INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Information for the nine-month periods ended September 30, 2019

InterCement

Building sustainable partnerships

São Paulo Corporate Towers
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Independent Auditor’s Review Report on Interim Financial Information

To the Shareholders, Board of Directors and Management of
InterCement Participações S.A.
São Paulo - SP, Brazil

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of InterCement Participações S.A. and subsidiaries (the “Company”), comprising the statement of financial position as of September 30, 2019, and the related statements of operations, comprehensive income (loss), changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for preparation and fair presentation of the condensed consolidated interim financial information in accordance with “IAS 34 – Interim Financial Reporting”, issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with international standards on review engagements (ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the condensed consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information referred to above are not prepared, in all material respects, in accordance with “IAS 34 – Interim Financial Reporting”, applicable to the preparation of interim financial information.

Other matters

The figures from the consolidated statement of financial position for the year ended December 31, 2018, presented for comparative purposes, were audited by another auditor who expressed an unmodified opinion dated April 26, 2019. The auditor's report on the consolidated statement of financial position for the year ended December 31, 2018 included an "emphasis of matter" related to the restatement due to errors on the December 31, 2018 consolidated financial statements. The condensed consolidated interim financial information for the nine-month period ended September 30, 2018, presented for comparative purposes, and, originally prepared before the restatement of the matters described in Notes 2.4 and 2.5, were not audited or reviewed by us or another auditor, accordingly, we do not express an opinion, conclusion or any other form of assurance on the condensed consolidated interim financial information for the nine-month period ended September 30, 2018, taken as a whole.

São Paulo, November 29, 2019.

ERNST & YOUNG
Auditores Independentes S.S.

Marcos Alexandre S. Pupo
Accountant

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Financial Position as of September 30, 2019 and December 31, 2018

(In thousands of Euros - €)

ASSETS	Notes	09.30.2019	12.31.2018
CURRENT ASSETS			
Cash and cash equivalents	4	243,194	326,303
Securities	5	17,231	15,498
Trade receivables	6	110,427	73,202
Inventories		268,326	263,911
Recoverable taxes		47,851	42,547
Other receivables		57,696	35,220
		744,725	756,681
Assets classified as held for sale	2.4	-	747,031
Total current assets		744,725	1,503,712
NONCURRENT ASSETS			
Securities	5	1,290	1,337
Trade receivables	6	516	745
Inventories		30,203	31,295
Recoverable taxes		69,713	62,423
Deferred income tax and social contribution		14,814	15,211
Escrow deposits		18,234	16,675
Derivatives	19.10	7,767	3,362
Other receivables		21,253	35,281
Property Investment		4,152	4,033
Investments		634	562
Right-of-use assets	2.3	34,158	-
Property, plant and equipment	7	1,488,188	1,369,918
Intangible assets:			
Goodwill	8	970,208	984,754
Other intangible assets	8	136,207	154,871
Total noncurrent assets		2,797,337	2,680,467
TOTAL ASSETS		3,542,062	4,184,179

LIABILITIES AND SHAREHOLDER´S EQUITY	Notes	09.30.2019	12.31.2018
CURRENT LIABILITIES			
Trade payables		243,903	249,605
Debentures	10	158,485	105,822
Borrowings and financing	9	197,554	385,538
Interest payable	9 and 10	9,002	39,389
Obligations under finance leases (IFRS 16)	2.3	16,078	-
Taxes payable		57,650	57,982
Payroll and related taxes		27,788	25,116
Dividends and interest on capital		210	159
Advances from customers		13,247	12,548
Actuarial liabilities		-	38
Other payables		40,003	42,272
		763,920	918,469
Liabilities directly associated with assets classified as held for sale	2.4	-	307,057
Total current liabilities		763,920	1,225,526
NONCURRENT LIABILITIES			
Trade payables		2,795	9,948
Debentures	10	706,848	792,905
Borrowings and financing	9	667,212	653,901
Obligations under finance leases (IFRS 16)	2.3	20,189	-
Provision for tax, civil and labor risks	11	56,267	53,883
Provision for environmental recovery		15,276	15,625
Taxes payable		6,721	4,060
Deferred income tax and social contribution		227,375	234,636
Actuarial liabilities		700	639
Derivatives	19.10	-	303
Other payables		28,154	29,133
Total noncurrent liabilities		1,731,537	1,795,033
TOTAL LIABILITIES		2,495,457	3,020,559
SHAREHOLDER'S EQUITY			
Capital	13	1,081,588	1,081,588
Capital reserves	13	393,091	459,978
Earnings reserves	13	413,921	460,894
Accumulated losses	13	(21,730)	(193,415)
Other comprehensive loss	13	(1,119,387)	(927,349)
Shareholder´s equity attributable to the Company's owners		747,483	881,696
Non-controlling interests	13	299,122	281,924
Total shareholder´s equity		1,046,605	1,163,620
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY		3,542,062	4,184,179

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Operations for the nine-month periods ended September 30, 2019 and 2018

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

	Notes	09.30.2019	09.30.2018 (Restated and not reviewed)
CONTINUING OPERATIONS			
NET REVENUE	21	1,035,054	1,123,344
COST OF SALES AND SERVICES	15	(881,567)	(936,614)
GROSS PROFIT		153,487	186,730
OPERATING EXPENSES			
Administrative and selling expenses	15	(117,643)	(110,922)
Other income	15	14,091	23,795
INCOME BEFORE FINANCIAL INCOME (EXPENSES) AND INCOME TAX AND SOCIAL CONTRIBUTION		49,935	99,603
FINANCIAL INCOME (EXPENSES)			
Foreign exchange, net	16	(44,003)	(68,204)
Financial income	16	34,473	34,576
Financial expenses	16	(116,845)	(148,537)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(76,440)	(82,562)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	14	(22,347)	(24,975)
Deferred	14	(3,168)	(174)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(101,955)	(107,711)
DISCONTINUED OPERATIONS			
NET INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.4	304,127	3,822
PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO			
Company's owners	18	171,685	(97,503)
Non-controlling interests	13	30,487	(6,386)
LOSS PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted loss per share	18	(5.65)	(4.42)
EARNINGS / (LOSS) PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted profit / (loss) per share	18	7.57	(4.30)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Comprehensive Income (Loss) for the nine-month periods ended September 30, 2019 and 2018

(In thousands of Euros - €)

	Notes	09.30.2019	09.30.2018 (Not reviewed)
CONTINUING OPERATIONS			
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(101,955)	(107,711)
Other comprehensive income (loss):			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations	13	(330,146)	(510,342)
Effects of IAS29	2.2	122,622	-
Hedging derivatives financial instruments	13	2,197	218,804
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(307,282)	(399,249)
DISCONTINUED OPERATIONS			
NET INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.4	304,127	3,822
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		304,127	3,822
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(320,147)	(332,215)
Non-controlling interests		12,865	(67,034)
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(20,353)	(329,364)
Non-controlling interests		17,198	(66,063)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Changes in Equity for the nine-month periods ended September 30, 2019 and 2018

(In thousands of Euros - €)

				Earnings reserves					
	Notes	Share capital	Capital Reserves	Transactions with noncontrolling interests	Other comprehensive income (loss)	Accumulated losses	Total attributable to the Company's owners	Non-controlling interests	Total equity
BALANCE AS OF DECEMBER 31, 2017 (Originally presented)		1,080,949	393,034	918,110	(836,819)	(714,314)	840,960	462,501	1,303,461
Adjustment		-	-	265,114	(40,450)	-	224,664	(224,664)	-
BALANCE AS OF DECEMBER 31, 2017 (Restated - Note 2.5)		1,080,949	393,034	1,183,224	(877,269)	(714,314)	1,065,624	237,837	1,303,461
Loss for the period		-	-	-	-	(97,503)	(97,503)	(6,386)	(103,889)
Other comprehensive loss		-	-	-	(231,861)	-	(231,861)	(59,677)	(291,538)
Aquisition of noncontrolling interests		-	-	(12,440)	-	-	(12,440)	10,939	(1,501)
Dividends paid to noncontrolling interests	13	-	-	-	-	-	-	(303)	(303)
BALANCE AS OF SEPTEMBER 30, 2018 (Restated - Note 2.5 and not reviewed)		1,080,949	393,034	1,170,783	(1,109,130)	(811,817)	723,819	182,411	906,230
BALANCE AS OF DECEMBER 31, 2018		1,081,588	459,978	460,894	(927,349)	(193,415)	881,696	281,924	1,163,620
Capital decrease	13	-	(66,887)	-	-	-	(66,887)	-	(66,887)
Net income for the period		-	-	-	-	171,685	171,685	30,487	202,172
Other comprehensive loss		-	-	-	(250,766)	-	(250,766)	(77,183)	(327,949)
Dividends to preferred shares - paid	13	-	-	(46,973)	-	-	(46,973)	-	(46,973)
Hyperinflationary monetary adjustment (Note 2.2)		-	-	-	58,728	-	58,728	63,894	122,622
BALANCE AS OF SEPTEMBER 30, 2019		1,081,588	393,091	413,921	(1,119,387)	(21,730)	747,483	299,122	1,046,605

