Lopes, Machado
Auditors, Tax, Consultants & Business Advisers
Independent Member of BKR International

INTER CONSTRUTORA E INCORPORADORA S.A

(PREVIOUSLY DESIGNED INTER CONSTRUTORA E INCORPORADORA LTDA)

FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

INTER CONSTRUTORA E INCORPORADORA S.A

Financial Statements

31 December 2017 and 2016

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Management report

2017

INTER
Construtora

Management Report 2017

Dear Shareholders,

Pursuant to the legal and statutory provisions, the Management of Inter Construtora S.A. ("Company" or "Inter"), hereby submits to the Board of Directors the Management Report and Financial Statements, accompanied by the report of the independent auditors, for the fiscal year ended December 31, 2017.

• Message to Shareholders

Introduction

Inter is a publicly traded publicly traded class A corporation headquartered in Juiz de Fora, State of Minas Gerais, registered with the Securities and Exchange Commission (CVM), in the process of requesting a listing on B3 (Brazil, Bolsa, Balcão).

We acquire land, incorporate and construct real estate developments in the popular housing segment that are part of the Minha Casa Minha Vida (MCMV) program, ranges 1.5; 2 and 3.

Inter is a company focused on standardization and gain in scale. This allows us cost competitiveness and continuous improvement to every square meter built.

Within this segment we focus on the niche of higher quality and value added ventures. In all our developments we sell products that we call "smart apartments". This sets us apart from our competitors who operate in the segment with a wide range of product categories.

The "smart apartments" have elevators, water collection and reuse, solar energy for common areas, security cameras, automatic gate, electric fence, equipped recreation area, Wi-fi in common areas, bicycle and shared bicycles, laminate flooring , USB jacks, individual hydrometer among other features.

Our operation is based on three pillars:

1º. Careful acquisition of land

2º. Differentiated quality and speed in construction

3º. Speed in sales and hiring

As a result, we have presented growth and net margin in recent years above the segment average. Throughout 2017, we consolidated our leadership in the real estate segment of the popular segment in the Zona da Mata Mineira. The Company has been investing in the hiring of new talents, professionalization in management, improvement of controls and processes, corporate governance, and preparing to open capital in the coming years.

Market

Despite a still troubled political environment, the year 2017 was marked by economic stabilization. There was an evolution in the generation of jobs, inflation fell from 9.28% to 2.80%, interest declined from 14.25% to 7%. Numbers of industry, commerce and civil construction showed improvement.

The government lost time and political capital fighting for its survival before the two denunciations made by the Attorney General's Office (PGR) against the President of the Republic. As a result, it was unable to obtain the political climate for approval of the much-needed pension reform. However, the approved labor reform represents an important step towards increasing productivity. There are still other initiatives to be implemented to reduce bureaucracy and unlock the gears of the economy, but the expectation of economic recovery remains intact.

The electoral process should bring short-term volatility to the financial market, but we subscribe to the view that the chance of disruption to stabilization measures and policies after the elections is very low. Without going into the merits of which candidate has more or less chance, there is no more room for tax pyrotechnics in Brazil, on the contrary, this door is closed.
Those who take office in 2019 will have to immediately propose measures and structural reforms, besides having to compose with the Legislative for their approval. We also see that Brazilian society does not accept any further setback on the economic and financial side. Most of the Brazilian population left with the pocket injured of the recent economic crisis.

The improvement in the macroeconomic environment in 2017 has not yet had a significant impact on the real estate sector. We found that demand for land has not yet increased substantially. The delay between the improvement of macroeconomic metrics and certain sectors of microeconomics is well explored in the literature. We are confirming this trend in our day-to-day experience. We have taken advantage to accelerate the purchase of high potential areas in a judicious way at a competitive cost.

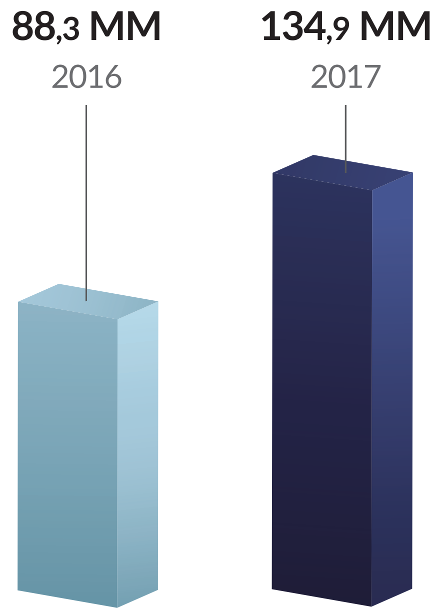
We realize that the crisis of recent years still impacts the dynamics of buying real estate and contracting real estate financing. The credit analysis done by Caixa Econômica Federal became more rigorous and as a consequence our correspondents became more selective as well. Despite the reduction in the conversion rate of the interested party in the purchase in real estate financing,the increase in the demand for units in our enterprises due to the reduction of income of some families, offset the tightening of credit

Some families continued to suffer from reduced income. This reduction of income was a factor that contributed to the increase in demand in our enterprises, however counter intuitive it may seem. Many families have entered the income bracket of the Minha Casa Minha Vida (MCMV) program, not for the increase, but for the income reduction. Given that all our developments have a higher quality standard than the average, we note that our product has been the first choice among several families.

Overview

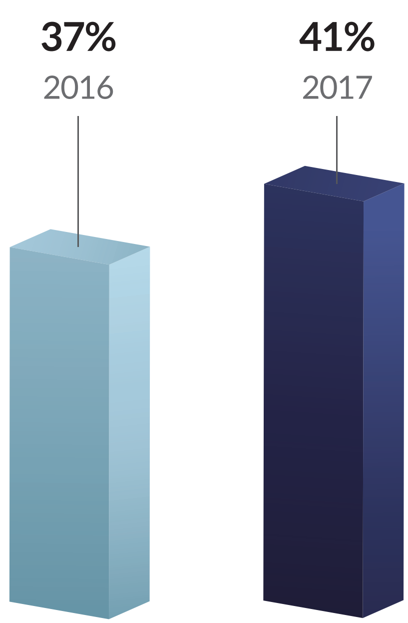
Inter achieved an excellent operating and financial result in 2017.

Net operating revenue grew 53% in the year, reaching R $ 134.9 million, while service costs increased 42% to R $ 79.1 million. The revenue growth rate was higher than that of costs, as a consequence, gross profit grew 71%, reaching R $ 55.8 million. Net income also rose to R $ 35.7 million.

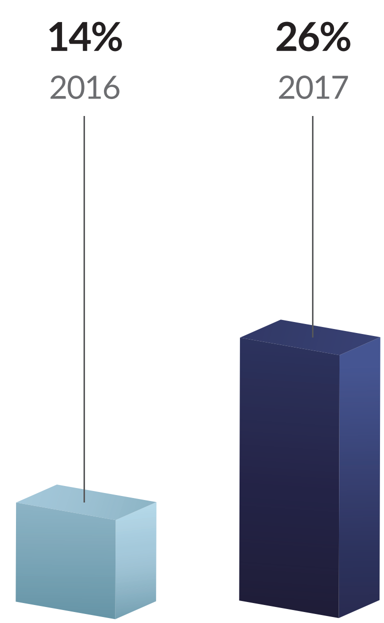


NET OPERATING REVENUE

We expanded the gross margin, reaching 41.3% in 2017, an increase of 4.4 pp in relation to the previous year. We obtained a net margin of 26.4%, a number above the industry average.



