Earnings Release 4Q18

4th Quarter of 2018 and 2018

INTER
Construtora

EARNINGS RELEASE

4Q18 and 2018

Net Operating Revenue, R$ 205 million accumulated in 2018, an increase of 64% on 2017.

Juiz de Fora, December 18, 2019 - A company engaged in the development of medium and large real estate ventures primarily in the popular housing segment (MCMV), INTER Construtora e Incorporadora S.A. (B3: BOVESPA MAIS – INNT3) is today publishing its earnings figures for the fourth quarter of 2018 and the year 2018. The financial information is consolidated and has been prepared in accordance with International Financial Reporting Standards (IFRS), including the guidelines in OCPC 04 regarding the application of Technical Interpretation ICPC 02 applicable to real estate development entities in Brazil, as approved by the Accounting Pronouncements Committee (CPC), the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC).

KEY FACTS

- ✓ **Net Sales 35% greater in 4Q18 than in 4Q17.**
- ✓ **Faster sales, with VSO reaching 36% in 4Q18.**
- ✓ **Number of contracted units 89% greater in 4Q18 than in 4Q17.**
- ✓ **Number of produced units (YTD) 73% greater in 4Q18 than in 4Q17.**

MESSAGE FROM MANAGEMENT

Management is more optimistic about Brazil’s macroeconomic prospects. Economic indicators continue to recover. Projected inflation assumes the approval of the pension reform will continue making progress, enabling continued interest-rate cuts.

This upturn is also being felt in the real estate development sector. The recent increase in the number of launches along with greater demand from clients are fueling the optimistic outlook for the sector. The change introduced by the new leadership of Caixa Econômica Federal, whereby real estate financing is no longer pegged to the Referential Rate (TR), but rather the IPCA+ price index and in the near future a fixed rate, is the seed necessary to revitalize the dynamics of Brazil’s real estate sector. This transformation paves the way for the securitization of these property assets and consequent distribution to local and foreign investors, thereby substantially increasing the sources of funding for real estate financing.

In Brazil the real estate financing sector stands at 9% of GDP. This figure is as high as 16% in developing countries like Mexico and China, and upwards of 50% in developed countries. This sector has substantial room for growth in Brazil. The combination of low interest and inflation and the potential emergence of a real estate financing securitization market have the potential to trigger massive growth in the sector.

Management believes we are about to witness a super cycle in Brazil’s real estate sector and has placed the Company in a position to leverage the opportunity. We remain focused on the low-income segment with the differential of offering a better quality product, “Smart Apartments”, both for clients in brackets 2 and 3 of the Minha Casa, Minha Vida popular housing program and clients that qualify for real estate financing under Brazil’s savings and loans system (SBPE). We are already buying new plots of land in areas meeting these guidelines. The land we purchased for this purpose could see potential launches of 7.3 thousand units in 3Q19. Our Landbank rose from potential launches of 23 thousand in the previous quarter to 30.7 thousand units. A substantial portion of these are undergoing feasibility analyses at the Caixa Econômica Federal and Banco do Brasil for contracting and launching in the coming quarters. The Company's operating income in the quarter and YTD was positive, with an increase in launches, net sales and contracted and produced units. Despite the intensive cycle of investment and expansion, the Company maintains a high net-income margin compared with peers.

FINANCIAL AND OPERATING FIGURES

	4Q18	3Q18	Change 4Q18 vs. 3Q18	2018	2017	Change 2018 vs. 2017
Launched VGV (R$ thousand)	0	150,979	-100%	322,021	206,916	56%
Net Sales (R$ thousand)	80,749	59,834	35%	269,886	421,750	-36%
Net Operating Revenue (NOR) (R$ thousand)	161,012	44,002	266%	205,014	125,389	64%
Construction Cost (R$ thousand)	(103,464)	(22,424)	361%	(125,888)	(82,627)	52%
Construction Cost / NOR (%)	64.3%	51.0%		61.4%	65.9%	
Construction Cost / Net Sales (%)	128.1%	37.5%		46.6%	19.6%	
Gross Income (R$ thousand)	62,842	16,284	286%	79,126	42,762	85%
Gross Margin (%)	39.0%	37.0%		38.6%	34.1%	
Net Finance Income (R$ thousand)	(8,483)	(1,292)	557%	(9,775)	(3,280)	198%
Net Finance Income / NOR (%)	5.3%	2.9%		4.8%	2.6%	
Net Finance Income / Net Sales (%)	10.5%	2.2%		3.6%	0.8%	
Net Finance Income / Launched VGV (%)		0.9%		3.0%	1.6%	
Commercial Expenses (in R$ thousands)	(6,705)	(2,464)	172%	(9,169)	(8,150)	13%
Commercial Expenses / NOR (%)	4.2%	5.6%		4.5%	6.5%	
Commercial Expenses / Net Sales (%)	8.3%	4.1%		3.4%	1.9%	
Commercial Expenses / Launched VGV (%)		1.6%		2.8%	3.9%	
General and Administrative Expenses (G&A) (R$ thousand)	(6,305)	(2,163)	191%	(8,468)	(7,289)	16%
G&A Expenses / NOR (%)	3.9%	4.9%		4.1%	5.8%	
G&A Expenses / Net Sales (%)	7.8%	3.6%		3.1%	1.7%	
G&A Expenses / Launched VGV (%)		1.4%		2.6%	3.5%	
Net Income (in R$ million)	37,612	9,429	299%	47,041	22,108	113%
Net Margin (%)	23.4%	21.4%		22.9%	17.6%	
EBITDA (R$ thousand)	48,742	12,352	295%	61,094	26,916	127%
EBITDA Margin (%)	30.3%	28.1%		29.8%	21.5%	
Cash and equivalents + marketable securities (R$ thousand)	89,169	29,984	197%	89,169	29,984	197%
Gross Debt (R$ thousand)	102,936	38,462	168%	102,936	38,462	168%
Net Debt (R$ thousand)	13,767	8,478	62%	13,767	8,478	62%
Total Equity (R$ thousand)	23,414	7,146	228%	23,414	7,146	228%
Net Debt / Equity (%)	0.59	1.19		0.59	1.19	
Net Debt / EBITDA 12 months	0.16x	0.10x		0.17x	0.10x	

OPERATING FIGURES

	4Q18	3Q18	4Q17	Change 4Q18 vs. 3Q18	Change 4Q18 vs. 4Q17	2018	2017	Change 2018 vs. 2017
Launched VGV (units)	0	1,186	0			2,290	1,620	41%
Gross Sales (units)	672	488	448	38%	50%	2,144	826	160%
Cancellations (units)	50	45	20	11%	150%	146	37	295%
Net Sales (units)	622	443	428	40%	45%	1,998	789	153%
Contracted Units (units)	306	160	480	91%	-36%	1,930	1,020	89%
Units Transferred	449	382	449	18%	0%	1,658	751	121%
Produced (units)	485	253	439	92%	10%	1,430	828	73%
Finished (units)	240	0	652		-63%	936	324	189%

PROJECT LAUNCHES

The Company did not launch new ventures in 4Q18. In the nine months to date, the Launches VGV was R$ 322 million, a year-on-year increase of 56%.

GROSS SALES, CANCELLATIONS AND NET SALES

Gross sales were 672 units in 4Q18, of which 622 resulted in net sales. The VSO was 36% in the quarter.

INVENTORY

Inter closed 4Q18 with 1,119 units under construction. This amount comprises potential estimated sales of R$ 153 million.

	4Q18	4Q18	4Q18
Venture	Built Inventory (units)	Inventory under construction (units)	Estimated value of sales (R$ thousand)
PARK MARILANDIA		22	2,770
PARK QUINET		340	52,483
PARK NOVA CALIFORNIA		71	69,367
RESERVA DAS ACACIAS		161	22,040
PARK UBERABA		525	7,093
Total	**0**	**1119**	**153,753**
OVERALL TOTAL		1119	

UNAPPROPRIATED REVENUE

In 4Q18, Inter had unappropriated revenue on sold units of R$ 438 million reais.

		4Q18	4Q18
Ventures in Progress	City	Works Progress (accum.)	Unappropriated Revenue (R$ thousand) Sold Unit * Average Ticket
RESIDENCIAL YUNI PREVIDENCIARIOS	Juiz de Fora/MG	100%	
UNIQUE SAO GERALDO	Juiz de Fora/MG	100%	
UNIQUE BORBOLETA	Juiz de Fora/MG	100%	
UNIQUE UBA	Ubá/MG	100%	
RESIDENCIAL SAO GERALDO DA INTER II	Juiz de Fora/MG	100%	
UNIQUE FONTESVILLE	Juiz de Fora/MG	100%	
UNIQUE MARILANDIA	Juiz de Fora/MG	96%	
PARK MARILANDIA	Juiz de Fora/MG	100%	175
PARK JARDIM NORTE	Juiz de Fora/MG	95%	262
PARK QUINET	Juiz de Fora/MG	23%	
PARK UBERABA	Uberaba/MG	0%	
RESERVA DAS ACACIAS	Juiz de Fora/MG	2%	
PARK CALIFORNIA	Juiz de Fora/MG	48%	
Total			**438**

FINANCIALS

Net Operating Revenue (ROL) amounted to R$ 161 million in 4Q18, compared with R$ 44 million in 3Q18.

The **Gross Margin** in 4Q18 was 39% compared with 37% in 3Q18. The Company slightly increased its gross margin due to improving the efficiency of works and cost efficiency when buying land.

Commercial Expenses rose from 5.6% of NOR in 3Q18 to 4.2% in 4Q18. A reduction due to the lack of launches in 4Q18.

General and Administrative Expenses (G&A) on NOR stood at 4.1 % in the 12-month YoY. This metric remains above our target thanks to investments made in human resources and infrastructure to support business growth.

Net Finance Income on NOR was 5.3% in 4Q18 compared with 2.9% in 3Q18.

Net income (NI) in 4Q18 amounted to R$ 37.6 million with a net margin of 23.4%. The YTD NI in 4Q18 was R$ 47 million, producing a net margin of 22.9%.

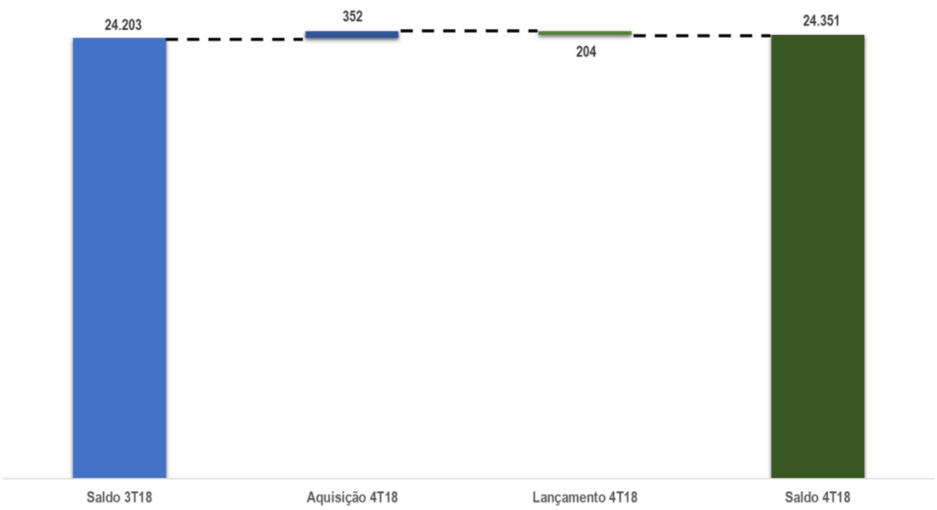
EBITDA in 4Q18 was R$ 48 million, equal to an EBITDA margin of 30.3%.
Net debt in 4Q18 was R$ 13.7 million. **Net Debt**
the YTD in 4Q18 rose by R$ 5.3 million.

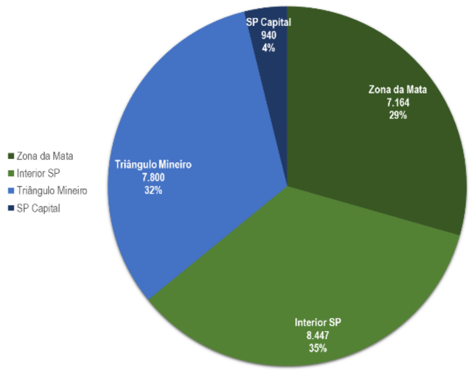
Metrics and debt	4Q18	4Q17
Net debt / Equity	0.59	1.19
Net Debt / 12-month EBITDA	0.17x	0.10x

(R$ thousand)	4Q18	4Q17
Bank Loans	16,157	9,245
Production Support	18,097	29,214
Debenture	68,682	
Total	102,936	38,462

LANDBANK

Inter acquired 352 units in 4Q18 and launched 204 units. The Company closed 4Q18 with a Landbank of 24,351 units, equal to a potential VGV of R$ 2.2 billion.