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows for the nine-month periods ended September 30, 2019 and 2018

(In thousands of Euros - €)

	Notes	09.30.2019	09.30.2018 (Not reviewed)
Profit / (Loss) before income tax and social contribution from continuing and discontinuing operations		227,687	(77,083)
Adjustments to reconcile income before income (loss) tax and social contribution with net cash used in operating activities:			
Depreciation, amortization and impairment losses	15	123,425	139,726
Allowance for probable losses, net		(3,153)	(21,023)
Interest (income) expenses, exchange differences and other finance charges	16	126,375	187,810
Gain on sale of property, plant and equipment	15	(2,425)	(4,428)
Gain on sale of discontinued operations and reversal of exchange differences	2.4.	(304,127)	-
Equity pick-up		-	(799)
Other noncash operating gain (losses)		121	(12,955)
Decrease (increase) in operating assets:			
Related parties		-	(19)
Trade receivables		(68,780)	(108,196)
Inventories		(28,031)	(32,036)
Recoverable taxes		2,872	1,863
Other receivables		(46)	(19)
Increase (decrease) in operating liabilities:			
Related parties		-	120
Trade payables		(32,285)	(4,093)
Payroll and related taxes		2,995	2,440
Other payables		(1,816)	(46,950)
Taxes payable		(1,240)	8,322
Cash generated by operating activities		41,572	32,680
Income tax and social contribution paid		(25,061)	(27,873)
Interest paid		(124,071)	(142,492)
Net cash used in operating activities		(107,560)	(137,685)
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of (Investments in) securities		(274)	33,409
Purchase of property, plant and equipment		(180,624)	(134,981)
Increase in intangible assets		(594)	(1,068)
Cash received from discontinued operations, net o cash balance received	2.4.	637,356	-
Intersegment payments to carved-out companies	2.4.	(116,685)	-
Sale of property, plant and equipment		5,291	3,911
Other		(688)	(831)
Dividends received		-	833
Net cash generated by (used in) investing activities		343,782	(98,727)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	9 and 10	131,272	47,740
Swap transactions		-	(26,861)
Acquisition of noncontrolling interests		-	(1,501)
Capital decrease	13	(66,887)	-
Repayment of borrowings, financing and debentures	9 and 10	(384,958)	(579,563)
Dividends paid	13	(46,973)	-
Other instruments		(8,451)	(479)
Net cash used in financing activities		(375,997)	(560,664)
DECREASE IN CASH AND CASH EQUIVALENTS		(139,775)	(797,076)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(2,034)	(57,830)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	385,003	1,137,502
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	243,194	282,596

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Information as of and for the nine-month periods ended September 30, 2019

(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 6 countries ("ICP Group" or "Group"). Its ultimate parent company is Mover Participações 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 35 cement plants, 33 concrete plants, and 7 aggregates plants (located in Brazil, Argentina, Paraguay, Egypt, Mozambique and South Africa). Additionally, in Brazil it holds participation in hydroelectric power generation equity interests and assets.

On January 17, 2019 the final closing agreement was signed, completing the sale of business operations in Portugal and Cape Verde to the Turkish group "Ordu Yardimlasma Kurumu" (OYAK). The sale included 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, 18 quarries and a cement bagging plant.

With a reference price of €707,000, the final selling price for the transaction was determined in the quarter ended September 30, 2019, in the amount of €703,720, after considering the closing net debt, related party balances and changes in working capital since June 30, 2018. As of September 30, 2019, €696,056 have been received and used mainly to reduce Corporate indebtedness, consequently, materially strengthening Company's capital structure. This transaction is an important component of InterCement's Liability Management program, which was publicly announced in early 2017 and included, among other actions, the successfully initial public offering of Loma Negra – the cement market leader in Argentina – in NYSE and MERVAL.

The impacts of this transaction in these condensed consolidated interim financial statements are disclosed in the Note 2.4.

As of September 30, 2019, the working capital is negative mainly due to the recognition of the current portion of the "obligations under finance leases" in the amount of €16,078 recognized in accordance with the new accounting pronouncement effective January, 2019 (see note 2.3 below). The counterpart entry is recognized within noncurrent asset as "right-of-use assets" in accordance with such pronouncement. Management is continuously monitoring its working capital and such financial position is within our normal business condition.

Management is currently discussing with main lenders the refinancing of Company´s bank indebtedness. Such event is not reflected in the condensed consolidated interim financial statements as of September 30, 2019. If, and when, conditions are reached, the Company will reflect its impacts in the financial statements.

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of preparation

The Condensed Consolidated Interim Financial Information as of and for the nine-month periods ended September 30, 2019 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, 2018.

Please note the comparative Condensed Consolidated Interim Financial Information for the nine-month periods ended September 30, 2018 were not subject to the review of our current or former independent auditors.

2.2. Significant accounting policies

The accounting policies adopted are consistent with those considered in the consolidated financial statements for the year ended as of December 31, 2018 and disclosed in the corresponding notes, except in respect of the standards and interpretations that come into force on January 1, 2019, namely the application of the new standard IFRS 16 – Leases. Note 2.3 contains a description of the impacts of the application of IFRS 16 to these consolidated condensed interim financial statements.

Reference also to the application of hyperinflation accounting for our Argentinean subsidiaries. As described in the consolidated financial statements as of and for the year ended December 31, 2018, note 2.1, applying IAS 29 rules requires that the financial statements recorded in a hyperinflationary currency are adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting period prior to conversion to the Company´s functional currency.

As a result of the above, our condensed consolidated interim financial statements as of September 30, 2019, reflects an equity increase of €122,622, with reference to the opening balance, reported in other comprehensive income (loss), and also the monetary adjustment for the nine-month periods ended September 30, 2019, presented in financial income, in the amount of €14,624 (see note 16).

2.3. New standards and interpretations

IFRS 16 Lease Assets and Lease Liabilities

On January 13, 2016, the International Accounting Standards Board (IASB) published IFRS 16, a new standard on leases to replace IAS 17, IFRIC 4, SIC-15 and SIC-27, effective for fiscal years beginning on or after January 1, 2019.

IFRS 16 introduces that lease agreements are recognize in the accounting of the lease under a single model eliminating the distinction between operating and financial leases and requires recognizing the right-of-use asset for the lease contracts and a liability reflecting the obligation to make future payments for these leases.

The Group applied IFRS 16 using the modified retrospective method pursuant to paragraphs C5(b) and C8(b)(ii) as of the date of initial application. Under this method, IFRS 16 is retroactively adopt with the accumulated effect of the initial application recognized as of the date of initial application and the comparative information is not restated.

For leases previously classified as operating leases, the Group recognized the right-of-use assets and liabilities for leases, except for agreements containing a lease-term of less than twelve months (short term leases), for those associated to the exploitation of natural resources and for those where the underlying asset has low value. The right-of-use assets were recognized at an amount equivalent to the corresponding liabilities for such leases. Lease liabilities were measured at present value of lease payments not paid yet, using the incremental rate for loans of each contracting entity (the lessee) to the date of initial application.

Subsequently, the right-of-use assets are depreciated in accordance with the corresponding contract terms of the lease contracts or the useful live of the assets, if lower. Financial liabilities consider the interest rate of the loans of the contracting entities. Lease payments are recorded as a reduction to lease liabilities.

The impacts of the IFRS 16 implementation, gross of taxes, were as follows (in thousands of Euros):

01.01.2019		09.30.2019				
Assets	Liabilities	Assets	Liabilities	Rents	Depreciations	Interest
47.386	(47.386)	34.158	(36.267)	(11.256)	9.895	2.824

IFRIC 23 – Uncertainty over Income Tax Treatments

This interpretation clarifies how to apply the recognition and measurements when there is uncertainty about the treatment of income taxes, on the recognition and measurement of current and deferred income tax assets or liabilities, including corresponding tax bases, unused tax losses, unused tax credits and tax rates. Such interpretation is effective for fiscal years beginning on or after January 1, 2019.

Management assessed its current or deferred income tax uncertainties and concluded that no material adjustment resulted from adoption of the corresponding interpretation.

2.4. Portugal and Cape Verde Discontinued Operations

Following the announcement on October 26, 2018 of a definitive agreement to sell its operations in Portugal and Cape Verde to Ordu Yardimlaşma Kurumu (OYAK) of Turkey ("Discontinued operations"), on January 17, 2019 the final closing agreement was signed.

