

Earnings Release 2Q19



Net Operating Revenue, R\$ 57.4 million in 2Q19, an increase of 53% in relation to 2Q18.

Juiz de Fora, February 20, 2019 - INTER Construtora e Incorporadora S.A. (B3: BOVESPA MAIS - INNT3), which operates in the development of medium and large-sized real estate projects focused on popular housing (MCMV), today announces its results for the second quarter of 2019. The financial information is presented on a consolidated basis, prepared in accordance with International Financial Reporting Standards (IFRS), which considers OCPC 04 guidance on the application of Technical Interpretation ICPC 02 applicable to real estate development entities in Brazil, as approved by the Accounting Pronouncements Committee (CPC), the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC).

HIGHLIGHTS

- ✓ **Significant improvement in Operating Metrics in 2Q19 compared to 1Q19.**
- ✓ **An increase of 50% in Gross Sales and a reduction of 40% in Districts, led to a 95% growth in Net Sales in 2Q19 compared to 1Q19.**
- ✓ **5% increase in VSO in the quarter, reaching 26% in 2Q19.**
- ✓ **Resumption of Unit Hiring with a 123% increase in the quarter and 43% growth in 2Q19 compared to 2Q18.**
- ✓ **Margin compression due to a combination of increased investments and delay in 1Q19 Contracts.**
- ✓ **The improvement in operating metrics in 2Q19 will be reflected in margin and cash flow generation in the quarters ahead.**



MESSAGE FROM THE BOARD

After a challenging first quarter, the Company achieved significant improvement in its operating metrics in 2Q19. The traumatic process of government transition begins to lag behind and the dynamics of hiring financing for the production and transfer of units sold, through the Minha Casa, Minha Vida program, begins a return to a more normalized rhythm.

In the quarter, we sold more units, had fewer districts, increasing, as a consequence, the speed of sales from 21% to 26%; we hired and passed on more units than in the previous quarter.

The improvement in these metrics was of utmost importance not only because of the intrinsic positive effect that each one of them has on revenue and future margin, but also because of the indication that the new government is aware of the relevance of the segment and that the consumer market remains with appetite and demand for popular housing products.

We subscribe to a positive vision for the real estate market, not only because of the country's high housing deficit, but also because of the structural reforms being implemented by the government. Employment and income will be positively impacted as the virtuous cycle of increased confidence and consumption generates a resumption of investments. All this in a scenario of controlled inflation expectations and stable interest rates at historically low levels, against the backdrop of a disinflationary environment resulting from a process of reducing the cost of Brazil by reducing bureaucracy, taxes, energy costs, among others.

We have seen an improvement in the regulatory environment in recent months in relation to the future of the Minha Casa, Minha Vida program and the maintenance of the FGTS as the main *funding* mechanism for popular housing. At the same time, the fall and stabilization of the yield curve resulting from the anchoring of inflation at historically low levels show a possible future convergence between the interest rates practiced in the Brazilian Savings and Loan System (SBPE) and in the band 2 segment of the Minha Casa, Minha Vida program.

In 2Q19, we experienced margin squeeze due to a combination of factors, such as the effects of the previous quarter related to the delay in contracting corporate financing to support construction, as well as real estate financing from borrowers. In addition, we had a significant increase in investments in initiatives that will support our future growth. These investments are reflected in both commercial expenses and G&A.

At this time, the Company's greatest challenge is to return to a history of high performance in sales, margins and cash generation, while at the same time investing in inputs, people, process improvement and governance to support its growth plan.

