Building sustainable partnerships

2019, 2018 and 2017

FINANCIAL STATEMENTS

InterCement

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Independent auditor's report on the consolidated financial statements

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

Opinion

We have audited the consolidated financial statements of InterCement Participações S.A. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2019, and the consolidated statements of operations, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of InterCement Participações S.A. as of December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the *Code of Professional Ethics for Accountants* (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Brazil, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

- **Goodwill impairment test**

As of December 31, 2019, as described in Note 9, the Company has recorded goodwill of US$1,076,173 thousand, generated in business combinations from prior years, representing 27% of total assets, on that date. At least once a year, the Company performs impairment test of goodwill, based on estimates of future profitability that take in consideration the business plans and annual budget, adopted by management. The methodology and modeling used to determine the recoverable value of this asset, which was based on the Company's discounted cash flows of each cash-generating unit, refer to estimates that include subjective assumptions that were used by Management and involve a high degree of judgment, information and expected market and economic conditions, determination of discount rates, country risks and company specific risk premiums (at the component levels), among others.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts involved in relation to the total assets and the potential risks to the Company's profit and loss for the year, in the event of identification of impairment of this asset, in addition to the uncertainties inherent to the determination of the estimate of expected recovery values, given the use of market information and a high degree of judgment exercised by management, in determining the assumptions on the different impairment models. A change in any of these assumptions may have a significant impact on the Company's consolidated financial statements.

How our audit conducted this matter

Our auditing procedures included, but were not limited to, the involvement of valuation specialists to assist in the analysis and review of the methodologies and models used by management, evaluation of the assumptions that supported the projections that determined the business plan, budget, technical studies and analyzes of the recoverable amount of the Company's asset related to each cash-generating unit. Our procedures also included an evaluation of the reasonableness and consistency of the data and assumptions used in the preparation of such models, including discount rates, country risk, company specific risk premiums and cash flow projections, among others, as provided by Company's management, and we also analyzed corresponding accuracy of arithmetic and mathematical calculations of the models. We analyzed information that could contradict the most significant assumptions and methodologies selected.

Additionally, we compared the recoverable amounts determined by Company's management, based on the discounted cash flows for each cash-generating unit, with the corresponding carrying amounts, and evaluated the adequacy of the disclosures in Note 9 to the consolidated financial statements as of December 31, 2019.

Based on the results of the auditing procedures performed on the goodwill impairment test, which is consistent with management's assessment, we considered the criteria and assumptions of goodwill impairment test used by management, as well as the respective disclosures in Note 9, are acceptable, in the context of the consolidated financial statements taken as a whole.

- **Restrictive clauses on borrowings, financing and debentures - "covenants"**

As of December 31, 2019, as described in Notes 10 and 11, the Company has recorded borrowings and financing (including senior notes) and debentures in the total amount of US$1,931,235 thousand, out of which US$1,531,949 thousand classified as non-current liabilities, representing 49% and 39%, respectively, of total liabilities and equity on that date. These debentures and senior notes are subject to compliance with annual restrictive covenants, which are calculated using certain financial ratios agreed with the creditors. The failure to comply with these covenants may result in the declaration of early maturity of such contracts, as well as other borrowings and financing due to cross default, which would require the Company to pay the respective outstanding amounts immediately on the date of any default, significantly impacting its equity and financial position, reason why we considered the compliance with the referred restrictive clauses as a significant risk to our audit.

How our audit conducted this matter

Our audit procedures included, among others: (i) reading and understanding the annual restrictive clauses ("covenants") from such debentures and senior notes, including any amendments that contain changes to these covenants, which were renegotiated during December 2019; (ii) analysis and review of the covenants' calculation performed by management, and; (iii) evaluation of information made available by the fiduciary agents and subsequent events, which include understanding of debt restructuring negotiations, as mentioned in Notes 1 and 27. We also assessed the adequacy of the disclosures in Notes 10 and 11 to the consolidated financial statements as of December 31, 2019.

Based on the result of the audit procedures carried out on the covenants compliance, we considered that the criteria and premises adopted by management, as well as the respective disclosures in Notes 10 and 11, are acceptable, in the context of the consolidated financial statements taken as a whole.

- **Deferred tax assets impairment test**

As of December 31, 2019, as described in Note 17, the Company has recorded deferred tax assets in the amount of US$83,677 thousand, which recognition and recoverability are based on analysis prepared by the management, in respect of generation of future taxable income. The preparation of such a study requires significant judgment in determining the projection of future taxable income.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts involved and the potential effects on the Company's profit and loss for the year, and the degree of judgment used in the projections of future taxable income, its estimates and assumptions, and the potential impact that any changes in these estimates and assumptions could bring to the deferred tax assets recorded in the consolidated financial statements.

How our audit conducted this matter:

Our auditing procedures included, but were not limited to, the use of specialized tax professionals to analyze the income tax bases according to current tax legislation. Additionally, we performed analysis and evaluation of the assumptions and methodology used by management in the projections of future taxable income, such as changes in sales and costs, tax rates, arithmetic and mathematical calculations, as well as comparing certain projection data, when available, with other external sources and alignment of these premises with the business plans approved by the Company's management. Additionally, we have analyzed the adequacy of the disclosures made in Note 17 to the consolidated financial statements.

Based on the results of the audit procedures performed on the recognition, measurement and recoverability of deferred tax assets through the availability of future taxable income, which is consistent with management's assessment, we considered that the criteria and assumptions of recoverable values of deferred tax assets adopted by the Company’s management, as well as the respective disclosures in Note 17, are acceptable, in the context of the consolidated financial statements taken as a whole.

Other matters

The consolidated financial statements for the year ended December 31, 2018, were audited by another auditor who expressed an opinion with emphasis of matter paragraph regarding restatement figures with the reasons described in the Notes 2.1.c and 3, dual dated on June 22, 2020.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company’s and its subsidiaries’ financial reporting process.

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

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

As part of an audit in accordance with International Standards on Auditing, we exercised professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

São Paulo, June 22, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Marcos Alexandre S. Pupo
Accountant CRC-1SP221749/O-0

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position as of December 31, 2019, 2018 and 2017

In thousands of U.S. Dollars – US$)

ASSETS	Notes	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
CURRENT ASSETS					
Cash and cash equivalents	4	333,869	373,815	1,364,899	570,914
Securities	5	19,516	17,755	74,744	52,186
Trade receivables	6	75,490	83,861	98,781	145,175
Inventories	7	279,103	304,169	400,053	420,789
Recoverable taxes		58,658	48,742	49,194	44,947
Derivatives	25.10	-	-	4,627	27,905
Other receivables		37,693	40,349	43,672	54,944
		804,329	868,691	2,035,970	1,316,860
Assets classified as held for sale	2.28	-	855,804	-	-
Total current assets		804,329	1,724,495	2,035,970	1,316,860
NONCURRENT ASSETS					
Securities	5	1,427	1,532	2,464	3,090
Trade receivables	6	504	854	1,364	6,540
Inventories	7	80,607	53,826	41,905	35,132
Recoverable taxes		35,213	71,513	9,927	31,307
Deferred income tax and social contribution	17	10,706	17,426	20,231	31,468
Escrow deposits		17,607	19,104	21,986	21,019
Derivatives	25.10	7,060	3,852	8,027	227,303
Other receivables		39,621	40,419	24,651	28,990
Property Investment		1,353	4,620	8,494	7,851
Investments		483	644	11,219	14,074
Right-of-use assets	14	60,750	-	-	-
Property, plant and equipment	8	1,690,789	1,546,449	1,858,324	2,136,350
Intangible assets:					
Goodwill	9	1,076,173	1,128,142	1,679,507	1,631,718
Other intangible assets	9	150,708	177,421	241,183	225,127
Total noncurrent assets		3,173,001	3,065,802	3,929,282	4,399,969
TOTAL ASSETS		3,977,330	4,790,297	5,965,252	5,716,829

LIABILITIES AND SHAREHOLDER´S EQUITY	Notes	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
CURRENT LIABILITIES					
Trade payables		295,625	285,950	349,953	328,776
Debentures	11	178,623	121,230	126,808	128,634
Borrowings and financing	10	220,663	441,675	561,082	225,631
Interest payable	10 and 11	27,632	45,125	69,080	100,942
Obligations under finance leases	14	30,644	-	-	-
Taxes payable		54,777	66,425	90,263	71,338
Payroll and related taxes		33,604	28,773	52,750	45,987
Dividends and interest on capital		229	183	4,994	2,590
Advances from customers		10,019	14,375	23,135	19,128
Actuarial liabilities		-	44	927	953
Derivatives	25.10	-	-	-	8,743
Other payables		49,026	48,425	50,661	31,886
		900,842	1,052,205	1,329,653	964,608
Liabilities directly associated with assets classified as held for sale	2.28	-	351,767	-	-
Total current liabilities		900,842	1,403,972	1,329,653	964,608
NONCURRENT LIABILITIES					
Trade payables		3,033	11,397	7,370	9,705
Debentures	11	781,490	908,358	1,074,403	1,221,090
Borrowings and financing	10	750,459	749,114	1,492,748	2,038,433
Obligations under finance leases	14	39,708	-	-	-
Provision for tax, civil and labor risks	12	58,971	61,729	100,327	55,361
Provision for environmental recovery	13	20,751	17,900	46,361	42,152
Taxes payable		7,181	4,652	15,220	13,861
Deferred income tax and social contribution	17	257,006	268,801	279,288	318,434
Actuarial liabilities		724	732	18,886	23,025
Derivatives	25.10	-	347	19,905	7,879
Other payables		29,232	33,375	19,502	14,592
Total noncurrent liabilities		1,948,555	2,056,405	3,074,010	3,744,532
TOTAL LIABILITIES		2,849,397	3,460,377	4,403,663	4,709,140
SHAREHOLDER'S EQUITY					
Capital	16	1,440,119	1,440,119	1,439,387	1,439,387
Capital reserves	16	550,676	625,418	548,727	548,727
Earnings reserves	16	421,217	581,421	1,334,808	731,667
Retained earnings (accumulated loss)	16	-	(229,120)	(743,782)	(563,662)
Other comprehensive loss	16	(1,622,369)	(1,410,308)	(1,302,344)	(1,231,969)
Shareholder´s equity attributable to the Company's owners		789,643	1,007,530	1,276,796	924,150
Non-controlling interests	16	338,290	322,390	284,793	83,539
Total shareholder´s equity		1,127,933	1,329,920	1,561,589	1,007,689
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY		3,977,330	4,790,297	5,965,252	5,716,829

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements Operations for the years ended December 31, 2019, 2018 and 2017

(In thousands of U.S. Dollars – US$, except per earnings (loss) per share)

	Notes	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
CONTINUING OPERATIONS				
NET REVENUE	18	1,550,330	1,717,617	1,897,280
COST OF SALES AND SERVICES	19	(1,323,912)	(1,496,992)	(1,549,798)
GROSS PROFIT		226,418	220,625	347,482
OPERATING EXPENSES				
Administrative and selling expenses	19	(178,805)	(166,877)	(258,294)
Other income (expenses)	19	(12,733)	(79)	(263,122)
Equity result		-	-	(97)
INCOME BEFORE FINANCIAL INCOME (EXPENSES) AND INCOME TAX AND SOCIAL CONTRIBUTION		34,880	53,669	(174,031)
FINANCIAL INCOME (EXPENSES)				
Foreign exchange, net	20	(18,038)	(93,074)	145,250
Financial income	20	56,117	54,551	43,423
Financial expenses	20	(203,655)	(215,204)	(326,788)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(130,696)	(200,058)	(312,146)
INCOME TAX AND SOCIAL CONTRIBUTION				
Current	17	(30,003)	(45,189)	(85,771)
Deferred	17	(4,872)	5,880	(76,473)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(165,571)	(239,367)	(474,390)
DISCONTINUED OPERATIONS				
NET INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.28	336,372	8,719	(14,822)
INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO				
Company's owners		122,146	(227,938)	(412,946)
Non-controlling interests		48,655	(2,710)	(76,266)
LOSS PER SHARE FOR CONTINUING OPERATIONS				
Basic/diluted loss per share	22	(9.23)	(10.37)	(17.69)
EARNINGS / (LOSS) PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS				
Basic/diluted earnings / (loss) per share	22	5.38	(10.05)	(18.20)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (loss) for the years ended December 31, 2019, 2018 and 2017

(In thousands of U.S. Dollars – US$)

	Notes	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
CONTINUING OPERATIONS				
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(165,571)	(239,367)	(474,390)
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Employee benefits		72	17	77
Items that might be reclassified subsequently to profit or loss:				
Exchange differences arising on translating foreign operations		(430,031)	(321,294)	(142,351)
Hyperinflation effects (IAS29)	2.1	200,616	250,663	-
Hedging derivatives financial instruments		3,232	11,340	17,451
TOTAL COMPREHENSIVE LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(391,682)	(298,641)	(599,213)
DISCONTINUED OPERATIONS				
NET INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.28	336,372	8,719	(14,822)
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Employee benefits		-	(5,847)	1,578
TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS		336,372	2,872	(13,244)
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:				
Company's owners		(421,494)	(340,789)	(462,566)
Non-controlling interests		29,812	42,148	(136,647)
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:				
Company's owners		(89,915)	(339,288)	(462,566)
Non-controlling interests		34,605	43,519	(149,891)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2019, 2018 and 2017
(In thousands of U.S. Dollars – US$)

				Earning reserves							
	Notes	Share capital	Capital Reserves	Legal	Capital budget	Transactions with noncontrolling interests	Other comprehensive income (loss)	Retained earnings (Accumulated losses)	Total attributable to the Company's owners	Non-controlling interests	Total equity
BALANCE AS OF JANUARY 01, 2017 (Restated)		1,439,387	548,727	24,325	206,878	500,464	(1,231,969)	(563,662)	924,150	83,539	1,007,689
Loss for the year		-	-	-	-	-	-	(412,946)	(412,946)	(76,266)	(489,212)
Loss absortion through earnings reserves	16	-	-	(24,325)	(206,878)	-	-	231,203	-	-	-
Realization of deemed cost of property, plant and equipment		-	-	-	-	-	(1,623)	1,623	-	-	-
Sale of noncontrolling interests	16	-	-	-	-	826,923	-	-	826,923	372,456	1,199,379
Aquisition of noncontrolling interests	16	-	-	-	-	10,147	-	-	10,147	(20,385)	(10,238)
Transactions with shareholders recognized directly in equity	2.27	-	-	-	-	(2,726)	-	-	(2,726)	(926)	(3,652)
Dividends paid to noncontrolling interests	16	-	-	-	-	-	-	-	-	(19,132)	(19,132)
Other comprehensive income	16	-	-	-	-	-	(68,752)	-	(68,752)	(54,493)	(123,245)
BALANCE AS OF DECEMBER 31, 2017 (Restated)		1,439,387	548,727	-	-	1,334,808	(1,302,344)	(743,782)	1,276,796	284,793	1,561,589
Capital increase	16	732	76,691	-	-	-	-	-	77,423	-	77,423
Loss for the year		-	-	-	-	-	-	(227,938)	(227,938)	(2,710)	(230,648)
Loss absortion throught earnings reserves	16	-	-	-	-	(743,782)	-	743,782	-	-	-
Realization of deemed cost of property, plant and equipment		-	-	-	-	-	2,015	(2,015)	-	-	-
Sale of noncontrolling interests	16	-	-	-	-	7,489	-	-	7,489	859	8,348
Aquisition of noncontrolling interests	16	-	-	-	-	(16,015)	-	-	(16,015)	12,527	(3,488)
Other		-	-	-	-	(1,079)	-	833	(246)	1,111	865
Dividends paid to noncontrolling interests	16	-	-	-	-	-	-	-	-	(19,048)	(19,048)
Other comprehensive income		-	-	-	-	-	(229,582)	-	(229,582)	(86,202)	(315,784)
Hyperinflationary monetary adjustment	2.1	-	-	-	-	-	119,603	-	119,603	131,060	250,663
BALANCE AS OF DECEMBER 31, 2018 (Restated)		1,440,119	625,418	-	-	581,421	(1,410,308)	(229,120)	1,007,530	322,390	1,329,920
Loss absortion through earnings reserves	16	-	-	-	-	(229,120)	-	229,120	-	-	-
Capital decrease	16	-	(74,742)	-	-	-	-	-	(74,742)	-	(74,742)
Net income for the year		-	-	-	-	-	-	122,146	122,146	48,655	170,801
Appropriation of net income to reserves	16	-	-	6,107	116,039	-	-	(122,146)	-	-	-
Other comprehensive loss		-	-	-	-	-	(308,153)	-	(308,153)	(118,574)	(426,727)
Aquisition of noncontrolling interests	16	-	-	-	-	267	-	-	267	(369)	(102)
Dividends to preferred shares - paid	16	-	-	-	-	(53,497)	-	-	(53,497)	-	(53,497)
Dividends paid to noncontrolling interests	16	-	-	-	-	-	-	-	-	(18,336)	(18,336)
Hyperinflationary monetary adjustment	2.1	-	-	-	-	-	96,092	-	96,092	104,524	200,616
BALANCE AS OF DECEMBER 31, 2019 (Recasted)		1,440,119	550,676	6,107	116,039	299,071	(1,622,369)	-	789,643	338,290	1,127,933

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017

(In thousands of U.S. Dollars – US$)

	Notes	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Profit / (Loss) before income tax and social contribution from continuing and discontinuing operations		205,676	(195,143)	(334,137)
Adjustments to reconcile income before income (loss) tax and social contribution with net cash used in operating activities:				
Depreciation, amortization and impairment losses	19	232,411	298,384	500,708
Allowance for probable losses, net		(3,123)	(8,134)	(12,032)
Interest (income) expenses, exchange differences and other finance charges	20	165,576	269,833	158,053
Loss (gain) on sale of property, plant and equipment	19	(10,238)	(8,389)	(8,241)
Gain on sale of discontinued operations and reversal of exchange differences	2.28	(336,372)	-	-
Equity pick-up		-	(1,183)	(976)
Other noncash operating gain (losses)		(1,893)	(1,546)	9,357
Decrease (increase) in operating assets:				
Related parties		-	(5,440)	(415)
Trade receivables		(12,325)	(35,650)	58,304
Inventories		(60,297)	(47,761)	7,188
Recoverable taxes		115	-	(220)
Other receivables		(286)	(121)	268
Increase (decrease) in operating liabilities:				
Related parties		-	538	681
Trade payables		(20,027)	40,763	18,058
Payroll and related taxes		2,742	(399)	2,007
Other payables		51,216	(72,774)	(15,206)
Taxes payable		(2,864)	518	12,845
Cash generated by operating activities		210,311	233,497	396,242
Income tax and social contribution paid		(31,193)	(68,174)	(57,298)
Interest paid		(157,185)	(178,697)	(254,438)
Net cash generated by (used in) operating activities		21,933	(13,374)	84,506
CASH FLOW FROM INVESTING ACTIVITIES				
Redemption of (Investments in) securities		(301)	51,872	(12,763)
Purchase of property, plant and equipment		(277,054)	(224,229)	(147,285)
Increase in intangible assets		(3,960)	(1,976)	(2,754)
Cash received from discontinued operations, net o cash balance received	2.28	742,515	-	-
Intersegment payments to carved-out companies	2.28	(133,663)	-	-
Cash received from sale of property, plant and equipment		6,911	6,258	8,737
Other		(12,488)	982	(663)
Net cash generated by (used in) investing activities		321,960	(167,094)	(154,728)
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings, financing and debentures	10	213,418	94,314	337,283
Swap transactions	25.10	-	(26,541)	231,433
Acquisition of noncontrolling interests	16	(102)	(3,488)	(7,529)
Capital decrease	16	(74,742)	77,423	-
Repayment of borrowings, financing and debentures	10 and 11	(472,981)	(802,407)	(778,919)
Dividends paid	16	(71,833)	-	(19,132)
Sale of noncontrolling interests	16	-	13,494	1,124,561
Payment of principal portion of lease liabilities	14	(24,081)	-	-
Other instruments		905	(22,828)	(16,463)
Net cash used in financing activities		(429,416)	(670,032)	871,234
DECREASE IN CASH AND CASH EQUIVALENTS		(85,523)	(850,500)	801,012
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(21,670)	(73,337)	(7,027)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4	441,062	1,364,899	570,914
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	333,869	441,062	1,364,899

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2019, 2018 and 2017

(Amounts in thousands of U.S. Dollars – US$, 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. (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 35 cement plants, 45 concrete plants, and 6 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.