As a result, Portugal and Cape Verde segment is presented in these condensed consolidated interim financial statements as "Discontinued operations" as of and for the nine-month periods ended September 30,2019 and as "Assets classified as held for sale" as of December 31, 2018, as required by International Financial Reporting Standard 5 ("IFRS 5") – Non-Current Assets Held for Sale and Discontinued Operating Units.

The gain with the sale of the discontinued operations was originally determined considering the difference between the reference price of €707,000 and net assets of the sold operations as of January 1, 2019, including the exchange differences related to those net assets on the amount of €170,382. As of September 30, 2019, after the determination of final selling price of €703,720, the total gain recognized as “profit for the period from discontinued operations”, including the exchange differences related to those net assets, amounted to €304,127.

The impacts in condensed consolidated interim financial statements are the following:

	09.30.2019	09.30.2018 (Not reviewed)
DISCONTINUED OPERATIONS		
NET REVENUE	-	185,491
COST OF SALES AND SERVICES	-	(147,018)
GROSS PROFIT	-	38,473
OPERATING INCOME (EXPENSES)		
Administrative and selling expenses	-	(44,028)
Other income	-	15,881
Equity pick-up	-	799
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	-	11,125
FINANCIAL INCOME (EXPENSES)		
Foreign exchange gains/(losses), net	-	(267)
Financial income	-	547
Financial expenses	-	(5,925)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	-	5,480
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	-	(7,703)
Deferred	-	6,045
Gain on the sale of "Assets held for sale"	133,745	-
Reversal of accumulated exchange differences	170,382	-
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	304,127	3,822
PROFIT FOR THE PERIOD ATTRIBUTABLE TO		
Company’s owners	299,794	2,851
Non-controlling interests	4,333	971

The impacts in the cash flow statement originally presented had we segregated the impacts of the continued and discontinued operations as of September 30, 2018 is as follows:

	09.30.2018 (Not reviewed)		
	Presented	Discontinued operation	Continued operation
Net cash used in operating activities	(137,685)	(3,019)	(134,666)
Net cash used in investing activities	(98,727)	(30,393)	(68,334)
Net cash used in financing activities	(560,664)	(14,485)	(546,179)
Decrease in cash and cash equivalents	(797,076)	(47,898)	(749,178)

The details of the net assets of the discontinued operations as of December 31, 2018, are the following:

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	58,700
Trade receivables	11,226
Inventories	54,549
Recoverable taxes	3,493
Other receivables	6,544
Total current assets	134,512
NONCURRENT ASSETS	
Deferred income tax and social contribution	1,565
Other receivables	207
Investments	9,008
Property, plant and equipment	250,402
Intangible assets:	
Goodwill	304,861
Other intangible assets	46,476
Total noncurrent assets	612,519
Assets from discontinued operations	747,031

LIABILITIES	
CURRENT LIABILITIES	
Trade payables	60,369
Borrowings and financing	679
Interest payable	774
Taxes payable	8,766
Payroll and related taxes	8,200
Advances from customers	462
Actuarial liabilities	730
Other payables	7,324
Total current liabilities	87,304
NONCURRENT LIABILITIES	
Trade payables	1,657
Borrowings and financing	133,830
Provision for tax, civil and labor risks	10,126
Provision for environmental recovery	13,402
Deferred income tax and social contribution	39,462
Actuarial liabilities	21,246
Other payables	30
Total noncurrent liabilities	219,753
Liabilities from discontinued operations	307,057
Net assets	439,974

The reconciliation of the referred sales price to the cash already received and the amount presented in the cash flow statement is demonstrated below:

	09.30.2019
Cash received (note 1)	696,056
Cash balance carved-out	(58,700)
	637,356
Intersegment payments to carved-out companies	(116,685)
Cash received, net	520,671
Final sales price	703,720
Intercompany working capital adjustment	3,132
Amount to be received recorded in Other Receivables	10,796

2.5. Restatements

Non-Controlling Interests

As referred in the December 31, 2018 consolidated financial statements, the Company made additional analysis on the main events occurred in the years 2017 and 2018 and concluded that, although it had no impact on its previously disclosed results, adjustments were required between the shareholders' equity accounts, adjusting the criteria used to recognize non-controlling interests.

The analysis performed included the reconciliation of the non-controlling interests' calculations from two methodologies, based on:

(a) fair value of InterCement Portugal, SA (formerly Cimpor SGPS) as of transaction date, occurred in previous years; and

(b) shareholder´s interest in net assets of its subsidiaries - directly or indirectly;

Additionally, the events occurred in 2017 and 2018, mainly (i) the beginning of Cimpor SGPS loss of public company status procedure and (ii) the capitalization of InterCement Portugal, SA, affected the value references for the (a) methodology – above mentioned, and in order to reflect a fair and comparable basis of the effects of non-controlling interests and controllers, the Board of Director chose to adopt the (b) methodology, with retroactive effect to December 31, 2016.

The table below demonstrates the originally presented and the restated amounts of non-controlling interests and Company´s owners' values as of December 31, 2017 and September 30, 2018, noting that total Shareholder´s Equity remained unchanged:

	Total attributable to the Company's owners			Noncontrolling interests		
	Originally presented	Adjustment	Restated	Originally presented	Adjustment	Restated
BALANCE AS OF DECEMBER 31, 2017	840,960	224,664	1,065,624	462,501	(224,664)	237,837
Loss for the period	(97,503)	-	(97,503)	(6,386)	-	(6,386)
Aquisition of noncontrolling interests	11,461	(23,901)	(12,440)	(12,962)	23,901	10,939
Dividends paid to noncontrolling interests	-	-	-	(303)	-	(303)
Other comprehensive income	(185,843)	(46,018)	(231,861)	(105,695)	46,018	(59,677)
BALANCE AS OF SEPTEMBER 30, 2018 (Not reviewed)	569,075	154,744	723,819	337,155	(154,744)	182,411

Freight expenditures

During 2019, the Company reviewed its accounting practices related to the classification of freight expenditures on sales where the Company is responsible for the delivery of the goods, previously classified as Administrative and selling expenses, in the profit and loss. Under IFRS15 – Revenue from Contracts with Customers, effective since January 1, 2018, such freight expenditures are considered as part of the total sales price charged to customers; therefore, should be classified as part of the Cost of sales and services. As a result of such change in accounting practices, the Company restated the comparative financial information for correspondent period ended September 30, 2018, and reclassified the freight expenditures from Administrative and selling expenses to Cost of sales and services.

The table below demonstrates the originally presented and the restated amounts:

	09.30.2018 (not reviewed)		
	Originally presented	Adjustment	Restated
CONTINUING OPERATIONS			
NET REVENUE	1,123,344	-	1,123,344
COST OF SALES AND SERVICES	(896,039)	(40,575)	(936,614)
GROSS PROFIT	227,305	(40,575)	186,730
OPERATING EXPENSES			
Administrative and selling expenses	(151,497)	40,575	(110,922)
Other income	23,795	-	23,795
INCOME BEFORE FINANCIAL INCOME (EXPENSES) AND INCOME TAX AND SOCIAL CONTRIBUTION	99,603	-	99,603

2.6. Functional and presentation currencies

The Company's functional currency is the Brazilian Reais (R$); however, the financial information is presented in Euro (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		09.30.2019	12.31.2018	09.30.2018 (Not reviewed)	09.30.2019	09.30.2018 (Not reviewed)
USD	US Dollar	4.16440	3.87480	4.00390	3.89521	3.59738
EUR	Euro	4.54250	4.43900	4.65450	4.37599	4.28988
MZN	Mozambique Metical	0.06782	0.06316	0.06667	0.06347	0.06146
EGP	Egyptian Pound	0.25660	0.21660	0.22390	0.23152	0.20327
ZAR	South African Rand	0.27480	0.26990	0.28290	0.27098	0.28123
ARS	Argentinian Peso	0.07231	0.10278	0.09706	0.07231	0.14415
PYG	Paraguayan Guaraní	0.00065	0.00065	0.00068	0.00063	0.00064

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 2.3 to the Company's consolidated Financial Statements as of December 31, 2018.

The Company recognized losses before income tax and social contribution in the amount of €76,440 for the period ended September 30, 2019. Despite of such losses, in the same period the cash generated by operating activities amounted to €41,572. Our overall analysis on impairment indicators did not result in the need to anticipate our annual impairment testing which is completed during the last quarter of each year.

Additionally, the positive operating cash flow generation and losses before income taxes fall within our expectation, considering all the macroeconomic conditions of the countries and segments in which each business unit operates.

