-50 BP
"WACC" rate	(112,650)	131,059
Impairment	-	-
EBITDA margin	38,645	(38,645)
Impairment	-	-

Stressing the above analysis to determine additional impairments, it would only occur with changes of 100BP and 150BP in WACC rate, for Brazil business area, in the approximate amounts of €50 million and €135 million, respectively.

Changes in intangible assets in the year ended December 31, 2018 and 2017 were as follows:

	Software licenses	Concession-related assets	Mining rights	Project development costs	Trademarks, patents and others	Goodwill	Total
Balance at December 31, 2016	5,883	4,823	187,283	5,598	9,801	1,546,629	1,760,017
Additions	14,074	1,185	605	155	588	-	16,607
Write-offs	(1)	-	-	-	(41)	-	(42)
Depreciation	(3,314)	(1,234)	(1,874)	(1,880)	(1,667)	-	(9,969)
Impairment	-	-	-	-	(2,175)	-	(2,175)
Effect of changes in exchange rates	(1,262)	(211)	(17,062)	(867)	(871)	(146,934)	(167,207)
Transfers	1,450	-	-	3,270	(1,255)	-	3,465
Balance at December 31, 2017	16,830	4,563	168,952	6,276	4,380	1,399,695	1,600,696
Adoption of IAS 29 (Note2.1)	955	-	-	-	2,493	-	3,448
Additions	1,822	2,913	-	331	862	-	5,928
Depreciation	(4,135)	(1,352)	(2,054)	(1,902)	(877)	-	(10,320)
Impairment	-	-	-	-	311	-	311
Effect of changes in exchange rates	(840)	(679)	(12,739)	(538)	715	(110,080)	(124,161)
Transfers	(8,499)	13,005	-	(116)	10,669	-	15,059
Discontinued operations (Note 2.30)	(683)	-	(45,543)	-	(249)	(304,861)	(351,336)
Balance at December 31, 2018	5,450	18,450	108,616	4,051	18,304	984,754	1,139,625

Additions

There were no significant additions during the year ended December 31, 2018. In 2017, in the context of the industrial licensing process in the industrial unit of Amreyah Cimpor Cement Company in past years the Industrial Development Authority (IDA), an Egyptian government entity, claims a payment in the amount of EGP 217 million (around €10.3 million). The Board of Directors, supported on the understanding of the company's legal advisors submitted a legal petition in this respect, as it was considered that the payment was not due. Considering the rejection of the company's process appeal in 2017, a liability related to the payment of this claim was booked (and also a provision for the estimation of delaying interests - see Note 20) being here registered the estimated amount of the above referred cost of the license.

10. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Interest rates (a)	Contract date	Maturity		12.31.2018		12.31.2017	
								Current	Noncurrent	Current	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Several bilateral	US$	Floating rates indexed to US Libor	May-12	Several	(b)	-	195,696	-	242,217
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb-12	Feb-22	(b)	62,039	144,009	-	205,231
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb-14	Feb-19	(b)	-	-	26,739	27,404
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	Feb-14	Feb-19	(b)	-	-	80,279	82,047
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb-14	Feb-22	(b)	42,261	-	18,026	42,160
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	Feb-14	Feb-22	(b)	132,899	-	54,121	126,227
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	Feb-14	Feb-24	(b)	-	139,027	60,922	137,253
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	May-14	May-19		43,645	-	-	41,454
EUR	Holdings and Financial Vehicles (*)	Commercial paper	EUR	Floating rate	Mar-16	Mar-20	(b)	-	35,000	15,000	35,000
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Fixed rate	Dec-14	Oct-21		2,750	19,250	23,609	-
ARS	Argentina and Paraguay	Several bilateral	ARS	Fixed and floating rates	Several	Several		20,445	-	27,983	16,138
ARS	Argentina and Paraguay	Several bilateral	US$	Floating rates indexed to US Libor	Several	Several		44,626	11,839	38,688	40,944
BRL	Brazil	Several bilateral	BRL	Fixed and floating rates	Several	Several		3,091	59,444	84,138	19,065
ARS	Argentina and Paraguay	Several bilateral	US$	Fixed and floating rates	Aug-16	Jul-18		-	-	3,954	-
PYG	Argentina and Paraguay	Several bilateral	PYG	Fixed rates	Several	Several		9,943	49,112	4,196	58,432
EUR	Portugal and Cape Verde	Several bilateral	EUR	Fixed and floating rates	Several	Several		-	-	10,000	165,000
CVE	Portugal and Cape Verde	Several bilateral	CVE	Floating rates indexed to TRIB 3M	Several	Several		-	-	700	2,800
EUR	Portugal and Cape Verde	Subsidised loan	EUR	Interest-free	Several	Jun-24		-	-	69	1,839
EGP	Egypt	Several bilateral	EGP	Floating rates indexed to Corridor	Several	Several		23,839	524	19,179	841
								385,538	653,901	467,604	1,244,050

(*) Takes into consideration the Group of companies included in the holding companies segment and business support, corporate, and trading entities.

(a) For the major funding, the variable rates contracted, both in dollars and euros, consider spreads between 2.95% and 4.4%.

(b) The decrease verified during the year ended December 31, 2018 is mainly due to the partial settlements of such financings, in the amount of €446 million, following InterCement Liability Management plan previously mentioned in the 2017 annual report. Following this plan, and due to notice of prepayment, mentioned on Note 28, around €185 million is already informed as current debt.

As of December 31, 2018 and 2017, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to €19,914 and €30,614, respectively.

Changes in Borrowings and Financing in the years ended December 31, 2018 and 2017 were as follows:

	Borrowings and financing
Balance at December 31, 2016	2,146,002
Receipts	298,469
Payments	(564,161)
Effect of changes in Exchange rates, comissions and other	(168,656)
Balance at December 31, 2017	1,711,654
Receipts	79,983
Payments	(610,090)
Effect of changes in Exchange rates, comissions and other	(7,598)
Discontinued operations (Note 2.30)	(134,510)
Balance at December 31, 2018	1,039,439

Maturity schedule

As of December 31, 2018 and 2017, the noncurrent portions mature as follows:

Period	12.31.2018	12.31.2017
2019	-	347,073
2020	157,227	294,579
2021	181,380	253,908
2022	156,425	249,427
Following years	158,868	99,063
	653,901	1,244,050

Covenants

The loans and financing agreements contain certain restrictive covenants, including change of control clauses and those requiring the maintenance of certain financial ratios, namely a Net Debt versus EBITDA ratio, within pre-established parameters.

The Company and its subsidiaries monitor these ratios systematically and constantly to make sure the requirements are met. Such measurements are performed annually, which depends on conditions agreed in each contract entered into with financial institutions. For December 31, 2018 the Company agreed with the financial institutions the increase of Net Debt / EBITDA ratio from 4.5 to 5.5, coming back to 4.5 in the following periods. For December 31, 2017 the Company agreed with the financial institutions the increase of Net Debt / EBITDA ratio from 4.5 to 5.0.

As at that dates the covenants conditions were met and such obligation (Net Debt / EBITDA ratio at 4.5) will only be measured again based on the financial figures as of December 31, 2019.

11. Debentures

							12.31.2018		12.31.2017	
Functional Currency	Business unit	Instrument	Currency	Issue date	Interest rate (a)	Final maturity	Current	Noncurrent	Current	Noncurrent
BRL	Brazil	Debênture - Brazil	BRL	Mar-12	Floating rate indexed to CDI	Apr-22	49,590	148,918	55,414	221,964
BRL	Brazil	Debênture - Brazil	BRL	Aug-12	Floating rate indexed to CDI	Aug-22	56,232	168,863	50,268	201,352
EUR	Holdings and Financial Vehicles (*)	Senior Notes (b)	USD	Jul-14	5.75%	Jul-24	-	475,124	-	472,087
							105,822	792,905	105,682	895,403

(*) Takes into consideration the Group of companies included in the holding companies segment and business support, corporate, and trading entities.

(a) The contracted floating rates have spreads between 6% and 15% above the CDI (Interbank deposit rate in Brazil).

(b) In July, 2014, the Senior Notes ("Notes") were issued by Cimpor Financial Operations, B.V., with a payment maturity of 10 years. The notes were issued with coupon of 5.75% per annum and are listed on the Singapore Stock Exchange. During year ended December 31, 2018, 2017, 2016 and 2015 the Group purchased bonds in the par value of USD 25,044 thousand, USD 11,100 thousand, USD 108,378 thousand and USD 54,290 thousand, respectively. As of December 31, 2018 the Group holds bonds in the par value of USD 198,812 thousand (€173,543).

As of December 31, 2018 and December 31, 2017, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to €19,475 and €26,957, respectively.

Changes in Debentures in the years ended December 31, 2018 and 2017 were as follows:

	Debêntures
Balance at December 31, 2016	1,279,341
Payments	(125,122)
Effect of changes in Exchange rates, comissions and other	(153,133)
Balance at December 31, 2017	1,001,085
Payments	(70,392)
Effect of changes in Exchange rates, comissions and other	(31,966)
Balance at December 31, 2018	898,727

Maturity schedule

As of December 31, 2018 and 2017, the debentures mature as follows:

Period	12.31.2018	12.31.2017
2019	-	104,472
2020	104,726	104,472
2021	104,726	104,472
2022	104,726	104,472
Following years	478,728	477,515
	792,905	895,403

Covenants

Debentures contain certain restrictive covenants that require compliance with financial ratios calculated based on the Company's consolidated financial statements. As at December 31, 2018 the Company agreed with the local debenture holders the increase of Net Debt / EBITDA ratio from 4.5 to 5.5, coming back to 4,5 in the following periods. For December 31, 2017 the Company agreed with the financial institutions the increase of Net Debt / EBITDA ratio from 4.5 to 5.0.