Sale of business operations:

On October 26, 2018, InterCement Participações, S.A. announced the signing of a definitive agreement to sell its operations in Portugal and Cape Verde to Ordu Yardimlaşma Kurumu (OYAK) (presented as "Discontinued operations" since then). 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, 17 quarries and a cement bagging plant. The closing date and control transfer depended upon on certain conditions, including regulatory approvals.

On January 17, 2019, the final closing agreement was signed, completing the sale of the business operations in Portugal and Cape Verde to the Turkish group OYAK.

With a reference price of US$809,939 (€707,000 thousand), the final selling price for the transaction was determined in the quarter ended September 30, 2019, in the amount of US$806,181 (€703,720 thousand), after considering the closing net debt, related party adjustments and changes in working capital since June 30, 2018. The proceedings received were 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 initial public offering of Loma Negra – the cement market leader in Argentina – in both NYSE and BYMA stock markets.

As a result, Portugal and Cape Verde segment is present as "Discontinued operations" in 2019 and 2018 in the Consolidated Statements of Operations, and as "Assets held for sale" in the Consolidated Statements of Financial Position 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 (Note 2.28).

Refinancing of debts:

On June 8, 2020, the Company concluded a debenture issuance made by InterCement Participações S.A. and InterCement Brasil S.A., in the total amount of R$4,676,827 thousands (equivalent to approximately

US$910,490, considering the exchange currency rate at the date of the transaction). See note 27 for further information.

Such transaction will relief our short-term payments of borrowings, financing and debentures in the amount of US$209,461 (considering the exchange currency rate as at December 31, 2019), which will now mature in the long term. This action is deemed to be sufficient to bring the working capital to a sustainable level.

Effects of the new Coronavirus pandemic (COVID-19):

During the first quarter of 2020, a new virus (Corona Virus) spread out across the globe and, in order to contain the corresponding dissemination, several actions were taken by authorities from different countries. Among others, the action taken restricted travels and any type of agglomeration.

The global market was severe impacted, resulting in volatility and uncertainties in several perspectives, with potential impacts in the Global Gross Domestic Product (“GDP”) in 2020 and upcoming years.

The impacts in the Company's business and the actions taken by management are described in Note 27.

Other relevant events occurred in the comparative financial information:

Loma Negra, C.I.A.S.A. (“Loma Negra”) initial public offering (“IPO”)

On September 5, 2017, the Company turned public that among the initiatives being undertaken to reduce its leverage, the Board of Directors of its controlled company in Argentina, Loma Negra, was promoting initiatives to enable Loma Negra to be in a position to pursue an equity offering in the domestic and international stock markets. Loma Negra's IPO took place in a dual listing deal in both NYSE (USA) and BYMA (Argentina).

On November 3, 2017, the IPO closed at a price of US$19.00 per American Depositary Shares (“ADSs”). Loma Negra sold 53,530,000 ADSs in the international offering, representing 267,650,000 of Company’s ordinary shares, including the option for full exercise of the underwriters to purchase additional 7,530,000 ADSs. Loma Negra raised gross proceedings in the amount of US$34,200, and the selling shareholder (Loma Negra Holding GmbH) raised gross proceedings of US$982,870. Loma Negra also received gross proceedings of US$79,800 from the sale of 21,000,000 ordinary shares in the concurrent Argentine offering. In total, the Company and the selling shareholder raised gross proceedings of US$1,096,870 (from the global offering), for 48.43% of the share capital (US$1,051,501 net proceedings - see Note 16).

Cimentos de Portugal, SGPS, S.A. (“Cimpor”)

On June 21, 2017, an Extraordinary General Shareholders’ Meeting (“EGM”) of Cimpor determined on the loss of public company status, pursuant to article 27(1)(b) of the Portuguese Securities Code (“PSC”), upon a proposal of resolution to that effect presented by InterCement Austria Holding GmbH, a fully controlled subsidiary of InterCement Participações S.A., which directly held (prior to the delisting process) 74.64% of the Company’s share capital. The shareholders’ resolution was approved by a majority of 99.28% of the cast votes, corresponding to 94.67% of Cimpor’s voting share capital.

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

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

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of presentation

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

All relevant information in the financial statements is being evidenced and corresponds to that used by the Management in the conduction of the Company.

2.1.a Functional currency

The Company's functional currency is the Brazilian Real (R$).

2.1.b Change in presentation currency and recasting of consolidated financial statements as of and for the year ended December 31, 2019

As prescribed by IAS 21, paragraph 38 - The Effects of Changes in Foreign Exchange Rates, the Company may present its financial statements in any currency. As such, considering (i) the fact the Brazilian Real presents certain challenges for benchmarking certain business operations; (ii) that world trade reference prices for clinker and cement are in U.S. Dollars, and; (iii) the ongoing negotiations with Company's creditors and the rising interests from our stakeholders on financial information to be presented in U.S. Dollars, which currency is a benchmark that trades against other major currencies (including Euro, Japanese yen, and British pound), the Company decided to change the presentation currency of the consolidated financial statements from Euro to U.S. Dollars. Considering these facts, management deemed that the new presentation currency provides more useful information to the Company's stakeholders outside of Brazil.

Accordingly, the consolidated financial statements as of and for the year ended December 31, 2019, previously prepared in Euro and issued on March 25, 2020, are now being presented in U.S. Dollars (identified as "Recasted" in the financial statements as of and for the year ended December 31, 2019). Additionally, all amounts expressed in the disclosure notes with reference to U.S. Dollars were also "Recasted".

2.1.c Changing in presentation currency for the comparative information in the consolidated financial statements

Considering the fact the change in the presentation currency represents a change in accounting policies, the comparative information were also restated using the U.S. Dollars as the consolidated financial statements presentation currency following requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The objective of this procedure is to present consolidated financial statements as if the consolidated financial statements had always used the US$ Dollars as presentation currency.

Furthermore, as mentioned in Note 3 below, the consolidated financial statements for years the 2018, 2017 and opening balance (January 1, 2017) are being restated due to Management´s reassessment of certain accounting practices in relation to those considered in preparing the December 31, 2019 consolidated financial statements, and are identified as “Restated”.

2.1.d Methodology considered to change the presentation currency from Euros to U.S.Dollars:

For the translation into the presentation currency, changes in equity were translated from functional currency considering the historical exchange rates of each transaction. The financial position was translated from functional currency considering the closing exchange rates of each reporting year, while the operations and cash flows were translated considering the average exchange rates of each reporting year”.

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

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

IAS 29 requires that the financial statements recorded in a hyperinflationary currency be adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting period. As a result of the above, our consolidated financial statements for the year end December 31, 2019 and 2018 reflect hyperinflation accounting for our Argentinean subsidiaries applying IAS 29 rules.

The impacts of such accounting standard in our consolidated financial statements for the year ended December 31, 2019 were an equity increase of US$200,616 (US$250,663 as of December 31, 2018), with reference to the opening balance, reported in other comprehensive income (loss), mainly arising from the revaluations of tangible and intangible assets (Notes 8 and 9), and also the impact of the year presented in the financial income (expenses), amounting of US$18,962 (US$6,314 as of December 21,2018) (Note 20).

2.2. New standards and interpretations, revisions and amendments

a) New standards and interpretations came into effect during the year ended December 31,2019:

	Standard	Effective date	Description
A1	IFRS 16 – Leasing Operations	January 1, 2019	This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 “Lease Operations”. This standard defines a single model that results in the lessee recognizing assets and liabilities of all leases except leases less than 12 months old or leases related to low value assets. Lessors continue to classify leases as operating or financial, and IFRS 16 will not entail any substantial changes to those entities as defined in IAS 17.
A2	IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019	This standard clarifies how IAS 12 Income Tax recognition and measurement requirements are applied when there is uncertainty about income tax treatment. “Uncertain tax treatment” is a tax treatment for which there is uncertainty as to whether the relevant tax authority will accept tax treatment in accordance with tax law.
A3	Amendments to IFRS 9 - Financial Instruments (Negative Offset Prepayment Characteristics)	January 1, 2019	These amendments will allow financial assets with contractual conditions that, as a result of a prepayment feature, allow the creditor to pay a considerable amount, can be measured at amortized cost or fair value through other comprehensive income (depending on business model) if two conditions are met: (i) when the entity initially recognizes the financial asset, the fair value of the prepayment characteristic is insignificant; and (ii) the assessment that the prepayment amount is not only principal payments and interest on the outstanding principal amount depends solely on the fact that the party who decides to terminate the contract early may receive reasonable additional compensation.

A1 - IFRS 16 – Leasing Operations

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

IFRS 16 introduces that lease agreements are recognized in lease accounting under a single model, eliminating the distinction between operating and finance leases and requires recognition of the right to use asset of lease agreements and a liability reflecting obligation to make future payments for such leases.
Management has applied IFRS 16 using the modified retrospective method of adoption, with the date of initial application January 1, 2019. Under this method, IFRS 16 is retroactively adopted with the cumulative effect of the initial order recognized on the date of the initial period and comparative information is not updated.

For leases previously classified as operating, 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 with the exploitation of natural resources and for those leases where the underlying asset has a low value. Right-of-use assets were recognized at an amount equivalent to the corresponding liability for these leases. Leasing liabilities were measured at the present value of payments not yet paid, using the borrowing rate of each contracting entity (lessee) until the date of initial application.

Subsequently, right-of-use assets are depreciated in accordance with the corresponding contractual terms of the lease agreements or the useful lives of the assets, if shorter. Financial liabilities consider the interest rate on borrowings of contracting entities. Lease payments are recorded as a reduction in lease liabilities. (Note 2.7 for further accounting practices adopted)

The impacts of the implementation of IFRS 16 are demonstrated in Note 14.

A2 - IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company’s and the subsidiaries’ tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have a significant impact on the Company's consolidated financial statements.

A3 - Amendments to IFRS 9

Management evaluated the respective amendments to the pronouncements and concluded that no adjustments were required in the Consolidated Financial Statements ended December 31, 2019 due to their adoptions.

New standards and interpretations that will take effect in future years

Standard	Effective date	Description
IFRS 17 – Insurances Contracts	January 1, 2022	This standard requires that all insurance contracts be accounted for consistently. Insurance obligations are recognized and measured based on current values, providing more useful information to users of the insurers 'financial statements, while at the same time increasing the insurers' earnings and equity volatility.

The evaluation of the impact of the referred improvements on the Group's financial statements is not yet completed. It is expected that IFRS 17 adoption would have an impact on the Group financial statements, considering current operations of certain subsidiaries, which is still under analysis.

2.3. Critical accounting judgements/estimates

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

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

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

• Impairment of non-current assets (excluding Goodwill)

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

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

• Impairment of goodwill

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

• Accounts receivable impairment

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

• Useful lives of intangible and tangible fixed assets

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

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

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

• Provisions recognition and contingent liabilities disclosure

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

• Recognition of deferred tax assets

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

• Measurement of derivative financial instruments

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

2.4. Consolidation principles

a) Controlled entities – Subsidiaries

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

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

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

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

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

b) Business combinations

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

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

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

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

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

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

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

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

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

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

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

c) Goodwill

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

Goodwill is recorded as an asset and is not amortised, being reflected in a separate caption of the consolidated statement of financial position.

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

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

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

2.5. Intangible assets

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

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

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

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

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

2.6. Property, Plant and Equipment

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

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

	Useful life in years
Buildings and others constructions	3 a 50
Machinery and equipament	2 a 50
Vehichles	2 a 16
Furniture and fixtures	2 a 33
Mines and ore reserves	(*)
Reservoirs, dams and feeders	50
Furnaces, mills and silos	30 a 53

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

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

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

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

Tangible assets in progress correspond to tangible assets under construction/production and are recorded at acquisition or production cost less possible impairment losses. These assets are depreciated as from the date they become available for their intended use.
Gains and losses arising from the sale or write off of tangible assets, which are determined by the difference between the proceeds of the sale of the assets and their net book value at the date of sale, are recognised by its net amount in the statements of operations as “Other operating income” or “Other operating expenses”.

2.7. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of Use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (Note 2.6).

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. See accounting policies for impairment of non-financial assets in Note 2.8.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (nominal rate) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.8. Impairment of non-current assets, excluding goodwill

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

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

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

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

2.9. Foreign currency assets, liabilities and transactions

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

Exchange gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those in force on the dates of collection, payment or the Financial Position date are recognised as income or expenses in the consolidated statement of comprehensive income, except for those relating to non-monetary items where the change in fair value is recognised directly in shareholders’ equity (“Other comprehensive income (loss)”).

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

The exchange differences arising on translating foreign operations are recognized in the shareholders' equity within "Other comprehensive income (loss)" caption in the case of subsidiary companies and in the shareholders' equity caption "Reserves - Adjustments in investments in associates" in the case of investments in associated companies, and is transferred to the statements of operations when the corresponding investments are sold.

In accordance with IAS 21, goodwill and fair value corrections determined on the acquisition of foreign entities are considered in the reporting currency of such entities, and are translated to Brazilian Reais at the exchange rate in force on the Financial Position date. Exchange differences arising from these translations are reflected in the equity caption "Other comprehensive income (loss)", except when they correspond to a discontinued operation, in which case they are included in net result of discontinued operations.

2.10. Borrowing costs

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

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

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

2.11. Subsidies

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

Investment subsidies relating to the acquisition of tangible fixed assets are recorded in the caption "Other Payables" within noncurrent liabilities line item" or deducted from the asset cost and transferred to the statements of operations for the year on a consistent straight-line basis in proportion to depreciation of the subsidised assets.

2.12. Inventories

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

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

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

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

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

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

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

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

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

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

2.14. Segment reporting

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

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

2.15. Balance sheet classification

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

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

2.16. Net operating income

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

2.17. Provisions

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

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

a) Provisions for restructuring costs

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

b) Environmental recovery

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

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

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

2.18. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

• Financial assets at amortised cost (debt instruments);
• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
• Financial assets at fair value through profit or loss

The main financial assets are:

a) Cash and cash equivalents and securities

The caption "Cash and cash equivalents" includes cash, bank deposits, term deposits and other treasury applications which mature in the short term (three months or less), highly liquid and immediately convertible into cash with insignificant risk of change in value. Securities includes mainly by exclusive and investments funds, which are determined as amortized cost or at fair value depending on its characteristics and portfolio.

b) Accounts receivable

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

Financial liabilities and equity instruments

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

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

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

The main financial liabilities and equity instruments as of December 31, 2019 and 2018 are as follows:

a) Borrowings, financing and debentures

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

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

b) Trade payables and other payables

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

Trade and other payables relates to payables of services rendered or goods received in the normal course of business and includes “forfaiting” transactions with maturities within 12 months, therefore, are classified as current trade payables. Forfaiting represents US$20,042, US$22,226 and US$14,577 as of December 31, 2019, 2018 and 2017, respectively.

c) Derivative financial instruments and hedge accounting

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

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

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

Hedge instruments

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

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

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

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

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

Trading instruments

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

Determination of Fair value of financial instruments

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

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

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

Derecognition of financial assets and liabilities

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in the statements of operations. In addition, on derecognition of an investment in a debt instrument classified as at Fair Value through Other Comprehensive Income “FVTOCI”, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the statements of operations. In contrast, on derecognition of an investment in equity instrument, which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statements of operations, but is transferred to retained earnings.

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

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

2.19. Impairment of financial assets

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

The Group always recognises lifetime expected credit losses for trade receivables and other receivables. The expected credit losses on these financial assets are estimated based on the business segment historical credit loss experience, adjusted for factors that are specific to the debtors. For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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

2.20. Contingent assets and liabilities

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

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

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

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

2.21. Revenue recognition and accruals basis

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

Income from services rendered is recognised in the statements of operations in the period in which they are rendered considering the phase of completion of the transaction as of the balance sheet date.

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

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

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

Dividends relating to investments recorded at cost or in accordance with IFRS9 are recognized when is given the right to receive them.

2.22. Income tax

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

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

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

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

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

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

2.23. Earnings (loss) per share

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

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

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

2.24. Subsequent events

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

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

2.25. Interest on capital

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

2.26. Exchange rates

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

		Closing exchange rate (R$)			
Currency		12.31.2019	12.31.2018	12.31.2017	01.01.2017
USD	US Dollar	4.03070	3.87480	3.30800	3.25910
EUR	Euro	4.53050	4.43900	3.96930	3.43840
MZN	Mozambique Metical	0.06592	0.06316	0.05661	0.04572
EGP	Egyptian Pound	0.25190	0.21660	0.18660	0.18110
ZAR	South African Rand	0.28760	0.26990	0.26900	0.23790
CVE	Cape Verde Escudo	-	0.04026	0.03600	0.03118
ARS	Argentinian Peso (*)	0.06730	0.10278	0.17737	0.20510
PYG	Paraguayan Guaraní	0.00062	0.00065	0.00059	0.00056

		Average exchange rate (R$)			
Currency		12.31.2019	12.31.2018	12.31.2017	01.01.2017
USD	US Dollar	3.95685	3.64976	3.20721	3.46213
EUR	Euro	4.42869	4.30371	3.62428	3.83057
MZN	Mozambique Metical	0.06437	0.06203	0.05114	0.05456
EGP	Egyptian Pound	0.23858	0.20418	0.18076	0.35427
ZAR	South African Rand	0.27160	0.27735	0.23988	0.23558
CVE	Cape Verde Escudo	-	0.03903	0.03287	0.03474
ARS	Argentinian Peso (*)	0.06730	0.10278	0.19224	0.23342
PYG	Paraguayan Guaraní	0.00063	0.00064	0.00057	0.00061

(*) As a result of the application of IAS 29, non-monetary assets and liabilities, shareholders' equity and income statement of subsidiaries operating in highly inflationary economies shall be expressed in terms of the unit of measurement current at the balance sheet date and translated at the period-end exchange rate (rather than the average rate), thus resulting in year-to-date effects on the income statement of both inflation and currency conversion.