FINANCIAL AND OPERATIONAL INDICATORS

	12M19	12M18	Var. 12M19 x 12M18	1Q19	4Q18	1Q18
PSV Released (R\$ 000's)	398.255	252.915	57,5%	82.916	136.347	16.000
Net Sales (R\$ 000's)	248.957	233.000	6,8%	70.347	38.028	88.314
Net Operating Revenue (NOR) (R\$ 000's)	219.131	152.597	43,6%	57.436	40.552	37.538
Construction Cost (R\$ 000's)	(110.454)	(86.708)	27,4%	(36.813)	(22.059)	(20.866)
Construction Cost / NOR (%)	50,4%	56,8%		64,1%	54,4%	55,6%
Construction Cost / Net Sales (%)	44,4%	37,2%		52,3%	58,0%	23,6%
Gross profit (R\$ 000's)	108.677	65.889	64,9%	20.623	18.493	16.672
Gross Margin (%)	49,6%	43,2%		35,9%	45,6%	44,4%
Net Financial Result (R\$ 000's)	(7.140)	(4.979)	43,4%	(1.158)	(1.604)	(2.109)
Net Financial Result/ NOR (%)	3,3%	3,3%		2,0%	4,0%	5,6%
Net Financial Result / Liquid sales (%)	2,9%	2,1%		1,6%	4,2%	2,4%
Net Financial Result/ GSV Released (%)	1,8%	2,0%		1,4%	1,2%	13,2%
Business expenses (R\$ 000's)	(18.668)	(8.299)	124,9%	(5.126)	(3.722)	(1.415)
Business expenses / (NOR) (%)	8,5%	5,4%		8,9%	9,2%	3,8%
Business expenses / Liquid sales (%)	7,5%	3,6%		7,3%	9,8%	1,6%
Business expenses / GSV Released (%)	4,7%	3,3%		6,2%	2,7%	8,8%
General and Administrative Expenses (G&A) (R\$ 000's)	(21.530)	(11.920)	80,6%	(6.145)	(5.480)	(4.708)
Expenses G&A / (NOR)(%)	9,8%	7,8%		10,7%	13,5%	12,5%
Expenses G&A / Liquid sales (%)	8,6%	5,1%		8,7%	14,4%	5,3%
Expenses G&A / GSV Released (%)	5,4%	4,7%		7,4%	4,0%	29,4%
Net Profit (R\$ 000's)	55.116	37.993	45,1%	4.479	6.839	8.025
Net Margin (%)	25,2%	24,9%		7,8%	16,9%	21,4%
EBITDA (R\$ 000's)	63.115	46.799	34,9%	5.638	8.443	11.005
Margin EBITDA (%)	28,8%	30,7%		9,8%	20,8%	29,3%
Cash flow (R\$ 000's)	1.292	42.945	-97,0%	(1.370)	33.134	36.637
Cash and Cash Equivalents (R\$ 000's)	85.626	66.621	28,5%	85.626	119.412	66.621
Gross Debt (R\$ 000's)	143.196	88.544	61,7%	143.196	134.107	88.544
Net debt (R\$ 000's)	57.571	21.923	162,6%	57.571	14.695	21.923
Total Stockholders' Equity (R\$ 000's)	58.357	26.311	121,8%	58.357	51.738	26.311
Net debt / Net worth (%)	98,7%	83,3%		1,0p.p.	0,3p.p.	83,3%
Net debt / EBITDA 12 months	0,91x	0,47x		0,91x	0,21x	0,47x

OPERATIONAL INDICATORS

	12M19	12M18	Var. 12M19 x 12M18	2Q19	1Q19	2Q18
VGW Lançado (unid.)	2.934	1.624	80,7%	624	1.080	160
Vendas Brutas (unid.)	2.205	1.836	20,1%	627	418	629
Distratos (unid.)	317	84	277,4%	83	139	21
Vendas Líquidas (unid.)	1.888	1.752	7,8%	544	279	608
Unidades Contratadas (unid.)	1.630	2.424	-32,8%	804	360	564
Unidades Repassadas	1.486	1.600	-7,1%	409	229	516
Produzidas (unid.)	1.541	1.459	5,6%	367	436	323
Concluídas (unid.)	1.584	1.348	17,5%	360	984	696

LAUNCHES

In 2Q19, the Company launched new developments totaling 624 units, equivalent to a PSV of R\$82.9 million. In the 12-month period ended in September, the launchings PSV reached R\$398 million, equivalent to a 57.5% year-on-year growth.

GROSSSALES, DISTRICTS AND NET SALES

Gross sales in 2Q19 reached 627 units, of which 544 were converted into net sales. We had a significant reduction due to the peak of districts in the previous quarter, as a result of changes in the credit rule and delay in contracting projects. The VSO rose from 21% to 26% in the quarter. We see a continuous improvement in this metric in the quarters ahead.