GROSS MARGIN



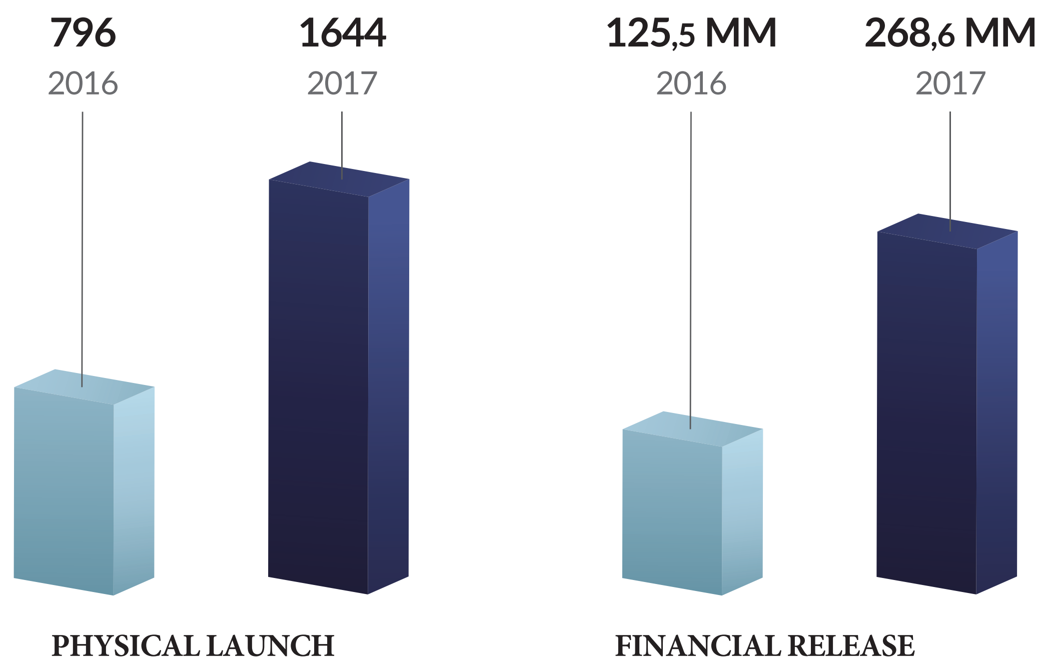
NET MARGIN

This result is a result of the high performance and excellence in the execution of the Company's strategic plan by all employees, as well as adherence to the pillars that base our operation: careful acquisition of land, differentiated quality and speed in construction, and speed in sales and hiring.

As highlight of the year we mention Park Marilândia. Project of 960 units in the city of Juiz de Fora launched in the 3rd. Quarter of 2017. The venture was contracted with Caixa Econômica Federal with less than 90 days of launch with 50% of units sold.

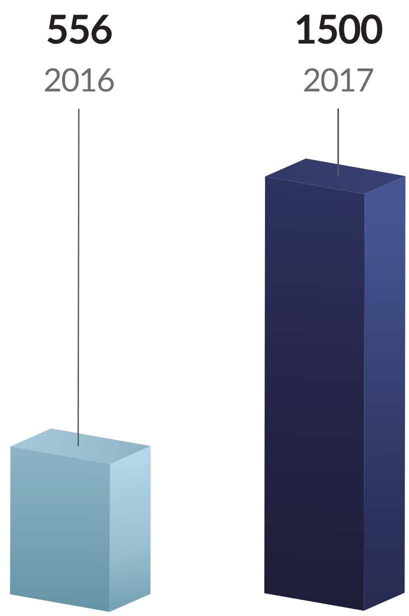
Speed in sales and contracting of real estate financing is a trademark of Inter. We structure our internal sales and hiring team with agile management methods. It functions as a production line with permanent performance control. Because of this agility, our sales do not "cool", and as a consequence there is a lower rate of change in financial conditions and especially low rate of distraction.

We launched 1644 units in 2017 with an equivalent PSV of R $ 268.6 million, an increase of 114% when compared to the previous year. The participation of the Park Marilândia venture was relevant in the period while other launches contributed to achieving our goal.

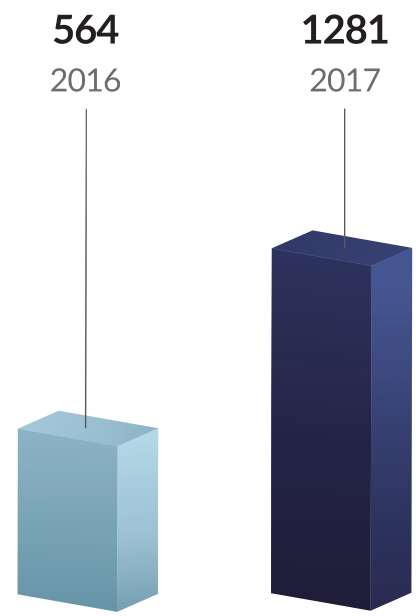


During the year 2017 we maintained the focus on the sale of units eligible to FGTS. All units we launch and sell are eligible for the MCMV program. The Company followed the strategy of selling 100% of the units only through the approval of real estate financing or cash. Since before the crisis we followed this conservative strategy, which shielded Inter from problems with distraction throughout the crisis.

In 2017 we sold 1298 units, an increase of 122% over the previous year. We had only 59 distractions in the year, representing 4.5% of gross sales, down from 7.4% in the previous year, well below the segment average. In the period, we contracted 1500 units, an increase of 170% compared to 2016.

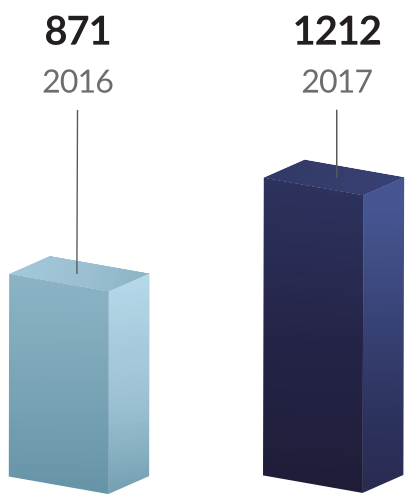


CONTRACTED UNITS

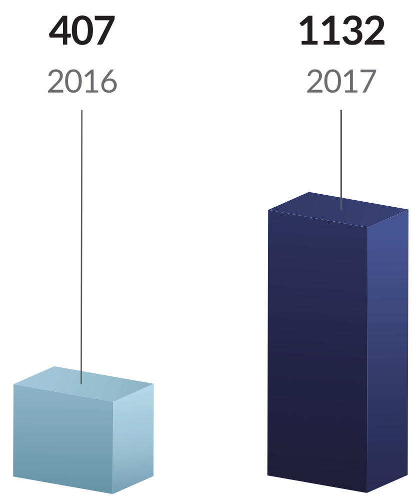


SOLD UNITS

We finished 2017 with a total of 1212 units produced and 1132 units completed. The Company continues delivering better projects and increasing production speed. This evolution is a consequence of scale gains, investments in hiring and training. Our construction supervision team has shown evolution in controls and process management. Because our product is standardized, the construction team builds the same product several times. In this way, the team becomes more and more experienced and able to increase speed and improve the quality of construction.



UNITS PRODUCED



CONCLUDED UNITS

Throughout 2017 we implemented some initiatives to improve process, quality and customer satisfaction. Among these improvements we highlight: electronic inspection record of work, final inspection checklist, user manual for the client, manager's guide, online customer service, post-delivery research and technical assistance research.

In the technical assistance survey, the customer evaluated questions are: service, organization and quality. The satisfaction index throughout 2017 remained, on average, above 95%.

With regard to costs, we take advantage of the slowdown of the sector to renegotiate both labor and inputs. We have been able to improve the quality and productivity of the team, selecting better professionals at more competitive costs, while reducing the cost of large lines of input expenses such as ceramic blocks, elevators, aluminum frames, steel and others.

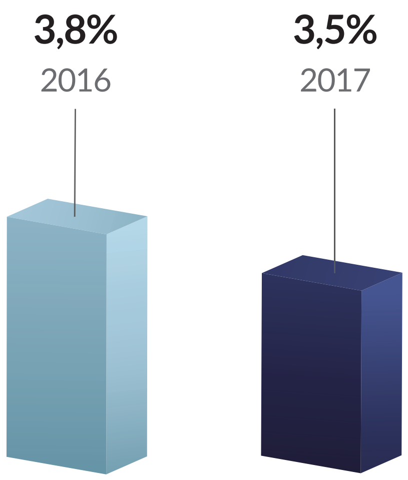
FINANCIAL	2016	2017	VARIATION
Gross revenue (billing)	R$ 91.092.155	R$ 140.231.404	54%
Operating income (OI)	R$ 88.312.238	R$ 134.926.280	53%
PSV units sold	R$ 68.597.124	R$ 153.116.220	123%
PSV units launched	R$ 125.484.700	R$ 268.605.000	114%
Financial expenses	R$ 4.333.160	R$ 4.321.750	0%
Net financial result	R$ 3.048.245	R$ 3.280.289	8%
Financial expenses / OI (%)	4,9%	3,2%	
Financial expenses / units sold (%)	6,3%	2,8%	
Business expenses	R$ 4.740.138	R$ 8.150.092	72%
Business expenses OI (%)	5,4%	6,0%	
Business expenses / units sold (%)	6,9%	5,3%	
General and Administrative Expenses (G&A)	R$ 10.893.345	R$ 7.927.178	-27%
Expenses G&A / OI (%)	12,3%	5,9%	
Expenses G&A / Sold Units (%)	15,9%	5,1%	
Construction cost	R$ 55.700.981	R$ 79.143.915	42%
Construction cost / OI (%)	63,1%	58,7%	
Construction cost / Units Sold (%)	81,2%	51,2%	
Construction cost / PSV launched	44,4%	29,5%	
Gross profit	R$ 32.611.257	R$ 55.782.365	71%
Gross margin	36,9%	41,3%	
Net profit	R$ 12.573.771	R$ 35.686.834	184%
Net Margin	14,2%	26,4%	
EBITDA	R$ 15.703.332	R$ 39.940.289	154%
EBITDA margin	17,8%	29,6%	
Cash flow	R$ 8.115.659	R$ 12.472.279	54%
Net debt	R$ -	R$ 8.852.319	
Net worth	R$ 12.371.189	R$ 20.725.427	68%
Net debt / Total net worth	0,0%	42,7%	