2.27. Consolidation

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

				12.31.2019		12.31.2018			12.31.2017		01.01.2017	
				Equity interest - %		Equity interest - %			Equity interest - %		Equity interest - %	
				Direct	Indirect	Direct	Indirect		Direct	Indirect	Direct	Indirect
SUBSIDIARIES:												
HOLDINGS AND BUSINESS AND CORPORATE SUPPORT COMPANIES SEGMENT												
InterCement Austria Holding GmbH	1	Austria		100	-	100	-		100.00	-	100.00	-
InterCement Portugal, S,A,	2	Portugal		-	94.84	-	94.84	d)	-	77.55	-	74.63
Intercement Trading e Inversiones S.A.	3	Spain		-	94.84	-	94.84		-	77.55	-	74.63
Intercement Trading e Inversiones Egipto S.L.	4	Spain		-	94.84	-	94.84		-	-	-	-
InterCement Austria Equity Participation GmbH	5	Austria	a)	-	-	-	94.84		-	77.55	-	74.63
Caue Austria Holding GmbH	6	Austria		-	94.84	-	94.84		-	77.55	-	74.63
Loma Negra Holding GmbH	7	Austria	a)	-	-	-	94.84		-	77.55	-	-
Intercement Financial Operations B.V.	8	Netherlands		-	94.84	-	94.84		-	77.55	-	74.63
Intercement Reinsurance S.A.	9	Luxembourg		-	94.84	-	94.84		-	77.55	-	74.63
Intercement Imobiliária S.A.	10	Portugal		-	100.00	-	100.00		-	77.55	-	74.63
BRAZIL SEGMENT												
InterCement Brasil S.A.	11	Brazil		-	94.84	-	94.84		-	77.55	-	74.63
Cauê Finance Limited	12	Virgin Islands	c)	-	-	-	94.84		-	77.55	-	74.63
Neogera Investimentos em Inovação Ltda.	13	Brazil		-	94.84	-	94.84		-	77.55	-	74.63
Barra Grande Participações, S.A.	14	Brazil		-	75.93	-	75.93	e)	-	62.88	-	60.52
Estreito Participações S.A.	15	Brazil		-	76.65	-	76.65	g)	-	77.55	-	74.63
Machadinho Participações S.A	16	Brazil		-	77.01	-	76.01	f)	-	63.05		60.68
CECC - Incorporadora e Administradora de Bens, Ltda.	17	Brazil		-	94.84	-	94.84	h)		77.55	-	-
Ecoprocessa - Tratamento de residuos, Ltda.	18	Brazil		-	94.84	-	94.84		-	77.55	-	37.32
Comican - Companhia de Mineração Candiota, Ltda.	19	Brazil		-	97.52	-	97.52	j)		89.22	-	35.82
ARGENTINA AND PARAGUAY SEGMENT												
Loma Negra C.I.A. S.A.	20	Argentina		-	48.41	-	48.40	i)		39.58	-	74.21
Cofesur S.A.	21	Argentina		-	48.41	-	48.40	i)		39.58	-	72.06
Recycomb S.A.	22	Argentina		-	48.41	-	48.40	i)		39.58	-	74.21
Ferrosur Roca S.A.	23	Argentina		-	48.41	-	48.40	i)		39.58		-
Cementos del Plata S.A.	24	Uruguay		-	0.09	-	0.09	-		0.26	-	0.25
Yguazu Cementos S.A.	25	Paraguay		-	24.69	-	24.69	i)		20.19	-	37.85
EGYPT SEGMENT												
InterCement Egypt for Cement Company SAE	26	Egypt		-	94.84	-	94.84		-	77.55	-	74.63
Amreyah Cement Company, S.A.E.	27	Egypt		-	94.02	-	94.02		-	76.88	-	73.99
InterCement Amreyah Co. (IAC)	28	Egypt		-	94.22	-	94.22		-	77.05	-	74.15
Cement Services Company, S.A.E.	29	Egypt		-	94.47	-	94.47		-	77.25	-	74.34
InterCement Sacs Co. (INTSACS)	30	Egypt		-	94.74	-	94.74		-	77.47	-	74.56
Amreyah Dekheila Terminal Company, S.A.E.	31	Egypt		-	94.24	-	94.24		-	77.06	-	74.16
Amreyah Cimpor Ready Mix Company, S.A.E.	32	Egypt		-	94.13	-	94.13		-	76.97	-	74.07
MOZAMBIQUE SEGMENT												
Cimentos de Moçambique, S.A.	33	Mozambique		-	88.10	-	88.10		-	64.08	-	61.67
Cimbetão - Moçambique S.A.	34	Mozambique		-	88.10	-	88.10		-	64.08	-	61.67
Imopar - Imobiliária de Moçambique, S.A.	35	Mozambique		-	100.00	-	100.00		-	77.55	-	74.63
Cimentos de Nacala, S.A.	36	Mozambique		-	88.14	-	88.14		-	64.15	-	61.74
SOUTH AFRICA SEGMENT												
Natal Portland Cement Company (Pty) Ltd.	37	South Africa		-	94.84	-	94.84		-	77.55	-	74.63
Durban Cement Ltd.	38	South Africa		-	-	-	-		-	-	-	74.63
NPC Intercement (Pty) Limited.	39	South Africa		-	70.18	-	70.18		-	57.39	-	55.23
Simuma Rehabilitation Trust	40	South Africa		-	31.58	-	31.58		-	25.82	-	24.85
NPC Concrete (Pty) Ltd.	41	South Africa		-	70.18	-	70.18		-	77.55	-	74.63
South Coast Stone Crushers (Pty) Ltd.	42	South Africa		-	52.16	-	52.16		-	42.65	-	41.05
South Coast Mining (Pty) Ltd.	43	South Africa		-	-	-	-		-	-	-	74.63
Sterkspruit Aggregates (Pty) Ltd.	44	South Africa		-	52.16	-	52.16		-	42.65	-	-
Intercement South Africa (Pty) Ltd.	45	South Africa		-	94.84	-	94.84		-	77.55	-	74.63

				12.31.2019		12.31.2018		12.31.2017		01.01.2017	
				Equity interest - %		Equity interest - %		Equity interest - %		Equity interest - %	
				Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
JOINT OPERATIONS:											
BRAZIL SEGMENT											
BAESA - Energética Barra Grande S.A.	46	Brazil		-	8.54	-	8.54	-	6.98	-	6.72
CONSORTIUM:											
BRAZIL SEGMENT											
Consórcio Estreito Energia - OESTE	47	Brazil		-	4.21	-	4.21	-	3.44	-	3.31
Consórcio Machadinho	48	Brazil		-	5.01	-	5.01	-	4.09	-	3.94
PORTUGAL AND CAPE VERDE SEGMENT											
Cimpor - Serviços de Apoio à Gestão de Empresas S.A.	49	Portugal	b)	-	-	-	-	-	77.55	-	74.63
Cimpor Portugal, SGPS, S.A.	50	Portugal	b)	-	-	-	94.84	-	77.55	-	74.63
Cement Trading Activities – Comércio Internacional, S.A.	51	Portugal	b)	-	-	-	94.84	-	77.55	-	74.63
Cimpor - Indústria de Cimentos, S.A.	52	Portugal	b)	-	-	-	94.84	-	77.55	-	74.63
Cimentaçor - Cimentos dos Açores, Lda.	53	Portugal	b)	-	-	-	94.84	-	0.00	-	74.63
Betão Liz, S.A.	54	Portugal	b)	-	-	-	93.41	-	0.00	-	73.51
Agrepor Agregados - Extracção De Inertes, S.A.	55	Portugal	b)	-	-	-	94.84	-	77.55	-	74.63
Ibera - Indústria de Betão, S.A.	56	Portugal	b)	-	-	-	47.42	-	38.77	-	37.32
Sacopor - Sociedade de Embalagens e Sacos de Papel,	57	Portugal	b)	-	-	-	94.84	-	77.55	-	74.63
Ciarga - Argamassas Secas, S.A.	58	Portugal	b)	-	-	-	94.84	-	0.00	-	74.63
Nova Cimpor - Serviços Portugal, S.A.	59	Portugal	b)	-	-	-	94.84				
Cimpor Cabo Verde, S.A.	60	Cape Verde	b)	-	-	-	93.07	-	76.10	-	73.24
INVESTMENT IN ASSOCIATES:											
PORTUGAL AND CAPE VERDE SEGMENT											
Setefrete - Sociedade Gestora de Participações Sociais, S.A	61	Portugal	b)	-	-	-	23.71	-	19.39	-	-
AVE- Gestao Ambiental e Valorização Energética, S.A.	62	Portugal	b)	-	-	-	33.19	-	27.14	-	-

Changes in ownership in 2019 and 2018 were mainly as follow:

a) Changes occurred resulting from mergers with no equity effect in the consolidated financial statements.

b) Relates to Portugal and Cape Verde segment disposal previously determined as “discontinued operation”. See Note 2.28 for further information regarding the sales terms and accounting treatment in accordance with IFRS5.

c) It was approved by tax authorities the dissolution of the entity on December 5, 2019. It did not have any impact on consolidation figures, since the entity was dormant.

d) During the fourth quarter until December 27, 2017, an additional stake of 2.92% in Cimpor – Cimentos de Portugal, SGPS, S.A. (“Cimpor”) was bought (Note 1). Consequently, as Cimpor is owner of the majority of Company’s segments and entities, such change also increases equity interest of investments in all segments/geographies;

e) On October 11, 2017, all the preferred shares of Estreito, equivalent to 19.2% of the shareholding interest, were sold by the amount of US$83,000 (R$290,000 thousand), resulting in a net gain of US$38,348 (R$121,518 thousand, net of income tax and social contribution) recorded in shareholders' equity.

f) During the first semester of 2017, there was an acquisition of 100% of the share capital of CECC Incorporadora e Administradora de Bens, Ltda. amounting of US$17,569. This operation has generated an entry of US$3,652 directly in equity.

g) Changes are mainly related to the Loma Negra IPO. See Note 1 for further information;

h) During the second semester of 2017, it was assumed the control of Comican – Companhia de Mineração Candiota, due to the increase of 52% of its share capital.

2.28. Sale of business operations previously classified as assets held for sale and discontinued operations

As mentioned in note 1, on October 26, 2018 the Company announced the definitive agreement to sell our operations in Portugal and Cape Verde segment to the Turkish group OYAK. The final closing agreement was signed on January 17, 2019.

As a result, Portugal and Cape Verde segments were considered as “discontinued operation” and the financial information became subject to the requirements of IFRS 5. Therefore, such segments are presented in the financial information as “discontinued operations” for the year ended December 31, 2019, 2018 and 2017 and as “Assets classified as held for sale” as of December 31, 2018.

The following main changes were necessary in relation to the normal presentation of the remaining continuing operations:

- The total profit or loss for the years from “Discontinued Operations” are presented in a single line in the Consolidated Statements of Operations under the caption “Net Income for the year from Discontinued Operations”;

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

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

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

- “Discontinued operations” correspond to the Group’s business in the countries mentioned to and are consistent with the Group’s operating geographic segments and, consequently, Note 26 - “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 operations from discontinued operations

DISCONTINUED OPERATIONS	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
NET REVENUE	-	291,529	232,585
COST OF SALES AND SERVICES	-	(221,487)	(168,742)
GROSS PROFIT	-	70,042	63,843
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	-	(82,563)	(77,172)
Other income	-	25,202	925
Equity pick-up	-	1,182	1,073
INCOME (EXPENSES) BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	-	13,863	(11,331)
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	-	(411)	(253)
Financial income	-	1,009	370
Financial expenses	-	(9,546)	(10,777)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	-	4,915	(21,991)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	-	(5,754)	(1,860)
Deferred	-	9,558	9,029
Gain on the sale of "Assets held for sale"	145,672	-	-
Reversal of accumulated exchange differences	190,700	-	-
PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPER	336,372	8,719	(14,822)
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO			
Company's owners	331,579	7,347	(11,650)
Non-controlling interests	4,793	1,372	(3,172)

The impacts in the cash flow statement originally presented had we segregated the impacts of the continued and discontinued operations as of December 31, 2018 is as follows:

	12.31.2018 (Restated)			12.31.2017 (Restated)		
	Presented	Discontinued operation	Continued operation	Presented	Discontinued operation	Continued operation
Net cash genereated by (used in) operating activities	(10,695)	41,270	(51,965)	87,029	-	87,029
Net cash genereated by (used in) investing activities	(168,285)	(6,770)	(161,514)	898,944	(1,070,176)	(171,232)
Net cash genereated by (used in) financing activities	(667,780)	(64,218)	(603,562)	(225,872)	1,070,176	844,304
Increase (decrease) in cash and cash equivalents	(846,759)	(29,718)	(817,041)	760,101	-	760,101
Cash and cash equivalents from discontinuing operations		67,247			-	

Details of the assets and liabilities of the discontinued operations as of December 31, 2018:

ASSETS	(Restated)
CURRENT ASSETS	
Cash and cash equivalents	67,247
Trade receivables	12,861
Inventories	62,492
Recoverable taxes	4,002
Other receivables	7,495
Total current assets	154,097
NONCURRENT ASSETS	
Deferred income tax and social contribution	1,793
Other receivables	237
Investments	10,320
Property, plant and equipment	286,863
Intangible assets:	
Goodwill	349,251
Other intangible assets	53,243
Total noncurrent assets	701,707
Assets from discontinued operations	855,804

LIABILITIES	(Restated)
CURRENT LIABILITIES	
Trade payables	69,159
Borrowings and financing	778
Interest payable	887
Taxes payable	10,043
Payroll and related taxes	9,395
Advances from customers	529
Actuarial liabilities	836
Other payables	8,388
Total current liabilities	100,015
NONCURRENT LIABILITIES	
Trade payables	1,898
Borrowings and financing	153,317
Provision for tax, civil and labor risks	11,600
Provision for environmental recovery	15,354
Deferred income tax and social contribution	45,209
Actuarial liabilities	24,340
Other payables	34
Total noncurrent liabilities	251,752
Liabilities from discontinued operations	351,767
Net assets	504,037

-

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

	12.31.2019 (Recasted)
Cash received	809,762
Cash balance carved-out	(67,247)
	742,515
Intersegment payments to carved-out companies	(133,663)
Cash received, net	608,852
Final sales price	806,181
Intercompany working capital adjustment	3,581

3. Change in accounting policies and errors

During the year ended December 31, 2019, Management reassessed some accounting practices in relation to those considered in the preparation of the financial information for the year ended on December 31, 2018 and 2017. As a result, the Company decided to restate certain comparative financial information as of and for the year ended December 31, 2018 and 2017 and its respective opening balance (January 01, 2017).

The restatement of financial information as of and for the year ended December 31, 2018 and 2017 and opening balance is a result of the following:

3.1 Classification of freight expenditures on sales in Brazilian Segment (“freight reclass”)

Management revised its accounting practices related to the classification of freight expenses on sales, in which the Company is responsible for the delivery of goods, previously classified as sales and administrative expenses, in the statements of operations. In accordance with IFRS15 - Revenue from customer contracts effective from January 1, 2018, these freight charges are considered as part of the total selling price charged to customers; therefore, it should be classified as part of the cost of sales and services instead of administrative and selling expenses as previously recorded.

3.2 Classification of taxation on bank debits and credits in Argentinian Segment (“Argentina reclass”)

The entities in Argentina incurs in taxes on bank movements (debits and credits), which the respective amounts were being classified as financial expenses. Even though the previous accounting choice was not a departure from IFRS literature, Management decided to present such taxes as selling, administrative and general expenses in order to better align with best practices currently adopted by Argentinian public entities.

Management understands that the nature of the transactions is substantially operating transactions (sales, purchases and operating expenses), therefore, the presentation of such amount within the income before financial income (expenses) and income tax and social contribution seems more appropriate to the substance of such taxes.

3.3 Profit not realized and expenditures recognition in Brazilian Segment (“Brazil Adjustment”)

Management identified profit not realized between related companies that should had been eliminated in 2018 and 2017 as part of the consolidation procedures of such years and identified custom clearances expenses recognized during 2019 that relates to 2018.

3.4 Limestone and Clay capitalization in Egypt Segment ("Egypt reclass")

Management revised its accounting practices related to the expenditures attributable to limestone and clay extraction and consumption in Egypt segment. Management determined that any variable and fixed licenses expenditures that are needed to have the right to extract limestone and clay should be recorded as "Intangible assets" and any expenditure to extract the raw materials from the quarries to the production plants should be recorded as part of production costs (inventory or noncurrent inventory, when consumption is expected for a period over 12 months). During 2018, variable licenses expenditures were recorded as production costs and extraction expenditures were recorded as "Property, plant and equipment" and amortized as consumed within the year. The impact in the statements of operations for the year ended December 31, 2018 and 2017 is demonstrated at Note 19.

The impact in the statements of operations for the years ended December 31, 2018 and 2017 for the changes aforementioned is demonstrated below:

	12.31.2018				
		Adjustments			
	Originally presented (a)	Freight reclass	Argentina Reclass	Brazil Adjustment	Restated
CONTINUING OPERATIONS					
NET REVENUE	1,717,617	-	-	-	1,717,617
COST OF SALES AND SERVICES	(1,433,181)	(62,704)	-	(1,108)	(1,496,992)
GROSS PROFIT	284,436	(62,704)	-	(1,108)	220,625
OPERATING INCOME (EXPENSES)					
Administrative and selling expenses	(222,422)	62,704	(7,159)	-	(166,877)
Other income (expense)	(79)	-	-	-	(79)
Equity result	-	-	-	-	-
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	61,935	-	(7,159)	(1,108)	53,669
FINANCIAL INCOME (EXPENSES)					
Foreign exchange gains/(losses), net	(93,073)	-	-	-	(93,074)
Financial income	54,551	-	-	-	54,551
Financial expenses	(222,363)	-	7,159	-	(215,204)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(198,950)	-	-	(1,108)	(200,058)
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	(45,189)	-	-	-	(45,189)
Deferred	5,880	-	-	-	5,880
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(238,259)	-	-	(1,108)	(239,367)
DISCONTINUED OPERATIONS					
INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS	8,719	-	-	-	8,719
LOSS FOR THE YEAR ATTRIBUTABLE TO					
Company's owners	(226,913)	-	-	(1,025)	(227,938)
Non-controlling interests	(2,626)	-	-	(84)	(2,710)
LOSS PER SHARE FOR CONTINUING OPERATIONS					
Basic/diluted loss per share	(10.33)	-	-	(0.05)	(10.37)
LOSS PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS					
Basic/diluted loss per share	(10.00)	-	-	(0.05)	(10.05)

	12.31.2017			
		Adjustments		
	Originally presented (a)	Argentina Reclass	Brazil Adjustment	Restated
CONTINUING OPERATIONS				
NET REVENUE	1,897,280			1,897,280
COST OF SALES AND SERVICES	(1,547,274)		(2,525)	(1,549,798)
GROSS PROFIT	350,006	-	(2,525)	347,482
OPERATING INCOME (EXPENSES)				
Administrative and selling expenses	(247,024)	(11,270)	-	(258,294)
Other income (expense)	(263,122)	-	-	(263,122)
Equity result	(97)	-	-	(97)
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	(160,237)	(11,270)	(2,525)	(174,031)
FINANCIAL INCOME (EXPENSES)				
Foreign exchange gains/(losses), net	145,251	-	-	145,250
Financial income	43,423	-	-	43,423
Financial expenses	(338,058)	11,270	-	(326,788)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(309,621)	-	(2,525)	(312,146)
INCOME TAX AND SOCIAL CONTRIBUTION				
Current	(85,771)	-	-	(85,771)
Deferred	(76,473)	-	-	(76,473)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(471,865)	-	(2,525)	(474,390)
DISCONTINUED OPERATIONS				
INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS	(14,822)	-	-	(14,822)
LOSS FOR THE YEAR ATTRIBUTABLE TO				
Company's owners	(411,028)	-	(1,918)	(412,946)
Non-controlling interests	(75,658)	-	(608)	(76,266)
LOSS PER SHARE FOR CONTINUING OPERATIONS				
Basic/diluted loss per share	(17.60)	-	(0.08)	(17.69)
LOSS PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS				
Basic/diluted loss per share	(18.12)	-	(0.08)	(18.20)

(a) As mentioned in note 2.1.d, represents the original figures in euros according to consolidated financial statements as of and for the year ended December 31, 2018 issued on April 26, 2019, converted to U.S. Dollars considering the average exchange rate for the respective years.

The impact in the Financial Position as of December 31, 2018, 2017 and January 1, 2017 is demonstrated below:

	12.31.2018			
		Adjustments		
	Originally presented (a)	Egypt reclass	Brazil Adjustment	Restated
CURRENT ASSETS				
Inventories	302,338	4,965	(3,134)	304,169
Other current assets not restated	1,420,326	-	-	1,420,326
	1,722,664	4,965	(3,134)	1,724,495
NONCURRENT ASSETS				
Inventories	35,851	17,975	-	53,826
Property, plant and equipment	1,569,389	(22,940)	-	1,546,449
Other noncurrent assets not restated	1,465,526	-	-	1,465,526
	3,070,766	(4,965)	-	3,065,801
TOTAL ASSETS	4,793,430	-	(3,134)	4,790,296
CURRENT LIABILITIES	1,403,972	-	-	1,403,972
NONCURRENT LIABILITIES	2,056,405	-	-	2,056,405
SHAREHOLDER'S EQUITY				
Capital	1,440,119	-	-	1,440,119
Capital reserves	625,418	-	-	625,418
Earning reserves and Accumulated losses	(523,894)	-	(2,771)	(526,665)
Other comprehensive loss	(531,458)	-	219	(531,239)
Shareholder´s equity attributable to the Company's owners	1,010,185	-	(2,552)	1,007,633
Non-controlling interests	322,868	-	(582)	322,286
Total shareholder´s equity	1,333,053	-	(3,134)	1,329,919
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY	4,793,430	-	(3,134)	4,790,296

	31.12.2017			
		Adjustments		
	Originally presented (a)	Egypt reclass	Brazil Adjustment	Restated
CURRENT ASSETS				
Inventories	400,923	1,578	(2,448)	400,053
Other current assets not restated	1,635,917	-	-	1,635,917
	2,036,840	1,578	(2,448)	2,035,970
NONCURRENT ASSETS				
Inventories	23,674	18,231	-	41,905
Property, plant and equipment	1,878,133	(19,809)	-	1,858,324
Other noncurrent assets not restated	2,029,048	-	-	2,029,048
	3,930,855	(1,578)	-	3,929,277
TOTAL ASSETS	5,967,695	-	(2,448)	5,965,247
CURRENT LIABILITIES	1,329,653	-	-	1,329,653
NONCURRENT LIABILITIES	3,074,010	-	-	3,074,010
SHAREHOLDER'S EQUITY				
Capital	1,439,387	-	-	1,439,387
Capital reserves	548,727	-	-	548,727
Earning reserves and Accumulated losses	(284,649)	-	(1,859)	(286,508)
Other comprehensive loss	(424,695)	-	-	(424,694)
Shareholder´s equity attributable to the Company's owners	1,278,771	-	(1,859)	1,276,912
Non-controlling interests	285,261	-	(589)	284,672
Total shareholder´s equity	1,564,032	-	(2,448)	1,561,584
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY	5,967,695	-	(2,448)	5,965,247

(a) As mentioned in note 2.1.d, represents the original figures in euros according to consolidated financial statements as of and for the year ended December 31, 2018 issued on April 26, 2019, converted to U.S. Dollars considering the closing exchange rate for the respective years.