ONGOING PROJECTS

In 1Q19, Inter has 2,266 units under construction and 1,728 units in the launch and start-up phase, totaling 3,994 units.

STOCK

Inter closed 2Q19 with 2,023 units in units under construction and launch. This amount comprises an estimated potential sales value of R\$259.5 million.

Development	Built Stock (unid.)	Construction Stock (unity)	Estimated sales value (R\$ 000's)
Park Marilândia	0	0	126
Park Jardim Norte		0	-
Park Quinet		258	40.211
Park Uberaba		364	47.557
Reserva das Acácias		71	9.552
Park Califórnia		50	4.995
Park Palmeiras		41	5.708
Park São José		204	23.684
Park Realeza		178	22.013
Reserva São Geraldo		60	7.674
Unique Grama		439	52.753
Park Sapucaia		84	11.310
Park São João		154	18.513
Park Teixeiras		120	15.400
Total	0	2023	259.497

REVENUE TO SETTLE

In 2Q19, Inter has revenue to appropriate units already sold, but as a function of construction evolution, in the amount of R\$208 million reais.

Developments in Progress	City	Revenue to settle (R\$ 000's)
Park Quinet	Juiz de Fora/MG	32.356
Park Califórnia	Juiz de Fora/MG	897
Reserva das Acácias	Juiz de Fora/MG	21.560
Park Uberaba	Juiz de Fora/MG	39.836
Park Palmeiras	Uberaba/MG	22.741
Park São José	Juiz de Fora/MG	4.180
Park Realeza	Ubá/MG	7.668
Unique Grama	Juiz de Fora/MG	68.433
Park São João	João Del Rei/MG	10.338
Total		208.008

Adding up the stock of units ready and under construction with revenue to be appropriated from units already sold, the Company has R\$467.5 million in revenue potential. Given the Company's historical VSO of 30% and the history of the launch period of the project to the delivery of keys, the Company estimates that most of this amount becomes operating revenue in the next 18 months.

FINANCIAL INDICATORS

The **Net Operating Revenue (ROL)** totaled R\$ 57.4 million in 2Q19, an increase of 53% in relation to 2Q18.

Gross Profit in 2Q19 was R\$20.6 million. We experienced gross margin compression in the quarter, caused by seasonal factors, reaching a level of 35.9%, in line with the gross margin practiced by the segment. In the quarters ahead, we see the return of gross margin to historical levels above 40%.

Commercial expenses on ROL reached 8.5% in the accumulated of 12 months. Under the perspective of VGV launched this metric is 4.7%. We had an increase in the lines of advertising, advertising and sales stand. The investment in *brand* through advertising and marketing is inherent to the geographic expansion plan we are implementing. As we have more than one venture in each of the new squares and as Launched VGV becomes ROL, the Commercial Expense on ROL metric tends to converge to the level of the Commercial Expense on Launched VGV metric.

General and Administrative Expenses (G&A) on ROL reached 9.8% in the first 12 months of the year. Under the perspective of VGV launched this metric is 5.4%, just above our target of reaching 5% in December 2020. The biggest villains were the lines of personnel expenses and depreciation and amortization, consistent with the investments made in teams and geographical expansion.

Net Financial Results on ROL remained at the 3.3% level in the 12-month accumulated. Under the perspective of VGV launched remained below 2%.

Net income for 2Q19 was R\$4.5 million, equivalent to a net margin of 7.8%. The Company experienced a net margin squeeze as a result of the combination of increased investment expenses and the postponement of revenues due to difficulties with contracting in the previous quarter. We see a return to the historical net margin level of around 30% as the improvement in our 2Q19 operating numbers is reflected in revenue and margin in the quarters ahead.

EBITDA in 2Q19 was R\$5.6 million, equivalent to an EBITDA margin of 9.8%.

As of June 30, 2019, the balance of **Cash, Cash Equivalents, Securities and Bonds** was R\$85.6 million.

