INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Information for the nine months period ended September 30th, 2018.

InterCement

Building sustainable partnerships

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Interim Consolidated Statements of Financial Position as of September 30, 2018 and December 31, 2017

(In thousands of euros - €)

ASSETS	Notes	09.30.2018	12.31.2017
CURRENT ASSETS			
Cash and cash equivalents	4	243,650	1,137,502
Securities	5	17,956	62,292
Trade receivables	6	104,535	82,324
Inventories		238,297	334,128
Recoverable taxes		32,592	40,998
Derivatives	19	1,366	3,856
Other receivables		48,129	36,396
		686,525	1,697,496
Assets classified as held for sale	2.4	771,711	-
Total current assets		1,458,236	1,697,496
NONCURRENT ASSETS			
Securities	5	1,267	2,053
Trade receivables	6	909	1,137
Inventories		19,102	19,730
Recoverable taxes		34,404	8,273
Deferred income tax and social contribution	14	15,931	16,860
Escrow deposits		16,284	18,323
Derivatives	19	11,993	6,690
Other receivables		26,585	20,541
Property Investment		5,631	7,079
Investments		802	9,350
Property, plant and equipment	7	1,090,574	1,565,229
Intangible assets:			
Goodwill	8	946,388	1,399,695
Other intangible assets	8	129,497	201,001
Total noncurrent assets		2,299,367	3,275,961
TOTAL ASSETS		3,757,603	4,973,457

LIABILITIES AND EQUITY	Notes	09.30.2018	12.31.2017
CURRENT LIABILITIES			
Trade payables		155,674	291,649
Debentures	10	100,910	105,682
Borrowings and financing	9	214,936	467,604
Interest payable	9 and 10	16,985	57,571
Taxes payable		41,678	75,225
Payroll and related taxes		26,471	43,962
Dividends and interest on capital	13	3,302	4,162
Advances from customers		9,541	19,280
Related parties		-	-
Actuarial liabilities		38	773
Other payables		41,052	42,221
		610,587	1,108,129
Liabilities directly associated with assets classified as held for sale	2.4	355,157	-
Total current liabilities		965,744	1,108,129
NONCURRENT LIABILITIES			
Trade payables		3,652	6,142
Debentures	10	771,208	895,403
Borrowings and financing	9	841,164	1,244,050
Provision for tax, civil and labor risks	11	56,985	83,612
Provision for environmental recovery		21,084	38,637
Taxes payable		10,537	12,684
Deferred income tax and social contribution	14	166,612	232,758
Actuarial liabilities		653	15,740
Derivatives	19	-	16,589
Other payables		13,734	16,252
Total noncurrent liabilities		1,885,629	2,561,867
TOTAL LIABILITIES		2,851,373	3,669,996
SHAREHOLDER'S EQUITY			
Capital	13	1,080,949	1,080,949
Capital reserves	13	393,034	393,034
Earnings reserves	13	929,571	918,110
Accumulated losses	13	(811,817)	(714,314)
Other comprehensive income	13	(1,022,662)	(836,819)
Equity attributable to the Company's owners		569,075	840,960
Non-controlling interests	13	337,155	462,501
Total equity		906,230	1,303,461
TOTAL LIABILITIES AND EQUITY		3,757,603	4,973,457

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Interim Consolidated Statements of Profit or Loss for the nine months period ended September 30, 2018 and 2017

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

	Notes	09.30.2018	09.30.2017 (Restated - Note 2.4)
CONTINUING OPERATIONS			
NET REVENUE	21	1,123,344	1,255,981
COST OF SALES AND SERVICES	15	(896,039)	(944,079)
GROSS PROFIT		227,305	311,902
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	15	(151,497)	(218,150)
Other income (expense)	15	23,795	(175,908)
Equity result		-	68
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		99,603	(82,088)
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	16	(68,204)	138,547
Financial income	16	34,576	23,701
Financial expenses	16	(148,537)	(225,625)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(82,562)	(145,465)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	14	(24,975)	(70,423)
Deferred	14	(174)	57,346
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(107,711)	(158,542)
DISCONTINUED OPERATIONS			
PROFIT / (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.4	3,822	(5,660)
LOSS FOR THE PERIOD ATTRIBUTABLE TO			
Company's owners	18	(97,503)	(132,314)
Non-controlling interests	21	(6,386)	(31,888)
LOSS PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted loss per share	18	(4.42)	(5.64)
LOSS PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted loss per share	18	(4.30)	(5.83)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Interim Consolidated Statements of Comprehensive Income for the nine months period ended September 30, 2018 and 2017

(In thousands of euros - €)

	Notes	09.30.2018	09.30.2017
CONTINUING OPERATIONS			
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(107,711)	(158,542)
Other comprehensive income:			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations	13	(298,312)	(163,731)
Hedging derivatives financial instruments	13	8,347	11,311
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(397,676)	(310,962)
DISCONTINUED OPERATIONS			
INCOME / (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS		3,822	(5,660)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits	13	(1,573)	391
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS		2,249	(5,269)
COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(284,968)	(216,813)
Non-controlling interests		(112,708)	(94,149)
COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(283,346)	(220,967)
Non-controlling interests		(112,081)	(95,264)

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Interim Consolidated Statements of Changes in Equity for the nine months period ended September 30, 2018 and 2017

(In thousands of euros - €)

				Earnings reserves							
	Notes	Share capital	Capital Reserves	Transactions with noncontrolling interests	Legal	Investments	Other comprehensive income	Accumulated losses	Total attributable to the Company's owners	Non-controlling interests	Total equity
BALANCE AT DECEMBER 31, 2016		1,080,949	555,114	-	18,063	137,590	(720,321)	(507,726)	563,669	391,469	955,138
Loss for the period		-	-	-	-	-	-	(132,314)	(132,314)	(31,889)	(164,203)
Realization of deemed cost of property, plant and equipment		-	-	-	-	-	(1,049)	1,049	-	-	-
Sale of noncontrolling interests		-	-	593	-	-	-	-	593	202	795
Aquisition of noncontrolling interests		-	-	(1,460)	-	-	-	-	(1,460)	(718)	(2,178)
Loss absortion through earning reserves		-	-	-	(18,063)	(137,590)	-	155,653	-	-	-
Transactions with shareholders recognized directly in equity	2.4	-	-	(2,570)	-	-	-	-	(2,570)	(873)	(3,443)
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	-	(438)	(438)
Other comprehensive income	13	-	-	-	-	-	(88,654)	-	(88,654)	(63,375)	(152,029)
BALANCE AT SEPTEMBER 30, 2017		1,080,949	555,114	(3,437)	-	-	(810,024)	(483,338)	339,264	294,378	633,642
BALANCE AT DECEMBER 31, 2017		1,080,949	393,034	918,110	-	-	(836,819)	(714,314)	840,960	462,501	1,303,461
Loss for the period		-	-	-	-	-	-	(97,503)	(97,503)	(6,386)	(103,889)
Aquisition of noncontrolling interests	13	-	-	11,461	-	-	-	-	11,461	(12,962)	(1,501)
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	-	(303)	(303)
Other comprehensive income	13	-	-	-	-	-	(185,843)	-	(185,843)	(105,695)	(291,538)
BALANCE AT SEPTEMBER 30, 2018		1,080,949	393,034	929,571	-	-	(1,022,662)	(811,817)	569,075	337,155	906,230

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Condensed Interim Consolidated Statements of Cash Flows for the nine months period ended September 30, 2018 and 2017

(In thousands of euros - €)

