SOCIEDAD ANÓNIMA, COMERCIAL, INDUSTRIAL,

FINANCIERA, INMOBILIARIA Y AGROPECUARIA

EINSTEIN 1111 - RIO GRANDE

PROVINCE OF TIERRA DEL FUEGO,

ANTARCTICA AND SOUTH ATLANTIC ISLANDS

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019,

PRESENTED JOINTLY WITH THE INDEPENDENT AUDITOR'S REPORT

AND THE STATUTORY AUDIT COMMITTEE'S REPORT

(Translation into English, originally issued in Spanish)

INDEPENDENT AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Translation into English of the Financial Statements originally issued in Spanish – Note 23 to the consolidated Financial Statements)

To the directors of
MIRGOR S.A.C.I.F.I.A.
Registered office: Einstein 1111
Río Grande – Tierra del Fuego
(CUIT (Argentine tax Identification number): 30-57803607-1)

I. Report on financial statements

Introduction

1. We have audited the accompanying consolidated financial statements of MIRGOR S.A.C.I.F.I.A. ("the Company") and its subsidiaries, which comprise: (a) the consolidated statement of financial position as of December 31, 2019, (b) the consolidated statements of comprehensive income, changes in equity and cash flows for year then ended, and (c) a summary of significant accounting policies and other explanatory information.

Responsibility of the Company's Management for the financial statements

2. The Board of Directors is responsible for the preparation and fair presentation of the Company's separate financial statements mentioned in paragraph 1 in accordance with the International Financial Reporting Standards adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated by the CNV (Argentine Securities Commission) in its regulations, as approved by the International Accounting Standards Board (IASB). The Company's Management is also responsible for the internal control it deems necessary to allow the consolidated financial statements to be prepared free from material misstatements, whether due to errors or irregularities.

Auditor's responsibility

3. Our responsibility is to express an opinion on the financial statements mentioned in paragraph 1, based on our audit. We have performed our work in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) adopted in Argentina with the effective terms established by the FACPCE. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain judgmental evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessing the risks of material misstatement of the financial statements, whether due to errors or irregularities. In making this risk assessment, the auditor considers the Company's internal control relevant to the preparation and fair presentation of the financial statements in order to design the appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the judgmental evidence we have obtained is sufficient and appropriate for our audit opinion.

Opinion

4. In our opinion, the financial statements mentioned in paragraph 1 present fairly, in all material respects, the financial position of MIRGOR S.A.C.I.F.I.A. and its subsidiaries as of December 31, 2019, its income and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Other matters

5. We also issued a separate report on MIRGOR S.A.C.I.F.I.A.'s financial statements as of the same date and for the same periods indicated in paragraph 1.

II. Report on other statutory and regulatory requirements

In compliance with current regulations, we further report that:

(a) The financial statements mentioned in paragraph 1 have been transcribed into MIRGOR S.A.C.I.F.I.A.'s "Inventory and Financial Statements" book and, in our opinion, were prepared in all material respects, in conformity with the applicable Argentine General Business Associations Law provisions and CNV (Argentine Securities Commission) regulations.

(b) The separate financial statements of MIRGOR S.A.C.I.F.I.A. as of December 31, 2019, have been taken from accounting books kept, in all formal respects, in accordance with current legal regulations and the conditions set forth in CNV Resolution No. 18,516 of February 16, 2017.

(c) The information contained in points 2, 3 and 5 of the "Summary of Events for the fiscal years ended December 31, 2019, 2019, and 2017", submitted by MIRGOR S.A.C.I.F.I.A. jointly with the financial statements to comply with CNV regulations arises from MIRGOR S.A.C.I.F.I.A.'s consolidated financial statements consolidated with those of its subsidiaries as of December 31, 2019 and 2018, which are not included in the accompanying document, and as of December 31, 2017, which are not included in the accompanying document and on which we issued our audit report dated March 8, 2019, to which we refer and which should be read jointly with this report.

(d) As of December 31, 2019, liabilities accrued in employee and employer contributions to the Integrated Pension Fund System, as recorded in the books of MIRGOR S.A.C.I.F.I.A., amounted to ARS 11,289,967, none of which was due and payable as of that date.

(e) In our audit of MIRGOR S.A.C.I.F.I.A.'s separate financial statements we have applied the anti-monetary laundering and anti-terrorist financing procedures provided in the related effective professional standards.

(f) During the year ended December 31, 2019, we billed audit services fees to the Company, representing 100% of the total amount billed to the Company on any and all accounts, 50% of the total amount of audit services billed to the Company, its parent company, subsidiaries and associates, and 50% of the total amount billed to the Company, its parent company, subsidiaries and associates on any and all accounts.

Buenos Aires,
March 9, 2020

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E.T.F. Cámara Río Grande. Vol. 1 – Fo. 3

KARÉN GRIGORIAN
Partner
Certified Public Accountant (U.B.A.)
C.P.C.E.T.F. Cámara Río Grande. Vol. 1 Fo. 237

INDEPENDENT AUDITORS' REPORT

ON THE SEPARATE FINANCIAL STATEMENTS

(Translation into English of the Financial Statements originally issued in Spanish – Note 23 to the consolidated Financial Statements)

To the directors of
MIRGOR S.A.C.I.F.I.A.
Registered office: Einstein 1111
Río Grande – Tierra del Fuego
(CUIT (Argentine tax Identification number): 30-57803607-1)

I. Report on financial statements

Introduction

1. We have audited the accompanying separate financial statements of MIRGOR S.A.C.I.F.I.A. ("the Company"), which comprise: (a) the separate statement of financial position as of December 31, 2019, (b) the separate statements of comprehensive income, changes in equity and cash flows for year then ended, and (c) a summary of significant accounting policies and other explanatory information.

Responsibility of the Company's Management for the financial statements

2. The Board of Directors is responsible for the preparation and fair presentation of the Company's separate financial statements mentioned in paragraph 1 in accordance with International Financial Reporting Standards approved by the International Accounting Standards Board (IASB), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated by the CNV (Argentine Securities Commission) in its regulations. The Company's Management is also responsible for the internal control it deems necessary to allow the financial statements to be prepared free from material misstatements, whether due to errors or irregularities.

Auditor's responsibility

3. Our responsibility is to express an opinion on the financial statements mentioned in paragraph 1, based on our audit. We have performed our work in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) adopted in Argentina with the effective terms established by the FACPCE. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain judgmental evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessing the risks of material misstatement of the financial statements, whether due to errors or irregularities. In making this risk assessment, the auditor considers the Company's internal control relevant to the preparation and fair presentation of the financial statements in order to design the appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the judgmental evidence we have obtained is sufficient and appropriate for our audit opinion.

Opinion

4. In our opinion, the financial statements mentioned in paragraph 1 present fairly, in all material respects, the financial position of MIRGOR S.A.C.I.F.I.A. as of December 31, 2019, its income and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Other matters

5. We issued a separate report on the consolidated financial statements of MIRGOR S.A.C.I.F.I.A. and its subsidiaries as of the same date and for the same period indicated in paragraph 1.

II. Report on other statutory and regulatory requirements

In compliance with current regulations, we further report that:

(a) In our opinion, the financial statements mentioned in paragraph 1 have been prepared, in all material respects, in conformity with the applicable Argentine General Business Associations Law provisions and CNV regulations.

(b) The financial statements mentioned in paragraph 1 arise from the Company's "Inventory and Financial Statements" book kept, in all formal respects, in accordance with current legal regulations and the conditions set forth in CNV Resolution No. 18,516 of February 16, 2017.

(c) The information contained in points 2, 3 and 4 of "Additional information to the notes to the financial statements – section No. 12, Chapter III, Title IV of CNV Regulations (as amended in 2013)", presented by the Company jointly with the financial statements to comply with relevant CNV regulations, arises from the financial statements mentioned in paragraph 1.

(d) As of December 31, 2019, liabilities accrued in employee and employer contributions to the Integrated Pension Fund System, as recorded in the Company's books, amounted to ARS 11,289,967, none of which was due and payable as of that date.

(e) We have applied the anti-monetary laundering and anti-terrorist financing procedures provided in the related effective professional standards.

(f) During the year ended December 31, 2019, we billed audit services fees to the Company, representing 100% of the total amount billed to the Company on any and all accounts, 50% of the total amount of audit services billed to the Company, its parent company, subsidiaries and associates, and 50% of the total amount billed to the Company, its parent company, subsidiaries and associates on any and all accounts.

Buenos Aires,
March 9, 2020

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
C.P.C.E.T.F. Cámara Río Grande. Vol. 1 – Fo. 3

KARÉN GRIGORIAN
Partner
Certified Public Accountant (U.B.A.)
C.P.C.E.T.F. Cámara Río Grande. Vol. 1 Fo. 237

STATUTORY AUDIT COMMITTEE'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
MIRGOR S.A.C.I.F.I.A.

Dear Sirs,

1. As required by the regulations of Listado de Bolsas y Mercados Argentinos S.A. (BYMA), we have examined the letter to the shareholders, inventory and consolidated statement of financial position of MIRGOR S.A.C.I.F.I.A. and its subsidiaries as of December 31, 2019, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year ended December 31, 2019. In addition, we have reviewed the related "Supplementary information to the notes to the financial statements required under section 12, Chapter III, Title IV of CNV Standards (as amended in 2013)", the filing of which is not required by professional accounting standards effective in the Province of Tierra del Fuego, Antarctica and South Atlantic Islands, Argentina. Such documentation is the responsibility of the Company's Board of Directors in performing their exclusive functions.

2. Our work was based on the audit of the financial statements indicated above conducted by the firm Pistrelli, Henry Martin y Asociados S.R.L., in accordance with the international auditing standards issued by the International Auditing and Assurance Standards Board (IASB), and was limited to verifying the fairness of the significant information included in the documents examined, its consistency with the information on corporate decisions entered in minutes, and the compliance of such decisions with the law and bylaws regarding formal and documentary requirements. We did not perform any control over management decisions or performance and, therefore, we did not assess the business decisions or criteria regarding administrative, financial, marketing or production matters, as these are the exclusive responsibility of the Board of Directors.

3 In our opinion, based on our work and the reports dated March 9, 2020, issued by Karén Grigorian, CPA (a partner of Pistrelli, Henry Martin y Asociados S.R.L.): (a) the accompanying consolidated financial statements for the year ended December 31, 2019, present fairly, in all material respects, the financial position of MIRGOR S.A.C.I.F.I.A. and its subsidiaries, for them to be presented in conformity with the professional accounting standards effective in the Province of Tierra del Fuego, Antarctica and South Atlantic Islands, Argentina, and Argentine General Business Associations Law and the relevant CNV regulations; and (b) the "Supplementary information to the notes to the financial statements required under section 12, Chapter III, Title IV of CNV Standards (as amended in 2013)".

4. We also report that in compliance with current legal requirements, and exercising the control of legality that is our responsibility, during the year, we applied the remaining procedures described in section No. 294, Law No. 19,550, which we considered necessary under the circumstances, with no findings to report in this regard.

5. The consolidated financial statements for the year ended December 31, 2019, result from books kept, in all formal respects, pursuant to current legal requirements, except as mentioned in the Inventory and Financial Statements Book.

6. In compliance with section 4, Part III, Chapter I, Title XII, CNV standards, we report that:

a. the auditor who issued his audit report on the consolidated financial statements represents that he applied the current auditing standards, which include independence and objectivity requirements, and

b. this auditor has not made any qualification with regard to the application of the professional accounting standards that contemplate the assessment of MIRGOR S.A.C.I.F.I.A's accounting policies.

7. We have also reviewed the information on the level of compliance with the Corporate Governance Code included in the Exhibit of the Letter to the Shareholders under "Report on the level of compliance with the Corporate Governance Code" prepared by MIRGOR S.A.C.I.F.I.A's Board of Directors. Pursuant to the tasks performed and as part of our competence, the information provided has been prepared reliably, in all material respects, pursuant to the requirements under CNV General Resolution No. 606/2012 and section 1, Part I, Chapter I, Title IV, CNV standards.

8. Additionally, we have reviewed the situation of compliance with directors' guarantees according to Province of Tierra del Fuego IGJ Regulation No. 60/07 and have no findings to mention.

9. We have applied the anti-monetary laundering and anti-terrorist financing procedures provided in the related professional standards issued by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences).

Buenos Aires,
March 9, 2020

On behalf of Statutory Audit Committee

Mr. Julio Cueto Rua
Statutory auditor

STATUTORY AUDIT COMMITTEE'S REPORT
ON THE SEPARATE FINANCIAL STATEMENTS

To the Shareholders of
MIRGOR S.A.C.I.F.I.A.

Dear Sirs,

1. As required by the regulations of Listado de Bolsas y Mercados Argentinos S.A. (BYMA), we have examined the letter to the shareholders, inventory and separate statement of financial position of MIRGOR S.A.C.I.F.I.A. as of December 31, 2019, and the related separate statements of comprehensive income, changes in equity, and cash flows for the year then ended. In addition, we have reviewed the related "Supplementary information to the notes to the financial statements required under section 12, Chapter III, Title IV of CNV Standards (as amended in 2013)", the filing of which is not required by professional accounting standards effective in the Province of Tierra del Fuego, Antarctica and South Atlantic Islands, Argentina. Such documentation is the responsibility of the Company's Board of Directors in performing their exclusive functions.

2. Our work was based on the audit of the financial statements indicated above conducted by the firm Pistrelli, Henry Martin y Asociados S.R.L., in accordance with the international auditing standards issued by the International Auditing and Assurance Standards Board (IASB), and was limited to verifying the fairness of the significant information included in the documents examined, its consistency with the information on corporate decisions entered in minutes, and the compliance of such decisions with the law and bylaws regarding formal and documentary requirements. We did not perform any control over management decisions or performance and, therefore, we did not assess the business decisions or criteria regarding administrative, financial, marketing or production matters, as these are the exclusive responsibility of the Board of Directors.

3. In our opinion, based on our work and the reports dated March 9, 2020, issued by Karén Grigorian, CPA (a partner of Pistrelli, Henry Martin y Asociados S.R.L.): (a) the accompanying separate financial statements for the year ended December 31, 2019, present fairly, in all material respects, the financial position of MIRGOR S.A.C.I.F.I.A. and its subsidiaries, for them to be presented in conformity with the professional accounting standards effective in the Province of Tierra del Fuego, Antarctica and South Atlantic Islands, Argentina, and Argentine General Business Associations Law and the relevant CNV regulations; and (b) the "Supplementary information to the notes to the financial statements required under section 12, Chapter III, Title IV of CNV Standards (as amended in 2013)".

4. We also report that in compliance with current legal requirements, and exercising the control of legality that is our responsibility, during the year, we applied the remaining procedures described in section No. 294, Law No. 19,550, which we considered necessary under the circumstances, with no findings to report in this regard.

5. The separate financial statements for the year ended December 31, 2019, result from books kept, in all formal respects, pursuant to current legal requirements, except as mentioned in the Inventory and Financial Statements Book.

6. In compliance with section 4, Part III, Chapter I, Title XII, CNV standards, we report that:

a. The auditor who issued his audit report on the separate financial statements represents that he applied the current auditing standards, which include independence and objectivity requirements, and

b. this auditor has not made any qualification with regard to the application of the professional accounting standards that contemplate the assessment of MIRGOR S.A.C.I.F.I.A's accounting policies.

7. We have also reviewed the information on the level of compliance with the Corporate Governance Code included in the Exhibit of the Letter to the Shareholders under "Report on the level of compliance with the Corporate Governance Code" prepared by MIRGOR S.A.C.I.F.I.A's Board of Directors. Pursuant to the tasks performed and as part of our competence, the information provided has been prepared reliably, in all material respects, pursuant to the requirements under CNV General Resolution No. 606/2012 and section 1, Part I, Chapter I, Title IV, CNV standards.

8. Additionally, we have reviewed the situation of compliance with directors' guarantees according to Province of Tierra del Fuego IGJ Regulation No. 60/07 and have no findings to mention.

9. We have applied the anti-monetary laundering and anti-terrorist financing procedures provided in the related professional standards issued by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences).

Buenos Aires,
March 9, 2020

On behalf of Statutory Audit Committee

Julio Cueto Rua
Statutory auditor

Translation into English of the Financial Statements originally issued in Spanish - See Note 24 to the consolidated financial statements.

The Company is not enrolled in the Statutory Optional System for the mandatory Acquisition of Public Offerings.

FISCAL YEAR No. 49 BEGINNING JANUARY 1, 2019 AND ENDED DECEMBER 31, 2019

LETTER TO THE SHAREHOLDERS

(Information not audited and not covered by the auditor's report)

To the Shareholders:

In compliance with current legal requirements and Company bylaws, we are pleased to submit for your consideration the documentation related to the financial statements for fiscal year No. 49 ended December 31, 2019.

Description of the business and organizational structure

Mirgor S.A.C.I.F.I.A. ("Mirgor" or "the Company") started doing business in 1983, setting up its first industrial plant in the city of Río Grande, Province of Tierra del Fuego. The plant provides air quality and temperature control systems for the auto industry.
In 1995, as a strategic vertical integration decision, Mirgor acquired Interclima S.A. ("Interclima"), its main supplier of heat exchangers. In 2004, the diversification process began, with the production of home air conditioning systems. In 2006, it started providing tire removal services for General Motors in its plant located in Rosario.

In 2006, in line with its diversification of activities, Mirgor acquired CAPDO S.A. ("CAPDO"), which engages in the real estate activity through the lease of its real property.

In 2009, the Company purchased Industria Austral de Tecnología S.A. ("IATEC"), which engages in the electronic consumer goods industry. In 2010, this company signed an agreement with Nokia (currently Microsoft) to produce mobile telephones. In 2011, through the agreement entered into with LG, it began to produce TV sets. In 2012, it started the production of audio and video equipment and, in 2013, the production of notebooks for Dell. Thus, the Company included the production of residential air conditioning units, microwaves, television sets and mobile phones within consumer electronics.

In 2014, through its subsidiary IATEC, the Company began negotiations for the production of electronic products for Pioneer-brand automobiles, which finally entered production during the second half of 2015, incorporating it to the automobile segment.

As from July 2014, the subsidiary IATEC started producing Samsung mobile phones. Moreover, during 2015, the Company began to produce Samsung television sets.

In 2014, IATEC started a productive restructuring process and discontinued the production of notebooks. In 2015, it discontinued the production of microwave ovens and in 2016 it suspended the production of residential air conditioning units.

In 2016, information was released about the termination of the agreement for the production of Microsoft-branded cellphones, which did not generate a significant impact for IATEC's activities.

In 2017, it organized GMRA S.A. ("GMRA"), engaged in the retail trade of all types of electronic and electric products and telephones through online channels, points of sale, points of sale in shopping centers and street stores.

In 2019, Mirgor acquired Holdcar S.A. ("Holdcar"), which includes Famar Fueguina S.A. ("Famar") and Electrotécnica Famar S.A.C.I.I.E. ("Electrotécnica"). Famar produces in its plant in Río Grande, Province of Tierra del Fuego, radios, infotainment, electronic control modules and alarms for the automobile industry. It also produces residential modems and mobile telephones. Electrotécnica develops, through its own engineering, the design of the hardware and software embedded in the automobile products manufactured by Famar.

As from 2019, Mirgor started trading grains and oil seeds.

The group of companies consolidating with Mirgor ("Mirgor Group" or "Group"): Interclima, IATEC, CAPDO, GMRA, Holdcar, Electrotécnica and Famar is organized in business units (business segments), namely: 1) automotive, 2) electronic consumer goods (including mobile telephones, TV sets, modems and retail), 3) services, and 4) farming. The business units enable the resources to be optimized and make it possible to provide the customers of each market targeted by the Group with better service and the group's strategies.

In July 2012, the subsidiaries and other companies based in Tierra del Fuego and engaged in manufacturing electronic products and residential appliances signed an investment agreement, whereby they organized the holding company CIAPEX S.A. and the managing company SAPI S.A., which were provided with contributions through the CIAPEXSA guarantee trust in order to promote and fund production projects aimed at exports and/or the replacement of imports. Its main investment was the acquisition of Minera Don Nicolás S.A., engaged in exploiting mining fields.

As part of its commitment with the region and with Argentina, Mirgor Group continues to seek the economic and social development of the communities in which it operates through its Corporate Social Responsibility program, which is expanded and fueled by the communities' expectations. This allows the Group to be more aware and consistent about its responsible actions and to drive changes, this being a major differentiating factor.

Within the changes in the Group's management, the 5S method was adopted in our administrative offices in the City of Buenos Aires. This method had already been used in our plants in Tierra del Fuego and consists of five principles (sort, set, shine, standardize and sustain) to ensure continuous improvement.

The shareholders define the Group strategies and objectives, which are developed by the group's executives as a whole and carried out by the organization. The Company has a Board of Directors made up of 5 full members and a statutory audit committee made up of three full members.

Context of operations during the year

Presidential elections were held in 2019, so there were many economic uncertainties that greatly influenced the Argentine economic context. The economy suffered considerable pressures as from Q1 related to the exchange rate, inflation and interest rates.

The Argentine economy remained in recession in 2019 and the severe economic downturn is related to successive, and increasingly frequent, depreciations of the Argentine peso.

The ongoing loss of reserves in the midst of the official target to avoid new foreign exchange collapses led to the reimplementation of capital controls. Timidly at first, but resolutely later, the sale of foreign currency for saving purposes was blocked. This naturally resulted in the reappearance of an alternative foreign exchange rate in the stock market that reflects the law of supply and demand.

The successive depreciation of the Argentine peso powered inflation, which stood at 53.8%, the highest rate for the past 28 years.

Consequently, recession and inflation continued exerting very negative effects on social variables. Unemployment rates grew again, the actual income earned by the poorer deteriorated by leaps and bounds, and the rates of poverty and indigence grew and created a highly sensitive social scenario.

Moreover, the uncertainty and changes in the macroeconomic variables, in addition to the measures adopted by the outgoing government to cope with the emergency, were perceived in the international financial markets as heightened risks of repayment of the Argentine debt.

Undoubtedly, inflation, accelerated by the foreign exchange uncertainty, worsened the fall in sales because the purchasing power of salaries was severely impaired, especially during the last quarter of the year. The sharp increase in interest rates aggravated the fall.

As in the previous year, the exporter sectors were not heavily favored by the depreciation of the Argentine peso since the outgoing government decided to add withholdings and decrease rebates, thus offsetting or eliminating, in some cases, the improvements in domestic costs in foreign currency throughout 2019.

Argentina's balance of payments truly shows the hindrances suffered by the economy. A huge trade surplus was produced, but not by the increase in exports or the replacement of imports, but rather due to the collapse of imports as a consequence of the decline in activity levels and the depreciation of the Argentine peso.

During the second half of 2019, the IMF decided to suspend the planned disbursements until the new president took office, so the BCRA (Central Bank of Argentina) had to intervene decisively in the foreign exchange market to avoid a new depreciation. Consequently, the government imposed a strong restriction to the acquisition of foreign currency, distribution of dividends and payments to head offices abroad.