In 1Q19 the Company presented a total **Gross Debt** of R\$143.2 million, an increase of R\$9 million in the quarter. **Net Debt** increased R\$35.6 million in the quarter with an equivalent increase in **Inventories** of R\$33.1 million. We used most of the increased net indebtedness to acquire cash land and develop real estate Strategy in line with our perspective of economic recovery and improved vision in the sector.

	2Q19	2Q18
Net Debt / Shareholders' Equity	98,7%	83,3%
Net Debt / EBITDA 12 months	0,91x	0,47x

We achieved net indebtedness slightly below one time shareholders' equity and once EBITDA of 12 months. We consider it appropriate for the magnitude of our business, but we are still committed to deleveraging the business in the coming quarters with resources from operating cash generation.

We expect that the improvement in 2Q19 operating numbers will be reflected in revenue and cash generation in the coming quarters. In addition, operating cash generation is stronger in the second half of the year, given the Company's launch cycle.

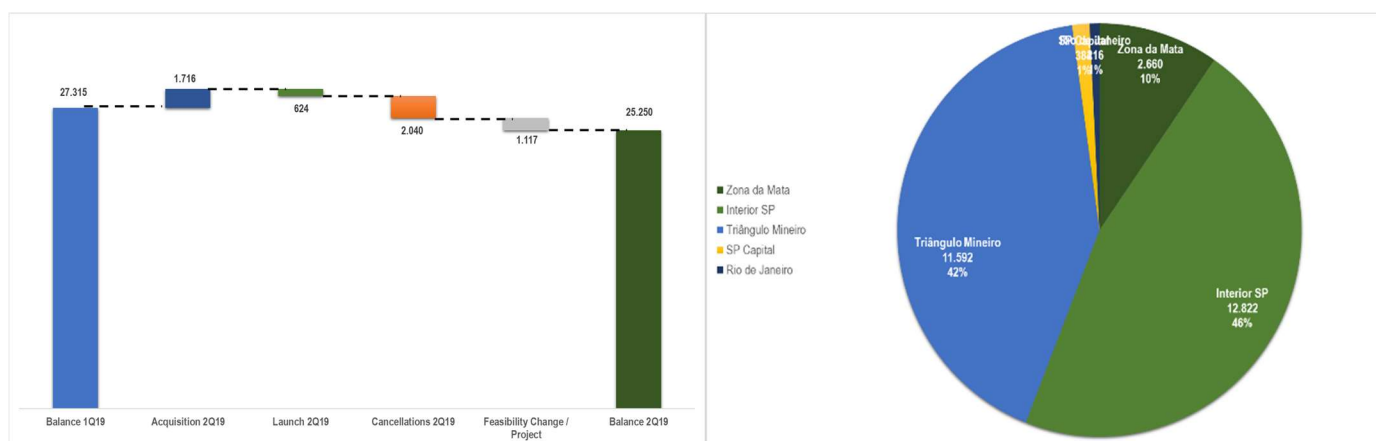
(R\$ thousand)	2Q19	1Q19
Bank Financing	54.969	53.916
Production Support	25.916	17.265
Debenture	62.312	62.926
Total	143.196	134.107

Most credit line **maturities** are concentrated in 2021 and beyond.

(R\$ thousand)	2019	2020	2021	2022
Bank Financing	48,882			6.087
Production Support				25.916
Debenture			62.312	

LANDBANK

Inter acquired 1,716 units in the quarter, launched 624 and had a purchase contract rescinded equivalent to 2,040 units. We made an adjustment in the Landbank reducing the construction potential in 1,117 units, as a result of changes in projects. The Company closed 2Q19 with Landbank of 25,250 units. We have a large pipeline of advanced land negotiations that will soon convert into a net increase in Landbank units.



INVESTMENTS

The **balance of changes and equity in** subsidiaries (SPEs) in 2Q19 is R\$13.9 million.

SHARE CAPITAL AND DIVIDENDS

Subscribed and paid-in capital as of March 31, 2019 is R\$ 20,389,168 (R\$ 20,389,168 in 2018). On April 29, 2019 it was resolved to increase the Company's Capital Stock to the amount of R\$50,972,920.00. In 2Q19, the Company paid R\$10.5 million during the quarter, related to the anticipation of dividends for fiscal year 2019.