As from that date the covenants conditions were met and such obligation (Net Debt / EBITDA ratio at 4.5) will only be measured again based on the financial figures as at December 31, 2019.

In the case of the Senior Notes, the non-compliance with that covenant (ratio of 4.5) foresees that the Company operates with certain restrictions, being the principal ones:
i) Limitation in USD 500 million for new debt, provided it is not used to refinancing the existing debt;
ii) Restrictions on certain payments, such as dividends to shareholders above the statutory minimum amount;
iii) Dividends limitation of USD 25 million per year, on a cumulative basis, for preferred shareholders after the Senior Notes issuance (July/2014).

As at December 31, 2018, except for the above referred restrictions for the Senior Notes specifically, the Company complied with all contractual obligations and such obligation will only be measured again based on the financial figures as at December 31, 2019.

12. Provisions and Contingent assets and liabilities

The Group is subject to tax, civil and labor risks. Management periodically reviews known contingencies, assesses the likelihood of losses and recognizes corresponding provision based on its legal counsel's opinion and other available data at the date of the annual reporting period.

The provision for risks is broken down as follows:

	12.31.2018	12.31.2017
Labor and social security	8.699	25.848
Tax (a)	17.533	28.256
Civil and other (b)	30.346	32.531
	56.578	86.635
Escrow deposit (c)	(2.695)	(3.023)
Total	53.883	83.612

(a) Brazil: At December 31, 2018, refer basically to tax assessment notices and lawsuits amounting to €1,242 related to: (i) SUNAB (National Supply Authority) fine - discussion on the assessment of alleged violations of Laws 7784/89, 8035/90 and 8178/91, (ii) IPTU - Revision of launch due to division of area in the period from 2006 to 2007; (iii) discussion of the highest collection of Corporate Income Tax (IRPJ) and Contribution for the Financing of Social Security (COFINS) in the period from 02/2003 to 04/2004 and compensation with other own debts; (iv) discussion on the collection of the additional 6% of social contributions, to finance the benefits related to special retirement due to lack of management of employee health and exposure to harmful agents during the period from 01/99 to 07/2003; (v) discussion on the lower collection of Corporate Income Tax (IRPJ) for the calculation period of March 2005, due on April 29, 2005, on behalf of the then CIMEPAR.

InterCement Portugal: Refer basically to the provisions for tax risks related to income tax, amounting to €5,650 in December 31, 2018 (€10,000 on December 31, 2017), which are being challenged in courts, and the reduction is due to the reassessments of the risks involved

Egypt: In the year ended December 31, 2018, is mainly justified by tax provisions in this business area related to income tax from years 2004 to 2014, which are being challenged in courts, in the amount of €6,659 (€9,765 in December 31, 2017).

(b) Includes mainly a provision related to the industrial license estimation of late payments interests in Egypt, totalling €26,415 (€20,075 on December 31, 2017).

(c) The Group have escrow deposits tied to the provision for tax, civil and labour risks as follows:

	12.31.2018	12.31.2017
Labor and social security	1.865	2.323
Tax	788	655
Civil and other	42	45
Total	2.695	3.023

Changes in the provision for risks for the years ended December 31, 2018 and 2017 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance at December 31, 2016	27,703	18,822	8,825	(2,876)	52,474
Recognition/deposit	8,151	13,912	30,437	(1,678)	50,822
Payment/deposit derecognition	(5,698)	(213)	(2,287)	1,096	(7,102)
Reversal	(2,269)	(2,564)	(1,838)	-	(6,671)
Exchange differences	(2,039)	(1,701)	(2,606)	435	(5,911)
Balance at December 31, 2017	25,848	28,256	32,531	(3,023)	83,612
Adoption of IAS 29 (Note2.1)	487	52	349	-	888
Recognition/deposit	2,341	294	8,588	(2,713)	8,510
Payment/deposit derecognition	(3,904)	(6,267)	(4,219)	2,721	(11,669)
Reversal	(4,022)	(5,295)	(6,703)	-	(16,020)
Transfers	5	394	(322)	-	77
Exchange differences	(1,961)	99	153	320	(1,389)
Discontinued operations (Note 2.30)	(10,095)	-	(31)	-	(10,126)
Balance at December 31, 2018	8,699	17,533	30,346	(2,695)	53,883

Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its products and services as well, as of an environmental nature, labor cases and regulatory.

As of December 31, 2018, the Group has an exposure of €820 million (€830 million in December 31, 2017), being €9 million of contingencies related to labor contingencies (€7 million in December 31, 2017), €599 million of tax contingencies (€604 million in December 31, 2017), €212 million of civil contingencies and administrative processes of other natures (€219 million in December 31, 2017), whose likelihood of loss was considered possible, according to the opinion of legal counsellors.

The most significant of the contingencies are:

Brazil

a) Tax

The possible tax contingencies, mainly refer to administrative and tax processes related to: (i) credit gloss for allegedly undue deduction of the IRPJ and CSLL calculation basis, as a goodwill amortization resulting from the acquisition of other companies; (ii) collection of IRPJ and CSLL, based on the fact that the company would no longer offer to tax profits earned abroad by subsidiaries and affiliated companies; (iii) collection of alleged difference or non-payment of CFEM, a financial compensation paid to the Union for economic use of mineral resources; (iv) illegal collection of ICMS based on the value of merchandise subject to tax regime; (v) tax credits gloss taken by the company and not approved by Federal or State Revenue; and (vi) fine for unapproved tax compensation statement, in the amount of 50% of the amount not offset.

b) Administrative Council for Economic Defence (“CADE”)

The Group and other companies in the industry were parties to administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defence (“CADE”). In July, 2015, CADE's tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 by the competition authorities in Brazil (as well by other involved companies), maintaining the condemnation decision as regards cartel formation and the imposition of a pecuniary fine and other accessory penalties. The fine imposed to the Group, amounted to, approximately, €127 million (which corresponds to R$241,700 thousand to Intercement and R$297,820 thousand to CCB, meanwhile merged), besides the obligation to sell 20% of its concrete´s assets in Brazil, among other accessory penalties. On December 31, 2018 the fine imposed reach to, resulting from its financial actualization, €168 million (R$747 million) (which corresponds to R$334,453 thousand to Intercement and R$412,110 thousand to CCB, meanwhile merged).

After the referred administrative CADE’s decision become final, the Group appealed judicially, having obtained, on 22 October 2015, the grant of the preliminary injunction to suspend all penalties imposed by CADE, by the presentation of real guarantees (two plants), until the judgment decision. Such preliminary injunction decision was judicially appealed by CADE, which was rejected. The proceeding did not have any significant change in 2018. Based on the opinion of its legal advisors, the risk of loss in court is has been considered as possible, and therefore, no provision was recorded for this contingent liability as of December 31, 2018 and 2017.

Spain

As a result of tax inspections of the years 2005 to 2008, tax assessments of approximately €120 million were realized. These assessments relate essentially to net financial items resulting mainly from interpretations not adjusted to the nature of certain transactions. During the year ended December 31, 2017, we were notified of the ruling handed down by the Audiência Nacional court in Spain regarding judicial proceedings related to these tax inspections. The ruling has been almost entirely favorable to us. The Tax Authorities filed an appeal to the Supreme Court that was admitted to procedure in March, 2018 and it is pending of resolution. The guarantees of approximately €120 million provided for these proceedings continue to be in force until the final decision is handed down. Management believes that from the conclusion of the legal processes resulting from the actions in progress, will not result in significant costs for the Group. This opinion is confirmed by the understanding and opinion of its legal and tax advisors, which consider the possibility of loss, with the processes of 2005 to 2008, as possible (around €86 million) to remote (around €34 million).

During the second half of 2014, the Spanish tax authorities began inspecting the years 2009 to 2012. The tax authorities reports maintained the same interpretations as in the preceding years, and these corrections results in negative taxable income of approximately €28 million, setting the negative taxable income of that period in approximately €31 million. On July 2017, tax authorities report for the year 2012 resulted in a correction to negative taxable income of about €242 million. On August 2017 an appeal was filed against the Administrative Economic Court. On March 25, 2019, the Company was notified of the decision rejecting the Central Economic-Administrative Court in relation to the economic-administrative claims for the years 2009 to 2012. The Company will appeal before the Audiência Nacional.

In both cases the deferred tax related to those losses are not booked. As in previous years, the Board of irectors and its legal and tax counsellors remains convinced that from the conclusion of the legal proceedings contesting these corrections, no significant charges will occur in the Group.