In this context, the new government faced a highly complex situation upon taking office. Almost with no freely-available international reserves, no foreign currency financing to intervene in the foreign exchange markets and workers' demands to regain the purchasing power lost, the target to reduce inflation seems extremely difficult.

The second half of the year was very challenging for the companies consolidating their financial statements with Mirgor and serving markets of durable consumer goods sensitive to these changes. To address the decline in sales, maintain the value of its assets and finance the inertia of a major operational and inventory structure was not easy.

Fourth quarter

Sales in Q4 2019 stood at around ARS 13.47 billion, 15.6% higher than sales booked in the same period the prior year, for around ARS 11.65 billion considered in constant currency.

The increase in prices adjusted by the devaluation costs was offset by steep falls in sales volumes.

In the case of the automotive industry, the fall in production for the quarter stood at 23.4%, a figure similar to that shown by the fall in the sale of Mirgor units, which amounted to 23.9%.

All electronic products sold suffered the consequences of the aforementioned scenario, decreasing throughout the year. However, the outflows of products from Tierra del Fuego in Q4 2019, in number of units sold as compared with the same period the previous year, increased by 6.9%, from 2.42 million dispatched in 2018 to 2.58 million units in 2019.

In IATEC's case, the increase stood at 2.4% as a result of the good commercial performance and the strong presence of the Samsung brand in the Argentine market.

As regards TV sets, the shipments from Tierra del Fuego increased by 58%.

IATEC's shipments remained at very high levels as compared to the rest of the market, up by 79.5% in Q4 2019 with respect to the same period the previous year.

The gross margin for the period stood at about ARS 3.57 billion with respect to about ARS 3.24 billion which were booked in Q4 2018 in constant currency.

The operating margin for the period stood at 18%, which increased from about ARS 1.97 billion in Q4 2018 to about ARS 2.41 billion in the same period in 2019.

The devaluation (58.8%) and inflation (53.8%) rates exerted a significant influence over the profit for the period.

Profit (loss) for the year

Sales for 2019 shrank by 5.3% from those booked in the same period of 2018, from about ARS 51.87 billion to about ARS 49.11 billion the current year.

When analyzing the behavior of the different quarters, the important thing is to consider the units sold and produced because the impact of the devaluation on the reported values may provide the wrong idea about what happened during the year. Production went down over time and exerted effects throughout the year.

Gross margin declined from about ARS 11.38 billion in 2018 to around ARS 10.16 billion in 2019, down by 5.7%. The gross margin stood at 20.7% influenced by the devaluation experienced during the year.

Business expenses grew above sales. This may be explained by the considerable investment made in developing and expanding the business activity of GMRA. To such end, the Company hired a group of people with profiles in line with the expansion carried out, in addition to making investments in systems and opening stores.

Administrative and other operating expenses reduced by 11.9% and 36%, respectively.

Net profit stood at ARS 2,123,874 (5% over revenues in 2019), from the loss of ARS 123,000,000 in 2018 (-0.2% on revenues in 2018).

Sector behavior

Automotive industry:

Sales of automobiles in Argentina were still greatly affected by undermined consumer confidence and rising prices due to the devaluation of the Argentine peso in the second half of 2019. However, the decrease in the second half of the year is lower than the accumulated amount in the first half of the year.

Also, exports were unable to offset the falling domestic market demand by the end of the year. Production amounted to 314,787 units sold by year-end, down by 32.5% with respect to 2018.

Auto-makers located in Argentina displayed very different behaviors. Sedan manufacturers suffered most because they were hard-hit by the decline in sales and in demand.

This is a worldwide trend, it does not merely affect Argentina.

Exports were slightly affected by the decline in the sector. With a 16.7% fall, 224,248 units were exported in 2019 with respect to the 269,360 units dispatched in 2018.

Accumulated local demand decreased by 45.4% to 372,474 vehicles, from 681,816 units in 2018. The greatest impact was experienced in the first six months of the year with a decline over 60%.

Mirgor in the auto industry

Mirgor's sales of auto air quality and temperature control systems fell to a lower extent than automotive production. However, this may be explained by the fact that most of the Company's customers showed a better performance than the industry mean.
Sales of air quality and control systems for cars reached 123,884 units in 2019, as compared to the 147,385 units sold in the same period in 2018, showing a 15.9% decrease.

In infotainment, units also dropped from 84,702 in 2018 to 75,163 units in 2019. Toyota headed production and automobile exports again in 2019, and was able to maintain its production plans despite Argentina's economic problems.

In addition, most products delivered in this industry were earmarked to be used in pick-ups. This is a very important detail because Argentina has specialized in pick-ups; they maintain production levels because most of these volumes are exported.

Despite the export duties on vehicles imposed by the former Argentine government, the industry managed to maintain better pick-up exports than vehicle exports.

Electronic consumer goods:

Despite the major effort made by the electronic industry in 2019 to control prices and prevent depreciation from increasing prices, fading demand greatly affected sales. Furthermore, the rise in interest rates over the year consolidated the decline in sales. Partnered with the government, the 12- and 18-installment payment plans were resumed to mitigate the adverse effects of inflation, but these subsidized rates were insufficient to tackle the caution exercised by buyers whose purchasing power has practically collapsed.

The electronic industry in Tierra del Fuego still depends on three products that account for 98% of production, and mobile phones represent 72% of the total.

Although there were fears that imported products would invade the market, this was not the case. China was Argentina´s major competitor, even when the volume of imports fell. The impossibility of transferring the depreciation of the Argentine peso to prices and consumers' strong preference for well-known brands as Samsung are key in understanding market dynamics.

Television sets

The demand for TV sets went down by 47% in 2019, a major drop as compared with 2018. However, the downward trend reversed during the last two quarters, which offset the drastic decline in the first half of the year.

In the year-to-year variation of Q4 2019, Argentine production and imports rose by 58% and 17%, respectively, and total apparent consumption for the last quarter grew by 56%.

There was a decline in the demand for SMART TV sets, from 90% in 2018 to 82%, and the best-selling product was HD technology due to the major economic restrictions on domestic consumption.

The sales of large-screen TVs dropped significantly while sales of 32'' screens accounted for 45% of total demand, up from the 36% reached in 2018, maintaining its prevalence.

Total output in Tierra del Fuego amounted to about 1.83 billion units in 2019, as compared with the about 3.32 billion units produced in 2018, down by 44.9%, showing the continuous sharp fall in the sector.

IATEC sold 197,542 units, a 40.7% decrease consistent with the decline suffered by the industry. In 2019, Samsung's market share was similar to that of 2018. The brand is focusing on TV sets with larger screens, and it is placing much more emphasis on the characteristics of its smart and 4k TV sets featuring all the details arising from the technological revolution.

Mobile telephones

The demand for mobile telephones dropped slightly in 2019, as compared with the strong decline that it suffered the previous year. This drop stood at 8% and, although Q4 maintained the upward trend of Q3, it did not manage to revert the annual accumulated growth.

From analyzing the supply of main products, the concentration of medium-end, to a greater extent, and low-end products remained.

Two factors explain these results: on the hand, the largely explained fall in the economy and, on the other, another phenomenon which does not exclusively occur in Argentina. The world is experiencing a lower product replacement rate. This is probably due to the fact that the technological revolution is not surprising consumers enough for them to feel inclined to replace their units at the rate they have been replacing them over the last few years. The next technological leap will probably take place when operators launch their 5G network.

Output in Tierra del Fuego experienced a modest 1.9% increase in number of units, from 7,695,547 units in 2018 to 7,845,377 units in 2019.

As a result, IATEC experienced a fall in the production and sale of mobile telephones. The number of units sold in 2019 stood at 2,820,722 units, as compared to 2,986,287 units sold the previous year.

The reduction in units sold was similar to that shown by the market, whereby Samsung maintained a strong leadership holding a 55% share. It was followed by Motorola, which reached 37% after implementing an aggressive commercial policy.

It should be highlighted that the Argentine market is extremely concentrated on these two brands.

GMRA

After the sustained growth achieved in 2018 by virtue of which 41 new stores were added reaching a total of 54 stores in 10 Argentine provinces, the Company continued its expansion in 2019.

Locations were improved from stands or shelves to stores in the main shopping centers. Thus, more products and services can be offered.

This boosted employment and headcount grew by 79%, from 132 employees in December 2018 to 237 direct GMRA collaborators in December 2019. In addition, the retail activity is heavily supported by a marketing structure and a highly active sales force that coordinates the operation from the Buenos Aires offices.

Some of the stores so-called Samsung Experience Centers offer quick customer and repair services.

Other matters of interest for the Company

The Company's personnel compensation policy is based on an assessment of the salaries considered in line with the market in terms of fixed and variable aspects, always taking into consideration education, capacity and experience, as well as the performance assessment and the fulfillment of set goals, without option plans or other variables. This same policy is applied to the Board of Directors, with higher compensation assigned to those members who also perform technical or administration functions at the Company, and fees approved by the Shareholders' Meeting.

The Company's financial handling is strongly related to the Argentine economy and its needs. The Company carried no financial payables throughout 2019 and was able to obtain an advantage with respect to its competitors. During this fiscal year, the changes in economic and financial conditions in Argentina hardened the market involving payments abroad.

From May through October, Mirgor implemented a program to repurchase its shares. Total shares acquired amounted to 2,340,000, which account for a total cost of ARS 88,663,000, in restated amounts.

The Company's internal control has procedures and control systems enabling it to analyze and assess, on a regular basis, the operation thereof within the basic internal control guidelines. The Company constantly analyzes control regulations, which are also constantly updated to achieve greater trust in all systems and processes. It also allows us to achieve the international quality certifications required by both suppliers and customers.

Analysis of the consolidated financial statements as of December 31, 2019

Financial position and ratios

	12.31.2019	**12.31.2018**
Noncurrent assets	4,173,274	4,197,967
Current assets	22,416,690	22,058,188
Total	**26,589,964**	**26,256,155**
Shareholders' equity	8,605,645	6,809,378
Noncurrent liabilities	616,762	19,040
Current liabilities	17,367,557	19,427,737
Total liabilities	**17,984,319**	**19,446,777**
Total	**26,589,964**	**26,256,155**

	12.31.2019	**12.31.2018**
a) Liquidity	1.29	1.14
b) Solvency	0.48	0.35
c) Tied - up capital	0.16	0.16
d) Return on equity	0.25	(0.02)

a) Current assets/current liabilities
b) Shareholders' equity/total liabilities
c) Noncurrent assets/total assets
d) Profit (loss) for the year / shareholders' equity

Total consolidated assets for the fiscal year ended December 31, 2019, amounted to about ARS 26.57 billion which represents a 1.3% year-to-year increase as compared to fiscal 2018.
Current and noncurrent assets maintained their levels as compared to the 2018 year-end, with changes under 5%.
Inventories went down from around ARS 13.45 billion to around ARS 12.09 billion, which entails a 10.4% decrease. Noncurrent assets increased by 1.12%. The item with the highest variation was "Deferred assets" related to the Company's tax receivables. It is followed in importance by "PP&E".

The changes in "PP&E" and "Intangible assets net of amortization" show the importance given by the group of companies to innovation and the new technologies promoting efficiency and the environment.

Current liabilities reduced by 10.6% with respect to the amounts booked in 2018 in restated amounts.

Noncurrent liabilities went up by 3.139% and the main change with respect to the previous year is interest-bearing payables and loans arising from the consolidation with its subsidiary Holdcar, which are generated from the acquisition of Famar and Electrotécnica.

Interest-bearing debts and borrowings showed a decrease, as they were repaid in full over this fiscal year.

Equity attributable to the owners of the parent for fiscal 2019 stands at about ARS 8.60 billion. The changes in equity are related to the reversal of the 2017 reserve for future dividends for the distribution of dividends in cash for ARS 180 million, which, in restated amounts, are equal to ARS 239,472,000 for the repurchase of own shares for ARS 88,663,000 and profit for the period which amounted to ARS 2.12 billion in restated amounts. Noncontrolling interests rose from ARS 2,858,000 in restated amounts to ARS 3,386,000, accounting for an increase of ARS 528,000.

Profit (loss) for the year

	12.31.2019	12.31.2018
Operating profit (loss) from continuing operations	833,799	(1,664,823)
Finance income (expense) and holding gains (losses)	150,708	(142,311)
Gain on exposure to the change in currency purchasing power	2,717,370	2,474,719
Other profit and expenses	(7,385)	5,621
Profit from continuing operations, net	**3,694,492**	**673,206**
Share of profit of associates, net	(1,202,667)	(427,896)
Subtotal	2,491,825	245,310
Income tax	(367,423)	(368,433)
Total comprehensive income for the year, net	**2,124,402**	**(123,123)**

	12.31.2019	12.31.2018
Attributable to:		
Subsidiary owners	2,123,874	(123,000)
Noncontrolling interests	528	(123)
Total comprehensive income for the year, net	**2,124,402**	**(123,123)**

Sales for the year (including the industrial promotion benefit item) amounted to about ARS 49.11 billion, representing an 5.3% year-to-year decrease (about ARS 51.86 billion). The reduction is related to the economic crisis in Argentina as a consequence of the lower demand for products by end consumers across industries.

Total net comprehensive income for 2019 stood at about ARS 2.12 billion, whereas the Company suffered losses for ARS 123,000,000 at restated amounts in 2018. In addition, net finance income during the year stood at ARS 150,708,000, which represents 0.3% of sales, whereas in 2018 this resulted in an ARS 142,311,000 loss, equivalent to -0.3% of sales. The gain on exposure to the change in currency purchasing power stood at about ARS 2.718 billion, representing a 5.5% on sales, whereas in 2018, the profit amounted to about ARS 2.47 billion; that is, 4.8% of sales.

Administrative and selling expenses stood at about ARS 5.38 billion, which represent 11% of sales, whereas in 2018, they amounted to about ARS 4.06 billion, equivalent to 8% of sales. Other operating profit and expenses resulted in an ARS 3.94 billion loss, representing 8% of sales, whereas it stood at about ARS 8.98 billion or 17.3% of sales in 2018.

Cash flow

	12.31.2019	12.31.2018
Net cash flows provided by operating activities	2,910,803	953,838
Net cash flows (used in) investing activities	(1,373,998)	(408,909)
Net cash flows (used in) financing activities	(496,331)	(1,652,615)
Financial loss arising from cash	(94,770)	(491,056)
Increase (decrease) in cash and cash equivalents, net	**945,704**	**(1,598,742)**

Cash flows provided by operating activities in fiscal 2019 stood at about ARS 3.90 billion, whereas they amounted to ARS 256,251,000 in 2018. The deeper impact results from the variation in trade and other payables, as well as trade and other receivables.

Cash flows used in investment activities stood at about ARS 2.37 billion in 2019, while they stood at ARS 408,909,000 in 2018.

In addition, dividends were paid in cash to shareholders during the year in the amount of ARS 239,472,000, in restated amounts, that arises from the restatement of ARS 180,000,000.

Prospects

The Mirgor Group faces major challenges in the current economic context in Argentina. The Company caters for markets of durable consumer goods, highly sensitive to the economic changes and to the customers that were affected by the economic context.

It is important to highlight the importance of the decision faced by the Argentine government on the resolution of the refinancing of the deadlines of the external debt. The performance of the Group’s activities, as that of all the economic agents, will be strongly conditioned in this regard.

Argentine output is expected to reactivate due to the substitution of imports. Therefore, the Group’s main activities are expected to thrive as compared to 2019.

A slight upturn in the electronic consumer goods industry is expected as a result of the activation of the domestic consumption put on hold in 2019.

Another matter of interest for the Group’s industrial activity is the expected renewal of the industrial promotion system effective in Tierra del Fuego through 2073. This extension expects to encourage industrial growth, boost production and stimulate employment.

The investment in the purchase of the auto part manufacturing company Famar Fueguina provides the Group with the growth possibility in the sector because it has the technological developments that will accompany the changes that the automobile industry is facing regarding the addition of the electronic and connectivity industry. It is also an opportunity for the Group that may expand its automobile products and customer base, creating a favorable environment for sustainable growth.

Regarding the retail activity, GMRA will continue its expansion by opening new stores in 2020, extending its coverage in Argentina. It is also working hard to create an omnichannel activity, which involves relating sales channels, which will create a better service provision and market positioning.

Moreover, the decrease in the interest rate fosters the opportunity of supplementing the retail business by granting personal loans to acquire products.

Regarding Mirgor and its recent beginning in the export of grains and oilseeds, its development will be related to the external variables in the commodities market and the economic policies established by the government at national level concerning the withholdings.

<u>Proposal submitted by the Board of Directors</u>

Earnings distribution

Unappropriated retained earnings at end of year include the following information:

	In thousands
Unappropriated retained earnings at beginning of year	(123,000)
Absorption of the optional reserve	123,000
Loss for the year	2,123,874
Total as of December 31, 2019	**2,123,874**
Unappropriated retained earnings at beginning of year	**2,123,874**

The General and Special Shareholders' Meeting held on April 26, 2019, decided to (i) absorb loss for the year with the existing optional reserve and decrease it by ARS 123,000,000 at restated amounts, (ii) reserve the reserve for future dividends and distribute dividends in cash for ARS 180,000 which, restated, amounted to 239,472, payable in 6 installments of equal amounts to be settled on May 13, June 19, July 17, August 14, September 18 and October 16, 2019.

Based on the changes in the businesses for the year ended December 31, 2019, and the economic and financial estimates for the following year, the Board proposes that the Company should (i) distribute a cash dividend for ARS 500,000,000, to be paid ARS 220,000 in May and seven equal monthly and consecutive installments of ARS 40,000,000 from June to December, (ii) increase the legal reserve by ARS 16,171,000, and (iii) increase the optional reserve for about ARS 1.61 billion.

Acknowledgement

The Board of Directors wishes, once again, to express its deep gratitude to the management and employees for their collaboration during the current year as well as the suppliers and customers for the trust in the Group and the support granted, all of which made it possible to achieve these results.

Buenos Aires,
March 9, 2020

Mr. José Luis Alonso
Vice-Chairman
acting as Chairman

BOARD OF DIRECTORS

MIRGOR S.A.C.I.F.I.A.

CHAIRMAN

Mr. Roberto G. Vázquez (*)

VICE-CHAIRMAN

Mr. José Luis Alonso

DIRECTORS

Mr. Martín Basaldúa (*)
Mr. Enrique Spraggon Hernández (*)
Mr. Iñaki Arreseygor

ALTERNATE DIRECTORS

Mr. Mauricio Blacher
Mr. Eduardo Koroch
Mr. Fabio Rozenblum
Mr. Sergio Javier Soriano
Mr. Leandro Toriano

STATUTORY AUDIT COMMITTEE

Statutory Auditors

Mr. Julio Cueto Rua
Mr. Mario Volman
Mr. Alejandro Mario Roisentul Wuillams

Alternate statutory auditors

Mr. Hugo Kaplan
Ms. Sandra Auditore

(*) Audit Committee members.

Registered office: Einstein 1111 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.

Main Business: Manufacturing air conditioning equipment for vehicles and investing in companies.

Date of registration with the Public Registry of Commerce:
- Of the articles of incorporation: June 1, 1971.
- Of the last amendment to by-laws: February 29, 2012.

Expiration date of the articles of incorporation: May 31, 2070.

FISCAL YEAR No. 48 BEGINNING JANUARY 1, 2019

SUMMARY OF EVENTS (*)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

(Figures stated in thousands of Argentine pesos.
See note 2.2 to the consolidated financial statements)

1. BRIEF COMMENT ON THE COMPANY'S ACTIVITIES FOR THE YEAR

Sales for the year (including the industrial promotion benefit item) amounted to about ARS 49.11 billion, representing an 5.5% year-to-year decrease (about ARS 51.86 billion).

Total comprehensive profit for 2019, net, stood at about ARS 2.12 billion, whereas loss for 2018 amounted to ARS 123,123,000. In addition, net finance income during the year stood at ARS 150,708,000, which represents 0.2% of sales, whereas in 2018 this resulted in an ARS 142,311,000 loss, equivalent to -0.3% of sales.

The gain on exposure to the change in currency purchasing power stood at about ARS 2.718 billion, representing a 5.5% on sales, whereas in 2018, the profit amounted to about ARS 2.47 billion; that is, 4.8% of sales.

Administrative and selling expenses stood at about ARS 5.38 billion, which represent 10.9% of sales, whereas in 2018, they amounted to ARS 4.06 billion, equivalent to 7.8% of sales. Other operating profit and expenses resulted in an ARS 3.94 billion loss, representing 8% of sales, whereas it stood at about ARS 8.98 billion or 17.3% of sales in 2018.

2. CONSOLIDATED EQUITY STRUCTURE

	12/31/2019	12/31/2018	12/31/2017
Noncurrent assets	4,173,274	4,197,967	4,338,477
Current assets	22,416,690	22,058,188	21,554,950
Total assets	26,589,964	26,256,155	25,893,427
Shareholders' equity	8,605,545	6,809,378	7,347,041
Noncurrent liabilities	616,762	19,040	17,705
Current liabilities	17,367,557	19,427,737	18,528,681
Total liabilities	17,984,319	19,446,777	18,546,386
Total liabilities and shareholders' equity	26,589,964	26,256,155	25,893,427

3. CONSOLIDATED STATEMENT OF INCOME STRUCTURE

	12/31/2019	12/31/2018	12/31/2017
Operating profit (loss) from continuing operations	833,799	(1,664,823)	2,540,188
Finance income (loss)	150,708	(142,311)	(637,046)
Share of loss of associates, net	(1,202,667)	(427,896)	(109,375)
Other expense, net	(7,385)	5,621	170,276
Gain on exposure to the change in currency purchasing power	2,717,370	2,474,719	(739,363)
Profit for the year before income tax, net	**2,491,825**	**245,310**	**1,224,680**
Income tax	(367,423)	(368,433)	(127,504)
Total comprehensive income (loss) for the year, net	**2,124,402**	**(123,123)**	**1,097,176**
Noncontrolling interests	528	(123)	884
Other comprehensive income (loss) for the period	528	(123)	884
Comprehensive income (loss) for the year, net	**2,123,874**	**(123,000)**	**1,096,292**

4. STATISTICAL DATA

	12/31/2019		12/31/2018		12/31/2017	
	Quart.	Accum.	Quart.	Accum.	Quart.	Accum.
Production	733	3,506	803	3,692	1,201	4,907
Sales (1)	827	3,218	811	3,552	1,163	4,787
- Local sales	827	3,218	811	3,552	1,163	4,787
Equipment with air conditioning	29	124	38	147	49	172
Mobile phones	712	2,821	690	2,986	1,018	4,222
Media- TV	65	198	60	334	73	312
Car radio	21	75	23	85	24	81

(1) The units sold among companies are not included.

5. RATIOS

	12/31/2019	12/31/2018	12/31/2017
Liquidity	1.29	1.14	1.16
Solvency	0.48	0.35	0.40
Tied-up capital	0.16	0.16	0.17
Return on equity	0.25	-0.02	0.15

6. PROSPECTS

The Mirgor Group faces major challenges in the current economic context in Argentina. The Company caters for markets of durable consumer goods, highly sensitive to the economic changes and to the customers that were affected by the economic context.