RESEARCH AND DEVELOPMENT

The Company has invested resources in the planning, development and acquisition of land for projects to be commercialized within the financing format of the Brazilian Savings and Loan System (SBPE).

The objective is to meet the demand for units in developments for clients with income ranges just above the range of the Minha Casa Minha Vida (MCMV) program. They are enterprises with differentiated quality standards, infrastructure and leisure areas. The Company is structuring itself for this level of delivery while at the same time maintaining the standards of productivity and scale that it already imprints on its projects in the popular segment served by the Minha Casa, Minha Vida program.

HUMAN RESOURCES

The Company continues to invest in hiring and training employees. Turnover remains at the historical level of 5%.

Function	2Q19	1Q19	2018	2017
Production Work	101	58	56	70
Administrative Work	20	23	27	26
Administrative Office	144	128	81	57
Total	265	209	164	153

PRODUCT

- ✓ We deliver quality popular housing.
- ✓ 100% of the projects launched by the Company follow the "Intelligent Apartment" line.
- ✓ Elevator towers.
- ✓ Security cameras and electronic gate.
- ✓ Selective waste collection and individual water meter.
- ✓ Solar and Wifi energy in the common areas.

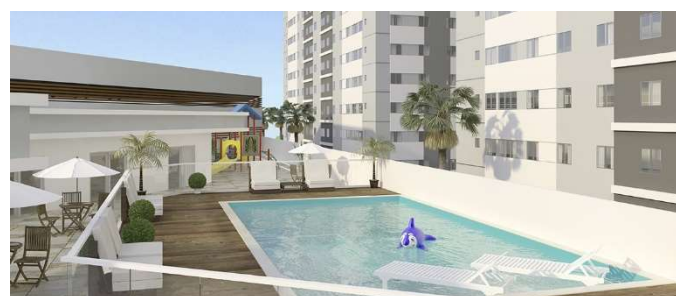
Apartamentos
INTELIGENTES



- ✓ Laminate flooring in the living room and bedrooms, ceramic in the kitchen and bathroom and granite in the countertops.



- ✓ Complete leisure area.



BALANCE SHEET | ASSETS | IFRS | CONSOLIDATED

Assets	Note	Controller		Consolidated	
		30/06/2019	31/12/2018	30/06/2019	31/12/2018
Current Assets					
Cash and cash equivalents	4	46.804.423	26.743.918	62.127.009	30.363.168
Shor-term investiments (TVM)	4	19.387.107	54.805.312	19.387.107	54.805.312
Receivables from real estate developmet	5	16.705.892	40.159.364	40.315.915	40.159.364
Stocks	6	35.359.512	29.137.280	93.911.329	61.602.020
Advances to third parties		1.845.341	2.518.133	5.096.772	3.596.333
		<u>120.102.275</u>	<u>153.364.007</u>	<u>220.838.132</u>	<u>190.526.197</u>
Noncurrent Assets					
Long term achievable:					
Financial Investments (TVM)	4	4.111.391	4.000.000	4.111.391	4.000.000
Related Parties (Mutual)	7	43.303.810	11.017.217	2.158.448	2.106.148
Deferred expenses		387.161	580.197	1.418.224	1.112.752
Judicial deposits		-	-	404.181	-
		<u>47.802.362</u>	<u>15.597.414</u>	<u>8.092.244</u>	<u>7.218.900</u>
Investment	8	39.744.594	5.016.801	361.304	19.200
Property and equipment	9	24.661.955	18.345.094	24.661.955	18.345.094
Intangible Assets		40.646	42.717	40.646	42.717
Right of use		93.719	-	93.719	-
		<u>64.540.914</u>	<u>23.404.612</u>	<u>25.157.624</u>	<u>18.407.011</u>
Total Assets		<u>232.445.551</u>	<u>192.366.033</u>	<u>254.088.000</u>	<u>216.152.108</u>