	01.01.2017		
		Adjustments	
	Originally presented (a)	Egypt reclass	Restated
CURRENT ASSETS			
Inventories	418,624	2,165	420,789
Other current assets not restated	896,071	-	896,071
	1,314,695	2,165	1,316,860
NONCURRENT ASSETS			
Inventories	13,147	21,985	35,132
Property, plant and equipment	2,160,500	(24,150)	2,136,350
Other noncurrent assets not restated	2,228,486	-	2,228,486
	4,402,133	(2,165)	4,399,968
TOTAL ASSETS	5,716,828	-	5,716,828
CURRENT LIABILITIES	964,608	-	964,608
NONCURRENT LIABILITIES	3,744,532	-	3,744,532
SHAREHOLDER'S EQUITY			
Shareholder´s equity attributable to the Company's owners	924,149	-	924,149
Non-controlling interests	83,539	-	83,539
Total shareholder´s equity	1,007,688	-	1,007,688
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY	5,716,828	-	5,716,828

(a) As mentioned in note 2.1.d, represents the original figures in euros according to consolidated financial statements as of and for the year ended December 31, 2016 issued on March 14, 2017, converted to U.S. Dollars considering the closing exchange rate for the respective years.

4. Cash and Cash Equivalents

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Cash and bank accounts (*)	195,569	163,867	1,091,759	342,996
Short-term investments	138,300	209,949	273,140	227,918
Total cash and cash equivalents	333,869	373,815	1,364,899	570,914
Cash and cash equivalents from discontinued operations (Note 2.27)	-	67,247	-	-
	333,869	441,062	1,364,899	570,914

(*) The December 31, 2019 financial information include the amount of US$12,135 related to proceedings received from the sale of Portugal and Cape Verde sales operations (Note 2.28). The December 2017 financial information is significantly impacted due to the proceedings received from Loma Negra's "IPO" (Note 1).

Short-term investments were as follows:

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Certificate of Bank Deposit (CDBs)	26,465	2,473	11,079	2,331
Short Term Investment in Brazilian Reais (a)	62,341	31,443	18,134	1,813
Fixed-income funds in Brazilian Reais (b)	18,648	88,530	2,425	9,581
Exclusive funds (f):				
National Treasury Bills (LTNs)	-	-	890	13,484
National Treasury Bills (LTFs)	-	-	-	34,460
Certificate of Bank Deposit (CDBs)	-	-	234	1,197
Others	-	-	21,900	-
Short-term investments in foreign subsidiaries:				
Investment fund in Argentinean pesos (c)	15,549	30,236	106,323	29,627
Short-term investments in US dollars (d)	1,475	25,340	54,045	96,523
Short-term investments in euro	15	-	14,262	17,162
Short-term investments in Egyptian pounds	1,134	1,065	841	2,866
Short-term investments in South African rand (e)	12,673	23,949	42,462	8,710
Short-term investments in Mozambique metical	-	6,911	-	7,294
Short-term investments in Cape Verd escudos	-	-	545	2,870
Total short-term investments	138,300	209,949	273,140	227,918

(a) Short-term investments in Brazilian Reais have a yield between 70% and 98.75% of the Interbank Deposit Certificate (CDI) (50% and 65% as of December 31, 2018, 100% to 115% as of December 31, 2017 and 102% to 112.7% as of December 31, 2016).

(b) Fixed-income funds in Brazilian Reais have a yield of 100% of the Interbank Deposit Certificate (CDI) (101.31% as of December 31, 2018, between 100% and 108% as of December 31, 2017 and 108% as of December 31, 2016).

(c) Represents short-term investments in Argentinean pesos with interest of 49.7% per annum (between 40.5% and 59.1% per annum as of December 31, 2018 and 28.9% and 23,5% per annum as of December 31, 2017 and 2016).

(d) Short-term investments in US Dollar with yields of 0.1% to 0.61% per annum (0.1% to 2.5% at December 31, 2018, 0.1% to 1.8% December 31, 2017 and 0.1% December 31, 2016 per annum).

(e) Deposit in Rands yielded interest from 6.30% to 6.55% per year (6.55% to 6.7% as of December 31, 2018, 6.25% to 6.55 as of December 31, 2017 and 6.5% to 6.8% as of December 31, 2016).

(f) As of December 31, 2017, short-term investments in Exclusive funds yielded an average of 100% to 115% of the Interbank Deposit Certificate (CDI) variation (102% to 112.7% of the CDI as of December 31, 2016)

Short-term investments are available for immediate withdraws, without significant risks of changes.

5. Securities

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Market investments	1,676	1,532	38,501	46,572
Investment funds	19,267	17,755	38,707	8,704
Total	20,943	19,287	77,208	55,276
Total - current	19,516	17,755	74,744	52,186
Total - noncurrent	1,427	1,532	2,464	3,090

"Market investments"

"Market investments" are held by the Brazilian subsidiaries. As of December 31, 2019 and 2018, the investments are mainly composed by escrow accounts that do not bear interests .

As of December 31, 2017 and 2016, the market investments are mainly composed by exclusive funds that have in their portfolios debentures, Interbank Deposit Certificates and national treasury yielding between 100% and 115% of CDI. The reduction in 2018 relates primarily due to the redemption of national treasury bills.

"Investment funds"

Consists in a portfolio of investment funds held by InterCement Reinsurance, which is presented at fair value.

As of December 31, 2018, the fluctuation relates primarily of: i) withdraw of a short-term deposit of US$29,104 by InterCement Trading e Inversiones in 2017, and ii) increase of investment funds in InterCement Reinsurance in the total amount of US$9,903.

The funds resulted in an unrealized gain of US$1,840 for the period ended December 31, 2019 (US$0,506 unrealized loss for the period ended December 31, 2018, US$0,543 unrealized gain for the period ended December 31, 2017 and US$0,432 unrealized gain for the period ended January 1st, 2017.

6. Trade Receivables

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Current				
Domestic and foreign customers	99,051	109,213	140,396	175,478
(-) Allowance for doubtful accounts	(23,561)	(25,352)	(41,615)	(30,303)
Trade receivables	75,490	83,861	98,781	145,175
Noncurrent				
Domestic and foreign customers	1,285	1,685	2,108	6,641
(-) Allowance for doubtful accounts	(781)	(831)	(744)	(101)
Trade receivables	504	854	1,364	6,540

As of December 27, 2019, the Company derecognized receivables in the amount of US$22,537 at a marginal discount, due to corresponding securitization with a financial institution (true sale).

As of December 31, 2018, the Company derecognized receivables subject to securitization with the related parties CCSA Finance, Ltda. and Camargo Corrêa Desenvolvimento Imobiliário S.A. in the amount of US$24,707 and US$27,284, respectively, also considered true sales. In 2017 with its controlled entity Mover Participações S.A. and CCSA Finance Ltd amounting to US$61,864 (Note 15). Additionally, in 2017 the Company has also performed accounts receivable securitization settled with financial institutions in the amount of US$9,748.

As a result of IFRS 5 adoption, in the year ended December 31, 2018, trade receivables related to "Discontinued operations", totalling US$12,861, were reclassified to the caption "Assets of discontinued operations" (Note 2.28).

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, the impairment losses calculation also take into consideration, since the initial recognition, the expected future credit losses, and not only those that result from risk of credit defaults arising from events already observed.

Aging list of trade receivables (current and noncurrent) by maturity

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Current	60,346	67,090	72,138	106,514
Past-due:				
0 to 30 days	11,280	15,828	17,917	22,785
31 to 60 days	4,016	4,139	3,030	21,241
61 to 90 days	954	1,305	1,938	2,668
91 to 180 days	1,928	1,705	4,368	2,580
181 days or more	21,812	20,831	43,113	26,331
Total	100,336	110,898	142,504	182,119

Changes in allowance for doubtful accounts (current and noncurrent)

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Opening balance	26,183	42,359	30,404	29,853
Adoption of IAS 29 (Note 2.1)	210	219	-	-
Recognitions	1,756	4,575	10,734	3,526
Derecognitions	(2,991)	(271)	(519)	-
Amounts written off in the year as uncollectible	(86)	(825)	(1,206)	(4,086)
Exchange gains or losses	(730)	(3,375)	2,946	1,111
Discontinued operations (Note 2.28)	-	(16,499)	-	-
Closing balance	24,342	26,183	42,359	30,404

7. Inventories

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Current:				
Finished products	24,224	25,558	40,164	42,249
Work in process	81,144	77,588	107,119	116,311
Raw material	51,979	59,361	96,539	107,153
Fuel	32,529	42,573	52,560	48,099
Spare parts	100,385	100,752	126,164	110,338
Advances to suppliers	1,198	1,294	508	3,580
Packaging and other	4,507	20,274	12,501	15,449
Allowance for losses	(16,863)	(23,230)	(35,503)	(22,389)
Total	279,103	304,169	400,053	420,789
Noncurrent:				
Raw material	41,649	35,858	30,410	21,984
Spare parts	39,434	18,700	11,589	11,212
Packaging and other	30	33	-	2,070
Allowance for losses	(506)	(765)	(94)	(134)
Total	80,607	53,826	41,905	35,132

As a result of IFRS 5 adopting, in the year ended December 31, 2018, inventories related to “Discontinued operations”, totalling US$62,492, were reclassified to the caption “Assets of discontinued operations” (Note 2.28).

Changes in the allowance for losses (current and noncurrent)

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Opening balance	23,995	35,597	22,523
Adoption of IAS 29 (Note 2.1)	307	585	-
Recognitions	259	-	12,612
Derecognitions	(1,114)	(3,861)	(23)
Write-off	(636)	(2,278)	(70)
Exchange gains or losses	(5,442)	(4,412)	554
Discontinued operations (Note 2.28)	-	(1,636)	-
Closing balance	17,369	23,995	35,597

In the year ended December 31, 2017 the increase in allowance for losses relates to estimated inventories impairments mainly in raw materials and spare parts obsolescence provision. The decrease in the year ended December 31, 2018, relates to estimated inventories impairments mainly in spare parts obsolescence provision.

8. Property, Plant and Equipment

	12.31.2019 (Recasted)			12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
	Cost	Depreciation & Impairment	Net book value	Net book value	Net book value	Net book value
Land	110,460	(40,058)	70,402	41,461	139,306	182,637
Buildings	658,663	(380,872)	277,791	282,655	367,713	376,677
Machinery and equipment	1,868,232	(1,053,734)	814,498	860,586	1,098,725	1,154,658
Vehicles	108,305	(77,863)	30,442	36,685	31,166	29,191
Furniture and fixtures	32,044	(29,704)	2,340	4,054	3,383	3,608
Mines and ore reserves	153,303	(106,790)	46,513	78,000	74,061	9,719
Reservoirs, dams and feeders	69,660	(24,616)	45,044	49,522	61,151	65,197
Spare parts	5,531	(2,294)	3,237	4,848	5,110	5,270
Other	17,883	(10,541)	7,342	4,191	2,023	4,799
Advances to suppliers	24,870	-	24,870	24,295	27,885	28,078
Construction in progress	523,114	(154,804)	368,310	160,152	47,801	276,516
Total	3,572,065	(1,881,276)	1,690,789	1,546,449	1,858,324	2,136,350

The line item construction in progress contain impairment losses of US$154,804 as of December 31, 2019, (US$159,695 as of December 31, 2018 and US$233,240 as of December 31, 2017), due to expansion projects for certain production lines that were ceased for an undetermined period of time due to current demand. Such impairment losses are revised on an annual basis and might be reversed once the expansion projects are finalized.

In the Argentina and Paraguay business area and Brazil business area, as of December 31, 2019, there are assets given as collateral for loans obtained for their own acquisition in the amount of approximately US$50,365 and US$4,603 respectively (US$67,873 and US$5,327 as of December 31, 2018, US$75,522 and US$3,624 as of December 31, 2017).

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

During the year ended December 31, 2019, the Company capitalized interest expenses amounting to US$8,002 related to loans granted to finance eligible assets (US$1,544 as of December 31, 2018 and US$145,000 as of December 31, 2017).

Construction in progress and advances to suppliers refers basically to investments in the expansion and construction on new units and investments in the improvement of facilities and equipment of the cement plants of other business units.

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 January 01, 2017 (restated)	182,637	376,677	1,154,658	29,191	3,608	9,719	65,197	5,270	4,799	276,516	28,078	2,136,350
Changes in consolidation perimeter	11,634	-	1	-	2	2,378	-	-	-	1,465	-	15,480
Additions	799	1,428	23,074	181	550	23,643	66	350	140	102,280	133	152,644
Write-offs	(5,448)	(602)	(422)	(324)	(16)	-	-	-	(3)	-	-	(6,815)
Depreciation	(4,638)	(22,174)	(144,682)	(6,818)	(1,240)	(26,802)	(3,249)	-	(1,770)	-	-	(211,373)
Impairment	(5,915)	(5,894)	(22,988)	-	-	-	-	-	-	(240,569)	-	(275,366)
Effect of changes in exchange rates	(44,319)	9,887	28,522	(3,559)	65	54,833	(869)	(555)	(101)	3,372	(131)	47,145
Transfers	4,556	8,391	60,562	12,495	414	10,290	6	45	(1,042)	(95,263)	(195)	259
Balance at December 31, 2017 (restated)	139,306	367,713	1,098,725	31,166	3,383	74,061	61,151	5,110	2,023	47,801	27,885	1,858,324
Adoption of IAS 29 (Note 2.1)	7,713	113,101	124,398	22,722	673	25,639	-	-	400	12,400	-	307,046
Additions	6,003	10,530	54,106	389	526	6,103	6	878	496	179,723	1,375	260,135
Write-offs	(2,093)	(658)	(48)	(193)	(9)	-	-	-	5	(774)	(29)	(3,799)
Depreciation	(7,480)	(34,143)	(151,268)	(9,622)	(4,520)	(15,187)	(2,856)	-	(1,765)	-	-	(226,841)
Impairment provision	(7,775)	(10,765)	(43,218)	(17)	-	-	-	-	(887)	-	-	(62,662)
Effect of changes in exchange rates	(10,719)	(55,526)	(144,204)	(13,410)	(683)	(19,822)	(8,779)	(777)	(931)	(22,593)	(3,700)	(281,144)
Transfers	(6,700)	(205)	20,680	6,158	4,958	7,206	-	(363)	4,938	(53,277)	(1,152)	(17,757)
Discontinued operations (Note 2.28)	(76,794)	(107,392)	(98,585)	(508)	(274)	-	-	-	(88)	(3,128)	(84)	(286,853)
Balance as of December 31, 2018 (restated)	41,461	282,655	860,586	36,685	4,054	78,000	49,522	4,848	4,191	160,152	24,295	1,546,449
Adoption of IAS 29 (Note 2.1)	2,859	46,703	56,655	11,114	336	15,601	-	-	247	30,003	-	163,518
Additions	240	6,518	27,086	69	345	153	21	-	238	296,986	1,305	332,961
Write-offs	(4,777)	(15,465)	(4,010)	(447)	(126)	-	-	(3)	(21)	-	(321)	(25,170)
Depreciation	(7,468)	(21,285)	(90,791)	(8,420)	(900)	(29,916)	(2,635)	-	(1,658)	-	-	(163,073)
Impairment provision	(6,458)	16,820	2,729	15	(251)	-	-	-	(7,275)	-	-	5,580
Effect of changes in exchange rates	47,747	(54,517)	(84,219)	(12,191)	(364)	(17,982)	(1,867)	(162)	(394)	(36,209)	(408)	(160,566)
Transfers	(3,202)	16,362	46,462	3,617	(754)	657	3	(1,446)	12,014	(82,622)	(1)	(8,910)
Balance as of December 31, 2019 (recasted)	70,402	277,791	814,498	30,442	2,340	46,513	45,044	3,237	7,342	368,310	24,870	1,690,789

As a result of IFRS 5 adopting, in the year ended December 31, 2018, property, plant and equipment related to “Discontinued operations”, totalling US$286,863, were reclassified to the caption “Assets of discontinued operations” (Note 2.28).

Additions

In 2019, the main additions are as follows:

- In the Argentinean business area there are disbursements in the total amount of approximately US$240.600, namely the increase of the installed capacity at its L'Amalí expansion amounting to US$179,300. The execution phase of the L'Amalí plant expansion started in August 2017, with a total execution time estimated at 31 months and is expected to be completed early 2020; US$15,200 related to quarry recovery and US$5,300 related to a new cement kiln filter.

- In the Brazilian business area there are disbursements in the total amount of US$66,000, substantially referred to improvements in the production process.

In 2018, the main additions are as follows:

- In the Argentinean business area there are disbursements in the total amount of US$130,000, namely the increase of the installed capacity at its L'Amalí plant by 2.7 million tons annually amounting to US$46,400. This expansion involves a capital expenditure of approximately US$350,000. The execution phase of the L'Amalí plant expansion started in August 2017, with a total execution time estimated at 31 months and is expected to be completed early 2020; and US$20,000 related to quarry recovery.

- In the Brazilian business area there are disbursements in the total amount of US$47,000, substantially referred to the expansion of units, as well as improvements in the production process, to the full utilization of the capacity of the existing units

- Acquisition of a cement gridding in the region of Matola (Mozambique) for the amount of US$32,500.

Write-offs

Brazil business segment

In 2019, refers mainly to the write-off in the amount of US$18,010 of Cubatão plant located in São Paulo State. Such assets were fully impaired in 2018.

Impairment provision

Brazil business segment

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

In 2017, the Group decided to interrupt certain investments that were in progress in the cement production lines. Completion of those investments could be reassessed in the future, depending on the economy recovery and market conditions. During the year ended December 31, 2017, there was further deterioration of business activity, reflected in an increase in idle times and the shutting down of production lines. Considering that context, it was not possible to predict the time when these investments may be resumed and to what extent the respective returns will materialise. Therefore, an impairment totalling US$258,096 as 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 2018, following the management decisions in concentrating its efforts in plants with better margins the Group has recorded additional impairment losses in the amount of US$62,855, which could be reversed once the market conditions allow the recovering of such operations.

In 2019, as a continuing effort to focus in plants with better margins, Management recorded and additional impairment losses in certain plants in the amount of US$18.001 and reverted impairment loss in the amount of US$9,652 for plants that improved their performance during 2019. Furthermore, the impairment provision was also positively impacted by US$18,010 due to the reversal of Cubatão plant´s disposal that was fully impaired in prior years and such amount is offset by the write-off of the assets (See above write-offs in Brazilian segment).

The Group expects Brazilian economy to grow in 2020 and following years based on factors as expansive tone of monetary policy and the increase in confidence of investors.

Other business segment

In 2019, Egypt business segment recorded an impairment related to tangible fixed assets in the amount of US$7,445 (no impairment was recorded in 2018 and US$9,664 as of December 31, 2017). Management decided to hibernate a production line in order to better adequate to local demand.

In 2017, in Portugal business segment an impairment in the amount of US$7,605 related to tangible fixed assets was recorded.

9. Other intangible assets and goodwill

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Other intangible assets:				
Mining rights	12,488	20,174	47,192	13,269
Concession-related assets	112,389	125,394	161,010	189,406
Software licenses	5,595	6,244	20,194	6,207
Project development costs	3,608	4,641	7,531	5,906
Trademarks, patents and others	16,628	20,969	5,256	10,340
	150,708	177,422	241,183	225,128

	12.31.2019 (Recasted)			12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
	Cost	Impairment	Net book value	Net book value	Net book value	Net book value
Goodwill:						
Loma Negra C.I.A. S.A.	239,558	-	239,558	249,196	291,894	296,274
CBC - Companhia Brasileira de Cimentos ("CBC")	25,463	-	25,463	26,488	31,026	31,491
Cia. Industrial e Mercantil de Cimentos S.A. ("CIMEC")	18,806	-	18,806	19,562	22,915	23,258
Intercement Portugal, S.A.	1,166,940	(392,153)	774,787	814,632	1,310,686	1,257,027
Other	17,559	-	17,559	18,264	22,986	23,668
	1,468,326	(392,153)	1,076,173	1,128,142	1,679,507	1,631,718

As a result of the adoption of IFRS 5, in the year ended December 31, 2018, other intangible assets (including the related impairment losses) and goodwill related to “Discontinued operations” in the amount of US$53,243 and US$349,251, respectively, were reclassified to the caption “Assets of discontinued operations” (Note 2.28).

Impairment analysis

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segments (Note 26).