PHYSICAL	2016	2017	VARIATION
Number of units launched	796	1644	107%
Number of contracted units	556	1500	170%
Number of units sold (gross)	586	1298	122%
Number of distractions	43	59	37%
Number of units sold (net)	543	1239	128%
Number of units produced	871	1212	39%
Number of completed units	407	1132	178%

During 2017, we had a 72% increase in commercial expenses (sales and marketing) as a consequence of two factors: higher disbursement with commercial commission, given the higher volume of sales in the year; and increased investment in expenses related to launches such as media and sales stand, as our launches more than doubled in the year.

Despite the increase in this line of expenditure, if we compare the ratio between commercial expenses and launches between 2017 and the previous year the result was reduction. This means that the Company is not only marketing a greater number of units, but it is doing it more efficiently and economically.

This gain in efficiency and consequent better utilization of the Company's resources is the result of initiatives in both the sales area and the marketing sector. We restructure our business area with team training, new hires and implementing a variable commissioning table based on efficiency in sales. We have also made a major change in our marketing strategy. We have reduced our performance in traditional media channels such as radio and television, while significantly increasing our performance on digital channels such as Google, Facebook, Youtube and others. As a result, we see a greater assertiveness of this strategy as our efforts and resources have become better targeted, reaching the target audience and geography more accurately



COMMERCIAL EXPENSES / LAUNCHES

EBITDA in 2017 was R $ 39.9 million, "Adjusted EBITDA" in the period was also R $ 39.9 million, an increase of 107% over "Adjusted EBITDA" in 2016.

"Adjusted EBITDA" is a better measure for comparing results than EBITDA itself. As a consequence of the implementation of corporate governance and professionalism in financial management, we recorded in 2016 a series of labor, civil and tax contingencies, as well as adjustments in revaluation of assets with reference to 2016 and previous years totaling R $ 3.6 million.

These "one-off" adjustments were made to conform our accounting to CVM's best practice guidelines and standards.

EBITDA in English for EBITDA (Earnings Before Interest, Taxes, Depreciation and amortization)

"Adjusted EBITDA" is calculated by adding to the EBITDA: labor, civil and tax contingencies; revaluation of assets and other accounting entries due to factors considered as extraordinary and that the Company evaluates that one-off will not be repeated.

General and Administrative Expenses decreased by R $ 3.0 million in 2017 compared to the previous year. However, if we take into account the "one-off" adjustments described above, there was an increase in expenses of R $ 600 thousand in the period. We increased the administrative structure by approximately 9% to support the growth of our operation.

The net financial result in 2017 was -R $ 3.3 million, slightly lower than the previous year, a reduction of 7.9%.

	2017	2016
Financial income	1.041.461	1.284.915
Financial expenses	(4.321.750)	(4.333.160)
Net Financial Result	(3.280.289)	(3.048.245)

It is important to highlight the good performance of Inter's financial management. In a year in which the Company more than doubled launches and sales, it obtained a non-significant variation in the net financial result.

The company's net debt was R $ 8.8 million, equivalent to a net debt to EBITDA ratio of 0.2 and a net debt to equity ratio of 0.4. It is important to note that 75% of the total indebtedness of the company are lines of credit linked to production support that has a lower financing cost than the cost of financing other banking lines.

Financial Institution	Caracteristic	Average Monthly Rate	Balance	Maturity
CEF	Money Capital	1,39%	5,8	24/12/2021
SAFRA	Money Capital	1,30%	3,00	31/03/2018
ITAU	Money Capital	1,97%	0,8	17/11/2037
CEF	Production	0,70%	29,2	22/12/2019

Our strategy of business expansion involves replicating the excellent results and performance obtained in the Zona da Mata Mineira in other regions of the Southeast. For this reason our plan is to expand geographically in the states of Minas Gerais and São Paulo.

We focus on cities and urban centers with potential for perpetuity. That is, we seek locations with potential capacity and demand for not only one, but several Inter ventures. Geographic expansion involves opportunities, but at the same time risks and potential high costs. We are aware of these risks and costs, so we follow a well-defined plan of action to minimize the risks and dilute the costs of entering a new square. Location, size of development, potential of partnerships in the incorporation and commercialization of the projects are some of the critical success factors that we are taking into account.

We prioritize the acquisition of new areas and businesses through physical exchanges. This keeps the Company's cash flow directed to the operation of the business. That said, we are constantly evaluating the potential gain and greater potential return on capital invested in land acquisition operations with cash. From the moment that there is an asymmetric valuation potential in favor of acquisition with cash compared to exchange, we do not hesitate to use cash. For this reason we are analyzing a possible fund raising operation in the capital markets through a CRI (real estate receivables certificate) to be fully directed to the acquisition of land under these conditions.

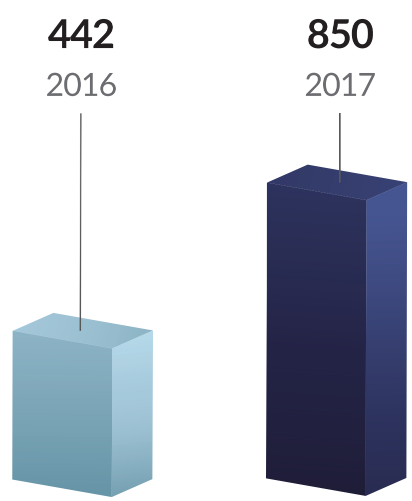
Due to the expansion plan, the Company invested in logistics to optimize the movement of its staff. It acquired a Phenom 100 - Embraer aircraft with the intention of enabling and shortening distances not only for the expansion team and new business, as well as for the technical staff. It is fundamental that the execution team has agility and proximity to control and supervision of the works

This investment in logistics allows us to maintain a centralized control structure by replicating the same pattern of performance and high performance of the projects located in our headquarters to other places. The result is directly reflected in the margin of the ventures of these other squares and consequently in the margin of the company as a whole.

Land Bank

Throughout 2017, the conditions for land acquisition remained attractive, providing excellent opportunities for the Company to increase its land bank. Throughout the year we expanded the company's launch capacity by increasing our land bank from a potential General Sales Value (PSV) of R $ 442 million in 2016 to R $ 850 million in 2017.

Parallel to the increase in the potential for future launches through this expansion in the land bank, we have expanded our network of relationships and advanced the negotiation of other areas that will certainly take place in business throughout 2018.



LAND BANK

Governance

The year 2017 was a watershed with respect to governance for Inter. We contracted a financial advisory and a consulting firm specializing in governance to assist the Company in the process of professionalization of management, planning, structuring of processes, formalization, documentation, advice on accounting and hiring of audit, assistance in the registration process with CVM and listing in B3 , structuring of the investor relations area and organization of the disclosure and publication of results.

The recommendations made by both consultancies are being followed which has resulted in improvement in the company's governance and communication with the market. As a consequence, the Company was registered with the CVM on November 9, 2017 and has continued the listing process in the "Bovespa Mais" program of B3 (Brazil, Bolsa, Balcony)

Capital market

Within our strategic planning it was defined that the Company will raise capital in capital market operations with exclusive destination for land acquisition. A CRI (real estate receivables certificate) issuance transaction is under analysis, backed by the securitization of financial flows of real estate projects and guarantees.

The Company is evaluating the alternative of raising funds by accessing the capital market instead of bank debt to initiate a direct relationship with financial market investors, paving the way for the opening of the capital in the near future.