13. Provision for Environmental Recovery

Changes in the provisions for environmental recovery in the years ended December 31, 2018 and 2017 are as follows:

	Environmental recovery
Balance at December 31, 2016	39,954
Recognition	3,024
Payment	(995)
Exchange differences	(3,346)
Balance at December 31, 2017	38,637
Adoption of IAS 29 (Note2.1)	889
Recognition	11,066
Payment	(1,348)
Reversal	(16,757)
Exchange differences	(3,460)
Discontinued operations (Note 2.30)	(13,402)
Balance at December 31, 2018	15,625

14. Postemployment Benefits

Defined benefit plans

Some subsidiaries have defined benefit retirement pension plans and healthcare plans, for which the liability is determined annually based on actuarial valuations made by independent entities, the cost determined by these valuations being recognised in the year.

Most of the liability for the retirement benefit plans has been transferred to pension funds managed by specialised independent entities. The investment funds policies defines investment principles and assets management guidelines, in compliance with type of Fund, nature of the benefits covered by the Plan, characteristics of the population covered and time horizon of the liabilities assumed, as well as the level of coverage of the Fund's liabilities. The investment policy is reviewed at least every three years, with the definition of a central allocation level for each asset class. Regarding Health Plans, there are no Funds, being the amounts annually supported by the companies.

The valuations as of December 31, 2018 and 2017 were made using the "Projected Unit Credit" method and were based in the following assumptions and technical bases:

	12.31.2018	12.31.2017
Actuarial technical rate (in local currency)		
Portugal	-	1,85%
South Africa	9,98%	10,39%
Annual pension growth rate		
Portugal	-	1%
Annual fund income rate		
Portugal	-	1,85%
Annual salary growth rate		
Portugal	-	2%
Mortality tables		
Portugal	-	TV88/90
South Africa	EKV 80	SA 85-90
Disability tables		
Portugal	-	EKV 80
Nominal growth rate of medical costs		
Portugal	-	2%
South Africa	8,02%	8,98%

In accordance with the actuarial valuations the pension and healthcare benefits costs for the years ended December 31, 2018 and 2017 were as follows:

		Pension plans	
		12.31.2018	12.31.2017
Current service cost		-	277
Interest cost		-	1,201
Curtailment / settlements		-	(3,836)
Administrative costs		-	(488)
Expected return of the plans' assets		-	(1,107)
Total cost/(income) of the pension plans	(I)	-	(3,953)

		Healthcare plans	
		12.31.2018	12.31.2017
Current service cost		5	96
Interest cost		71	274
Plan change		-	(32)
Total cost/(income) of the healthcare plans	(II)	76	338
Total cost/(income) of the defined benefit plans	(I) + (II)	76	(3,615)

Changes in the amount of the responsibilities for defined benefit plans and related market value of fund assets during the years ended December 31, 2018 and 2017 were as follows:

	Pension plans		Healthcare plans		Total	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Defined benefit liability - 1 january	58,308	72,084	9,590	12,038	67,898	84,122
Transfers (a)	-	(6,826)	-	-	-	(6,826)
Benefits and bonuses paid	-	(4,880)	(724)	(772)	(724)	(5,651)
Current service cost	(4,862)	277	79	96	(4,783)	373
Past service cost	107	-	-	(32)	107	(32)
Interest cost	1,038	1,201	230	274	1,268	1,476
Curtailment / Settlements (a)	-	(3,836)	-	-	-	(3,836)
Mutual agreement exits	-	(488)	-	-	-	(488)
Actuarial gains and losses	2,350	775	2,213	(2,000)	4,563	(1,225)
Exchange differences	-	-	(76)	(14)	(76)	(14)
Discontinued operations (Note 2.30)	(56,941)	-	(10,635)	-	(67,576)	-
Defined benefit liability - 31 december	-	58,308	678	9,590	678	67,898
Value of the pension funds - 1 january	51,402	61,394	-	-	51,402	61,394
Transfers	-	(6,826)	-	-	-	(6,826)
Benefits and bonuses paid	(4,862)	(4,880)	-	-	(4,862)	(4,880)
Expected income of the funds' assets	908	1,107	-	-	908	1,107
Actuarial gains and losses in income from the funds' assets	(1,849)	606	-	-	(1,849)	606
Administrative costs	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
Discontinued operations (Note 2.30)	(45,600)	-	-	-	(45,600)	-
Value of the pension funds - 31 december	-	51,402	-	-	-	51,402

(a) In the year ended December 31, 2017, the Company allowed defined benefit plan beneficiaries to voluntarily move to the contribution benefit plan. A total of 139 workers accepted the change, which resulted in transfers between the funds (due to the adjustment between the responsibilities), and in a gain of €3,836.

Sensitivity analysis

The impacts of sensitivity analysis on health plans, both for discount and trend rates, are immaterial.

The movements of net actuarial gains and losses during the years ended December 31, 2018 and 2017 were as follows:

	12.31.2018	12.31.2017
Changes during the year:		
Related to the liabilities	-	1,225
Related to the funds assets	-	606
Corresponding defferred tax	-	(368)
Non-controlling interests	-	-
	-	1,464

In addition, actuarial gains and losses include the following experience adjustments:

	12.31.2018	12.31.2017
Related to the liabilities	-	(1,841)
Related to the funds assets	-	606

The difference between the present value of the benefit plan liability and the market value of the funds' assets for the last five years ended December 31 was as follows:

Pension plans	12.31.2018	12.31.2017	12.31.2016	12.31.2015	12.31.2014
Liability	-	58,308	72,084	70,527	73,663
Value of the pension funds	-	(51,402)	(61,394)	(64,069)	(66,246)
Deficit	-	6,906	10,690	6,458	7,417
Liability for employee benefits:					
Current liability	-	-	-	-	-
Non-current liability	-	6,922	10,690	6,917	7,417
	-	6,922	10,690	6,917	7,417
Fund surplus	-	(17)	-	(460)	-
Total exposure	-	6,906	10,690	6,458	7,417

Healthcare plans	12.31.2018	12.31.2017	12.31.2016	12.31.2015	12.31.2014
Liability for employee benefits:					
Current liability	38	773	903	899	904
Non-current liability	639	8,817	11,135	9,190	9,812
Total exposure	678	9,590	12,038	10,088	10,716

The Group has not established funds for the healthcare plans. The main assets of the funds as at December 31, 2018 and 2017 were as follows:

	12.31.2018	12.31.2017
Shares	-	13%
Fixed rate bonds	-	70%
Variable rate bonds	-	2%
Real estate investment funds, hedge funds, cash and insurance	-	15%
	-	100%

Defined contribution plans

For the year ended December 31, 2017, the Company incurred costs of €978 on defined contribution plans.

15. Related Parties

Transactions and balances between Group companies consolidated by the full consolidation method were eliminated in the consolidation process and therefore are not disclosed here. The balances and transactions between the Group and associated companies and with other related parties fall within normal operational activities, are made in accordance with the equivalent third parties conditions, and include advances, loan agreements, sales and purchases of products and services.

For the year ended December 31, 2018, it is worth of mention the following transactions with Mover controlling companies:

- Capital increase by Mover Participações S.A. in InterCement Participações, occurred in December 28, 2018, amounting of €67,583 (R$300,000 thousand) (Notes 1 and 16);

- Credit assignment agreements (accounts receivable securitization) were settled with CCSA Finance Ltda. and Camargo Corrêa Desenvolvimento Imobiliário S.A., in the amount of €21,567 and €23,816, respectively (Note 6);

For the year ended December 31, 2017, it is worth of mention the following transactions with Mover controlling companies:

- The acquisition from Administradora PMV Ltda. and Participações Morro Vermelho S/A, group controlling companies, a 100% stake of CECC – Incorporadora e Administradora de Bens, Ltda. shares, by €14,642 (R$48,782 thousand) (Note 2). This operation has generated a loss in the amount of €3,443 recorded directly in equity;

- Credit assignment agreements (accounts receivable securitization) were settled with Mover Participações, S.A. and CCSA Finance Ltd., in the amount of €51,557 (Note 6);

- In the Brazilian business area several lands were sold to Participações Morro Vermelho, S.A. by the amount of €7,259 (R$26,310 thousand), and in the Portugal and Cape Verde business area were sold several properties to PARMV Properties - Empreendimentos, S.A., by the amount of €3,465;

In addition to reinforce that as identified in Notes 10 and 11, there are loans guaranteed by the Company's controlling entities.