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

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

Cash Flow projections

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

In general, the plan was projected by applying growth rates for the markets, considering estimated GDP growth for related economies, leading to expected demand growth for building materials.

The projected sales volumes are based on the assumption of the available capacity and market shares according to historical levels. Regarding variable costs, it was assumed an evolution in line with the sales development – except in cases that we foresee operational improvements in the short term, when applicable, such as Argentina as result of the start of new plant that should lead to better variable costs, and thus higher operating margins. In addition, for the Brazilian, South African and Mozambique cash flows, the Company considered improvement in operating margins through operational leverage (as capacity utilization increases) and savings led by cost reduction programs, expecting to drive margins in the end of the projection period to a margin close to the historical margin in all three markets. Furthermore, for some countries it was assumed improvements on working capital management in the coming years, as the Company identified room to increase capital efficiency in the short term – mostly related to inventories’ management.

In preparing the cash flow projections, Management considered the best assumptions available as of December 31, 2019. In note 27, Management reassessed the projections considering potential impacts arising from COVID-19 and concluded that no additional impairments were deemed necessary besides the impairment loss provisions recorded as of December 31, 2019.

Determination of discount rate

Discount rates are calculated for each cash generating unit based on risk-free rate adjusted by the country risk premium, among other parameters.
The determination of the value in use was based on discounted cash flows calculated in local currency, using the corresponding Weight Average Capital Cost ("WACC") and perpetuities rates for each segment business, as follows:

	12.31.2019			12.31.2018			12.31.2017		
Segments	Goodwill (Recasted)	"WACC" rate (*)	Real long-term growth rates	Goodwill (Restated)	"WACC" rate (*)	Real long-term growth rates	Goodwill (Restated)	"WACC" rate (*)	Real long-term growth rates
Brazil	681,927	8.18%	0.0%	709,364	10.75%	0.0%	830,908	10.57%	0%
Argentina and Paraguay	239,983	67.28% - 10.97%	0.0%	249,636	44.52% - 12.22%	0.0%	294,003	(a)	0%
Egypt	5,285	15.97%	0.0%	22,824	22.24%	0.0%	23,032	24.94%	0%
Mozambique	43,171	14.29%	0.0%	43,028	17.54%	0.0%	45,173	19.04%	0%
South Africa	105,807	10.10%	0.0%	103,290	12.71%	0.0%	120,585	12.49%	0%
	1,076,173			1,128,142			1,679,507		

(*) As of December 31, 2019, discount rate calculated after taxes. For Argentina business area, due to hyperinflationary environment, "WACC" rate is built through a multi-year composition, referring to the first year of the projection, and varies thereafter according to the inflation rate and country risk premium variations ("Rolling WACC").

As of December 31, 2018, discount rate calculated after taxes. For Egypt and Argentina business areas, "WACC" rate refers to the first year of the projection, and varies thereafter according to the inflation rate variation.

(a) In 2017, for Argentina and Paraguay business area, the impairment test was performed by comparing the accounting value of the related assets with the market value of Loma Negra shares in the stock market at the year-end.

December 31, 2019

The Group identified the need for impairment in Egypt business area, due to the deterioration of expected future cash flow from such operation business unit. Therefore, it was recognized the impairment in the amount of US$20,146 (after fixed asset impairment recognition of US$7,445 (Note 8).

In addition, due to rising economic uncertainties in Argentina, the Group added a "Specific Risk" factor of 4,0% in Argentina business area, which would not result in impairment though.

Furthermore, as of December 31, 2019, the Group calculated the eventual impact of changes in discount rate and in the EBITDA margin in relation with all the business areas projections, as demonstrated below, and no impairment would result from such sensitive analysis, except for Egypt business area, which would present additional impairment:

	Recasted					
Impact on DCF	+0.5%	-0.5%	+1.0%	-1.0%	+1.5%	-1.5%
"WACC" rate	(350,006)	425,851	(643,290)	956,770	(892,929)	1,639,973
Impairment (EGY)	(30,848)	(8,042)	(40,392)	5,730	(48,949)	21,544
EBITDA margin	103,336	(103,336)	206,672	(207,164)	310,008	(311,162)
Impairment (EGY)	(15,477)	(24,802)	(10,814)	(29,465)	(6,152)	(34,127)

Changes in intangible assets in the year ended December 31, 2019, 2018 and 2017 were as follows:

	Software licenses	Concession-related assets	Mining rights	Project development costs	Trademarks, patents and others	Goodwill	Total
Balance as of January 01, 2017 (Restated)	6,207	189,406	13,269	5,906	10,340	1,631,718	1,856,846
Additions	15,904	1,339	684	175	664	-	18,766
Write-offs	(1)	-	-	-	(46)	-	(47)
Depreciation	(3,745)	(1,394)	(2,118)	(2,124)	(1,884)	-	(11,265)
Impairment	-	-	-	-	(2,458)	-	(2,458)
Effect of changes in exchange rates	190	(28,341)	35,357	(121)	58	47,789	54,932
Transfers	1,639	-	-	3,695	(1,418)	-	3,916
Balance at December 31, 2017 (Restated)	20,194	161,010	47,192	7,531	5,256	1,679,507	1,920,690
Adoption of IAS 29 (Note 2.1)	1,126	-	-	-	2,940	-	4,066
Additions	2,148	3,435	-	390	1,016	-	6,989
Amortization	(4,876)	(1,594)	(2,422)	(2,243)	(1,034)	-	(12,169)
Impairment	-	-	-	-	367	-	367
Effect of changes in exchange rates	(1,521)	(52,792)	29,107	(902)	137	(191,882)	(217,853)
Transfers	(10,022)	15,335	-	(137)	12,581	-	17,757
Discontinued operations (Note 2.28)	(805)	-	(53,703)	-	(294)	(359,484)	(414,286)
Balance as of December 31, 2018 (Restated)	6,244	125,394	20,174	4,640	20,969	1,128,142	1,305,563
Adoption of IAS 29 (Note 2.1)	723	-	-	-	1,265	152	2,140
Additions	3,706	3,195	-	49	65	-	7,015
Sales	(625)	-	-	-	(10)	-	(635)
Amortization	(1,541)	(11,905)	(365)	(7,571)	(1,526)	-	(22,908)
Impairment	(1,257)	-	-	-	-	(20,610)	(21,867)
Effect of changes in exchange rates	(770)	(106,691)	102,211	(90)	19	(31,511)	(36,832)
Transfers	(885)	102,396	(109,532)	6,580	(4,154)	-	(5,595)
Balance as of December 31, 2019 (Recasted)	5,595	112,389	12,488	3,608	16,628	1,076,173	1,226,881

Additions

There were no significant additions during the years ended December 31, 2019 and 2018. In 2017, in the context of the industrial licensing process in the industrial unit of Amreyah Cimpor Cement Company in past years the Industrial Development Authority (IDA), an Egyptian government entity, claims a payment in the amount of EGP 217 million (around US$12,4 million). The Board of Directors, supported on the understanding of the company's legal advisors submitted a legal petition in this respect, as it was considered that the payment was not due. Considering the rejection of the company's process appeal in 2017, a liability related to the payment of this claim was booked (and also a provision for the estimation of delaying interests - see Note 20) being here registered the estimated amount of the above referred cost of the license.

10. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Maturity		12.31.2019 (Recasted) Current	12.31.2019 (Recasted) Noncurrent	31.12.2018 (Restated) Current	31.12.2018 (Restated) Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	USD	US Libor + 3.10% - 4.40%	Jan/22-Jan/23		50,782	173,546	50,000	224,191
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	USD	US Libor + 3.95%	Feb/24	(a)	-	159,452	152,250	159,270
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	EUR	Euribor + 3.60%	Feb/24	(b)	-	220,587	119,486	164,977
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	2.55%	Jun/20		5,620	-	-	-
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	3.20%	Oct/21		3,091	18,546	3,150	22,053
EUR	Holdings and Financial Vehicles (*)	Commercial paper (**)	EUR	2.80%	Mar/20		39,340	-	-	40,096
BRL	Holdings and Financial Vehicles (*)	Billateral	BRL	126% CDI	Apr/23		-	49,297	-	51,979
ARS	U.N. Argentina Paraguay	Billateral	ARS	21.75%	Oct/21		-	-	9,539	-
ARS	U.N. Argentina Paraguay	Billateral	USD	US Libor + (4.25% to 5.5%)	Jun-Nov/20		36,074	42,555	51,124	13,563
ARS	U.N. Argentina Paraguay	Bilaterals	USD	8.0% - 9.45%	Aug/20		11,505	-	-	-
ARS	U.N. Argentina Paraguay	Billateral	EUR	4.00%	Apr-Sep/20		-	9,047	-	-
PYG	U.N. Argentina Paraguay	Billateral	PYG	8.5% - 9.00%	Aug/25		5,260	43,385	11,391	56,263
ARS	U.N. Argentina Paraguay	Billateral	ARS	8.00% + Badlar	Mar/21		-	16,697	-	-
ARS	U.N. Argentina Paraguay	Working capital	ARS	49.00% - 89.00%	Jan/20		24,892	-	13,884	-
ARS	U.N. Argentina Paraguay	Working capital	ARS	59.82%	jan/20		9,953	-	-	-
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Dec-24		2,886	9,988	3,137	13,420
BRL	U.N. Brazil	Billateral	BRL	15.34%	Dec/22		551	3,207	403	2,701
EGP	U.N. Egypt	Working capital	EGP	Corridor + 1.50%	Jun/20		671	4,152	27,311	601
EGP	U.N. Egypt	Working capital	EGP	15.50% - 17.00%	Apr-Nov/20		30,038	-	-	-
							220,663	750,459	441,675	749,114

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

(**) The borrowings contains certain restrictive financial covenants, which are describe below.

(a) In February 2019, the Company prepaid approximately US$198,000 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 approximately US$12,000.

Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Maturity		12.31.2017 (Restated)		01.01.2017 (Restated)	
							Current	Noncurrent	Current	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	US Libor + 3.1%	Jan/22	(b)	-	290,638	-	418,472
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Euribor + 3.1%	Feb/22	(c)	-	246,258	-	323,674
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Euribor + 3.30%	Feb/19		32,084	32,882	6,369	57,014
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	US Libor + 3.30%	Feb/19	(d)	96,328	98,449	21,750	194,114
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Euribor + 3.40%	Feb/22		21,630	50,588	-	63,383
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	US Libor + 3.40%	Feb/22		64,940	151,460	-	215,862
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	US Libor + 3.95%	Feb/24		73,101	164,691	-	236,889
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	US Libor + 2.95%	May/19		-	49,741	-	49,558
EUR	Holdings and Financial Vehicles (*)	Commercial paper	EUR	Euribor + 2.8%	Mar/20		17,999	41,997	-	52,751
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	1.90%	Dec/18		28,329	-	-	24,212
ARS	Argentina and Paraguay	Several bilateral	ARS	Badlar + 2%	Several		33,577	19,364	32,391	27,419
ARS	Argentina and Paraguay	Several bilateral	US$	Libor + 3,40%	Several		46,422	49,129	56,669	47,784
BRL	Brazil	Several bilateral	BRL	2.5% - 15.34%	Several	(e)	100,957	22,876	13,416	160,172
PYG	Argentina and Paraguay	Several bilateral	US$	5.75%	Jul/18	(f)	4,745	-	22,392	66,236
PYG	Argentina and Paraguay	Several bilateral	PYG	8.5% - 9%	Aug/25	(f)	5,035	70,113	14,508	-
ZAR	South Africa	Several bilateral	ZAR	Jibar + 2.4% - 3.7%	Several	(g)	-	-	32,848	14,599
EUR	Portugal and Cape Verde	Several bilateral	EUR	Euribor + 2.75%	Several	(h)	11,999	197,985	-	79,126
CVE	Portugal and Cape Verde	Bilateral	CVE	TRIB3M + 4%	Several		840	3,360	-	-
EUR	Portugal and Cape Verde	Subsidised loan	EUR	Interest-free	Jun/24		83	2,206	-	-
MZN	Mozambique	Several bilateral	MZN	BT 3M + 3.80%	Dec/20		-	-	1,626	283
EGP	Egypt	Several bilateral	EGP	Corridor + 1.00%	Several		23,013	1,011	23,662	6,885
							561,082	1,492,748	225,631	2,038,433

(*) Takes into consideration the set 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 3.95%.

(b) During 2017, the variation is mainly due to a partial pre-amortization by Caue Austria Holding GmbH in the amount of approximately US$132,000).

(c) During 2017, there was a partial settlement of such financing by Caue Austria Holding GmbH in the amount of approximately US$113,000.

(d) During 2017, the variation is mainly due to a partial pre-amortization by Cimpor B.V. in the amount of approximately US$22,000.

(e) Guaranteed by Company's controlling entities, amounting to US$34,380 in the year ended December 31, 2017, with spreads and fixed interest rates from 2.5% to 10%. In addition, in the year ended December 31, 2017, includes a partial pre-amortization, in the amount of approximately U$42,000 (R$122,000 thousands).

(f) During 2017, the Company decided to carry out their early settlement, by taking a new debt. On August 8, 2017, the subsidiary Yguazu has contracted two new loans in Paraguayan Guarani, in the total amount of PYG 423,000,000 thousands, equivalent to approximately US$75,000. In the first year, interest rates vary between 8.5% and 9% per year, and after that, interest will be calculated according to the average rate published by the Central Bank of Paraguay, plus spread. The interests are payable in a semi-annually basis from February 2018, and the principal will be paid in fifteen semi-annual tranches, starting in August 2018. On August 14, 2017 the funds were used for the prepayment of US$ loans of the subsidiary Yguazu. The mentioned loans are guaranteed by a mortgage on the plant in Paraguay and a pledge of its assets.

(g) During 2017, the Company has decided to early settlement loans in South Africa's business area in the amount of US$15,317 (total amount settled of US$48,616).

(h) In the Portugal and Cape Verde business unit, Cimpor Indústria de Cimentos, S.A. took a new loan in the amount of US$113,000, with variable interest rate indexed to Euribor, quarterly payments and with maturity date beginning from August 2019 to October 2022.

As of December 31, 2019, 2018, 2017 and 2016, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to US$19,298, US$22,814, US$36,734 and US$27,568, respectively.

Changes in Borrowings and Financing were as follows:

	Borrowing and financing
Balance as of January 01, 2017 (Restated)	2,264,064
New borrowings and financing	337,283
Payments	(637,526)
Effect of changes in Exchabge rates, commissions and other	90,009
Balance as of December 31, 2017 (Restated)	2,053,830
New borrowings and financing	94,314
Payments	(719,403)
Discontinuing operations	(158,611)
Effect of changes in Exchabge rates, commissions and other	(79,341)
Balance as of December 31, 2018 (Restated)	1,190,789
New borrowings and financing	213,418
Payments	(416,975)
Effect of changes in Exchabge rates, commissions and other	(16,110)
Balance as of December 31, 2019 (Recasted)	971,122

Maturity schedule

As of December 31, 2019, the noncurrent portions mature as follows:

Period	12.31.2019 (Recasted)
2021	259,379
2022	194,725
2023	177,808
Following years	118,547
	750,459

Covenants

The loans and financing agreements contain certain restrictive covenants, including change of control clauses and those requiring the maintenance of certain financial ratios, namely a Net Debt versus Adjusted 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 upon on each contract entered into with the financial institutions. The Company agreed with the financial institutions the increase of Net Debt / Adjusted EBITDA ratio from 4.5 to 5.5 for 2019 measurement. Subsequently to December 31, 2019 and before the issuance of the consolidated financial statements, as part of the debt refinancing, the covenants were amended. Refer to note 27 for covenants metrics.

As of December 31, 2019 the covenants conditions were met, and such obligation will only be measured again based on the financial figures as of December 31, 2020.

11. Debentures

Functional Currency	Business unit	Instrument	Currency	Issue date	Annual interest rate	Final maturity		12.31.2019 (Recasted) Current	12.31.2019 (Recasted) Noncurrent	12.31.2018 (Restated) Current	12.31.2018 (Restated) Noncurrent
BRL	Brazil	Debenture - Brazil	BRL	Mar-12	115% - CDI	Apr-22	(b)	54,655	109,363	56,811	170,602
BRL	Brazil	Debenture - Brazil	BRL	Aug-12	115% - CDI	Aug-22	(c)	123,968	124,010	64,419	193,450
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	Jul-14	5.75%	Jul-24	(a)	-	548,117	-	544,306
								178,623	781,490	121,230	908,358

(*) 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 a coupon of 5.75% per annum, and are listed at the Singapore Stock Exchange. As of December 31, 2019, and 2018, the Group holds bonds at the face value US$198,812.

(b) In April 2019, InterCement Brasil S.A. amortized the 2º issuance of Debentures in the approximately amount of US$56,000 (R$ 220,000 thousand).

(c) In November 2019, Management agreed with debenture holders to extend the amortization of approximately US$62,000 (R$250,000 thousand) that was due on November 21, 2019 to January 21, 2020. On January 17, 2020, the amortization was once again extended to April 16, 2020. The extensions are part of the Debt refinancing program that Management designed with the Company´s main lenders (Note 27).

							12.31.2017 (Restated)		01.01.2017 (Restated)	
Functional Currency	Business unit	Instrument	Currency	Issue date	Interest rate (a)	Final maturity	Current	Noncurrent	Current	Noncurrent
BRL	Brazil	Debenture - Brazil	BRL	Mar-12	115% - CDI	Apr-22	66,492	266,337	67,437	337,782
BRL	Brazil	Debenture - Brazil	BRL	Aug-12	115% - CDI	Aug-22	60,316	241,604	61,197	306,464
EUR	Holdings and Financial Vehicles (*)	Senior Notes (b)	USD	Jul-14	5.75%	Jul-24	-	566,462	-	576,844
							126,808	1,074,403	128,634	1,221,090

(*) 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 InterCement Financial Operations, B.V., with a payment maturity of 10 years. The notes were issued with coupon of 5.75% per annum and are listed on the Singapore Stock Exchange. During year ended December 31, 2018, 2017, 2016 and 2015 the Group purchased bonds in the par value of US$25,044, US$11,100, US$108,378 and US$54,290, respectively. As of December 31, 2018, the Group holds bonds in the par value of US$198,812.

As of December 31, 2019, 2018, 2017 and 2016, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to US$8,334, US$22,311, US$32,346 and US$73,374, respectively.

Changes in Debentures were as follows:

	Debentures
Balance as of January 01, 2017 (Restated)	1,349,724
Payments	(141,393)
Effect of changes in Exchabge rates, commissions and other	(7,120)
Balance as of December 31, 2017 (Restated)	1,201,211
Payments	(83,004)
Effect of changes in Exchabge rates, commissions and other	(88,619)
Balance as of December 31, 2018 (Restated)	1,029,588
Payments	(56,006)
Effect of changes in Exchabge rates, commissions and other	(13,469)
Balance as of December 31, 2019 (Recasted)	960,113

Maturity schedule

As of December 31, 2019, the debentures mature as follows:

Period	12.31.2019 (Recasted)
2021	116,681
2022	116,693
Following years	548,116
	781,490

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, 2019 the Company agreed with the local debenture holders the increase of Net Debt / Adjusted EBITDA ratio from 4.5 to 5.5 for 2019 measurement. Subsequently to December 31, 2019 and before the issuance of the consolidated financial statements, as part of the debt refinancing, the covenants were amended. Refer to note 27 for covenants metrics.

As of December 31, 2019 covenants conditions were met and such obligation will only be measured again based on the financial figures as of December 31, 2020.

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 US$500,000 for new debts, provided it is not used to refinance the existing debt;
ii) Restrictions on certain payments, such as dividends to shareholders above the statutory minimum legal required amount;
iii) Dividends limitation of US$25,000 per year, on a cumulative basis, for preferred shareholders after the Senior Notes issuance (July/2014).

As of December 31, 2019, 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, 2020.

12. Provisions and Contingent assets and liabilities

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

The provision for risks is demonstrated as follows:

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Labor and social security	6,963	9,966	31,015	29,227
Tax (a)	17,013	19,735	33,905	19,857
Civil and other (b)	37,835	35,114	39,034	9,311
	61,811	64,815	103,954	58,395
Escrow deposit (c)	(2,840)	(3,087)	(3,627)	(3,034)
Total	58,971	61,728	100,327	55,361

(a) Brazil: Refer basically to tax assessments notices and lawsuits amounting to US$2,294 (US$1,423 as of December 31, 2018) related to discussions on: (i) absence of Value Added Tax ("ICMS") collection and improper credits taken in a variety of operations, including import of goods carried out through trading companies; (ii) improper credits compensation on the determination of income tax and social contribution; and (iii) absence of services tax (ISS) collection in a variety of services provided.