It is important to highlight the importance of the decision faced by the Argentine government on the resolution of the refinancing of the deadlines of the external debt. The performance of the Group's activities, as that of all the economic agents, will be strongly conditioned in this regard.

Argentine output is expected to reactivate due to the substitution of imports. Therefore, the Group's main activities are expected to thrive as compared to 2019.

A slight upturn in the electronic consumer goods industry is expected as a result of the activation of the domestic consumption put on hold in 2019.

Another matter of interest for the Group's industrial activity is the expected renewal of the industrial promotion system effective in Tierra del Fuego through 2073. This extension expects to encourage industrial growth, boost production and stimulate employment.

The investment in the purchase of the auto part company Famar Fueguina provides the Group with the growth possibility in the sector because it has the technological developments that will accompany the changes that the automobile industry is facing regarding the addition of the electronic and connectivity industry. It is also an opportunity for the Group that may expand its automobile products and customer base, creating a favorable environment for sustainable growth.

Regarding the retail activity, GMRA will continue its expansion by opening new stores in 2020, extending its coverage in Argentina. It is also working hard to create an omnichannel activity, which involves relating sales channels, which will create a better service provision and market positioning.
Moreover, the decrease in the interest rate fosters the opportunity of supplementing the retail business by granting personal loans to acquire products.

Regarding Mirgor and its recent beginning in the export of grains and oilseeds, its development will be related to the external variables in the commodities market and the economic policies established by the government at national level concerning the withholdings.

Buenos Aires,
March 9, 2020

Mr. José Luis Alonso
Vice-Chairman
acting as Chairman

(*) Information not covered by the independent auditor's report, except for 2, 3 and 5.

MIRGOR S.A.C.I.F.I.A.

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR FISCAL YEAR NO. 49,

BEGINNING JANUARY 1 AND ENDED DECEMBER 31, 2019

Registered office: Einstein 1111 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.

Main business: Manufacturing air conditioning equipment for vehicles and investing in companies.

Date of registration with the Public Registry of Commerce:

– Of the articles of incorporation: June 1, 1971.
– Of the first amendment to by-laws: July 1, 1994.
– Of the last amendment to by-laws: February 29, 2012.

Registration number with the IGJ (Argentine regulatory agency of business associations): 40,071.

Expiration date of articles of incorporation: May 31, 2070.

CUIT: 30-57803607-1.

Parent company's information:

– Corporate name: IL TEVERE S.A.
– Registered office: Beauvoir 17 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.
– Main business: Holding company.
– Equity interest: 48.27%.
– Voting rights: 61.5862%.

The Company is not enrolled in the Statutory Optional System for the Mandatory Acquisition of Public Offerings.

CAPITAL STRUCTURE

(Note 17)

	Issued, subscribed, registered and paid-in
18,000,000 shares of common stock, face value ARS 0.10 each	
Class A and B entitled to three votes per share	3,120,000
Class C entitled to one vote per share	14,880,000
	18,000,000

MIRGOR S.A.C.I.F.I.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Notes	12.31.2019 ARS 000	12.31.2018 ARS 000
Profit from continuing operations		40,543,885	42,349,044
Industrial promotion benefit	5	8,569,047	9,513,568
Cost of goods sold and services rendered	22	(38,950,563)	(40,485,316)
Gross profit	6	**10,162,369**	**11,377,296**
Other operating profit	8	3,156,143	2,127,301
Administrative expenses	7	(1,543,393)	(1,751,456)
Selling expenses	7	(3,840,263)	(2,313,244)
Other operating expenses	8	(7,101,057)	(11,104,720)
Operating loss		833,799	(1,664,823)
Finance costs	8	(1,117,709)	(725,351)
Finance income	8	1,268,417	583,040
Gain on exposure to the change in currency purchasing power		2,717,370	2,474,719
Other (expense) profit, net	8	(7,385)	5,621
Share of loss of associates, net	20	(1,202,667)	(427,896)
Comprehensive net loss for the year		**2,491,825**	**245,310**
Income tax	9	(367,423)	(368,433)
Total comprehensive income for the year, net		**2,124,402**	**(123,123)**
Attributable to:			
Subsidiary owners		2,123,874	(123,000)
Noncontrolling interests		528	(123)
		2,124,402	**(123,123)**
Profit (loss) per share:			
– basic and diluted, net for the year attributable to ordinary equity holders of the parent's equity		11.80	(0.68)

MIRGOR S.A.C.I.F.I.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2019

	Notes	12.31.2019 ARS 000	12.31.2018 ARS 000
Assets			
Noncurrent assets			
Property, plant and equipment	11	3,242,950	1,898,232
Investment property	12	77,408	78,848
Intangible assets	13	84,009	93,273
Investment in associates	20	742,126	734,256
Other nonfinancial receivables	16	13,828	9,661
Deferred tax assets	9	12,953	1,245
Other financial assets	15	-	1,382,452
		4,173,274	4,197,967
Current assets			
Other nonfinancial receivables	16	821,698	443,945
Inventories	14	12,087,718	13,451,095
Trade and other receivables	15	7,132,529	7,491,267
Cash and short-term deposits	15	2,374,745	671,881
Group of assets for disposal, classified as held for sale		22,416,690	22,058,188
Total assets		**26,589,964**	**26,256,155**
Equity and liabilities			
Shareholders' equity			
Issued capital		18,000	18,000
Capital adjustment		126,396	126,396
Own shares		(88,663)	-
Additional paid-in capital		90,220	90,220
Profit set apart for reserves		6,332,432	6,694,904
Unappropriated retained earnings (accumulated losses)		2,123,874	(123,000)
Equity attributable to owners of the parent		**8,602,259**	**6,806,520**
Noncontrolling interests		3,386	2,858
Total equity		**8,605,645**	**6,809,378**
Noncurrent liabilities			
Interest-bearing debts and borrowings	15	304,226	-
Trade and other payables	15	138,605	152
Provisions for lawsuits and contingencies	15	83,873	-
Deferred tax liability	9	90,058	18,888
		616,762	19,040
Current liabilities			
Interest-bearing debts and borrowings	15	235,491	3,214
Trade and other payables	15	17,016,944	19,396,165
Other financial liabilities	15	115,122	28,358
		17,367,557	19,427,737
Total liabilities		**17,984,319**	**19,446,777**
Total equity and liabilities		**26,589,964**	**26,256,155**

MIRGOR S.A.C.I.F.I.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Attributable to owners of the parent										
		Other capital accounts convertible into shares			Other shareholders' equity components						
	Capital stock	Capital adjustment	Own shares (Note 2.6)	Additional paid-in capital	Statutory reserve	Other reserves (Note 2.6)	Optional reserve (Note 2.6)	Unappropriated retained earnings (accumulated losses)	Total	Non controlling interest	Total equity
	ARS 000	ARS 000		ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
As of January 1, 2019	**18,000**	**126,396**	**-**	**90,220**	**12,708**	**414,748**	**6,267,448**	**(123,000)**	**6,806,520**	**2,858**	**6,809,378**
Own shares	-	-	(88,663)	-	-	-	-	-	(88,663)	-	(88,663)
Cash dividends distribution provided for by the Board of Directors Meeting held April 26, 2019	-	-	-	-	-	(239,472)	-	-	(239,472)	-	(239,472)
Absorption of the optional and other reserves, as decided at the Regular Shareholders' Meeting of April 26, 2019	-	-	-	-	-	-	(123,000)	123,000	-	-	-
Total comprehensive income for the year, net	-	-	-	-	-	-	-	2,123,874	2,123,874	528	2,124,402
As of December 31, 2019	**18,000**	**126,396**	**(88,663)**	**90,220**	**12,708**	**175,276**	**6,144,448**	**2,123,874**	**8,602,259**	**3,386**	**8,605,645**

	Attributable to owners of the parent										
		Other capital accounts convertible into shares			Other shareholders' equity components						
	Capital stock	Capital adjustment	Own shares (Note 2.6)	Additional paid-in capital	Statutory reserve	Other reserves (Note 2.6)	Optional reserve (Note 2.6)	Unappropriated retained earnings (accumulated losses)	Total	Non controlling interest	Total equity
	ARS 000	ARS 000		ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
As of January 1, 2018	**18,000**	**126,396**	**-**	**90,220**	**12,708**	**208**	**6,000,235**	**1,096,293**	**7,344,060**	**2,981**	**7,347,041**
Cash dividends distribution provided for by the Board of Directors Meeting held April 27, 2018	-	-	-	-	-	-	-	(414,540)	(414,540)	-	(414,540)
Increase in the optional reserve, as resolved at the Regular Shareholders' Meeting of April 27, 2018	-	-	-	-	-	414,540	267,213	(681,753)	-	-	
Total comprehensive income for the year, net	-	-	-	-	-	-	-	(123,000)	(414,540)	(123)	(123,123)
As of December 31, 2018	**18,000**	**126,396**	**-**	**90,220**	**12,708**	**414,748**	**6,267,448**	**(123,000)**	**6,806,520**	**2,858**	**6,809,378**

MIRGOR S.A.C.I.F.I.A.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	12.31.2019	**12.31.2018**
	ARS 000	**ARS 000**
Operating activities		
Comprehensive income for the year before income tax and minimum presumed income tax	2,491,825	245,310
Interest expense, net	223,434	70,892
Adjustments to reconcile the comprehensive net income (loss) for the year with net cash flows		
PP&E depreciation	586,651	468,215
Depreciation of investment properties	1,440	1,875
Amortization of intangible assets	63,789	56,858
Impairment in value of goodwill and PP&E - Note 8.2	231,057	-
Increase in the allowance for inventories obsolescence	224,032	51,588
Share of profit of associates, net	1,202,667	427,896
Foreign exchange difference	3,358,037	8,751,513
Foreign exchange difference and long-term loan interest	(485,178)	(389,246)
Charge for lawsuits and contingencies	83,873	-
Gain on exposure to the change in currency purchasing power	94,770	491,056
Adjustment of operating assets and liabilities		
Decrease in trade and other receivables, net of intercompany receivables, foreign exchange differences and company acquisition	3,685,274	2,906,163
Decrease (increase) in inventories, net of the allowance for obsolescence and company acquisition	1,437,974	(5,848,571)
(Increase) decrease in other nonfinancial receivables, net of company acquisition	(178,607)	466,772
Decrease in trade and other payables, net of income tax and minimum presumed income tax	(10,110,235)	(6,746,483)
Net cash flows provided by operating activities	**2,910,803**	**953,838**
Investing activities		
PP&E additions	(693,674)	(650,618)
Collection on sale of PP&E, net	-	292
Acquisitions of intangible assets	(54,524)	(35,434)
Acquisition of short-term deposits	(757,160)	172,915
Variation of hedging instruments, net	86,764	90,066
Increase (decrease) in receivables from/payables to related companies	(101,901)	13,870
Collection of long-term loans	146,497	-
	(1,373,998)	**(408,909)**
Net cash flows used in investing activities		
Financing activities		
Decrease in loans, net	(168,196)	(1,219,309)
Purchase of own shares	(88,663)	-
Interest expense	-	(18,766)
Dividends paid	(239,472)	(414,540)
Net cash flows used in financing activities	**(496,331)**	**(1,652,615)**
Gain on exposure to the change in currency purchasing power	(94,770)	(491,056)
Increase (decrease) in cash and cash equivalents, net	**945,704**	**(1,598,742)**
Cash and cash equivalents as of January 1	447,325	2,046,065
Cash and cash equivalents as of December 31	**1,393,029**	**447,323**

MIRGOR S.A.C.I.F.I.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES OF MIRGOR GROUP

The consolidated financial statements of MIRGOR S.A.C.I.F.I.A. ("the Company") for the fiscal year ended December 31, 2019, were authorized for issue in accordance with a resolution of the Company's Board of Directors on March 9, 2020.

MIRGOR S.A.C.I.F.I.A. is a "sociedad anónima" (corporation) organized under Argentine laws, with registered domicile at Einstein 1111, Río Grande, Province of Tierra del Fuego, Antarctica and South Atlantic Islands (hereinafter, "Tierra del Fuego"), whose Class C shares are listed in the BCBA (Buenos Aires stock exchange).

The Company is mainly engaged in the manufacture of air quality and temperature control equipment for the automobile sector and, through its subsidiaries (jointly with the Company, "Mirgor Group"), is also engaged in the manufacture and marketing of TV sets, mobile telephone equipment, car radios and real estate, and provision of storage and technical support services for the auto and electric consumer industries, among other activities. Note 4 to these consolidated financial statements discloses operating segment information. Parent company information is included in note 18 to these consolidated financial statements.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Professional accounting standards applied

The Company prepares its consolidated financial statements in accordance with the Argentine professional accounting standards effective in the Province of Tierra del Fuego and current CNV regulations, as approved by General Resolution No. 622 (as amended in 2013), whereby stock and/or corporate bond issuers, subject to certain exceptions, are required to prepare their financial statements under FACPCE Technical Resolution No. 43 (as amended), which set forth the adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), while other entities may opt to use IFRS or the IFRS for SMEs replacing current Argentine professional accounting standards.

2.2. Basis of preparation

These consolidated financial statements for the year ended December 31, 2019, were prepared in accordance with the IFRS and issued by the IASB and the professional accounting standards effective in the Province of Tierra del Fuego.

In preparing these consolidated financial statements, Mirgor Group applied the basis of consolidation, significant accounting policies, judgments, estimates and assumptions described in notes 2.3, 2.4 and 2.5, respectively, to the consolidated financial statements. These consolidated financial statements have been prepared on a cost basis.

These consolidated financial statements are presented in Argentine pesos and all values have been rounded to the nearest thousand (ARS 000), except when otherwise indicated.

2.3. Basis of consolidation

These consolidated financial statements comprise the Company's financial statements as of December 31, 2019. Consolidated subsidiaries and their equity interests as of the relevant dates are:

Subsidiary	(Direct and indirect) equity interest percentage in common stock as of: 12.31.2019	12.31.2018	Year-end of last financial statements issued
Interclima S.A.	99.9667	99.9667	12/31/2019
Capdo S.A.	100	100	12/31/2019
IATEC S.A.	100	100	12/31/2019
HOLDCAR S.A.	100	-	12/31/2019

Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the investor controls an investee if and only if it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns significantly.

In general, it is assumed that a majority of the voting rights gives control. To back this presumption and when the investor has less than a majority of the voting or similar rights of an investee, the investor considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The existence of a contractual arrangement between the investor and the other vote holders of the investee.
- The rights arising from other contractual arrangements.
- The investor's voting rights, potential voting rights or a combination of both.

The investor re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control previously mentioned. Consolidation of a subsidiary begins when the parent obtains control over the subsidiary and ceases when the parent loses control of the subsidiary. Assets, liabilities, profit and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the parent gains control of the subsidiary until the date the parent ceases to control the subsidiary.

Profit or loss for the year and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if non-controlling interests generate losses. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, profit, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the carrying amount of the related assets (including goodwill) and liabilities, noncontrolling interest and other equity components, and recognizes in the statement of profit or loss the profit or loss derived from the transaction. Any residual investment is recognized by its fair value.

2.4. Summary of significant accounting policies

The following are the significant accounting policies applied by Mirgor Group in preparing these consolidated financial statements.

Unit of measurement

The financial statements as of December 31, 2019, including prior-year amounts, were restated to consider the changes in the general purchasing power of the Company's functional currency (Argentine peso) pursuant to the provisions in IAS 29 and CNV (Argentine Securities and Exchange Commission) General Resolution No. 777/2018. Thus, the financial statements are stated in the current measuring unit as of the end of the reporting year.

According to IAS 29, financial statements should be restated when an entity's functional currency is that of a hyperinflationary economy. To define an hyperinflationary economy, IAS 29 offers a series of nonexclusive guidelines, which consist in (i) analyzing the behavior of the population, prices, interest rates and salaries considering the changes in the price indexes and the loss in the currency purchasing power, and (ii) a quantitative indicator –the most considered condition in actual facts– that involves checking whether the three-year cumulative inflation rate is around 100% or more.

To assess this quantitative condition, and to restate the financial statements, the CNV set forth that the series of indexes to be used for adopting IAS 29 is that specified by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences). This series combines the consumer price index published by the INDEC (Argentine Institute of Statistics and Censuses) as from January 2017 (base month: December 2016) with the wholesale domestic price index published by the INDEC up to that date, computed for November and December 2015 since the abovementioned institute published no information concerning the changes in the consumer price index for the City of Buenos Aires during those months.

Considering this index, inflation stood at 53.83% and 47.64% for the years ended December 31, 2019, and 2018, respectively.

Below we summarize the effects of applying IAS 29:

Restatement of the statement of financial position

(i) Monetary items (those with a fixed nominal value in local currency) will not be restated, as they are no longer stated in the constant currency as of the end of the reporting year. In an inflationary period, maintaining monetary assets will lose purchasing power and maintaining monetary liabilities will gain purchasing power, provided that these items are not subject to an adjustment mechanism that somehow offsets these effects. Monetary gains or losses are included in profit (loss) for the reporting year.

(ii) Assets and liabilities subject to changes based on specific agreements will be adjusted in accordance with such agreements.

(iii) Nonmonetary items measured at their current values as of the end of the reporting period are not restated to be filed in the statement of financial position, but the adjustment process should be completed to determine the profit (loss) generated by holding these nonmonetary items in constant pesos.

(iv) The nonmonetary items measured at a historical cost or current cost of a date prior to the end of the reporting year will be restated by coefficients that reflect the changes in the general level of prices from the date of acquisition or revaluation until the closing date, and the restated amounts of these assets will then be compared to the recoverable values. The amount charged to profit (loss) for the year for the depreciation of property, plant and equipment and the amortization of intangible assets, or any other consumption of nonmonetary assets, will be determined based on the new restated amounts.

As of December 31, 2019, and 2018, the restated items were as follows: Property and equipment, investment property, intangible assets, investment in associates, inventories, deferred tax assets and liabilities and the items making up shareholders' equity were measured using the historical cost basis.

(v) Upon the capitalization of borrowing costs in nonmonetary assets in conformity with IAS 23, the portion of these costs that are used to compensate the creditor for the effects of inflation will not be capitalized.

This process does not affect the Company, as the application of IAS 23 was not required.

Restatement of the statement of profit or loss

(i) Expenses and revenues are restated as from their booking date, except for (1) the profit (loss) items that reflect or include in their assessment the consumption of assets measured in pesos reflecting the purchasing power from a date prior to the date when the consumption was booked, which will be restated considering the original date of the asset with which the item is related (depreciation, impairment and other consumption of assets valued at historical cost), and (2) the profit (loss) that arises from comparing two measurements stated in pesos reflecting the purchasing power of different dates, in which case the compared amounts should be identified, restated separately and compared again.

(ii) The net (loss) profit arising from holding monetary assets and liabilities is disclosed under a separate item under profit (loss) for the year.

Reconciliation of the statement of changes in equity

All equity items restated at the currency as of the beginning of year are restated at year-end currency applying the general price index, and the variation of these components is restated at the currency as of the end of the year as follows: in the case of contributions as from the subscription date; for swap movements affecting retained earnings (accumulated losses), as from the prior year-end if the Regular Shareholders' Meeting treats retained earnings (accumulated losses) in the currency as of that time, whereas if the Regular Shareholders' Meeting treats profit (loss) in the purchasing power currency as of the date of the Regular Shareholders' Meeting, swap movements will be restated as from the date in which such currency is stated, and for decreases in retained earnings (accumulated losses) for amending movements as from the date when the Shareholders' Meeting made the related decision, whereas if they are items of deferred profit (loss) they should be disclosed in real terms.

According to CNV General Resolution No. 777/18, the earnings of the entities under CNV control should be distributed in the currency effective as of the date of the General Shareholders' Meeting using the price index of the month prior to the meeting.

Restatement of the statement of cash flows

IAS 29 requires that all the items within this statement are restated at the unit of measurement current as of the date of the end of the reporting year. Monetary gains (losses) arising from cash and cash equivalents is disclosed in the statement of cash flows separately from the cash flows provided by operating, investment and financing activities, as a specific item of the reconciliation between cash and cash equivalents at the beginning and end of period.

2.4.1. Current versus non-current assets and liabilities classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when the entity:

- expects to realize the asset or intends to sell or consume it in its normal operating cycle;
- holds the asset primarily for the purpose of trading;
- expects to realize the asset within twelve months after the reporting year; or

– the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as noncurrent.

A liability is current when the entity:

– expects to settle the liability in its normal operating cycle;
– holds the liability primarily for the purpose of trading;
– the liability is due to be settled within twelve months after the reporting year; or
– there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities in all cases.

2.4.2. Foreign currency translation

Functional currency and presentation currency

Mirgor Group's consolidated financial statements are presented in Argentine pesos, which is also the Company's functional currency. Each Mirgor Group entity assesses its own functional currency and the amounts included in the financial statements of each entity are measured using that functional currency. Subsidiaries also defined the Argentine peso as the functional currency.

Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded by Mirgor Group's companies at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting year-end date.

All foreign exchange differences are taken to statement of comprehensive income under other operating profit or expenses, or under finance income or loss, depending on the nature of assets or liabilities generating those differences.

Non-monetary items and the result of operations measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

2.4.3. Recognition of revenue from ordinary activities

Revenue from ordinary activities is recognized to the extent that it is probable that the economic benefits will flow to Mirgor Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account terms of payment contractually defined with the customer and excluding taxes or duties.

Mirgor Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Mirgor Group concluded that it acts as principal in all its revenue arrangements since it is the main obligor in these arrangements, has the freedom to set prices and is also exposed to inventory and credit risks. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Ordinary activity revenues from the sale of goods are recognized when the significant risks and benefits inherent to the ownership of the goods have passed to the buyer, usually on delivery of the goods.

In the regular course of business, Mirgor Group renegotiates prices for the manufactured products with the respective customers/providers to maintain certain ratios related to revenues and costs. This renegotiation may give rise to price adjustments to be recognized as additional revenues. These charges are recognized by Mirgor Group once the negotiation is concluded and confirmation is obtained from customers/providers, i.e., once it is likely that the economic benefits will flow towards Mirgor Group and can be measured in a reliable manner.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms, and it is classified as revenue from ordinary activities in the statement of profit or loss due to its operating nature.

2.4.4. Industrial promotion benefit

In this item of the consolidated statement of comprehensive income, Mirgor Group recognizes value-added tax benefits from the industrial promotion mentioned in note 22 to these consolidated financial statements.

2.4.5. Taxes

Current income tax and minimum presumed income tax

Current income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute those amounts are those that are enacted or substantively enacted, at the end of the reporting year. Mirgor Group's current tax rate in Argentina is 30%.

Management periodically evaluates positions taken by the Group in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum presumed income tax is supplementary to current income tax since while the latter is levied on taxable profit for the reporting year, minimum presumed income tax is a minimum levy determined by applying the current 1% rate to the potential profit of certain productive assets. Therefore, Mirgor Group's tax obligation shall be the higher of these two taxes. However, should minimum presumed income tax exceed current income tax in a given tax year, such excess may be computed as payment on account of any current income tax excess over minimum presumed income tax that could occur in any of the ten subsequent tax years.

Minimum presumed income tax credit is measured at its undiscounted nominal value, as it is similar to deferred income tax assets.