4. Cash and Cash Equivalents

	09.30.2019	12.31.2018
Cash and bank accounts	192,768	143,039
Short-term investments	50,426	183,264
Total cash and cash equivalents	243,194	326,303

Short-term investments were as follows:

	09.30.2019	12.31.2018
Certificate of Bank Deposit (CDBs)	898	2,159
Short Term Investment in Brazilian Reais (a)	5,652	27,447
Fixed-income funds in Brazilian Reais (b)	9,115	77,278
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos (c)	5,048	26,393
Short-term investments in US dollars (d)	1,416	22,119
Short-term investments in Egyptian pounds	68	930
Short-term investments in South African rand (e)	26,669	20,905
Short-term investments in Mozambique metical	1,560	6,033
Total short-term investments	50,426	183,264

(a) Short term investments have a yield of 65% of the Interbank Deposit Certificate (CDI) (between 50% and 65% as of December 31, 2018).

(b) Fixed income fund has a yield of 102.19% of the Interbank Deposit Certificate (CDI), (101.31% as of December 31, 2018).

(c) Represents short-term investments in Argentinean pesos yielding interest of 49.7% per year (between 40.5% and 59.1% per year as of December 31, 2018).

(d) Short-term investments amounting to €1,416 (€22,119 as of December 31, 2018) with yields from 0.1% to 0.86% per year (0.1% to 2.5% per year as of December 31, 2018).

(e) Deposit in Rands yielding interest from 6.30% to 6.55% per year.

All amounts are available for immediate withdrawal.

The cash and cash equivalents of the beginning balance of the period, in the Condensed Consolidated Interim Statements of Cash Flow, includes the cash carved-out of the Portuguese and Cape Verde discontinued operations, in the amount of €58,700 (see note 2.4).

5. Securities

	09.30.2019	12.31.2018
Market investments	1,520	1,337
Investment funds	17,001	15,498
Total	18,521	16,835
Total - current	17,231	15,498
Total - noncurrent	1,290	1,337

“Market investments” are held by the Brazilian subsidiaries, which are composed mainly by exclusive funds that have in their portfolios debentures and Interbank Deposit Certificates (CDB).

“Investment funds” consists in a portfolio of investment funds held by InterCement Reinsurance, which is presented at fair value as of September 30, 2019.

6. Trade Receivables

	09.30.2019	12.31.2018
Current		
Domestic and foreign customers	134,586	95,332
(-) Allowance for doubtful accounts	(24,159)	(22,130)
Trade receivables	110,427	73,202
Noncurrent		
Domestic and foreign customers	1,201	1,470
(-) Allowance for doubtful accounts	(685)	(725)
Trade receivables	516	745

As of December 31, 2018, the Company entered into agreements for accounts receivable securitization with the related parties CCSA Finance, Ltda. and Camargo Corrêa Desenvolvimento Imobiliário S.A. in the amount of €21,567 and €23,816, respectively. As of September 30, 2019, there were no outstanding balances of such agreements.

7. Property, Plant and Equipment

	09.30.2019			12.31.2018
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	128,212	(35,858)	92,354	64,519
Buildings	580,374	(344,040)	236,334	246,729
Machinery and equipment	1,634,411	(912,967)	721,444	751,205
Vehicles	92,613	(66,455)	26,158	32,022
Furniture and fixtures	31,341	(29,148)	2,193	3,539
Mines and ore reserves	124,080	(84,574)	39,506	59,782
Reservoirs, dams and feeders	61,822	(21,283)	40,539	43,228
Other	15,499	(10,781)	4,718	3,658
Spare parts	5,702	-	5,702	4,232
Advances to suppliers	21,462	-	21,462	21,207
Construction in progress	429,397	(131,619)	297,778	139,797
Total	3,124,913	(1,636,725)	1,488,188	1,369,918

As of September 30, 2019, for the Argentina and Paraguay business area and Brazil business area, there are assets given as guarantees in connection with loans obtained for the acquisition of such assets in the amount approximately to €45,728 and €4,085, respectively (€59,246 and €4,650 for December 31, 2018).

In Brazil business area, two cement plants were given as guarantee in the "CADE" judicial dispute, as referred to in Note 11.

During the nine-month periods ended September 30, 2019 and 2018, the Company capitalized financial charges amounting to €7,808 and €633, respectively, related to loans granted to finance eligible assets.

Construction in progress and advances to suppliers as of September 30, 2019 and December 31, 2018, refers basically to expansion of the plant in Argentina and improvement of installations and equipment of the cement plants of other business units.

For the year ended December 31, 2018, given the macroeconomic context in Brazil in past years, which results in reductions of cement consumption, the Group has recorded impairment losses of €53,140, which could be released once the market conditions allow the recovering of such operations. In 2019, an additional amount of €611 was recorded as impairment losses related to additions to two plants that are fully impaired.

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 as of December 31, 2017	132,606	306,451	915,673	25,974	2,819	61,722	50,963	4,259	1,687	39,836	23,239	1,565,229
Changes in consolidation perimeter	(74,392)	(100,986)	(98,085)	(349)	(185)	-	-	-	(76)	(4,502)	(113)	(278,688)
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 provision	-	56	-	-	-	-	-	-	(4,253)	-	-	(4,197)
Effect of changes in exchange rates	(41)	(33,031)	(96,410)	(12,177)	(446)	(19,283)	(7,360)	(630)	(776)	(16,597)	(3,023)	(189,774)
Transfers	5,616	(6,611)	(2,780)	2,549	235	518	-	(145)	7,291	(2,338)	(296)	4,039
Balance as of September 30, 2018 (not reviewed)	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
Balance as of December 31, 2018	64,519	246,729	751,205	32,022	3,539	59,782	43,228	4,232	3,658	139,797	21,207	1,369,918
Effects of IAS 29	1,945	31,772	38,542	7,561	229	10,613	-	-	169	20,411	-	111,242
Additions	-	994	11,868	62	155	-	19	-	212	208,942	241	222,493
Write-offs	(933)	(96)	(56)	(23)	(5)	-	-	-	-	-	(287)	(1,400)
Depreciation	(5,442)	(13,963)	(62,758)	(5,558)	(602)	(10,882)	(1,787)	-	(1,010)	-	-	(102,002)
Impairment provision	-	-	-	-	-	-	-	-	(611)	-	-	(611)
Effect of changes in exchange rates	174	(38,515)	(38,016)	(8,983)	(188)	(12,508)	(921)	(157)	(254)	(28,803)	38	(128,133)
Transfers	32,091	9,413	20,659	1,077	(935)	(7,499)	-	1,627	2,554	(42,569)	265	16,683
Balance as of September 30, 2019	92,354	236,334	721,444	26,158	2,193	39,506	40,539	5,702	4,718	297,778	21,462	1,488,188

<u>Additions</u>

At the Argentinean business unit, there were disbursements in the total amount of €175,800 namely the increase of the installed capacity at its L'Amalí expansion amounting to €141,700 and €11,200 related to quarry recovery.

8. Intangible Assets

	09.30.2019	12.31.2018
Other intangible assets:		
Mining rights	10,727	108,616
Concession-related assets	100,234	18,450
Software licenses	4,510	5,450
Project development costs	3,365	4,051
Trademarks, patents and others	17,371	18,304
	136,207	154,871
Goodwill:		
Loma Negra C.I.A. S.A.	212,567	217,523
CBC - Companhia Brasileira de Cimentos ("CBC")	22,594	23,121
Cia. Industrial e Mercantil de Cimentos S.A. ("CIMEC")	16,687	17,076
Intercement Portugal, S.A.	702,793	711,092
Other	15,567	15,942
	970,208	984,754
Total	1,106,415	1,139,625

As of September 30, 2019, the goodwill gross amount of InterCement Portugal, S.A. amounts to €1,032,810, which is offset by accumulated impairment losses related to the business combinations made in prior year´s in the Brazilian business area in the amount of €330,017, resulting in a carrying amount of €702,793 (as of December 31, 2018, gross amount amounts to €1,048,803 offset by €337,711 of impairment losses, resulting in a carrying amount of €711,092).

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which is prepared based on the recoverable amounts of each of the corresponding business segments. As of September 30, 2019, there were no trigger events that would require an early impairment test, despite of certain indicators as presented in note 3 above.

As disclosed in note 22 below, events after the primary presidential election in Argentina on August 11, 2019 brought political and market new trends. The possible impacts, if any, in the impairment analysis will be reported in Annual Consolidated Financial Statements for the year ending December 31, 2019.