INVESTMENTS

The change in equity income and movements at the subsidiaries (SPEs) in 4Q18 is R$ 5.2 million.

DIVIDENDS

In 4Q18 the Company paid R$ 5 million in advanced dividends for FY 2019.

RESEARCH AND DEVELOPMENT

The Company has invested in the planning, development and acquisition of land for ventures to be sold in Brazil’s savings and loans system (Sistema Brasileiro de Poupança e Empréstimo - SBPE).

This investment aims to meet demand for units in ventures from clients in income brackets just above the brackets qualifying for the Minha Casa, Minha Vida popular housing program (MCMV). These ventures offer higher standards of quality, infrastructure and recreational areas. The Company is equipping itself for this level of delivery, whilst maintaining the standards of productivity and scale already enjoyed by its ventures in the popular housing segment serviced by the Minha Casa, Minha Vida program.

HUMAN RESOURCES

The Company continues investing in staff recruitment and training. In 4Q18 it had a turnover of 2%.

Position	**4Q18**	**3Q18**	**2Q18**	**1Q18**
Works Production	56	59	61	60
Works Administrative	27	30	35	31
Administrative Office	81	74	75	73
TOTAL	164	163	171	164

Turnover	2%	4%	4%	9%

PRODUCT

Apartamentos INTELIGENTES

- ✓ We deliver quality popular housing.
- ✓ 100% of the ventures launched by the Company are “Smart Apartments”.
- ✓ Towers with elevators.
- ✓ Surveillance cameras and electronic barriers.
- ✓ Waste segregation and individual water meters.
- ✓ Solar energy and Wifi in public areas.

- ✓ Laminated flooring in front room and bedrooms, ceramic floor tiles in kitchens and bathrooms and granite work surfaces.

- ✓ Fully equipped recreation area.

STATEMENT OF FINANCIAL POSITION – ASSETS | IFRS | CONSOLIDATED

		Parent Company			Consolidated		
Assets	**Note**	**12/31/2018 Restated**	**12/31/2017 Restated**	**1/1/2017**	**12/31/2018 Restated**	**12/31/2017 Restated**	**1/1/2017**
Current							
Cash and cash equivalents	5	26,744	29,984	17,511	30,363	29,984	17,511
Short-term investments (Securities)	5	54,805	-	-	54,805	-	-
Receivables for real estate development	6	37,679	3,718	5,005	38,469	3,718	5,005
Inventories	7	8,060	18,036	6,477	70,825	18,036	6,477
Other current assets		813	1,475	-	2,656	1,475	-
		128,101	53,212	28,993	197,118	53,212	28,993
Non-current							
Noncurrent assets:							
Inventories	7	-	-	-	168,513	-	-
Receivables for real estate development	6	5,694	-	-	4,233	-	-
Short-term investments (Securities)	5	4,000	-	-	4,000	-	-
Related parties (Loans)	8	11,017	1,346	-	251	1,346	-
Prepaid expenses		-	1,407	962	-	1,407	962
Judicial deposits		-	-	153	-	-	153
		20,711	2,753	1,115	176,997	2,753	1,115
Investment	9	7,922	19	19	19	19	19
Property, plant and equipment	10	21,056	18,806	5,023	21,056	18,806	5,023
Intangible assets		43	43	44	43	43	44
		29,021	18,869	5,085	21,118	18,869	5,085
Total assets		177,833	74,834	35,194	395,233	74,834	35,194

See the accompanying notes to the quarterly financial information.

STATEMENT OF FINANCIAL POSITION – LIABILITIES | IFRS | CONSOLIDATED

		Parent Company			Consolidated		
Liabilities	**Note**	**12/31/2018 Restated**	**12/31/2017 Restated**	**1/1/2017**	**12/31/2018 Restated**	**12/31/2017 Restated**	**1/1/2017**
Current							
Trade payables	11	6,114	5,821	3,895	31,770	5,821	3,895
Loans, financings, and debentures	13	11,168	2,098	2,192	11,168	2,098	2,192
Payroll and labor obligations	14	1,648	1,138	806	1,665	1,138	806
Tax liabilities	15	3,654	1,956	455	4,117	1,956	455
Mandatory Dividends payable		12,663	-	-	12,663	-	-
Customer advances	16	12,881	-	-	29,795	-	-
Liabilities towards third parties	12	4,895	6,510	392	18,462	6,510	392
Provision for Guarantees	17	3,051	2,544	-	3,192	2,544	-
		56,074	20,066	7,740	112,832	20,066	7,740
Noncurrent							
Liabilities towards third parties	12	4,573	6,404	301	162,482	6,404	301
Trade payables	11	-	2,688	-	-	2,688	-
Loans, financings, and debentures	13	87,450	36,364	13,258	91,768	36,364	13,258
Provision for Guarantees	17	3,658	-	-	3,773	-	-
Provision for contingencies	17	963	2,165	1,524	963	2,165	1,524
Provision for devaluation of investments	9	1,643	-	-	-	-	-
Related Parties (Loans)	8	-	-	-	-	-	-
Customer Advances	16	-	-	-	-	-	-
		98,287	47,621	15,083	258,986	47,621	15,083
Total liabilities		**154,361**	**67,688**	**22,823**	**371,818**	**67,688**	**22,823**
Equity	18						
Share capital		20,389	12,371	12,371	20,389	12,371	100
Revenue reserves		4,077	1,784	-	4,077	1,784	12,271
Accumulated losses		(995)	(7,009)	-	(995)	(7,009)	-
		23,471	7,146	12,371	23,471	7,146	12,371
Noncontrolling interests -			-	-	(57)	-	-
Total equity		23,471	7,146	12,371	23,414	7,146	12,371
Total liabilities and equity		177,833	74,834	35,194	395,233	74,834	35,194

See the accompanying notes to the quarterly financial information.

STATEMENT OF INCOME FOR THE YEAR| IFRS | CONSOLIDATED

	Note	Parent Company		Consolidated	
		2018 (Restated)	2017 (Restated)	2018 (Restated)	2017 (Restated)
Net operating revenue	19	180,869	125,389	205,014	125,389
Cost of property sold	20	(111,266)	(82,627)	(125,888)	(82,627)
Gross profit		69,603	42,762	79,126	42,762
Operating income (expenses): Sales					
expenses	21	(6,863)	(8,150)	(9,169)	(8,150)
General and administrative expenses	22	(7,848)	(7,289)	(8,468)	(7,289)
Share of profit (loss) of equity-accounted investees		5,238	-	-	-
Other operating expenses, net	23	(940)	(738)	(1,049)	(738)
		(10,413)	(16,177)	(18,686)	(16,177)
Operating income before financial income/loss:		59,190	26,585	60,440	26,585
Net finance income:	24				
Financial revenue		2,380	1,041	2,538	1,041
Finance costs		(11,873)	(4,322)	(12,313)	(4,322)
		(9,493)	(3,280)	(9,775)	(3,280)
Income and social contribution taxes					
Current		-	-	(539)	-
Deferred		(2,060)	(1,197)	(3,085)	(1,197)
	25	(2,060)	(1,197)	(3,624)	(1,197)
Net income for the year		47,637	22,108	47,041	22,108
Earnings per share		2.34	1.79	2.31	1.79
Net income attributable to:					
Company Shareholders				47,637	22,108
Noncontrolling shareholders (596)				-	

See the accompanying notes to the quarterly financial information.

STATEMENT OF CASH FLOWS | IFRS | CONSOLIDATED

	Parent Company		Consolidated	
	2018	2017	2018	2017
Cash flows from operating activities:	**Restated**	**Restated**	**Restated**	**Restated**
Net income for the year	47,637	22,108	47,041	22,108
Adjustments:				
Depreciation	213	313	313	313
Provision for credit risk	1,297	1,137	1,482	1,137
Provision for/reversal of contingencies	(1,202)	640	(1,202)	640
Provision for warranties	4,165	2,544	4,421	2,544
Share of profit (loss) of equity-accounted investees	(5,238)	-	-	-
Provision for interest expense	3,726	-	3,727	-
	50,598	26,742	55,782	26,742
(Increase) decrease in operating assets				
Accounts receivable	(39,655)	151	(38,984)	151
Inventories	9,976	(11,559)	(221,302)	(11,559)
Other current and noncurrent assets	(587)	(1,767)	(1,156)	(1,767)
(Increase) decrease in operating liabilities				
Trade payables	(2,395)	4,614	23,261	4,614
Liabilities towards third parties	(3,446)	12,221	168,030	12,221
Tax liabilities	1,698	1,501	2,161	1,501
Personnel/payroll obligations	510	332	527	332
Other accounts payable and customer advances	12,881	-	29,795	-
Net cash provided by operations	29,580	32,236	18,114	32,236
Cash flows from investment activities				
Short-term investments	(58,805)	-	(58,805)	-
Loans to related parties	(9,671)	(1,346)	1,095	(1,346)
Acquisition of property, plant and equipment	(2,250)	(14,097)	(2,250)	(14,097)
Net cash used in investment activities	(70,726)	(15,442)	(59,960)	(15,442)
Cash flows from financing activities				
Loans (proceeds less amortization/net)	56,556	23,012	60,873	23,012
Net payment of Capital	390	-	390	-
Dividends distributed	(19,038)	(27,333)	(19,038)	(27,333)
Net cash produced by (used in) financing activities	37,908	(4,321)	42,225	(4,321)
Net increase (decrease) in cash and cash equivalents	(3,240)	12,472	379	12,472
Increase in cash and cash equivalents				
Cash and cash equivalents at beginning of year	29,984	17,511	29,984	17,511
Cash and cash equivalents at end of year	26,744	29,984	30,363	29,984
Net increase (decrease) in cash and cash equivalents	(3,240)	12,472	379	12,472

See the accompanying notes to the quarterly financial information.

INVESTOR RELATIONS

IR Contacts:
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Cid Maciel Monteiro de Oliveira
CFO and Investor Relations Officer Email: cid@interconstrutora.com.br

RELATIONS WITH INDEPENDENT AUDITORS

In due accordance with CVM Directive 381/03 we hereby declare that in FY 2018 our independent auditors – KPMG Auditores Independentes - did not provide services other than those related to the independent audit. The Company's policy for procuring independent audit services ensures there is no conflict-of-interests or loss of independence or objectiveness.

ARBITRATION CLAUSE

Art. 45 of chapter VIII – arbitration tribunal, of the Company's bylaws states: The Company, its shareholders, managers and audit committee members undertake to settle through arbitration at the Market Arbitration Chamber any and all disputes or conflicts between them arising from, or in connection with, the application, validity, effectiveness, interpretation, violation or effects thereof of the provisions in Brazilian Corporation Law, the Company's By-Laws, regulations issued by the Brazilian Monetary Council, the Brazilian Central Bank and the Brazilian Securities Commission, and any other regulations applicable to the capital market in general, as well as those contained in the BOVESPA MAIS Regulations, the Arbitration Regulations, the Sanctions Regulations and Participation Agreement of BOVESPA MAIS.

NOTES

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

The financial information is stated in thousands of Reais (R$ thousand), except where stated otherwise. Forward-looking information in this document regarding business, projected operating and financial results and information related to INTER's prospects for growth are merely projections and, as such, are based solely on the executive board's future expectations for the business. These expectations substantially depend on the approvals and licenses necessary to ratify the projects, market conditions, the performance of the Brazilian economy, the sector and international markets, and are therefore subject to change without prior notice. This performance report includes non-accounting data such as operating and

financial data and projections based on Company Management's expectations. The Company's independent auditors have not reviewed the nonaccounting information such as launched VGV, MCMV program figures, inventory at market value, landbank, unappropriated ink, cash consumption and projections.

EXECUTIVE BOARD REPRESENTATION

Pursuant to CVM Directive 480, the Executive Board hereby represents it has discussed, reviewed and agreed with the opinions stated in the independent auditors' report on the financial statements for the financial year ended December 31, 2018.

GLOSSARY

Landbank - land held in the inventory, whose future VGV is estimated.

BOVESPA MAIS - A trading segment of B3, Bovespa Mais enables smaller funding operations than Novo Mercado, but sufficient to finance its growth project. Companies listed on Bovespa Mais tend to attract investors who see more accentuated development potential in the business. Share offerings can be targeted to select investors who tend to view return as a medium to long term matter. Bovespa Mais also allows listings without an offering, meaning you can list your company on the Exchange and have up to 7 years to hold the IPO. This is ideal for companies that wish to access the market gradually. You can work on the professionalization of your business with a view to the listing alone and afterwards have more time to hold the public offering. Detaching one moment from the other means access to the market tends to be easier and your company's preparedness higher.

Swap - Land purchasing system whereby the landowner receives as payment a number of units in the venture to be built on their land.

Launched VGV - General Sales Value of units launched in a given period. **Net Sales** - VGV deriving from all property sale contracts entered in a given period, including the sale of units launched in the period and the sale of units in inventory, net of cancellations and swaps.

Contracted Units - Units contracted with the financial institution.