Balances as of December 31, 2018 and 2017 with related parties, are as follows:

	12.31.2018						
	Current assets			Non current assets	Current liabilities		
	Trade receivables	Advances to suppliers	Other receivables	Other receivables	Trade payables	Other payables	Dividends payable
Affiliates:							
Algae	-	-	-	23	-	-	-
AVE- Gestao Ambiental e Valorização Energética, S.A.	40	-	-	-	260	-	-
Camargo Corrêa Desenvolvimento Imobiliário S.A.	5	-	-	-	-	0	-
CCSA Finance Ltd.	-	-	-	-	-	1,632	-
Concessionária de Rodovia Sul - Matogrossense, S.A.	-	-	-	-	-	11	-
Concret Mix S.A.	267	-	-	-	998	-	-
Consorcio Concret Mix & Asociados	61	-	-	-	-	-	-
Consorcio Ruta 9	156	-	-	-	-	-	-
Construções e Comércio Camargo Corrêa S.A.	18	-	225	969	230	28	-
Constructora Acaray S.A.	131	-	-	-	-	-	-
Construshopping S.A.	87	-	-	-	-	-	-
Setefrete - SGPS, S.A.	-	-	7	-	74	-	-
Loma Negra others	-	-	-	-	-	-	57
Mozambique others	-	-	-	-	-	-	(21)
Egypt others	-	-	-	-	-	-	39
Yguazú others	-	-	-	-	17	-	-
Others noncontrolling interests	-	-	-	-	-	-	84
Controlling shareholders:							
Mover Participações, S.A.	-	-	0	-	-	1	-
Participações Morro Vermelho S.A.	7	-	-	-	10	-	-
Total as of December 31, 2018	770	-	232	991	1,589	1,672	159
Total as of December 31, 2017	829	302	349	1,360	1,930	5,561	477

Transactions conducted in the years ended December 31, 2018 and 2017 are as follows:

	12.31.2018			
	Sales	Other operating income	Purchases/ expenses	Financial income
Affiliates:				
AVE- Gestao Ambiental e Valorização Energética, S.A.	18	1	1,614	-
CCDI e controladas	202	-	-	5
CCR S.A.	202	-	-	-
Concret Mix S.A.	3,438	100	8,179	-
Consorcio Concret Mix & Asociados	975	1	-	-
Consorcio Ruta 9	158	-	-	-
Construções e Comércio Camargo Corrêa S.A.	189	-	2,247	28
Constructora Acaray S.A.	796	0	-	-
Construshopping S.A.	577	1	-	-
Instituto InterCement	-	-	650	-
Camargo Correa Infraestrutura S.A	20	-	-	-
PARMV Properties-Empreendimentos, S.A.	-	-	1,383	-
Setefrete - SGPS, S.A.	-	19	416	-
Yguazú others	-	-	27	-
Controlling shareholders:				
Mover Participações, S.A.	-	-	35	-
Participações Morro Vermelho	-	-	(12)	-
Total as of December 31, 2018	6,574	123	14,537	33
Total as of December 31, 2017	7,062	170	18,190	21

Management compensation

The amount of €3,839 was paid in the year ended December 31, 2018 and refers to short-term benefits, such as fees, charges, and other benefits (€10,021 in the year ended December 31, 2017, of which (i) €9,988 refers to short-term benefits, and (ii) €33 refers to long-term postemployment benefits, such as pension plan contributions).

16. Shareholder's Equity

Capital

As of December 31, 2018, the Company's share capital is represented by 27,883,213 (25,046,440 as of December 31, 2017) registered shares which 22,687,439 are common shares, 2,359,001 are preferred shares Class A and 2,836,773 are preferred shares Class B.

At the Extraordinary Shareholders' Meeting held on December 28, 2018, the shareholders decided to approve the creation of the Class B Preferred Shares, passing to exist two distinct classes of preferred shares, namely the Class A Preferred Shares already existing in this date, and Class B Preferred Shares. The dividends to which the Class B Preferred Shares will be entitled will be a priority, in relation to the common shares issued by the Company. Notwithstanding and with no prejudice, the dividends to which Class A Preferred Shares will be entitled shall have priority over Class B Preferred Shares. Class B Preferred Shares will have no preference in capital reimbursement in relation to common shares, considering the holders of Class B is the final controlled entity of the Company (Mover S.A.).

The Company also approved the capital increase with the issuance of 2,836,773 Class B Preferred Shares, all subscribed by the shareholder Mover Participações SA, and paid in national currency the issue price was allocated as follows: €639 (R$2,837 thousand) for the Company's capital stock and the rest in the amount of €66,944 (R$297,163 thousand) allocated to the "Capital reserve" account.

Capital Reserves - Preferred Shares – InterCement Participações Company

<u>Class A</u>

The preferred shares (Class A) grant their holders the right to receive minimum dividends, not accumulating losses, do not grant voting rights in the Company's shareholders' meetings, and can be redeemed by decision of the Board of Directors. Any contractual obligations are guaranteed and recorded at Company's controller shareholder; consequently, the Company does not have any contractual obligation assumed with such holders of the preferred shares.

<u>Class B</u>

The preferred shares (Class B) does not grant their holders the right to receive minimum dividends, do not grant voting rights in the Company's shareholders' meetings, and can be redeemed by decision of the Board of Directors.

As previously informed in “Capital section”, the dividends to which the Class B Preferred Shares will be entitled will be a priority, in relation to the common shares issued by the Company. Notwithstanding and with no prejudice, the dividends to which Class A Preferred Shares will be entitled shall have priority over Class B Preferred Shares. Class B Preferred Shares will have no preference in capital reimbursement in relation to common shares, considering the holders of Class B is the final controlled entity of the Company (Mover S.A.).

Earnings reserves

Transactions with non-controlling interests

In the year ended in December 31, 2018, the movement in this caption includes mainly the following:

a) Sale of non-controlling interest: i) the amount net of tax effect of €6,522 (€7,268 including non-controlling interests), related to the gain on the sale of the participations in Barra Grande e Machadinho (see Note 2);

b) Acquisition of non-controlling interest: the acquisition from minority shareholders of an additional stake of 0.66% of Cimpor shares in the amount of €2,972 and also the capital increase of this company, resulted that the equity interest of the company increase to 94.8% (see note 2), lead to a total gain of €273,612 recognized directly in equity. Also note for the acquisition of minority shareholders in Mozambique companies, resulting from a capital increase, leading to a gain of €809 recognized directly in equity

In addition, in the year ended in December 31, 2018, these reserves were used to absorb losses, in the amount of €714,314.

In the year ended in December 31, 2017, the movement in this caption included mainly the following:

a) Sale of non-controlling interest: i) the effect, net of expenses, of the sale of a non-controlling interest (IPO) of the Loma Negra (Note 1) with an equity increase by €876,317 (€966,900 after taxes adjustments) of which €599,782 (€670,028 after taxes adjustments) recognized here in this caption (the remaining as an increase in non-controlling interests) and ii) the amount net of tax effect of €32,419 (€51,498 including non-controlling interests), related to the gain on the sale of the participations in Estreito;

b) Acquisition of non-controlling interest: an acquisition from minority shareholders of an additional stake of 2.92% of Cimpor shares (Note 1) in the amount of €6,663 which lead to a gain of €57,019 recognized directly in equity.

Legal and investment reserves

In the year ended in December 31, 2017, those reserves were used to absorb losses.

Dividends

The holders of common shares are entitled to annual minimum mandatory dividends equivalent to 25% of profit for the year adjusted as provided for by the bylaws and the Brazilian Corporate Law.

As of December 31, 2018 and 2017, considering the loss of the year no dividend proposal for the common or preferred shares will be presented.

Other comprehensive income

In the year ended December 31, 2018, the movement in Other comprehensive income includes the negative equity amount of €220,417 corresponding to: i) the negative equity recognition of actuarial losses on the liability to employees in the amount of €4,944; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of €225,090 and iii) the positive equity recognition of hedging operations amounting to €9,617. In addition, other comprehensive income, for the year ended December 31, 2018 reflect hyperinflation accounting for our Argentinean subsidiaries applying IAS 29 rules (note 2.1), which impact was a positive equity amount of €218,804 (€104,401 excluding non-controlling interests).

In the year ended December 31, 2017, the movement in Other comprehensive income includes the negative equity amount of €210,944 corresponding to: i) the positive equity recognition of actuarial losses on the liability to employees in the amount of €1,464; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of €227,851 and iii) the positive equity recognition of hedging operations amounting to €15,443.

Non-controlling interests

The main non-controlling interests movements occurred during the year ended December 31, 2018, regarding the transactions with sales and acquisitions of participations and other comprehensive income, were as follows:

- The impact of the sales of participations in non-controlling interests, especially with the sale of the participation in Barra Grande and Machadinho was €746 (net tax effect), respectively;
- In relation with the acquisitions, it is worthy of mention the effect of €276,584 with the additional stake of 0.66% together with capital increase of Cimpor shares and also the acquisition of minority shareholders in Mozambique companies, resulting from a capital increase, with an impact of €809;
- In other comprehensive income, the negative amount of €93,936 corresponds to: i) the negative equity recognition of actuarial losses on the liability to employees in the amount of €501; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of €95,339 and iii) the positive equity recognition of hedging operations amounting to €1,904. In addition, regarding applying IAS 29 rules (note 2.1), the impact was a positive equity recognition of €114,403.

The main non-controlling interests movements occurred during the year ended December 31, 2017, were as follows:

- The impact of the sales of participations in non-controlling interests, especially with the sale of the participation in Estreito and Loma Negra "IPO", was €19,079 and €276,535 (€296,872 after taxes adjustments), respectively;
- In relation with the acquisitions, it is worthy of mention the effect of €63,682 with the additional stake of 2.92% of Cimpor shares;
- In other comprehensive income, the negative amount of €95,933 corresponds to: i) the positive equity recognition of actuarial losses on the liability to employees in the amount of €340; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of €99,912 and iii) the positive equity recognition of hedging operations amounting to €3,639.

Additionally, in this caption, the Company has recorded Preferred shares for its special purpose entities of

Barra Grande Participações, Machadinho Participações and Estreito Participações. These preferred shares have certain specific characteristics, in particular, in terms of:

• Right to priority dividends of the profit and/or reserves distributed in each year;

• Absence of voting rights (except for specific matters established in the corresponding statutes);

• Priority relating to the common shares in case of liquidation;

• Be converted into common shares (conversion rights);

• Non-participation in future capital increases.