The book amount of minimum presumed income tax credit is reviewed as of each reporting year-end and it is reduced with contra to profit or loss for the year under income tax expenses to the extent that it is not likely to be used as payment on account of income tax payable in future years. Minimum presumed income tax credit not recognized as credit or previously derecognized is reviewed as of each reporting year-end and it is recognized as an asset with contra to profit or loss for the year under income tax expenses to the extent that it is likely to be used as payment on account of income tax payable in future years.

With the approval of Law No. 27,260, published in the Official Bulletin on July 22, 2016, minimum presumed income is repealed for the years beginning on or after January 1, 2019.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

– In respect of taxable temporary differences associated with investments in associates, subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and/or the carry forward of unused tax credits and unused tax losses can be utilized, except:

– Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit;

– In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized (recovered). Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized as charged to comprehensive income to the extent that it has become probable that future taxable profits will allow those deferred tax assets not previously recognized to be utilized (recovered).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets and liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority

Other taxes related to sales and bank account transactions

Revenues, expenses and assets are recognized net of the amount of any sales tax, such as the value-added tax and turnover tax, or the tax on bank account transactions, except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

– Receivables and payables are stated with the amount of sales tax included, which is charged to customers or paid to vendors.

The net amount of sales tax and the tax on bank account transactions recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position, as the case may be.

Turnover over tax is charged under selling expenses in the statement of comprehensive income. The tax on bank account transactions is charged under administrative expenses in the statement of comprehensive income.

2.4.6. Property, plant and equipment

Property, plant and equipment, except for land, are measured at cost restated at the currency rate in effect as of the closing date, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the criteria to be recognized as assets are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, Mirgor Group derecognizes the replaced part, and recognizes the new part as an individual asset with its own specific useful life and depreciates it accordingly. Likewise, when a major repair is performed, its cost is recognized in the carrying amount of the asset as a replacement if the criteria to be recognized as an asset are satisfied. All other routine repair and maintenance costs are recognized in the statements of comprehensive income as incurred.

The present value of the expected cost for the decommissioning of an asset after its use period expires is included in the cost of the respective asset if the recognition criteria for the appropriate provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation rates are stated in note 11.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.
The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time for it to be available for its expected use or sale (so-called "qualifying asset") are capitalized as part of the related cost of the asset.

The remaining borrowing costs are booked as expenses in the year in which they are incurred. Borrowing costs include the interest and other costs incurred by the Group regarding loan agreements.

There are no borrowing costs capitalized in the cost of the assets as of the related dates.

2.4.7. Operating and finance leases

As from the application of IFRS 16, the Group adopted an accounting model for recognizing and measuring all leases. For leases previously identified as finance leases, the Company has not amended the amounts recognized as of the initial application date. In the case of leases previously identified as operating leases, the Company recognized right-to-use assets and lease payables, except for such agreements with a duration not exceeding 12 months (short-term leases) and those involving a low-value underlying asset. The resulting

assets and liabilities are measured based on the present value. Right-to-use assets were recognized for an amount equal to lease payables. Lease payables were measured at the present value of the unpaid lease amounts at the Company's incremental lease rate (the lessee) as of the initial date of application.
The breakdown of third-party right-to-use assets is included in note 11 and the breakdown of lease payables is contained in note 15.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

2.4.8. Investment property

Investment properties are measured initially at acquisition cost restated at the currency rate in effect as of the closing date, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of investment properties and borrowing costs for long-term construction projects if the recognition criteria are met.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the fiscal year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to property, plant and equipment component, the deemed cost for subsequent accounting is the value of the asset at the date of change in use. If property, plant and equipment becomes an investment property, Mirgor Group accounts for such asset in accordance with the policy stated under property, plant and equipment up to the date of change.

2.4.9. Intangible assets

Intangible assets acquired separately are measured on initial recognition at acquisition cost restated at the currency rate in effect as of year-end. Following initial recognition, intangible assets are carried at cost less accumulated amortization (should finite useful lives be assigned) and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting fiscal year.

Changes in the expected useful life or the expected pattern of consumption of the asset is accounted for by changing the amortization period or method, as appropriate, and are treated prospectively as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

2.4.10. Financial instruments: Presentation, recognition and measurement

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

2.4.10.1. Financial assets

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, according to their subsequent measurement at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, as the case may be.

The classification of financial assets at initial recognition depends on the contractual cash flow and financial asset management model adopted by Mirgor Group. Except for trade payables that do not have a significant financing component or for which the Group applied an exemption provided for in the accounting standards, the Group measures financial assets at fair value through profit or loss including transaction costs. The trade receivables that do not have a significant financing component or for which the Group applied an exemption provided for in the accounting standards are measured at the prices of each transaction as described in note 2.4.3.

For a financial asset to be classified and measured at amortized cost or fair value in other comprehensive income, it should give rise to funds that are “solely payments of principal and interest” in the principal yet to be settled. This analysis is known as “SPPI test” and is made at each instrument level. The financial instruments that are SPPI are classified and measured at fair value through profit or loss for the year, irrespective of the business model used.

The Group’s management model is how it manages its financial assets to generate cash flows. The management model determines whether the cash flows will result in the collection of contractual cash flows, the sale of financial assets or both. The financial assets are measured at amortized cost within a business model which objective is to hold assets to collect the contractual cash flows, whereas the financial assets classified and measured at fair value through other comprehensive income are held in a business model which objective is to collect the contractual cash flows or sell the financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that Mirgor Group commits to purchase or sell the asset.

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

- Financial assets measured at amortized cost
- Financial assets at fair value through other comprehensive income with recycling to profit or loss for the year
- Financial assets at fair value through other comprehensive income without recycling to profit or loss for the year upon derecognition
- Financial assets at fair value through profit or loss

Mirgor Group’s financial assets include only cash, short-term deposits, debt securities, trade receivables, forward foreign currency contracts, trade payables, loans and other receivables.

Loans and receivables

Trade receivables are initially recognized at fair value and, after that, at their amortized cost using the effective interest rate method (EIR), less impairment.

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Effective interest rate accrual is recognized in the statement of comprehensive income as finance income/expense or as other operating profit/expense, depending on the nature of the asset that gave rise to it. The losses arising from impairment are recognized in the statement of comprehensive income as finance costs or operating expenses, depending on the nature of the asset that gave rise to it.

This category generally applies to trade and other receivables.

They are included in current assets, except for those with maturity exceeding 12 months from the closing date in which they are classified as non-current assets. Loans and receivables are included in “Trade and other receivables” in the consolidated statement of financial position.

Financial assets through profit or loss

Financial assets through profit or loss are disclosed in the statement of financial position at fair value and its net changes in the statement of comprehensive income.

This category includes derivative instruments, which are related to agreements to cover potential depreciation of the legal currency because Mirgor Group carries substantial payables in foreign currency to industrial suppliers abroad.

2.4.10.2. Financial liabilities

Initial recognition and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings carried at amortized cost, net of directly attributable transaction costs.

Mirgor Group’s financial liabilities only comprise trade and other payables, as well as interest-bearing loans and borrowings.

The subsequent measurement of financial liabilities depends on their classification, as described below.

Interest-bearing debts and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized as finance costs in the statement of comprehensive income when the liabilities are derecognized as well as through the accrual process, applying the effective interest rate method (EIR).

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR accrual is recognized as finance costs in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized as finance income or costs in the statement of comprehensive income, as the case may be.

Balances and transactions with related parties

The criteria adopted for the treatment of balances and transactions with related parties are described in note 18.

2.4.10.3. Fair value assessment

The fair value of financial instruments that are traded in active markets at the end of each reporting fiscal year (if any) is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques according to the circumstances. Such techniques may include using recent arm's length market transactions between duly informed stakeholders; reference to the fair values of other financial instruments that are substantially the same; a discounted cash flow analysis and other appropriate valuation models.

Mirgor Group signed certain agreements through financial hedging instruments measured at fair value and described in note 15.8.

2.4.10.4. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if, and only if, Mirgor Group (i) has a currently enforceable legal right to offset the recognized amounts; and (ii) has an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.4.10.5. Financial assets and liabilities to related parties

Receivables from and payables to related parties are recognized initially at fair value, plus directly attributable transaction costs. To the extent that they arise from transactions not performed at arm's length, any difference arising upon initial recognition between such fair value and the consideration delivered or received is treated as an equity transaction (capital contribution or dividend distribution, depending on whether it is positive or negative.)

2.4.11. Inventories

Inventories are valued at cost restated at the currency rate in effect as of year-end, at the lower of cash prices for habitual purchase volumes or and net realizable value.

The costs incurred to take each product to its current location and give it its current status are booked as follows:

Raw materials

At acquisition cost restated at the currency effective as of year-end on a weighted-average-price basis.

Finished goods and work in progress

At cost of acquisition of materials and labor restated at the currency rate in effect as of year-end plus a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value of an inventory component is the estimated selling price for that component in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale, estimated as of the reporting year-end. In estimating recoverable values, slower low-turnover component movements are taken into account as well.

2.4.12. Impairment of financial and non-financial assets

Impairment of financial assets

The Group assesses, at each year-end, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has a negative impact on the estimated future cash flows of the financial asset or the group of financial assets, and that negative impact can be reliably estimated.

Evidence of impairment may include, among others, indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as adverse changes in arrears or economic conditions that correlate with defaults.

Charges arising from the impairment of financial assets, net of related recoveries, are booked in the statement of comprehensive income under finance costs and other operating expenses, depending on the nature of the asset from which they arise.

Financial assets at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The asset carrying value is reduced through an impairment allowance account and the loss is recognized in the statement of comprehensive income under finance costs or other operating expenses, depending on the nature of the asset that gave rise to it. Interest income (recorded as finance income or other operating income in the statement of comprehensive income), depending on the nature of the asset that gave rise to it, continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Assets and the related allowance for impairment are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the impairment allowance account. If a future write-off is later recovered, the recovery is credited to finance costs or other operating expenses in the statement of comprehensive income, based on the nature of the asset that gave rise to it.

Impairment of nonfinancial assets

Inventories

When the net realizable value of an inventory item was lower than its carrying value, it is reduced through an allowance for impairment and the loss amount is recognized as cost of sales in the statement of comprehensive income. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the impairment allowance account. If a future write-off is later recovered, the recovery is credited to cost of sales in the statement of comprehensive income.

The amount for inventories does not exceed their recoverable amount as of the respective dates.

Property, plant and equipment and intangible assets with finite useful lives

The Group assesses at each reporting year-end whether there is an indication that an individual item or a group of property, plant and equipment and/or intangible assets with finite useful lives may be impaired. If any indication exists and the annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of the fair value less costs to sell that asset, and its value in use. That amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets; in that case, the cash flows of the group of assets that form part of the cash-generating unit to which they belong are taken.

When the carrying amount of an individual asset or CGU exceeds its recoverable amount, the individual asset or CGU, as the case may be, is considered impaired and is written down to its recoverable amount.

In assessing value in use of an individual asset or CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the individual asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used depending on the circumstances. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset (generally in the cost of sales or other operating expenses), except for a property previously revalued where the revaluation was taken to other statement of comprehensive income. In these cases, the impairment is also recognized in other comprehensive income up to the amount of any previously recognized revaluation.

In addition, for this type of assets as of each reporting year-end, an assessment is made whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes a new estimate of the individual asset's or cash-generating unit's recoverable amount, as the case may be. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the individual asset's or cash-generating unit's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the individual asset or cash-generating unit does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of the related depreciation or amortization, had no impairment loss been recognized for the individual asset or cash-generating unit in prior years. Such reversal is recognized in the statement of comprehensive income in the same line in which the related impairment charge was previously recognized (generally under the cost of sales or other operating expenses), unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of certain specific categories of intangible assets:

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment annually (as at 31 December) either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

Goodwill

Goodwill is tested for impairment (as of December 31) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized in the statement of profit or loss (generally under the cost of sales or other operating expenses). Impairment losses relating to goodwill cannot be reversed in future periods.

The carrying amounts of property, plant and equipment and intangible assets (including goodwill) do not exceed their recoverable values as of relevant dates.

2.4.13. Cash and cash equivalents

Cash is deemed to include both cash fund and freely-available bank deposits on demand. Cash equivalents are deemed to include short-term investments with significant liquidity and free availability that, subject to no previous notice or material cost, may be easily converted into a specific cash amount that is known with a high degree of certainty upon the acquisition, are subject to a low significant risk of changes in value, maturing up to three months after the date of the related acquisitions, and whose main purpose is not investment or any other similar purpose, but settling short-term commitments. Bank overdrafts are interest-bearing loans, due on demand, which form part of Mirgor Group's treasury management; therefore, they are also similar to cash equivalents.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash at banks and on hand meeting the abovementioned conditions. Bank overdrafts are booked as interest-bearing loans and borrowings.

For purposes of presentation of the consolidated statement of cash flows, cash and cash equivalents include cash at banks and on hand and short-term deposits meeting the abovementioned conditions, net of bank overdrafts, if any.

2.4.14. Provisions, contingent liabilities and contingent assets

2.4.14.1. Provisions

Recognition and measurement

Provisions are recognized when (i) there is a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation.

Where some or all of a provision is expected to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In these cases, the expense related to any provision is disclosed in the statement of comprehensive income under the line that best reflects the nature of the provision, net of any related reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax market rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the statement of comprehensive income.

Lawsuits and claims

As part of its usual course of business, the Group is exposed to different types of claims, including commercial, labor, tax, social security, foreign exchange and customs claims, as well as other contingent situations arising from legislative interpretations, which could generate a loss and materialize depending on the potential occurrence of one or more events. Upon evaluating these situations, Management bases on its own judgment and that of its internal and external legal counsel, as well as further evidence available as of the related dates. If, upon evaluating the contingency, there is a potential loss and the amount can be estimated reliably, a provision for lawsuits and contingencies will be booked as of the reporting year-end.

2.4.14.2. Contingent liabilities

A contingent liability is: (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Mirgor Group; or (ii) a present obligation that arises from past events but is not recognized because: (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognized in these consolidated financial statements; it is reported in notes, unless the possibility of an outflow of resources to settle such liability is remote. For each type of contingent liability as of the relevant reporting year-end dates, Mirgor Group shall disclose (i) a brief description of the nature of the obligation and, if possible, (ii) an estimate of its financial impact; (iii) an indication of the uncertainties about the amount or timing of those outflows; and (iv) the possibility of obtaining potential reimbursements.

2.4.14.3. Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Mirgor Group.

A contingent asset is not recognized in the consolidated financial statements; it is reported in notes only where an inflow of economic benefits is probable. However, whenever the revenue realization was practically certain, the related asset is not contingent and, therefore, it is appropriate to recognize it. For each type of contingent asset as of the relevant reporting year-end dates, Mirgor Group shall disclose (i) a brief description of the nature thereof and, if possible, (ii) an estimate of its financial impact.

2.4.15. Business combinatios and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any noncontrolling interest in the acquiree. For each business combination, Mirgor Group elects whether it measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition expenses incurred are charged to the statement of profit or loss for the year under "Other operating expenses."

When Mirgor Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Mirgor Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4.16. Economic context

Changes in the Argentine economy

On December 10, 2019, the new government took office and implemented many changes with respect to the former administration, focused on finding solutions for economic and social challenges.

Aimed at adjusting the foreign exchange control methods to maintain BCRA reserves, the BCRA issued Communiqué "A" 6854 (December 27, 2019) and Communiqué "A" 6856 (December 30, 2019) to extend for an indefinite term the foreign trade and exchange regulations issued during the former administration, which expired on December 31, 2019.

Another direct measure is that the new government on December 23, 2019, published Law No. 25,441 on Social Solidarity and Productive Reactivation in the Context of a Public Emergency, and its Administrative Order No. 58/2019 in the Official Bulletin. In addition, on December 28, 2019, Administrative Order No. 99/2019 was published in relation to the abovementioned law. The purpose of these amendments is to reactivate the economic, financial, tax, administrative, social security, rates, energy, health and social areas, and they empower the Federal Executive to complete the formalities and acts needed to recover and secure the sustainability of the Argentine debt.

The main measures contained in the law and administrative order are:

Tax obligations

a) Redressing obligations

A system to redress tax, social security and customs obligations is introduced with respect to the obligations due as of November 30, 2019, for the companies evidencing their registration as MSMEs pursuant to section 2, Law No. 24,467, and for nonprofit civil associations.

b) Income tax

(i) Law No. 27,430 set forth for tax periods beginning January 1, 2020, that the corporate tax rate be reduced from 30% to 25% and that the additional tax on dividends or earnings distributed to Argentine natural persons and foreign artificial persons be increased from 7% to 13%. The reform suspends this change in rates and maintains the original 30% and 7% rates until the years beginning January 1, 2021.

(ii) Law No. 27,468 established that a third of the positive or negative adjustment for inflation applicable to the three first fiscal years beginning January 1, 2018, be distributed to the year in which the adjustment was determined and the remaining two thirds to the two subsequent tax periods. The reform amended this distribution and establishes that a sixth of the positive or negative adjustment for the first and second year beginning January 1, 2019, be charged to the year in which the adjustment is determined and the remainder five sixths to the five subsequent tax periods, whereas for years beginning January 1, 2021, 100% of the adjustment may be deducted in the year in which it is determined.

c) Employer contributions

(i) The gradual decrease of employer contributions planned through 2022 is removed, and the rates are set as from December 2019.

(ii) It established fixed amounts that may be deducted from the calculation basis, and the regulation establishes no future adjustment.

d) Tax on bank account transactions

Any cash withdrawal from accounts of entities governed by Financial Institutions' Law as from November 24, 2019, will be subject to a new 1.2% tax on the related debit instead of the 0.6% rate. This rate increase is not applicable to accounts held by artificial persons that are MSMEs and can evidence such condition under section 2, Law No. 24,467.

e) Statistical rate

The statistical rate applicable to definitive imports for consumption made from January 1 through December 31, 2020, is increased from 2.5% to 3%.

f) Tax for an inclusive and supportive Argentina (PAÍS tax, by its Spanish acronym)

This emergency tax is created for five fiscal years at a 30% rate on the acquisition of foreign currency for hoarding purposes, to purchase assets and services in foreign currency and international passenger transportation, payable by all Argentine residents, both natural and artificial persons. This tax may not be used as payment towards any other tax.

Export duties

The Argentine Executive is empowered to increase export duties up to (i) 33% of the taxable amount or official FOB price for soybean, (ii) 15% for exports of goods not subject to export duties or subject to a 0% rate as of September 2, 2018, (iii) 5% for the agricultural products of the regional economies defined by the Argentine Executive, and (iv) 5% of the taxable value or the official FOB price for services and industrial products.

Before the approval of Law No. 25,541, the government issued Presidential Decree No. 37/2019 (published in the Official Bulletin on December 14, 2019) whereby the withholding system was amended and the ARS 4-to-USD 1 cap established by the former administration in 2018 was rendered ineffective and the export duties for certain tariff headings were increased.

Labor considerations and taxation

The Argentine Executive is empowered to establish minimum salary increases that the employers in the private sector are required to pay to their employees, as well as to exempt for unlimited time the payment of employer and employee contributions to the Integrated Pension Fund System on the increases decreed by the Argentine Executive or arising from collective bargaining agreement negotiations.

Before the issuance of Law No. 27,541, through Presidential Decree No. 34/19 (published in the Official Bulletin on December 13, 2019), the Argentine Executive introduced the double severance pay for unfair dismissals for a 180 day-term. This measure does not apply to employees hired after the enactment of this decree.

Energy system

The law empowers the Argentine Executive to maintain electricity and natural gas rates under national jurisdiction, as well as to renegotiate the comprehensive rate review in place or begin an extraordinary review as from the entry into force of the law for a 180-day term aimed at decreasing the burden on households, companies and industries for 2020.

2.5. Significant accounting judgments, estimates and assumptions

Preparing the consolidated financial statements in accordance with IFRS requires that Management make and consider the significant accounting opinions, estimates and assumptions that affect the reported figures for assets and liabilities, revenues and expenses, as well as the assessment and presentation of contingent assets and liabilities as of the reporting year-end. In this sense, the uncertainties related to the estimates and assumptions adopted could give rise in the future to final results that could differ from those estimates and require significant adjustments to the reported figures of the assets and liabilities affected.

2.5.1. Judgments

In the process of applying the Mirgor Group’s accounting policies, Management has made the following judgments, which have a significant effect on the amounts recognized in these consolidated financial statements.

Leases. Assessment of the lease term and renewal and termination options:

The Group determines the lease term as the noncancelable term of the lease plus any covered period when the lease has an option to extend the lease if it is reasonably certain that it will be exercised, or any covered period when the lease has an option to terminate the lease agreement if it is reasonably certain that it will not be exercised.

The Group has a significant number of lease agreements with extension or termination options. The Group uses its judgment in determining whether it is reasonably certain that it will renew or terminate its leases by exercising these options. In other words, it assesses all the relevant factors that are an incentive for the Group to extend or terminate a lease agreement. After the beginning of the lease, the Group monitors the lease term if there is a relevant event or change in the circumstances under the Group's control hindering its possibilities of deciding whether to exercise its option to extend or terminate a term.

The Group included no renewal options in the cases when there is not a defined price due to the future uncertainty caused by the negotiation of the agreement, since these options are not exercised in all cases. The Group also shortened the lease term of certain agreements based on future plans that changed the circumstances under which these agreements were negotiated.

Leases. Assessment of the incremental borrowing rate:

The Group does not have the information needed to assess the rate of its lease agreements, so it used, for the initial measurement of the lease payables, the incremental borrowing rate. The incremental borrowing rate is the interest rate that the Company would have to pay to acquire an asset of similar value over a similar term and under similar economic conditions. The assessment of this rate requires that estimates be used when there are no observable transactions available or they need to be adjusted to reflect the conditions of the lease.

The Group estimates the incremental borrowing rates of its lease agreements using observable market information when available, and making certain estimates to adjust them to the Group's specific situation.

2.5.2. Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation of uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Mirgor Group based its significant accounting assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or new circumstances arising beyond the control of Mirgor Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities that may be recorded in the consolidated statement of financial position cannot be measured according to active market quoted values, their fair value is determined using valuation techniques including the discounted cash flow model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include the consideration of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Other significant estimates

The other significant estimates used by Management are mentioned below:

– The collection terms of certain accumulated amounts related to tax credits and their related valuation.

– The useful life, residual values and recoverability of property, plant and equipment, investment properties and intangible assets.

– The likelihood of occurrence and amount of allowances for assets impairment.

- Assumptions used to calculate the fair value of financial assets and liabilities, including credit risk.

- The likelihood of occurrence and amount of contingencies.

- The assumptions used to determine the potential warranty commitments for the products manufactured by Mirgor Group.

2.6. Unappropriated retained earnings (accumulated losses) and own shares

Pursuant to CNV Resolution No. 622/2013, the Company's Board has disclosed the earnings earmarked for the optional reserve separately according to the decisions reached in the respective Shareholders' Meetings. Earnings not specifically appropriated are included in the "Unappropriated retained earnings" account in the statement of changes in equity.