	Notes	09.30.2018	09.30.2017
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before income tax and social contribution from continuing and discontinuing operations		(77,083)	(153,682)
Adjustments to reconcile income before income tax and social contribution with net cash generated by operating activities:			
Depreciation, amortization and impairment losses		139,726	332,440
Recognition (reversal) of allowance for probable losses, net		(21,023)	(8,232)
Interest, accrued charges, and exchange differences		187,810	70,720
Gain on sale of long-lived assets		(4,428)	(2,812)
Equity result		(799)	(380)
Other noncash operating losses (gains)		(12,955)	2,367
Decrease (increase) in operating assets:			
Related parties		(19)	-
Trade receivables		(108,196)	(38,419)
Inventories		(32,036)	(32,473)
Recoverable taxes		1,863	3,978
Other receivables		(19)	(113)
Increase (decrease) in operating liabilities:			
Related parties		120	-
Trade payables		(4,093)	(46,867)
Payroll and vacation payable		2,440	(217)
Other payables		(46,950)	(42,452)
Taxes payable		8,322	8,119
Cash generated by operating activities		32,680	91,977
Income tax and social contribution paid		(27,873)	(36,006)
Interest paid		(142,492)	(203,657)
Net cash generated / (used) by operating activities		(137,685)	(147,686)
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of (Investments in) securities		33,409	25,536
Purchase of property, plant and equipment		(134,981)	(100,419)
Increase in intangible assets		(1,068)	(1,874)
Acquisition of noncontrolling interests	12	-	(14,605)
Sale of long-lived assets		3,911	3,532
Other		(831)	-
Dividends received		833	844
Net cash used in investing activities		(98,727)	(86,986)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	9 and 10	47,740	289,292
Swap transactions	19	(26,861)	204,767
Acquisition of noncontrolling interests	1 and 13	(1,501)	-
Repayment of borrowings, financing and debentures	9 and 10	(579,563)	(485,406)
Other instruments		(479)	430
Net cash generated / (used) in financing activities		(560,664)	9,083
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(797,076)	(225,589)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(57,830)	(40,835)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1,137,502	541,143
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	282,596	274,719

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Notes to the Consolidated Interim Condensed Financial Information for the nine months period ended September 30, 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, 78 concrete plants, and 21 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 of such depends on resolutive clauses, including regulatory approvals and it is management expectation that the transaction will be made according to the terms agreed.

InterCement will allocate a relevant portion of the net proceeds from this sale to reduce its indebtedness and, consequently, materially strength its capital structure. 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.

Upon completion, this transaction will permit InterCement to focus its business interests on its unique cement footprint in South America and Africa, encompassing 39 million tons of installed capacity at 35 cement plants. This transaction will enable InterCement to achieve the full potential of its organization and assets, as these regions continue to grow and enjoy higher cement consumption.

As a result of this process, InterCement's "Discontinued operations" are presented in the Consolidated Interim Financial Statements as a Group subject to sale, as required by International Financial Reporting Standard 5 ("IFRS 5") – Non Current Assets Held for Sale and Discontinued Operating Units.

In connection with non-controlling interest of Cimpor shares disclosed in previous year, during the six months period ended June 30, 2018, InterCement acquired 0.65% of Cimpor shares in the amount of €1,501 (see Note 13).

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of preparation

The condensed interim consolidated Financial Information as of September 30, 2018 has been prepared based on International Accounting Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), which allows entities to present selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. Accordingly, this Interim Financial Information should be read together with the Company´s consolidated financial statements for the year ended December 31, 2017.

Note on the accounting practice for the effects of inflation on the financial statements of Loma Negra CIASA.

International Accounting Standard ("IAS") 29 Update International Accounting Standard ("IAS") 29 Financial Reporting in Hyperinflationary Economies requires that financial statements of entities whose functional currency is that of a hyperinflationary economy be adjusted for the effects of changes in a suitable general price index. These requirements apply equally to annual financial statements and interim statements prepared under IAS 34 Interim Financial Statements. IAS 29 includes several characteristics of hyperinflation, including a cumulative inflation rate over three years that approaches or exceeds 100 per cent. Levels of inflation in Argentina have been high for some time, resulting in inflation indices exceeding 100% on a three year cumulative basis. It is also understood that the other qualitative indicators in terms of IAS 29 of hyperinflation are, to varying degrees, present in Argentina. Therefore, Argentine companies using International Financial Reporting Standards as adopted by the IASB should apply IAS 29 to their financial statements for periods on and after July 1, 2018. However, adjustments to reflect inflation (as required by IAS 29) are prohibited by Argentine Law No. 23,928, and the Decree No. 664/03 issued by the Argentine federal government instructed the regulatory authorities, such as the Argentine Securities Commission (Comisión Nacional de Valores-CNV), to accept only financial statements that comply with the prohibition set forth by Law No. 23,928. Therefore, Loma Negra's financial information as of and for the three- and nine month periods ended September 30, 2018 has been prepared in accordance with CNV and with International Financial Reporting Standards, with the sole exception of the adoption of IAS 29. The Board of Directors and Management of the Company are in the process of analyzing and calculating the effects of the adoption of IAS 29 in its financial information. Although the quantification has not been completed, it is estimated that the effects of the adjustment could be significant.

Up to this moment, no updated information that would allowed InterCement to estimate accurately those effects is available and accordingly no estimation for those effect were considered in these financial statements. This must be taken into account by the users of the financial information contained herein.

2.2. Significant accounting policies

The accounting policies adopted are consistent with those considered in the consolidated financial statements for the year ended December 31, 2017 and disclosed in the corresponding notes, except in what respect of the standards and interpretations that became effective on January 1, 2018, namely:

(i) IFRS 9 – Financial Instruments

The ICP Group has adopted since January 1, 2018 the new standard IFRS 9, which supersedes the previous IAS 39. Regarding the transition from IAS 39 to IFRS 9, the Group applied the simplified approach model, i.e., the Group did not apply IFRS 9 retrospectively.

Based on an analysis of the Group´s financial assets and liabilities, the Board of Directors assessed the impact of the adoption of IFRS 9 on these condensed consolidated interim financial information as follows:

Classification and measurement

IFRS 9 introduced a model for the classification of financial assets based on the business model for managing the financial assets ("business model test") and their contractual cash flow characteristics ("SPPI test").

The application of IFRS 9 did not change the fair value hedge and cash flow hedge classification.

The measurement and classification of all financial instruments continued on the same basis as previously under IAS 39. Therefore, captions accounts receivable, accounts payable and loans granted and borrowings obtained continued to be measured at amortized cost under IFRS 9.

Impairment

A new methodology for the calculation and reporting of trade and other receivables impairment losses was introduced, changing the method from the incurred loss to the expected credit loss model (ECL), where the credit risk assessment is considered upon initial recognition.

The Board of Directors concluded that the application of the expected credit loss model resulted in the early recognition of credit losses for the corresponding assets in an immaterial amount, charged to profit and loss for the period ended September 30, 2018.

(ii) IFRS 15 – Revenue from Contracts with Customers

ICP Group has adopted since January 1, 2018 the new standard IFRS 15, which supersedes the previous IAS 18.

As referred in Note 18 to the 2017 annual report, Group´s revenues 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. 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 under IAS 18. The application of IFRS 15 does not have a material impact on the Group's consolidated financial position or consolidated financial performance.

2.3. Functional, reporting and presentation currencies

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

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

		Closing exchange rate (R$)			Average exchange rate (R$)	
Currency		09.30.2018	12.31.2017	09.30.2017	09.30.2018	09.30.2017
USD	US Dollar	4,00390	3,30800	3,16800	3,59738	3,18040
EUR	Euro	4,65450	3,96930	3,74300	4,28988	3,54225
MZN	Mozambique Metical	0,06667	0,05661	0,05216	0,06146	0,05021
CVE	Cape Verde Escudo	0,04221	0,03600	0,03395	0,03891	0,03212
EGP	Egyptian Pound	0,22390	0,18660	0,17970	0,20327	0,17736
ZAR	South African Rand	0,28290	0,26900	0,23450	0,28123	0,24117
ARS	Argentinian Peso	0,09706	0,17737	0,18302	0,14415	0,19557
PYG	Paraguayan Guaraní	0,00068	0,00059	0,00056	0,00064	0,00056

2.4. Consolidation

Changes in ownership

Changes in ownership in the nine months period ended September 30, 2018 were mainly derived from the purchase of additional stake of 0.65% in Cimpor – Cimentos de Portugal, SGPS, S.A. ("Cimpor") (Note 1). Consequently, as Cimpor is the owner of the majority of the Company's segments and entities, such change also increase the share of investments in all segments/geographies.

In the nine months period ended September 30, 2017, there was a change in consolidation perimeter mainly due to the acquisition of 100% of the share capital of CECC Incorporadora e Administradora de Bens, Ltda. amounting to €14,642 (Note 12). This operation has generated a recognition of €3,443 directly in equity.