There is also contracts clauses establish a set of assumptions which regulate terms of an eventual divestment by the holders, including rights to receive minimum dividends, as well as rights to convert preferred shares into common shares. The Company is not required or obligated to repurchase these preferred shares any time.

Considering all contract characteristics, attending to the disposals of IAS 32, the referred instruments (either Barra Grande, Machadinho and Estreito) acquire characteristics of equity and financial instruments components, taking into account that those instruments simultaneously incorporate components that can be classified as an equity instrument and a financial instrument (financial asset or liability). Consequently, these components were measured and recognized separately in the financial statements, as follows:

a) The initial contribution received as a consideration of such preferred shared by InterCement Brasil was classified as an equity instrument, taking into consideration that, under the terms established, there is no obligation to repurchase those shares (obligation to deliver cash or other financial assets), as well as convertibility clauses in common shares (by option of the shareholders) and their respective dividends;

b) There are also contractual clauses regards to options of minimum return and possible coverage of significant devaluation of these investments, for a period up to seven years or by the holders during that period, respectively. Such options generated gain or loss for the Company and such instruments were classified as derivative financial instruments and measured at fair value at the date of the financial statements.

In addition in the years ended December 31, 2018 and 2017, dividends to non-controlling interests were declared in the amount of, respectively, €16,173 and €16,964.

17. Income Tax and Social Contribution

For the years ended December 31, 2018 and 2017 the reconciliation between the nominal and the effective income tax was as follows:

	12.31.2018	12.31.2017 Restated
Loss before income tax and social contribution	(168,719)	(273,991)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	57,364	93,157
Adjustments to calculate income tax and social contribution at effective rates:		
Equity method gain	-	(29)
Permanent additions / (deductions), net (a)	653	(9,536)
Unrecorded deferred income tax and social contribution tax (b)	(89,519)	(105,476)
Adjustments to deferred taxes (c)	(13,910)	(105,133)
Other (d)	12,076	(16,555)
Income tax and social contribution expense	(33,336)	(143,572)
Income tax and social contribution expense - Current	(38,323)	(75,901)
Income tax and social contribution expense - Deferred	4,987	(67,671)

(a) Includes the effect of the differences in tax rates and other adjustments;

(b) In the years ended December 31, 2018 and 2017, includes the tax effect from losses on entities not recognized since at present there are no projections that enable them to be expected to be recovered;

(c) In the years ended December 31, 2018 and 2017 includes the elimination of deferred tax assets in several jurisdictions due to uncertainty to recover it (in 2017, mainly from Brazil business area) and also the effect in deferred tax from the change in tax rate in the Argentinian business area;

(d) The caption Other, in the year ended December 31, 2018, includes the reduction of a tax provision amounting to €4 million and estimative corrections in our companies in Egypt in the amount of around €5 million. In the year ended December 31, 2017, includes the registration of a tax income charge of around €7 million, related to the staged payments agreements from additional tax assessments made by tax authority to one of our companies in Egypt, referring to the year 2008 and also for provisions for corporate income tax for the years 2000-2004, in the approximately amount of €9 million. The Board of Directors has judicially appealed and, supported by the counsellors opinion, understands that the tax authorities have no grounds regarding the maintenance of the substantial of those assessments.

Deferred income tax and social contribution

Deferred income tax and social contribution were recognized on tax loss carryforwards and temporary differences in the recognition of revenues and expenses between tax and corporate books, to the extent considered realizable by the subsidiaries.

In addition to the income tax charge, for the years ended December 31, 2018 and 2017, the Group recorded deferred tax of €3,800 and €89,286, respectively, directly in equity.

Deferred income tax and social contribution are broken down as follows:

	12.31.2018	12.31.2017
Assets:		
Tax loss carryforwards	28,993	35,109
Tax, labor and civil liability	8,111	11,952
Valuation of the useful lives of property, plant and equipment	63	1,925
Allowance for doubtful debts	2,939	2,357
Provision for environmental recovery	499	629
Other temporary provisions	24,004	29,273
Total assets	64,609	81,245
Liabilities:		
Goodwill amortization (future earnings)	43,714	45,023
Exchange rate changes taxed on a cash basis	16,629	11,826
Deemed cost of property, plant and equipment	27,162	47,068
Useful life estimate of property, plant and equipment and revaluation effects (a)	92,332	34,311
Measurement of assets acquired at fair value (b)	79,978	138,403
Business combination	-	-
Provision for environmental recovery	6	3
Other temporary provisions	24,213	20,509
Total liabilities	284,034	297,143
Total net in noncurrent assets	15,211	16,860
Total net in noncurrent liabilities	234,636	232,758

(a) In Brazil business area, these taxes continue to comply with Decree 3000/99, Income Tax Regulation (RIR). The increased is impacted by effects of deferred tax from inflation adjustments in Argentina.

(b) Refers to the revaluation of assets at fair value on the acquisition of subsidiary CIMPOR, in 2012.

As a result of the adoption of IFRS 5, in the year ended December 31, 2018, deferred tax assets and deferred tax liabilities related to “Discontinued operations” in the amount of €1,565 and €39,462, respectively, were reclassified to the caption “Assets of discontinued operations” and “Liabilities related with assets from discontinuing operations”, respectively (Note 2.30).

As of December 31, 2017, considering market conditions the Brazilian operations and management expectation regards to realization of the majority tax loss carry forwards will occur only after 2020, management has decided to record an allowance provision for the deferred taxes assets in the amount by approximately €104 million (R$376 million), based on possible uncertainty in the future assumptions.

These estimates are based on the Company's history of profitability, projected future taxable income and estimated period for reversal of temporary differences.

18. Net Revenue

The breakdown of the Company's net revenues for the years ended December 31, 2018 and 2017 is as follows:

	12.31.2018	12.31.2017 Restated
Products sold	1,550,837	1,749,238
Services provided	90,750	150,304
(-) Taxes on sales	(151,509)	(178,259)
(-) Rebates/discounts	(33,451)	(42,338)
Total	1,456,627	1,678,944

Taxes on sales comprise federal, state and municipal taxes such as Federal VAT (IPI), State VAT (ICMS), Taxes on Revenues (PIS and COFINS), and Service Tax (ISS).

19. Information on the Nature of the Costs and Expenses Recognized in the Income Statement

The consolidated income statement is presented based on a classification of expenses according to their function. Information on the nature of such expenses is as follows:

	12.31.2018	12.31.2017 Restated
Depreciation, amortization, and impairment losses (a)	(213,536)	(388,334)
Salaries and employee benefits	(204,824)	(268,129)
Raw materials and consumables	(332,748)	(392,361)
Tax expenses	(24,584)	(36,131)
Outside services	(142,855)	(153,313)
Rental	(9,306)	(13,169)
Freight expenses	(144,955)	(150,268)
Maintenance costs	(77,127)	(95,282)
Fuel	(140,274)	(145,916)
Electricity	(123,607)	(112,616)
Reversal (recognition) of provision for risks	(129)	(20,097)
Gain on sale of property, plant and equipment	4,721	3,737
Other (b)	5,122	(48,777)
Total	(1,404,102)	(1,820,656)
Cost of sales and services	(1,215,410)	(1,369,216)
Administrative and selling expenses	(188,625)	(218,597)
Other (expenses)/income (net)	(67)	(232,843)
Total	(1,404,102)	(1,820,656)

(a) In the years ended December 31, 2018 and 2017 includes the impairments of the Brazil business area in fixed assets amounting to €51,580 (R$221,985 thousand) and €233,573 (R$846,535 thousand), respectively (Note 8).

(b) Includes a tax credit, in Brazil business area, related to the exclusion of ICMS from the basis of calculation of the contributions of PIS and COFINS, amounting of €31,285 (R$134,642 thousand).

20. Financial Income (expenses) and Foreign exchanges losses (net)

	12.31.2018	12.31.2017 Restated
Foreign exchange losses, net (a):		
Exchange gain	95,293	249,434
Exchange loss	(174,224)	(120,899)
Total	(78,931)	128,535
Financial income:		
Inflation adjustment (b)	29,245	6,724
Adoption of IAS 29 (Note 2.1)	5,355	-
Financial earnings	8,872	21,301
Interest income	906	1,332
Derivative financial instruments (c)	-	7,562
Other income (d)	1,884	1,507
Total	46,262	38,426
Financial expenses:		
Inflation adjustment	(3,256)	(3,447)
Expenses on interest and charges (f)	(133,913)	(223,109)
Expenses on banking commissions	(21,341)	(21,879)
Fines (e)	(6,506)	(22,084)
Derivative financial instruments (c)	(11,920)	(10,221)
Other expenses (d)	(11,639)	(18,414)
Total	(188,575)	(299,154)

(a) In the years ended December 31, 2018 and 2017, the exchange differences are mainly influenced by the appreciation and depreciation of functional currencies against other currencies (mainly USD and Euro).

(b) In the year ended December 31 2018, includes the amount of €27,832 (R$119,780 thousand) related to monetary restatement arising from a favorable decision in legal proceedings, related to the exclusion of ICMS from the calculation basis of PIS and COFINS from June 2005 to February 2013.