On May 9, 2019, the Company's Board approved the acquisition of its own shares pursuant to section 64 of Capital Market Law and CNV regulations under the terms and conditions detailed below: a) purpose: decrease misstatement between the Company's economic value, measured considering its current businesses and those derived from projects in the pipeline, and the current price of its shares in the market, which harms the Company's and its shareholders' interests; b) maximum amount to be invested: up to ARS 120,000,000 (one hundred and twenty million US dollars), and c) maximum number of shares or equity interest on capital stock to be involved in the acquisition: the maximum percentage of shares to be acquired will be up to 10% of capital stock. Provided that it is consistent with applicable standards, own shares in the Company's portfolio may not exceed, overall, 10% cap of its capital stock. To meet section 64, Law No. 26,831, it is clarified that the shares to be acquired are fully paid-in; d) daily cap for transactions on the Argentine market: according to Law No. 26,831, it will be up to 25% of the average transaction volume per day experienced by shares during the prior 90 (ninety) business days; e) price payable for shares: up to ARS 375 per share in Bolsas y Mercados Argentinos S.A.; f) source of funding: the acquisition will be made with realized and liquid income and optional reserves and/or other freely-available reserves, as arises from the financial statements for the year ended December 31, 2019, which were approved by the Directors' Meeting No. 516 on the date thereof. These financial statements show that MIRGOR has the liquidity required to make the acquisitions without compromising its solvency; g) term of acquisition: the Company will make the acquisitions for 365 (three hundred and sixty-five) calendar days as from the business day following the disclosure of the purchase in the media, subject to any renewal of the term to be approved by the Board, which will be informed to investors using the same media; h) internal communication: directors, statutory auditors and top managers will be informed that, since the Company's decision to acquire own shares is effective, they cannot sell MIRGOR shares in their possession or held directly or indirectly during the applicable term.

As of December 31, 2019, the Company acquired 2,340,000 shares for a total restated cost of ARS 88,663, which was charged to shareholders' equity.

2.7. Changes in significant accounting policies

New and amended standards and interpretations

As from the year beginning January 1, 2019, the Group applied, for the first time, certain new and/or amended standards and interpretations as issued by the IASB.

The Group has not applied on an early basis any standard, interpretation or amendment issued but not yet effective as of the date of issuance of these financial statements.

Below is a description of the nature and impact of the abovementioned amendments:

IFRS 16 - Leases

On January 13, 2016, the IASB published a new standard on leases replacing IAS 17, IFRIC 4, SIC 15 and SIC 27, effective for fiscal years beginning as from January 1, 2019.

It establishes that the agreements that meet the characteristics defined in the standard are recognized in lessee's accounting under a single model eliminating the distinction between operating and finance leases, and it is required to recognize an asset for the right-to-use the leased asset and a liability disclosing the obligation to make future payments for the lease. The lessee's accounting is not significantly modified with respect to IAS 17.

The Company adopted IFRS 16 using the retrospective model amended as of the date of initial application as established in sections C(5)b and C(8)b(ii). Under this method, IFRS 16 is applied retrospectively considering the accumulated effect of the initial application recognized as of the initial application date, without amending the comparative information.

As from the application of IFRS 16, the Company adopted an accounting model for recognizing and measuring all leases.

For leases previously identified as finance leases, the Company has not amended the amounts recognized as of the initial application date.

In the case of leases previously identified as operating leases, the Company recognized right-to-use assets and lease payables, except for such agreements with a duration not exceeding 12 months (short-term leases) and those involving a low-value underlying asset. The resulting assets and liabilities are measured based on the present value. Right-to-use assets were recognized for an amount equal to lease payables. Lease payables were measured at the present value of the unpaid lease amounts at the Company's incremental lease rate (the lessee) as of the initial date of application.

Amendment to IFRS 9 "Financial Instruments". Prepayment features with negative compensation

Under IFRS 9, a debt instrument may be measured at amortized cost or at fair value through other comprehensive income, provided that contractual cash flows are only payments of principal and interest over pending principal and the instrument is included in the business model for that classification. The amendments to IFRS 9 are intended to clarify that a financial asset meets the "solely payments of principal and interest" criterion regardless of the event or circumstance causing the early termination of the contract or the party paying or receiving the reasonable compensation for the early termination of the contract.

The amendments to IFRS 9 shall apply whenever the prepayment approximates the unpaid amounts of principal and interest, so that it reflects the change in the benchmark interest rate. This implies that the prepayments at fair value or for an amount including the fair value of the cost of an associated hedging instrument will normally meet the "solely payments of principal and interest" criterion only if other fair value change elements, such as the effects of credit risk or liquidity, are not representative.

As from the adoption of the amendments of January 1, 2019, it was determined that these amendments had no impact on the Company's consolidated financial statements.

IAS 28 "Investments in Associates". Long-term investments in associates or joint ventures

The amendments clarify that an entity that is a venture capital organization or similar entity may opt, upon the initial recognition of the investment, to value its investments in associates or joint ventures at fair value through profit or loss. This election may be done separately for each investment. When an entity that is not an investment entity has an investment in an associate/joint venture that is an investment entity, the entity may, upon applying the equity method, elect to maintain the valuation at fair value applied by that associate/joint venture that is an investment entity to its interests in subsidiaries.

This election is done separately for each associate/joint venture that is an investment entity from the last date on which: (a) the associate or joint venture that is an investment entity is recognized initially; (b) the associate or joint venture become an investment entity; and (c) the associate/joint venture that is an investment entity becomes a parent company.

These amendments have no impact on the Group's consolidated financial statements.

IFRIC 23 "Uncertainty over Income Tax Treatments"

On June 7, 2017, the IFRS Interpretations Committee issued IFRIC Interpretation (CINIIF) 23 "Uncertainty over income tax treatments" which provides guidance on how the measurement of current and deferred taxes booked under IAS 12 "Income tax" should reflect an uncertainty on the tax authorities' acceptability of a specific tax treatment applied by the entity in its income tax return, effective for years beginning January 1, 2019.

This interpretation introduced that the entity should establish whether it is likely that tax authorities will accept an uncertain tax treatment used or to be used in the income tax return. Should the entity conclude that tax authorities are likely to accept the treatment, the income tax amounts recognized in the financial statements will be consistent with the income tax return. Should the entity conclude that tax authorities are unlikely to accept the uncertain tax treatment (and, therefore, the entity will likely pay or receive the amount related to the uncertain tax treatment), the entity should reflect the effects of the uncertainty on the booking of current and deferred taxes. To assess whether tax authorities will accept an uncertain tax treatment adopted by the entity or otherwise the effect of the uncertainty to be included in the financial statements, an entity should assume that the tax authorities will examine the amounts reported in full knowledge of all relevant information in assessing the tax treatments adopted. In other words, the entity cannot include in this analysis whether it is likely that tax authorities will make this review.

The application of this standard had no impact on the Company's consolidated financial statements.

2.8. Comparative information

The amounts for the year ended December 31, 2018, disclosed for comparative purposes include certain reclassifications to adjust their disclosure to the amounts for the year ended December 31, 2019.

3. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ISSUED BUT NOT YET EFFECTIVE

Below are detailed the IFRS which were issued but not effective as of the date of issuance of the Group's consolidated financial statements. In this sense, we include the standards issued that the Group believes will be applicable in the future. The Group intends to adopt these standards when they become effective (not earlier).

IFRS 17 "Insurance Contracts"

In May 2017, the IASB issued IFRS 17 "Insurance Contracts", a new comprehensive accounting standard for insurance contracts covering the recognition, measurement, presentation and disclosure. Once effective, it will replace IFRS 4 Insurance Contracts, issued in 2005. The new standard applies to all types of insurance contracts, regardless of the type of entity issuing them.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Application is allowed provided that the entity also applies IFRS 9 and IFRS 15.

The Company is evaluating the impact that such standard may generate and considers that it will not affect the financial statements significantly.

IFRS 3 "Definition of a Business"

In October 2018, the IASB amended the definition of a business in IFRS 3 "Business Combinations" to help entities determine whether an acquired set of activities and assets is a business. It clarifies the minimum requirements to be a business; removes the assessment of a market participant's ability to replace missing elements; adds guidance to assess whether an acquired process is substantive; reduces the definitions of business and products, and introduces an optional fair value concentration test.

Since the amendments are applied prospectively to the transactions or events happening at the date of the first request or after such date, the Company will not be affected by these amendments on the date of the transition.

IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB published amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to align the definition of "material" across the standards and clarify certain aspects of the definition. The new definition establishes that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of such financial statements, which provide financial information about a specific reporting entity".

The amendments to the definition of material are not expected to exert a significant impact on the Company's consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, Mirgor Group is organized into business units based on their products and services. Mirgor Group has defined the following segments on which information is provided:

- The auto segment, which produces air conditioning systems and car radios and provides tire removal services.

- The electronic consumer goods segment, which produces and markets television sets, residential air conditioning systems, audio and video equipment, mobile telephones, among other electronic products.

- The agricultural segment.

- The Other services segment comprises real estate lease activities..

No operating segments have been aggregated to form the above operating segments

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Mirgor Group's financing (including finance costs and finance income) and income tax are managed on a group basis; therefore, they are not allocated to operating segments.

Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not charged to individual segments as the underlying instruments are managed on a centralized basis.

Current and deferred income tax charges and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Intersegment revenues, if any, are eliminated upon consolidation.

MIRGOR S.A.C.I.F.I.A.

The results of each segment and their reconciliation to Mirgor Group's comprehensive income for year ended December 31, 2019, and 2018, are presented below:

Fiscal year ended, December 31, 2019	Automotive	Electronics	Farming	Other services	Segments consolidated total
	ARS 000	ARS 000		ARS 000	ARS 000
Profit from continuing operations	8,322,919	32,164,309	20,490	36,167	40,543,885
Industrial promotion benefit	1,563,822	7,005,225	-	-	8,569,047
Total profit	9,886,741	39,169,534	20,490	36,167	49,112,932
Profit (loss)					
Depreciation and amortization	(124,417)	(526,023)	-	(1,440)	(651,880)
Operating profit (loss) for the segment	(378,186)	1,201,594	-	10,391	833,799

Fiscal year ended, December 31, 2018	Automotive	Electronics	Farming	Other services	Segments consolidated total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Profit from continuing operations	7,664,486	34,653,552	-	31,006	42,349,044
Industrial promotion benefit	1,550,568	7,963,000	-	-	9,513,568
Total profit	9,215,054	42,616,552	-	31,006	51,862,612
Profit (loss)					
Depreciation and amortization	(122,632)	(394,890)	-	(9,426)	(526,948)
Operating profit (loss) for the segment	(163,238)	(1,505,361)	-	3,776	(1,664,823)

Assets and liabilites per segment	Automotive	Electronics	Farming	Other services	Not attributable to a specific business segment	Segments consolidated total
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
As of December 31, 2019						
Nonoperating assets						
– Invesments in associates	-	-	-	-	742,126	742,126
– Other financial assets	-	-	-	-	-	-
– Other nonfinancial receivables	112,563	132,081	325,693	-	265,189	835,526
– Deferred tax assets	-	-	-	-	12,953	12,953
Total nonoperating assets	112,563	132,081	325,693	-	1,020,268	1,590,605
Operating assets	3,472,976	21,119,539	316,148	90,696	-	24,999,359
Total assets	**3,585,539**	**21,251,620**	**641,841**	**90,696**	**1,020,268**	**26,589,964**
Non-operating liabilities						
– Interest-bearing debts and borrowings	-	-	-	-	539,717	539,717
– Deferred tax liability	-	-	-	-	90,058	90,058
Total non-operating liabilities	**-**	**-**	**-**	**-**	**629,775**	**629,775**
Operating liabilities	1,096,394	16,246,845	-	11,305	-	17,984,319
Total liabilities	**1,096,394**	**16,246,845**	**-**	**11,305**	**629,775**	**17,984,319**

MIRGOR S.A.C.I.F.I.A.

Assets and liabilites per segment	Automotive	Electronics	Farming	Other services	Not attributable to a specific business segment	Segments consolidated total
	ARS 000	ARS 000		ARS 000	ARS 000	ARS 000
As of December 31, 2018						
Nonoperating assets						
– Investment in associates	-	-	-	-	734,256	734,256
– Other financial assets	-	-	-	-	1,382,452	1,382,452
– Other nonfinancial receivables	28,019	3,797	-	-	421,790	453,606
– Deferred tax assets	-	-	-	-	1,245	1,245
Total nonoperating assets	28,019	3,797	-	-	2,539,743	2,571,559
Operating assets	2,896,519	20,635,494	-	180,602	-	23,684,596
Total assets	**2,896,519**	**20,639,291**	**-**	**180,602**	**2,539,743**	**26,256,155**
Nonoperating liabilities	-					
Interest-bearing debts and borrowings	-	-	-	-	3,214	3,214
Deferred tax liability	-	-	-	-	18,888	18,888
Total nonoperating liabilities	-	-	-	-	22,102	22,102
Operating liabilities	996,220	18,420,203	-	8,252	-	19,424,675
Total liabilities	**996,220**	**18,420,203**	**-**	**8,252**	**22,102**	**19,446,777**

5. REVENUES FROM ORDINARY ACTIVITIES

	12.31.2019	12.31.2018
	ARS 000	ARS 000
Sale of goods	40,507,718	42,318,038
Lease profit	36,167	31,006
Total revenues from ordinary activities	**40,543,885**	**42,349,044**

6. COST OF GOODS SOLD AND SERVICES RENDERED

	12.31.2019	12.31.2018
	ARS 000	ARS 000
Stock at beginning of year (*)	12,045,155	6,326,599
Purchase for the year	32,088,548	40,813,151
Operating expenses and services - Note 7	4,237,751	5,625,946
Creation of the allowance for inventories obsolescence and impairment in value. Note 14	224,032	51,588
Use of the allowance for inventories obsolescence and impairment in value. Note 14	(249,059)	(286,813)
Inventories at end of period (*)	(9,395,864)	(12,045,155)
Cost of goods sold and services rendered	**38,950,563**	**40,485,316**

(*) Not including raw material in transit or the allowance for impairment in value and obsolescence of inventories (Note 14).

7. OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

	12.31.2019			
	Operating expenses and services	Administrative expenses	Selling expenses	Total
	ARS 000	ARS 000	ARS 000	ARS 000
Salaries & wages	1,881,527	353,393	565,285	2,800,205
Contributions and employee benefits	554,158	131,946	151,263	837,367
Insurance	27,645	138,497	37,122	203,264
Fees	31,252	115,823	14,999	162,074
Taxes, rates and assessments	312,309	128,624	1,106,824	1,547,757
Advertising expenses	-	-	79,596	79,596
Credit card commissions	-	-	83,905	83,905
Bank expenses and tax on bank account transactions	36,132	413,332	45,218	494,682
Intangible assets amortization	15,527	37,487	10,775	63,789
PP&E depreciations	427,109	81,929	79,053	588,091
Leases and logistics services	4,789	45,062	201,390	251,241
Customs clearing and dispatch expenses	109,625	6,637	296,247	412,509
Maintenance	103,420	12,623	3,925	119,968
Traveling and living expenses	7,129	24,031	3,766	34,926
Transportation, shipping and handling	461,186	4,424	658,666	1,124,276
Cleaning and surveillance expenses	124,661	3,386	10,605	138,652
Royalties	-	-	27,482	27,482
Allowance for doubtful accounts	-	-	425,257	425,257
Contingencies	83,873	-	-	83,873
Miscellaneous	57,409	46,199	38,885	142,493
Total 12 months 31.12.2019	**4,237,751**	**1,543,393**	**3,840,263**	**9,621,407**

	12.31.2018			
	Operating expenses and services	Administrative expenses	Selling expenses	Total
	ARS 000	ARS 000	ARS 000	ARS 000
Salaries & wages	1,736,897	530,020	308,220	2,575,137
Contributions and employee benefits	758,800	146,198	129,112	1,034,110
Insurance	97,234	13,497	171,151	281,882
Fees	19,387	110,539	2,011	131,937
Taxes, rates and assessments	424,827	78,544	1,133,014	1,636,385
Advertising expenses	-	66	43,587	43,653
Credit card commissions	-	-	23,104	23,104
Bank expenses and tax on bank account transactions	-	610,984	-	610,984
Intangible assets amortization	503	49,756	6,599	56,858
PP&E depreciations	420,660	40,922	8,508	470,090
Leases and logistics services	83,889	45,921	126,732	256,542
Customs clearing and dispatch expenses	813,606	2,791	263	816,660
Maintenance	119,269	13,663	18,334	151,266
Traveling and living expenses	6,278	24,221	5,649	36,148
Transportation, shipping and handling	830,093	18,645	315,043	1,163,781
Cleaning and surveillance expenses	144,272	8,262	-	152,534
Royalties	-	-	46	46
Allowance for doubtful accounts	-	-	1,102	1,102
Contingencies	-	-	-	-
Miscellaneous	170,231	57,427	20,769	248,427
Total 12 months 31.12.2018	5,625,946	1,751,456	2,313,244	9,690,646

8. OTHER PROFIT AND EXPENSE

8.1. Other operating income

	12.31.2019 ARS 000	12.31.2018 ARS 000
Foreign exchange difference	3,156,143	2,127,301
Total other operating profit	**3,156,143**	**2,127,301**

8.2. Other operating expenses

	12.31.2019 ARS 000	12.31.2018 ARS 000
Foreign exchange difference	(6,514,180)	(10,878,814)
Severance payments	(355,820)	(225,906)
Goodwill amortization	(231,057)	-
Total other operating expenses	**(7,101,057)**	**(11,104,720)**

8.3. Finance costs

	12.31.2019 ARS 000	12.31.2018 ARS 000
Interest	(223,434)	(70,892)
Foreign exchange difference and net present value	(893,469)	(552,902)
Miscellaneous	(806)	(101,557)
Total finance costs	**(1,117,709)**	**(725,351)**

8.4. Finance income

	12.31.2019 ARS 000	12.31.2018 ARS 000
Profit on short-term deposits	150,691	117,851
Interest	208,777	145,744
Foreign exchange difference and net present value	908,174	303,928
Other finance income	775	15,517
Total finance income	**1,268,417**	**583,040**

8.5. Other (expense) profit, net

	12.31.2019 ARS 000	12.31.2018 ARS 000
Miscellaneous	(7,385)	5,621
Total other (expense) profit, net	**(7,385)**	**5,621**

9. INCOME TAX

The major components of income tax expense for the years ended December 31, 2019, and 2018, are:

	12.31.2019 ARS 000	12.31.2018 ARS 000
Current income tax		
Current income tax charge	(307,961)	(364,316)
Deferred income tax		
Related to the origin and reversal of temporary differences	69,451	2,872
Variation in the allowance for impairment in value of deferred income tax and minimum presumed income tax credit	(128,913)	(6,989)
Income tax for the year (*)	**(367,423)**	**(368,433)**

(*) Including the income tax effect on income for the year related to CIAPEXSA guarantee trust, long-term loans and temporary investments.

A reconciliation between income tax expense and the product of accounting profit multiplied by the tax rate for years ended December 31, 2019, and 2018, is as follows:

	12.31.2019 ARS 000	12.31.2018 ARS 000
Profit (loss) before income tax	2,491,825	245,310
At the 30% statutory tax rate	(747,547)	(73,593)
Exempt profit due to activities performed in Tierra del Fuego	509,037	(274,309)
Subtotal	(238,510)	(347,902)
Decrease in deferred income tax credit due to tax reform	-	(13,542)
Charge for the allowance for impairment in value of deferred income tax and minimum presumed income tax assets	(128,913)	(6,989)
Income tax for the year	**(367,423)**	**(368,433)**

Deferred income tax

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	12.31.2019 ARS 000	**12.31.2018 ARS 000**	**12.31.2019 ARS 000**	**12.31.2018 ARS 000**
Allowance for impairment in value of inventories	6	9	(3)	(3,946)
NOLs to be offset against future taxable income	47,551	54,078	(6,527)	1,760
Allowance for impairment in value of deferred tax asset	(183,001)	(54,088)	(128,913)	(6,989)
Current value effect	(1,261)	242	(1,503)	7,156
Deferral of the tax adjustment for inflation	142,312	-	142,312	-
Inventories valuation	7,346	1,004	6,342	(726)
Deferred income tax asset	12,953	1,245	11,708	(2,745)
PP&E	(72,081)	(939)	(71,142)	-
Investment property	(17,977)	(17,949)	(28)	(1,372)
Deferred income tax liabilities	(90,058)	(18,888)	(71,170)	(1,372)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority for the same legal entity.

As of December 31, 2019, 2018, Mirgor Group has tax losses which amounted to 182,990 and 180,260 (which are usable until December 31, 2023). Based on the available evidence, the Company understands that no deferred income tax asset should be recognized at present for an amount equivalent to the income tax percentage, which is expected to be effective as of the expected offset date (note 22.2) and applied to accumulated NOLs, except for the NOL related to GMRA S.A., an indirectly owned subsidiary.

As of December 31, 2019, and 2018, deferred tax liabilities amounted to 90,058 and 18,888, respectively.

There are no income tax effects related to the payment of dividends by Mirgor Group to its shareholders in 2019 and 2018.

10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the fiscal year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding.

Diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders (after adjusting for interest on the convertible preference shares and other convertible financial instruments that may exist) by the weighted average number of ordinary shares outstanding plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive potential financial instruments, basic and diluted earnings per share coincide.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	12.31.2019 In thousands of ARS	12.31.2018 In thousands of ARS
Total net comprehensive income (loss) for the year attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share computations	**2,124,402**	**(123,123)**
Weighted average number of ordinary shares attributable to basic and diluted earnings per share (in thousands of shares)	**178,012**	**180,000**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting year-end and the date of issuance of these consolidated financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

Changes in cost of acquisition and accumulated depreciation as of December 31, 2019.

	12/31/2019						
	Acquisition cost						
Main account	At beginning of year	Additions (1)	Addition from acquisition	Adoption of IFRS 16 (Note 2.7)	Deletions and transfers		At end of year
	ARS 000	ARS 000	ARS 000		ARS 000		ARS 000
Plots of land	30,716	-	-	-	-		30,716
Buildings and construction	886,149	6,844	737,422	-	260	(2)	1,630,675
Machinery, equipment and tools	3,282,192	368,745	778,777	-	154,492		4,584,206
Vehicles	32,522	14,199	2,002	-	-		48,723
Furniture and office supplies	139,420	30,730	52,583	-	4,530		227,263
Fixtures	614,566	47,443	96,102	-	636		758,747
Die-stamping	360,400	903	490,808	-	-		852,111
Computer hardware	341,050	46,708	-	-	829		388,587
Works in process	304,453	178,102	31,118	-	(160,747)		352,926
Rights to use real property	-	65,491	-	502,177	(86,403)		481,265
	5,991,468	759,165	2,188,812	502,177	(86,403)		9,355,219

	Depreciation						
Main account	At beginning of year	Average rate	Addition from acquisition (Note 23)	Deletions	Charge for the year	At end of year	Residual value
	ARS 000		ARS 000		ARS 000	ARS 000	ARS 000
Plots of land	-	-	-	-	-	-	30,716
Buildings and construction	419,160	2%	12,491	-	37,530	469,181	1,161,494
Machinery, equipment and tools	2,448,378	10%	795,248	-	338,101	3,581,727	1,002,479
Vehicles	26,833	20%	2,002	-	3,928	32,763	15,960
Furniture and office supplies	82,448	20%	51,138	-	30,148	163,734	63,529
Fixtures	464,520	25%	82,370	-	46,538	593,428	165,319
Die-stamping	358,210	20%	489,133	-	2,107	849,450	2,661
Computer hardware	293,687	20%	-	-	27,986	321,673	66,914
Works in process	-	-	-	-	-	-	352,926
Rights to use real property	-	30%	-	-	100,313	100,313	380,952
	4,093,236		1,432,382	-	586,651	6,112,269	3,242,950

(1) Mirgor Group did not capitalize finance costs related to works in progress, as they are considered to be insignificant.