Sales to offering (VSO) – sales in the period divided by inventory of the same period. EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

Finished Units - Units finished by the engineering department. Recorded after the works have finished.

Units Produced - Units produced by measurement of works progress, equivalent construction.

Transferred units - Number of clients (individuals) who have signed their financing contracts with a financial institution in the period.

INTER CONSTRUTORA E INCORPORADORA S/A.

Balance Sheets

December 31, 2018 and December 31, 2017

(In thousands of reais)

Asset	Note	Parent company 12/31/2018 Restated	Parent company 12/31/2017 Restated	Parent company 1/1/2017	Consolidated 12/31/2018 Restated	Consolidated 12/31/2017 Restated	Consolidated 1/1/2017
Current							
Cash and cash equivalents	5	26,744	29,984	17,511	30,363	29,984	17,511
Short-term investments (Securities)	5	54,805	-	-	54,805	-	-
Receivables for real estate development	6	37,679	3,718	5,005	38,469	3,718	5,005
Inventories	7	8,060	18,036	6,477	70,825	18,036	6,477
Other current assets		813	1,475	-	2,656	1,475	-
		128,101	53,212	28,993	197,118	53,212	28,993
Noncurrent							
Noncurrent assets:							
Inventories	7	-	-	-	168,513	-	-
Receivables for real estate development	6	5,694	-	-	4,233	-	-
Short-term investments (Securities)	5	4,000	-	-	4,000	-	-
Related parties (Loans)	8	11,017	1,346	-	251	1,346	-
Prepaid expenses		-	1,407	962	-	1,407	962
Judicial deposits		-	-	153	-	-	153
		20,711	2,753	1,115	176,997	2,753	1,115
Investment	9	7,922	19	19	19	19	19
Property, plant and equipment	10	21,056	18,806	5,023	21,056	18,806	5,023
Intangible assets		43	43	44	43	43	44
		29,021	18,869	5,085	21,118	18,869	5,085
Total assets		177,833	74,834	35,194	395,233	74,834	35,194

Liabilities	Note	Parent Company 12/31/2018 Restated	Parent Company 12/31/2017 Restated	Parent Company 1/1/2017	Consolidated 12/31/2018 Restated	Consolidated 12/31/2017 Restated	Consolidated 1/1/2017
Current							
Trade payables	11	6,114	5,821	3,895	31,770	5,821	3,895
Loans, financing and debentures	13	11,168	2,098	2,192	11,168	2,098	2,192
Payroll and labor obligations	14	1,648	1,138	806	1,665	1,138	806
Tax liabilities	15	3,654	1,956	455	4,117	1,956	455
Mandatory Dividends payable		12,663	-	-	12,663	-	-
Customer advances	16	12,881	-	-	29,795	-	-
Liabilities towards third parties	12	4,895	6,510	392	18,462	6,510	392
Provision for Guarantees	17	3,051	2,544	-	3,192	2,544	-
		56,074	20,066	7,740	112,832	20,066	7,740
Noncurrent							
Liabilities towards third parties	12	4,573	6,404	301	162,482	6,404	301
Trade accounts payable	11	-	2,688	-	-	2,688	-
Loans, financing and debentures	13	87,450	36,364	13,258	91,768	36,364	13,258
Provision for Guarantees	17	3,658	-	-	3,773	-	-
Provision for contingencies	17	963	2,165	1,524	963	2,165	1,524
Provision for devaluation of investments	9	1,643	-	-	-	-	-
Related Parties (Loans)	8	-	-	-	-	-	-
Customer Advances	16	-	-	-	-	-	-
		98,287	47,621	15,083	258,986	47,621	15,083
Total liabilities		**154,361**	**67,688**	**22,823**	**371,818**	**67,688**	**22,823**
Equity	18						
Capital		20,389	12,371	12,371	20,389	12,371	100
Revenue reserves		4,078	1,784	-	4,078	1,784	12,271
Accumulated losses		(995)	(7,009)	-	(995)	(7,009)	-
		23,472	7,146	12,371	23,472	7,146	12,371
Noncontrolling interests		-	-	-	(57)	-	-
Total equity		23,472	7,146	12,371	23,415	7,146	12,371
Total liabilities and equity		177,833	74,834	35,194	395,233	74,834	35,194

See the accompanying notes to the financial statements.

INTER CONSTRUTORA E INCORPORADORA S/A.

Statements of Income

Financial Years ended December 31, 2018 and 2017

(In thousands of reais, except for net income per share)

		Parent Company		Consolidated	
	Note	**2018 (Restated)**	**2017 (Restated)**	**2018 (Restated)**	**2017 (Restated)**
Net operating revenue	19	180,869	125,389	205,014	125,389
Cost of property sold	20	(111,266)	(82,627)	(125,888)	(82,627)
Gross profit		69,603	42,762	79,126	42,762
Operating income (expenses):					
Sales expenses	21	(6,863)	(8,150)	(9,169)	(8,150)
General and administrative expenses	22	(7,848)	(7,289)	(8,468)	(7,289)
Equity in income of subsidiaries		5,238	-	-	-
Other operating expenses, net	23	(940)	(738)	(1,049)	(738)
		(10,413)	(16,177)	(18,686)	(16,177)
Operating income before financial income/loss:		59,190	26,585	60,440	26,585
Net finance income:	24				
Financial revenue		2,380	1,041	2,538	1,041
Finance costs		(11,873)	(4,322)	(12,313)	(4,322)
		(9,493)	(3,280)	(9,775)	(3,280)
Income tax and social contribution					
Current		-	-	(539)	-
Deferred		(2,060)	(1,197)	(3,085)	(1,197)
	25	(2,060)	(1,197)	(3,624)	(1,197)
Net income for the year		47,637	22,108	47,041	22,108
Earnings per share		2.34	1.79	2.31	1.79
Net income attributable to:					
Company Shareholders				47,637	22,108
Non-controlling interests				(596)	-

See the accompanying notes to the financial statements.

INTER CONSTRUTORA E INCORPORADORA S/A.

Statements of Comprehensive Income

Financial Years ended December 31, 2018 and 2017

(In thousands of reais)

	Parent Company		Consolidated	
	2018	2017	2018	2017
	(Restated)	(Restated)	(Restated)	(Restated)
Net income for the period	47,637	22,108	47,041	22,108
Other components of comprehensive income	-	-	-	-
Total comprehensive income for the period	47,637	22,108	47,041	22,108

See the accompanying notes to the financial statements.

INTER CONSTRUTORA E INCORPORADORA S/A.

Statements of Changes in Equity

December 31, 2018 and 2017

(In thousands of reais)

	Parent Company					Consolidated	
		Revenue Reserves					
	Capital	**Legal Reserve**	**Revenue Reserves**	**Accumulated Losses**	**Total**	**Non-controlling interests**	**Total**
Balances at December 31, 2016	12,371	-		-	12,371	-	12,371
Net income for the period	-	-		22,108	22,108	-	22,108
Creation of the legal reserve	-	1,784		(1,784)	-	-	-
Dividends	-	-		(27,333)	(27,333)		(27,333)
Balances at December 31, 2017 (Restated)	12,371	1,784	-	(7,009)	7,146	-	7,146
Balances at December 31, 2017 (Restated)	12,371	1,784		(7,009)	7,146	-	7,146
Net income for the period	-	-		47,637	47,637	(57)	47,580
Capital increase	8,018	-		(7,628)	390	-	390
Dividends	-	-		(19,038)	(19,038)	-	(19,038)
Creation of the legal reserve	-	2,293		(2,293)	-	-	-
Mandatory dividends payable	-	-		(12,663)	(12,663)	-	(12,663)
Balances at December 31, 2018 (Restated)	20,389	4,077	-	(994)	23,472	(57)	23,415

See the accompanying notes to the financial statements.

INTER CONSTRUTORA E INCORPORADORA S/A.

Statements of Cash Flows

Financial Years ended December 31, 2018 and 2017

(In thousands of reais)

	Parent Company		Consolidated	
	2018	2017	2018	2017
Cash flows from operating activities:	Restated	Restated	Restated	Restated
Net income for the year	47,637	22,108	21,754	22,108
Adjustments:				
Depreciation	213	313	313	313
Provision for credit risk	1,297	1,137	1,482	1,137
Provision for/reversal of contingencies	(1,202)	640	(1,202)	640
Provision for warranties	4,165	2,544	4,421	2,544
Share of profit (loss) of equity-accounted investees	(5,238)	-	-	-
Provision for interest expense	3,726	-	3,727	-
	50,598	26,742	30,495	26,742
(Increase) decrease in operating assets				
Trade and other receivables	(39,655)	151	(38,984)	151
Inventories	9,976	(11,559)	(221,302)	(11,559)
Other current and noncurrent assets	(587)	(1,767)	(1,156)	(1,767)
(Increase) decrease in operating liabilities				
Trade accounts payable	(2,395)	4,614	23,261	4,614
Liabilities towards third parties	(3,446)	12,221	168,030	12,221
Tax liabilities	1,698	1,501	2,161	1,501
Personnel/payroll obligations	510	332	527	332
Other accounts payable and customer advances	12,881	-	29,795	-
Net cash provided by operations	29,580	32,236	(7,173)	32,236
Cash flows from investment activities				
Short-term investments	(58,805)	-	(58,805)	-
Loans to related parties	(9,671)	(1,346)	1,095	(1,346)
Acquisition of property, plant and equipment	(2,250)	(14,097)	(2,250)	(14,097)
Net cash used in investment activities	(70,726)	(15,442)	(59,960)	(15,442)
Cash flows from financing activities				
Loans (proceeds less amortization/net)	56,556	23,012	60,873	23,012
Net payment of Capital	390	-	390	-
Dividends distributed	(19,038)	(27,333)	(19,038)	(27,333)
Net cash produced by (used in) financing activities	37,908	(4,321)	42,225	(4,321)
Net increase (decrease) in cash and cash equivalents	(3,239)	12,472	(24,908)	12,472
Increase in cash and cash equivalents				
Cash and cash equivalents at beginning of year	29,984	17,511	29,984	17,511
Cash and cash equivalents at end of year	26,744	29,984	30,363	29,984
Net increase (decrease) in cash and cash equivalents	(3,240)	12,472	379	12,472

See the accompanying notes to the financial statements.

INTER CONSTRUTORA E INCORPORADORA S/A.

Statements of Value Added

December 31, 2018 and 2017

(In thousands of reais)

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Revenue:	Restated	Restated	Restated	Restated
Sales of merchandise, goods and services	180,869	125,389	205,014	125,389
Inputs acquired from third parties	(122,211)	(97,160)	(139,685)	(97,160)
Production and selling costs	(111,266)	(82,627)	(125,888)	(82,627)
Materials, energy, third-party services and others	(10,945)	(14,533)	(13,797)	(14,533)
Gross added value	58,658	28,229	65,329	28,229
Depreciation, amortization and depletion	(654)	(331)	(654)	(331)
Net added value produced by the Entity	58,004	27,898	64,675	27,898
Transferred added value:				
Financial revenue	2,380	1,041	2,538	1,041
Equity in income of subsidiaries and associated companies	5,238	-	-	-
Total value added to distribute	65,622	28,940	67,213	28,940
Distribution of added value:				
Administrative personnel	(3,112)	(575)	(3,186)	(575)
Taxes, charges and contributions	(3,000)	(1,935)	(4,134)	(1,935)
Finance costs	(11,873)	(4,322)	(12,313)	(4,322)
Dividends	(31,701)	(27,333)	(31,701)	(27,333)
Retained earnings	(8,308)	5,225	(8,251)	5,225
Capital Increase	(7,628)	-	(7,628)	-
	(65,622)	(28,940)	(67,213)	(28,940)

See the accompanying notes to the financial statements.

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

INTER CONSTRUTORA E INCORPORADORA S.A

INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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29 anos

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

INTER CONSTRUTORA E INCORPORADORA S.A

Individual and Consolidated Financial Statements

December 31, 2018 and 2017

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RELATIONS WITH INDEPENDENT AUDITORS

In due accordance with CVM Directive 381/03 we hereby declare that our independent auditors – BKR-Lopes Machado Auditores - did not provide services other than those related to the independent audit in FY 2018. The Company's policy for procuring independent audit services ensures there is no conflict-of-interests or loss of independence or objectiveness.

Executive Board

OFFICERS' REPRESENTATION ABOUT THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions and Representations/Representation of the Officers about the Individual and Consolidated Financial Statements

Pursuant to Art. 25 (VI) of CVM Directive 480, issued December 7, 2009, we hereby represent that as Officers of Inter Construtora e Incorporadora S.A. we have reviewed, discussed and agree with the information set out in the individual and consolidated financial statements of Inter Construtora e Incorporadora S.A. for the financial years ended December 31, 2018 and 2017. We remain at your entire disposal should you require any further information.