(c) These captions are composed by fair value variation of trading derivative financial instruments contracted to cover exchange and interest rate risks (liquidated in 2018), and the written-put options in connection with "Baesa", "Machadinho" and "Estreito" operations;

(d) Other financial income and expenses include income and costs related to the financial adjustments of assets and liabilities, including the effect of the financial adjustment of provisions prompt payment discounts granted and obtained and the costs related to commissions, guarantees and other bank charges in general. In the year ended December 31, 2018, this caption was also influenced by the repurchase of bonds issued by Cimpor Financial Operations, B.V. with a nominal value of USD 25,044 thousand (Note 11) which has generated a financial income in the amount of €1,891;

(e) In the year ended December 31, 2017 includes the estimation of delayed interest related with the industrial license in the Egypt business area (Note 12).

(f) The reduction of this caption is significantely related with the average gross debt reduction in 2018.

21. Commitments

(a) Lease agreements as lessee

Operating land, real state, vehicles, machinery and equipment lease agreements are effective from five to ten years. Lease payments are expected to be paid, in nominal amounts, as follows:

	12.31.2018	12.31.2017
Up to one year	6,327	9,535
From one to five years	9,469	11,997
More than five years	72	26
Total	15,868	21,558

The Group recognized, for the year ended December 31, 2018, operating lease expenses in the amount of €9,459 (€12,941 for the year ended December 31, 2017).

(b) Purchase agreements

InterCement Brasil has a contractual agreement for purchase of raw slag effective until 2021 adjusted by the General Market Price Index (IGP-M) (“take or pay contract”) and also contracts for the acquisition of electric power until 2020, whose total estimated cash disbursements, in nominal amounts, are as follows:

	12.31.2018	12.31.2017
2018	-	6,534
2019	7,352	7,355
2020	7,352	7,880
2021	613	-
Total	15,317	21,769

Other subsidiaries are parties to contractual agreements for the purchase of inventories and property, plant and equipment, and the operation of facilities located in third-party properties, as follows:

	12.31.2018	12.31.2017
2018	-	40,242
2019	44,314	22,572
2020	21,540	14,008
2021	18,072	12,448
2022	18,072	77,789
After 2022	115,009	-
Total	217,007	167,059

In the year ended December 31, 2018, it was established a new energy contract in the amount of €83.3 million (USD 95.47 million) effective for a period of 10 years starting in July 2019. In the year ended December 31, 2017, included an energy contract in the Argentinian business area, in the amount of €77.3 million (USD 88.6 million), starting in 2018 and effective for a period of 20 years.

Additionally to the above figures, in accordance with the contract concluded with Sinoma International Engineering Co. Ltd for the construction of a new cement plant, Loma Negra C.I.A.S.A. assumed at December 31, 2017 commitments in a total amount of €277,600 (ARS 6,212,214 thousand). The amount was divided into ARS 2,167,648 thousand, USD 107,415 thousand and €41,575. The value in pesos is subject to a periodic update in accordance with an adjustment formula, so the committed at December 31, 2018 amounts to ARS 2,506,019 thousand, USD 61,417 thousand and €30,905 in a total of ARS 6,156,200 thousand (€142,540 millions).

22. Earnings Per Share

The table below shows the reconciliation of profit for each period with the amounts used to calculate basic and diluted per share:

	12.31.2018	12.31.2017
Loss for the period from continuing and discontinuing operations attributable to Company's owners	(192.434)	(363.728)
Loss for the period attributable to common shares	(192.434)	(363.728)
Weighted average number of common shares	22.687.439	22.687.439
Basic/diluted loss per common share	(8,48)	(16,03)
Loss for the period from continuing operations attributable to Company's owners	(198.665)	(353.418)
Loss for the period attributable to common shares	(198.665)	(353.418)
Weighted average number of common shares	22.687.439	22.687.439
Basic/diluted loss per common share	(8,76)	(15,58)

As a result of the net loss for the years ended December 31, 2018 and 2017 the loss per share calculation does not include profit allocation to preferred shares A.

23. Insurance

Each business area is covered by Cimpor Reinsurance, S.A. that is a reinsurance company responsible for managing the operational risk. This company directly assumes all property damage with indemnity limits of up to €3,0 million per insured event, and third-party liability and product risks up to €250 per insured event; in each case, the excess is covered by international insurance companies. Cimpor Reinsurance, S.A. covers all business areas, except for third-party liability and product risks of the companies in business area Argentina.

Argentina business area companies have the policy of coverage insurance for third-party liability and product risks according to Management's assessment.

24. Guarantees

The comfort letters and guarantees given within the Group, in the amount of €1.8 billion, relates to financial liabilities already reflected in the consolidated financial position. In addition, as of December 31, 2018, several Group companies obtained guarantees with third parties, mainly related with tax processes in the business areas of Brazil and Spain, in the amount of €379 million (€435 million as of December 31, 2017).

25. Financial Instruments

The Group conduct transactions involving financial instruments, including derivatives, all of which recorded in balance sheet accounts, which are intended to meet their operating and financial needs. The Group contracts short-term investments, borrowings and financing, as well as derivatives.

25.1 Capital risk management

The Group capital structure consists on net debt (borrowings less cash equivalents and securities) and equity (which includes issued capital, reserves, retained earnings and non-controlling interests).

25.2 Financial risk management

General principles

During its normal business activities, ICP Group is exposed to a variety of financial risks likely to change its net worth, which can be grouped, according to their nature, in the following categories:

- Interest rate risk;
- Exchange rate risk;
- Liquidity risk;
- Credit risk;
- Counterparty risk.

Financial risk is deemed to mean the probability of obtaining a positive or negative outcome different to that expected, and which materially and unexpectedly alters the Group's net worth.

All risk management, focused on that objective, is conducted according to two core concerns:

- Reducing, whenever possible, fluctuations in profit/loss and cash flows that are exposed to risk situations;

- Curbing deviation from forecast financials by means of meticulous financial planning based on multi-year budgets.

Furthermore, another concern of the Group is that the processes for managing these risks meet internal information needs and also external requirements (regulators, auditors, financial markets and all other stakeholders).

The Group, as a rule, does not take speculative positions and so the sole aim of all operations carried out with the purpose of managing financial risks is to control existing risks to which the Group is unavoidably exposed.

Hedging the interest-rate risk and exchange-rate risk normally means contracting financial derivatives on the over-the-counter market (for reasons of flexibility), involving a limited number of counterparties with high ratings. These operations are undertaken with financial entities with which International Swaps and Derivatives Associaton (ISDA) contracts have been concluded beforehand, in accordance with international standards.

The whole treasury department is responsible for managing financial risks, including identifying, assessing and hedging such risks. This risk management is conducted under the guidance of the

Executive Committee, in particular of the director responsible for the financial risk area (whose approval is required prior to any operation).

25.3 Interest rate risk

The Group's exposure to interest-rate risk arises from the fact that its balance sheet includes financial assets and liabilities that may have been contracted at fixed interest rates or at variable interest rates. In the former case, the Group runs the risk of variation in the fair value of those assets and liabilities, whereby any change in market rates involves a (positive or negative) opportunity cost. In the latter case, such change has a direct impact on the amount of interest paid/received, resulting in cash account changes.

Interest-rate swaps are normally contracted to hedge this type of risk, in accordance with the Group's expectations concerning the development of market rates.

Exposure to interest rate risks and to floating and fixed rates

The Group is exposed to floating interest rates and inflation rates mainly related to changes in the IGP-M, CDI, Libor, Euribor, Broad Consumer Price Index (IPCA) and TJLP on borrowings and debentures. Interest rates on short-term investments are mostly linked to the CDI and Selic fluctuation. These positions are as follows:

	12.31.2018	12.31.2017
Assets:		
CDI	107,198	38,823
SELIC	-	36,558
Total	107,198	75,381
Liabilities:		
IGP-M	6,539	6,937
CDI	483,435	630,798
EURIBOR	283,929	419,559
LIBOR	566,958	662,014
TJLP	-	4,452
Others	36,461	40,865
Total	1,377,322	1,764,625

At December 31, 2018 and 2017 the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, was as follows:

	12.31.2018	12.31.2017
Floating rates	71%	66%
Fixed rates	29%	34%

25.4 Exchange rate risk

The Group's is exposed to the exchange-rate risk for the currencies of different countries due to the amounts of capital invested in those countries where functional currency is different from Group functional currency.

The exchange effects of the translation of local financial statements in the Group's consolidated financial statements can be mitigated by hedging the net investments made in those countries. These operations are not frequent, considering such operations which is generally too high considering the risks involved.

When hedging the exchange-rate risk, swaps and forward contracts and with maturities equivalent to the instrument that serves as a hedging basis, are contracted.

The Group does not carry out exchange-rate operations that do not adequately cover existing or contracted positions.

The fact that the Group operates in countries with significant interest rate differentials in relation to the consolidation currency, results in the search for natural hedge strategies. In this respect there was a seeking to increase the debt of the Business Units in order to obtain better correspondence between assets and liabilities in the same currency, thus decreasing the Group's overall exposure.

Exposure to foreign exchange risk

The Group has assets and liabilities in currencies other than their own functional currencies, mainly the US dollar, and their financial results may be materially impacted by exchange rate fluctuations.