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

BALANCE SHEET | PASSIVE | IFRS | CONSOLIDATED

Passive	Note	Controller		Consolidated	
		30/06/2019	31/12/2018	30/06/2019	31/12/2018
Current Liabilities					
Trade accounts payable	10	3.913.317	18.645.330	20.115.440	25.877.919
Loans and financing	11	47.810.375	2.941.732	69.220.310	2.941.732
Labor and social liabilities	12	1.854.560	1.647.047	2.330.521	1.662.943
Tax liabilities	13	1.388.324	1.137.033	2.953.969	1.701.083
Mandatory Dividends Payable		-	12.662.632	-	12.662.632
Customer Advance		21.435.097	-	6.750.206	8.293.402
Obligations with third parties	10	4.524.977	1.750.280	7.820.751	5.046.054
Other payabl es		277.281	177.715	279.220	177.781
		<u>81.203.931</u>	<u>38.961.769</u>	<u>109.470.417</u>	<u>58.363.546</u>
Noncurrent Liabilities					
Obligations with third parties	10	10.680.427	7.540.220	7.384.653	7.540.220
Loans and financing	11	73.976.189	91.517.916	73.976.189	95.850.024
Provision for Guarantees	15	2.492.828	3.863.842	3.937.174	3.863.842
Contingency Provision	15	962.784	962.784	962.784	962.784
Provision for loss on investments		2.038.565	-	-	-
Related Parties (Mutual)		2.954.600	-	-	-
		<u>93.105.393</u>	<u>103.884.762</u>	<u>86.260.800</u>	<u>108.216.870</u>
Total liabilities		174.309.324	142.846.531	195.731.217	166.580.416
Shareholders' Equity					
Share capital	16	50.972.920	20.389.168	50.972.920	20.389.168
Profit Reserves		6.536.524	29.130.334	6.536.524	29.130.334
Accumulated profits		626.783	-	626.783	-
		<u>58.136.227</u>	<u>49.519.502</u>	<u>58.136.227</u>	<u>49.519.502</u>
Non-controlling interest		-	-	220.556	52.190
Total Shareholder's Equity		<u>58.136.227</u>	<u>49.519.502</u>	<u>58.356.783</u>	<u>49.571.692</u>
Total liabilities and shareholders' equity		<u>232.445.551</u>	<u>192.366.033</u>	<u>254.088.000</u>	<u>216.152.108</u>

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

DEMONSTRATION OF THE RESULTS OF THE YEAR | IFRS | CONSOLIDATED
Income Statements

Three- and six-month periods ended June 30, 2019 and 2018

(In reais)

	Note	Controller				Consolidated			
		01/04/2019	01/01/2019	01/04/2018	01/01/2018	01/04/2019	01/01/2019	01/04/2018	01/01/2018
		à 30/06/2019	à 30/06/2019	à 30/06/2018	à 30/06/2018	à 30/06/2019	à 30/06/2019	à 30/06/2018	à 30/06/2018
Net Revenue	17	2.217.042	9.454.912	37.537.826	73.511.234	57.436.283	97.988.377	37.537.826	73.511.234
Cost of properties sold and services rendered	18	(2.172.254)	(8.122.965)	(20.866.345)	(41.860.314)	(36.813.230)	(58.872.952)	(20.866.345)	(41.860.314)
Gross Profit		44.788	1.331.947	16.671.481	31.650.920	20.623.053	39.115.425	16.671.481	31.650.920
Operating income (expenses):									
Selling expenses	18	(2.383.863)	(5.403.634)	(1.415.304)	(3.241.303)	(5.126.018)	(8.847.994)	(1.415.304)	(3.241.303)
General & Administrative Expenses	18	(4.963.865)	(10.001.341)	(4.708.018)	(7.534.240)	(6.145.239)	(11.625.242)	(4.708.018)	(7.534.240)
Equity income	8	16.559.705	32.341.290	-	-	-	-	-	-
Other operating expenses, net	18	(3.663.178)	(4.381.294)	(413.851)	(1.231.931)	(3.714.722)	(4.562.839)	(413.851)	(1.231.931)
		5.548.800	12.555.022	(6.537.174)	(12.007.474)	(14.985.979)	(25.036.075)	(6.537.174)	(12.007.474)
Operating profit before financial result:		5.593.588	13.886.969	10.134.307	19.643.446	5.637.074	14.079.350	10.134.307	19.643.446
Financial result, net:	19	(1.218.037)	(2.737.516)	(2.109.447)	(3.252.876)	(1.157.824)	(2.761.531)	-	-
Financial income		1.761.921	3.028.505	566.868	760.860	2.210.137	3.494.481	566.868	760.860
Financial expenses		(2.979.958)	(5.766.021)	(2.676.315)	(4.013.736)	(3.367.962)	(6.256.013)	(2.676.315)	(4.013.736)
Net Income		4.375.550	11.149.452	8.024.860	16.390.570	4.479.250	11.317.819	8.024.860	16.390.570
Basic Earnings Per Share	21	0,0858	0,2187	0,3936	0,8039				
Net income attributable to:									
Company Shareholders						4.375.550	11.149.452	8.024.860	16.390.570
Non-controlling Shareholders						103.699	168.366	-	-