Juiz de Fora, 12/12/2019

Executive Board

OFFICERS’ REPRESENTATION ABOUT THE INDEPENDENT AUDITORS' REPORT

Pursuant to article 25 (V) of CVM Directive 480 issued December 7, 2009, the Officers of Inter Construtora e Incorporadora S.A, a company having its registered office at the address Rua Ataliba de Barros, nº 182 sala 1504, corporate taxpayer number (CNPJ) 09.611.768/0001-76, hereby represent that they have reviewed, discussed and agree with the opinion expressed by BKR-Lopes Machado Auditores, in the Independent auditors’ review report on the individual and consolidated financial statements for the financial year ended December 31, 2018, issued on December 12, 2019.

Juiz de Fora, December 12, 2019

Executive Board

INDEPENDENT AUDITORS' REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To
Shareholders and Directors of
Inter Construtora e Incorporadora S.A
Juiz de Fora – MG

Opinion

We have audited the individual and consolidated financial statements of the company Inter Construtora e Incorporadora S.A. ("Company"), identified as parent company and consolidated respectively, which comprise the statement of financial position as at December 31, 2018 and the related statements of income, the comprehensive statements of income, the statement of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as of December 31, 2018, and the individual and consolidated performance of its operations and individual and consolidated cash flows for the financial year then ended, in conformity with accounting practices adopted in Brazil, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and international auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements set out in the Professional Code of Ethics for Accountants and the Professional Standards issued by the Federal Accounting Council, and we have fulfilled our 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 audit opinion.

Emphasis of matter paragraph - Re-presentation of the financial statements

On July 10, 2019 and January 19, 2018 we issued unmodified audit reports on the individual and consolidated financial statements of Inter Construtora e Incorporadora S.A. for the financial years ended December 31, 2018 and 2017 respectively, which are now being restated. As described in Note 2.1, these financial statements have been altered and are being restated to reflect the corrected errors described in said note. Our opinion therefore reflects these changes and replaces previous opinions. Our opinion does not make a modification regarding this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each subject below, a description of how our audit has addressed the matter, including any comments on the results of our procedures, is presented in the context of the overall financial statements, taken as a whole.

Recording real estate development revenue, costs and expenses

As mentioned in note 2.6, the Company record real estate development revenue, costs and expenses during the progress of the works in accordance with the guidelines established by Official Circular CVM/SNC/SEP/nº 2/2018 issued December 12, 2018. Following the enactment of CPC Technical Pronouncement 47 (IFRS 15), approved by CVM Resolution 762/2016 applicable to financial years beginning on or after January 01, 2018, recognizing revenue from contracts with customers now has a new normative framework based on the transfer of the control over the promised product or service, which may take place at a point in time or over time, as/when the contractual performance obligations are delivered.

After an internal evaluation based on said Official Circular CVM/SNC/SEP/nº 2/2018, the Company began recognizing revenue at a point in time maintaining the POC (*Percentual of Completion*) revenue recognition in line with the Company's management and business model and fully integrated with the economic environment and legal and factual context of the jurisdiction in which the Entity operates.

Sales revenue is appropriated to profit and loss as the construction progresses, because the contractual performance obligations occurs on a continual basis. This method uses the ratio of the costs incurred in relation to the total budgeted cost of the respective ventures and revenue is determined by multiplying this percentage by the sales ordered. The costs of land and construction inherent to the respective developments of the units sold are appropriated to profit or loss when incurred.

Our audit considered this to be a key audit matter as the revenue recognition process involves management judgment when determining the control environment used, budget and periodical review. The individual and consolidated balances of net operating revenue recognized for FY 2018 were R$ 180,869 and R$ 205,014, respectively, and are therefore material for the individual and consolidated financial statements.

Our audit procedures in this area included, among others: (a) assessing the accuracy and completeness of the information used in the Company's calculations; (b) document tests on sales and costs incurred, (c) independent confirmation, by sampling, to confirm the sale of the property unit to clients and (d) reviewing the adequacy of the disclosures included in Note 2.6 to the individual and consolidated financial statements.

Provision for tax, civil and labor risks

The Company is party to tax, labor, and civil judicial and administrative proceedings, as disclosed in note 16 to the individual and consolidated financial statements. This is a key audit matter due to the potential risk posed by certain cases. Assessing these cases also requires significant judgment by Management, supported by its legal advisers, especially regarding the classification of these cases as a contingent liability or a provision.

Our audit procedures in this area included, among others: (a) obtaining and reading correspondence from the Company's legal advisers, (b) examining minutes from Board meetings and (c) analyzing the disclosures made in the notes to the individual and consolidated financial statements.

Other matters

Statements of added value

The individual and consolidated statements of added value (DVA) for the financial year ended December 31, 2018, which are the responsibility of Company Management and are presented as supplementary information under IFRS, were subject to audit procedures conducted in conjunction with the audit of the Company's financial statements. To form our opinion we evaluated whether the statements have been reconciled against the financial statements and accounting records, as applicable, and whether their form and content comply with the criteria set out in CPC Technical Pronouncement 09 - Statements of Added Value. In our opinion, these statements of added value have been adequately prepared, in all material respects, in accordance with this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

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

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Brazilian auditing standards and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian auditing standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine 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 auditors' 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.

Rio de Janeiro, December 12, 2019

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

Mário Vieira Lopes
Accountant - CRC- RJ - 060.611/O-0

INTER CONSTRUTORA E INCORPORADORA S.A

Notes to the Financial Statements

December 31, 2018 and 2017

(In thousands of reais, unless stated otherwise)

Convenience Translation into English from the Original Previously Issued in Portuguese

1 - Operations

Inter Construtora e Incorporadora S.A. ("Company") and its subsidiaries ("Group") are engaged in the development of residential or other real estate ventures, providing the financial, technical and material resources required for execution and subsequent sale, in addition to constructing buildings of any nature.

The Company is a privately held company having its registered office at the address Rua Ataliba de Barros, 182, São Mateus, Juiz de Fora, Minas Gerais State, listed in the Bovespa Mais segment of B3 S.A., and trading under the symbol INNT3.

2 - Significant accounting policies

Company management approved these financial statements on December 12, 2019.

The main accounting policies used to prepare these financial statements are as described below. These policies were consistently applied to all the years presented, unless stipulated otherwise.

2.1 Restated financial statements

The individual and consolidated financial statements for the financial years ended December 31, 2018 and 2017, issued on July 10, 2019 (1st re-presentation) and January 19, 2018, respectively, are being restated in accordance with CPC 23 – Accounting Policies, Changing Estimates and Rectifying Errors (IAS 8) e CPC 26 (R1) - Presentation of Financial Statements. (IAS 1) to improve the presentation thereof. We have also included the adjustments to the opening balances at January 01, 2017.

The effects of the adjustments and reclassifications are shown below:

.2.

INTER CONSTRUTORA E INCORPORADORA S.A

Notes to the Financial Statements

Balance Sheets

December 31, 2018 and December 31, 2017

(In thousands of reais)

	Previously presented					
	Parent Company		**Adjustments**	**Adjustments**	**Parent Company**	
Asset	**12/31/2018**	**12/31/2017**	**2018**	**2017**	**12/31/2018**	**12/31/2017**
					Restated	Restated
Current						
Cash and cash equivalents	26,744	29,984	-	-	26,744	29,984
Short-term investments (Securities)	54,805		-	-	54,805	-
Receivables for real estate development	40,159	13,255	(2,480)	(9,537)	37,679	3,718
Inventories	29,137	18,976	(21,077)	(940)	8,060	18,036
Other current assets	2,518	1,475	(1,705)	-	813	1,475
	153,364	63,689	(25,263)	(10,477)	128,101	53,212
Noncurrent						
Noncurrent assets:						
Inventories			-	-	-	-
Receivables for real estate development	-	-	5,694	-	5,694	-
Short-term investments (Securities)	4,000	-	-	-	4,000	-
Related parties (Loans)	11,017	1,346	-	-	11,017	1,346
Prepaid expenses	580	948	(580)	459	-	1,407
Judicial deposits	-	834	-	(834)	-	-
	15,597	3,128	5,114	(375)	20,711	2,753
Investment	5,017	19	2,905	-	7,922	19
Property, plant and equipment	18,345	18,168	2,711	638	21,056	18,806
Intangible assets	43	43	-	-	43	43
	23,405	18,231	5,616	638	29,021	18,869
Total assets	192,366	85,048	(14,533)	(10,214)	177,833	74,834

	Previously presented					
	Parent Company		**Adjustments**	**Adjustments**	**Parent Company**	
Liabilities	**12/31/2018**	**12/31/2017**	**2018**	**2017**	**12/31/2018**	**12/31/2017**
					Restated	Restated
Current						
Trade payables	20,396	5,821	(14,282)	-	6,114	5,821
Loans, financing and debentures	2,942	2,098	8,226	-	11,168	2,098
Payroll and labor obligations	1,647	1,139	1	(1)	1,648	1,138
Tax liabilities	1,137	760	2,517	1,196	3,654	1,956
Mandatory Dividends payable	12,663	-	-	-	12,663	-
Customer advances	-	-	12,881	-	12,881	-
Liabilities towards third parties	178	241	4,717	6,269	4,895	6,510
Provision for Guarantees	-	-	3,051	2,544	3,051	2,544
	38,962	10,058	17,112	10,008	56,074	20,066
Noncurrent						
Liabilities towards third parties	-	135	4,573	6,269	4,573	6,404
Trade accounts payable	7,540	15,226	(7,540)	(12,538)	-	2,688
Loans, financing and debentures	91,518	36,738	(4,068)	(374)	87,450	36,364
Provision for Guarantees	3,864	-	(206)	-	3,658	-
Provision for contingencies	963	2,165	-	-	963	2,165
Provision for devaluation of investments	-	-	1,643	-	1,643	-
Related Parties (Loans)	-	-	-	-	-	-
Customer Advances	-	-	-	-	-	-
	103,885	54,264	(5,598)	(6,643)	98,287	47,621
Total liabilities	**142,847**	**64,322**	**11,514**	**3,365**	**154,361**	**67,688**
Equity						
Capital	20,389	12,371	-	-	20,389	12,371
Revenue reserves	29,130	8,354	(28,405)	(6,570)	725	1,784
Accumulated losses	-	-	2,358	(7,009)	2,358	(7,009)
	49,520	20,725	(26,047)	(13,579)	23,471	7,146
Total equity	49,520	20,725	(26,047)	(13,579)	23,471	7,146
Total liabilities and equity	192,366	85,048	(14,533)	(10,214)	177,833	74,834

.3.

INTER CONSTRUTORA E INCORPORADORA S.A

Notes to the Financial Statements

Balance Sheets

December 31, 2018 and December 31, 2017

(In thousands of reais)

	Previously presented					
	Consolidated		Adjustments	Adjustments	Consolidated	
Asset	**12/31/2018**	**12/31/2017**	**2018**	**2017**	**12/31/2018**	**12/31/2017**
					Restated	Restated
Current						
Cash and cash equivalents	30,363	29,984	-	-	30,363	29,984
Short-term investments (Securities)	54,805		-	-	54,805	-
Receivables for real estate development	40,159	13,255	(1,690)	(9,537)	38,469	3,718
Inventories	61,602	18,976	9,223	(940)	70,825	18,036
Other current assets	3,596	1,475	(940)	-	2,656	1,475
	190,526	63,689	6,592	(10,477)	197,118	53,212
Noncurrent						
Noncurrent assets:						
Inventories	-	-	168,513	-	168,513	-
Receivables for real estate development	-	-	4,233	-	4,233	-
Short-term investments (Securities)	4,000		-	-	4,000	-
Related parties (Loans)	2,106	1,346	(1,855)	-	251	1,346
Prepaid expenses	1,113	948	(1,113)	459		1,407
Judicial deposits		834	-	(834)	-	
	7,219	3,128	169,778	(375)	176,997	2,753
Investment	19	19	-	-	19	19
Property, plant and equipment	18,345	18,168	2,711	638	21,056	18,806
Intangible assets	43	43	-	-	43	43
	18,407	18,231	2,711	638	21,118	18,869
Total assets	216,152	85,048	179,081	(10,214)	395,233	74,834