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

As explained in the General Information Note, on October 26, 2018 the "Discontinued operations", considering the sales agreement relating to Portugal and Cape Verde, our interim 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 Assets:

- The total profit or loss for the periods from “Discontinued Operations” are presented in a single line in the Condensed Interim 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 Condensed Interim Consolidated Statements of Financial Position, under the captions “Assets of Discontinued Operations” and “Liabilities relating to Assets of Discontinued Operations”;

- 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;

- The various 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 21 - “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

	09.30.2018	09.30.2017
DISCONTINUED OPERATIONS		
NET REVENUE	185,491	150,425
COST OF SALES AND SERVICES	(144,739)	(136,890)
GROSS PROFIT	40,752	13,535
OPERATING INCOME (EXPENSES)		
Administrative and selling expenses	(47,011)	(25,160)
Other income (expense)	16,584	9,842
Equity result	799	312
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	11,124	(1,471)
FINANCIAL INCOME (EXPENSES)		
Foreign exchange gains/(losses), net	(267)	(346)
Financial income	547	(2,678)
Financial expenses	(5,925)	(3,722)
PROFIT / (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	5,479	(8,217)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(7,702)	(2,192)
Deferred	6,045	4,749
PROFIT / (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	3,822	(5,660)
PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO		
Company's owners	2,852	(4,446)
Non-controlling interests	970	(1,214)

During the nine months period ended September 30, 2018, "Other income (expenses)" are positively impacted by a net gain of €8,642 (€2,913 in the nine months period ended September 30, 2017), as a result of the sale of 965,000 tons of CO_2 emissions allowances (600,000 tonnes of CO_2 emissions in the nine months period ended September 30, 2017).

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

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	38,946
Securities	9,500
Trade receivables	33,024
Inventories	55,856
Recoverable taxes	1,481
Other receivables	14,274
Total current assets	153,081
NONCURRENT ASSETS	
Deferred income tax and social contribution	1,653
Other receivables	191
Investments	8,834
Property, plant and equipment	256,856
Intangible assets:	
Goodwill	304,859
Other intangible assets	46,237
Total noncurrent assets	618,630
Assets in Consolidated Interim Statement of financial position	771,711
Inter-segment eliminations (a)	146,946
Assets from discontinued operations	918,657

LIABILITIES	
CURRENT LIABILITIES	
Trade payables	62,641
Borrowings and financing	35,838
Interest payable	814
Taxes payable	12,092
Payroll and related taxes	8,003
Advances from customers	290
Actuarial liabilities	730
Other payables	9,717
Total current liabilities	130,125
NONCURRENT LIABILITIES	
Trade payables	1,657
Borrowings and financing	139,308
Provision for tax, civil and labor risks	10,582
Provision for environmental recovery	13,417
Deferred income tax and social contribution	42,590
Actuarial liabilities	17,449
Other payables	29
Total noncurrent liabilities	225,032
Liabilities related with assets from discontinuing operations	355,157
Inter-segment eliminations (a)	10,755
Liabilities from discontinued operations	365,912

(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:

	09.30.2018	09.30.2017
Net cash generated / (used) by operating activities	(3,019)	(845)
Net cash used in investing activities	(29,893)	(41,642)
Net cash generated / (used) in financing activities	(14,485)	34,824
Increase / (Decrease) in cash and cash equivalents	(47,398)	(7,662)
Cash and cash equivalents from discontinuing operations	38,946	-

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainties

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no changes in relation to what was presented in note 3 to the Company's consolidated Financial Statements as of December 31, 2017.

Based on the results of the Group and its business units, as well as on the macroeconomic conditions of the countries and segments in which each business unit operates, there were no indications, as of September 30, 2018, that would lead us to reassess the conclusions reached in the preparation of the annual consolidated financial statements as of December 31, 2017, regarding the recoverability of tangible, intangible assets and goodwill.

4. Cash and Cash Equivalents

	09.30.2018	12.31.2017
Cash and bank accounts	161,898	909,868
Short-term investments	81,752	227,634
Total cash and cash equivalents	243,650	1,137,502
Cash and cash equivalents in assets from discontinued operations (Note 2.4)	38,946	-
	282,596	1,137,502

Short-term investments were as follows:

	09.30.2018	12.31.2017
Bank certificates of deposit (CDBs)	1,727	9,233
Short Term Investment in Reais	347	15,113
Exclusive funds:		
National Treasury Bills (LTNs)	-	742
National Treasury Bills (LTFs)	147	-
CDBs	116	195
Investments funds	15,694	2,021
Others	-	18,251
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos	23,254	88,610
Short-term investments in US dollars	22,415	45,041
Short-term investments in euro	-	11,886
Short-term investments in Egyptian pound	1,789	701
Short-term investments in South African rand	14,217	35,388
Short-term investments in Mozambique metical	2,046	-
Short-term investments in Cape Verd escudos	-	453
Total short-term investments	81,752	227,634

As at September 30, 2018, short-term investments in exclusive funds yielded an average interest from 100% to 104.5% of the Interbank Deposit Certificate (CDI) fluctuation (100% to 115% of the CDI as at December 31, 2017).

Additionally, short-term investments in foreign subsidiaries includes, in the Argentine business area, fixed rate bonds in pesos issued by governmental entities amounting to €5,088 (€56,143 as at December 31, 2017), short-term investments amounting to €18,166 (€32,467 as at December 31, 2017), with yields of 51.5% and from 39.1% to 46.2%, respectively (28.9% and 23,2% as at December 31, 2017), and short-term investments in USD amounting to €22,414 (€45,003 as at December 31, 2017) with yields from 0.72 to 2.9% (1.8% as at December 31, 2017).

In South Africa business area, term-bank deposit in Rands yielded interest of 6.3% to 6.45% amounting to € 14.217 (€35.388 as at December 31, 2017).

All amounts are available for immediate withdrawal.

5. Securities

Securities are classified as financial assets, as follows:

	09.30.2018	12.31.2017
Market investments	2,866	32,087
Other	16,357	32,258
Total	19,223	64,345
Total - current	17,956	62,292
Total - noncurrent	1,267	2,053

As at September 30, 2018 and 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 September 30, 2018, the variation occurred in this caption 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 €9,004.

6. Trade Receivables

	09.30.2018	12.31.2017
Domestic and foreign customers - current	124,918	117,006
(-) Impairment for doubtful accounts – current	(20,383)	(34,682)
Trade receivables - current	104,535	82,324
Domestic and foreign customers - noncurrent	1,580	1,757
(-) Impairment for doubtful accounts – noncurrent	(671)	(620)
Trade receivables - noncurrent	909	1,137

As of December 31, 2017, trade receivables were influenced by trade receivables securitization settled with related parties, Camargo Corrêa S.A. and CCSA Finance Ltd., amounting to €51,557 and with financial institutions in the amount of €8,124.

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 nine months period ended September 30, 2018 an additional estimated impairment loss was recorded in the amount of €1,615.

7. Property, Plant and Equipment

	09.30.2018		
	Cost	Depreciation & Impairment	Net book value
Land	72,214	(11,943)	60,271
Buildings	269,170	(122,311)	146,859
Machinery and equipment	1,216,665	(571,665)	645,000
Vehicles	19,790	(4,969)	14,821
Furniture and fixtures	6,330	(4,351)	1,979
Mines and ore reserves	106,282	(60,889)	45,393
Reservoirs, dams and feeders	60,304	(18,517)	41,787
Other	9,269	(6,058)	3,211
Spare parts	3,670	-	3,670
Advances to suppliers	19,915	-	19,915
Construction in progress	243,707	(136,039)	107,668
Total	2,027,316	(936,742)	1,090,574

In the Argentina and Paraguay business area and Brazil business area, as at September 30, 2018, there are assets given as collateral for loans obtained for such acquisition in the amount of approximately €57,839 and €4,435, 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 to in Note 11.

During the nine months periods ended September 30, 2018 and 2017, the Company capitalized financial charges amounting to €633 and €92, respectively, related to loans granted to finance eligible assets.

Construction in progress and advances to suppliers as at September 30, 2018, refers basically to investments in the expansion and construction on new units in Brazil, Mozambique and Argentina, and as of December 31, 2017 in Brazil, Argentina and Egypt, 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

For the nine months period ended September 30, 2018, impairment losses on continuing operations were recorded in the amount of €4,253 in construction in progress in Brazil business area.