InterCement Portugal: Refer basically to the provisions for tax risks related to income tax, amounting to US$6,351 as of December 31, 2019 (US$6,473 as of December 31,2018, US$11,300 as of December 31, 2017 and US$11,064 as of December 31, 2016), which are being challenged in courts.

Egypt: Is mainly justified by tax provisions in this business area related to income tax from years 2004 to 2014, which are being challenged in courts, in the amount of US$7,574 (US$7,629 as of December 31, 2018 and US$11,717 as of December 31, 2017).

(b) Egypt: Includes mainly a provision related to a dispute about the requirement of an industrial licence and corresponding interest and monetary correction totalling US$33,831 as of December 31, 2019 (US$30.261 as of December 31, 2018, US$24,088 on December 31, 2017).

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

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Labor and social security	2,079	2,137	2,787	2,457
Tax	745	903	786	524
Civil and other	16	48	54	53
Total	2,840	3,088	3,627	3,034

Changes in the provision for risks were as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of January 01, 2017 (Restated)	29,227	19,857	9,311	(3,034)	55,361
Recognition/deposit	9,211	15,721	34,395	(1,896)	57,431
Payment/deposit derecognition	(6,439)	(241)	(2,584)	1,239	(8,026)
Reversal	(2,564)	(2,897)	(2,077)	-	(7,539)
Exchange differences	1,580	1,465	(11)	64	3,098
Balance at December 31, 2017 (Restated)	31,015	33,905	39,034	(3,627)	100,327
Adoption of IAS 29 (Note 2.1)	574	61	412	-	1,047
Recognition/deposit	2,760	347	10,127	(3,199)	10,035
Payment	(4,603)	(7,390)	(4,975)	3,209	(13,759)
Reversal	(4,743)	(6,244)	(7,904)	-	(18,891)
Exchange differences	(3,133)	(943)	(1,543)	530	(5,090)
Discontinued operations (Note 2.28)	(11,904)	-	(37)	-	(11,940)
Balance as of December 31, 2018 (Restated)	9,966	19,736	35,114	(3,087)	61,729
Adoption of IAS 29 (Note 2.1)	509	266	358	-	1,133
Recognition/deposit	1,216	2,272	191	(1,278)	2,401
Payment	(1,675)	(2,405)	(492)	1,408	(3,164)
Reversal	(2,234)	(3,147)	(1,038)	-	(6,419)
Exchange differences	(819)	291	3,702	117	3,291
Balance as of December 31, 2019 (Recasted)	6,963	17,013	37,835	(2,840)	58,971

Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its labor and social security, tax, civil and other natures, which the likelihood of loss is assessed as possible or less likely than not for uncertain income tax positions in light of IFRIC 23 (Note 2.2).

As of December 31, 2019, the Group has an exposure of US$1,177,867 (US$939,392 as of December 31, 2018, US$995,170 as of December 31, 2017 and US$983,260 in December 31, 2016), being US$14,612 of contingent liabilities related to labor contingences (US$10,310 as of December 31, 2018, US$8,393 in December 31, 2017 and US$7,385 as of December 31, 2016), US$896,867 of tax contingencies, including uncertain income tax position as per IFRIC 23 assessment (US$686,214 as of December 31, 2018, US$724,196 as of December 31, 2017 and US$711,070 in December 31, 2016), and US$266,388 of civil contingencies and administrative processes of other natures (US242,868 as of December 31, 2018, US$262,581 as of December 31, 2017 and US$264,805 in December 31, 2016), whose likelihood of loss was considered possible, according to the opinion of our legal counsel.

The most significant contingencies are:

Brazil

a) Tax

The tax contingencies, in the approximately amount of US$785,306 (US$585,402 as of December 31, 2018) refer mainly to administrative and judicial proceedings related to: (i) disallowance of credits for allegedly undue deduction of the IRPJ and CSLL calculation base, as 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 entities; (iii) collection of alleged difference or non-payment of CFEM, a financial compensation paid to the Federal Government for the economic use of mineral resources; (iv) several discussions related to the ICMS: rate differential, absence of payment in different operations, applicability of tax agenda and transfer of goods between plants of the same taxpayer, improper credits taken upon intermediate materials and fixed assets considered for use and consumption; (v) non-ratified IRPJ credit compensation resulting from the improper application of the tax incentive granted by Authorities and credits resulting from the lower calculation of the negative tax balance; (vi) undue PIS and COFINS credit resulting from freight expenses on goods transfers between industrial plants and distributors; (vii) taxation of interest on capital; and (viii) non-collection of the Property Transfer Tax (“ITBI”) on mergers transactions.

b) Civil

The main lawsuits are linked to civil, environmental, mining and administrative proceedings related to: (i) reparation of damages due to contractual breach;; (ii) indemnity for accidents at work in the civil sphere and for undue collection; (iii) non-compliance with operating license conditions and alleged lack of licensing; (iv) air and soil pollution; and (v) infraction against the economic order (“CADE), as described below:

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 Defense (“CADE”). In July 2015, CADE’s tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 regarding competition 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. As of December 31, 2019, the fines imposed to the Group corresponds to US$194,748 (R$784,971 thousand), besides the obligation to sell 20% of its installed capacity of the concrete assets in the relevant Brazilian markets in which the Company operates, among other accessory penalties.

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

Spain

As a result of tax inspections of the years 2005 to 2008, tax assessments of approximately US$134,880 were issued against the Company related essentially to net financial items resulting from interpretations not adjusted to the nature of certain transactions. Based on opinion of the legal advisors, the risk of loss in court was considered as possible. During September 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 related to the same matters in dispute as mentioned previously. The amount under dispute is approximately US$272,008 and Management believes the final decision will be similar the Supreme Court’s ruling about years 2005 to 2008 which was favourable to the Company.

Portugal

Under the Consolidated Income Tax Regime (RETGS), applicable to the Company and other Portuguese entities of the Group until the year 2000, intra-group results ("eliminated results"), amounting to US$297,860 (€265,000 thousand) as of December 31, 2019, were generated due to tangible fixed assets sales between group companies.

During the ongoing Corporate Income tax (CIT) inspection of the fiscal year 2016, the Tax Authority requested the provision of information relating to such tangible fixed assets sales, with the purpose of assessing the need for possible adjustments to the Group's taxable profit in this fiscal year and in the fiscal years ending on 2017 and 2018, due to the transitional rules successively inserted in the State Budget Laws of the years 2016, 2017 and 2018, which required partial or total incorporation (in the event of termination of the Group) in those years of any taxable income that were still pending from taxation.

On May 12, 2020, a Draft Report was received, incorporating a correction of US$111,192 (€98,926 thousand) to the Group's Taxable base, corresponding to 25% (cf. Law No. 7-A / 2016, of June 30) of the eliminated results calculated by the Tax Authority by reference to December 31, 2015.

Based on the opinion of the Company´s legal advisors, the risk of a favourable outcome of on this dispute is “more likely than not”, therefore, no contingency were recorded.

13. Provision for Environmental Recovery

Changes in the provisions for environmental recovery were as follows:

	Environmental recovery
Balance as of December 31, 2016 (Restated)	42,152
Recognition	3,417
Payment	(1,124)
Exchange differences	1,916
Balance as of December 31, 2017 (Restated)	46,361
Adoption of IAS 29 (Note 2.1)	1,048
Recognition	13,049
Payment	(1,590)
Reversal	(19,759)
Exchange differences	(5,406)
Discontinued operations (Note 2.28)	(15,803)
Balance as of December 31, 2018 (Restated)	17,900
Adoption of IAS 29 (Note 2.1)	1,980
Recognition	4,880
Payment	(1,621)
Exchange differences	(2,388)
Balance as of December 31, 2019 (Recasted)	20,751

14. Leasing

The change of rights-of-use assets since its initial adoption through December 31, 2019 is demonstrated as follows:

Composition and movements of right-of-use assets

	Buildings	Machinery and equipment	Vehicles	Other	Total
Cost					
Initial adoption on January 01, 2019 (Recasted)	15,161	53,947	3,676	276	73,060
Additions	1,276	14,268	1,237	-	16,781
Write-offs	-	(3,927)	-	-	(3,927)
Transfers	-	-	-	-	-
Exchange difference	(3,240)	(2,120)	(114)	(10)	(5,484)
Subtotal	13,197	62,168	4,799	266	80,430
(-) Accummulated depreciation					
Additions	(2,146)	(17,145)	(597)	(154)	(20,042)
Write-offs	-	87	-	-	87
Exchange difference	(15)	282	6	2	275
Subtotal	(2,161)	(16,776)	(591)	(152)	(19,680)
Balance as of December 31, 2019 (Recasted)	11,036	45,392	4,208	114	60,750

The obligations under finance leases changed since its adoption through December 31, 2019 as demonstrated below:

Composition and movements of lease liabilities

	12.31.2019 (Recasted)
Initial adoption in January 01, 2019 (Recasted)	73,060
Additions, net of write-offs	12,853
Payments	(24,081)
Present value adjust	12,746
Exchange difference	(4,226)
Total	70,352

The obligation under finance leases are broken down as current and non-current and is aged as demonstrated below:

Lease liabilities included in the statement of financial position

	12.31.2019 (Recasted)
Current	30,644
Non-current	39,708
Lease liabilities	70,352

Lease liabilities - Maturity analysis

	12.31.2019 (Recasted)
Less than one year	30,644
One to five years	37,236
More than five years	2,472
Lease liabilities	70,352

15. 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 herein. The balances and transactions between the Group and associated companies and with other related parties fall within normal operational activities, and include advances, loan agreements, sales and purchases of products and services.

In the year ended December 31, 2019 the Company released Capital Reserves in the amount of US$74,742 (R$300,000 thousand) to its parent company, Mover Participações S.A. as mentioned in note 16 below.

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

- Capital increase by Mover Participações S.A. in InterCement Participações, occurred in December 28, 2018, amounting US$77,424 (Note 16);

- Credit assignment agreements (accounts receivable securitization) were settled with CCSA Finance Ltda. and Camargo Corrêa Desenvolvimento Imobiliário S.A., in the amount of US$24,707 and US$27,284, respectively (Note 6);

For the year ended December 31, 2017, it is worth of mention the following transactions with CCSA controlling companies, made in accordance with relevant market conditions:

- The acquisition from Administradora PMV Ltda. and Participações Morro Vermelho S/A, group controlling companies, a 100% stake of CECC – Incorporadora e Administradora de Bens, Ltda. shares, by US$17,569 (R$48,782 thousand). This operation has generated a loss in the amount of US$3,891 recorded directly in equity;
- Credit assignment agreements (accounts receivable securitization) were settled with Mover Participações S.A. and CCSA Finance Ltd., in the amount of US$61,864 (Note 6);
- In the Brazilian business area several lands were sold to Participações Morro Vermelho, S.A. by the amount of US$8,203 (R$26,310 thousand), and in the Portugal and Cape Verde business area were sold several properties to PARMV Properties - Empreendimentos, S.A., by the amount of US$4,158;
- In addition to reinforce that as identified in Notes 10 and 11, there are loans guaranteed by the Company's controlling entities.

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

Balances as of December 31, 2019, 2018, 2017 and opening balance with related parties, are as follows:

	12.31.2019 (Recasted)							
	Current assets				Non current assets	Current liabilities		
	Trade receivables	Dividends receivable	Advances to suppliers	Other receivables	Other receivables	Trade payables	Other payables	Dividends payable
Affiliates:								
Construções e Comércio Camargo Corrêa S.A.	1	-	129	248	819	235	13	-
Concessionária de Rodovia Sul - Matogrossense, S.A.	-	-	-	-	-	-	10	-
Instituto Intercement	-	77	-	-	-	-	-	-
A.Y.U.S.P.E. Empreendimentos e Participações S.A.	-	-	-	-	5,657	-	-	-
Loma Negra others	-	-	-	-	-	-	-	85
Mozambique others	-	-	-	9	-	-	-	-
Egypt others	-	-	-	-	-	-	-	49
Yguazú others	-	-	-	-	-	4	-	-
Others noncontrolling interests	-	-	-	-	-	-	-	95
Mover Participações, S.A.	-	-	-	-	-	4	14	-
Participações Morro Vermelho S.A.	10	-	-	-	-	719	-	-
Total as of December 31, 2019 (Recasted)	11	77	129	257	6,476	962	37	229
Total as of December 31, 2018 (Restated)	886	-	-	266	1,136	1,825	1,916	183
Total as of December 31, 2017 (Restated)	994	-	363	419	1,632	2,316	6,673	572
Total as of January 01, 2017 (Restated)	971	7	-	482	1,933	2,446	103	519

Transactions conducted in the years ended December 31, 2019, 2018 and 2017 are as follows:

	12.31.2019 (Recasted)			
	Sales	Other operating income	Purchases/ expenses	Financial income
Affiliates:				
CCDI and subsidiaries	129	-	-	-
CCR S.A.	57	-	54	-
Construções e Comércio Camargo Corrêa S.A.	755	-	2,690	48
Instituto InterCement	-	-	452	1
A.Y.U.S.P.E. Empreendimentos e Participações S.A.	-	5,633	-	-
PARMV Properties-Empreendimentos, S.A.	-	-	717	-
Yguazú others	-	-	151	-
Mover Participações, S.A.	-	-	89	-
Participações Morro Vermelho	-	-	(14)	-
Total as of December 31, 2019 (Recasted)	941	5,633	4,139	49
Total as of December 31, 2018 (Restated)	7,741	145	17,127	39
Total as of December 31, 2017 (Restated)	7,980	193	20,556	24

Management compensation

The amount of US$3,242 was paid in the year ended December 31, 2019 and refers to short-term benefits, such as fees, charges, and other benefits (US$4,527, US$11,324, US$12,894 in the years ended December 31, 2018, 2017 and 2016, respectively). There is no relevant long-term compensation to Management.

16. Shareholder's Equity

Share Capital

As of December 31, 2019, 2017 and 2016 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.

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

At the same date aforementioned, the Company approved the capital increase with the issuance of 2,836,773 Class B Preferred Shares, all subscribed by the shareholder Mover Participações SA, and paid in national currency the issue price was allocated as follows: US$732 (R$2,837 thousand) for the Company's capital stock and the rest in the amount of US$76,691 (R$297,163 thousand) allocated to the "Capital reserve" account.
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 (US$74,742) by releasing Capital Reserves. The liquidation took place in May 2019 and the shares were subsequently cancelled.

Capital Reserves - Preferred Shares – InterCement Participações

Class A

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.

Class B

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

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

Earnings reserves

In the year ended in December 31, 2019, the movement in this caption relates to the following:

a) Based on Brazilian Corporate Law, the Company constituted a Legal Reserve in the amount of US$6,107, which represents 5% of net income for the year.

b) The Board of Director recommended the constitution of a retention reserve based on the capital budget of the Company in the amount of US$116,039.

c) Acquisition of non-controlling interest: the acquisition from minority shareholders of an additional stake of 0.01% of InterCement Portugal shares (formely named Cimpor) in the amount of US$103 led to a gain of US$267 recognized directly in equity.

d) Dividends: US$53,497 of dividends were declared and paid to preferred shares Class A.

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

a) Sale of non-controlling interest: the amount net of tax effect of US$7,489 (US$8,348 including non-controlling interests) relates to the gain on the sale of the participations in Barra Grande and Machadinho (see Note 2.27);

b) Acquisition of non-controlling interest: the acquisition from minority shareholders of an additional stake of 0.66% of Cimpor shares in the amount of US$3,404 and also the capital increase of this company resulted that the equity interest of the company increases to 94.8%, leading to a total loss of US$16,915 recognized directly in equity. Also note for the acquisition of minority shareholders in Mozambique companies, resulting from a capital increase that resulted in a gain of US$900 recognized directly in equity.

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

a) Sale of non-controlling interest: i) the effect, net of expenses, of the sale of a non-controlling interest (IPO) of the Loma Negra (Note 1) with an equity increase by US$1,035,270 (US$1,137,633 after taxes adjustments) of which US$708,575 (US$787,956 after taxes adjustments) recognized here in this caption, and ii) the amount net of tax effect of US$38,348 (US$60,916 including non-controlling interests), related to the gain on the sale of the participations in Estreito (Note 2);

b) Acquisition of non-controlling interest: an acquisition from minority shareholders of an additional stake of 2.92% of Cimpor shares, leading to a gain of US$10,147 recognized directly in equity.

In addition, in the year ended in December 31, 2019, 2018, and 2017, these reserves were used to absorb losses, in the amount of US$229,120, U$743,782 and US$231,203, respectively.

Dividends

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

Considering the loss from continuing operations of the year ended December 31, 2019, 2018 and 2017 and the current financial position of the Company, the Board of Directors suggested to not distribute dividends and retain the net income for the year as earnings reserve for capital budget, which is allowed by Brazilian Corporate Law under certain circumstances.

Non-controlling interests

The main non-controlling interests movements occurred during the year ended December 31, 2019, regarding the transactions with acquisitions of participations and other comprehensive income, were as follows:

a) In relation with the acquisitions, it is worthy of mention the effect of US$369 with the additional stake of 0.01% of Cimpor shares;

b) In other comprehensive income, the negative amount of US$118,574 corresponds to: i) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of US$118,750 and ii) the positive equity recognition of hedging operations amounting to US$176. In addition, regarding applying IAS 29 rules (note 2.1.e), the impact was a positive equity recognition of US$104,524.

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

a) The impact of the sales of participations in non-controlling interests, especially with the sale of the participation in Barra Grande and Machadinho was US$859 (net tax effect);

b) In relation with the acquisitions, it is worthy of mention the negative effect of US$13,411 with the additional stake of 0.66% together with capital increase of Cimpor shares and also the acquisition of minority shareholders in Mozambique companies, resulting from a capital increase, with a positive impact of US$884;

c) In other comprehensive income, the negative amount of US$86,202 corresponds to: i) the negative equity recognition of actuarial losses on the liability to employees in the amount of US$563; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of US$87,779 and iii) the positive equity recognition of hedging operations amounting to US$2,140. In addition, regarding applying IAS29 rules (note 2.1), the impact was a positive equity recognition of US$131,060.

The non-controlling interests movements occurred during the year ended December 31, 2017, regarding the main transactions with sales and acquisitions of participations and other comprehensive income, were as follows:

a) The impact of the sales of participations in non-controlling interests, especially with the sale of the participation in Estreito and Loma Negra "IPO", was US$22,569 and US$349,887, respectively;

b) In relation with the acquisitions, it is worthy of mention the effect of US$20,385 with the additional stake of 2.92% of Cimpor shares;

c) In other comprehensive income, the negative amount of US$54,493 corresponds to: i) the positive equity recognition of actuarial losses on the liability to employees in the amount of US$212; ii) the negative equity recognition of exchange differences arising on translating foreign operations in the amount of US$56,978 and iii) the positive equity recognition of hedging operations amounting to US$2,273.

Additionally, in this caption, the Company has recorded Preferred shares for its special purpose entities of Barra Grande Participações, Machadinho Participações and Estreito Participações. These preferred shares have certain specific characteristics, in particular, in terms of:

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

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

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

• Be converted into common shares (conversion rights);

• Non-participation in future capital increases.

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

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

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

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

In addition, in the years ended December 31, 2019, 2018, and 2017 dividends to non-controlling interests were declared and paid in the amount of, respectively, US$18,336, US$19,048 and US$19,132.

17. Income Tax and Social Contribution

The reconciliation between the nominal and the effective income tax was as follows:

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Loss before income tax and social contribution from continuing operations	(130,696)	(200,058)	(312,146)	(708,503)
Tax rate	34%	34%	34%	34%
Income tax and social contribution at statutory rates	44,437	68,020	106,130	240,891
Adjustments to calculate income tax and social contribution at effective rates:				
Permanent additions / (deductions), net (a)	(4,670)	770	(11,635)	(8,099)
Impairment losses	(4,392)	-	-	(147,220)
Unrecorded deferred income tax and social contribution tax (b)	(53,677)	(105,936)	(119,192)	(22,470)
Restatement in homogeneous currency and effect of change in deferred tax rate (c)	(25,314)	(16,402)	(118,805)	(66,377)
Other (d)	8,741	14,239	(18,742)	(13,373)
Income tax and social contribution expense from continuing operations	(34,875)	(39,309)	(162,244)	(16,648)

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

(b) Includes the tax effect from taxable losses on certain entities where recoverability is uncertain;

(c) In 2019 and 2018, includes mainly the impact of IAS29 adoption in the Argentinian business area. In 2018, it also includes the elimination of deferred tax assets in several jurisdictions due to uncertainty to recover it and also the effect in deferred tax from the change in tax rate in the Argentinian business area;

(d) In the year ended December 31, 2018, includes the reduction of a tax provision amounting to approximately US$4,700 and estimates corrections in our companies in Egypt in the amount of around US$5,900. In the years ended December 31, 2017 and 2016, includes the registration of a tax income charge of around US$8,000 and around US$13,000, related to the staged payments agreements from additional tax assessments made by tax authority to one of our companies in Egypt, referring to the year 2008 and 2000 to 2004, respectively. In addition, in the year ended December 31, 2017, also in the subsidiaries of Egypt business area, provisions for corporate income tax for the years 2004 to 2014, in the amount of approximately US$10,000.