Changes in intangible assets for the nine-month periods ended September 30, 2019 and 2018 were as follows:

	Software licenses	Concession-related assets	Mining rights	Project development costs	Trademarks, patents and others	Goodwill	Total
Balance as of 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
Amortization	(2,121)	(793)	(1,545)	(1,343)	(993)	-	(6,795)
Impairment	-	-	-	-	233	-	233
Effect of changes in exchange rates	(1,059)	(298)	(63,229)	(725)	(1,090)	(453,307)	(519,708)
Transfers	241	-	-	(54)	33	-	220
Discontinued operations (Note 2.4)	(17)	-	(49,879)	-	(270)	(330,771)	(380,938)
Balance as of September 30, 2018 (not reviewed)	4,043	3,618	104,178	4,234	13,424	946,388	1,075,885
Balance as of December 31, 2018	5,450	18,450	108,616	4,051	18,303	984,754	1,139,624
Effects of IAS 29	492	-	-	-	861	-	1,353
Additions	516	1,680	-	-	-	-	2,196
Sales	-	-	-	-	(9)	-	(9)
Amortization	(1,623)	(7,752)	(247)	(932)	(170)	-	(10,724)
Effect of changes in exchange rates	(446)	(3,395)	1,399	2	693	(14,649)	(16,396)
Transfers	121	91,251	(99,041)	244	(2,307)	103	(9,629)
Balance as of September 30, 2019	4,510	100,234	10,727	3,365	17,371	970,208	1,106,415

9. Borrowings and Financing

							09.30.2019		12.31.2018	
Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Maturity		Current	Noncurrent	Current	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral	USD	US Libor + 4.40%	Jan/23-Jan/24		46,978	159,224	43,645	195,696
EUR	Holdings and Financial Vehicles (*)	Bilateral	USD	US Libor + 3.95%	Feb-24	(a)	-	146,138	132,899	139,027
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Euribor + 3.60%	Feb-24	(b)	-	196,272	104,300	144,009
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	2.55%	Jun-20	(c)	10,000	-	-	-
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	3.20%	Oct-21		2,750	19,250	2,750	19,250
EUR	Holdings and Financial Vehicles (*)	Commercial paper	EUR	2.80%	Mar-20		35,000	-	-	35,000
ARS	U.N. Argentina Paraguay	Working capital	ARS	75%-85%	Jul-19		42,682	-	12,119	-
ARS	U.N. Argentina Paraguay	Billateral	ARS	21.75%	Oct-21		-	-	8,326	-
ARS	U.N. Argentina Paraguay	Billateral	USD	US Libor + (4.25% to 5.5%)	Several		21,097	38,098	44,626	11,839
ARS	U.N. Argentina Paraguay	Bilaterals	USD	8.0% - 9.11%	Aug/20-Mar/21		9,625	-	-	-
ARS	U.N. Argentina Paraguay	Billateral	EUR	4%	Apr-Jun/21		-	8,004	-	-
PYG	U.N. Argentina Paraguay	Billateral	PYG	8.5%-9%	Aug-25		4,882	40,216	9,943	49,112
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Several		2,579	9,624	2,739	11,714
BRL	U.N. Brazil	Billateral	BRL	15.34%	Dec-22		471	3,194	352	2,358
BRL	U.N. Brazil	Billateral	BRL	126% - CDI	Apr-23		-	43,749	-	45,372
EGP	U.N. Egypt	Billateral	EGP	Corridor + (0.60% to 1.00%)	Several		21,490	3,443	23,839	524
							197,554	667,212	385,538	653,901

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

(a) In February 2019, the Company prepaid €177,000 of Tranche B of the Syndicated Loan contracted by InterCement BV.

(b) In February 2019, Caue Austria Holding GmbG renegotiated the terms and conditions postponing the corresponding maturity date to February 2024 (previously was February 2022) under a payment of €10,000.

(c) In February 2019, InterCement Inversiones entered into a new loan in the amount of €15,000, with a fixed rate of 2.55% and maturing June 2020. As of September 30, 2019, €5,000 was already liquidated.

As of September 30, 2019 and December 31, 2018, borrowing and financing interests to be paid are presented as current liabilities within "Interest Payable" line item and amounts to €7,949 and €19,914, respectively.

Changes in Borrowings and Financing during the nine-month periods ended September 30, 2019 and 2018 were as follows:

	Borrowings and financing
Balance at December 31, 2017	1,711,654
New borrowings and financing	47,740
Payments	(509,005)
Discontinuing operations	(175,146)
Effect of changes in Exchange rates, comissions and other	(19,143)
Balance at September 30, 2018 (not reviewed)	1,056,100
Balance at December 31, 2018	1,039,439
New borrowings and financing	131,272
Payments	(334,287)
Effect of changes in Exchange rates, comissions and other	28,343
Balance at September 30, 2019	864,766

Maturity schedule

As of September 30, 2019, the noncurrent portions mature as follows:

Period	09.30.2019
2020 (3 months)	16,313
2021	206,284
2022	176,314
2023	160,974
Following years	107,327
	667,212

Covenants

The loan and financing agreements contain certain restrictive covenants, including change of control clauses and those requiring the maintenance of certain financial ratios 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 at year-end and depends of conditions agreed upon on each contract with financial institutions. As of December 31, 2018 the Company agreed with the financial institutions the increase of Net Debt / EBITDA ratio from 4.5 to 5.5, returning to 4.5 in the following periods. As of that date, the covenants conditions were met, and such obligation will only be measured again with financial figures for the year to be ended December 31, 2019.

10. Debentures

								09.30.2019		12.31.2018	
Functional Currency	Business unit	Instrument	Currency	Issue date	Annual interest rate	Final maturity		Current	Noncurrent	Noncurrent	Current
BRL	Brazil	Debenture - Brazil	BRL	Mar-12	115% - CDI	Apr-22	(b)	48,498	97,029	49,590	148,918
BRL	Brazil	Debenture - Brazil	BRL	Aug-12	115% - CDI	Aug-22	(c)	109,986	110,024	56,232	168,863
EUR	Holdings and Financial Vehicles (*)	Senior Notes (a)	USD	Jul-14	5.75%	Jul-24		-	499,795	-	475,124
								158,485	706,848	105,822	792,905

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

(a) In July 2014, the Senior Notes ("Notes") were issued by InterCement Financial Operations, B.V., with a payment maturity of 10 years. The notes were launched with coupon of 5.75% per annum and are listed at the Singapore Stock Exchange. As of September 30, 2019 and December 31, 2018, the Group holds bonds at the face value of €182,264 (USD198,812 thousand) and €173,543 (USD198,812 thousand) , respectively.

(b) In April 2019, InterCement Brasil S.A. amortized the 2º issuance of Debentures in the amount €50,039 (R$ 220,000 thousand).

(c) Management negotiated with debenture holders to postpone in 90 days the payment of the current portion of €55,035 (R$250,000 thousand) that was due in August 2019. The remaining current portion maintains the original schedule.

As of September 30, 2019 and December 31, 2018, debentures interests to be paid are presented as current liabilities within "Interest Payable" line item and amounts to €1,053 and €19,475, respectively.

Changes in in the nine-month periods ended September 30, 2019 and 2018 are as follows:

	Debentures
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 (not reviewed)	872,118
Balance at December 31, 2018	898,727
Payments	(50,671)
Effect of changes in Exchange rates, comissions and other	17,277
Balance at September 30, 2019	865,333

Maturity schedule

As of September 30, 2019, the noncurrent portion of debentures mature are as follows:

Period	09.30.2019
2021	103.519
2022	103.534
Following years	499.795
	706.848

Covenants

Debentures contain certain restrictive covenants that require compliance with financial ratios calculated based on the Company's consolidated financial statements.

As of December 31, 2018 the Company agreed with the local debenture holders the increase of Net Debt / EBITDA ratio from 4.5 to 5.5, returning to 4,5 in the following periods. As of that date the covenants conditions were met, and such obligation will only be measured again with financial figures for the year to be ended December 31, 2019.

In the case of the Senior Notes, the non-compliance of the covenant (ratio of 4.5) foresees that the company operates with certain restrictions, being the principal ones:
i) Limitation in USD 500,000 thousand for new debt, provided it is not for refinancing the existing one;
ii) Restrictions on certain payments, such as dividends to shareholders above the legal minimum;
iii) Dividends limitation of USD 25,000 thousand per year, cumulative, to preferred shareholders after the Senior Notes issuance (July/ 2014).

As of September 30, 2019, the Company is in compliance with the restrictions imposed. Such restrictions are maintained until the next measuring period, which are based on the financial figures for the year to be ended December 31, 2019.

11. Provisions for tax, civil and labor risks

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 periods.