Awards and Certifications

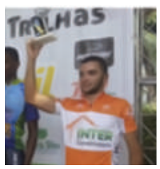
In 2017 Inter was appointed as one of the 100 largest construction companies in the country, according to ITC Construction Business Intelligence Ranking in 2017, in 90th Position.

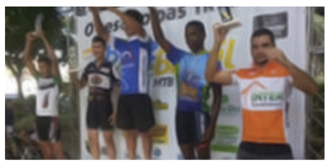
Inter Construtora is ISO 9001 certified and PBQP-H Level A (Brazilian Habitat Quality and Productivity Program). Such certifications attest to the high standard in our internal processes and controls, as well as efficiency in its implementation.

Social work

The Company encourages social work. We support various actions in the regions close to our projects, such as renovation and construction of buildings for social purposes, as well as organization and costing of social events.

We also encourage and sponsor sport, culture, wellness and leisure events focused on children in disadvantaged regions. We also contribute with sports, sponsoring amateur and professional athletes in the most diverse modalities including soccer, volleyball, cycling, swimming among others.




Taxation

The Company is included in the special tax regime (RET). Special taxation regime (RET) - As permitted by Law 12,024 of August 27, 2009, which amended Law 10.931 / 2004 that established the RET, the option to submit them to equity was decided by the RET. To that end, the consolidated charge for IRPJ and CSLL, the Contribution for Social Security Financing - COFINS and the Social Integration Program - PIS, is calculated at a total aggregate rate of 4% of gross revenues received, of which 1.92% for IRPJ and CSSL and 2,08% for PIS and COFINS.

Relationship with Independent Auditors

Pursuant to CVM Instruction 381/03 we hereby inform that our independent auditors - BKR-Lopes Machado Auditores - did not provide services during 2017, other than those related to external auditing. The Company's policy of hiring independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.

Commitment Clause

Conform art. The Company, its shareholders, directors and members of the Board of Directors, undertake to resolve, through arbitration, any and all disputes or controversies that may arise between them. , relating to or arising in particular from the application, validity, efficacy, interpretation, the provisions contained in the Brazilian Corporation Law, its Bylaws, the rules issued by the National Monetary Council, the Central Bank of Brazil and the CVM, as well as in other rules applicable to the operation of the capital market in Brazil. General, in addition to those contained in the Novo Mercado Regulation, the Arbitration Regulation of the Market Arbitration Chamber and the Novo Mercado Participation Agreement;

Board Statement

In compliance with the provisions of CVM Instruction 480, the Board of Executive Officers declares that it has discussed, reviewed and agreed with the opinions expressed in the independent auditors' report and with the financial statements related to the fiscal year ended December 31, 2017.

Thanks

Inter's Management thanks its customers, employees, partners, suppliers, financial institutions and shareholders for all the dedication, attention and understanding they had with us throughout this year of 2017.

It is with great satisfaction that we look back and see the excellent results obtained realizing the contribution of so many people, both inside and outside the Company. It is with more satisfaction that we look forward and see the opportunity to deliver quality, affordable housing and impact the lives of so many people, not only in the Zona da Mata Mineira region, but also in other regions of the country. We count on all of you, in the years to come, to bring the Dream Machine to the rest of the country.

Juiz de Fora, January 29, 2018.

The Administration

Comments

1º - The financial information is based on the consolidated accounting information prepared in accordance with the International Financial Reporting Standards (IFRS), which considers OCPC 04 Guidance on the application of Technical Interpretation ICPC 02 applicable to real estate development entities in Brazil, as approved by the Brazilian Accounting Pronouncements Committee (CPC), the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC), and all pronouncements issued by the CPC.

2º - Financial information is presented in millions of Reals (R $ million), unless otherwise indicated. The statements contained in this document relating to business prospects, projections of operating and financial results, and those related to INTER's growth prospects are merely projections and as such are based exclusively on management's expectations about the future of the business. These expectations depend, in essence, on the approvals and licenses necessary for the approval of projects, market conditions, the performance of the Brazilian economy, the sector and the international markets and, therefore, are subject to change without prior notice. This performance report includes non-accounting data such as operating, financial and projections based on the expectations of the Company's Management. Non-accounting data such as Quantitative and Launch Date, Contracted Sales, MCMV program values, inventory at market value, Land Bank, result to be appropriated, cash consumption, and projections were not subject to review by the auditors independent of the Company.

The EBITDA indicated in this report represents net income before financial income, financial charges included in cost of real estate sold, income tax and social contribution, of depreciation and amortization expenses and non-controlling interest.

INTER understands that the reversal of the present value adjustment of accounts receivable of units sold and not delivered recorded as gross operating revenue is part of its operating activities and, therefore, this revenue was not excluded in the calculation of EBITDA. EBITDA is not a measure of financial performance under Brazilian GAAP and IFRS, nor should it be considered in isolation, or as an alternative to net income, as an operational performance measure, or alternative to operating cash flows, or measure of liquidity. Due to the fact that the financial result, financial charges included in cost of real estate sold, income and social contribution taxes, depreciation and amortization expenses and the participation of non-controlling shareholders are not included in the calculation, EBITDA serves as an indicator of INTER's overall economic performance, which is not affected by changes in the tax burden of income tax and social contribution or depreciation and amortization levels.

EBITDA, however, has limitations that impair its use as a measure of INTER's profitability, as it does not consider certain costs arising from INTER's business that could materially affect INTER's profits, such as the result financial, taxes, depreciation and amortization, capital expenditures and other related charges.

3º. Here are some definitions of terms used in this report:

- Number of units launched represent the housing units present in the developments incorporated and launched by the Company in the period.
- Number of units contracted represents the number of units where contracted real estate financing with a financial institution.
- Number of units sold (gross) represents the number of units sold considering distances made after the sale, that is, number of units sold gross of distractions.
- Number of distractions represents the number of units sold in which the buyer discontinues the purchase and decides to distract. - Number of units sold (liquid) represents the number of units sold excluding distractions, that is, number of units sold liquid of distractions.
- Number of units produced represents the number of units produced proportional to the percentage of work progress.
- Number of units completed represents the number of units in enterprises that received "live" in the period

Partner Banks


RI.INTERCONSTRUTORA.COM.BR

RELATIONSHIP WITH INDEPENDENT AUDITORS

Pursuant to CVM Instruction 381/03, we inform that our independent auditors - BKR-Lopes Machado Auditores - did not provide services during 2017, other than those related to external auditing. The Company's policy of hiring independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.

Executive Board:

Neylson de Oliveira Almeida
(Chief Executive Officer and Investor Relations Officer)

Almira Gonçalves dos Reis
(Chief Financial Officer)

Leonardo Miguel de Lima
(Production Director)

DECLARATION OF DIRECTORS ON THE FINANCIAL STATEMENTS

Opinions and Statements / Statement of Directors on the Financial Statements

We hereby request, in accordance with the provisions of Article 25, item VI of CVM Instruction No. 480, dated December 7, 2009, to declare that, as directors of Inter Construtora e Incorporadora SA, we review, discuss and agree with the information contained in the financial statements of Inter Construtora e Incorporadora S.A for the fiscal years ended December 31, 2016 and 2017. We remain at your disposal for any further clarifications that may be required.

Juiz de Fora, 01/19/2018

Executive Board:

Neylson de Oliveira Almeida
(Chief Executive Officer and Investor Relations Officer)

Almira Gonçalves dos Reis
(Chief Financial Officer)

Leonardo Miguel de Lima
(Production Director)

STATEMENT BY DIRECTORS ON THE REPORT OF THE INDEPENDENT AUDITORS

Mr. Neylson de Oliveira Almeida, Mr. Almira Gonçalves dos Reis and Mr. Leonardo Miguel de Lima, Directors of Inter Construtora e Incorporadora S.A, a company headquartered at Rua Ataliba de Barros, 182 room 1504 registered with the CNPJ under No. 09.611.768 / 0001-76, in compliance with the provisions of items V, of article 25, of CVM Instruction 480, of December 7, 2009, declare that they reviewed, discussed and agreed with the opinion expressed by BKR-Lopes Machado Auditores, of the Independent Auditors' Report, relating to the Financial Statements for the fiscal year ended December 31, 2017, issued on 19 January, 2018.