For the year ended December 31, 2017, and given the macroeconomic context in Brazil, which results in reductions of cement consumption, 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. In Egypt business area an impairment related to tangible fixed assets in the amount of €8,552, was recognized, and also in Portugal business area an amount of €6,730 related to tangible fixed assets was recorded.

As a result of IFRS 5 adopting, in the period ended September 30, 2018, property, plant and equipment related to “Discontinued operations”, totaling €256,856, were reclassified to the caption “Assets of discontinued operations” (Note 2.4).

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	10,533	-	-	-	-	2,153	-	-	-	1,326	-	14,012
Additions	689	399	14,839	4,981	177	16,147	46	5	32	54,852	411	92,578
Write-offs	(1,829)	(298)	18	(186)	(2)	-	-	-	(3)	(62)	-	(2,362)
Depreciation	(1,948)	(17,402)	(94,279)	(4,565)	(854)	(16,758)	(2,206)	-	(1,195)	-	-	(139,207)
Impairment	(462)	(1)	(75)	-	-	-	-	-	537	(187,126)	-	(187,127)
Effect of changes in exchange rates	(7,212)	(21,779)	(79,048)	(4,710)	(228)	(6,751)	(4,913)	(371)	(653)	(13,079)	(2,053)	(140,797)
Transfers	(32,735)	2,835	31,411	5,546	190	35,466	-	2	(1,185)	(42,736)	(89)	(1,295)
Balance at September 30, 2017	140,149	320,789	967,313	28,735	2,703	62,360	54,724	4,185	2,528	75,271	24,883	1,683,640
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
Additions	537	1,359	9,764	2,164	234	16,595	6	186	303	91,921	111	123,180
Write-offs	(329)	(21)	(32)	(71)	(8)	-	-	-	4	(652)	(3)	(1,112)
Depreciation	(3,726)	(20,306)	(83,130)	(3,269)	(670)	(14,159)	(1,822)	-	(969)	-	-	(128,051)
Impairment	-	56	-	-	-	-	-	-	(4,253)	-	-	(4,197)
Effect of changes in exchange rates	(5,868)	(40,942)	(104,094)	(12,205)	(461)	(19,283)	(7,360)	(630)	(781)	(16,950)	(3,031)	(211,605)
Transfers	5,616	(6,611)	(2,780)	2,549	235	518	-	(145)	7,291	(2,338)	(296)	4,039
Discontinued operations (Note 2.4)	(68,565)	(93,075)	(90,401)	(321)	(170)	-	-	-	(70)	(4,149)	(105)	(256,856)
Balance at September 30, 2018	60,271	146,911	645,000	14,821	1,979	45,393	41,787	3,670	3,211	107,668	19,915	1,090,626

Additions during the nine month period ended September 30, 2018, includes Argentinean business area disbursements related to the increase of the installed capacity at its L'Amalí plant by 2.7 million tons annually, amounting to €38,9 million (USD 46.4 million) and the acquisition of a cement gridding in the region of Matola (Mozambique) for the amount of €27,2 million (USD 32.5 million).

8. Intangible Assets

	09.30.2018	12.31.2017
Other intangible assets:		
Mining rights	104,178	168,952
Concession-related assets	3,618	4,563
Software licenses	4,043	6,628
Project development costs	4,234	6,276
Trademarks, patents and others	13,424	14,582
	129,497	201,001
Goodwill:		
Loma Negra C.I.A. S.A.	207,452	243,263
CBC - Companhia Brasileira de Cimentos ("CBC")	22,050	25,857
Cia. Industrial e Mercantil de Cimentos S.A. ("CIMEC")	16,286	19,097
Cimpor - Cimentos de Portugal, SGPS, S.A.	684,942	1,092,321
Other	15,658	19,157
	946,388	1,399,695
Total	1,075,885	1,600,696

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are conducted based on the recoverable amounts of each of the corresponding business segment, which did not occur in the nine months periods ended September 30, 2018 and 2017.

As of September 30, 2018, the accumulated impairment amount registered in Goodwill related with Brazil business area (above presented as acquired under the Cimpor – Cimentos Portugal SGPS, SA acquisition) is € 466,042.

As a result of the adoption of IFRS 5, in the nine months period ended September 30, 2018, other intangible assets (including the related impairment losses) and goodwill related to "Discontinued operations" in the amount of €46,237 and €304,859, respectively, were reclassified to the caption "Assets of discontinued operations" (Note 2.4).

Variations in intangible assets in the nine months periods ended September 30, 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	1,490	89	605	-	599	-	2,783
Write-offs	-	-	-	-	(2)	-	(2)
Depreciation	(2,496)	(682)	(1,122)	(1,270)	(1,245)	-	(6,815)
Effect of changes in exchange rates	(454)	(121)	(11,360)	(419)	(608)	(98,239)	(111,201)
Transfers	1,436	-	-	456	(736)	-	1,156
Balance at September 30, 2017	5,859	4,109	175,406	4,365	7,809	1,448,390	1,645,938
Balance at December 31, 2017	6,628	4,563	168,952	6,276	14,582	1,399,695	1,600,696
Additions	354	146	-	80	659	-	1,239
Depreciation	(2,121)	(793)	(1,545)	(1,343)	(993)	-	(6,795)
Impairment	-	-	-	-	233	-	233
Effect of changes in exchange rates	(1,043)	(298)	(17,257)	(725)	(841)	(148,448)	(168,612)
Transfers	241	-	-	(54)	33	-	220
Discontinued operations (Note 2.4)	(16)	-	(45,972)	-	(249)	(304,859)	(351,096)
Balance at September 30, 2018	4,043	3,618	104,178	4,234	13,424	946,388	1,075,885

9. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Interest rates (a)	Contract date	Maturity		09.30.2018 Current	09.30.2018 Noncurrent	12.31.2017 Current	12.31.2017 Noncurrent
EUR	Holdings and Financial Vehicles (*)	Several bilateral	US$	Floating rates indexed to US Libor	May-12	Several	(b)	-	198,973	-	242,217
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb-12	Feb-22	(b)	-	205,796	-	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)	10,565	31,689	18,026	42,160
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	Feb-14	Feb-22	(b)	32,742	97,876	54,121	126,227
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	Feb-14	Feb-24	(b)	-	141,902	60,922	137,253
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	May-14	May-19		43,011	-	-	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	Dec-18		24,000	-	23,609	-
ARS	Argentina and Paraguay	Several bilateral	ARS	Fixed and floating rates	Several	Several		15,945	-	27,983	16,138
ARS	Argentina and Paraguay	Several bilateral	US$	Floating rates indexed to US Libor	Several	Several		52,660	22,724	38,688	40,944
BRL	Brazil	Several bilateral	BRL	Fixed and floating rates	Several	Several		3,019	57,710	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		11,575	48,863	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		21,418	631	19,179	841
								214,936	841,164	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 2.75% and 4.4%.

(b) The decrease verified during the nine months period ended September 30, 2018 is mainly due to the partial settlements of such financings, in the amount of €435 million, following InterCement Liability Management plan previously mentioned in the 2017 annual report.

As at September 30, 2018 and December 31, 2017, current liabilities include incurred interest related to those financing agreements amounting to €10,545 and €30,614, respectively, presented as “Interest payable”.

Changes in Borrowings and Financing during the nine months periods ended September 30, 2018 and 2017 were as follows:

	Borrowings and financing
Balance at December 31, 2016	2,146,002
Receipts	289,292
Payments	(485,406)
Effect of changes in Exchange rates, comissions and other	(13,262)
Balance at September 30, 2017	1,936,626
Balance at December 31, 2017	1,711,654
Receipts	47,740
Payments	(509,005)
Effect of changes in Exchange rates, comissions and other	(19,143)
Discontinued operations (Note 2.4)	(175,146)
Balance at September 30, 2018	1,056,100

Maturity schedule

As at September 30, 2018 and December 31, 2017, the noncurrent portions mature as follows:

Period	09.30.2018	12.31.2017
2019 (3 months)	11,781	347,073
2020	203,672	294,579
2021	230,160	253,908
2022	237,476	249,427
Following years	158,076	99,063
	841,164	1,244,050

Covenants

The loan 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, 2017 the Company agreed with the financial institutions the increase of Net Debt / EBITDA ratio from 4.5 to 5.0, coming back to 4.5 in the following periods. As at that date the covenants conditions were met and such obligation will only be measured again based on the financial figures as of December 31, 2018.