The provision for risks is demonstrated as follows:

	09.30.2019	12.31.2018
Labor and social security	7,094	8,699
Tax (a)	17,347	17,533
Civil and other (b)	34,262	30,346
	58,703	56,578
Escrow deposit (c)	(2,436)	(2,695)
Total	56,267	53,883

(a) Brazil: Refer basically to tax assessment notices and lawsuits amounting to €2,119 (€1,242 as of December 31, 2018) related to: (i) 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; (ii) 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; (iii) discussion on the lower collection of Corporate Income Tax (IRPJ) for the calculation period of March 2005, due on April 29, 2005, on behalf of the then CIMEPAR: (iv) a discussion on the absence of ICMS tax collection, with due legal increases, on imports of goods, on the grounds that there was no inclusion of the tax in its own calculation basis, for the period from January to July 2002.

InterCement Portugal: Refer basically to the provisions for tax risks related to income tax, amounting to €5,650 on September 30, 2019 and on December 31, 2018, which are being challenged in courts.

Egypt: Is mainly justified by tax provisions related to income tax from years 2004 to 2014, which are being challenged in courts, on the amount of €7,709 (€6,659 in December 31, 2018).

(b) Includes mainly a provision related to the industrial license estimation of late payments interests in Egypt, totalling €30,580 (€26,415 on December 31, 2018).

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

	09.30.2019	12.31.2018
Labor and social security	1,711	1,865
Tax	653	788
Civil and other	71	42
Total	2,436	2,695

Changes in the provision for risks for the nine-month periods ended September 30, 2019 and 2018 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of 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	(3,031)	(1,897)	(2,722)	2,315	(5,335)
Reversal	(2,963)	(5,195)	(3,109)	-	(11,267)
Transfers	-	376	(322)	-	54
Exchange differences	(1,608)	(283)	(471)	416	(1,946)
Discontinued operations (Note 2.4)	(11,391)	-	(90)	-	(11,481)
Balance as of September 30, 2018 (not reviewed)	9,054	21,773	28,386	(2,228)	56,985
Balance as of December 31, 2018	8,699	17,533	30,346	(2,695)	53,883
Adoption of IAS 29	341	179	240	-	760
Recognition/deposit	1,103	1,496	(185)	(743)	1,671
Payment	(1,703)	(1,286)	(339)	949	(2,379)
Reversal	(846)	(1,061)	(550)	-	(2,457)
Transfers	-	(661)	661	-	-
Exchange differences	(500)	1,147	4,089	53	4,789
Balance as of September 30, 2019	7,094	17,347	34,262	(2,436)	56,267

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 of September 30, 2019, the Group has an exposure of approximately €885,000 (€820,000 as of December 31, 2018), being €13,000 of contingent liabilities related to labor contingencies (€9,000 as of December 31, 2018), €644,000 of tax contingencies (€599,000 as of December 31, 2018), €228,000 of civil contingencies and administrative processes of other natures (€212,000 as of December 31, 2018), whose likelihood of loss was considered possible, according to the opinion of our legal counsel.

The most significant contingencies are:

Brazil

a) Tax

The possible tax contingencies, in the approximately amount of €643,000 (€511,000 at December 31, 2018) mainly refers to administrative and tax processes related to: (i) credit gloss for allegedly undue deduction of the IRPJ and CSLL calculation basis, as a goodwill amortization resulting from the acquisition of other companies; (ii) collection of IRPJ and CSLL, based on the fact that the company would no longer offer to tax profits earned abroad by subsidiaries and affiliated companies; (iii) collection of alleged difference or non-payment of CFEM, a financial compensation paid to the Union for economic use of mineral resources; (iv) collection of ICMS under judicial dispute based on the value of merchandise subject to tax regime; (v) tax credits gloss taken by the company and not approved by Federal or State Revenue; and (vi) fine for unapproved tax compensation statement, in the amount of 50% of the amount not offset.

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

The Company, along with other companies in the industry, were parties to administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defence (“CADE”). In July 2015, CADE's tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 by the competition authorities in Brazil (as well by other involved companies), maintaining the condemnation decision about cartel formation and the imposition of a pecuniary fine and other accessory penalties. The fine imposed to the Group amounted to, approximately, €127,000, besides the obligation to sell 20% of its concrete´s assets in Brazil, among other accessory penalties. On September 30, 2019, the fine imposed, resulting from its financial actualization, reached to €171,000, (€168,000 at December 31, 2018).

After the referred administrative CADE’s decision become final, the Group appealed judicially, having obtained, on 22 October 2015, the grant of the preliminary injunction to suspend all penalties imposed by CADE, by the presentation of real guarantees (two plants), until the judgment decision (note 7). Such preliminary injunction decision was judicially appealed by CADE, which was rejected. The proceeding did not have any significant change until September 30, 2019. Based on the opinion of its legal advisors, the risk of loss in court has been considered as possible, and therefore, no provision was recorded for this contingent liability as of September 30, 2019 and December 31, 2018.

Spain

As a result of the tax inspections of the years 2005 to 2008, tax assessments of approximately €120,000 were issued against the Company and, based on opinion of its legal advisors, the risk of loss in court was considered as possible. On September 30, 2019, the Supreme Court’s ruled the dispute and the decision was favourable to the Company, therefore the tax assessment was cancelled.

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 the ones in the preceding years, and these corrections results in negative taxable income of approximately €28,000, setting the negative taxable income of that period at approximately €31,000. In July 2017, the tax authorities report for the year 2012 resulted in a correction to the negative taxable income of approximately €242,000. The proceedings are now being held in the Audiência Nacional. The Supreme Court's ruling about years 2005 to 2008 will impact favorably on these proceedings but, it is not possible to determine the amount of this impact. In both cases, the deferred tax related to these losses are not booked.

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.

In May 2019, the Company released Capital Reserves in the amount of €66,887 (R$300,000 thousand) to its parent company, Mover Participações S.A. as mentioned in note 13 below.

13. Shareholder's Equity

Share Capital

As of September 30, 2019 share capital 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 Class A. As of December 31, 2018 share capital was represented by 27,883,213 registered shares without par value, of which 22,687,439 were common shares and 2,359,001 were preferred shares Class A and 2,836,773 were preferred shares Class B.

Capital Reserves - Preferred Shares – InterCement Participações Company

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

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

On April 30, 2019, the Board of Director decided to redeem the 2,836,773 Class B preferred shares entirely held by its parent company, Mover Participações S.A. at a share value of R$105,75397 totaling R$300,000 thousand (€66,887) by releasing Capital Reserves. The liquidation took place in May, 2019 and the shares were subsequently cancelled.

Earnings reserves – dividends payment

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.

For the nine-month period ended September 30, 2019, €46,973 of dividends were paid to preferred shares Class A.

Other comprehensive loss

For the nine-month period ended September 30, 2019, the movements in the Other Comprehensive Loss relates to the equity recognition of exchange differences arising on translating foreign operations in the negative amount of €330,146, including the negative adjustment in accumulated exchange differences due to the sale of Portuguese and Cape Verde assets in the amount of €170,382 (Note 2.4), and the positive recognition of hedging operations of €2,197. As of September 30, 2019, reference also to the positive adjustment of €122,622 related to hyperinflation accounting for our Argentinean subsidiaries applying IAS 29 rules (Note 2.2).

Non-controlling interests

Other comprehensive loss corresponds to the loss in equity recognition of exchange differences arising from the translating foreign operations in the amount of €77,296 and the gain of hedging operations amounting to €113.

In addition, in the nine-month periods ended September 30, 2018, dividends to non-controlling interests were declared in the amount of €303 (not reviewed).

14. Income Tax and Social Contribution

For the nine-month periods ended September 30, 2019 and 2018 the reconciliation between the nominal and the effective income tax was as follows:

	09.30.2019	09.30.2018 (Not reviewed)
Loss before income tax and social contribution	(76,440)	(82,562)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	25,990	28,071
Adjustments to calculate income tax and social contribution at effective rates:		
Permanent additions / (deductions), net (a)	20,387	(875)
Unrecorded deferred income tax and social contribution tax (b)	(62,500)	(62,644)
Restatement in homogeneous currency and effect of change in deferred tax rate	(12,322)	6,603
Other (c)	2,930	3,696
Income tax and social contribution expense	(25,515)	(25,149)
Income tax and social contribution expense - Current	(22,347)	(24,975)
Income tax and social contribution expense - Deferred	(3,168)	(174)

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

(b) Includes the tax effect from losses on entities not recognized due to lack of positive evidences that would enable them to be recovered within a reasonable period of time;

(c) For the nine-month period ended September 30, 2018, includes the reduction of a tax provision amounting to €4,209.

Deferred income tax and social contribution

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

In addition to the income tax charge, in the nine-month periods ended September 30, 2019 and 2018, the Group recorded deferred tax of €223 and €2,082, respectively, directly recognized in other comprehensive income.