Juiz de Fora, January 19, 2018

Executive Board:

Neylson de Oliveira Almeida
(Chief Executive Officer and Investor Relations Officer)

Almira Gonçalves dos Reis
(Chief Financial Officer)

Leonardo Miguel de Lima
(Production Director)

REPORT OF THE INDEPENDENT AUDITOR ON

THE FINANCIAL STATEMENTS

To the

Shareholders and Administrators of Inter Construtora e Incorporadora S.A Juiz de Fora - MG

Opinion

We have audited the financial statements of Inter Construtora e Incorporadora S.A.("Company"), which comprise the balance sheet as of December 31, 2017 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the equity and financial position of Inter Construtora e Incorporadora S.A., as of December 31, 2017, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards.
Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's Responsibility for the Audit of Financial Statements." We are independent in relation to the Company in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Main audit issues

Main audit issues are those that, in our professional judgment, were the most significant in our audit of the current year. These matters were addressed in the context of our audit of the financial statements as a whole and in the formation of our opinion on these financial statements and, therefore, we do not express a separate opinion on these matters.

Revenue accounting, costs and expenses of real estate development

As mentioned in note 2.4 The Company records the revenues, costs and expenses of the real estate development during the progress of the work based on guidance OCPC 04 Application of the Technical Interpretation ICPC 02 (Construction Contract of the Real Estate Sector) to the Brazilian Real Estate Development Entities of the Accounting Pronouncements Committee. Accordingly, the determination, appropriation of the result and recording of the amounts in the real estate development revenue and customer accounts for real estate development follow the said pronouncement, approved by CVM Deliberation No. 653/10. Sales revenues are appropriated to the income as the construction progresses, since the transfer of risks and benefits occurs continuously. In this way, the percentage of completion ("POC") method is adopted. This method is done using the cost ratio incurred in relation to the total budgeted cost of the respective projects and the revenue is calculated by multiplying this percentage by the sales contracted. The costs of land and construction related to the respective mergers of the units sold are appropriated to the income statement when incurred

This issue was considered significant for our audit since the revenue recognition process involves management's judgment in determining the budget and its periodic review. Additionally, the net operating revenue, recognized for the year 2017, totaled R $ 134,926.280 and, therefore, are relevant to the financial statements

Our audit procedures included, among others: (a) assessment of the accuracy and completeness of the information used in the calculations presented by the Company; (b) documentary evidence on sales and costs incurred, (c) external confirmation, by sampling, for confirmation of sale of real estate to customers and (d) review of the adequacy of the disclosures included in Note 2.4 to the financial statements

Provision for tax, civil and labor

The Company is a party to judicial and administrative proceedings related to tax, civil and labor matters, as disclosed in note 14 to the financial statements. This area is significant for our auditing process due to the potential risk related to certain demands. In addition, the evaluation of these lawsuits includes a significant judgment by Management, supported by its legal counsel, mainly regarding the classification of these proceedings as a contingent liability or as a provision.

Our audit procedures included, among others: (a) obtaining and reading correspondence from the Company's legal advisors, (b) inspection of minutes of management meetings and (c) analysis of the disclosures made in the notes to the financial statements

Another subjects

Statements of value added

The statements of value added (DVA) for the year ended December 31, 2017, prepared under the responsibility of the Company's management, and presented as supplementary information, were subject to audit procedures performed in conjunction with the audit of the Company's financial statements. Company. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the financial statements taken as a whole.

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

The Company's management is responsible for such other information that includes the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

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

Management and governance responsibilities of the financial statements

The Company's management is responsible for the preparation and adequate presentation of the financial statements in accordance with accounting practices adopted in Brazil and for the internal controls that it has determined to be necessary to enable the preparation of these financial statements free of material misstatement, regardless of whether it is caused by fraud or error.

In preparing the financial statements, management is responsible for evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless management intends to liquidate the Company or cease its operations or has no realistic alternative to avoid closing the operations.

Those responsible for the Company's governance are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the independent auditors for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of security, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant distortions. Distortions may be due to fraud or error and are considered relevant when, individually or together, they may influence, from a reasonable perspective, the economic decisions of the users taken based on said financial statements.

As part of an audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and evaluate the risks of material misstatement in the financial statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or false intentional representations.

- We obtain an understanding of the internal controls relevant to the audit to plan appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.

- We conclude on the adequacy of management's use of the operating continuity accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty in relation to events or circumstances that could cause significant doubt as to the Company's ability to continue operating Company. If we conclude that there is significant uncertainty we should draw attention in our audit report to the respective disclosures in the financial statements or include modification in our opinion if the disclosures are inadequate. Our findings are based on audit evidence obtained as of the date of our report. However, future events or conditions may cause the Company to no longer be in operational continuity.

- We evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the financial statements represent the related transactions and events in a manner consistent with the appropriate presentation objective.

We communicate with those responsible for governance regarding, inter alia, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we have identified during our work.

We also provide those responsible for governance with a statement that we have complied with the relevant ethical requirements, including the applicable independence requirements, and communicate any relationships or matters that could significantly affect our independence, including, where applicable, respective safeguards.

Of the issues that have been the subject of communication with those responsible for governance, we determine those that were considered most significant in auditing the financial statements for the current year and, therefore, constitute the main auditing issues. We describe these matters in our audit report unless the law or regulation has prohibited public disclosure of the matter, or when in extremely rare circumstances we determine that the matter should not be reported in our report because the adverse consequences of such disclosure may, within a reasonable perspective, overcome the benefits of communication to the public interest.

Rio de Janeiro, January 19, 2018

Lopes, Machado
Auditors, Consultants & Business Advisers
Independent Member of BKR International
CRC-RJ-2026-O/5

Mário Vieira Lopes
Contador - CRC- RJ 60.611/O

INTER CONSTRUTORA E INCORPORADORA S/A

Balance Sheets

On 31 December 2017 and 2016

(In reals)

Active	**Grade**	**2017**	**2016**
Circulatory			
Cash and cash equivalents	5	29.983.593	17.511.314
Customers for incorporation of real estate	6	13.255.303	5.005.201
Stocks	7	18.975.746	6.476.871
Advances to third parties		1.474.596	-
		63.689.238	28.993.386
Not Circulatory			
Achievable in the long run:			
Related parties	8	1.345.793	
Prepaid expenses		947.712	961.875
Deposits for social security		834.086	153.084
		3.127.591	1.114.959
Investment		19.200	19.200
Immobilized	9	18.168.300	5.022.630
Intangible		43.491	43.665
		18.230.991	5.085.495
Total Assets		85.047.820	35.193.840

Passive	**Grade**	**2017**	**2016**
Circulatory			
Providers	10	5.821.076	3.895.462
Loans and financing	11	2.097.666	2.191.860
Social and labor obligations	12	1.139.347	806.185
Tax liabilities	13	759.505	454.527
Other bills to pay		240.623	391.670
		10.058.217	7.739.704
Not Circulatory			
Providers	10	15.226.057	-
Loans and financing	11	36.738.246	13.258.354
Obligations with third parties		18.026	67.601
Tax installment		117.017	232.585
Provision for contingency	14	2.164.830	1.524.407
		54.264.176	15.082.947
Net worth	15		
Social Capital		12.371.189	12.371.189
Profit reserves		8.354.238	-
		20.725.427	12.371.189
Total liabilities and shareholders' equity		85.047.820	35.193.840

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

INTER CONSTRUTORA E INCORPORADORA S/

A Statements of Income Years Ended December 31,

2017 and 2016

(In reals, except net income per share / share)

	Grade	2017	2016
Net operating revenue	16	134.926.280	88.312.238
Cost of real estate sold and services rendered		(79.143.915)	(55.700.981)
Gross profit		55.782.365	32.611.257
Operating income (expenses):			
Selling expenses		(8.150.092)	(4.740.138)
General and Administrative Expenses		(7.927.178)	(10.893.345)
Other operating income (expenses) Net		(737.972)	(1.355.759)
		(16.815.242)	(16.989.241)
Operating income before financial result:		38.967.123	15.622.016
Financial result, Net:	17		
Financial income		1.041.461	1.284.915
Financial expenses		(4.321.750)	(4.333.160)
Net income for the year		35.686.834	12.573.771
Net Income per Share / Quota - In reals		2,88	1,02

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

INTER CONSTRUTORA E INCORPORADORA S/A

Statements of Comprehensive Income Years Ended

December 31, 2017 and 2016

(In reals)

	2017	**2016**
Net income for the year	35.686.834	12.573.771
Other components of comprehensive income	-	-
Total Comprehensive Income for the Year	35.686.834	12.573.771

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

INTER CONSTRUTORA E INCORPORADORA S/

A Statements of Comprehensive Income Years Ended

December 31, 2017 and 2016

(In reals)