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

CASH FLOW STATEMENT | IFRS | CONSOLIDATED

Cash Flow Statements

Six-month period ended June 30, 2019 and 2018

	(In reais)			
	Controller		Consolidated	
	01/01/2019	01/01/2018	01/01/2019	01/01/2018
	à	à	à	à
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Cash flows from operating activities:				
Net income for the period	11.149.452	16.390.570	11.317.819	16.390.570
Adjustments of:				
Depreciation	1.385.210	870.559	1.385.210	870.559
Equity income	(32.341.290)	-	-	-
Provision interest on loans	1.291.094	-	1.291.094	-
	(18.515.534)	17.261.129	13.994.123	17.261.129
(Increase) reduction of operating assets				
Bills to receive	23.453.471	(1.323.635)	(156.551)	(1.323.635)
Stocks	(6.222.232)	(12.108.178)	(32.648.247)	(12.108.178)
Other current and noncurrent assets	3.481.490	-	(2.210.094)	-
(Increase) reduction of operating liabilities				
Suppliers and Obligations with third parties	(8.817.109)	(4.684.758)	1.902.704	(4.684.758)
Tax Obligations	251.291	23.242	1.252.886	23.242
Staff Obligations	207.513	551.328	667.578	551.328
Other accounts payable by customer advance	-	(1.236.034)	(1.543.196)	(1.236.034)
Other current and noncurrent liabilities	5.848	-	(5.038.332)	-
Payment of interest on loans	(790.375)	-	(789.081)	-
Provision for warranties	(1.371.015)	-	73.331	-
Cash used in operating activities	<u>(8.316.652)</u>	<u>(1.516.906)</u>	<u>(24.494.879)</u>	<u>(1.516.906)</u>
Cash From Investing Activities				
Financial Application (TVM)	35.306.814	-	35.306.814	-
Related party loans	(32.286.593)	-	(52.300)	-
Acquisition (write-off) of investments	(9.000)	-	(3.166)	-
Acquisition of fixed assets	(7.700.000)	(233.000)	(7.700.000)	(233.000)
Intangible Acquisition (Low)	-	(1.140)	-	(1.140)
Net cash (used in) generated by investing activities	<u>(4.688.779)</u>	<u>(234.140)</u>	<u>27.551.348</u>	<u>(234.140)</u>
Cash From Financing Activities				
Increase or Decrease of Non-Current Assets	-	(497.589)	-	(497.589)
Borrowing	61.606.853	49.690.478	82.690.707	49.690.478
Loan Payments	(34.780.656)	-	(38.787.977)	-
Related Party Advances	21.435.097	-	-	-
Capital Payment	-	60.181	-	60.181
Dividend Payment	(15.195.358)	(10.864.983)	(15.195.358)	(10.864.983)
Net cash provided by financing activities	<u>33.065.936</u>	<u>38.388.087</u>	<u>28.707.372</u>	<u>38.388.087</u>
Cash and cash equivalents increase, net	<u>20.060.505</u>	<u>36.637.041</u>	<u>31.763.841</u>	<u>36.637.041</u>
Statement of increase in cash and cash equivalents:				
Cash and cash equivalents at beginning of year	26.743.918	29.983.592	30.363.168	29.983.592
Cash and cash equivalents at year end	<u>46.804.423</u>	<u>66.620.633</u>	<u>62.127.009</u>	<u>66.620.633</u>
Cash and cash equivalents increase, net	<u>20.060.505</u>	<u>36.637.041</u>	<u>31.763.841</u>	<u>36.637.041</u>