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

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

	09.30.2019	09.30.2018 (Restated and not reviewed)
Depreciation, amortization and impairment losses	(123,425)	(103,348)
Salaries and employee benefits	(150,718)	(161,563)
Raw materials and consumables	(227,861)	(246,564)
Tax expenses	(17,791)	(18,922)
Outside services	(110,715)	(104,719)
Rental	(6,382)	(6,366)
Freight expenses	(97,228)	(113,698)
Maintenance costs	(51,255)	(58,586)
Fuel	(102,244)	(108,887)
Electricity	(85,539)	(96,798)
Reversal (recognition) of provision for risks	(2,384)	534
Gain on sale of property, plant and equipment	2,425	1,705
Other	(12,002)	(6,529)
Total	(985,119)	(1,023,741)
Cost of sales and services	(881,567)	(936,614)
Administrative and selling expenses	(117,643)	(110,922)
Other income	14,091	23,795
Total	(985,119)	(1,023,741)

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

	09.30.2019	09.30.2018 (Not reviewed)
Foreign exchange losses, net (a):		
Exchange gain	67,704	111,724
Exchange loss	(111,707)	(179,928)
Total	(44,003)	(68,204)
Financial income:		
Inflation adjustment (b)	18,830	15,954
Financial earnings	6,592	14,785
Interest income	672	567
Derivative financial instruments	6,733	1,671
Other income	1,646	1,599
Total	34,473	34,576
Financial expenses:		
Inflation adjustment	(2,949)	(2,352)
Expenses on interest and charges	(90,076)	(112,458)
Expenses on banking commissions	(10,684)	(16,876)
Fines	(2,080)	(803)
Derivative financial instruments	(1,773)	(5,916)
Other expenses	(9,283)	(10,132)
Total	(116,845)	(148,537)

(a) Exchange differences are mainly influenced by the valuation and devaluation of functional currencies against other currencies (mainly USD and Euro).

(b) It includes the application of IAS 29 to Argentinean pesos in the amount of €14,624 for the nine-month periods ended September 30, 2019 (note 2.2).

17. Commitments

Purchase agreements

InterCement Brasil has a contractual agreement for purchase of raw slag effective until 2021 adjusted by the Brazilian Chamber of Construction Industry (CBIC) ("take or pay contract") and also contracts for the acquisition of hydroelectric power until 2020, whose total estimated cash disbursements, in nominal amounts, are as follows:

	09.30.2019	12.31.2018
2019	1,242	7,352
2020	4,897	7,352
2021	408	613
Total	6,547	15,317

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:

	09.30.2019	12.31.2018
2019	31,623	44,314
2020	32,955	21,540
2021	22,662	18,072
2022	17,747	18,072
After 2022	118,187	115,009
Total	223,174	217,007

Additionally to the above figures, in accordance with the contract concluded with Sinoma International Engineering Co. Ltd for the construction of a new cement plant, Loma Negra C.I.A.S.A. assumed at December 31, 2017 commitments in a total amount of €277,600 (ARS 6,212,214 thousand). The value in pesos is subject to a periodic update in accordance with an adjustment formula. The commitments at September 30, 2019 amounts to €27,484 (ARS 1,726,514 thousand). At December 31, 2018 amounts to €142,540 (ARS 6,156,200 thousand).

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:

	09.30.2019	09.30.2018 (Not reviewed)
Profit / (Loss) for the period from continuing and discontinuing operations attributable to Company's owners	171,685	(97,503)
Profit / (Loss) for the period attributable to common shares	171,685	(97,503)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted loss per common share	7.57	(4.30)
Loss for the period from continuing operations attributable to Company's owners	(128,109)	(100,355)
Loss for the period attributable to common shares	(128,109)	(100,355)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted loss per common share	(5.65)	(4.42)

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

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

As of September 30, 2019 and December 31, 2018, there were no hedge contracted to protect such risks.

Exposure to interest rate risks and to floating and fixed rates

The Group is exposed to floating interest rates mainly related to changes in the IGP-M, CDI, Libor and Euribor on borrowings and debentures. Interest rates on cash and cash equivalents and short-term investments are exposed to CDI fluctuation. These positions are as follows:

	09.30.2019	12.31.2018
Assets:		
CDI	15,952	107,198
Total	15,952	107,198
Liabilities:		
IGP-M	6,441	6,359
CDI	409,286	483,435
EURIBOR	196,272	283,929
LIBOR	411,146	566,958
Others	24,934	36,461
Total	1,048,079	1,377,142

As of September 30, 2019 and December 31, 2018 the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, was as follows:

	09.30.2019	12.31.2018
Floating rates	60%	71%
Fixed rates	40%	29%

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 in such countries.

To hedge the exchange-rate risk, when Management considers appropriate, the Group enter into swaps and forward contracts with maturities equivalent to the hedged instrument. As of September 30, 2019 and December 31, 2018, the Group did not enter in any hedge activity for such risk. The Group does not enter in any of these contracts for speculative purposes.

The fact that the Group operates in countries with significant interest rate differentials in relation to the Group´s functional currency, there are natural hedge opportunities. In this respect, the Group sought to increase or decrease leveraging 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.

When necessary, the Group enters into derivatives transaction to better manage the Group's exchange exposure, namely a cross-currency swap that converts a liability/asset in a currency to a different currency.

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 individual financial results may be materially impacted by exchange rate fluctuations.

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

	09.30.2019	12.31.2018
Assets:		
Cash, cash equivalents and securities	51,597	85,243
Trade receivables	2,288	4,859
Related parties (a)	409,822	528,570
Other credits	2,710	2,633
Exposed assets	466,418	621,305
Liabilities:		
Interest, borrowings, financing and debentures	951,307	1,067,641
Foreign trade payables	28,522	106,747
Related parties (a)	446,396	425,805
Other debits	1,847	442
Exposed liabilities	1,428,071	1,600,635

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

The main debt instruments (essentially related with loans and debentures) as of September 30, 2019 and December 31, 2018, and considering the effect of the existing cross currency swaps, when applicable, were denominated in the following currencies:

	09.30.2019	12.31.2018
USD	53%	54%
BRL	25%	25%
EUR	16%	16%
Other	7%	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 continuing working with its lenders to refinance its debt profile, targeting lower amortization for the next coming years, while Brazil recovers from its recent financial crises.

19.6. Credit risk

The markets view of Group's credit risk in regard 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 defaulting on its obligations.

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

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

19.7. Counterparty risk

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

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

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

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 of September 30, 2019 were as follow:

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

A parallel increase of +1% in the interest rate with all the other assumptions remaining constant would result in an increase in financial costs for the period then ended (before taxes) of approximately €1,963 on the Euro liability indexed to the variable rate (Euribor), €4,111 on the Dollar liability indexed to the variable rate (US Libor), and €3,933 on the Reais liability indexed to the variable rate (CDI), as shown in table below:

Indexing	Currency	Asset (liability)	1%	2%	3%
Euribor	EUR	(196,272)	(1,963)	(3,925)	(5,888)
US Libor	USD	(411,145)	(4,111)	(8,223)	(12,334)
CDI	BRL	(393,334)	(3,933)	(7,867)	(11,800)

b) Exchange rates

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

Considering the Group's companies financial asset and liability profile (including intercompany balances), which the negotiated currency is dollars or Euro and it is different from the business unit´s functional currency as of September 30, 2019, the impact on net financial results would be as follows:

Dollars

				USD depreciation		USD appreciation	
Amount in USD	Funcional currency	FX Rate (09-30-19)		-10%	-5%	5%	10%
(892,244)	EUR	1.09	Effect in EUR	(81,798)	(40,899)	40,899	81,798
(70,335)	ARS	57.59	Effect in ARS	(405,061)	(202,530)	202,530	405,061
			Effect in EUR	(7,165)	(3,394)	3,071	5,862
1,401	PYG	6,384.71	Effect in PYG	894,606	447,303	(447,303)	(894,606)
			Effect in EUR	143	68	(61)	(117)
(881)	BRL	4.16	Effect in BRL	(367)	(184)	184	367
			Effect in EUR	(90)	(43)	38	73
95,641	ZAR	15.15	Effect in ZAR	144,938	72,469	(72,469)	(144,938)
			Effect in EUR	9,742	4,615	(4,175)	(7,971)
(21,765)	EGP	16.23	Effect in EGP	(35,323)	(17,662)	17,662	35,323
			Effect in EUR	(2,217)	(1,050)	950	1,814
(115,949)	MZN	61.40	Effect in MZN	(711,970)	(355,985)	355,985	711,970
			Effect in EUR	(11,811)	(5,595)	5,062	9,663