	Social Capital	Profit Reserves: Retention of Profits	Profit Reserves: Legal Reserve	Accumulated profits	Total
Balances as of January 1, 2015	100.000	15.347.928	-	-	15.447.928
Net income for the year	-	-	-	12.573.771	12.573.771
Allocation of net income:					
Distribution of profits	-	(3.076.739)	-	(12.573.771)	(15.650.510)
Capitalization of reserves	12.271.189	(12.271.189)	-	-	-
Balances as of December 31, 2016	12.371.189	-	-	-	12.371.189
Net income for the year	-	-	-	35.686.834	35.686.834
Allocation of net income:					
Constitution of legal reserve	-	-	1.784.342	(1.784.342)	-
Distribution of profits	-	-	-	(27.332.596)	(27.332.596)
Retention of profits	-	6.569.896	-	(6.569.896)	-
Balances as of December 31, 2017	12.371.189	6.569.896	1.784.342	-	20.725.427

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

INTER CONSTRUTORA E INCORPORADORA S/

A Statements of Cash Flows

Years Ended December 31, 2017 and 2016

(In reals)

	2017	2016
Cash flows from operating activities:		
Net income for the year	35.686.834	12.573.771
Settings for:		
Depreciation	973.166	115.950
Changes in assets and liabilities	36.660.000	12.689.721
Increase (decrease) in other accounts receivable	(8.250.103)	8.220.837
Increase (decrease) in inventories	(12.498.876)	2.297.868
Increase (decrease) in other current assets	(1.474.596)	675.845
Increase in suppliers	17.151.671	3.173.746
Increase in tax liabilities	304.978	393.359
Increase in obligations with personnel	333.162	586.130
Increase (decrease) in other current and non-current liabilities	324.234	(12.560.368)
	32.550.471	15.477.139
Cash flows from investing activities		
Increase in long-term receivables	(2.012.633)	(391.471)
Decrease in fixed investments	-	47.299
Increase in fixed assets	(14.115.078)	(3.449.751)
Increase in intangible assets	(3.584)	(2.391)
Profits paid to shareholders	(27.332.596)	(15.650.511)
Net cash used in investing activities	(43.463.891)	(19.446.825)
Cash flows from financing activities		
Borrowing	23.385.699	12.085.346
Net cash provided by financing activities	23.385.699	12.085.346
Increase in cash and cash equivalents, liquids	12.472.279	8.115.659
Statement of increase in cash and cash equivalents:		
Cash and cash equivalents at beginning of year	17.511.314	9.395.655
Cash and cash equivalents at the end of the year	29.983.593	17.511.314
Increase in cash and cash equivalents, liquids	12.472.279	8.115.659

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

INTER CONSTRUTORA E INCORPORADORA S/

A Statements of Added Value

Years Ended December 31, 2017 and 2016

	2017	2016
Income:		
Sales of goods, products and services	134.926.280	88.326.809
Inputs acquired from third parties	(93.672.577)	(71.245.806)
Production and sales costs	(79.143.915)	(55.700.981)
Materials, energy, third-party services and other	(14.528.662)	(15.544.825)
Gross added value	41.253.703	17.081.003
Depreciation, amortization and exhaustion	(973.166)	(81.316)
Net added value produced by the Entity Valor	40.280.537	16.999.687
Added value received on transfer:		
Financial income	1.041.461	1.168.175
Total added value to be distributed	41.321.998	18.167.862
Distribution of added value:		
Administrative staff	(575.442)	(834.789)
Taxes, fees and contributions	(737.972)	(542.883)
Financial expenses	(4.321.750)	(4.216.419)
Dividends	(27.332.596)	(12.573.771)
Retained earnings	(8.354.238)	-
	(41.321.998)	(18.167.862)

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

INTER CONSTRUTORA E INCORPORADORA S.A

Notes to the Financial Statements

On 31 December 2017 and 2016

(In reals)

1 - Operational Context

On May 1, 2017, the General Meeting for the Transformation of Company for Limited Liability Shares into a Joint-Stock Company was held at the Company's headquarters with limited liability - Inter Construtora e Incorporadora Ltda. After the General Meeting and based on the new Bylaws, the Company will be named Inter Construtora e Incorporadora S.A., with headquarters and legal jurisdiction in Juiz de Fora, State of Minas Gerais.

The main corporate purpose of the Company is the realization by incorporation of real estate developments, residential or non-residential, providing financial, technical and material resources for its execution and subsequent sale, as well as secondarily the construction of buildings of any nature.

2 - Summary of the Main Accounting Policies

These financial statements were approved by the Company's management on January 19, 2018.

The main accounting policies applied in the preparation of these financial statements are described below. These policies are consistently applied in all years presented, unless otherwise indicated.

2.1. Basis of preparation

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, applicable to construction and real estate development entities, as approved by the CPC (Brazilian Accounting Pronouncements Committee), CVM (Brazilian Securities Commission) and CFC (Federal Accounting Council), and with all pronouncements issued by the CPC. These standards include the Guideline "OCPC 04 - Application of Technical Interpretation and ICPC 02 to Brazilian Real Estate Development Entities" in relation to the recognition of revenues and respective costs and expenses arising from real estate development operations during the progress of the project (POC), which comprise the CPC pronouncements approved by the CFC.

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires management to make judgments, estimates and assumptions that affect the application of accounting practices and reported amounts of assets, liabilities, revenues and expenses.

INTER CONSTRUTORA E INCORPORADORA S.A.

Notes to the Financial Statements

We affirm that all relevant information specific to the financial statements, and only them, are being evidenced, and that correspond to those used by the Company's Management in its management.

In November 2016, the pronouncement "CPC 47 - Income from Contracts with Customers" (IFRS 15) was issued by the CPC (Accounting Pronouncements Committee), which is expected to be effective as of January 1, 2018, repealing CPCs 17 (Construction Contracts) and 30 (Revenues). Currently, the Company is evaluating the impact of this standard, since OCPC 04 - Application of Technical Pronouncement CPC 47 to Brazilian Real Estate Development Entities (No. 04/2017) is in public hearing.

The CPC analyzed certain types of real estate purchase and sale agreements with regard to the Brazilian real estate development industry and, in relation to the moment of revenue recognition, concluded that in some types of contracts, revenue recognition is more clearly characterized over the period of construction, as exemplified in the Guidance, where the application of the POC (Percentage of Completeness) method is appropriate. Accordingly, the Company's Management understands that, in principle, there will be no significant changes in its accounting criteria regarding the recognition of revenue, detailed in Note 2.4. It should be noted that up to the date of the approval of the financial statements, no such review was approved on the CPC's website.

2.2. Basis of measurement

The financial statements have been prepared considering historical cost as a basis of value, or fair value, if applicable.

2.3. Functional currency and presentation currency

The financial statements are presented in Reals, which is the Company's functional currency. All financial information is presented in Brazilian reals, unless otherwise stated.

2.4. Recognition of income from real estate sales

The practices adopted for the determination and appropriation of the result and recording of the amounts in the revenue accounts for the recognition of real estate sales revenue follow the procedures and guidelines established by the Accounting Pronouncements Committee (CPC) Guideline OCPC 04, which deals with the application of Technical Interpretation ICPC 02, to Brazilian real estate development entities, approved by CVM Resolution No. 653/10, being:

INTER CONSTRUTORA E INCORPORADORA S.A.

Notes to the Financial Statements

- Sales revenues are appropriated to income as construction progresses, since the transfer of risks and benefits occurs continuously. In this way, the method called "POC", "execution percentage or completion percentage" of each project is chosen. The POC method is done using the cost ratio incurred in relation to the total budgeted cost of the respective projects and the revenue is calculated by multiplying this percentage (POC) by the contracted sales.

2.5. Cash and cash equivalents

They include cash, positive balances in motion account, financial investments with immediate liquidity and insignificant risk of change in their market value, maintained for the purpose of meeting the Company's short-term cash commitments, and not for investments for other purposes. At December 31, 2017 and 2016, all short-term investments were classified as cash and cash equivalents; three months or less, from the date of employment.

2.6. Customers for incorporation of real estate

It consists mainly of the balances receivable arising from the sale contract of real estate units to individuals, for which they are financed by Financial Institutions in function of the government's Minha Casa Minha Vida government program. As of December 31, 2017 and 2016, the Company did not set up a provision for doubtful accounts in view of the fact that there is no evidence of risks related to the non-receipt of its receivables.