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

INVESTOR RELATIONS

IR contacts:

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Cid Maciel Monteiro de Oliveira

Investor Relations Director

E-mail: cid@interconstrutora.com.br

RELATIONSHIP WITH INDEPENDENT AUDITORS

In accordance with CVM Instruction No. 381/03, we inform that our independent auditors - KPMG Auditores Independentes - did not provide, during 2018, services other than those related to external audit. The Company's policy when hiring the services of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.

ARBITRATION CLAUSE

According to Article 45 of Chapter VIII - Arbitration Court, of the Company's Bylaws: The Company, its shareholders, Senior Managers and the members of the Fiscal Council undertake to resolve, by means of arbitration before the Market Arbitration Chamber, any and all disputes or controversies that may arise between them, related to or arising, in particular, from the application, validity, effectiveness, interpretation, violation and its effects, of the provisions contained in the Corporation Law, in the Company's bylaws, in the rules issued by the National Monetary Council, by the Central Bank of Brazil and by the Brazilian Securities and Exchange Commission, as well as in the other rules applicable to the operation of the capital market in general, in addition to those contained in the BOVESPA MAIS Rules, the Arbitration Rules, the Sanctions Rules, and the BOVESPA MAIS Participation Agreement.

OBSERVATIONS

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

The financial information is presented in thousand Reais (R\$ thousand), unless otherwise indicated. The statements contained in this document relating to INTER's business prospects, projections of operating and financial results, and those relating to INTER's growth prospects are merely projections and, as such, are based solely on management's expectations of the future of the business. These expectations depend substantially on the approvals and licenses required for the approval of projects, market conditions, the performance of the Brazilian economy, the sector and international markets and, therefore, are subject to change without prior notice. This performance report includes non-accounting data as operational, and projections based on the expectation of the Company's management. The non-accounting data such as quantitative and launch VGV, contracted

sales, MCMV program values, inventory at market value, land bank, unearned income, cash consumption, and projections were not reviewed by the Company's independent auditors.

BOARD STATEMENT

In compliance with the provisions of CVM Instruction 480, the Executive Board declares that it has discussed, reviewed and agreed with the opinions expressed in the independent auditors' report and with the financial statements for the year ended June 30, 2019.

GLOSSARY

Land Bank (Landbank) - land held in stock with the estimated future PSV of the same.

BOVESPA PLUS - B3 listing segment, The Bovespa Mais makes it possible to raise fewer funds than the Novo Mercado, but sufficient to finance its growth project. Companies listed on Bovespa Mais tend to attract investors who see greater development potential in the business. Equity offerings may be aimed at a few investors and they generally have medium- and long-term return prospects. This segment allows you to make the listing without offering, ie, you can list your company on the Stock Exchange and have up to 7 years to make the IPO. This possibility is ideal for companies that want to access the market little by little. You can work on the professionalization of your business aiming only at listing and then you will have more time to make the public offering of shares. By untying one moment from another, market access tends to be more relaxed and the level of preparation of your company higher.

Exchange - System of purchase of land by which the owner of the land receives in payment a certain number of units of the enterprise to be built in the same.

VGV Posted - General Sales Value of units posted in a given period.

Net Sales - PSV arising from all real estate sales contracts entered into in a given period, including the sale of units launched in the period and the sale of units in stock, net of districts and net of exchange.

Contracted Units - Units contracted with the financial institution.

Sales on offer (VSO) - to minimize the volatility of this metric, we excluded the units in stock and units sold from projects launched in the quarter.

EBITDA - is the acronym for "Earnings Before Interest, Taxes, Depreciation and Amortization", which means "Earnings before interest, taxes, depreciation and amortization", in Portuguese.

Completed Units - Units completed by engineering. Registered after completion of the work.

Produced Units - Units produced by measuring the evolution of the work, equivalent construction.

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