	Previously presented					
	Consolidated		Adjustments	Adjustments	Consolidated	
Liabilities	**12/31/2018**	**12/31/2017**	**2018**	**2017**	**12/31/2018**	**12/31/2017**
					Restated	Restated
Current						
Trade payables	27,628	5,821	4,142	-	31,770	5,821
Loans, financing and debentures	2,942	2,098	8,226	-	11,168	2,098
Payroll and labor obligations	1,663	1,139	2	(1)	1,665	1,138
Tax liabilities	1,701	760	2,416	1,196	4,117	1,956
Mandatory Dividends payable	12,663	-	-	-	12,663	-
Customer advances	8,293	-	21,502	-	29,795	-
Liabilities towards third parties	3,474	241	14,988	6,269	18,462	6,510
Provision for Guarantees	-	-	3,192	2,544	3,192	2,544
	58,364	10,058	54,468	10,008	112,832	20,066
Noncurrent						
Liabilities towards third parties	-	135	162,482	6,269	162,482	6,404
Trade payables	7,540	15,226	(7,540)	(12,538)	-	2,688
Loans, financing and debentures	95,850	36,738	(4,082)	(374)	91,768	36,364
Provision for Guarantees	3,864	-	(91)	-	3,773	-
Provision for contingencies	963	2,165	-	-	963	2,165
Customer Advances	-	-	-	-		-
	108,217	54,264	150,769	(6,643)	258,986	47,621
Total liabilities	**166,581**	**64,322**	**205,237**	**3,365**	**371,818**	**67,688**
Equity						
Capital	20,389	12,371	-	-	20,389	12,371
Revenue reserves	29,130	8,354	(28,405)	(6,570)	725	1,784
Accumulated losses	-	-	2,358	(7,009)	2,358	(7,009)
	49,520	20,725	(26,047)	(13,579)	23,472	7,146
Noncontrolling interests	52	-	(109)	-	(57)	-
Total equity	49,572	20,725	(26,156)	(13,579)	23,415	7,146
Total liabilities and equity	216,152	85,048	179,081	(10,214)	395,233	74,834

INTER CONSTRUTORA E INCORPORADORA S.A

Notes to the Financial Statements

Statements of Income

Financial Years ended December 31, 2018 and 2017

(In thousands of reais, except for net income per share)

	Previously presented					
	Parent Company				Parent Company	
	2018	2017	Adjustments 2018	Adjustments 2017	2018 (Restated)	2017 (Restated)
Net operating revenue	172,528	134,926	8,341	(9,537)	180,869	125,389
Cost of property sold	(80,601)	(79,144)	(30,665)	(3,483)	(111,266)	(82,627)
Gross profit	91,926	55,782	(22,323)	(13,020)	69,603	42,762
Operating income (expenses):						
Sales expenses	(9,831)	(8,150)	2,968	-	(6,863)	(8,150)
General and administrative expenses	(16,795)	(7,927)	8,947	638	(7,848)	(7,289)
Equity in income of subsidiaries	4,699	-	539	-	5,238	-
Other operating expenses, net	(2,416)	(738)	1,476	-	(940)	(738)
	(24,343)	(16,815)	13,930	638	(10,413)	(16,177)
Operating income before financial income/loss:	67,583	38,967	(8,393)	(12,382)	59,190	26,585
Net finance income:						
Financial revenue	2,380	10,415	-	(9,373)	2,380	1,041
Finance costs	(9,858)	(4,322)	(2,015)	-	(11,873)	(4,322)
	(7,478)	6,093	(2,015)	(9,373)	(9,493)	(3,280)
Income tax and social contribution						
Current	-	-	-	-	-	-
Deferred	-	-	(2,060)	(1,197)	(2,060)	(1,197)
	-	-	(2,060)	(1,197)	(2,060)	(1,197)
Net income for the year	60,106	45,060	(12,468)	(22,952)	47,637	22,108

INTER CONSTRUTORA E INCORPORADORA S.A

Notes to the Financial Statements

Statements of Income

Financial Years ended December 31, 2018 and 2017

(In thousands of reais, except for net income per share)

	Previously presented					
	Consolidated				Consolidated	
	2018	2017	Adjustments 2018	Adjustments 2017	2018 (Restated)	2017 (Restated)
Net operating revenue	194,654	134,926	10,360	(9,537)	205,014	125,389
Cost of property sold	(93,442)	(79,144)	(32,446)	(3,483)	(125,888)	(82,627)
Gross profit	101,212	55,782	(22,086)	(13,020)	79,126	42,762
Operating income (expenses):						
Sales expenses	(13,061)	(8,150)	3,892	-	(9,169)	(8,150)
General and administrative expenses	(17,439)	(7,927)	8,971	638	(8,468)	(7,289)
Equity in income of subsidiaries	-	-	-	-	-	-
Other operating expenses, net	(2,853)	(738)	1,804	-	(1,049)	(738)
	(33,352)	(16,815)	14,666	638	(18,686)	(16,177)
Operating income before financial income/loss:	67,859	38,967	(7,419)	(12,382)	60,440	26,585
Net finance income:						
Financial revenue	2,539	1,041	(1)	-	2,538	1,041
Finance costs	(10,209)	(4,322)	(2,104)	-	(12,313)	(4,322)
	(7,671)	(3,280)	(2,104)	-	(9,775)	(3,280)
Income tax and social contribution						
Current	-	-	(539)	-	(539)	-
Deferred	-	-	(3,085)	(1,197)	(3,085)	(1,197)
	-	-	(3,624)	(1,197)	(3,624)	(1,197)
Net income for the year	60,189	35,687	(13,148)	(13,579)	47,041	22,108

2.2. Statement of Compliance

The individual and consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the CPC, ratified by the CVM, and international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable to real estate development entries in Brazil, including Official Circular CVM/SNC/SEP n° 02/2018 applicable to Brazilian real estate development entities, as regards the recognition of revenue from unfinished property unit purchase and sale agreements in listed Brazilian companies in the real estate development sector.

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

Note that all relevant information characteristic of financial statements, and only that information, is being presented and is that used by management to run the Company.

2.3. Basis of preparation

The financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil that apply to real estate development and construction entities, as approved by the CPC (Accounting Pronouncements Committee), the CVM (Brazilian Securities Commission) and CFC (Federal Accounting Council), and all the pronouncements issued by the CPC. These standards include the application of Official Circular CVM/SNC/SEP n° 02/2018 applicable to Brazilian real estate development entities, as regards the recognition of revenue from unfinished property unit purchase and sale agreements in listed Brazilian companies in the real estate development sector, resulting from real estate development operations in the course of the works (percentage of completion method - POC) consisting of the CPC pronouncements approved by the CFC.

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

2.3.1 New standards or revised standards applied for the first time in 2018

The standards and interpretations issued, in force or not yet in force are as follows:

IFRS	CPC	Pronouncement	Effective date
IFRS 15	CPC 47	Revenue from contracts with customers	From 1/1/2018
IFRS 9	CPC 48	Financial Instruments	From 1/1/2018
IFRS 16	CPC 06 (R2)	Leases	From 1/1/2019

<u>CPC 47 (IFRS 15)</u>

The CPC issued “CPC 47 - Revenue from Contracts with Customers” (IFRS 15) in November 2016. This pronouncement establishes new criteria for matters related to revenue, including the identification of a performance obligation and that revenue should be recognized when control over an asset or service is transferred. An entity assesses the performance of certain criteria established in this pronouncement in order to determine whether the revenue recognition should occur at a specific moment in time or over time, when the entity performs the performance obligations. We firstly discussed the accounting treatment of said standard for the economic and legal context of Brazil’s real estate development sector.

Given the consensus reached in the securities market around the application of CPC Technical Pronouncement 47 (IFRS 15) for recognizing revenue from real estate development, on December 12, 2018 the CVM's Collegiate Board issued Official Circular CVM/SNC/SEP/nº 12/2018 regarding the recognition of revenue from unfinished property unit purchase and sale agreements in listed Brazilian companies in the real estate development sector, to be followed when preparing Financial Statements for the financial year ended 12/31/2018.

After an internal evaluation based on said Official Circular, the Company began recognizing revenue at a point in time maintaining the POC (*Percentual of Completion*) revenue recognition in line with the Company’s management and business model and fully integrated with the economic environment and legal and factual context of the jurisdiction in which the Entity operates.

CPC 48 (IFRS 19)

CPC 48 retains a large part of the existing requirements of CPC 38 / IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the former categories of CPC 38 / IAS 39 for financial assets: held to maturity, loans and receivables and available for sale. The adoption of CPC 48 did not have a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

CPC 06 R2 (IFRS 16)

CPC 06 R2 (IFRS 16) introduces an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As regards the nature of expenses related to those leases, IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

The Company completed its initial assessment and based on its current operations began recognizing new assets and liabilities for its operating leases for its main head offices, regional branches and commercial stores. The Company does not expect a material impact on its financial statements following initial adoption, based on its initial assessment, and does not expect any impact on its capacity to perform existing covenants.

2.4. Basis of measurement

The financial statements have been prepared based on the historic cost as a base value, or fair value, when applicable.

2.5. Functional and presentation currency

These financial statements are presented in Reais, which is the Company's functional currency. All financial information is presented in Reais, except where specified otherwise.

2.6. Recognition of revenue from property sales

The practices adopted to calculate and appropriate net income and record the amounts in the revenue recognition accounts for property sales revenue comply with the procedures and guidelines established by the Accounting Pronouncements Committee (CPC), especially Official Circular CVM/SNC/SEP/nº2/2018, for recognizing revenue from unfinished property unit purchase and sale agreements in listed Brazilian companies in the real estate development sector, to be followed when preparing the Financial Statements for the financial year ended 12/31/2018. After an internal evaluation based on said Official Circular, the Company began recognizing revenue at a point in time maintaining the POC (*Percentual of Completion*) revenue recognition in line with the Company's management and business model and fully integrated with the economic environment and legal and factual context of the jurisdiction in which the Entity operates.

Sales revenue is appropriated to profit and loss as the construction progresses, because the contractual performance obligations occurs on a continual basis. The percentage of completion method (POC) is therefore adopted for each venture. The POC method uses the ratio of the costs incurred in relation to the total budgeted cost of the respective ventures and revenue is determined by multiplying this percentage (POC) by the sales ordered.

2.7. Cash and cash equivalents

These include cash, checking account balances, short-term investments with immediate liquidity and an insignificant risk of impairment, held for the purpose of meeting the Company's short-term cash commitments rather than for investment or other purposes. At December 31, 2018 and 2017, parts of the short-term investments were classified as cash and cash equivalents as they mature in the short-term; three months or less from the acquisition date.

2.8. Receivables for real estate development

Substantially consists of the receivable balances under the contract selling properties to individuals, which are financed by financial institutions under the Minha Casa Minha Vida government housing program. At December 31, 2018 and 2017 the Company made a provision for credit risk based on current accounting practices.

2.9. Inventories

The inventory of units under construction and the landbank are stated at incurred cost, which does not exceed market value. The landbank in the case of exchange is valued by the sale value of the exchanged land and, in exceptional circumstances, the sale value of the exchanged units. The effective cost of building swapped units is diluted into the other units.

The inventory of material has been appraised by the lower value of the average cost of purchases and the net realization amounts.

2.10. Recoverable taxes

This account is used to record taxes withheld and prepaid in accordance with the existing legislation. These taxes will be recovered by offsetting against taxes due. The amounts are recorded at their face value, and restatement is only recognized upon effective compensation. There were no balances of recoverable taxes as of December 31, 2018 and 2017.

2.11. Property, plant and equipment

Primarily consists of plant and equipment used in civil construction contracts, properties (commercial offices) in addition to aircraft providing logistical support to the Company’s real estate ventures.

Property, plant and equipment are stated at historical cost less accumulated depreciation. The historical cost includes expenses directly attributable to buy the assets and includes financing costs related to the acquisition of qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable they will produce future economic benefits and the cost of the item can be reliably measured. The amounts denoting replaced items are written off and other maintenance costs are appropriated to profit and loss for the year, when incurred.

Depreciation is calculated by the straight-line basis in order to allocate costs to the residual values over the items’ useful economic life.

The assets' residual values and useful lives are reviewed, and adjusted, if necessary, at the end of each reporting period.

2.12. Intangible assets

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

2.13. Loans and borrowings

Loans and borrowings:

Loans and financing are initially measured at fair value net of the costs incurred at the transaction date, and are subsequently valued at amortized cost. Differences between the proceeds secured and the settlement value is recognized in the statement of income over the period of the loans and borrowings using the effective interest rate method.

Loans and financing are classified as current liabilities, unless settlement thereof is deferred for more than 12 months after the reporting date, in which case they are classified as non-current liabilities.

Debentures:

In April 2018 the Company issued nonconvertible debentures (1st issuance) secured by in rem guarantees for the total of R$ 45,000,000.00 (forty-five million reais). The debentures were issued to acquire new plots of land that will propel the Company's operations in the years ahead.

In October 2018 the Company issued nonconvertible debentures (2nd issuance) secured by in rem guarantees for the total R$ 20,000,000.00 (twenty million reais). The debentures were issued to fund the development of new real estate ventures by the Company in the years ahead.

2.14. Provision for vacations

The provision is made in full for the overdue part and proportionally for the outstanding part, including the respective charges up to the reporting date.

2.15. Other current and noncurrent liabilities

Stated at the known amounts or estimated, plus, when applicable, the corresponding charges – and monetary variance and charges incurred up to the reporting date.

2.16. Provisions

A provision is recognized when the Company has a legal or unofficial obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation, which can be reliably estimated.

Provisions for civil, tax and labor risks are restated by the estimated amount of probable losses, subject to the nature of each provision. Based on the opinion of its legal advisers, management believes the provisions made are sufficient to cover any losses resulting from the proceedings in progress. Provisions are carried at the present value of the expenses necessary to settle the obligation, at a before tax rate, which reflects the current market valuations of the money's value and specific risks inherent to the obligation. Any increase in the obligation over the course of time is recognized as a expense.