2.7. Stocks

Inventories of units under construction and inventories of land are stated at cost, which does not exceed market value. Inventories of land in the event of exchange are valued at the sale value of the land exchanged and, exceptionally, the sale value of the exchanged units. The effective cost of building swapped units is diluted in other units.

Material inventories are valued at the lower of the average purchase cost and net realizable values.

2.8. Taxes recoverable

The account destined to register the retained and anticipated taxes, according to the current legislation. These taxes will be recovered through compensation with taxes due, the amounts are recorded at the original amount, and the updates are recognized only when the actual compensation. As of December 31, 2017 and 2016, there were no tax balances to be recovered.

2.9. Immobilized

It consists mainly of machinery and equipment used in construction contracts, real estate (commercial rooms) and aircraft that logistically support the realization of the Company's real estate projects.

Property, plant and equipment are measured at historical cost, less accumulated depreciation. The historical cost includes the expenses directly attributable to the acquisition of the items and also the costs of financing related to the acquisition of qualified assets.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that they generate future benefits and as long as the cost of the asset can be reliably measured. The amounts referring to the replaced items are written off, and other maintenance costs are appropriated to income for the year, when incurred.

Depreciation is calculated using the straight-line method in order to allocate costs to the residual values during the economic useful life.

The residual values and the useful life of the assets are reviewed and adjusted, when necessary, at the end of each year.

2.10. Intangible

The software licenses acquired are capitalized based on the cost incurred and are amortized over their estimated useful life of up to 5 years.

2.11. Loans and financing

Loans and financing are initially recognized at the net fair value of costs incurred at the date of the transaction and are subsequently stated at amortized cost. The differences between the amount received and the settlement amount are recognized in the income statement during the term of loans and financing using the effective interest rate method.

Loans and financing are classified as current liabilities, and when the settlement is deferred for more than 12 months, after the balance sheet date, they are classified as non-current liabilities.

INTER CONSTRUTORA E INCORPORADORA S.A

Notes to the Financial Statements

2.12. Provision for holidays

They are provisioned in full by the losing party and proportional to maturing, including the respective charges up to the balance sheet date.

2.13. Other current and non-current liabilities

They are stated at known or estimated amounts, plus, when applicable, of the corresponding charges and monetary variations incurred up to the balance sheet date.

2.14. Provisions

Provisions are recognized when the Company has a present legal or non-formalized obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions for tax, civil and labor risks are recorded at the amount of probable losses, observing the nature of each provision. Management, based on the opinion of its legal advisors, understands that the provisions set up are sufficient to cover possible losses with lawsuits in progress. Provisions are measured at the present value of the expenses that must be required to settle the obligation, using a pre-tax rate that reflects current market assessments for the time value of money and the specific risks of the obligation. The increase in the obligation as a result of the passage of time is recognized as an expense.

2.15. Taxation

The Company is included in the special tax regime (RET), as detailed below:

- Special Taxation Regime (RET) - As permitted by Law 12,024 of August 27, 2009, which amended Law 10.931 / 2004 that established the RET, the option was made to subject them to equity and opt for the RET. To that end, the consolidated charge related to IRPJ and CSLL, Contribution to Social Security Financing - COFINS and Social Integration Program - PIS, is calculated at a total overall rate of 4% of gross revenues received, of which 1.92% for IRPJ and CSSL and 2.08% for PIS and COFINS.

2.16. Valuation of the recoverable value of assets

Management annually reviews the net book value of the assets with the purpose of evaluating events or changes in economic or operational technological circumstances that may indicate deterioration or loss of their recoverable value. When these evidences are identified, and the net book value exceeds the recoverable amount, a provision for impairment is recorded, adjusting the net book value to the recoverable value. In 2017 and 2016, it was not necessary to record impairment losses, since the tests did not indicate a loss.

2.17. Financial instruments

Financial assets and liabilities are recognized when the Company is part of the contractual provisions of the instrument and are initially measured at fair value.

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current and enforceable legal right to offset the amounts recognized and if there is an intention to offset, or to realize the asset and settle the liability simultaneously.

2.18. Earnings per share

Basic earnings per share are calculated by dividing net income for the year, attributed to the Company's shareholders.

3 - Judgments, Significant Accounting Estimates and Assumptions

3.1. Judgments

The preparation of the Company's financial statements requires management to make judgments and estimates and to adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, as of the base date of the financial statements.

3.2. Estimates and assumptions

The main assumptions regarding sources of uncertainty in future estimates and other significant sources of uncertainty in estimates at the balance sheet date, involving a significant risk of causing a significant adjustment in the book value of the assets and liabilities in the next financial year, are discussed below:

a) Recognition of revenue and margin of real estate sales contracts and provisions for contracts when the revision of the estimated result of the contracts indicates that the total costs of the contract exceed the total revenue of the contract, the expected loss is recognized immediately as an expense in the income for the year. The estimated result of sales of real estate units is reviewed monthly during the execution of the projects and represents the best estimate of the future economic benefits of the agreement, as well as the associated risks and obligations.

b) Provisions for tax, civil and labor risks - The Company recognizes provision for tax, civil and labor claims. The assessment of likelihood of loss includes assessing the available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance to the legal system, as well as the evaluation of outside lawyers. Provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable limitation period, findings of tax inspections or additional exposures identified on the basis of new matters or court decisions.

4 - Developments in Progress

The Company carries out the construction and incorporation of real estate units to provide services related to its corporate purpose. As of December 31, 2017, the Company carries out the following projects:

Development	Location	Participation
Unique Borboleta	Street Tenente Paulo Maria Delage, Lots 236 e 200 - Neighborhood Borboleta -JF MG	100%
Unique São Geraldo	Street Access between Street Antônio Bento Vasconcelos and Street Darci Vargas, Lot 7C - São Geraldo - JF MG	100%
Unique Ubá	Street Major Carneiro, s/nº - São João -Ubá MG	100%
Residencial São Geraldo da Inter II	Street Professor Irineu José de Paula –Lote 40 – Lot E – Previdenciários – Juiz de Fora/MG	100%
Residencial Park Marilândia	Street Otília de Souza Leal, lote 27B –Nova Califórnia – Juiz de Fora/MG	100%
Unique Fontes Ville	Road Fazenda Villaca – Francisco Bernardino – Juiz de Fora/MG	100%

5 - Cash and Cash Equivalents and Financial Investments

a) Cash and cash equivalents

Description	2017	2016
Cash and banks account movement	14.092.157	2.436.085
Financial investments	15.891.436	15.075.229
	29.983.593	17.511.314

INTER CONSTRUTORA E INCORPORADORA S.A

Notes to the Financial Statements

Short-term investments are classified by the Company's management under the heading "Cash and cash equivalents", since they are considered financial assets with the possibility of immediate redemption and subject to an insignificant risk of change in value. The financial investments have average remunerations ranging from 90% to 102% of the Interbank Deposit Certificate (CDI).

6 - Customers for Incorporation of Real Estate

It is represented by amounts receivable from real estate units that are financed by Financial Institutions (linked to the Minha Casa Minha Vida program), calculated based on the "POC", "execution percentage or completion percentage" method of each December 2017. The entire resource was effectively received during the following month, that is, January 2018

7 - Stocks

	2017	**2016**
Properties under construction	6.392.390	3.496.871
Land Stocks	12.583.356	2.980.000
	18.975.746	6.476.871

This item includes apartments under construction and land for future developments. The land of a development is transferred to the account "Properties under construction" at the moment in which the sales of the enterprise are initiated. The Company has agreements with financial institutions to finance the construction of real estate.

8 - Related Parties

This caption includes the related party loan transactions as of December 31, 2017, which basically refers to the raising of funds for the construction of future projects with market interest, guarantee and with a definite term.

	2017	**2016**
Inter SPE Juiz de Fora 1 Incorporation Ltd	307.452	-
Inter SPE Juiz de Fora 3 Incorporation Ltd	602.767	-
Inter SPE Uberaba 1 Incorporation Ltd	109.212	-
Inter SPE Juiz de Fora 2 Incorporation Ltd	326.362	-
	1.345.793	-

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The average interest (of remuneration) is of 0.06% a.a. Under the terms of the agreement between the parties, the total amount of the loan between the parties may be up to R $ 100,000,000.00 (one hundred million reals) and the payment term will be up to 1,080 days after the date of incorporation of the project and object of the Company.

Management Remuneration

In the year ended December 31, 2017, management compensation totaled R $ 18,000.00 (R $ 36,000.00 in 2016), referring to pro-labor.