Deferred income tax and social contribution

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

In addition to the income tax charge, for the years ended December 31, 2019, 2018, 2017 and 2016, the Group recorded deferred tax of US$275, US$4,481, US$100,897 and US$34,677, respectively, directly in equity.

Deferred income tax and social contribution are demonstrated as follows:

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Assets:				
Tax loss carryforwards	35,546	33,215	42,128	81,264
Tax, labor and civil contingencies	12,745	9,292	14,341	16,317
Valuation of the useful lives of property, plant and equipment	-	-	2,310	2,092
Allowance for doubtful debts	2,483	3,367	2,828	4,529
Provision for environmental recovery	-	-	755	6,526
PIS and COFINS on financial income and other nonoperating income (taxes in installments)	-	-	-	8,565
Accrued profit sharing	-	-	-	3,534
Provision for outside services	-	-	-	2,085
Exchange rate changes taxed on a cash basis	13,471	14,408	-	7,999
Other temporary provisions	19,432	13,735	35,125	37,787
Total assets	83,677	74,017	97,487	170,698
Liabilities:				
Goodwill amortization (future earnings)	48,585	50,079	54,024	160,480
Exchange rate changes taxed on a cash basis	23,279	24,810	14,190	-
Deemed cost of property, plant and equipment	30,952	31,117	56,477	55,251
Useful life estimate of property, plant and equipment	100,831	105,776	41,170	44,852
Measurement of assets acquired at fair value (a)	83,903	91,623	166,071	171,008
Present value adjustment - Banco Itaú debt - Fomentar	-	-	-	1,385
Other temporary provisions	42,427	21,987	24,612	24,688
Total liabilities	329,977	325,392	356,544	457,664
Noncurrent assets	10,706	17,426	20,231	31,468
Noncurrent liabilities	257,006	268,801	279,288	318,434
	-	-	-	-

(a) Refers mainly to the revaluation of assets at fair value on the acquisition of subsidiary CIMPOR occurred in 2012.

As a result of the adoption of IFRS 5, in the year ended December 31, 2018, deferred tax assets and deferred tax liabilities related to “Discontinued operations” in the amount of US$1,793 and US$45,209, respectively, were reclassified to the caption “Assets of discontinued operations” and “Liabilities related with assets from discontinuing operations”, respectively (Note 2.28).

The Group recorded deferred income tax assets over tax losses of US$35,546 (US$33,215, US$42,128 and US$81,265 in December 31, 2018, 2017 and 2016, respectively), which corresponds to a tax losses bases of approximately US$143,764; Approximately US$2,316,566 of consolidated tax losses bases Management decided to not recognize deferred income tax assets due to the unpredictability of their recovery in a reasonable period of time, based on estimated future taxable income and estimated period for reversal of temporary differences.

18. Net Revenue

The breakdown of the Company's net revenues for is as follows:

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Products sold	1,702,952	1,828,708	1,976,715
Services provided	93,581	107,010	169,850
(-) Taxes on sales	(170,188)	(178,656)	(201,441)
(-) Discounts	(76,015)	(39,445)	(47,844)
Total	1,550,330	1,717,617	1,897,280

Taxes on sales comprise federal, state and municipal taxes such as Federal VAT, State VAT, Taxes on Revenues, and Service Tax.

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

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

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Depreciation, amortization and impairment losses (a) (c)	(232,411)	(241,697)	(434,728)
Salaries and employee benefits	(211,261)	(241,523)	(302,997)
Raw materials and consumables (c)	(362,604)	(403,576)	(447,491)
Tax expenses (d)	(23,796)	(36,148)	(52,100)
Outside services	(167,924)	(168,451)	(173,250)
Rental	(2,534)	(10,973)	(14,882)
Freight expenses	(140,908)	(170,927)	(169,809)
Maintenance costs	(74,466)	(90,946)	(107,673)
Fuel	(151,698)	(165,408)	(164,891)
Electricity	(124,192)	(145,754)	(129,787)
Reversal (recognition) of provision for risks	(696)	(152)	(22,710)
Gain on sale of property, plant and equipment	10,238	5,567	4,223
Other (b)	(33,198)	6,040	(55,119)
Total	(1,515,450)	(1,663,948)	(2,071,214)
Cost of sales and services	(1,323,912)	(1,496,992)	(1,549,798)
Administrative and selling expenses	(178,805)	(166,877)	(258,294)
Other expenses	(12,733)	(79)	(263,122)
Total	(1,515,450)	(1,663,948)	(2,071,214)

(a) In the year ended December 31, 2019 includes the net impact of fixed assets impairment provisions in Brazil of US$8,349 and in Egypt of US$7,445 (Note 8). It also includes the goodwill impairment recorded in Egypt in the amount of US$20,146 (Note 9). In the years ended December 31, 2018 and 2017 includes the impairments of the Brazil business area in fixed assets amounting to US$60,822 (R$221,985 thousand) and US$263,948 (R$846,535 thousand), respectively (Note 8).

(b) In the year ended December 31, 2018, includes a tax credit of US$36,890 (R$134,642 thousand) recognized by Cimpor entities in Brazil business area related to the exclusion of ICMS from the basis of calculation of the contributions of PIS and COFINS, which the Company obtained a favourable judicial decision.

In the year ended December 31, 2019, part of the recoverable taxes recognized from favourable decision mentioned above related to Cimpor entities, were sold in the form of certificate judicial debts with a discount and the remaining portion were remeasured to reflect most recent Tax Authorities´ methodology to determine the recoverable tax amount, resulting in a loss of US$26,785.

In 2019, InterCement entities also obtained a favourable decision in legal proceeding related to the exclusion of ICMS from calculation basis of PIS and COFINS and recorded a tax credit of US$13,860, reflecting Management´s best estimate of realization of such credits.

(c) In 2018, it includes the restated amount of US$10,100 related to the change in methodology of limestone and clay disbursements in Egypt segment (note 3) (US$4,106 for the year ended December 31, 2017).

(d) In 2018, it includes the restated amount of US$7,159 related to the taxation on bank movements (debits and credits) in Argentinean segment (note 3) from financial expenses (See note 20, item “g”) (US$11,270 for the year ended December 31, 2017).

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

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Foreign exchange losses, net (a):			
Exchange gain	51,469	112,367	281,871
Exchange loss	(69,507)	(205,441)	(136,621)
Total	(18,038)	(93,074)	145,250
Financial income:			
Inflation adjustment (b)	9,150	34,485	7,598
Adoption IAS 29 (d)	18,962	6,314	-
Financial earnings	8,740	10,462	24,071
Interest income	965	1,068	1,505
Derivative financial instruments (e)	3,760	-	8,545
Other income (f)	14,540	2,222	1,704
Total	56,117	54,551	43,423
Financial expenses:			
Inflation adjustment (c)	(28,539)	(3,839)	(3,895)
Expenses on interest and charges	(132,522)	(157,907)	(252,123)
Expenses on banking commissions (g)	(12,165)	(18,006)	(13,454)
Fines	(2,339)	(7,672)	(24,956)
Derivative financial instruments (e)	-	(14,056)	(11,550)
Other expenses (f)	(28,090)	(13,724)	(20,810)
Total	(203,655)	(215,204)	(326,788)

(a) The exchange differences are mainly influenced by the appreciation and depreciation of functional currencies against other currencies (mainly US$ and Euro).

(b) In the year ended December 31, 2018, includes the amount of US$32,879 (R$119,780 thousand) related to monetary adjustment arising from a favorable decision in legal proceedings, related to the exclusion of ICMS from the calculation basis of PIS and COFINS for Cimpor entities.

In the year ended December 31, 2019, InterCement entities also obtained a favourable decision in legal proceeding related to the exclusion of ICMS from calculation basis of PIS and COFINS and recorded a monetary adjustment of US$8,588 reflecting Management´s best estimate of realization of such credits.

(c) In the year ended December 31, 2019, part of the recoverable taxes recognized from favorable decision mentioned in item (b) above related to Cimpor entities, were sold in the form of certificate judicial debts with a discount and the remaining portion were remeasured to reflect most recent Tax Authorities´ methodology to determine the recoverable tax amount, resulting in a reversal of monetary adjustment of US$23,937.

(d) It relates to the application of IAS 29 to Argentinean pesos (Note 2.1).

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

(f) Other financial income and expenses include income and costs related to the financial adjustments of assets and liabilities, including the effect of the financial adjustment of provisions prompt payment discounts granted and obtained and the costs related to commissions, guarantees and other bank charges in general.

In the year ended December 31, 2019, (i) other expenses caption includes the present value adjustment related to the adoption of IFRS16 in the amount of US$12,746 (Note 14) and (ii) other income caption includes an amount of US$9,791 related to reimbursements of financial expenses incurred by InterCement Trading e Inversiones S.A. a consequence of the positive judicial decision related to a tax dispute with tax authorities in Spain (Note 12).

In the year ended December 31, 2018, other income caption was influenced by the repurchase of bonds issued by InterCement Financial Operations, B.V. with a nominal value of US$25,044 (Note 11) which has generated a financial income in the amount of US$2,230.

(g) The year ended December 31, 2018, it was reclassified to “selling expenses” in the amount of US$7,159 in Argentinian segment (see Note 3) (US$11,270 for the year ended December 31, 2017).

21. 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 electric power until 2024, whose total estimated cash disbursements, in nominal amounts, are as follows:

	12.31.2019 (Recasted)
2020	36,783
2021	31,150
2022	30,833
After 2022	49,924
Total	148,690

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

	12.31.2019 (Recasted)
2020	18,522
2021	28,695
2022	25,402
After 2022	157,149
Total	229,768

The Argentinian segment has certain contractual commitments for the purchase of slag with effect until 2022. Estimated future cash flows are approximately US$14,119 (ARS845,600 thousands) between 2020 and 2022.

The Argentinian segment also signed contracts for the supply of gas, assuming payment commitments in the total amount of US$21,157 (ARS1,267 thousands), with payment of US$15,797 (ARS946,000 thousands) during the year 2020 and US$5,360 (ARS321,000 thousands) in 2021.

The Argentinian segments signed energy supply contracts with certain suppliers an energy contract, in the total amount of US$6,943 (ARS415,800 thousands) and US$14,101 (ARS844,500 thousands) starting in 2020 and 2021 and US$9,968 (ARS597,000 thousands) annually between 2022 and 2037.

Additionally, to the above figures, in accordance with the contract concluded with Sinoma International Engineering Co. Ltd for the construction of a new cement factory, Loma Negra C.I.A.S.A. made commitments totalling US$36,306 (ARS2,167 thousand), plus US$107,399 and US$46,758 (€41,600 thousand). Whereas, as agreed, the amounts in pesos (ARS2,167,000 thousands) are subject to periodic updating in accordance with an adjustment formula. The amount committed as of December 31, 2019 is US$9,104 (ARS545,300 thousands), US$3,200 and US$0,787 (€0,700 thousand).

22. Earnings Per Share

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

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Profit / (Loss) for the year from continuing and discontinuing operations attributable to Company's owners	122,146	(227,938)	(412,946)
Profit / (Loss) for the year attributable to common shares	122,146	(227,938)	(412,946)
Weighted average number of common shares	22,687,439	22,687,439	22,687,439
Basic/diluted profit (loss) per common share	5.38	(10.05)	(18.20)
Loss for the year from continuing operations attributable to Company's owners	(209,433)	(235,285)	(401,296)
Loss for the year attributable to common shares	(209,433)	(235,285)	(401,296)
Weighted average number of common shares	22,687,439	22,687,439	22,687,439
Basic/diluted loss per common share	(9.23)	(10.37)	(17.69)

As a result of the net loss from continuing operations for the years ended December 31, 2019, 2018, 2017 and 2016, the loss per share calculation does not include profit allocation to preferred shares A.

23. Insurance

Each business area is covered by InterCement Reinsurance, S.A. that is a reinsurance company responsible for managing the operational risk. This company directly assumes all property damage with indemnity limits of up to approximately US$3,300 per insured event, and third-party liability and product risks up to US$281,000 per insured event; in each case, the excess is covered by international insurance companies. InterCement Reinsurance, S.A. covers all business areas, except for third-party liability and product risks of the companies in business area Argentina.

The scope of the work of our auditors does not include the issuance of an opinion on the sufficiency of the insurance coverage, which was determined by Management and which considers it sufficient to cover any claims.

24. Guarantees

The comfort letters and guarantees given within the Group, in the amount of approximately US$1,600,000 (US$2,000,000, US$2,100,000 and US$4,000,000 as of December 31, 2018, 2017 and 2016, respectively), relates to financial liabilities already reflected in the consolidated financial position. In addition, as of December 31, 2019, several Group companies obtained guarantees with third parties, mainly related with tax processes in the business areas of Brazil and Spain, in the amount of approximately US$297,000 (US$435,000, US$520,000 and US$500,000 as of December 31, 2018, 2017 and 2016, respectively).

25. Financial Instruments

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

25.1 Capital risk management

The Group capital structure consists on net debt and equity. The net debt comprises borrowings and financing and debentures less the cash and cash equivalents, current securities and derivatives. Interest payable and obligations under finance leases are not included within the net debt.

25.2 Financial risk management

General principles

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

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

Financial risk is deemed to mean the probability of obtaining a positive or negative outcome different to that expected, and which materially and unpredictability may result in changes in 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 forecasted financial information by means of meticulous financial planning based on multi-year budgets.

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

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

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

The whole treasury department is responsible for managing financial risks, including identifying, assessing and hedging such risks. This risk management is conducted under the guidance of the Executive Committee, in particular of the director responsible for the financial risk area (whose approval is required prior to any operation).

25.3 Interest rate risk

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

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

<u>Exposure to interest rate risks and to floating and fixed rates</u>

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

	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Assets:								
CDI	-	-	107,456	298	-	107,754	122,807	46,584
SELIC	-	-	-	-	-	-	-	43,866
Total	-	-	107,456	298	-	107,754	122,807	90,450
Liabilities:								
IGP-M	-	-	-	-	7,116	7,116	7,491	8,324
CDI	49,297	411,995	-	-	-	461,292	553,827	756,900
EURIBOR	220,587	-	-	-	-	220,587	324,930	503,433
LIBOR	462,409	-	-	-	-	462,409	650,399	794,357
TJLP	-	-	-	-	-	-	-	5,342
Outros	51,559	-	-	-	-	51,559	41,770	49,034
Total	783,852	411,995	-	-	7,116	1,202,963	1,578,417	2,117,390

At December 31, 2019, 2018, 2017 and 2016 the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, was as follows:

	12.31.2019	12.31.2018	12.31.2017
Floating rates	62%	71%	66%
Fixed rates	38%	29%	34%

25.4 Exchange rate risk

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

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

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

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

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

Exposure to foreign exchange risk

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

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

	31.12.2019 (Recasted)	31.12.2018 (Restated)	12.31.2017 (Restated)
Assets:			
Cash, cash equivalents and securities	76,939	97,655	964,275
Trade receivables	1,111	5,567	8,854
Related parties (a)	454,694	605,534	653,540
Other credits	1,534	3,016	4,262
Exposed assets	534,278	711,772	1,630,931
Liabilities:			
Interest, borrowings, financing and debentures	1,053,579	1,223,098	1,386,231
Foreign trade payables	6,390	122,290	39,575
Related parties (a)	488,788	487,805	516,023
Other debits	1,379	506	280
Exposed liabilities	1,550,136	1,833,699	1,942,109

(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 statements of operations of the individual entities.

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

		12.31.2019 (Recasted)		12.31.2018 (Restated)		12.31.2017 (Restated)	
Functional currency	**Currency**	**Currency**	**US$**	**Currency**	**US$**	**Currency**	**US$**
ARS	USD	4,557	4,557	22,888	22,888	54,402	54,402
BRL	USD	206	206	104	104	143	143
PYG	USD	684	684	903	903	444	444
EGP	USD	3,273	3,273	1,196	1,196	2,587	2,587
EUR	USD	64,144	64,144	69,246	69,246	906,186	906,186
MZN	USD	99	99	160	160	90	90
ARS	BRL	9	2	8	2	10	3
PYG	BRL	1	-	1	-	1	-
ARS	EUR	27	30	12	13	15	18
PYG	EUR	18	20	9	10	28	34
EGP	EUR	92	104	211	242	32	39
MZN	EUR	1,579	1,774	1,285	1,473	142	170
EUR	EGP	2,745	172	2,730	153	2,731	185
ARS	PYG	5,475	-	4,918	2	6,155	1
MZN	ZAR	2,008	143	1,093	76	45	4
EUR	MZN	105,821	1,731	-	-	-	-
Amount exposed to foreign exchange risks			76,938		96,467		964,307
BRL	BRL	437,043	108,429	496,517	128,140	329,808	99,700
EUR	EUR	73,821	82,974	39,027	44,710	142,465	170,912
ARS	ARS	1,178,500	19,678	1,378,090	36,554	2,031,925	108,950
MZN	MZN	998,691	16,333	787,200	12,832	689,770	11,804
EGP	EGP	108,098	6,756	367,965	20,569	317,394	17,904
PYG	PYG	130,908,940	20,252	84,543,494	14,183	30,133,107	5,380
ZAR	ZAR	308,669	22,025	547,205	38,116	703,797	57,231
CVE	CVE	-	-	-	-	317,392	3,454
Amount by functional currency			276,447		295,103		475,336
			353,385		391,571		1,439,642

The main debt instruments (essentially related with loans and debentures) as of December 31, 2019, 2018 and 2017, and considering the effect of the existing cross currency swaps, when applicable, were denominated in the following currencies:

	12.31.2019	12.31.2018	12.31.2017
USD	53%	54%	42%
BRL	25%	25%	23%
EUR	15%	16%	30%
Other	7%	5%	5%

25.5 Liquidity risk

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

The table below summarizes the maturity profile of the Company´s financial liabilities undiscounted payments:

	12.31.2019 (Recasted)						
	Up to 1 year	1-2 years	3-5 years	More than 5 years	Total	12.31.2018	12.31.2017
Borrowings and financing and debentures	501,664	459,038	1,271,206	9,174	2,241,082	2,862,867	3,867,849
Trade payables	295,625	1,952	1,081	-	298,658	297,347	357,323
Obligations under finance leases	30,644	21,841	20,403	4,091	76,979	-	-
	827,933	482,831	1,292,690	13,265	2,616,719	3,160,214	4,225,172

Furthermore, as mentioned in note 27 below, the Company successfully refinanced part of its debts. Such transaction will relief our short-term payments of borrowings, financing and debentures in the amount of US$296,235 (considering the exchange currency rate as at December 31, 2019), which will now mature in the long term. Management continues to work on the InterCement's Liability Management program, targeting the extension of the payment terms of the remaining loans, financing and debentures. and all of Company´s business after COVID-19 crisis.

25.6 Credit risk

The markets view of Group's credit risk in regards to financing operations is naturally reflected in the financial costs associated to such operations. The Group's influence in such matters is merely ancillary, embodying the prudent and balanced management of the business in order to reduce 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 10 and 11, the Company agreed with financial institutions to increase of such ratio from 4.5 to 5.5 (ratio Net Debt versus EBITDA) for measuring period December 31, 2019. As of that date the covenants conditions were met and such obligation will only be measured again based on the financial figures as of December 31, 2020.

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

25.7 Counterparty risk

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

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

No losses due to default by counterparties are expected based on the information currently available.