Changes in cost of acquisition and accumulated depreciation as of December 31, 2018.

	12/31/2018				
	Acquisition cost				
Main account	At beginning of year	Additions (1)	Disposals	Transfers	At end of year
	ARS 000	ARS 000		ARS 000	ARS 000
Plots of land	30,716	-	-	-	30,716
Buildings and construction	825,252	41,875	(5,729)	24,751	886,149
Machinery, equipment and tools	2,992,344	271,147	-	18,701	3,282,192
Vehicles	31,813	709	-	-	32,522
Furniture and office supplies	80,068	40,606	(4,017)	22,763	139,420
Fixtures	598,380	16,186	-	-	614,566
Die-stamping	360,265	135	-	-	360,400
Computer hardware	321,353	14,745	(774)	5726	341,050
Works in process	111,179	265,215	-	(71,941)	304,453
	5,351,370	650,618	(10,520)	-	5,991,468

	12/31/2018					
	Depreciation					
Main account	At beginning of year ARS 000	Average rate	Disposals	Charge for the year ARS 000	At end of year ARS 000	Residual value ARS 000
Plots of land	-	-	-	-	-	30,716
Buildings and construction	372,577	2%	(466)	46,583	419,160	466,989
Machinery, equipment and tools	2,142,364	10%	-	306,480	2,448,378	833,814
Vehicles	23,030	20%	(2)	3,803	26,833	5,689
Furniture and office supplies	59,004	20%	-	23,446	82,448	56,972
Fixtures	413,792	25%	-	50,728	464,520	150,046
Die-stamping	354,827	20%	-	3,383	358,210	2,190
Computer hardware	259,895	20%	-	33,792	293,687	47,363
Works in process	-	-	-	-	-	304,453
	3,625,489		(468)	468,215	4,093,236	1,898,232

(1) Mirgor Group did not capitalize finance costs related to works in progress, as they are considered to be insignificant.

12. INVESTMENT PROPERTIES

Changes in cost of acquisition and accumulated depreciation as of December 31, 2019

	12.31.2019					
	Acquisition cost	Depreciation				
Main account	At beginning /end of year ARS 000	At beginning of year ARS 000	Average rate	Charges for the year ARS 000	At end of year ARS 000	Residual value ARS 000
Plots of land	19,011	-	-	-	-	19,011
Buildings and construction	112,295	52,457	2%	1,440	53,897	58,398
	131,305	52,457		1,440	53,897	77,408

Changes in cost of acquisition and accumulated depreciation as of December 31, 2018

	12.31.2018					
	Acquisition cost	Depreciation				
Main account	At beginning /end of year ARS 000	At beginning of year ARS 000	Average rate	Charges for the year ARS 000	At end of year ARS 000	Residual value ARS 000
Plots of land	19,011	-	-	-	-	19,011
Buildings and construction	112,295	50,582	2%	1,875	52,457	59,838
	131,305	50,582		1,875	52,457	78,848

Net income from on investment properties delivered under operating leases for the fiscal years ended December 31, 2019, and 2018, were as follows:

	12.31.2019	**12.31.2018**
	ARS 000	**ARS 000**
Income from leases on investment properties	36,167	31,006
Operating expenses (including repair and maintenance) related to leased investment properties	(9,426)	(7,761)
Subtotal	**26,741**	**23,245**
Income tax	(16,350)	(11,316)
Net profit arising from investment properties	**10,391**	**11,929**

Mirgor Group has no restrictions on the realizability of its investment property and no contractual obligations to either purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Investment properties are measured as described in note 2.4.8 to these consolidated financial statements.

13. INTANGIBLES ASSETS

Changes in cost of acquisition and accumulated amortization

	Software, agreements, patents and licenses	**Goodwill**	**Total**
	ARS 000	**ARS 000**	**ARS 000**
Acquisition cost			
As of January 1, 2018	221,246	781	222,027
Additions for the year	35,434	-	35,434
As of December 31, 2018	**256,680**	**781**	**257,461**
Charge for the year (Note 23)	54,524	231,057	285,581
As of December 31, 2019	**311,205**	**231,838**	**543,043**
Amortization and impairment in value			
As of January 1, 2018	107,330	-	107,330
Amortization charge for the year	56,858	-	56,858
As of December 31, 2018	**164,188**	**-**	**164,188**
Amortization charge for the year (1)	63,789	231,057	294,846
As of December 31, 2019	**227,977**	**231,057**	**459,034**
Residual value			
As of December 31, 2018	**92,492**	**781**	**93,273**
As of December 31, 2019	**83,228**	**781**	**84,009**

(1) Including the charge for the impairment in value of goodwill for the acquisition of Holdcar S.A. - Note 23.

14. INVENTORIES

	12.31.2019 ARS 000	12.31.2018 ARS 000
Raw materials	4,558,155	6,677,752
Finished goods	4,837,709	5,367,403
Subtotal	9,395,864	12,045,155
Raw material in transit	3,048,044	1,628,034
Allowance for obsolescence and impairment in value of inventories	(356,190)	(222,094)
	12,087,718	**13,451,095**

The changes in the allowance for inventories impairment and obsolescence as of December 31, 2019, and 2018, as detailed below, have been included in cost of goods sold and services provided in the statement of comprehensive income:

	12.31.2019 ARS 000	12.31.2018 ARS 000
At beginning of year	**(222,094)**	**(457,319)**
Increase (1)	(224,032)	(51,588)
	(159,123)	-
Use (1) (2)	249,059	286,813
At end of year	**(356,190)**	**(222,094)**

(1) Charged to the "Cost of sale of goods and services rendered" account within the comprehensive statement of income.
(2) Use for its specific purpose.

15. FINANCIAL ASSETS AND LIABILITIES

15.1. Trade and other receivables

	12.31.2019 ARS 000	12.31.2018 ARS 000
Current		
Trade receivables	7,450,460	7,485,842
Trade receivables of associates – Nota 18	111,792	9,891
Allowance for impairment in value of expected credit losses (1)	(429,723)	(4,466)
	7,132,529	**7,491,267**

(1) Changes are detailed in note 15.8.

Trade payables are noninterest bearing and their average collection term is generally from 30 to 90 days. The information on the objectives and policies related to Mirgor Group's credit risk management is included in note 19.2.

MIRGOR S.A.C.I.F.I.A.

Below is a breakdown of trade receivables by due date:

				Past due			
	Total	Without due date	To fall due	<30 days	30 - 60 days	61 - 90 days	90 - 120 days
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
12.31.2019	7,132,529	111,792	4,801,373	2,199,607	19,757	-	-
12.31.2018	7,491,267	9,891	7,379,625	48,621	30,589	10,354	12,187

15.2. Trade and other payables

	12.31.2019	12.31.2018
	ARS 000	ARS 000
Noncurrent		
Other accounts payable	138,506	-
Security deposits	99	152
	138,605	**152**

	12.31.2019	12.31.2018
	ARS 000	ARS 000
Current		
Trade payables	15,425,513	17,291,528
Trade payables of associates - Note 18	-	-
Salaries & wages and payroll taxes payable	815,177	958,157
Annual statutory bonus and vacation accrual	76,997	46,690
Income tax accrual	158,010	200,070
Health and safety assessment	11,911	7,884
Turnover tax payable and withholdings/additional withholdings to be deposited	88,900	89,494
Approved dividends pending payment	-	-
Approved dividends pending payment to associates. Note 16	-	-
Value-added tax payables and withholdings/additional withholdings to be deposited	63,254	15,949
Excise taxes payable	-	-
Other taxes payable	260,410	15,539
Customer prepayments	89,708	11,557
Other accounts payable	9,038	701,394
Royalties payable	11,802	55,012
Directors' fees payable	6,224	2,891
	17,016,944	**19,396,165**

Terms and conditions of the above liabilities: (i) trade payables are non-interest bearing and are normally settled on 150-day terms; (ii) the other trade payables are non-interest bearing and are normally settled on 30-day terms.

The information on the objectives and policies related to Mirgor Group's liquidity risk management is included in Note 19.3.

15.3. Interest-bearing debts and borrowings

	12.31.2019 ARS 000	12.31.2018 ARS 000
Noncurrent		
Interest-bearing noncurrent debts and borrowings		
Bank loans in local currency	39,107	-
Bank loans in foreign currency	50,906	-
Finance lease payables	214,213	-
Total interest-bearing noncurrent debts and borrowings	**304,226**	**-**

	12.31.2019 ARS 000	12.31.2018 ARS 000
Current		
Interest-bearing noncurrent debts and borrowings		
Bank loans in local currency	10,974	3,214
Bank loans in foreign currency	81,910	-
Finance lease payables	142,607	-
Total interest-bearing noncurrent debts and borrowings	**235,491**	**3,214**

Finance lease payables

The right-to-use amounts and lease payables are as follows:

	01.01.2019 ARS 000
	380,952
	356,820

For further information on the changes in right-to-use assets for the year ended December 31, 2019, please refer to note 11. Below is a breakdown of lease payables for the abovementioned period.

	01.01.2019 ARS 000
	512,068
	75,554
	169,223
	65,706
	(303,892)
	(161,839)
	356,820

15.4. Provisions for lawsuits and contingencies

	12.31.2019 ARS 000	12.31.2018 ARS 000
Noncurrent		
Provisions for lawsuits and contingencies	83,873	-
Total provisions for lawsuits and contingencies	**83,873**	**-**

15.5. Other financial assets

	12.31.2019 ARS 000	12.31.2018 ARS 000
Noncurrent		
Long-term loans – Note 18	-	1,382,452
	-	**1,382,452**

15.6. Other financial liabilities

	12.31.2019 ARS 000	12.31.2018 ARS 000
Liabilities for forward exchange transactions	115,122	28,358
	115,122	**28,358**

15.7. Cash and short-term deposits

	12.31.2019 ARS 000	12.31.2018 ARS 000
Cash on hand and in banks	1,393,029	447,325
Short-term investments	981,716	224,556
To the consolidated statement of financial position	**2,374,745**	**671,881**

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following as of December 31, 2019, and 2018:

	12.31.2019 ARS 000	12.31.2018 ARS 000
Cash on hand and in banks	1,393,029	447,323
To the consolidated statements of cash flows	**1,393,029**	**447,323**

15.8. Impairment of financial assets

Trade and other receivables

As of December 31, 2019, the value of trade receivables for an original carrying amount of 429,723 were impaired and fully booked as allowance. The amounts and changes of the allowance for doubtful accounts are detailed below.

	12.31.2019 ARS 000	12.31.2018 ARS 000
As of December 31, 2018	**4,466**	**3,364**
Charge for the year	425,257	1,102
As of December 31, 2019	**429,723**	**4,466**

15.9. Information on fair values

As of December 31, 2019, and 2018, Management estimates that the carrying amounts of financial assets do not differ significantly from their fair values.

Fair value hierarchy

Mirgor Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As of December 31, 2019, Mirgor Group's financial assets measured at fair value were categorized within Level 1, according the previous description.

Hedging operations

It is Mirgor Group's policy to recognize financial instruments as they are considered to be insignificant. During the years ended December 31, 2019, and 2018, agreements were signed to cover the potential devaluations of the Argentine peso in the amount of about USD 199,958,000 and USD 198,520,000, respectively, since Mirgor Group carries significant payables in foreign currency to industrial suppliers abroad.

As of December 31, 2019, the amount payable disclosed under "Other financial liabilities" is ARS 115,122, while as of December 31, 2018, it is ARS 28,358. They are related to Mirgor Group's industrial activity and were booked at market value and as described in note 2.4 to these consolidated financial statements.

In the fiscal years ended December 31, 2019, and 2018, profit (loss) for these transactions amounted to ARS 325,822 (loss) and ARS 715,774 (profit), respectively, and was disclosed in "Foreign exchange differences" under "Other operating expenses".

15.10. Changes in liabilities from financing activities

			Changes other than cash			
	12.31.2019	Variation (1)	Increase for acquisition	Foreign exchange difference	Accrued interest	12.31.2019
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Bank loans	3,214	(176,924)	293,986	46,635	15,986	182,897

			Changes other than cash			
	12.31.2018	Variation (1)	Increase for acquisition	Foreign exchange difference	Accrued interest	12.31.2018
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Bank loans	1,164,840	(1,611,390)	-	378,872	70,892	3,214

(1) Net of gain (loss) on exposure to the change in currency purchasing power.

15.11. Consolidated financial assets and liabilities in foreign currency

Mirgor Group's consolidated assets and liabilities in foreign currency as of December 31, 2019, and 2018, break down as follows (the respective amounts in foreign currency and the equivalent amounts translated into the presentation currency are presented):

Item	Amounts in thousands and currency		Effective exchange rate	12.31.2019	12.31.2018
				ARS 000	ARS 000
ASSETS					
Noncurrent assets					
Other financial assets	USD	27	59.690	1,614	1,382,452
				1,614	1,382,452
Total noncurrent assets				**1,614**	**1,382,452**
Current assets					
Cash on hand and in banks					
Cash on hand	USD	51	59.690	3,023	3,337
Cash in banks	USD	21,275	59.690	1,269,916	416,314
				1,272,939	419,651
Other financial assets					
Debt securities	USD	-	-	-	-
				-	-
Trade and other receivables					
Trade receivables	EUR	461	66.853	30,818	183,659
	USD	63,189	59.690	3,771,728	4,263,308
				3,802,546	4,446,967
Other nonfinancial receivables					
Prepayments to suppliers for the purchase of goods	EUR	138	67.227	9,267	9,515
	USD	129	59.890	7,728	2,173
	JPY	70	0.550	39	60
	BRL	-	-	-	-
Miscellaneous	USD	-	59.890	-	2,001
				17,034	13,749
Total current assets				**5,092,519**	**4,880,367**
Total assets				**5,094,133**	**6,262,819**
Liabilities					
Current liabilities					
Interest-bearing debts and borrowings					
Bank loans	USD	1,368	59.890	81,910	-
Finance lease payables	USD	885	59.890	53,015	-
				134,925	-
Trade and other payables					
Trade payables	USD	230,625	59.890	13,812,138	15,128,743
	EUR	1,667	67.227	112,033	206,612
	BRL	1,257	14.755	18,549	116,167
	JPY	-	0.5505	-	21,620
				13,942,720	15,473,142
Customer repayments	USD	-	59.890	-	-
				-	-
Royalties payable	EUR	-	67.227	-	53,994
	BRL	-	14.755	-	448
	USD	-	59.890	-	571
				-	55,013
Total current liabilities				**14,077,645**	**15,528,155**
Noncurrent liabilities					
Interest-bearing debts and borrowings					
Bank loans	USD	850	59.890	50,906	-
Finance lease payables	USD	4,508	59.890	269,984	-
				320,890	**-**
Total current liabilities					
Total liabilities				**14,398,535**	**15,528,155**

The breakdown above includes the amounts arising from transactions in foreign currency as well as amounts arising from transactions conducted in Argentine pesos which will be collected/settled by applying the original nominal value in foreign currency (assessed at the effective exchange rate as of the date when the instrument was issued in pesos) to the value of the respective currency as of the collection/settlement date.

Receivables and payables in foreign currency, including the abovementioned amounts, were calculated in accordance with the parameters stated in the paragraph above, calculating the current values, provided their effects were significant. These amounts were converted into Argentine pesos at the exchange rate effective as of the year-end for the settlement of the related transactions. Foreign exchange differences were charged to profit or loss for each year.

16. OTHER NON-FINANCIAL RECEIVABLES

	12.31.2019	12.31.2018
	ARS 000	**ARS 000**
Noncurrent		
Loans and advances to personnel	8,013	-
Payroll taxes to be recovered	562	821
VAT balance in favor	-	3,893
Miscellaneous	5,253	4,947
	13,828	9,661
Current		
Prepayments to suppliers for the purchase of goods	244,644	31,816
Turnover tax withholdings and additional withholdings	17,998	83,733
Income tax withholdings	10,929	-
Loans and advances to personnel	64,849	87,991
Insurance to be accrued	94,105	175,463
VAT balance in favor	45,958	38,026
Excise tax prepayment	342,223	-
Miscellaneous	992	26,916
	821,698	443,945

17. CAPITAL STOCK

17.1. Authorized, issued, subscribed, paid-in and registered capital

	12.31.2019	12.31.2018
	In thousands	**In thousands**
Authorized ordinary shares		
Ordinary shares at ARS 0.10 per share	180,000	180,000
	180,000	**180,000**
	In thousands	**ARS 000**
Issued, subscribed, paid-in and registered ordinary shares		
As of December 31, 2019	**180,000**	**18,000**
As of December 31, 2018	**180,000**	**18,000**

The issued, subscribed, registered and paid-in capital of 18,000 is registered with the Public Registry of Commerce.

For information on the restriction to the distribution of earnings, see note 21.

18. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties for the relevant fiscal year:

		Trade and other receivables	Noncurrent financial assets	Trade and other payables
		ARS 000	**ARS 000**	**ARS 000**
Parent company:				
Il Tevere S.A.	12.31.2019	36	-	-
	12.31.2018	9,891	-	-
Associate:				
CIAPEX S.A.	12.31.2019	-	-	-
	12.31.2018	-	295,509	-
Minera Don Nicolás S.A.	12.31.2019	111,756	-	-
	12.31.2018	-	1,086,943	-

Main parent company

Parent company: Il Tevere S.A.

Registered office: Beauvoir 17, piso 1 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.

Main activity: Holding company.

Percentage of voting rights: 61.5862%

Percentage of shares: 48.27%.

Terms and conditions of transactions with related parties

Balances at year-end with related parties are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables.

Balances were booked at nominal value because they have no agreed-upon settlement term.

For the year ended December 31, 2019, Mirgor Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at the end of each reporting year by examining the financial position of the related party and the market in which the related party operates.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial liabilities of the Group are trade and other payables. The Group strategically decided to settle its financial payable, which was reduced to immaterial loans from the subsidiary Famar Fueguina S.A., recently acquired.

The main purpose to maintain and increase trade payables is to develop a sustainable short- and middle-term business model, and support investments to continue expanding the Group's businesses. Mirgor Group has trade and other receivables, and cash that arrive directly from its operations. Mirgor Group entered into hedging transactions during this year to reduce the potential risk of a devaluation of the Argentine peso. However, the Group does not apply hedge accounting.

Due to the nature of its operations, Mirgor Group is exposed to market risk, credit risk and liquidity risk.

Mirgor Group's senior management oversees the management of these risks. For this purpose, senior management is supported by Management, which advises on those risks and the most appropriate financial risk governance framework. Management provides assurance to Mirgor Group's senior management that the financial risk-taking activities are governed by appropriate corporate policies and procedures and that those financial risks are identified, measured and managed in accordance with corporate policies and its risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

19.1. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks applicable to Mirgor Group comprise interest rate risk and currency risk. Financial instruments affected by market risk include interest-bearing loans and borrowings, cash deposits, and trade and other receivables.

Interest rate risk

All the financial loans were borrowed by the subsidiary Famar Fueguina S.A. The annual rate for loans in US dollars stood at 7.5% and loans in Argentine pesos were tied to Badlar + an annual 1.5%.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Mirgor Group's exposure to the risk of changes in foreign exchange rates relates to its operating activities (when revenue or expense is denominated in a different currency from the functional currency of Mirgor Group and its subsidiaries.)

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of Mirgor Group's profit before tax.

	Changes in foreign exchange rate	Effect on comprehensive income before tax
12.31.2019	58%	(5,112,424)
	(58%)	5,112,424

Mirgor Group's Management estimates that the market value of inventories, particularly those of the electronic consumer goods segment, is directly affected by the fluctuations in foreign exchange rates; therefore, they help mitigate the exposure to the risk of fluctuations in foreign exchange rates.

19.2. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. Mirgor Group is exposed to credit risk from its operating activities, primarily for trade receivables. However, Mirgor Group's Management understands that, as of the date of these consolidated financial statements, the credit risk is properly covered by the related allowances and the rest of the customer portfolio of Mirgor Group is made up of companies with strong financial performance.

Trade and other receivables

The Finance Department is in charge of managing customer credit risk subject to policies, procedures and controls relating to Mirgor Group's credit risk management. Customer receivables are regularly monitored. Note the following concentration of credit risk by business:

Automotive segment: in its usual course of business Mirgor S.A.C.I.F.I.A. grants credit to customers, including car manufacturers that concentrate about 99% of the Company's total sales revenues for fiscal year ended December 31, 2019.

Electronic consumer goods segments: IATEC S.A.'s TV sets, audio and video equipment and mobile telephone equipment are mainly sold through retailer chains and the main telecommunication companies in Argentina and are related to the international brand Samsung.

The maximum credit risk does not differ significantly from the receivable amounts included in the consolidated statement of financial position. The need of booking an impairment was assessed as of each reporting year-end, on an individual basis, for the major customers. Management estimates that the related allowance booked as of December 31, 2019, is sufficient to cover the credit risks that will probably be materialized.

Cash

Credit risk from balances with banks and financial institutions is managed by Mirgor Group's Finance Department in accordance with corporate policy. Investments of surplus funds are made only with approved counterparties; in this case, the risk is limited because high-credit-rating banks are involved.

19.3. Liquidity risk

Mirgor Group manages is liquidity to guarantee the funds required to support its business strategy. Short-term financing needs related to seasonal working capital increases are covered through short- and medium-term bank credit lines.

The table below summarizes the maturity profile of financial liabilities related to Mirgor Group based on the undiscounted amounts arising from the respective agreements:

As of December 31, 2019	On demand	Less than 3 months	From 3 to 12 months	Total
	ARS 000	ARS 000	ARS 000	ARS 000
Interest-bearing debts and borrowings	-	-	235,491	235,491
Trade and other payables	2,880,082	13,807,338	468,130	17,155,549
	2,880,082	13,807,338	703,621	17,391,040

As of December 31, 2018	On demand	Less than 3 months	From 3 to 12 months	Total
	ARS 000	ARS 000	ARS 000	ARS 000
Interest-bearing debts and borrowings	-	3,214	-	3,214
Trade and other payables	946,125	13,637,995	4,812,197	19,396,317
	946,125	13,641,209	4,812,197	19,399,531

19.4. Capital management

The objective of the Mirgor Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

Mirgor Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. During the year ended December 31, 2019, no changes were made in the objectives, policies or processes for managing capital.