There are no post-employment benefits, other long-term benefits or termination benefits for directors or any employees of the Companies.

9 - Immobilized

Movement for the year 2017:

Description	Yearly rate of Depreciation	2016	Additions	2017
Cost:				
Furniture and utensils		-		-
Machines and equipment	10%	340.000	155.000	495.000
Vehicles	20%	257.381	222.740	480.121
Commercial rooms	-	2.384.014	-	2.384.014
Aircraft	10%	2.151.035	13.737.338	15.888.373
		5.132.430	14.115.078	19.247.508
Depreciation:				
Furniture and utensils		-		-
Machines and equipment		(9.486)	(14.120)	(23.606)
Vehicles		(76.189)	(79.008)	(155.197)
Aircraft		(24.125)	(876.280)	(900.405)
		(109.800)	(969.408)	(1.079.208)
		5.022.630		18.168.300

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Notes to the Financial Statements

10 - Suppliers

	2017	2016
Production Suppliers	15.972.812	2.163.194
Administrative Suppliers	5.074.321	1.732.268
	21.047.133	3.895.462
Current liabilities	5.821.076	3.895.462
Non-current liabilities	15.226.057	-

On December 31, 2017, all the Company's suppliers are nationals and are part of a pulverized group, where none of them individually represents significant or significant value. The Company classifies as "Production Support Suppliers" those directly linked to qualifying asset generation activities (Incorporation and Real Estate Construction), and classifies as "Administrative Suppliers" those that act as a form of support, advice and administrative advice.

11 - Loans and Financing

Financial institution	Characteristic	Monthly Average Rate	2017	2016
CEF	Money Capital	1,39%	5.829.621	7.133.146
ITAU	Money Capital	1,97%	793.000	-
SAFRA	Money Capital	1,30%	3.000.000	-
CEF	Production	0,70%	29.213.291	8.317.068
			38.835.912	15.450.214
Current liabilities			2.097.666	2.191.860
Non-current liabilities			36.738.246	13.258.354

Guarantees: The guarantees given to the operations vary between transfer of units of real estate projects carried out by the Company itself to mortgages.

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Notes to the Financial Statements

12 - Social and Labor Obligations

	2017	2016
Wages and salaries payable	168.397	108.952
INSS to collect	151.409	133.331
FGTS to collect	45.242	37.676
Vacation Provision	769.722	518.055
Others	4.577	8.171
	1.139.347	806.185

13 - Tax Obligations

	2017	2016
IRRF s / payroll to be collected	20.202	16.887
Retention of INSS with invoices	144.490	103.790
Withholding of ISSs with invoices	89.764	73.802
Ret to be collect	501.943	252.367
Others	3.106	7.681
	759.505	454.527

14 - Provision for Contingencies

The Company recorded provisions, which involve a considerable judgment by management, for labor, tax and civil contingencies, which it is probable that an outflow of resources involving economic benefits will be required to settle the obligation and a reasonable estimate may be made of the amount of that benefit. obligation.

The assessment of likelihood of loss includes assessing the available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance to the legal system, as well as the evaluation of outside lawyers.

We present below the changes and the balance as of December 31, 2017:

	2017	2016
Labor contingencies	536.000	63.000
Tax Contingencies	1.113.373	1.113.372
Civil contingency	515.457	348.035
	2.164.830	1.524.407

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Notes to the Financial Statements

15 - Net worth

a) Social Capital

The capital stock subscribed and paid in 2017 is R $ 12,371,189, and is represented by 12,371,189 shares, all of them without par value as per the Bylaws.

b) Legal reserve

On December 31, 2017, the Company recorded a legal reserve in the amount of R $ 1,784,342, equivalent to 5% of net income for the year, as provided for in article 193 of the Brazilian Corporation Law.

c) Profit retention reserve

This reserve has the objective of meeting the needs of resources for future investments, mainly for working capital, land acquisition, investment in property, plant and equipment and intangible assets, and payment of interest on financing.

16 - Net operating revenue

	2017	2016
Revenue from real estate sales	140.231.404	91.092.153
Taxes levied on the sale	(5.184.883)	(2.718.398)
Distracted	(87.633)	(54.157)
Other deductions	(32.608)	(7.360)
Net operating revenue	134.926.280	88.312.238

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17 - Net Financial Result

Financial income	2017	2016
Revenue on financial investments	967.162	1.019.412
Remuneration for contract signatures	-	43.572
Discounts obtained	49.460	59.220
Recovery of expenses	17.308	116.740
Interest and fine received	7.531	44.158
Others	-	1.813
Total financial income	1.041.461	1.284.915

Financial expenses	2017	2016
Bank expenses	(979.243)	(585.229)
Interest and liabilities	(287.563)	(136.815)
Discounts given	-	(947.932)
Interest and inflation	(149.107)	(331.602)
Fine	(138.791)	(163.652)
Financing Expenses	(2.767.046)	(2.163.430)
Others	-	(4.500)
Total financial expenses	(4.321.750)	(4.333.160)
Net financial result	(3.280.289)	(3.048.245)

18 - Risk management

18.1. Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument fluctuates due to changes in market prices.

Our financial instruments affected by market risk include financing payable and financial investments.

18.2. Interest rate risk

The Company is exposed to the interest rate risk with respect to the unfavorable movement of the same that may increase its financial expense with payment of future interest.

18.3. Credit risk

Credit risk is the risk that the counterparty of a business will not meet its obligations under a financial instrument or customer agreement, which would lead to financial loss.

The Company understands that it is not exposed to credit risk in its operating activities, mainly in relation to customers due to real estate development, as a result of the sales of housing units being financed (by Financial Institutions) attributed to the government program Minha Casa Minha Vida.

18.4. Liquidity risk

The liquidity risk is related to the immediate availability of cash in the face of mismatches or the expected rights and obligations.

The Company's Liquidity Risk Management focuses on prevention, control and monitoring capable of identifying situations or problems that in any way could compromise its economic-financial balance.

The Company monitors the risk of resource shortages through a recurring liquidity planning tool.

The Company's objective is to maintain the balance between the continuity of funds and flexibility through secured accounts, bank loans and financing.

19 - Insurance - Engineering and Other Risks

The Company adopts the policy of contracting insurance coverage for assets subject to risks, by amounts considered by Management sufficient to cover possible claims, considering the nature of its activity. The policies are in place and the premiums have been duly paid. The Company maintains, as of December 31, 2017, the following main insurance contracts:

a) Engineering risk: aims to reimburse the insured in cases of claims caused by design error and / or execution, to the maximum amount calculated based on the Estimated Cost of the Work, within the period stipulated for execution, characteristics of the construction and environment, and the construction company's rating with the insurer.

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b) End-of-construction guarantee: aims to guarantee to the borrower (or the Financial Institution) the resource for completion of the project in case of impediment of the contractor to do so, at the maximum value calculated based on the Estimated Cost of the Work, within the stipulated deadline for execution, characteristics of the construction and environment, and the Construtora's rating with the insurer.

c) Post Warranty Guarantee: the purpose is to guarantee to the acquirer (Customer) the necessary resource in the cases of corrective maintenance, after delivery of the keys, if the contractor refuses to do so within the legal deadlines, at the maximum value calculated based on the Budgeted Cost of the Work, within the period stipulated for execution, characteristics of the construction and environment, and the Construtora's rating with the insurer.

d) Cars and trucks: it aims to repay, up to the maximum limit of the amount insured in the value 100% of the FIPE table, referring to the hull coverage for all assets.

e) Transportation insurance: The Company has transportation insurance, with coverage of its materials, supplies and equipment, whose monthly endorsement, based on the value transported;

f) Other insurance: aims to reimburse, up to the maximum amount of the insured amount, the replacement value of the assets; the Company has property insurance, with coverage of Miscellaneous Risks of its facilities.

The risk assumptions adopted, given their nature, are not part of the scope of the audit of the financial statements, therefore, they were not audited by our independent auditors.

20 - Subsequent Events

In order to foster its growth in a gradual and sustainable way, the Company has been acting on its entry into the "Bovespa Mais" listing segment, since it has already accepted its request to open capital with the CVM Securities) through the number 2427-9 on 09/11/2017, in addition to working on the listing request with B3 (Brazil, Bolsa, Balcão). The gradual access strategy will enable the Company to prepare itself adequately, implementing high standards of corporate governance and transparency with the market, in addition to boosting its visibility to investors.