10. Debentures

							09.30.2018		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	47,289	142,006	55,414	221,964
BRL	Brazil	Debênture - Brazil	BRL	Aug-12	Floating rate indexed to CDI	Aug-22	53,621	161,024	50,268	201,352
EUR	Holdings and Financial Vehicles (*)	Senior Notes (b)	USD	Jul-14	5.75%	Jul-24	-	468,177	-	472,087
							100,910	771,208	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 the nine months period ended September 30, 2018 and in the years ended December 31, 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 September 30, 2018 the Group holds bonds in the par value of USD 198,812 thousand (€171,022).

As at September 30, 2018 and December 31, 2017, current liabilities include incurred interest presented as 'Interest payable' amounting to €7,253 and €26,957, respectively.

Changes in Debentures in the nine months periods ended September 30, 2018 and 2017 were as follows:

	Debêntures
Balance at December 31, 2016	1,279,341
Effect of changes in Exchange rates, comissions and other	(163,440)
Balance at September 30, 2017	1,115,901
Balance at December 31, 2017	1,001,085
Payments	(70,558)
Effect of changes in Exchange rates, comissions and other	(58,409)
Balance at September 30, 2018	872,118

Maturity schedule

As at September 30, 2018 and December 31, 2017, the noncurrent portion of debentures mature as follows:

Period	09.30.2018	12.31.2017
2019 (3 months)	-	104,472
2020	100,033	104,472
2021	100,033	104,472
2022	100,033	104,472
Following years	471,109	477,515
	771,208	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, 2017 the Company agreed with the financial institutions the increase of Net Debt / EBITDA ratio from 4.5 to 5.0, coming back to 4,5 in the following periods. As from that date the covenants conditions were met and such obligation will only be measured again based on the financial figures as at December 31, 2018.

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, 2017, the Company complied with all contractual obligations and such obligation will only be measured again based on the financial figures as at December 31, 2018.

11. Provisions and Contingent assets and liabilities

Provisions

The Group is subject to tax, civil, labor and other 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 reporting period.

The provision for risks is broken down as follows:

	09.30.2018	12.31.2017
Labor and social security	9,054	25,848
Tax (a)	21,773	28,256
Civil and other (b)	28,386	32,531
	59,213	86,635
Escrow deposit (c)	(2,228)	(3,023)
Total	56,985	83,612

(a) Brazil: At September 30, 2018, refer basically to tax assessment notices and lawsuits amounting to €1,167 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.

Portugal: Refer basically to the provisions for tax risks related to income tax, amounting to €5,750 in September 30, 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: Tax provisions in this business area are related mainly to income tax from years 2004 to 2014, which are being challenged in courts, in the amount of €11,166 (€9,765 in December 31, 2017).

(b) Includes mainly a provision related to the industrial license estimation of late payments interests in Egypt, totalling €20,542 (€20,075 on December 31, 2017).

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

	09.30.2018	12.31.2017
Labor and social security	1,883	2,323
Tax	305	655
Civil and other	40	45
Total	2,228	3,023

As a result of IFRS 5 adopting, in the nine months period ended September 30, 2018, provisions and contingent assets and liabilities for “Discontinued operations”, totalling €10,582, were reclassified to the caption “Assets of discontinued operations” (Note 2.4).

Changes in the provision for risks for the nine months periods ended September 30, 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	1,239	174	1,151	(1,744)	820
Payment/deposit derecognition	(4,083)	(72)	(602)	722	(4,035)
Reversal	(175)	(221)	(158)	-	(554)
Transfers	-	-	-	-	-
Exchange differences	(1,142)	(772)	(820)	290	(2,444)
Balance at September 30, 2017	23,542	17,931	8,396	(3,608)	46,261
Balance at December 31, 2017	25,848	28,256	32,531	(3,023)	83,612
Recognition/deposit	2,199	516	2,569	(1,936)	3,348
Payment/deposit derecognition	(3,031)	(1,897)	(2,722)	2,315	(5,335)
Reversal	(2,963)	(5,195)	(3,109)	-	(11,267)
Exchange differences	(2,500)	93	(800)	416	(2,791)
Discontinued operations (Note 2.4)	(10,499)	-	(83)	-	(10,582)
Balance at September 30, 2018	9,054	21,773	28,386	(2,228)	56,985

Contingent liabilities

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

As at September 30, 2018, the Group has an exposure of €783 million (€830 million as at December 31, 2017), being €8 million of contingent liabilities related to labor contingencies (€7 million as at December 31, 2017), €574 million of tax contingencies (€604 million as of December 31, 2017), €201 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 our legal advisors.

As described in the year ended December 31, 2017 the most significant contingencies are:

Brazil

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 court judged the administrative appeal filed by the Group under the process initiated in 2007 by the antitrust authorities in Brazil (as well by other involved companies), maintaining the adverse 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, €116 million (which corresponds to R$241,700 thousand for 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 September 30, 2018 the fine imposed reach to, resulting from its inflation adjustment, amounts to €156 million (R$724 million).

After the referred CADE's administrative decision becomes final, the Group files an appeal with the court and obtained, on October 22, 2015, a preliminary injunction to suspend all penalties imposed by CADE, upon the presentation of real guarantees (two plants), until the judgment decision. Such preliminary injunction decision was judicially appealed by CADE, which was rejected. Based on the opinion of its legal advisors, the risk of loss in court is considered as possible, and therefore, no provision was recorded for this contingent liability as of September 30, 2018 and December 31, 2017.

Spain

As a result of tax inspections for 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 about the ruling handed down by the Audiência Nacional court in Spain regarding judicial proceedings related to these tax assessments. The ruling has been almost entirely favorable to us. The Tax Authorities filed an appeal to the Supreme Court that was accepted 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 the completion of the legal proceedings resulting from the ongoing lawsuits, 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 on the proceedings from 2005 to 2008, as possible (approximately €86 million) to remote (approximately €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, establishing the negative taxable income of that period in approximately €31 million. In July 2017, the tax authorities report for the year 2012 resulted in an adjustment to negative taxable income of approximately €242 million. In August 2017 an appeal was filed against the Administrative

Economic Court and it is pending of resolution. In both cases the deferred tax related to those losses are not booked. As in previous years, the Management and its legal and tax advisors remains convinced that, based on the completion from the conclusion of the legal proceedings challenging these adjustments, no significant charges will be incurred by the Group.

12. Related Parties

Transactions and balances between Group companies consolidated upon 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 are considered regular operating activities, and include advances, loan agreements, sales and purchases of products and services.

For the nine months periods ended September 30, 2017, it is worth of mention the acquisition from Administradora PMV Ltda. and Participações Morro Vermelho S/A, group controlling companies, of a stake of 100% of CECC – Incorporadora e Administradora de Bens, Ltda. shares, by €14,642 (R$48,782 thousand) (Note 2). This transaction has generated an entry of €3,443 directly in equity.

In addition to reinforce that as identified in Notes 9 and 10, there are loans guaranteed by the Company's controlling entities.

13. Shareholder's Equity

Share Capital

Share capital as of September 30, 2018 and December 31, 2017 is represented by 25,046,440 registered shares without par value, of which 22,687,439 are common shares and 2,359,001 are preferred shares.

Capital Reserves - Preferred Shares – InterCement Participações Company

The preferred shares 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 upon decision of the Board of Directors. Any contractual obligations are guaranteed and recorded at the Company's controlling shareholder; consequently, the Company does not have any contractual obligation assumed with such holders of the preferred shares.

Earnings reserves

Transactions with non-controlling interests

In the nine months period ended in September 30, 2018, the variations in this caption includes mainly the acquisition of non-controlling interest: an acquisition from non-controlling shareholders of an additional stake of 0.65% of Cimpor shares (Note 1) in the amount of €1,501 which resulted in a gain of €10,652 recognized directly in equity.

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 at September 30, 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 nine months periods ended September 30, 2018, the variations in Other comprehensive income includes the negative equity amount of €185,843 corresponding to: i) the negative equity recognition of actuarial losses on the liability to employees in the amount of €1,230; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of €191,118 and iii) the positive equity recognition of hedging operations amounting to €6,505.