Mirgor Group manages capital using a gearing ratio, which is net debt divided by total capital plus net debt. Mirgor Group includes in the net debt interest-bearing loans and trade payables, less cash and cash equivalents.

	12.31.2019 ARS 000	12.31.2018 ARS 000
Interest-bearing debts and borrowings	235,491	3,214
Trade payables	15,425,513	17,291,528
Less: Cash on hand and in banks	(1,393,029)	(671,881)
Net debt	14,267,975	16,622,861
Shareholders' equity	8,605,645	6,809,378
Total capital	8,605,645	6,809,378
Total capital and net debt	22,873,620	23,432,239
Indebtedness ratio	**62%**	**71%**

Guarantees granted

The indirectly-owned subsidiary IATEC S.A. manufactures mobile cellular radio communication devices under the "Samsung" brand at the plant in Río Grande, Tierra del Fuego. By virtue of the agreement signed with Samsung Electronics Co. Ltd., the Company will jointly and severally secure IATEC S.A.'s payables to such company.

The indirectly-owned subsidiary IATEC S.A. manufactures car electronic devices under the "Pioneer" brand at the plant in Río Grande, Tierra del Fuego. The Company jointly and severally secured IATEC S.A.'s obligations with Pioneer do Brasil Ltd.

In 2017, the company IATEC S.A. granted a joint and several bond for a real estate lease in favor of its subsidiary GMRA S.A.

In October 2016, Famar Fueguina posted as security for the loans received from Banco de Tierra del Fuego its own real property identified as lot of land 1, section 145, subsection E, City of Río Grande.

On November 27, 2017, the subsidiary Electrotécnica decided to deliver as security the real property located in Rodney 70, City of Buenos Aires, to subsidiary Famar Fueguina for a loan from Banco de la Ciudad de Buenos Aires with mortgage loan.

20. INTERESTS IN ASSOCIATES

As of December 31, 2019, the investments are related to interests in the associates CIAPEX S.A. and SAPI S.A., and the guarantee trust CIAPEXSA.

CIAPEX S.A. was organized in Buenos Aires City on July 27, 2012, through an agreement signed with other companies based in Tierra del Fuego engaged in manufacturing electronic products and domestic appliances whereby they undertook to create CIAPEXSA guarantee trust to channel monthly contributions assessed on the basis of the imports made. The contributions were earmarked for CIAPEX S.A., a company which purpose will be to foster and finance production projects for exports and/or import substitution.

On March 21, 2013, by virtue of the investment agreement previously mentioned, Sociedad Administradora de Proyectos de Inversión S.A. (SAPI S.A.) was organized, which intends to perform the following activities on its own account and/or on behalf of third parties and/or associated with third parties: create, administer, propose and manage investment projects, with the possibility of providing advice on investment transactions, planning, executing and controlling the development of investment projects, including the negotiation of investment project terms and conditions, to be carried out by CIAPEX S.A.

Moreover, the company CIAPEX S.A., through its parent company CIMINAS S.A., has made contributions to the company Minera Don Nicolás S.A., which is mainly engaged in exploiting mining fields. The latter has capitalized all exploration and development costs related to the areas over which it has mining rights, which will be charged to profit as oilfield operation is conducted. Production started during the first half of 2017.

Based on the analysis made and the assessment of the recoverable value of the investment in Minera Don Nicolás, the Board decided to adjust its value disclosed as a long-term investment in CIAPEX S.A.

The information on the abovementioned entities as of December 31, 2019, and 2018, is as follows:

Company	Business activity	Shareholders' equity	Profit (loss) for the year	Percentage in the capital stock	Carrying amount as of 12.31.2019	Carrying amount as of 12.31.2018
CIAPEX S.A. (1)	Investment and financing	4,130,315	(4,665,112)	21.38%	741,612	334,432
SAPI S.A.	Administrative, advisory and management	705	-	3.00%	21	32
CIAPEXSA guarantee trust	Guarantee trust	2,071	-	23.75%	493	399,792
Total					**742,126**	**734,256**

(1) Related to 44,826,052 Class "A" shares, granting one vote each, and 16,025,020 Class "B" shares, granting five votes each. Including an allowance for impairment in value for 141,449.

The funds contributed by subsidiaries Interclima S.A. and IATEC S.A. to the guarantee trust mentioned above, pending contribution to CIAPEX S.A., as of December 31, 2019, and 2018, amount to ARS 493 and ARS 399,792, respectively, net of returns. In addition, the contributions made to CIAPEX S.A. and SAPI S.A. as of December 31, 2019, and 2018, stood at ARS 741,633 and ARS 334,464, respectively, net of distributions and retained earnings (accumulated losses).

21. EARNINGS DISTRIBUTION

The General and Special Shareholders' Meeting held on April 26, 2019, decided to distribute cash dividends for ARS 180,000 which, in restated amounts, stood at ARS 239,472 payable in six equal installments to be settled on May 13, June 19, July 17, August 14, September 18, and October 16, 3019, reversing to such end a portion of the reserve under "Other reserves".

Restriction to the distribution of earnings

According to Law No. 19,550, CNV regulations and the Company's bylaws, 5% of net profit for the year shall be used to increase the statutory reserve until this reserve amounts to 20% of the capital stock. This reserve will not be available for dividends.

According to Law No. 25,063, dividends to be distributed in cash or in kind in excess of taxable profit accumulated as of the end of the fiscal year immediately preceding the payment or distribution date shall be subject to a 35% income tax withholding as single and definitive payment. Earnings which are not subject to income tax as a result of the benefits provided by Law No. 19,640 are not subject to equalization tax.

22. MIGOR GROUP´S TAX SITUATION

22.1. Industrial promotion

MIRGOR SACIFIA

The Company enjoys the benefits of the Industrial Promotion System provided by Law No. 19,640 as regards the assets and for the activities performed in Tierra del Fuego. Accordingly, the Company is entitled to certain tax and customs duties benefits, which through Presidential Decree No. 1,234/2007, were extended through 2023, and include:

a) Income tax: The earnings attributable to Tierra del Fuego are subject to a 100% income-tax payment exemption under sections 1 and 4(a) of Law No. 19,640.

b) Minimum presumed income tax: The assets used for the Company's activity in Tierra del Fuego, Antarctica and South Atlantic Islands are not subject to minimum presumed income tax.

c) Value-added tax: Company sales in Tierra del Fuego are exempt from this tax, while sales made on the Argentine mainland are subject to VAT at the rate for such tax. Customers are charged for this tax. The computable presumed tax credit is equivalent to the one resulting from applying the rate on 100% of the net sale price to the customer on the mainland, while the actual tax credit originated in the Argentine mainland is not computable.

d) Tax credit certificates: Under Law No. 23,697, the Federal Government suspended the tax benefits during 1989 and 1990. Thus, the Company made payments on account of capital tax and VAT which, under such law, would be reimbursed to the Company through Debt Consolidation Bonds.

   DGI (Argentine tax bureau) General Resolution No. 3,838/94 regulated the manner in which the abovementioned bonds would be obtained. On September 17, 1996, the DGI advised the Company of the recognition of an amount in favor of the Company. In addition, the Company recorded a 149 (un-restated historical value) credit related to the reimbursement of VAT to be requested by other procedures.

   The Ministry of Economy and Public Services and Works established through Resolution No. 580/96 that the credits against the Federal Government emerging from the suspension of the industrial promotion established in Law No. 23,697 and prior to April 1, 1991, will be settled through the delivery of Debt Consolidation Bonds. On May 19, 1997, the Company was advised that the DGI provisionally recognized the amount indicated above.

e) Customs duties and statistical rate: Not paid by the Company for all the inputs imported and used in its operations in Tierra del Fuego under Law No. 19,640.

f) Export rebates in Argentine pesos: Under Law No. 19,640, exports from the mainland to Tierra del Fuego enjoy the benefit of exports rebates. Due to the delay in payment by the Federal Government, the Company filed collection requests with Customs Authorities. Although such requests had unfavorable resolutions at the administrative stages (the proceedings are currently in the Customs Legal and Technical Department awaiting the issuance of the respective formal opinions), the Company's legal counsel and Management understand that the transactions were carried out within the regulatory framework of Law No. 19,640 and, consequently, it would be entitled to collect the rebates that the regulation then-effective established.

INTERCLIMA SA

The subsidiary Interclima S.A. is benefitted by a promotional industrial system that is similar to that of MIRGOR S.A.C.I.F.I.A., with the purpose of manufacturing electronic items.

IATEC SA

The subsidiary IATEC S.A. is included in the system set forth by Presidential Decree No. 490/2003, issued within the framework of Laws No. 19,640 and 25,561, to manufacture TV sets, video recorders and/or players, audio systems, residential and commercial air conditioning systems, microwave ovens, computer screens, radio-communication equipment, mobile and wireless telephones at the industrial plant located in the City of Río Grande, Tierra del Fuego.

Such laws, as amended, provides for promotional benefits for industrial activities involving transformation and assembly processes applied to inputs imported by IATEC S.A. and developed in Tierra del Fuego for sales on the Argentine mainland through December 31, 2023.

The Department of Industry, Commerce and Small- and Medium-Sized Enterprises, of the Ministry of Economy and Production of Argentina, issued Resolution No. 307/2008 and then Resolutions No. 239/2010, 72/2011 and 09/2012, resolving the extension of the project set forth originally by Resolution No. 468/2006 increasing the mobile telephone production cap to 4,000,000 units and maintaining the microwave and television production cap at 300,000 and 180,000 units, respectively, also extending the maximum term within which to start up the project and expanding the plant's investment, minimum production and minimum employee headcount requirements. Resolution No. 579/2014 increased the mobile telephone annual production cap to 5,000,000 units. Through files SO1:0037863/2015 and SO1:0158883, an increase to 7,000,000 and 400,000 mobile telephones and TV sets was requested, respectively, after meeting the commitments related to investment, working capital and minimum headcount contracted as of the date of these financial statements. Moreover, Resolution No. 579/2014 increased the mobile telephone annual production cap to 5,000,000 units.

During the fiscal year ended December 31, 2012, the Department of Industry within the Argentine Ministry of Industry issued Resolution No. 216/2012 allowing IATEC S.A. to manufacture portable computers (notebooks and netbooks), establishing a minimum production of 30,000 units, a production cap of 180,000 units and additional investment and minimum headcount requirements at its industrial plant.

During the fiscal year ended December 31, 2013, the Department of Industry within the Argentine Ministry of Industry issued Resolution No. 307/2013 increasing the quota for video recorder, player and audio system manufacturing, establishing a minimum production of 15,000 units and a production cap of 195,000 units for video recorders and players and 214,000 units for audio systems.

The abovementioned resolutions establish that the promoted project must be carried out through to a total investment of 195,297, out of which 61,097 relate to investments in fixed assets and the rest relates to investments in working capital. IATEC S.A. is partially or totally exempt, as the case may be, from income tax, minimum presumed income tax, VAT and customs duties arising from the import of raw materials and the export of finished products from Tierra del Fuego.

Failure to comply with the minimum investment, production and headcount requirements will give rise to the penalties set forth in the abovementioned legislation. The Company's Management understands that there are no breaches of the industrial promotion system.

FAMAR FUEGUINA S.A.

The subsidiary FAMAR FUEGUINA S.A. is benefitted by a promotional industrial system that is similar to that of MIRGOR S.A.C.I.F.I.A., with the purpose of manufacturing electronic items.

The Department of Industry, reporting to the Ministry of Economy, issued Resolution No. 46/84 that authorizes FAMAR FUEGUINA S.A. to submit to the governors' office of the former Territory of Tierra del Fuego, Antarctica and South Atlantic Islands the final project for the installation of an industrial plant to manufacture several models of car radios. Resolution No. 741 of October 15, 1986, issued by the Ministry of Finance of the aforementioned territory authorizes the benefit granted by the system under Law No. 19,640.

In 1995, an electronics specialization project was approved by Resolution No. 28/1995.

In 1998, through Resolution No. 539/1998, a project to replace Presidential Decree No. 479/1995 was approved to replace AM radios with automotive electronic control modules, that authorizes the production of an annual cap of 1,200,000 units.

In 2002, Resolution No. 9/2002 approved the replacement of Presidential Decree No. 479/1995 to replace auto reverse AM radio cassette players with portable radio communication equipment, that authorizes the production of an annual cap of 900,000 units in three shifts.

In 2019, the project to replace Presidential Decree No. 479/1995 to replace auto reverse AM/FM radio cassette players with modems was approved.

23. ACQUISITION OF THE EQUITY INTEREST IN HOLDCAR S.A.

To expand its businesses, on August 15, 2019, the Company acquired the control of 100% of Holdcar S.A.'s shareholding that also includes the shareholding of Famar Fueguina S.A. and Electrotécnica Famar S.A.

Famar Fueguina S.A. is a company domiciled in the Province of Tierra del Fuego, that conducts manufacturing activities and supply of parts to the auto industry, mainly radios and infotainment equipment, as well as other consumer electronics products.

Under IFRS, the following chart discloses the summarized financial information at fair value on the investment as of August 15, 2019, in Holdcar S.A.:

	ARS 000
Property, plant and equipment	830,107
Other nonfinancial receivables	203,313
Inventories	298,629
Trade and other receivables	68,492
Cash and short-term deposits	11,229
Total assets	**1,411,770**
Contingencies	(17,785)
Interest-bearing debts and borrowings	(725,648)
Trade and other payables	(776,870)
Total liabilities	**(1,520,303)**
Total net assets identified at fair value	**(108,532)**
Goodwill from the acquisition	231,057
Purchase price at present value	**122,524**

As of December 31, 2019, the Company' Board, based on the recoverability analysis, decided to book an allowance for the impairment in value of goodwill to reduce the value of such asset up to its recoverable value, in order to leverage the operating synergies between Mirgor Group companies and the acquired companies to reverse the situation.

Besides, ARS 138,506 are pending payment for the acquisition of Holdcar S.A. as of this year-end. This amount is disclosed in “Other accounts payable” (noncurrent).

24. EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

These Financial statements are the English translation of those issued in Spanish. They are presented in accordance with IFRS.

The Effects of the differences between IFRS and GAAP of countries in wich the accompanying financial statements may be used not have been assessed.

MIRGOR S.A.C.I.F.I.A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Notes	12.31.2019 ARS 000	12.31.2018 ARS 000
Income from continuing operations	6	4,601,398	5,248,703
Industrial promotion benefit		866,286	1,041,368
Cost of sale of goods	7	(4,356,133)	(5,624,988)
Gross profti		**1,111,551**	**665,083**
Other operating income	9	17,623	77,253
Administrative expenses	8	(323,345)	(473,005)
Selling expenses	8	(1,090,544)	(791,557)
Other operating expenses	9	(637,035)	(439,547)
Operating loss		**(921,750)**	**(961,773)**
Finance costs	9	(47,378)	(93,616)
Finance income	9	56,648	95,036
Gain on exposure to the change in currency purchasing power		1,573,500	1,500,218
Other (expense) income, net	9	(11,959)	5,645
Interest in the subsidiaries' net income	4	1,475,519	(667,116)
Net profit (loss) for the year before income tax and minimum presumed income tax		**2,124,580**	**(121,606)**
Income tax and minimum presumed income tax	10	(706)	(1,394)
Total comprehensive income (loss) for the year, net		**2,123,874**	**(123,000)**

Earnings per share (Note 11):

– basic and diluted, net income (loss) for the year attributable to ordinary equity holders of the parent's equity		**11.80**	**(0.68)**

MIRGOR S.A.C.I.F.I.A.

SEPARATE STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2019

	Notes	12.31.2019 ARS 000	12.31.2018 ARS 000
Assets			
Noncurrent assets			
Property, plant and equipment	12	431,067	393,868
Intangible assets	13	32,983	23,804
Interest in subsidiaries	4	10,589,479	9,059,075
Other nonfinancial receivables	16	8,983	2,161
		11,062,512	9,478,908
Current assets			
Other nonfinancial receivables	16	506,308	113,907
Inventories	14	1,327,458	1,192,843
Trade and other receivables	15	583,880	479,941
Cash and short-term deposits	15	65,222	93,776
		2,482,868	1,880,467
Total assets		**13,545,380**	**11,359,375**
Equity and liabilities			
Shareholders' equity			
Issued capital		18,000	18,000
Capital adjustment		126,396	126,396
Own shares		(88,663)	-
Additional paid-in capital		90,220	90,220
Profit set apart for reserves		6,332,432	6,694,904
Unappropriated retained earnings (accumulated losses)		2,123,874	(123,000)
Total equity		**8,602,259**	**6,806,520**
Noncurrent liabilities			
Interest-bearing debts and borrowings	15	31,686	-
Provisions for lawsuits and contingencies	15	32,850	-
Trade and other payables	15	148,190	15,322
		212,726	15,322
Current liabilities			
Interest-bearing debts and borrowings	15	12,430	3,214
Trade and other payables	15	4,550,004	4,534,319
Interest in subsidiaries	4	167,961	-
		4,730,395	4,537,533
Total liabilities		**4,943,121**	**4,552,855**
Total equity and liabilities		**13,545,380**	**11,359,375**

MIRGOR S.A.C.I.F.I.A.

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Attributable to owners								
		Other capital accounts convertible into shares			Other shareholders' equity components				
	Capital stock	Capital adjustment	Own shares (Note 2.6 to the consolidated financial statements)	Additional paid-in capital	Statutory reserve	Other reserves	Optional reserve	Unappropriated retained earnings (accumulated losses)	Total equity
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
As of January 1, 2019	**18,000**	**126,396**	**-**	**90,220**	**12,708**	**414,748**	**6,267,448**	**(123,000)**	**6,806,520**
Purchase of own shares	-	-	(88,663)	-	-	-	-	-	(88,663)
Cash dividends distribution provided for by the Board of Directors Meeting held April 26, 2019	-	-	-	-	-	(239,472)	-	-	(239,472)
Increase in the optional reserve, as resolved at the Regular Shareholders' Meeting of April 26, 2019	-	-	-	-	-	-	(123,000)	123,000	-
Comprehensive net income for the year	-	-	-	-	-	-	-	2,123,874	2,123,874
As of December 31, 2019	**18,000**	**126,396**	**(88,663)**	**90,220**	**12,708**	**175,276**	**6,144,448**	**2,123,874**	**8,602,259**

	Attributable to owners								
		Other capital accounts convertible into shares			Other shareholders' equity components				
	Capital stock	Capital adjustment	Own shares (Note 2.6 to the consolidated financial statements)	Additional paid-in capital	Statutory reserve	Other reserves	Optional reserve	Unappropriated retained earnings (accumulated losses)	Total equity
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
As of January 1, 2018	**18,000**	**126,396**	**-**	**90,220**	**12,708**	**208**	**6,000,235**	**1,096,293**	**7,344,060**
Cash dividends distribution provided for by the Board of Directors Meeting held April 27, 2018	-	-	-	-	-	-	-	(414,540)	(414,540)
Increase in the optional reserve, as resolved at the Regular Shareholders' Meeting of April 27, 2018	-	-	-	-	-	414,540	267,213	(681,753)	-
Comprehensive net income for the year	-	-	-	-	-	-	-	(123,000)	(123,000)
As of December 31, 2018	**18,000**	**126,396**	**-**	**90,220**	**12,708**	**414,748**	**6,267,448**	**(123,000)**	**6,806,520**

MIRGOR S.A.C.I.F.I.A.

SEPARATE STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	12.31.2019 ARS 000	12.31.2018 ARS 000
Operating activities		
Comprehensive income for the year before income tax and minimum presumed income tax	2,124,580	(121,606)
Accrued interest	9	18,766
Adjustments to reconcile the comprehensive net income (loss) for the year with net cash flows		
PP&E depreciations	77,181	70,039
Amortization of intangible assets	21,214	17,238
Increase in the allowance for inventories obsolescence	35,882	56,840
Goodwill amortization	231,057	-
Share of profit of associates, net	(1,475,519)	667,116
Gain on exposure to the change in currency purchasing power	6,558	18,476
Adjustment of operating assets and liabilities		
Decrease in trade and other receivables, net of receivables from related companies	270,191	163,213
Increase in inventories, net of the obsolescence charge	(170,497)	(461,743)
Increase in other nonfinancial receivables, net of income tax charge	(399,929)	(95,128)
(Decrease) Increase in trade and other payables, net of payables to related companies	(210,763)	60,945
Dividends paid	-	-
Net cash flows provided by operating activities	509,964	394,156
Investing activities		
Acquisitions of PP&E, net	(65,125)	(94,196)
Collection on sale of PP&E, net	-	292
Acquisitions of intangible assets	(30,393)	(3,258)
Collection of short-term deposits	11,475	150,603
Acquisition of Holdcar S.A. (Note 21)	-	-
Net cash flows (used in) arising from investing activities	(84,043)	53,441
Financing activities		
Increase in loans, net	12,174	3,214
Interest expense	(11)	(18,766)
Decrease in receivables from/payables to related companies	(120,470)	(15,971)
Dividends paid	(239,472)	(414,540)
Purchase of own shares	(88,663)	-
Net cash flows used in financing activities	(436,442)	(446,063)
Gain on exposure to the change in currency purchasing power	(6,558)	(18,476)
Decrease in cash and cash equivalents, net	(17,079)	(16,942)
Cash and cash equivalents as of January 1	21,550	38,492
Cash and cash equivalents as of December 31, 2019	4,471	21,550

(*) As of December 31, 2018, net of dividends distributed by Capdo S.A. for an amount of 4,849 12,844, net of dividends distributed by IATEC S.A. for an amount of 5,906,IATEC S.A., both offset with the Company's payable.

MIRGOR S.A.C.I.F.I.A.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES OF THE COMPANY

The separate financial statements of Mirgor S.A.C.I.F.I.A. (hereinafter, "the Company") for the year ended December 31, 2019, were authorized for issue in accordance with a resolution of the Company's Board of Directors on March 9, 2020.

MIRGOR S.A.C.I.F.I.A. is a "sociedad anónima" (corporation) organized under Argentine laws, with registered domicile at Einstein 1111, Río Grande, Province of Tierra del Fuego, Antarctica and South Atlantic Islands (hereinafter, "Tierra del Fuego"), whose Class C shares are listed in the BCBA (Buenos Aires stock exchange).

The Company is mainly engaged in the manufacture of air quality and temperature control equipment for the automobile sector and, through its subsidiaries (jointly with the Company, "Mirgor Group"), is also engaged in the manufacture and marketing of TV sets, mobile telephone equipment, car radios and real estate, and provision of storage and technical support services for the auto and electric consumer industries, among other activities. Note 4 to these consolidated financial statements discloses operating segment information. Parent company information is included in note 18.

2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

2.1. Professional accounting standards applied

The Company prepares its consolidated financial statements in accordance with the Argentine professional accounting standards effective in the Province of Tierra del Fuego and current CNV regulations, as approved by General Resolution No. 622 (as amended in 2013), whereby stock and/or corporate bond issuers, subject to certain exceptions, are required to prepare their financial statements under FACPCE Technical Resolution No. 43 (as amended), which set forth the adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), while other entities may opt to use IFRS or the IFRS for SMEs replacing current Argentine professional accounting standards.