The main account groups exposed to foreign exchange risk are as follows:

	12.31.2018	12.31.2017
Assets:		
Cash, cash equivalents and securities	85,243	803,623
Trade receivables	4,859	7,379
Related parties (a)	528,570	544,658
Other credits	2,633	3,552
Exposed assets	621,305	1,359,212
Liabilities:		
Interest, borrowings, financing and debentures	1,066,867	1,155,280
Foreign trade payables	106,747	32,981
Related parties (a)	425,805	430,052
Other debits	442	233
Exposed liabilities	1,599,861	1,618,313

(a) It relates to intercompany balances with currency exposure at least in one of the related companies, (considering subsidiaries with different functional currencies), where balances (assets and liabilities) are eliminated during the consolidation; however, gain or loss impact is not totally eliminated.

The presentation of cash and cash equivalents and current securities by currencies and related foreign exchange exposures are as follows:

		dez-18		Dec-17	
Functional currency	Currency	Currency	Euros	Currency	Euros
ARS	USD	22,888	19,979	54,402	45,338
BRL	USD	104	91	143	119
PYG	USD	903	788	444	370
EGP	USD	1,196	1,044	2,587	2,156
EUR	USD	69,246	60,445	906,186	755,212
MZN	USD	160	139	90	75
ARS	BRL	8	2	10	2
PYG	BRL	1	0	1	0
ARS	EUR	12	12	15	15
PYG	EUR	9	9	28	28
EGP	EUR	211	211	32	32
MZN	EUR	1,285	1,285	142	142
EUR	EGP	2,730	133	2,731	128
ARS	PYG	4,918	1	6,155	1
MZN	ZAR	1,093	66	45	3
Amount exposed to foreign exchange risk			84,206		803,623
BRL	BRL	496,517	111,853	329,808	83,090
EUR	EUR	39,027	39,027	142,465	142,465
ARS	ARS	1,378,090	31,908	2,031,925	90,799
MZN	MZN	787,200	11,201	689,770	9,837
EGP	EGP	367,965	17,955	317,394	14,921
PYG	PYG	84,543,494	12,380	30,133,107	4,484
ZAR	ZAR	547,205	33,271	703,797	47,696
CVE	CVE	-	-	317,392	2,878
Amount by functional currency			257,595		396,171
			341,801		1,199,794

The main debt instruments as of December 31, 2018 and 2017, and considering the effect of the existing cross currency swaps, were denominated in the following currencies:

	12.31.2018	12.31.2017
USD	54%	42%
BRL	25%	23%
EUR	16%	30%
Other	5%	5%

25.5 Liquidity risk

Liquidity risk management means maintaining an appropriate level of cash resources and contracting credit limits that not only ensure the normal pursuit of the Group's activities but also meet the needs of any extraordinary operations.

The company is currently working with its lenders to refinance its debt profile, targeting lower amortization for the next coming years, while Brazil recovers from its recent financial crises.

25.6 Credit risk

The markets view of Group's credit risk in regards to financing operations is naturally reflected in the financial costs associated to such operations. The Group's influence in such matters is merely ancillary, embodying the prudent and balanced management of the business in order to lessen the probability of non-performance of its obligations.

The Group's level of solvency is also reflected in its Leverage ratio (Net Debt / EBITDA). As described in Notes 9 and 10, as at December 31, 2018, the Company agreed with financial institutions the increase of such ratio from 4.5 to 5.5 (ratio Net Debt versus EBITDA), coming back to 4.5 in the following periods. As of that date the covenants conditions were met and such obligation will only be measured again based on the financial figures as at December 31, 2019.

Financial instruments that potentially subject the Company and its subsidiaries to concentrations of credit risk consist primarily of short-term investments and trade receivables. The Company and its subsidiaries maintain bank accounts and short-term investments with financial institutions approved by Management, and only carry out sale transactions according to credit approval criteria for minimizing default risks.

25.7 Counterparty risk

When the Group establishes different contractual relations with third parties, it takes on the risk of the probability of non-fulfilment or even, in an extreme scenario, default by a counterparty.

The Group endeavours to limit its exposure to this risk, when making bank deposits and other cash investments and also, when contracting derivative instruments, by carefully selecting the counterparties, based on their rating and taking into account the nature, maturity and scope of the operations.

No losses due to non-compliance are expected based on the information currently available.

25.8 Sensitivity analysis of financial instruments

Exposure to interest-rate risk results in the variability of the Group's net financial expenses. The results of a sensitivity analysis of exposure as of December 31, 2018 were as follow:

a) Sensitivity analysis - Interest rates with Euribor, US Libor and CDI index

A parallel change of +/- 1% in the interest rate curve with all the other assumptions remaining constant would result in an increase in financial costs for the period then ended (before taxes) of approximately €3 million on the euro liability indexed to the variable rate, and USD 6 million on the variable rate loan, and €5 million on the Real variable rate loan, as shown in table below:

Indexing	Currency	Value	1%	2%	3%
Euribor	EUR	283,929	2,839	5,679	8,518
US Libor	USD	566,958	5,670	11,339	17,009
CDI	BRL	483,435	4,834	9,669	14,503

Additionally, in the case of rates indexed in R$ (Brazilian reais), 3 scenarios were also simulated: Scenario 1, assuming the expected rates according with the market, and two scenarios of increase of 25% (Scenario 2) and 50% (Scenario 3, Remote) in the rates, being specifically considered that as there were significant amounts invested in this currency, there was a simulation of the impact that an decrease in rates would have on these applications (CDI Assets). The results for the assets and liabilities impacts are as follows:

	Total	Risk	Scenario 1	Scenario 2	Scenario 3
Asset					
CDI	107,198	Index Decrease	6,925	5,194	3,463
Liability					
IGP-M	6,539	Index Increase	226	283	339
CDI	483,435	Index Increase	31,231	39,039	46,847

b) Exchange rates

In the debt and financial derivatives components, considering the currency distributing aforementioned, the exchange rate risks result from exchange rate volatility as well as its impact on consolidated financial results.

Considering the Group's companies financial asset and liability profile (including intercompany balances) at December 31, 2018 the more significant impact on net financial results would be as follows:

				USD depreciation			USD appreciation	
Amount in USD	Funcional currency	FX Rate (12-31-18)		-10%	-5.0%	0.0%	5.0%	10.0%
-968,011	EUR	1.1456	Effect in EUR	-84,498	-42,249	-	42,249	84,498
-63,037	ARS	37.70	Effect in ARS	-237,649	-118,825	-	118,825	237,649
			Effect in EUR	-6,114	-2,896	-	2,620	5,002
1,218	PYG	5,960.94	Effect in PYG	725,863	362,932	-	-362,932	-725,863
			Effect in EUR	118	56	-	-51	-97
-153,662	BRL	3.87	Effect in BRL	-59,541	-29,770	-	29,770	59,541
			Effect in EUR	-14,903	-7,060	-	6,387	12,194
85,613	ZAR	14.36	Effect in ZAR	122,909	61,455	-	-61,455	-122,909
			Effect in EUR	8,303	3,933	-	-3,559	-6,794
-1,893	EGP	17.89	Effect in EGP	-3,386	-1,693	-	1,693	3,386
			Effect in EUR	-184	-87	-	79	150
-125,230	MZN	61.35	Effect in MZN	-768,274	-384,137	-	384,137	768,274
			Effect in EUR	-12,146	-5,753	-	5,205	9,938

				EUR depreciation			EUR appreciation	
Amount in EUR	Funcional currency	FX Rate (12-31-18)		-10%	-5.0%	0.0%	5.0%	10.0%
-33,130	ZAR	16.45	Effect in ZAR	54,488	27,244	-	-27,244	-54,488
			Effect in EUR	3,213	1,522	-	-1,377	-2,629
160,634	BRL	4.44	Effect in BRL	-71,305	-35,653	-	35,653	71,305
			Effect in EUR	-15,580	-7,380	-	6,677	12,747

				EGP depreciation			EGP appreciation	
Amount in EGP	Funcional currency	FX Rate (12-31-18)		-10%	-5.0%	0.0%	5.0%	10.0%
42,211	EUR	20.49	Effect in EUR	206	103	-	-103	-206

(Thousand)

25.9 Categories of financial instruments

	12.31.2018	12.31.2017
Current assets:		
Financial assets at amortized cost:		
Cash and bank accounts (Note 4)	143,039	909,868
Short-term investments - financial asset	183,264	237,555
Trade receivables (Note 6)	73,202	82,324
Other receivables	35,220	36,396
Financial assets at fair-value:		
Short-term investments - financial asset	15,498	52,371
Derivatives	-	3,856
Non-current assets:		
Financial assets at amortized cost:		
Long-term investments - financial asset	1,336	2,053
Trade receivables (Note 6)	745	1,137
Other receivables	35,281	20,541
Financial assets at fair-value:		
Long-term investments - financial asset	1	-
Derivatives	3,362	6,690
Current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	105,822	105,682
Borrowings and financing (Note 10)	385,538	467,604
Trade payables	249,605	291,649
Interest payable (Notes 10 and 11)	39,389	57,571
Other payables	42,272	42,221
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	792,905	895,403
Borrowings and financing (Note 10)	653,901	1,244,050
Trade payables	9,948	6,142
Other payables	29,133	16,252
Financial liabilities at fair value:		
Derivatives	303	16,589

25.10 Derivative transactions

As of December 31, 2018 and 2017, the fair value of derivatives is as follows:

	Assets				Liabilities			
	Current		Non-current		Current		Non-current	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	-	-	3,362	6,690	-	-	303	-
Interest rate and cross currency swaps	-	3,856	-	-	-	-	-	16,589
	-	3,856	3,362	6,690	-	-	303	16,589

Hedging derivatives

The following schedule shows the operations at December 31, 2018 and 2017 that qualify as hedging accounting instruments:

					Fair value	
Type of hedge	Notional	Type of Operation	Maturity	Economic purpose	12.31.2018	12.31.2017
Cash-flow	USD 204.400.000	Cross Currency Swap to EUR	Jan/22	Swich a USD loan into EUR loan (a)	-	(12,733)
Cash-flow	USD 102.200.000	Cross Currency Swap to EUR	Jan/23	Swich a USD loan into EUR loan (a)	-	-
					-	(12,733)

(a) Derivative instruments settled during the year ended December 31, 2018, having been paid, the amount of €22,508 at the time of its settlements. In accordance with IFRS9, the remaining amount excluding tax effect, accumulated up to December 2018, recorded as "other comprehensive income", in the amount of approximately €7,000 will be amortized to profit and loss, when the cash flow is realized.