In the nine months periods ended September 30, 2017, other comprehensive income includes the negative equity amount of €88,654 corresponding to: i) the positive equity recognition of actuarial losses on the liability to employees in the amount of €292; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of €97,543 and iii) the positive equity recognition of hedging operations amounting to €8,597.

Non-controlling interests

The variation in non-controlling interests in the nine months period ended September 30, 2018, relates mainly to the recognition of the period result, €6,386, for the effect of €12,153 with the additional stake of 0.65% of Cimpor shares and in other comprehensive income, the negative amount of €105,695 corresponds to: i) the negative equity recognition of actuarial losses on the liability to employees in the amount of €343; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of €107,194 and iii) the positive equity recognition of hedging operations amounting to €1,842.

Additionally, in this caption, Preferred shares of special purpose entities of Barra Grande Participações, Machadinho Participações and Estreito Participações, were booked. 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 establishing a set of assumptions that 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 nine months periods ended September 30, 2018 and 2017, dividends to non-controlling interests were declared in the amount of, respectively, €303 and €438.

14. Income Tax and Social Contribution

For the nine months periods ended September 30, 2018 and 2017 the reconciliation between the nominal and the effective income tax for the Group's continuing operations was as follows:

	09.30.2018	09.30.2017
Loss before income tax and social contribution	(82,562)	(145,465)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	28,071	49,458
Adjustments to calculate income tax and social contribution at effective rates:		
Equity method gain	-	23
Permanent additions / (deductions), net (a)	(875)	6,065
Impairment losses (b)	-	(63,633)
Unrecorded deferred income tax and social contribution tax (c)	(62,644)	2,485
Adjustments to deferred taxes	6,603	(155)
Other (d)	3,696	(7,320)
Income tax and social contribution expense	(25,149)	(13,077)
Income tax and social contribution expense - Current	(24,975)	(70,423)
Income tax and social contribution expense - Deferred	(174)	57,346

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

(b) In the nine months periods ended September 30, 2017 relates to the impairment on tangible assets (Note 7). Due to uncertainty of its recover, no deferred tax was booked.

(c) In the nine months ended September, 2018 and 2017, includes the tax effect from losses on entities not recognized since at present there are currently no projections that enable them to be expected to be recovered;

(d) In the nine months ended September 30, 2018 includes the reduction of a tax provision amounting to €4,209 (Note 11). In the nine months ended September 30, 2017, it was included the registration of a tax income charge of approximately €7 million related to the phased payments agreements from additional tax assessments made by tax authority to one of our companies in Egypt, referring to the year 2008. The Company has appealed to the courts and, supported by the legal counsellors opinion, understands that the tax authorities have no grounds regarding the maintenance of a substantial part of those assessments.

Deferred income tax and social contribution

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

As a result of IFRS 5 adopting, in the period ended September 30, 2018, Deferred income tax and social contribution assets and liabilities for “Discontinued operations”, totalling €1,653 and €42,590, respectively, were reclassified to the caption “Assets of discontinued operations” (Note 2.4).

In addition to the income tax charge, in the nine months periods ended September 30, 2018 and 2017, the Group recorded deferred tax of €2,082 and €493, respectively, directly in costs recognized in equity.

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

The consolidated statement of profit and loss for continuing operations is presented based on a classification of expenses according to their function. Information on the nature of such expenses is as follows:

	09.30.2018	09.30.2017
Depreciation, amortization, and impairment losses (a)	(103,348)	(295,557)
Salaries and employee benefits	(161,563)	(202,295)
Raw materials and consumables	(246,564)	(301,740)
Tax expenses	(18,922)	(24,976)
Outside services	(104,719)	(108,761)
Rental	(6,366)	(9,597)
Freight expenses	(113,698)	(107,935)
Maintenance costs	(58,586)	(69,677)
Fuel	(108,887)	(109,544)
Electricity	(96,798)	(81,206)
Reversal (recognition) of provision for risks	534	(1,971)
Gain on sale of property, plant and equipment	1,705	1,895
Other	(6,529)	(26,773)
Total	(1,023,741)	(1,338,137)
Cost of sales and services	(896,039)	(944,079)
Administrative and selling expenses	(151,497)	(218,150)
Other (expenses)/income (net)	23,795	(175,908)
Total	(1,023,741)	(1,338,137)

(a) In the nine months periods ended September 30, 2018 and 2017 includes the impairments of the Brazil business area in tangible assets amounting to €4,253 (R$18,247 thousand) and €187,126 (R$662,849 thousand) (Note 7), respectively.

16. Financial Income (Expenses) and Foreign Exchanges Losses (net)

	09.30.2018	09.30.2017
Foreign exchange losses, net (a):		
Exchange gain	111,724	204,921
Exchange loss	(179,928)	(66,374)
Total	(68,204)	138,547
Financial income:		
Inflation adjustment	15,954	3,477
Financial earnings	14,785	13,245
Interest income	567	1,016
Derivative financial instruments (b)	1,671	1,971
Other income (c)	1,599	3,992
Total	34,576	23,701
Financial expenses:		
Inflation adjustment	(2,352)	(1,616)
Expenses on interest and charges	(112,458)	(179,773)
Expenses on banking commissions	(16,876)	(25,071)
Fines	(803)	(713)
Derivative financial instruments (b)	(5,916)	(10,221)
Loss recognized in asset held for sale	-	(5)
Other expenses (c)	(10,132)	(8,226)
Total	(148,537)	(225,625)

(a) In the nine months periods ended September 30, 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) These captions are comprised of the fair value change of trading derivative financial instruments contracted to cover exchange and interest rate risks, and the written-put options in connection with “Baesa”, “Machadinho” and “Estreito” operations.

(c) 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 nine months period ended September 30, 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 10) which has generated a financial income in the amount of €1,600.

17. 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:

	09.30.2018	12.31.2017
Up to one year	6,512	9,535
From one to five years	9,332	11,997
More than five years	14	26
Total	15,858	21,558

The Group recognized, for the nine months periods ended September 30, 2018 and 2017, as operating lease expenses in the amount of €7,861 and €9,899 respectively.

(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:

	09.30.2018	12.31.2017
2018	1,837	6,534
2019	6,803	7,355
2020	6,803	7,880
2021	567	-
Total	16,010	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:

	09.30.2018	12.31.2017
2018	27,592	40,242
2019	29,787	22,572
2020	19,109	14,008
2021	17,840	12,448
After 2021	133,015	77,789
Total	227,343	167,059

Includes an energy contract in the Argentinian business area, in the amount of €76.2 million (USD 88.6 million), starting in 2018 and effective for a period of 20 years. As of September 30, 2018, it was established a new energy contract in the amount of €82.1 million (USD 95.47 million) effective for a period of 10 years starting in July 2019.

In accordance with the contract entered into Sinoma International Engineering Co. Ltd for the construction of a new cement plant, Loma Negra C.I.A.S.A., assumed commitments in a total amount of €195,110 as at September 30, 2018 (€277,600 as at December,31, 2017). The total amount is divided into ARS 3,130,133 thousand, USD 90,170 thousand and €35,338 (ARS 2,167,648 thousand, USD 41,575 thousand and €107,415 for December 31, 2017). The value in pesos includes a periodic update in accordance with an adjustment formula.

18. Earnings Per Share

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

	09.30.2018	09.30.2017
Loss for the period from continuing and discontinuing operations attributable to Company's owners	(97,503)	(132,314)
Loss for the period attributable to common shares	(97,503)	(132,314)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted loss per common share	(4.30)	(5.83)
Loss for the period from continuing operations attributable to Company's owners	(100,354)	(127,869)
Loss for the period attributable to common shares	(100,354)	(127,869)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted loss per common share	(4.42)	(5.64)

As a result of the net loss for the nine months periods ended September 30, 2018 and 2017 the loss per share calculation does not include profit allocation to preferred shares.

19. 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 Company contracts short-term investments, borrowings and financing, as well as derivatives.

19.1. Capital risk management

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

19.2. 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 means the probability of obtaining a positive or negative outcome different to that expected, and which materially and unexpectedly changes 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 strict financial planning based on multi-year budgets.