2.17. Taxation

The Company is subject to the special taxation arrangement (RET) explained below:

- Special taxation arrangement (RET) – As permitted by Law 12024 (August 27, 2009), which amended Law 10931/2004, that introduced the RET, we opted to adopt this for reserve equity and to adopt the RET. For this purpose, the consolidated IRPJ and CSLL charge, the contribution for social security financing - COFINS and social integration program - PIS is calculated at the overall rate of 4% of gross revenue received, with 1.92% for IRPJ and CSLL and 2.08% for PIS and COFINS.

2.18. Asset impairment testing

Management reviews the net carrying amount of assets annually in order to evaluate events or changes in economic, operating or technological circumstances that could indicate impairment or loss of their recoverable value. When such evidence is identified and the net carrying amount exceeds the recoverable value, a provision for impairment is made and the net carrying amount adjusted to the recoverable amount. It was not necessary to record impairment losses in 2018 and 2017, as these tests did not evidence impairment.

2.19. Financial instruments

Financial assets and liabilities are recognized when the Company is party to the contractual provisions of the agreement, and are initially measured at fair value.

Financial assets and liabilities are offset and reported net in the statement of financial position if, and only if, there is currently a legally enforceable right to set off the recognized amounts, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.20. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to the Company's shareholders.

3 - Significant accounting judgments, estimates and assumptions

3.1. Judgments

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, as well as disclosures of contingent liabilities as of the financial reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.2. Estimates and assumptions

Critical assumptions regarding sources of uncertainty in future estimates and other major sources of estimation uncertainty as at the reporting date, involving a risk that a material adjustment to the carrying amount of assets and liabilities may be required in the next financial year are discussed below:

a) Recognition of revenue and the margin on property sale contracts and provisions for contracts when the review of the estimated earnings from the contracts shows that the total contractual costs exceed total contractual revenue, the expected loss is immediately recognized as an expense in profit or loss for the year. The estimated result of real estate units sold is reviewed monthly during the execution of the ventures and denotes the best estimate of the future economic rewards from the contract in addition to the associated risks and obligations.

b) Provisions for tax, civil and labor risks - The Company recognizes a provision for tax, civil and labor proceedings. The chance of defeat is rated according to the evidence available, the hierarchy of law, available case law, recent court decisions and their relevance in the legal framework, in addition to independent legal advisors' opinions. Provisions are reviewed and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, the conclusions from tax audits or additional exposure identified as a result of new issues or court decisions.

4 - Ventures in Progress

The Company builds and develops real estate units to provide services related to its core activity. The Company had the following ventures as of December 31, 2018:

Venture	Location	Interest
Residencial Park Marilândia	Rua Otília de Souza Leal, lote 27B – Nova Califórnia – Juiz de Fora/MG	100%
Unique Fontes Ville	Estrada Fazenda Villaca – Francisco Bernardino – Juiz de Fora/MG	100%
Residencial Minha Casa Minha Vida Park Jardim Norte	Av. Garcia Rodrigues Paes – Barbosa Lage – Juiz de Fora/MG	100%
Unique Marilândia	Rua das Esmeraldas, s/n – Marilândia – Juiz de Fora/MG	100%
Residencial Park Nova Califórnia	Rua Florianópolis,484 – Parque Jardim da Serra – Juiz de Fora/MG	100%
Residencial Park Quinet	Rua Doutor José Eutrópio s/n – Santa Terezinha – Juiz de Fora/MG	100%

5 - Cash and Cash Equivalents and Short-term Investments

a) Cash and cash equivalents:

Description	Parent Company 12/31/2018	Parent Company 12/31/2017	Consolidated 12/31/2018	Consolidated 12/31/2017
Cash and banks - checking account	15,984	14,092	18,942	14,092
	15,984	14,092	18,942	14,092
Short-term investments:				
Unrestricted	10,760	15,892	11,421	15,892
	10,760	15,892	11,421	15,892
	26,744	29,984	30,363	29,984

Company management classifies short-term investments as "Cash and cash equivalents" as they are considered to be financial assets that can be immediately redeemed and are subject to an insignificant risk of impairment. Short-term investments yield an average 90% to 102% of the Interbank Deposit Certificate - CDI in 2018 and 2017.

b) Short-term investments (Securities):

Description	Parent Company 12/31/2018	Parent Company 12/31/2017	Consolidated 12/31/2018	Consolidated 12/31/2017
Short-term investments (Securities) - current assets	54,805	-	54,805	-
	54,805	-	54,805	-
Short-term investments (Securities) - noncurrent assets	4,000	-	4,000	-
	4,000	-	4,000	-

Short-term investments (securities) denote funds secured for the specific purpose of acquiring land. Long-term financial investments are funds used to secure loans, borrowings and debentures. Short-term investments (Securities) yield 100% of the Interbank Deposit Certificate - CDI rate (100% of the Interbank Deposit Certificate rate – CDI at December 31, 2018)

6 - Receivables for Real Estate Development

Consists of receivables for property units primarily financed by financial institutions (under the Minha Casa Minha Vida popular housing program) and a small part financed directly by the acquiring borrower. Calculated based on the "POC" percentage of completion method for each venture, for all reported periods.

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Receivables for real estate development	45,807	4,855	45,321	4,855
Provision for credit risk	(2,434)	(1,137)	(2,619)	(1,137)
	43,373	3,718	42,702	3,718
Current	37,679	3,718	38,469	3,718
Noncurrent	5,694	-	4,233	-

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

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Opening balance	(1,137)	-	(1,137)	-
Creation	(1,297)	(1,137)	(1,482)	(1,137)
Closing balance	(2,434)	(1,137)	(2,619)	(1,137)

An aging list of receivables follows:

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Neither past due nor impaired	38,505	4,081	37,464	4,013
Up to 30 days	359	38	639	68
31 to 60 days	2,587	274	2,617	280
from 61 to 90 days	168	18	304	33
from 91 to 180 days	603	64	696	75
181 to 360 days	1,729	183	1,745	187
Past due more than 360 days	1,856	197	1,856	199
	45,807	4,855	45,321	4,855

7 - Inventories

	Parent Company		Consolidated	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Inventory of land	3,325	6,393	223,339	6,393
Real estate under construction	4,735	11,643	15,999	11,643
	8,060	**18,036**	**239,338**	**18,036**
Current	8,060	18,036	70,825	18,036
Noncurrent	-	-	168,513	-

This item includes apartments under construction and land for future developments. A venture’s land is transferred to the account “Properties under construction” when sales of the venture commence. The Company has contracts with financial institutions to finance the building of properties.

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Notes to the Financial Statements

8 - Related Parties

a) Loans: This item includes related-party loan transactions, which essentially consist of funds obtained to build future ventures, subject to market interest, security and a defined term.

	Parent Company		Consolidated	
Assets	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Inter Spe Juiz De Fora 1 Incorporação Ltda	1,379	307	-	307
Inter SPE Juiz de Fora 3 Incorporação Ltda	-	603	-	603
Inter Spe Uberaba 1 Incorporação Ltda	1,781	109	-	109
PSG Ltda.	226	327	251	327
Inter Spe Uberaba 2 Incorporação Ltda.	112	-	-	-
Inter Spe Uberaba 3 Incorporação Ltda.	60	-	-	-
Inter Spe Juiz De Fora 6 Incorporação Ltda	218	-	-	-
Inter Spe Juiz De Fora 4 Incorporação Ltda.	34	-	-	-
Inter Spe Juiz De Fora 7 Incorporação Ltda	16	-	-	-
Inter Spe Sjrp 1 Incorporação Ltda	6	-	-	-
Inter Spe Uberaba 4 Incorporação Ltda	228	-	-	-
Inter Spe Jacarei 1 Incorporação Ltda	5	-	-	-
Inter Spe Cataguases 1 Incorporação Ltda	112	-	-	-
Inter Spe Sjdr 1 Incorporação Ltda	374	-	-	-
Inter Spe Juiz De Fora 11 Incorporação Ltda	264	-	-	-
Inter Spe Juiz De Fora 10 Incorporação Ltda	5,707	-	-	-
Inter Spe Juiz De Fora 14 Incorporação Ltda	19	-	-	-
Inter Spe Juiz De Fora 18 Incorporação Ltda	67	-	-	-
Inter Spe Juiz De Fora 15 Incorporação Ltda	124	-	-	-
Inter Spe Uba 1 Incorporação Ltda	58	-	-	-
Other related parties	227	-	-	-
	11,017	1,346	251	1,346

The average interest (compensation) is 1.00% p.a. The agreement between the parties states the total loan amount between the parties is a maximum of R$ 6,000,000.00 (six million reais) to be repaid in up to 30 months as from the effective release of the loan.

Management Compensation

In the financial year ended December 31, 2018 management compensation amounted to R$ 734 (R$ 18 in 2017) in the form of fees.

There are no post-employment benefits, other long-term benefits or severance benefits for managers or any other Company staff.

9 - Investments

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Investments in subsidiaries	7,903	-	-	-
Other investments	19	19	19	19
	7,922	19	19	19

The changes in investments in subsidiaries are as follows:

	12/31/2017	Acquisitions	Equity income	12/31/2018
Investments				
Inter SPE Juiz de Fora 3 Incorporação Ltda	-	-	6,882	6,882
Capitalization plans	19	-	-	19
Capitalized Interest	-	1,021	-	1,021
	19	**1,021**	**6,882**	**7,922**

Provision for devaluation of investments	12/31/2017	Acquisitions	Equity income	12/31/2018
Inter SPE Juiz De Fora 1 Incorporação Ltda	-	-	(337)	(337)
Inter SPE Uberaba 1 Incorporação Ltda	-	-	(834)	(834)
Inter SPE Uberaba 3 Incorporação Ltda	-	-	(17)	(17)
Inter SPE Juiz De Fora 11 Incorporação Ltda	-	-	(11)	(11)
Inter SPE Juiz de Fora 5 Incorporação Ltda	-	-	(11)	(11)
Inter SPE Uberaba 2 Incorporação Ltda	-	-	(12)	(12)
Inter SPE SJDR 1 Incorporação Ltda	-	-	(398)	(398)
Inter SPE Juiz De Fora 15 Incorporação Ltda	-	-	(14)	(14)
Other SPEs	-	-	(9)	(9)
	-	**-**	**(1,643)**	**(1,643)**

The subsidiaries' asset, liabilities and net income for FY 2018 break down as follows:

	Current Assets	Noncurrent assets	Total assets
Companies	12/31/2018	12/31/2018	12/31/2018
Inter SPE Juiz de Fora 3 Incorporação Ltda	19,702	13,926	33,628
Inter SPE Uberaba 1 Incorporação Ltda	4,779	-	4,779
Inter SPE Juiz de Fora 1 Incorporação Ltda	6,510	146	6,656
Inter SPE Juiz de Fora 5 Incorporação Ltda	114	-	114
Inter SPE Juiz de Fora 11 Incorporação Ltda	279	-	279
Inter SPE Juiz de Fora 15 Incorporação Ltda	3,611	-	3,611
Inter SPE SJDR 1 Incorporação Ltda	1,962	-	1,962
Other SPEs	40	-	40
	36,997	**14,072**	**51,069**

	Current Liabilities	Noncurrent liabilities	Equity	Liabilities and equity
Companies	12/31/2018	12/31/2018	12/31/2018	12/31/2018
Inter SPE Juiz de Fora 3 Incorporação Ltda - Quinet	22,062	4,684	6,882	33,628
Inter SPE Uberaba 1 Incorporação Ltda Uberaba	577	5,077	(875)	4,779
Inter SPE Juiz de Fora 1 Incorporação Ltda Acacias	5,618	1,379	(341)	6,656
Inter SPE Juiz de Fora 5 Incorporação Ltda	-	125	(11)	114
Inter SPE Juiz de Fora 11 Incorporação Ltda	26	264	(11)	279
Inter SPE Juiz de Fora 15 Incorporação Ltda	3,501	124	(14)	3,611
Inter SPE SJDR 1 Incorporação Ltda	1,990	374	(402)	1,962
Other SPEs	79	-	(39)	40
	33,853	**12,027**	**5,189**	**51,069**

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The Company has the following subsidiaries as of December 31, 2018:

Interest in subsidiaries:	Operations site	Interest	Share capital
		12/31/2018	12/31/2018
Inter Spe Uberaba 1 Incorporação Ltda	Uberaba - MG	99.96%	300
Inter Spe Juiz De Fora 3 Incorporação Ltda	Juiz de Fora - MG	99.66%	10
Inter Spe Uberaba 2 Incorporação Ltda	Uberaba - MG	99.90%	1
Inter Spe Cataguases 1 Incorporação Ltda	Cataguases - MG	99.00%	-
Inter Spe Ferraz De Vasconcelos 1 Incorporação Ltda	Ferraz de Vasconcelos - SP	99.00%	-
Inter Spe Jacarei 1 Incorporação Ltda	Jacarei - SP	99.00%	-
Inter Spe Juiz De Fora 1 Incorporação Ltda	Juiz de Fora - MG	99.98%	-
Inter Spe Juiz De Fora 10 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 11 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 12 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 13 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 14 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 15 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 16 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 18 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 19 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 2 Incorporação Ltda	Juiz de Fora - MG	35.93%	-
Inter Spe Juiz De Fora 21 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 23 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 4 Incorporação Ltda	Juiz de Fora - MG	99.97%	-
Inter Spe Juiz De Fora 5 Incorporação Ltda	Juiz de Fora - MG	99.97%	-
Inter Spe Juiz De Fora 6 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 7 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 8 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Juiz De Fora 9 Incorporação Ltda	Juiz de Fora - MG	99.00%	-
Inter Spe Ribeirão Preto 1 Incorporação Ltda	Ribeirão Preto - SP	99.00%	-
Inter Spe São Paulo 1 Incorporação Ltda	São Paulo - SP	99.00%	-
Inter Spe São Paulo 2 Incorporação Ltda	São Paulo - SP	99.00%	-
Inter Spe Sjdr 1 Incorporação Ltda	São João Del Rei - MG	99.00%	-
Inter Spe Sjrp 1 Incorporação Ltda	São João Del Rei - MG	99.00%	-
Inter Spe Sjrp 2 Incorporação Ltda	São João Del Rei - MG	99.00%	-
Inter Spe Taubaté 1 Incorporação Ltda	Taubaté - SP	99.00%	-
Inter Spe Taubaté 2 Incorporação Ltda	Taubaté - SP	99.00%	-
Inter Spe Tremembe 1 Incorporação Ltda	Taubaté - SP	99.00%	-
Inter Spe Ubá 1 Incorporação Ltda	Ubá - MG	99.00%	-
Inter Spe Uberaba 3 Incorporação Ltda	Uberaba - MG	99.90%	-
Inter Spe Uberaba 4 Incorporação Ltda	Uberaba - MG	99.00%	-
Inter Spe Uberaba 5 Incorporação Ltda	Uberaba - MG	99.00%	-
Inter Spe Uberlandia 1 Incorporação Ltda	Uberlândia - MG	99.00%	-
Inter Spe Uberlandia 5 Incorporação Ltda	Uberlândia - MG	99.00%	-
Inter Spe Uberlandia 6 Incorporação Ltda	Uberlândia - MG	99.00%	-
Inter Spe Uberlandia 7 Incorporação Ltda	Uberlândia - MG	99.00%	-

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Notes to the Financial Statements

10 - Property, plant and equipment

Change in the period between 01/01/2017 to 12/31/2017 and 01/01/2018 to 12/31/2018:

	Plant and equipment	Vehicles	Commercial offices	Aircraft	Computers and Peripheral Equipment	Other	Total
Cost							
At January 01, 2017	340	257	2,384	2,151	-	-	5,132
Additions	155	223	-	13,737	-	-	14,115
Disposals	-	-	-	-	-	-	-
At December 31, 2017	495	480	2,384	15,888	-	-	19,248
At 1 January 2018	495	480	2,384	15,888	-	-	19,248
Additions	-	233	-	3,300	363	242	4,138
Disposals	-	-	(1,234)	-	-	-	(1,234)
At 31 December 2018	495	713	1,150	19,188	363	242	22,152
At 1 January 2017	(9)	(76)	-	(24)			(110)
Depreciation	(14)	(79)	-	(238)	-	-	(331)
At December 31, 2017	(24)	(155)	-	(262)	-	-	(441)
At 1 January 2018	(24)	(155)	-	(262)	-	-	(441)
Depreciation	(13)	(139)	(165)	(248)	(72)	(17)	(654)
At December 31, 2018	(36)	(294)	(165)	(510)	(72)	(17)	(1,095)
At December 31, 2017	471	325	2,384	15,626	-	-	18,806
At December 31, 2018	459	419	985	18,678	291	225	21,056

11 - Trade Payables

	Parent Company		Consolidated	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Production suppliers	1,236	1,702	1,236	1,702
Administrative suppliers	4,878	6,807	30,534	6,807
	6,114	8,509	31,770	8,509
Current liabilities	6,114	5,821	31,770	5,821
Noncurrent liabilities	-	2,688	-	2,688

As of December 31, 2018 all the Company's suppliers are domestic and highly diversified, with no individual supplier accounting for a material or significant portion of purchases. The Company classifies as “Production Supporting Suppliers” those suppliers directly involved in creating qualifying assets (real estate construction and development), and classifies as “Administrative Suppliers” those providing supporting administrative consultancy and advisory services.

12 - Liabilities towards Third Parties

	Parent Company		Consolidated	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Acquisition of aircraft (a)	9,290	12,538	9,290	12,538
Acquisition of land (b)	-	-	168,180	
Other accounts payable	178	376	3,474	376
	9,468	12,914	180,944	12,914
Short-term	4,895	6,510	18,462	6,510
Long-term	4,573	6,404	162,482	6,404

Liabilities towards third parties consist of:

a) Acquisitions of aircraft from third parties for payment over sixty monthly consecutive installments, incurring monthly interest of 1.3% p.m.;
b) Acquisitions of land for use in new ventures through financial swaps. Various land acquisition contracts contain clauses that permit termination at no cost to the Company in the event certain conditions are not met or reached. These conditions primarily consist of obtaining the legal, municipal or state approvals (development registration, construction permit etc.), technical and commercial feasibility of the ventures and obtaining construction financing.

13 - Loans, Financing and Debentures

a) Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Parent Company		Consolidated	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Working capital	7,368	638	7,368	638
Debentures	1,424	-	1,424	-
Production support	4,837	1,460	4,837	1,460
Unappropriated financial charges	(2,461)	-	(2,461)	-
	11,168	**2,098**	**11,168**	**2,098**
Working capital	13,624	8,612	13,624	8,612
Production support	8,942	-	13,260	-
Debentures	67,257	27,752	67,257	27,752
Unappropriated financial charges	(2,373)	-	(2,373)	-
	87,450	**36,364**	**91,768**	**36,364**
Total	**98,618**	**38,462**	**102,936**	**38,462**

The loan settlement schedule is as follows:

	Interest rate Nominal	Year maturity	Parent Company		Consolidated	
			12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
CEF production support	0.7 to 0.8 p.m.	2020	8,494	29,214	12,811	29,214
BB production support	0.67 to 0.8 p.m.	2020	5,285	-	5,286	-
Bradesco working capital	1.22 p.m.	2019	994	-	994	-
CEF working capital	CDI+0.45 p.m.	2019	6,183	5,828	6,182	5,828
Safra working capital	1.35 p.m.	2019	1,750	3,000	1,750	3,000
Itaú working capital	1.10 p.m.	2019	12,065	793	12,065	793
CRI 1st Issuance	CDI+0.45 p.m.	2021	48,548	-	48,548	-
CRI 2nd Issuance	CDI+0.40 p.m.	2021	20,133	-	20,134	-
Unappropriated financial charges			(4,834)	(373)	(4,834)	(373)
			98,618	**38,462**	**102,936**	**38,462**

b) Change in loans

	Parent Company								
	Bank	Balance at 12/31/2017	Funding	Capitalization of Interest	Interest	Interest paid		Amortization	Balance at 12/31/2018
Production Support	CEF	29,214	29,726	-	196	-	-	50,643	8,493
Production Support	BB	-	3,860	-	-	-		-	3,860
Working Capital	CEF	5,455	5,300	-	-	(103)	-	4,194	6,458
Working Capital	Itaú	793	10,000	-	2,296	(23)	-	3,293	9,773
Working Capital	Safra	3,000	3,000	-	-	-	-	4,250	1,750
Working Capital	Bradesco	-	900	-	13	-		-	913
Secured Account	Itaú	-	3,000	-	-	-	-	1,850	1,150
Debenture	Ápice	-	65,000	1,221	-	-		-	66,221
		38,462	**120,786**	**1,221**	**2,505**	**(126)**	**-**	**64,230**	**98,618**

		Consolidated							
Loan	Bank	Balance at 12/31/2017	Funding	Capitalization of Interest	Interest	Interest paid		Amortization	Balance at 12/31/2018
Production Support	CEF	29,214	34,859	-	197	-	-	51,459	12,811
Production Support	BB	-	3,860	-	-	-		-	3,860
Working Capital	CEF	5,455	5,300	-	-	(103)	-	4,194	6,458
Working Capital	Itaú	793	10,000	-	2,296	(23)	-	3,293	9,773
Working Capital	Safra	3,000	3,000	-	-	-	-	4,250	1,750
Working Capital	Bradesco	-	900	-	13	-		-	913
Secured Account	Itaú	-	3,000	-	-	-	-	1,850	1,150
Debentures	Ápice		65,000	1,221	-	-			66,221
		38,462	**125,919**	**1,221**	**2,506**	**(126)**	**-**	**65,046**	**102,936**

c) Debentures

On April 5, 2018 the Company made its 1st issuance of nonconvertible debentures in series 141 and 142 in the total amount of R$ 45,000 thousand, used exclusively to purchase land, maturing in 2021.

On November 26, 2018 the Company made its 2nd issuance of nonconvertible debentures in series 170 and 171 in the amount of R$ 20,000 thousand, used exclusively in real estate development, maturing in 2021.

d) Contractual obligations

As of December 31, 2018 and 2017 the Group was performing all covenants for financial and non-financial indicators in the loans, borrowing and debentures contracts, including those related to financial indicators.

14 - Social and labor obligations

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Salaries and wages payable	192	168	199	168
INSS payable	236	151	240	151
FGTS payable	51	45	52	45
Provision for vacations	540	770	544	770
Other	629	5	630	5
	1,648	1,138	1,665	1,138

15 - Tax Obligations

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
IRRF payable on payroll	104	20	106	20
INSS withheld on invoices	131	145	232	145
ISS withheld on invoices	69	90	187	90
RET payable	3,263	1,699	3,487	1,699
Other tax obligations	87	2	105	2
	3,654	1,956	4,117	1,956

The group entered the Special Taxation Arrangement (RET) Law 12.024 issued August 27, 2009 entitles it to. For this purpose, the consolidated IRPJ and CSLL charge, the contribution for social security financing - COFINS and social integration program - PIS is calculated at the rate of 4% of gross revenue received, with 1.92% for IRPJ and CSLL and 2.08% for PIS and COFINS.

16 - Customer Advances

See below the breakdown of customer advances:

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Advances for reserving units	-	-	8,293	-
Advance on Services Provision	12,881	-	649	-
Customer advances (swap)	-	-	20,853	-
	12,881	-	29,795	-
Total Short-term Advances	12,881	-	29,795	-
Total Long-term Advances	-	-	-	-

17 - Provisions

a) For contingencies

The Company made provisions, which involve considerable management judgment, for labor, tax and civil contingencies when it is probable that an outflow of economic benefits will be required to settle the obligation which can be reliably estimated.

The chance of defeat is rated according to the evidence available, the hierarchy of law, available case law, recent court decisions and their relevance in the legal framework, in addition to independent legal advisors' opinions.

See the balance as of December 31, 2018 and 2017:

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Labor contingencies	963	536	963	536
Tax contingencies	-	1,113	-	1,113
Civil litigation	-	516	-	516
	963	2,165	963	2,165

b) Guarantees

The Company considers the provision for guarantees to be an additional part of the sold property's cost consisting of possible post-works maintenance expenses. The provision as of December 31, 2018 is R$ 6,709 for the subsidiary and R$ 6,965 consolidated.

18 - Equity

a) Share capital

The fully paid-in and subscribed capital as of December 31, 2018 is R$ 20,389 (R$ 12,371 in 2017), consisting of 20,389,168 common shares, with no par value, as per the Bylaws.

b) Legal reserve

The Company made a legal reserve of R$ 4,077 on December 31, 2018.