25.8 Sensitivity analysis of financial instruments

Exposure to interest-rate risk results in the variability of the Group's net financial expenses. The results of a sensitivity analysis of exposure as of December 31, 2019 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 applied on principal amounts as of December 31, 2019, with all the other assumptions remaining constant would result in an increase in financial costs for the period then ended (before taxes) of approximately US$2,206 on the euro liability indexed to the variable rate (Euribor), US$4,624 on the Dollar liability indexed to the variable rate (US Libor) and US$3,535 on the Brazilian Reais liability indexed to the variable rate (CDI), as shown in table below:

		Recasted			
Indexing	**Currency**	**Asset (liability)**	**1%**	**2%**	**3%**
Euribor	EUR	(220,587)	(2,206)	(4,412)	(6,618)
US Libor	USD	(462,408)	(4,624)	(9,248)	(13,872)
CDI	BRL	(353,537)	(3,535)	(7,071)	(10,606)

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

	Recasted				
	Total	**Risk**	**Scenario 1**	**Scenario 2**	**Scenario 3**
Asset					
CDI	107,754	Index Decrease	6,024	4,518	3,012
SELIC	-	Index Decrease	-	-	-
Liability					
IGP-M	7,116	Index Increase	251	314	377
CDI	461,292	Index Increase	30,352	37,940	45,528

b) Exchange rates

In the debt and financial derivatives components, considering the currency distribution aforementioned, the exchange rate risks from exchange rate volatility may result in significant impacts on consolidated financial results.

Considering the Group's companies financial asset and liability profile (including intercompany balances) as of December 31, 2019, the more significant impacts on net financial results would be as follows:

				USD depreciation		USD appreciation	
Amount in USD	Funcional currency	FX Rate (12-31-19)		-10%	-5%	5%	10%
(859,507)	EUR	1.12	Effect in EUR	(76,469)	(38,234)	38,234	76,469
(82,374)	ARS	59.89	Effect in ARS	(493,339)	(246,669)	246,669	493,339
			Effect in EUR	(8,143)	(3,857)	3,490	6,662
755	PYG	6,463.95	Effect in PYG	488,204	244,102	(244,102)	(488,204)
			Effect in EUR	75	35	(32)	(61)
(862)	BRL	4.03	Effect in BRL	(347)	(174)	174	347
			Effect in EUR	(85)	(40)	37	70
81,319	ZAR	14.01	Effect in ZAR	113,968	56,984	(56,984)	(113,968)
			Effect in EUR	8,039	3,808	(3,445)	(6,577)
(21,076)	EGP	16.00	Effect in EGP	(33,724)	(16,862)	16,862	33,724
			Effect in EUR	(2,083)	(987)	893	1,705
(89,931)	MZN	61.15	Effect in MZN	(549,886)	(274,943)	274,943	549,886
			Effect in EUR	(8,890)	(4,211)	3,810	7,274

				EUR depreciation		EUR appreciation	
Amount in EUR	Funcional currency	FX Rate (12-31-19)		-10%	-5.0%	5.0%	10.0%
(34,847)	ZAR	16.53	Effect in ZAR	47,037	23,518	(23,518)	(47,037)
			Effect in EUR	2,952	1,398	(1,265)	(2,415)
81,665	BRL	4.54	Effect in ZAR	(36,998)	(18,499)	18,499	36,998
			Effect in EUR	(8,073)	(3,824)	3,460	6,605
(48,679)	MZN	66.98	Effect in ZAR	333,963	166,981	(166,981)	(333,963)
			Effect in EUR	4,804	2,275	(2,059)	(3,930)

				EGP depreciation		EGP appreciation	
Amount in EGP	Funcional currency	FX Rate (12-31-19)		-10%	-5.0%	5.0%	10.0%
43,141	EUR	17.70	Effect in EUR	244	122	(122)	(244)

(Thousand)

25.9 Categories of financial instruments

	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Current assets:			
Cash and bank accounts (Note 4)	195,569	163,867	1,091,759
Short-term investments - financial asset (Note 4 and 5)	1,475	23,808	285,044
Trade receivables (Note 6)	75,490	83,861	98,781
Other receivables	37,693	40,349	48,299
Financial assets at fair-value through profit & loss:			
Short-term investments - financial asset (Note 4 and 5)	137,074	186,141	62,841
Exclusive funds (Note 5)	19,267	17,755	38,707
Non-current assets:			
Financial assets at amortized cost:			
Trade receivables (Note 6)	504	854	1,364
Other receivables	39,621	40,417	24,651
Financial assets at fair-value through profit & loss:			
Long-term investments - financial asset (Note 5)	1,427	1,532	-
Derivatives	7,060	3,852	8,027
Current liabilites:			
Financial liabilities at amortized cost:			
Debentures (Note 11)	178,623	121,230	126,808
Borrowings and financing (Note 10)	220,663	441,675	561,082
Trade payables	295,625	285,950	349,953
Interest payable (Notes 10 and 11)	27,632	45,125	69,080
Leasing (Note 14)	30,644	-	-
Other payables	49,026	48,425	50,661
Non-current liabilites:			
Financial liabilities at amortized cost:			
Debentures (Note 11)	781,490	908,358	1,074,403
Borrowings and financing (Note 10)	750,459	749,114	1,492,748
Trade payables	3,033	11,397	7,370
Leasing (Note 14)	39,708	-	-
Other payables	29,232	33,375	19,502
Financial liabilities at fair value through profit & loss:			
Derivatives	-	347	19,905

25.10 Derivative transactions

The fair value of derivatives is as follows:

	Assets						Liabilities			
	Current		Non-current				Current	Non-current		
	12.31.2017 (Restated)	01.01.2017 (Restated)	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)	01.01.2017 (Restated)	12.31.2018 (Restated)	12.31.2017 (Restated)	01.01.2017 (Restated)
Written-put options ("Baesa", "Machadinho" and “Estreito” operations)	-	-	7,060	3,852	8,027	211	472	347	-	-
Interest rate and cross currency swaps	4,627	27,905	-	-	-	227,092	3,598	-	19,905	7,879
Exchange and interest rate derivatives	-	-	-	-	-		4,673	-	-	-
	4,627	27,905	7,060	3,852	8,027	227,303	8,743	347	19,905	7,879

Trading derivatives

Represented by three derivatives options in connection with "Baesa", "Machadinho" and “Estreito” operations, whose asset and liability fair value as of December 31, 2019 and 2018, were estimated in the amount of US$7,060 and US$3,505, respectively.

Hedging derivatives

The remaining hedging derivative instruments portfolio were settled during the year ended December 31, 2018 having been paid the amount of US$26,647. In accordance with IFRS9, the remaining amount excluding tax effect, accumulated up to December 2019, recorded as “other comprehensive income”, in the amount of approximately US$4,833 (US$8,254 up to December 2018) will be amortized to the statements of operations, when the cash flow is realized.

25.11 Market values

Estimated fair value – assets measured at fair value

The following table presents the Group’s assets and liabilities measured at fair value as of December 31, 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.

		Recasted		
Category	Item	Level 1	Level 2	Level 3
Assets:				
Financial assets at fair value through profit & loss	Securities	19,268	137,074	-
Financial assets available for sale	Securities - non current	-	1,427	-
Financial assets at fair value through profit & loss	Financial derivative instruments	-	-	7,060

The valuation technique to determine the fair value measurement of the financial statements categorized within Level 3 of the fair value hierarchy, which comprises the derivative options of the Baesa", "Machadinho" and “Estreito” operations, was Black-Scholes. The significant unobservable inputs to the measurement include: expected dividends payments based upon on discounted cash flows projections; benchmarking information of comparative listed entities volatility, among others. We have also used the Monte Carlo valuation technique to create a probability distribution (or risk assessment) in the determination of the exercise of the put options, which assumption was also used in the determination of the fair value.

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

	12.31.2019 (Recasted)	31.12.2018 (Restated)	12.31.2017 (Restated)
Fair value	875,653	965,476	1,214,841
Carrying amount	968,446	1,051,899	1,222,932

26. Operating Segment

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

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

The profit and loss information are as follows:

	12.31.2019 (Recasted)				12.31.2018 (Restated)			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	478,042	520	478,562	(48,992)	493,788	1,144	494,932	(109,419)
Argentina and Paraguay	662,759	-	662,759	128,278	759,551	-	759,551	134,717
Portugal and Cape Verde	-	-	-	-	-	-	-	-
Egypt	132,532	-	132,532	(36,700)	135,327	-	135,327	(3,128)
Mozambique	126,519	-	126,519	16,879	126,562	-	126,562	18,239
South Africa	138,823	3,088	141,911	13,555	157,520	3,081	160,601	25,859
Total	1,538,675	3,608	1,542,283	73,020	1,672,748	4,225	1,676,973	66,268
Unallocated (a)	11,655	66,383	78,038	(38,140)	44,870	145,024	189,894	(12,599)
Eliminations	-	(69,991)	(69,991)	-	-	(149,249)	(149,250)	-
Sub-total	1,550,330	-	1,550,330	34,880	1,717,618	-	1,717,617	53,669
Share of profit of associates				-				-
Income before financial income (expenses)				34,880				53,669
Foreign exchange, net				(18,038)				(93,074)
Financial income				56,117				54,551
Financial expenses				(203,655)				(215,204)
Income before income tax and social contribution				(130,696)				(200,058)
Income tax and social contribution				(34,875)				(39,309)
Loss for the year from continuing operations				(165,571)				(239,367)
Profit for the year from discontinuing operations				336,372				8,719
Profit/(Loss) for the year				170,801				(230,648)

	12.31.2017 (Restated)			
	Net Revenue			
	Foreign sales	Intersegment sales	Total	Results
Operating segments:				
Brazil	512,596	1,149	513,745	(350,122)
Argentina and Paraguay	916,704	-	916,704	187,885
Portugal and Cape Verde	-	-	-	-
Egypt	117,552	-	117,552	(27,626)
Mozambique	108,955	-	108,955	2,050
South Africa	151,081	2,696	153,777	23,855
Total	1,806,888	3,845	1,810,733	(163,958)
Unallocated (a)	90,392	133,942	224,334	(9,976)
Eliminations	-	(137,787)	(137,787)	-
Sub-total	1,897,280	-	1,897,280	(173,934)
Share of profit of associates				(97)
Income before financial income (expenses)				(174,031)
Foreign exchange gains/(losses), net				145,250
Financial income				43,423
Financial expenses				(326,788)
Income before income tax and social contribution				(312,146)
Income tax and social contribution				(162,244)
Loss for the period from continuing operations				(474,390)
Profit/(Loss) for the period from discontinued operations (Note 2.30)				(14,822)
Loss for the year				(489,212)

(a) This caption includes holding companies and trading companies not attributable to specific segments. The profit for each year above includes the full amount of the Company's segments disregarding the following amounts attributable to noncontrolling interests:

	Noncontrolling interests		
	12.31.2019 (Recasted)	12.31.2018 (Restated)	12.31.2017 (Restated)
Continuing operating segments:			
Brazil	10,610	(22,174)	(107,200)
Argentina and Paraguay	37,191	33,892	44,679
Egypt	(2,024)	(1,176)	(16,560)
Mozambique	1,130	1,514	7,970
South Africa	1,006	4,733	2,282
	47,913	16,789	(68,829)
Unallocated	(4,051)	(20,876)	(4,264)
	43,862	(4,087)	(73,093)
Discontinued operating segments	4,793	1,377	(3,173)
Profit (loss) for the year attributable to non-controlling interests	48,655	(2,710)	(76,266)

Other information:

	12.31.2019 (Recasted)		12.31.2018 (Restated)		12.31.2017 (Restated)	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Continuing operating segments:						
Brazil	56,801	100,399	53,112	141,299	51,113	352,070
Argentina and Paraguay	250,446	56,987	138,782	63,593	80,257	39,067
Egypt	10,523	50,857	5,965	10,432	16,498	22,923
Mozambique	6,623	9,415	39,922	13,461	7,024	7,358
South Africa	12,941	11,000	12,288	10,876	8,162	11,207
	337,334	228,658	250,069	239,661	163,054	432,625
Unallocated	2,644	3,753	3,848	2,036	2,035	2,103
	339,978	232,411	253,917	241,697	165,089	434,728
Discontinuing operating segments	-	-	13,209	56,687	6,323	65,980
Total	339,978	232,411	267,126	298,384	171,412	500,708

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

In the year ended December 31, 2019 impairment losses were recorded in Brazil in the amount of US$8,349 and in Egypt of US$7,445 (Note 9)

In the year ended December 31, 2018 impairment losses were recorded in Brazilian business segment for tangible assets in the amount of US$60,823 (R$221,985 thousand).

In the year ended December 31, 2017 impairment losses were recorded in Brazilian business segment for tangible assets in the amount of US$263,937 (R$846,535 thousand), in Portugal and Cape Verde business segment were registered impairment losses on tangible and intangible assets amounting of US$7,605 and US$2,458, and in Egypt business area an impairment related with fixed assets in the amount of US$9,664 was booked.

In the year ended December 31, 2016, impairment losses were recorded in Brazilian business segment for goodwill in the amount of US$433,000, and it is also worthy of mention in this year, impairment loss in tangible assets unallocated to operating segments, in the amount of US$4,737.

27. Events After the Reporting Period

Debts payments

In January 2020, US$7,000 were amortized at Caue Austria Bilateral Loan. In February 2020, the Company liquidated the Commercial Paper issued at InterCement Portugal (former Cimpor SGPS) in the amount of US$39,340. The credit line was refinanced by a new unsecured debt issued on March 16th, totalling US$28,534 (R$115,000 thousand) for the period of one year at the rate of CDI + 3%.

Loans and financing and debentures payment postponing

In January 2020, Management agreed with the lenders to extend from January to March, 2020 the bilateral loan amortization of US$44,000. In March 2020, a new amendment postponed the payment to June 30, 2020.

In January 2020, Management agreed with debenture holders to postpone the instalment in the amount of approximately US$62,000 (R$250,000 thousand) that was due in January 2020 to April, 2020. A new amendment in April, 2020, postponed the payment of such instalment to July 16, 2020.

In April 2020, Management also agreed with debenture holders to extend the instalment that was due on April 19, 2020, in the amount of US$54,581 (R$220,000 thousand), to July 15, 2020.

The extensions are part of the debt refinancing program that Management designed with the Company´s main lenders, as described below.

Refinancing of debts

As mentioned in note 1 above, on June 8, 2020, the Company concluded its debt refinancing program that Management designed with the Company´s main lenders and approximately US$910,490 (considering the currency exchange rate at the transaction date) of its debt were extended by the issuance of two Debentures, one by InterCement Participações S.A. (R$2,976,666 thousands equivalent to US$579,501) and other by InterCement Brasil S.A (R$1,700,161 thousands equivalent to US$330,989).

These debentures are negotiated in Brazilian Reais and have final maturity in May 2027, with partial amortizations starting in 2023 with an annual interest rate of CDI + 3,75%. The instrument is guaranteed by Loma Negra shares held by the Company. The debt was issued in Brazilian Reais and will provide an appropriate amortization schedule, avoiding pressures on the next three years, supporting the company liquidity in this challenge period. The debentures will be mandatorily redeemable in May 2024 if the Group is unable to refinance its existing notes due 2024.

Additionally, the debentures will carry financial covenants, measured at the consolidated level of ICP, adequate to the current scenario. In 2020, due to the COVID-19 pandemic situation, the Company needs to comply with a gross debt cap of €1,800,000 thousands, measured at year end. In the following year ends, the financial covenant changes from gross debt cap, to net leverage, measured by the Net Debt over Adjusted EBITDA. In 2021, the limit is 5.85X, and for the following years 5.35X in 2022; 4.85X in 2023; 3.85X in 2024 and 3.35 from 2025 until 2027.

The proceedings were fully addressed to prepay the existing debts in the Companies Caue Austria Holding (US$418,554, which US$197,356 were denominated in US$ and the remaining portion denominated in Euros), InterCement Financial Operations BV (US$159,845 denominated in US$) and InterCement Brasil

(US$421,803 were denominated in Brazilian Reais).

COVID-19 crisis

As mentioned in note 1 above, in the first quarter of 2020, a new virus (Corona Virus) spread out across the globe and severely impacted world economy.

Management quickly responded and created committees to respond to the situation with the purpose to prevent labours contamination and implement measures to mitigate or reduce the impact in Company´s business, clients, suppliers, credits and community.

The committees have constantly been in communication with Company´s board and current and future impacts in economy and society are closely monitor by this multi-task team and decisions are being taking as deemed necessary.

In the regions the Company operates, only Argentina and South Africa determined a lockdown as of the issuance of this financial statements. Only South Africa did not consider cement industry as essential product and services, therefore, it was the business segment mostly impacted.

As a result of the crisis and the severe instability brought to world economic, in preparing the financial statements, management analysed main estimates and critical accounting judgments, as well as any other balances that could have a potential impact. Based on the assessment performed, Management concluded that no adjustments were necessary to the consolidated financial statements as of and for the year ended December 31, 2019.

The main assessments are disclosed below:

a) Impairment of non-financial assets, including goodwill:

It is very uncertainty the impact in supply, demand and prices as the COVID-19 pandemic is still advancing in several regions, mainly in south hemisphere, and it is unpredictable the duration of the restrictions, outbreaks and economic and social impacts. Management reviewed the impairment analysis, performing sensitive analysis for each Company´s cash generating units based on the best information available, and concluded no impairment adjustments were necessary, besides Egypt segment.

The sensitive analysis mainly involved adjustments in sales premises based on each cash generation units ("CGU")´s expectation and other macro-economic assumptions, such as currency curves. Besides Egypt segment, all other business units demonstrated capacity to absorb the impacts already incurred and the ones we expect based on the more recent information available. We also reassessed the discount rate and noticed small change or no change.

Below is the sensitive analysis of a 0.5%, 1.0% and 1.5% change in discount rate and in EBITDA margin in relation with all business areas cash flow projection after adjusted by the COVID-19 impact.

Impact on DCF	+0.5%	-0.5%	+1.0%	-1.0%	+1.5%	-1.5%
"WACC" rate	(267,291)	325,320	(491,235)	731,171	(681,854)	1,254,069
Impairment (EGY)	(5,202)	-	(13,471)	-	(20,891)	-
Impairment (BR)	-	-	-	-	(99,425)	-
Impairment (AR)	-	-	-	-	(6,801)	-
Total	(5,202)	-	(13,471)	-	(127,117)	-
EBITDA margin	86,497	(86,497)	172,994	(172,994)	259,491	(259,491)
Impairment (EGY)	-	(1,352)	-	(6,772)	-	(12,192)

b) Recoverability of deferred tax assets:

Based on the assessment performed for recoverability of non-financial assets mentioned above, along with the conservative Management´s position in the recognition of deferred tax assets, Management did not identify the need to recognize any additional impairment of the deferred tax assets for the year ended December 31, 2019 due to COVID-19 crisis.

c) Revision of allowance for doubtful accounts:

Management reassessed the assumption related to the risk of defaults by its clients by each business units in order to determine if the allowances for doubtful accounts reflected Management´s expected losses, which are based on historical loss for each aging list bucket and prospective data. The prospective data are obtained from Legal, Credit and Accounts Receivable departments. Furthermore, Management implemented more restrictive rules to authorize new sales.

Until the issuance of the consolidated financial statements, the Company has not observed a significant change in the assessed risks of its portfolio that could result in a significant increase in its allowance for doubtful accounts as of December 31, 2019.

d) Estimated loss on our inventories due to change in realizable value:

The Company carefully reviewed the net realizable value of the inventories, based on estimated sales price, net of expenses related to the sale as a consequence of the COVID-19 crisis. Management is also reviewing its production costs and any abnormal costs identified are immediately recorded as losses within the statements of operations. The abnormal costs are determined comparing recent normal production costs before the crisis to current production costs. As of December 31, 2019, no abnormal costs were recognized, since the COVID-19 crisis commenced in March, 2020.

Management´s analysis did not identify material changes in the net realizable value of our inventories, therefore, it was not needed to record an exceptional inventory provision as of December 31, 2019.

e) Compliance with obligations assumed with suppliers (onerous contracts), including leasing contracts (IFRS16):

AS a result of COVID-19, the Company did not breach, renegotiated or cancelled any contract that would require an obligation to be recorded. Subsequently, Management reassessed Company´s main contracts, especially those denominated “take-or-pay”, and, as of the issuance of consolidated financial statements, did not identify any instance that would indicate an obligation would arise as a consequence of a breakage, renegotiation or cancelation of contracts and main contracts obligations are being fulfilled.

Therefore, no addition disclosure resulted from Management´s assessment as a consequence of COVID-19 crisis for the year ended December 31, 2019.

f) Government grants and restructuring:

The Company did not receive at the locations we operate any Government grants or other type of incentive due to COVID-19 crisis. Furthermore, the Company did not perform or communicate any restructuring that would require the recognition of additional obligations. Therefore, no additional disclosure were necessary.

28. Authorization for issuance of Financial Statements

At the meeting held on June 22, 2020, the Board of Directors authorized the issuance of this consolidated financial statements.