Furthermore, another concern of the Group is that the processes for managing these risks meet internal information requirements 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 objective 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 the International Swaps and Derivatives Associaton (ISDA) contracts were completedin advance, 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).

19.3. Interest rate risk

The Group's exposure to the 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 is subject to the risk of changes 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 rate fluctuation. These positions are as follows:

	09.30.2018	12.31.2017
Assets:		
CDI	18,648	38,823
SELIC	1,033	36,558
Total	19,681	75,381
Liabilities:		
IGP-M	6,135	6,937
CDI	456,305	630,798
EURIBOR	283,386	419,559
LIBOR	502,375	662,014
TJLP	2,181	4,452
Others	25,651	40,865
Total	1,276,033	1,764,625

As of September 30, 2018 and December 31, 2017 the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, was as follows:

	09.30.2018	12.31.2017
Floating rates	66%	66%
Fixed rates	34%	34%

19.4. Exchange rate risk

The Group's exposure to the exchange-rate risk regarding the currencies of different countries, arises from the amounts of capital invested in each country where the functional currency is different from the Group's functional currency.

The exchange effects of the translation of local financial statements on 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 are generally substantially high considering the risks involved.

To hedge the exchange-rate risk, the Group enter into swaps and forward contracts with maturities equivalent to the hedged instrument.

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 the Group sought to increase the debt of the Business Units in order to obtain better correlation between assets and liabilities in the same currency, thus decreasing the Group's overall exposure.

The Company owns in the derivatives portfolio, hedging instruments, to help manage the Group's exchange exposure, namely a cross-currency swap that converts a liability in USD into a liability contracted in Euros.

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:

	09.30.2018	12.31.2017
Assets:		
Cash, cash equivalents and securities	130,429	803,623
Trade receivables	10,027	7,379
Related parties (a)	592,088	544,658
Other credits	3,943	3,552
Exposed assets	736,487	1,359,212
Liabilities:		
Interest, borrowings, financing and debentures	982,623	1,155,280
Foreign trade payables	71,221	32,981
Related parties (a)	462,482	430,052
Other debits	2,335	233
Exposed liabilities	1,518,661	1,618,313

(b) 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 fully eliminated.

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

		Set-18		Dec-17	
Functional currency	Currency	Currency	Euros	Currency	Euros
ARS	USD	26,145	22,491	54,402	45,338
BRL	USD	1,748	1,504	143	119
PYG	USD	548	471	444	370
EGP	USD	2,825	2,430	2,587	2,156
EUR	USD	118,446	101,890	906,186	755,212
MZN	USD	121	104	90	75
ARS	BRL	9	2	10	2
PYG	BRL	1	0	1	0
ARS	EUR	11	11	15	15
PYG	EUR	17	17	28	28
EGP	EUR	17	17	32	32
MZN	EUR	303	303	142	142
EUR	EGP	2,730	131	2,731	128
ARS	PYG	4,828	1	6,155	1
MZN	ZAR	577	35	45	3
Amount exposed to foreign exchange risk			129,406		803,623
BRL	BRL	100,463	21,584	329,808	83,090
EUR	EUR	31,942	31,942	142,465	142,465
ARS	ARS	1,362,110	28,405	2,031,925	90,799
MZN	MZN	666,780	9,551	689,770	9,837
EGP	EGP	307,074	14,771	317,394	14,921
PYG	PYG	45,794,314	6,676	30,133,107	4,484
ZAR	ZAR	317,066	19,271	703,797	47,696
CVE	CVE	-	-	317,392	2,878
Amount by functional currency			132,200		396,171
			261,606		1,199,794

The main debt instruments (essentially related with loans and debentures) as at September 30, 2018 and December 31, 2017, and considering the effect of the existing cross currency swaps, were denominated in the following currencies:

	09.30.2018	12.31.2017
USD	50%	42%
BRL	24%	23%
EUR	20%	30%
Other	5%	5%

19.5. Liquidity risk

Liquidity risk management means maintaining an appropriate level of cash resources and contracting credit limits that not only ensure the regular performance 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 a lower amortization schedule for the next coming years, while Brazil recovers from its recent financial crises.

19.6. 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, 2017, the Company agreed with financial institutions the increase of such ratio from 4.5 to 5.0 (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, 2018.

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.

19.7. Counterparty risk

When the Group establishes different contractual relations with third parties, it assumes on the risk of the probability of non-performance 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, by 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.

19.8. 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 at September 30, 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 finance costs for the period then ended (before taxes) of approximately €3 million on the euro liability indexed to the variable rate, and USD 5 million on the variable rate loan, and €5 million on the Brazilian variable rate loan, as shown in the table below:

Indexing	Currency	Value	1%	2%	3%
Euribor	EUR	283,386	2,834	5,668	8,502
US Libor	USD	502,375	5,024	10,047	15,071
CDI	BRL	456,305	4,563	9,126	13,689

b) Exchange rates

In the debt and financial derivatives components, considering the aforementioned currency distribution, 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) as of September 30, 2018 the more significant impact on net financial results would be as follows:

				USD depreciation			USD appreciation	
Amount in USD	Funcional currency	FX Rate (09-30-18)		-10%	-5.0%	0.0%	5.0%	10.0%
-705,778	EUR	1.1625	Effect in EUR	-60,713	-30,356	-	30,356	60,713
-67,374	ARS	41.25	Effect in ARS	-277,917	-138,959	-	138,959	277,917
			Effect in EUR	-6,440	-3,050	-	2,760	5,269
-4,387	PYG	5,900.90	Effect in PYG	-2,588,492	-1,294,246	-	1,294,246	2,588,492
			Effect in EUR	-419	-199	-	180	343
-144,450	BRL	4.00	Effect in BRL	-57,836	-28,918	-	28,918	57,836
			Effect in EUR	-13,807	-6,540	-	5,917	11,296
84,843	ZAR	14.15	Effect in ZAR	120,079	60,040	-	-60,040	-120,079
			Effect in EUR	8,109	3,841	-	-3,475	-6,635
-44,621	EGP	17.88	Effect in EGP	-79,794	-39,897	-	39,897	79,794
			Effect in EUR	-4,265	-2,020	-	1,828	3,489
-166,982	MZN	60.06	Effect in MZN	-1,002,817	-501,408	-	501,408	1,002,817
			Effect in EUR	-15,960	-7,560	-	6,840	13,058

				EUR depreciation			EUR appreciation	
Amount in EUR	Funcional currency	FX Rate (09-30-18)		-10%	-5.0%	0.0%	5.0%	10.0%
-33,130	ZAR	16.45	Effect in ZAR	54,508	27,254	-	-27,254	-54,508
			Effect in EUR	3,167	1,500	-	-1,357	-2,591
165,067	BRL	4.65	Effect in BRL	-76,830	-38,415	-	38,415	76,830
			Effect in EUR	-15,777	-7,473	-	6,762	12,909

				EGP depreciation			EGP appreciation	
Amount in EGP	Funcional currency	FX Rate (09-30-18)		-10%	-5.0%	0.0%	5.0%	10.0%
42,211	EUR	20.79	Effect in EUR	203	102	-	-102	-203

(Thousand)

19.9. Categories of financial instruments

	09.30.2018	12.31.2017
Current assets:		
Financial assets at amortized cost:		
Cash and bank accounts (Note 4)	161,898	909,868
Short-term investments - financial asset	82,874	237,555
Trade receivables (Note 6)	104,535	82,324
Other receivables	48,129	36,396
Financial assets at fair-value:		
Exclusive funds	16,943	52,371
Derivatives	1,366	3,856
Non-current assets:		
Financial assets at amortized cost:		
Long-term investments - financial asset	1,157	2,053
Trade receivables (Note 6)	909	1,137
Other receivables	26,585	20,541
Financial assets at fair-value:		
Long-term investments - financial asset	110	-
Derivatives	11,993	6,690
Current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	100,910	105,682
Borrowings and financing (Note 9)	214,936	467,604
Trade payables	155,674	291,649
Interest payable (Notes 9 and 10)	16,985	57,571
Other payables	41,052	42,221
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	771,208	895,403
Borrowings and financing (Note 9)	841,164	1,244,050
Trade payables	3,652	6,142
Other payables	13,734	16,252
Financial liabilities at fair value:		
Derivatives	-	16,589

19.10. Derivative transactions

Derivatives

As of September 30, 2018 and December 31, 2017, the fair value of derivatives is as follows:

	Assets				Liabilities			
	Current		Non-current		Current		Non-current	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017	09.30.2018	12.31.2017	09.30.2018	12.31.2017
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	-	-	7,245	6,690	-	-	-	-
Interest rate and cross currency swaps	1,366	3,856	4,748	-	-	-	-	16,589
	1,366	3,856	11,993	6,690	-	-	-	16,589

The following schedule shows the operations as of September 30, 2018 and December 31, 2017 as follows:

Type of hedge	Notional	Type of Operation	Maturity	Economic purpose	Fair value 09.30.2018	Fair value 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	6,114	-
					6,114	(12,733)

(a) On February 6, 2018 it was partially settled resulting in an outflow of €8,187 (10 million USD). On April 13, 2018, it was totally settled resulting in an additional outflow of €18,674 (23 million USD).