Trading derivatives

The portfolio at December 31, 2018 of three derivatives options in connection with "Baesa", "Machadinho" and "Estreito" operations, whose asset and liability fair value as of December 31, 2018 and 2017, were of about €3,059 and €6,690, respectively.

25.11 Market values

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of December 31, 2017 in accordance with the following fair value seniority levels:

- Level 1: the fair value of financial instruments is based on listings on net active markets as of the date of the financial statements;
- Level 2: the fair value of financial instruments is not based on listings on net active markets but rather based valuation models;
- Level 3: the fair value of financial instruments is not based on listings on net active markets but rather on valuation models, the principal inputs of which are not observable in the market.

Category	Item	Level 1	Level 2	Level 3
Assets:				
Financial assets at fair value	Securities - current	15,498	-	-
Financial assets at fair value	Financial derivative instruments	-	-	3,362
Financial assets at fair value	Securities - non current	1	-	-
Liabilities:				
Financial liabilities at fair value	Financial derivative instruments	-	-	303

<u>Estimated fair value – assets and liabilities not measured at fair value</u>

Measurement of fair value of derivatives financial instruments is based on criteria extracted from external database agencies, and the results obtained faced with the corresponding evaluations made by counterparties.

Except as regards non-current loans the majority of financial assets and liabilities mature in the short term and so their fair value is considered to be the same as their book values.

Regarding loans and debentures, as shown in Notes 10 and 11, in general, are contracted at variable interest rates. Consequently, it is understood that the corresponding book value (amortized cost) does not differ significantly from their corresponding market value, except for the Senior Notes issued by Cimpor B.V. and for the fixed interest rate loans contracted in the Brazilian segment, which effect of their valuation to fair value in relation to their book value being as follows:

	12.31.2018	12.31.2017
Fair value	842,763	1,012,444
Carrying amount	918,202	1,019,187

26. Supplemental Cash Flow Information

Investment and financing activities not involving cash

	12.31.2018	12.31.2017
Interest capitalization	478	121
Purchase of property, plant and equipment through trade payables	31,445	1,788
Purchase of intangibles through trade payables	4,252	14,169
Sales of property, plant and equipment that will be received	3,243	2,649
Mines and ore reserves constitution/reversion	(1,472)	-
Itaú Fomentar loan payment	28	-

27. Operating Segment

The operating segments are identified based on the internal reports on the Company's components, periodically reviewed by the Chief Executive Officer (CEO), the chief operating decision-maker, so that funds can be allocated to the segments and their performances assessed.

To manage its business taking into consideration its financial and operating activities, the Company classified its business into each geographical area where the Company operates.

The profit and loss information are as follows:

	12.31.2018				12.31.2017			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	418,757	970	419,727	(91,852)	453,607	1,017	454,624	(314,968)
Argentina and Paraguay	644,138	-	644,138	120,318	811,211	-	811,211	176,236
Egypt	114,764	-	114,764	(2,653)	104,024	-	104,024	(24,447)
Mozambique	107,331	-	107,331	15,468	96,417	-	96,417	1,814
South Africa	133,585	2,613	136,198	21,930	133,695	2,386	136,081	21,110
Total	1,418,575	3,583	1,422,158	63,211	1,598,954	3,403	1,602,357	(140,255)
Unallocated (a)	38,052	122,988	161,040	(10,686)	79,990	118,528	198,518	(1,457)
Eliminations	-	(126,571)	(126,571)	-	-	(121,931)	(121,931)	-
Sub-total	1,456,627	-	1,456,627	52,525	1,678,944	-	1,678,944	(141,712)
Share of profit of associates				-				(86)
Income before financial income (expenses)				52,525				(141,798)
Foreign exchange gains/(losses), net				(78,931)				128,535
Financial income				46,262				38,426
Financial expenses				(188,575)				(299,154)
Income before income tax and social contribution				(168,719)				(273,991)
Income tax and social contribution				(33,336)				(143,572)
Loss for the period from continuing operations				(202,055)				(417,563)
Profit/(Loss) for the period from discontinued operations (Note 2.30)				7,394				(13,116)
Loss for the year				(202,055)				(417,563)

a) This caption includes holding companies and trading companies not attributable to specific segments.

The profit for each years above includes the full amount of the Company's segments disregarding the following amounts attributable to noncontrolling interests:

	Noncontrolling interests	
	12.31.2018	12.31.2017
Continuing operating segments:		
Brazil	(18,733)	(94,326)
Argentina and Paraguay	28,742	39,537
Egypt	(997)	(14,654)
Mozambique	1,284	7,053
South Africa	4,014	2,019
	14,310	(60,371)
Unallocated	(17,704)	(3,772)
	(3,394)	(64,143)
Discontinued operating segments (Note 2.30)	1,167	(2,808)
Profit for the period attributable to non-controlling interests	(2,227)	(66,951)

Other information:

	12.31.2018		12.31.2017	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Continuing operating segments:				
Brazil	45,042	119,829	45,231	311,554
Argentina and Paraguay	117,694	53,930	71,021	34,571
Egypt	5,059	17,411	14,599	23,920
Mozambique	33,856	11,416	6,216	6,511
South Africa	10,421	9,223	7,223	9,917
	212,072	211,809	144,290	386,473
Unallocated	3,263	1,727	1,801	1,861
	215,335	213,536	146,091	388,334
Discontinued operating segments (Note 2.30)	11,202	48,074	5,595	58,388
Total	226,537	261,610	151,686	446,722

The impairment losses, when it occurs, respects to impairment losses on goodwill, tangible and intangible assets.

In the year ended December 31, 2018 impairment losses were recorded in Brazilian business segment for tangible assets in the amount of €51,580 (R$221,985 thousand) and €233,573 (R$846,535 thousand) respectively (Note 8).

In addition, segment assets and liabilities reconciled with the consolidated balances as of December 31, 2018 and 2017 are as follows:

	12.31.2018			12.31.2017		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Continuing operating segments:						
Brazil	1,558,508	799,523	758,985	1,797,170	1,084,849	712,321
Argentina and Paraguay	978,846	377,907	600,939	821,083	381,235	439,848
Portugal and Cape Verde	-	-	-	859,140	383,624	475,516
Egypt	252,366	191,950	60,416	222,793	157,506	65,287
Mozambique	221,784	145,034	76,750	197,421	145,498	51,923
South Africa	334,117	95,166	238,951	364,037	100,672	263,365
Total	3,345,621	1,609,580	1,736,041	4,261,644	2,253,384	2,008,260
Unallocated	368,366	1,498,294	(1,129,927)	1,249,422	1,962,846	(713,424)
Eliminations	(273,638)	(273,638)	-	(546,234)	(546,234)	-
Other investments	-	-	-	8,625	-	8,625
Total continuing segments	3,440,349	2,834,236	606,114	4,973,457	3,669,996	1,303,461
Discontinued operating segments (Note 2.30)	868,105	310,598	557,506	-	-	-
Eliminations	(4,310)	(4,310)	-	-	-	-
Total discontinuing segments	863,795	306,288	557,506	-	-	-
Inter-segment eliminations	(119,965)	(119,965)	-	-	-	-
Total	4,184,179	3,020,559	1,163,620	4,973,457	3,669,996	1,303,461

The assets and liabilities unallocated includes assets and liabilities not attributable to specific segments basically allocated to holding and trading companies.

28. Events After the Reporting Period

On January 17, 2019 the Company has signed the final closing agreement completing the sale of business operations in Portugal and Cape Verde to “Ordu Yardimlasma Kurumu” (OYAK Group) of Turkey. With a reference price of €707 million, the final price for the transaction will be determined considering the closing net debt, the related parties balances, the changes in working capital since June 30, 2018, which process remains in course.

Up to today, the Company has already received an amount of about €626 million was received, being such proceeds to be used mainly to reduce the Group debt level, in accordance with InterCement Liability Management Plan, and up to now an amount of about €315 million were already paid, including the debt in the sold entities.

29. Authorization for Completion of Financial Statements

At the meeting held on April 4, 2019, the Board of Directors authorized the completion of this consolidated financial statements.

INTERCEMENT

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Building sustainable partnerships