19 - Net Operating Revenue

	Parent Company		**Consolidated**	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Revenue from property sales	187,262	131,831	212,550	131,831
Sales taxes	(5,082)	(6,322)	(6,009)	(6,322)
Cancellations	(8)	(88)	(14)	(88)
Other deductions	(1,303)	(32)	(1,513)	(32)
Net Operating Revenue	180,869	125,389	205,014	125,389

20 - Cost of Property Sold and Services Rendered

	Parent Company		Consolidated	
	2018	2017	2018	2017
Material used	(39,415)	(29,270)	(44,595)	(29,270)
Salaries and wages	(5,883)	(4,369)	(6,656)	(4,369)
Vacations	(727)	(540)	(823)	(540)
13th month salary	(549)	(408)	(622)	(408)
Labor indemnities	(576)	(428)	(652)	(428)
Government Severance Indemnity Fund for Employees (FGTS)	(663)	(492)	(750)	(492)
INSS	(2,938)	(2,182)	(3,324)	(2,182)
Outsourced Corporate Services	(47,861)	(35,542)	(54,151)	(35,542)
Other costs	(8,466)	(6,287)	(9,579)	(6,287)
Land	(1,608)	(1,194)	(1,819)	(1,194)
Expenses on local community	(47)	(35)	(53)	(35)
Technical services	(606)	(450)	(686)	(450)
Feasibility new projects	(716)	(532)	(811)	(532)
Energy/water and sanitation	(374)	(278)	(424)	(278)
Occupational health & safety	(30)	(22)	(34)	(22)
Other personnel expenses	(805)	(598)	(911)	(598)
	(111,266)	(82,627)	(125,888)	(82,627)

21 - Sales Expenses

	Parent Company		Consolidated	
	2018	2017	2018	2017
Commission	(2,731)	(3,843)	(3,753)	(3,843)
Advertising, marketing and ads	(2,185)	(2,478)	(2,952)	(2,478)
Sales stand	(680)	(980)	(1,119)	(980)
Consultancy services	(1,049)	(694)	(1,066)	(694)
Other commercial expenses	(218)	(154)	(279)	(154)
	(6,863)	(8,150)	(9,169)	(8,150)

22 - General and Administrative Expenses

	Parent Company		Consolidated	
	2018	2017	2018	2017
Personnel expenses	(3,112)	(575)	(3,186)	(575)
Legal assistance	(264)	-	(264)	-
Business and financial management	(27)	(1)	(36)	(1)
Rents	(63)	(25)	(153)	(25)
Machinery conservation	(739)	(384)	(740)	(384)
General insurance	(438)	(335)	(543)	(335)
Fuels and lubricants	(777)	(131)	(778)	(131)
Depreciation	(657)	(335)	(659)	(335)
Office materials	-	(216)		(216)
Travel and accommodation	(464)	(834)	(467)	(834)
Bonuses	(941)	(63)	(998)	(63)
Property conservation	(739)	(497)	(782)	(497)
Corporate services rendered	(574)	(203)	(578)	(203)
Other general expenses (*)	(2,083)	(2,306)	(2,314)	(2,306)
Reversal of provisions for indemnification	1,202	-	1,202	-
Recovered administrative expenses	1,828	-	1,828	-
Post-works maintenance expenses	-	(1,382)	-	(1,382)
	(7,848)	(7,289)	(8,468)	(7,289)

(*) Various amounts essentially consisting of: expenses incurred on registry offices, courses and lectures, and meals and snacks etc.

23 - Other Net Operating Expenses

	Parent Company		Consolidated	
	2018	2017	2018	2017
IPTU	(37)	(57)	(39)	(57)
IPVA	(25)	(15)	(25)	(15)
ITBI	-	(259)	-	(259)
Miscellaneous taxes and fees	(442)	(240)	(491)	(240)
IOF	(401)	(168)	(407)	(168)
PIS on investment income	(4)	-	(4)	-
COFINS on investment income	(31)	-	(31)	-
Other operating expenses	-	-	(52)	-
	(940)	(738)	(1,049)	(738)

24 - Net Financial Income

	Parent Company		Consolidated	
Finance income	2018	2017	2018	2017
Yields on investments	2,279	967	2,406	967
Discounts obtained	101	49	132	49
Recovery of expenses	-	17	-	17
Interest and fines received	-	8	-	8
Total financial revenue	2,380	1,041	2,538	1,041

	Parent Company		Consolidated	
Finance costs	2018	2017	2018	2017
Bank expenses	(1,743)	(979)	(2,151)	(979)
Interest and commission expenses	(326)	(288)	(331)	(288)
Fine	(119)	(139)	(149)	(139)
Financing expenses	(9,834)	(2,767)	(9,838)	(2,767)
Interest and monetary restatement	(61)	(149)	(61)	(149)
Recovery of expenses	210	-	217	-
Total financial expenses	(11,873)	(4,322)	(12,313)	(4,322)
Net finance income	(9,493)	(3,280)	(9,775)	(3,280)

25 - Current and deferred income and social contribution taxes

Deferred taxes are as follows:

	Parent Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Liabilities:				
Deferred taxes on sales revenue	1,209	575	1,156	575

Income and social contribution taxes - reconciliation between nominal and effective expenses.

The reconciliation between the nominal and effective income and social contribution tax expenses for the financial years is as follows:

	Parent Company		Consolidated	
	2018	2017	2018	2017
Profit before income and social contribution taxes	49,697	23,305	50,665	23,305
Nominal rates	34%	34%	34%	34%
Income tax and social contribution calculated at the nominal rate	(16,897)	(7,924)	(17,226)	(7,924)
Adjustments to nominal expense:				
Share of profit (loss) of equity-accounted investees	5,238	-	-	-
Interest on equity	-	-	-	-
Effect on earnings of subsidiaries subject to RET taxation basis	9,599	6,727	14,141	6,727
Director bonuses	-	-	-	-
Nondeductible donations	-	-	-	-
Other net exclusions (additions)	-	-	-	-
Current + Deferred	(2,060)	(1,197)	(3,085)	(1,197)

The Company's earnings statements are subject to review and possible additional entries by the tax authorities for a term of five years. Other taxes and contributions are also subject to these reviews, in accordance with the applicable legislation.

26 - Risk Management and Financial Instruments

The company engages in transactions involving financial assets and liabilities to manage available financial resources generated by operations. The risks associated with these instruments are managed through conservative strategies aimed at ensuring liquidity, profitability and security. An assessment of such financial assets and liabilities with respect to market value was conducted on the basis of available information and appropriate assessment methods. However, the interpretation of market data and assessment methods requires considerable judgment and estimates to calculate the most appropriate realizable value. As a result, the estimates presented may differ if different assumptions and methods are used.

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Notes to the Financial Statements

The carrying amounts of financial assets and liabilities segregated by category are as follows as of December 31, 2018:

		12/31/2018			
		Parent Company		Consolidated	
	Hierarchy	Amortized cost	Fair value through profit or loss	Amortized cost	Fair value through profit or loss
Assets					
Cash and cash equivalents	Level 2	26,744	-	30,363	-
Short-term investments (Securities)	Level 2	-	58,805	-	58,805
Receivables for real estate development	Level 2	43,373	-	42,702	-
Liabilities					
Trade Payables	Level 2	6,114	-	31,770	-
Liabilities towards third parties	Level 2	9,468	-	12,764	-
Other accounts payable	Level 2	3,051	-	3,192	-
Loans, financings, and debentures	Level 2	98,618	-	102,936	-

Fair value hierarchy

- Level 1 — Uses observable prices (unadjusted) for identical instruments in active markets, which the Company has access to on the measurement date;

- Level 2 — Uses observable prices in active markets for similar instruments, observable prices for identical or similar instruments in inactive markets and valuation models for which the inputs are observable, and

- Level 3 — Instruments who significant inputs are not observable. The Company does not invest in such financial instruments.

  Management believes that the aforesaid financial instruments, which are recognized in the interim accounting information at their carrying amounts, do not present significant variance from their respective market values, because:

  i. The loans, borrowings and debentures incur interest rates similar to those currently practiced in the market, and/or

  ii. A substantial part of the balances matures on dates close to the reported dates.

The main risk factors inherent to the Company's operations are as follows:

26.1 Capital risk

The Group manages its capital to ensure that its companies will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The group is not subject to any external requirement on capital.

Management periodical reviews the group's capital structure. As part of this revision management takes into account the capital costs, asset liquidity, risks posed by each type of capital and the Group's level of indebtedness.

26.2 Market risk

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

Our financial instruments affected by market risk include loans payable and short-term investments.

26.3 Interest rate risk

As of December 31, 2018 the Group is marginally exposed to the interest rate risk, as shown below:

	Index	Risk	Parent Company 12/31/2018	Consolidated 12/31/2018
Short-term investments	CDI	Increase in CDI/Selic	10,760	11,421
Short-term investments (Securities)	CDI	Increase in CDI/Selic	58,805	58,805
Loans, financings, and debentures	CDI	Increase in CDI/Selic	(98,618)	(102,936)
Net exposure			**(29,053)**	**(32,710)**

Sensitivity Analysis

Based on projections published by the Central Bank, at the close of FY 2018 Management estimated a profitable scenario for the difference in interest rates incurred by the financial liabilities in the CDI and Selic rates of 6.32% per annum, as it considers these rates are the same in market terms. These rates were stressed by 25% and 50%, serving as a baseline for the possible and remote scenarios respectively.

	Parent Company				
	Index	12/31/2018	Probable Scenario	Scenario A 25%	Scenario B 50%
Short-term investments	CDI	10,760	11,040	13,450	16,140
Short-term investments (Securities)	CDI	58,805	62,521	73,506	88,208
Loans, financings, and debentures	CDI	(98,618)	(104,851)	(123,273)	(147,927)
Net exposure		**(29,053)**	**(30,889)**	**(36,316)**	**(43,580)**

	Consolidated				
	Index	12/31/2018	Probable Scenario	Scenario A 25%	Scenario B 50%
Short-term investments	CDI	11,421	12,143	14,276	17,132
Short-term investments (Securities)	CDI	58,805	62,521	73,506	88,208
Loans, financings, and debentures	CDI	(102,936)	(109,442)	(128,670)	(154,404)
Net exposure		**(32,710)**	**(34,777)**	**(40,888)**	**(49,065)**

26.4 Credit risk

The credit risk is the risk of a counterparty not honoring obligations established in a financial instrument or contract with the client, which would lead to a financial loss.

The Company believes its operations are exposed to credit risk for proprietary financing, accounting for around 10% of the receivables balance. The Company believes other trade receivables from operations are not exposed to credit risk, especially real estate development receivables, as housing unit sales are financed by financial institutions under the government's Minha Casa Minha Vida popular housing program.

26.5 Liquidity risk

The liquidity risk is related to the immediate availability of cash given mismatches for the terms or values of rights and obligations.

The Company's Liquidity Risk Management consists of prevention, control and monitoring that can identify situations or problems which could in some way compromise its economic and financial equilibrium.

The Company monitors the risk of cash shortfalls problems using a recurrent liquidity planning tool.

The Company's objective is to maintain the balance between the continuity of the funds and flexibility thereof in overdrafts, bank loans, financial leases and debentures.

As of December 31, 2018 and 2017 the liquidity ratios were as follows:

	Parent Company		**Consolidated**	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Loans, financings, and debentures	98,618	38,462	102,936	38,462
Cash and cash equivalents and short-term investments	(81,549)	(29,984)	(85,168)	(29,984)
Net Debt	**17,069**	**8,478**	**17,768**	**8,478**
Equity	23,472	7,146	23,472	7,146
Net debt / Equity	**0.73**	**1.19**	**1.04**	**1.19**

27 - Net Earnings per Share

As required by technical pronouncement CPC 41 - Earnings per Share, the earnings per share were calculated based on profit and loss attributable to the parent company's shareholders in FYs 2018 and 2017, and the respective number of common registered shares in circulation in the period with no par value, compared with the financial years ended December 31, 2018 and 2017, as shown in the table below.

	2018	**2017**
Net income for the period attributable to parent company shareholders	47,637	22,108
Average size of free float	20,389	12,372
Net earnings per share - basic and diluted	**2.35**	**1.79**

28 - Insurance

The Company has a policy of taking out insurance coverage for assets subject to risks in amounts considered sufficient by Management to cover possible damages, considering the nature of its activity. The policies are in force and the premiums have been paid. As of December 31, 2018 the Company has the following main insurance contracts:

a) Engineering risk: compensates insured parties for claims triggered by design and/or execution errors, with the ceiling calculated based on the Budgeted Cost of the Works, for the term stipulated for execution, features of the construction and surroundings and the constructor's rating at the insurance company.

b) End-of-Works guarantee: ensures borrower (or the Financial Institution) has funds to complete the works in the event construction firm is unable to do so, with the ceiling calculated based on the Budgeted Cost of the Works, for the term stipulated for execution, features of the construction and surroundings and the constructor's rating at the insurance company.

c) Post-delivery guarantee: ensures buyer (client) has the funds required in the event corrective maintenance is required after the keys have been handed over should the construction firm refuse to do so within the legal terms, with the ceiling calculated based on the Budgeted Cost of the Works, for the term stipulated for execution, features of the construction and surroundings and the constructor's rating at the insurance company.

d) Automobiles and trucks: aims to provide compensation up to the ceiling of the insured amount at 100% of the FIPE price list for body insurance for all assets.

e) Transportation insurance: the Company has transportation insurance covering materials, consumables and equipment registered monthly, based on the value of the transported goods;

f) Other insurance policies: aims to provide compensation up to the insurance ceiling for the cost of replacing the goods; the Company has property insurance covering various risks for its facilities.

29 - Segment Reporting

The activities carried out by the Company essentially consist of developing, building and selling its own or third-party properties. The ventures are developed and built directly by the Company or its subsidiaries.

Company management believes the activities carried out by the Company and its subsidiaries form a single business segment. Group Management therefore considers it to be a single operating segment and a single reporting entity for decision-making and analyses.