19.11. 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 June 30, 2018 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	16,943	-	-
Financial assets at fair value	Financial derivative instruments	-	6,114	7,245
Financial assets at fair value	Securities - non current	110	-	-
Liabilities:				

Estimated fair value – assets and liabilities not measured at fair value

Measurement of fair value of derivatives financial instruments is based on criteria extracted from external database agencies, and the results obtained are matched to 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, therefore, their fair value is considered to be the same as their book values.

Regarding loans and debentures, as shown in Notes 9 and 10, in general, they 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:

	09.30.2018	12.31.2017
Fair value	741,688	1,012,404
Carrying amount	879,914	1,019,187

20. Supplemental Cash Flow Information

Investment and financing activities not involving cash

	09.30.2018	09.30.2017
Interest capitalization	633	92
Purchase of property, plant and equipment through trade payables	(12,434)	(7,933)
Purchase of intangibles through trade payables	171	910
Sales of property, plant and equipment that will be received	922	1,095

21. 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:

	09.30.2018				09.30.2017			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	313,354	973	314,327	(30,631)	347,971	907	348,878	(229,686)
Argentina and Paraguay	518,769	-	518,769	113,985	597,576	-	597,576	126,033
Egypt	82,033	-	82,033	1,362	69,482	-	69,482	(2,752)
Mozambique	78,577	-	78,577	7,562	71,307	-	71,307	6,543
South Africa	100,314	1,934	102,248	15,733	102,885	1,831	104,716	18,212
Total	1,093,047	2,907	1,095,954	108,011	1,189,221	2,738	1,191,959	(81,650)
Unallocated (a)	30,297	103,347	133,644	(8,408)	66,753	122,601	189,354	(506)
Eliminations	-	(106,255)	(106,255)	-	-	(125,338)	(125,338)	-
Sub-total	1,123,344	-	1,123,344	99,603	1,255,975	-	1,255,981	(82,156)
Share of profit of associates				-				68
Income before financial income (expenses)				99,603				(82,088)
Foreign exchange gains/(losses), net				(68,204)				138,547
Financial income				34,576				23,701
Financial expenses				(148,537)				(225,625)
Income before income tax and social contribution				(82,562)				(145,465)
Income tax and social contribution				(25,149)				(13,077)
Loss for the period from continuing operations				(107,711)				(158,542)
Profit/(Loss) for the period from discontinued operations (Note 2.4)				3,822				(5,660)
Loss for the period				(107,711)				(158,542)

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

As explained in Note 2, the geographic areas presented herein do not consider those corresponding to “Discontinued operations”, the effect of which is shown in Note 2.4.

The profit for each nine months periods above includes the full amount of the Company’s segments disregarding the following amounts attributable to non-controlling interests:

	Noncontrolling interests	
	09.30.2018	09.30.2017
Continuing operating segments:		
Brazil	(14,520)	(60,282)
Argentina and Paraguay	18,595	17,536
Egypt	(650)	(4,161)
Mozambique	1,415	7,539
South Africa	3,601	1,960
	8,441	(37,408)
Unallocated	(15,797)	6,734
	(7,356)	(30,674)
Discontinued operating segments (Note 2.4)	970	(1,214)
Profit for the period attributable to non-controlling interests	(6,386)	(31,888)

Other information:

	09.30.2018		09.30.2017	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Continuing operating segments:				
Brazil	25,072	56,494	31,783	246,324
Argentina and Paraguay	54,235	21,188	49,059	25,177
Egypt	2,091	12,000	1,602	10,231
Mozambique	31,065	5,780	4,343	4,614
South Africa	5,696	6,950	4,013	7,906
	118,159	102,412	90,800	294,252
Unallocated	2,082	1,227	1,468	1,372
	120,241	103,639	92,268	295,624
Discontinued operating segments (Note 2.4)	4,178	36,378	3,093	36,816
Total	124,419	140,017	95,361	332,440

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

In the nine months periods ended September 30, 2018, and 2017, impairment losses were recorded in Brazilian business segment for tangible assets in the amount of €4,253 (R$18,247 thousand) and €187,126 (R$662,849 thousand), respectively.

In addition, segment assets and liabilities, by continuing reportable segment, reconciled with the consolidated balances as of September 30, 2018 and December 31, 2017 are as follows:

	09.30.2018			12.31.2017		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Continuing operating segments:						
Brazil	1,614,354	842,854	771,500	1,797,170	1,084,849	712,321
Argentina and Paraguay	600,514	254,586	345,928	821,083	381,235	439,848
Portugal and Cape Verde	-	-	-	859,140	383,624	475,516
Egypt	236,369	172,488	63,881	222,793	157,506	65,287
Mozambique	232,229	153,944	78,285	197,421	145,498	51,923
South Africa	319,629	86,695	232,934	364,037	100,672	263,365
Total	3,003,095	1,510,567	1,492,528	4,261,644	2,253,384	2,008,260
Unallocated	309,468	1,448,510	(1,139,042)	1,249,422	1,962,846	(713,424)
Eliminations	(315,915)	(315,915)	-	(546,234)	(546,234)	-
Other investments	-	-	-	8,625	-	8,625
Total continuing segments	2,996,648	2,643,162	353,486	4,973,457	3,669,996	1,303,461
Discontinued operating segments (Note 2.4)	918,656	365,912	552,744	-	-	-
Inter-segment eliminations	(157,701)	(157,701)	-	-	-	-
Total	3,757,603	2,851,373	906,230	4,973,457	3,669,996	1,303,461

The unallocated assets and liabilities include assets and liabilities not attributable to specific segments allocated to holding and trading companies. Liabilities include the net financial debt of the related segments.

22. Events After the Reporting Period

On October 26, 2018, InterCement Participações, S.A., announces the signing of an agreement with Ordu Yardimlaşma Kurumu (OYAK) of Turkey in order to sell its segment operations (Portugal and Cape Verde), as described in notes 1 and 2. Consequently, these interim consolidated financial statements also reflects impacts regards to IFRS 5 and classified such segment as "discontinued operations".

Upon the resolution of Cimpor – Cimentos de Portugal, SGPS, S.A. ("Cimpor") EGM held on November 20, 2018, and its relevant registration, this company completes a share capital increase, from € 672,000,000.00 to € 1,372,078,778.68 through the issue of 2,059,055,231 new ordinary book-entry shares, without nominal value.

The above share capital increase has been carried out comprehending two components:

- Tranche A - consisting of a contribution in kind, subscribed and paid-up by the shareholder InterCement Austria Holding GmbH, a company fully controlled by InterCement, consisting of capital contributions subject to the repayment regime applicable to supplementary contributions (*prestações suplementares*), in the amount of € 700,000,000.00.

- Tranche B - consisting of contributions in cash, in the amount of € 78,778.68 subscribed and paid-up by the remaining shareholders of Cimpor who wished to subscribe such share capital increase, pro rata to their respective shareholdings in the share capital of Cimpor.

Following the completion of this share capital increase process, on December 2018, InterCement's indirect holding participation of Cimpor raises from 78.2% to 94.6%.

23. Authorization for Completion of Financial Information

At the meeting held on December 12, 2018, the Board of Directors authorized the completion of this consolidated interim financial statements, approving them for disclosure.

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Building
sustainable
partnerships