Euro

				EUR depreciation		EUR appreciation	
Amount in EUR	Funcional currency	FX Rate (09-30-19)		-10%	-5.0%	5.0%	10.0%
(34,847)	ZAR	16.53	Effect in ZAR	57,603	28,801	(28,801)	(57,603)
			Effect in EUR	3,550	1,681	(1,521)	(2,904)
81,665	BRL	4.54	Effect in ZAR	(37,096)	(18,548)	18,548	37,096
			Effect in EUR	(8,319)	(3,940)	3,565	6,806
(48,679)	MZN	66.98	Effect in ZAR	326,048	163,024	(163,024)	(326,048)
			Effect in EUR	4,959	2,349	(2,125)	(4,057)

19.9. Categories of financial instruments

	09.30.2019	12.31.2018
Current assets:		
Cash and bank accounts (Note 4)	192,768	143,039
Financial assets at amortized cost:		
Trade receivables (Note 6)	110,427	73,202
Other receivables	57,696	35,220
Financial assets at fair-value:		
Short-term investments - financial asset	51,946	183,264
Exclusive funds	17,001	15,498
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 6)	516	745
Other receivables	21,253	35,281
Financial assets at fair-value:		
Long-term investments - financial asset	1,290	1,337
Derivatives	7,767	3,362
Current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	158,485	105,822
Borrowings and financing (Note 9)	197,554	385,538
Trade payables	243,903	249,605
Interest payable (Notes 9 and 10)	9,002	39,389
Obligations under finance leases (IFRS 16)	16,078	-
Other payables	40,003	42,272
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	706,848	792,905
Borrowings and financing (Note 9)	667,212	653,901
Trade payables	2,795	9,948
Obligations under finance leases (IFRS 16)	20,189	-
Other payables	28,154	29,133
Financial liabilities at fair value:		
Derivatives	-	303

19.10. Derivative transactions

Derivatives

As of September 30, 2019 and December 31, 2018, the fair value of derivatives is as follows:

	Assets		Liabilities	
	Non-current		Non-current	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	7,767	3,362	-	303
	7,767	3,362	-	303

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 September 30, 2019 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	17,001	-	-
Financial assets at fair value	Financial derivative instruments	-	-	7,767

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 faced with the corresponding evaluations made by counterparties.

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

Regarding loans and debentures, as shown in Notes 9 and 10, in general, are contracted at variable interest rates. Consequently, it is understood that the corresponding book value (amortized cost) does not differ significantly from their corresponding market value, except for the Senior Notes issued by InterCement 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:

	09.30.2019	12.31.2018
Fair value	750,299	842,763
Carrying amount	871,479	918,202

20. Supplemental Cash Flow Information

Investment and financing activities not involving cash

	09.30.2019	09.30.2018 (not reviewed)
Interest capitalization	7,808	633
Purchase of property, plant and equipment through trade payables	41,836	-
Trade payables release related to purchase of property, plant and equipment	-	(12,434)
Purchase of intangibles through trade payables	1,602	171
Sales of property, plant and equipment that will be received	829	922

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:

	09.30.2019				09.30.2018 (Not reviewed)			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	317,848	261	318,109	(28,898)	313,354	973	314,327	(30,631)
Argentina and Paraguay	444,118	-	444,118	88,506	518,769	-	518,769	113,985
Egypt	85,141	-	85,141	(6,331)	82,033	-	82,033	1,362
Mozambique	82,491	-	82,491	7,838	78,577	-	78,577	7,562
South Africa	95,142	2,046	97,188	10,732	100,314	1,934	102,248	15,733
Total	1,024,740	2,307	1,027,047	71,847	1,093,047	2,907	1,095,954	108,011
Unallocated (a)	10,314	55,041	65,355	(21,912)	30,297	103,347	133,644	(8,408)
Eliminations	-	(57,348)	(57,348)	-	-	(106,255)	(106,255)	-
Sub-total	1,035,054	-	1,035,054	49,935	1,123,344	-	1,123,344	99,603
Share of profit of associates				-				-
Income before financial income (expenses)				49,935				99,603
Foreign exchange, net				(44,003)				(68,204)
Financial income				34,473				34,576
Financial expenses				(116,845)				(148,537)
Income before income tax and social contribution				(76,440)				(82,562)
Income tax and social contribution				(25,515)				(25,149)
Loss for the period from continuing operations				(101,955)				(107,711)
Profit for the period from discontinuing operations				304,127				3,822
Profit/(Loss) for the period				202,172				(103,889)

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

The profit (loss) for each nine-month periods above includes the full amount of the Company's segments disregarding the following amounts attributable to non-controlling interests:

	Noncontrolling interests	
	09.30.2019	09.30.2018 (Not reviewed)
Continuing operating segments:		
Brazil	5,906	(14,520)
Argentina and Paraguay	23,496	18,595
Egypt	(273)	(650)
Mozambique	157	1,415
South Africa	998	3,601
	30,284	8,441
Unallocated	(4,129)	(15,797)
	26,155	(7,356)
Discontinued operating segments	4,332	970
Profit (loss) for the period attributable to non-controlling interests	30,487	(6,386)

Other information:

	09.30.2019		09.30.2018 (Not reviewed)	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Continuing operating segments:				
Brazil	31,955	58,101	25,072	56,494
Argentina and Paraguay	177,743	35,591	54,235	21,188
Egypt	3,852	15,742	2,091	12,000
Mozambique	4,134	5,951	31,065	5,780
South Africa	6,503	7,113	5,696	6,950
	224,187	122,498	118,159	102,412
Unallocated	502	927	2,082	936
	224,689	123,425	120,241	103,348
Discontinuing operating segments	-	-	4,178	36,378
Total	224,689	123,425	124,419	139,726

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

For the nine-month period ended September 30, 2019, impairment losses were recorded in Brazilian business segment for tangible assets in the amount of €611(€4,197 for the nine-month periods ended September 30, 2018).

In addition, segment assets and liabilities reconciled with the consolidated balances as of September 30, 2019 and December 31, 2018 are as follows:

	09.30.2019			12.31.2018		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Continuing operating segments:						
Brazil	1,547,081	728,511	818,570	1,558,508	799,523	758,985
Argentina and Paraguay	1,037,450	417,913	619,537	978,846	377,907	600,939
Egypt	275,569	210,761	64,808	252,366	191,950	60,416
Mozambique	231,068	149,112	81,956	221,784	145,034	76,750
South Africa	339,625	99,905	239,720	334,117	95,166	238,951
Total	3,430,793	1,606,202	1,824,591	3,345,621	1,609,580	1,736,041
Unallocated	384,849	1,162,835	(777,986)	368,366	1,498,294	(1,129,927)
Eliminations	(273,580)	(273,580)	-	(273,638)	(273,638)	-
Total continuing segments	3,542,062	2,495,457	1,046,605	3,440,349	2,834,236	606,114
Discontinuing operating segments	-	-	-	868,105	310,598	557,506
Eliminations	-	-	-	(4,310)	(4,310)	-
Total discontinuing segments	-	-	-	863,795	306,288	557,506
Inter-segment eliminations	-	-	-	(119,965)	(119,965)	-
Total	3,542,062	2,495,457	1,046,605	4,184,179	3,020,559	1,163,620

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

22. Argentina political and market trends

The results of the primary presidential election in Argentina occurred on August 11, 2019 brought a new significant political and economic trends, resulting in a significant depreciation of the Argentinean pesos in comparison with USD (and EURO).

As a response to this currency depreciation, on September 1, 2019, the Necessity and Urgency Decree (“DNU”) No. 609/2019 imposed several rules to enter and/or negotiate in the exchange market and empowered the Central Bank of Argentina (“BCRA”) to establish the terms and conditions to operate in foreign currency, which along other matters, will require prior authorization to financial transactions in foreign currency and distribution of profits and dividends to foreign countries. Such requirements remain until December 31, 2019.

On October 27, 2019, results of the primary presidential election was confirmed, culminating in the election of Mr. Alberto Fernandez as the president of Argentina, effective on December 10, 2019.

With this electoral result, the BCRA imposed new limitations on the purchase of foreign currency with the objective of preserving its reserves, which had a significant fall due to retail demand in the weeks prior to the election.

The Company’s management is continuing monitoring the issue and the potential impact in the Company’s business and financial information, if any. These condensed consolidated interim financial statements do not include any adjustment related to the aforementioned facts in respect to our investment in the wholly owned subsidiary Loma Negra Cia Industrial Argentina S.A. The effects, if any, that may result from this matter will be reported in the annual consolidated financial statements for the year to be ended December 31, 2019.

23. Subsequent events

Debenture payment postponement

In November 2019, Management agreed with debenture holder to extend the amortization of €55,035 (R$250,000 thousand) that was due on November 21, 2019 to January 21, 2020 and does not result in a covenant breach. The above extension will be included on the reprofiling program that Management is designing with the Company´s main lenders

24. Authorization for Completion of Financial Information

At the meeting held on November 29, 2019, the Board of Directors authorized the completion of this consolidated interim financial statements, being approved them for disclosure.