2.2. Basis of preparation

These separate financial statements for the year ended December 31, 2019, were prepared in agreement with the same basis of preparation described in note 2.2. to the consolidated financial statements as of that date.

2.3. Summary of significant accounting policies

The significant accounting policies applied by the Company in preparing its separate financial statements are consistent with the significant accounting policies applied in preparing the Company's related annual consolidated financial statements as of December 31, 2019, which are described in note 2.4 to such statements.

2.4. Significant accounting judgments, estimates and assumptions

The significant judgments, estimates and assumptions used for the preparation of these separate financial statements are consistent with those described in note 2.5 to the consolidated financial statements as of December 31, 2019.

MIRGOR S.A.C.I.F.I.A.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The IFRS applicable as from January 1, 2019, and those not effective as of the date of issuance of the Company's separate financial statements were described in note 2.7 and 3, respectively, to the consolidated financial statements as of December 31, 2019.

4. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The Company holds direct and indirect interests in the following subsidiaries:

Subsidiary	(Direct and indirect) equity interest percentage in common stock as of: 12.31.2019	12.31.2018	Main business activity
Interclima S.A. (ICSA)	99.9667	99.9667	Manufacturing of auto parts and exchangers for air conditioning and heating systems
Capdo S.A. (CAPDO)	100	100	Real estate agency
IATEC S.A.	100	100	Electronic products
GMRA S.A.	100	100	Trading company
HOLDCAR S.A.	100	-	Investing in companies
FAMAR FUEGUINA S.A.	100	-	Electronic products
ELECTROTÉCNICA FAMAR	100	-	Electronic products

	ICSA 12.31.2019 ARS 000	CAPDO 12.31.2019 ARS 000	IATEC 12.31.2019 ARS 000	GMRA 12.31.2019 ARS 000	HOLDCAR 12.31.2019 ARS 000
Equity under professional accounting standars	10,169,269	93,080	10,724,439	124,508	(167,961)
IFRS adjustments	423,011	-	(222,382)	(24,448)	-
Equity under IFRS	**10,592,280**	**93,080**	**10,502,057**	**100,060**	**(167,961)**

The subsidiary HOLDCAR S.A. carries a negative equity and working capital as of December 31, 2019. Since the main Company's payables are to the subsidiary, the Company's Board stated its commitment to continue supporting the subsidiary financially and taking necessary action to allow it to comply with the requirements under Argentine General Business Associations Law with regard to maintaining certain equity ratios.

5. OPERATING SEGMENT INFORMATION

Operating segment information was presented in note 4 to the consolidated financial statements as of December 31, 2019.

6. REVENUES FROM ORDINARY ACTIVITIES

	12.31.2019 ARS 000	12.31.2018 ARS 000
Sale of goods	4,601,398	5,248,703
Total revenues from ordinary activities	**4,601,398**	**5,248,703**

7. COST OF GOODS SOLD AND SERVICES RENDERED

	12.31.2019 ARS 000	12.31.2018 ARS 000
Stock at beginning of year (*)	1,118,458	557,247
Purchases for the year	3,424,375	4,586,312
Operating expenses - Note 8	1,056,025	1,583,668
Use of the allowance for inventories obsolescence and impairment in value	35,882	56,840
Use of the allowance for inventories obsolescence and impairment in value	(18,437)	(40,621)
Stock at end of year (*)	(1,260,170)	(1,118,458)
Cost of sale of goods	**4,356,133**	**5,624,988**

(*) Not including raw material in transit or the allowance for impairment in value and obsolescence of inventories.

8. OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

	12.31.2019				12.31.2018			
Account	**Operating expenses**	**Administrative expenses**	**Selling expenses**	**Total**	**Operating expenses**	**Administrative expenses**	**Selling expenses**	**Total**
	ARS 000	**ARS 000**	**ARS 000**	**ARS 000**	**ARS 000**	**ARS 000**	**ARS 000**	**ARS 000**
Salaries & wages	484,475	121,194	286,111	891,780	581,506	126,466	218,253	926,225
Contributions and employee benefits	143,188	44,216	52,200	239,604	157,755	51,151	105,777	314,683
Insurance	7,060	4,719	6,803	18,582	10,367	10,653	13,173	34,193
Fees	16,348	18,799	395	35,542	5,667	54,440	434	60,541
Taxes, rates and assessments	9,708	58,181	106,380	174,269	40,272	45,831	171,551	257,654
Advertising expenses	-	-	10,828	10,828	-	-	16,103	16,103
Bank expenses and tax on bank account transactions	34,766	11,566	-	46,332	-	98,565	-	98,565
Intangible assets amortization	11,275	9,939	-	21,214	503	16,735	-	17,238
PP&E depreciations	65,629	10,743	809	77,181	55,229	12,519	2,291	70,039
Leases and logistics services	6,071	1,281	53,129	60,481	28,413	768	59,436	88,617
Customs clearing and dispatch expenses	40,412	6,390	44,791	91,593	276,543	2,791	5	279,339
Maintenance	24,970	3,160	351	28,481	37,604	6,066	566	44,236
Traveling and living expenses	1,308	9,008	403	10,719	2,880	12,242	3,126	18,248
Transportation, shipping and handling	132,416	7	524,954	657,377	345,385	918	196,785	543,088
Cleaning and surveillance expenses	27,429	2,934	-	30,363	26,133	4,606	-	30,739
Royalties	-	-	-	-	-	-	46	46
Contingencies	32,850	-	-	32,850	-	-	-	-
Miscellaneous	18,120	21,208	3,390	42,718	15,411	29,254	4,011	48,676
Total	1,056,025	323,345	1,090,544	2,469,914	1,583,668	473,005	791,557	2,848,230

9. OTHER INCOME AND EXPENSE

9.1. Other operating profit

	12.31.2019 ARS 000	12.31.2018 ARS 000
Foreign exchange difference	17,623	77,253
Other operating income	**17,623**	**77,253**

9.2. Other operating expenses

	12.31.2019 ARS 000	12.31.2018 ARS 000
Severance payments	(151,444)	(51,263)
Foreign exchange difference	(254,534)	(388,284)
Goodwill amortization	(231,057)	-
Total other operating expenses	**(637,035)**	**(439,547)**

9.3. Finance costs

	12.31.2019 ARS 000	12.31.2018 ARS 000
Interest accrued on payables and loans	(9)	(18,766)
Present value	(47,369)	(74,850)
Total financial costs	**(47,378)**	**(93,616)**

9.4. Finance income

	12.31.2019 ARS 000	12.31.2018 ARS 000
Present value	17,898	56,556
Other financial income	38,750	38,480
Total financial income	**56,648**	**95,036**

9.5. Other (expense) profit, net

	12.31.2019 ARS 000	12.31.2018 ARS 000
Miscellaneous	(11,959)	5,465
Total other income, net	**(11,959)**	**5,465**

10. INCOME TAX

Tax Reform Law No. 27,430, as amended by Law No. 27,468, effective for the years beginning on or after January 1, 2018, establishes the following provisions for the tax adjustment for inflation:

a) The adjustment shall be applied to the fiscal year in which the consumer price index, general level, exceeds 100% over the 36 months preceding the closing of the tax year subject to the calculation.

b) As to the first, second and third tax year as from the effective date, the procedure shall be applicable if the variation of such index, calculated from the beginning to the end of each of those tax years, exceeds 55%, 30% and 15% in the first, second and third year of application, respectively.

c) The positive or negative tax adjustment for inflation, as the case may be, is related to the first and second tax years beginning as from January 1, 2018, which is to be calculated in the event that the cases provided for by subsections (a) and (b) above, 1/3 (one third) shall be computed in that such period and the remaining 2/3 (two thirds), in equal parts, in the 2 (two) immediately subsequent tax periods."

In addition, Law No. 27,541 on Social Solidarity and Production Reactivation of December 23, 2019, establishes that the positive or negative adjustment for inflation, as the case may be, for the first year beginning January 1, 2019, to be calculated if the cases mentioned in points (a) and (b) above are met should be charged a sixth to that tax period and the remaining five sixths, in equal parts, to the following five tax periods in nominal currency, whereas the 100% of the adjustment may be deducted in the year in which it is assessed for the years beginning January 1, 2021. This does not bar the computation of the remaining prior-year thirds, mentioned in point (c) above.

A reconciliation between income tax expense and the product of accounting profit multiplied by the tax rate for years ended December 31, 2019, and 2018, is as follows:

	12.31.2019 ARS 000	12.31.2018 ARS 000
Comprehensive income (loss) for the year before income tax	2,124,580	(121,606)
At the 30% and 35% statutory tax rate, respectively	(637,374)	36,482
Tax-exempt income from activities carried out in Tierra del Fuego at the statutory tax rate	642,965	(23,554)
Subtotal	**5,591**	**12,928**
Decrease in deferred income tax credit due to tax reform	-	(5,964)
Charge for the allowance for impairment in value of deferred income tax assets	(6,297)	(8,358)
Income tax and current minimum presumed income tax for the year	**(706)**	**(1,394)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

As of December 31, 2019, and 2018, the Company has NOLs which are not statute-barred totaling ARS 96,009 (which are usable through December 31, 2021) and 65,155, respectively. Based on the available evidence, the Company believes that recognizing a deferred income tax asset equivalent to 30% (note 21) of such amount is not necessary.

There are no income tax effects related to the payment of dividends by the Company to its shareholders in 2019 and 2018.

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the fiscal year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding.

Diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares and other convertible financial instruments) by the weighted average number of ordinary shares outstanding plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive potential financial instruments, basic and diluted earnings per share coincide.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	12.31.2019	12.31.2018
	ARS 000	ARS 000
Total net comprehensive income (loss) for the year attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share computations	2,123,874	(123,000)

	12.31.2019	12.31.2018
	In thousands	In thousands
Weighted average number of ordinary shares attributable to basic and diluted earnings per share (in thousands of shares)	178,012	180,000

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting year-end and the date of issuance of these separate financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

Changes in cost of acquisition and accumulated depreciation as of December 31, 2019

	12.31.2019					
	Acquisition cost					
Main account	At beginning of year	Additions (1)	Disposals	Transfers	Adoption of IFRS 16	At end of year
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Plots of land	2,543	-	-	-	-	2,543
Buildings and construction	333,339	1,155	-	-	-	334,494
Machinery, equipment and tools	675,525	42,734	-	30,558	-	748,817
Vehicles	22,852	356	-	-	-	23,208
Furniture and office supplies	43,227	2,019	-	-	-	45,246
Fixtures	130,361	4,228	-	-	-	134,589
Die-stamping	262,370	903	-	-	-	263,273
Computer hardware	202,237	13,731	-	-	-	215,968
Rights to use real property	-	-	-	-	49,253	49,253
Works in process	41,241	-	-	(30,558)	-	10,683
	1,713,695	65,125	-	-	49,253	1,828,074

MIRGOR S.A.C.I.F.I.A.

	12.31.2019						
	Depreciation						
Main account	At beginning of year	Average rate	Disposals	Transfers	Charges for the year	At end of year	Residual value
	ARS 000		ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Plots of land	-	-	-	-	-	-	2,543
Buildings and construction	151,302	2%	-	-	8,797	160,099	174,395
Machinery, equipment and tools	557,041	20%	-	-	38,343	595,384	153,433
Vehicles	22,383	20%	-	-	825	23,208	-
Furniture and office supplies	27,650	20%	-	-	2,427	30,077	15,169
Fixtures	112,868	25%	-	-	3,980	116,848	17,741
Die-stamping	260,546	20%	-	-	1,915	262,461	812
Computer hardware	188,037	20%	-	-	10,343	198,380	17,588
Rights to use real property	-	-	-	-	10,550	10,550	38,703
Works in process	-	-	-	-	-	-	10,683
	1,319,827		-	-	77,181	1,397,007	431,067

(1) The Company did not capitalize finance costs related to works in progress, as they are considered to be insignificant.

Changes in cost of acquisition and accumulated depreciation as of December 31, 2018

	12.31.2018				
	Acquisition cost				
Main account	At beginning of year	Additions (1)	Disposals	Transfers	At end of year
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Plots of land	2,543	-	-	-	2,543
Buildings and construction	333,110	229	-	-	333,339
Machinery, equipment and tools	644,061	33,117	(7,529)	5,876	675,525
Vehicles	22,161	969	(278)	-	22,852
Furniture and office supplies	27,350	15,820	(14)	71	43,227
Fixtures	127,898	2,463	-	-	130,361
Die-stamping	262,370	-	-	-	262,370
Computer hardware	201,880	357	-	-	202,237
Works in process	5,947	41,241	-	(5,947)	41,241
	1,627,320	94,196	(7,821)	-	1,713,695

	12.31.2018					
	Depreciation					
Main account	At beginning of year	Average rate	Disposals	Charges for the year	At end of year	Residual value
	ARS 000		ARS 000	ARS 000	ARS 000	ARS 000
Plots of land	-	-	-	-	-	2,543
Buildings and construction	143,047	2%	-	8,255	151,302	182,037
Machinery, equipment and tools	523,699	20%	(466)	33,808	557,041	118,484
Vehicles	20,586	20%	-	1,797	22,383	469
Furniture and office supplies	24,822	20%	(1)	2,829	27,650	15,577
Fixtures	107,587	25%	-	5,281	112,868	17,493
Die-stamping	258,297	20%	-	2,249	260,546	1,824
Computer hardware	172,217	20%	-	15,820	188,037	14,200
Works in process	-	-	-	-	-	41,241
	1,250,255		(467)	70,039	1,319,827	393,868

(1) The Company did not capitalize finance costs related to works in progress, as they are considered to be insignificant.

13. INTANGIBLE ASSETS

Changes in cost of acquisition and accumulated amortization

	Software, patents and licenses	Goodwill	Total
	ARS 000	ARS 000	ARS 000
Acquisition cost			
As of January 1, 2018	77,858	781	78,639
Additions for the year	3,258	-	3,258
As of December 31, 2018	**81,116**	**781**	**81,897**
Additions for the year	30,393	231,057	261,450
As of December 31, 2019	**111,509**	**231,838**	**343,347**
Amortization and impairment in value			
As of January 1, 2018	40,855	-	40,855
Amortization charge for the year	17,238	-	17,238
As of December 31, 2018	**58,093**	**-**	**58,093**
Amortization charge for the year	21,214	231,057	252,271
As of December 31, 2019	**79,307**	**231,057**	**310,364**
Net carrying amount			
As of December 31, 2018	23,023	781	23,804
As of December 31, 2019	**32,202**	**781**	**32,983**

(1) Including the charge for the impairment in value of goodwill for the acquisition of Holdcar S.A.

14. INVENTORIES

	12.31.2019 ARS 000	12.31.2018 ARS 000
Raw materials	733,597	804,511
Finished goods	526,573	313,947
Subtotal	1,260,170	1,118,458
Raw material in transit	167,070	156,722
Allowance for obsolescence and impairment in value of inventories	(99,782)	(82,337)
	1,327,458	**1,192,843**

The changes in the allowance for inventories impairment and obsolescence as of December 31, 2019, and 2018, as detailed below, have been included in cost of goods sold and services provided in the separate statement of comprehensive income:

	12.31.2019 ARS 000	12.31.2018 ARS 000
At beginning of year	**(82,337)**	**(66,118)**
Increase (1)	(35,882)	(56,840)
Use (1) (2)	18,437	40,621
At end of year	**(99,782)**	**(82,337)**

(1) Charged to the "Cost of sale of goods and services rendered" account within the comprehensive statement of income.
(2) Use for its specific purpose.

15. FINANCIAL ASSETS AND LIABILITIES

15.1. Trade and other receivables

	12.31.2019 ARS 000	12.31.2018 ARS 000
Current:		
Trade receivables	96,525	368,994
Trade receivables of associates - Note 18	487,355	113,225
Allowance for impairment in value of expected credit losses. Note 15.5	-	(2,278)
	583,880	**479,941**

For the terms and conditions of receivables from related parties, refer to note 18. Trade payables are non-interest bearing and their average collection term is generally from 30 to 90 days. The information on the objectives and policies related to the Company's risk management is included in note 19.2 to the consolidated financial statements as of December 31, 2019.

Below is a breakdown of trade receivables by due date:

				Past due		
	Total	Without due date	To fall due	<30 days	31 - 60 days	61 - 90 days
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
12.31.2019	583,880	487,355	-	-	18,099	23,295
12.31.2018	479,939	113,225	289,490	8,114	61,831	7,279

15.2. Trade and other payables

	12.31.2019 ARS 000	12.31.2018 ARS 000
Noncurrent:		
Trade receivables of associates - Note 18	9,684	15,322
Other accounts payable	138,506	-
	148,190	15,322

	12.31.2019 ARS 000	12.31.2018 ARS 000
Current:		
Trade payables	673,644	729,901
Trade payables of associates - Note 18	3,579,897	3,320,599
Salaries & wages and payroll taxes payable	245,413	376,592
Annual statutory bonus and vacation accrual	20,677	28,213
Health and safety assessment	1,188	2,143
Turnover tax payable and withholdings/additional withholdings to be deposited	3,657	2,740
Value-added tax payables and withholdings/additional withholdings to be deposited	11,153	2,996
Approved dividends pending payment	460	-
Approved dividends pending payment to associates. Note 17	494	-
Other taxes payable	8,869	13,232
Royalties payable	-	55,012
Directors' fees payable	4,552	2,891
	4,550,004	4,534,319

Terms and conditions of the above liabilities: (i) trade payables are noninterest bearing and are normally settled on 60-day terms; (ii) the other trade payables are non-interest bearing and are normally settled on 30-day terms, and (iii) interest payable is generally settled on a quarterly basis throughout the year.

The information on the objectives and policies related to the Company's risk management is included in note 19.2 to the consolidated financial statements as of December 31, 2019.

15.3. Interest-bearing debts and borrowings

	12.31.2019 ARS 000	12.31.2018 ARS 000
Noncurrent		
Interest-bearing current debts and borrowings		
Finance lease payables	31,686	-
Total interest-bearing current debts and borrowings	**31,686**	**-**

	12.31.2019 ARS 000	12.31.2018 ARS 000
Current		
Interest-bearing current debts and borrowings		
Finance lease payables	12,430	-
Bank loans	-	3,214
Total interest-bearing current debts and borrowings	**12,430**	**3,214**

15.4.Provisions for lawsuits and contingencies

	12.31.2019 ARS 000	12.31.2018 ARS 000
Noncurrent		
Provisions for lawsuits and contingencies		
Provisions for lawsuits and contingencies	32,850	-
Total provisions for lawsuits and contingencies	**32,850**	**-**

15.5.Cash and short-term deposits

	12.31.2019 ARS 000	12.31.2018 ARS 000
Cash on hand and in banks	4,471	21,550
Short-term investments	60,751	72,226
To the separate statement of financial position	**65,222**	**93,776**

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following as of December 31, 2019, and 2018:

	12.31.2019 ARS 000	12.31.2018 ARS 000
Cash on hand and in banks	4,471	21,550
To the separate statement of cash flows	**4,471**	**21,550**

15.6.Impairment of financial assets

Trade and other receivables

As of December 31, 2019, the allowance for doubtful accounts amounted to ARS 1,481. The changes in the allowance for impairment in value of accounts receivable are detailed below.

	Impaired in value separately ARS 000	Total ARS 000
As of December 31, 2018	**2,278**	**3,364**
Gain (loss) on exposure to changes in the currency purchasing power	(797)	-
Charge for the year	-	-
Uses	(1,481)	(1,086)
As of December 31, 2019	**-**	**2,278**

15.7.Information on fair values

As of December 31, 2019, and 2018, the carrying amounts of financial assets do not differ significantly from their fair values.

– **Derivative transactions**

It is the Company's policy to recognize financial instruments as long as they are considered to be immaterial. During the fiscal years ended December 31, 2019, and 2018, the Company did not sign this type of agreements.

15.8.Changes in liabilities from financing activities

			Changes other than cash		
	12.31.2018	Variation (1)	Foreign exchange difference	Accrued interest	12.31.2019
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Bank loans	3,214	12,163	(15,386)	9	-

			Changes other than cash		
	12.31.2017	Variation (1)	Foreign Exchange difference	Accrued interest	12.31.2018
	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Bank loans	-	(15,552)	-	18,766	3,214

(1) Net of gain (loss) on exposure to the change in currency purchasing power.

15.9.Assets and liabilities in foreign currency

The main financial assets and liabilities stated in foreign currency have been disclosed in note 15.10 to the consolidated financial statements.

16. OTHER NON-FINANCIAL RECEIVABLES

	12.31.2019	12.31.2018
	ARS 000	ARS 000
Noncurrent		
Loans and advances to personnel	8,013	-
Payroll taxes to be recovered	142	208
Deferred income tax credit	41,755	39,228
Allowance for impairment in value of deferred income tax credit	(41,755)	(39,228)
Miscellaneous	828	1,953
	8,983	**2,161**

	12.31.2019	12.31.2018
	ARS 000	ARS 000
Current		
Prepayments to suppliers for the purchase of goods	112,563	28,019
Turnover tax withholdings and additional withholdings	13,207	37,470
Loans and advances to personnel	16,524	41,970
Insurance to be accrued	-	809
VAT balance in favor	34,582	754
Prepayment of export duties	325,693	-
Miscellaneous	3,739	4,885
	506,308	**113,907**

17. SOCIAL STOCK, CAPITAL RESERES AND OTHER EQUITY COMPONENTS

The breakdown of the social stock issued, subscribed and paid-in, capital adjustments, issuances premiums, legal reserve and other equity components were disclosed in note 17 to the consolidated financial statements as of December 31, 2019.

18. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties for the year ended December 31, 2019, and 2018:

		Accounts receivable *	Accounts payable *	Approved dividends pending payment	Loans granted net of settled payables	Dividends earned (paid)	Sales. / (Purchases)	Other services	Salaries & wages and severance payments	Fees
		ARS 000	ARS 000		ARS 000	ARS 000	ARS 000	ARS 000	ARS 000	ARS 000
Associate:										
Interclima S.A.	12.31.2019	83,507	-	-	(20,791)	-	(42,820)	-	-	-
	12.31.2018	104,298	-	-	12,351	-	-	-	-	-
IATEC S.A.	12.31.2019	-	3,579,809	-	(262,309)	-	(3,217)	-	-	-
	12.31.2018	-	3,317,500	-	2,440	-	(3,946)	-	-	-
CAPDO S.A.	12.31.2019	-	9,684	-	5,377	-	-	-	-	-
	12.31.2018	-	15,322	-	564	-	-	-	-	-
GMRA S.A.	12.31.2019	9	88	-	3,021	-	(431)	-	-	-
	12.31.2018	-	3,100	-	(3,100)	-	-	-	-	-
Il Tevere S.A.	12.31.2019	36	-	460	(8,891)	(115,593)	-	-	-	-
	12.31.2018	8,927	-	-	8,793	(60,108)	-	-	-	-
Famar Fueguina S.A:	12.31.2019	403,803	-	-	403,803	-	-	-	-	-
Holdcar S.A. (1)	12.31.2019	-	167,961	-	-	-	-	-	-	-
Key management personnel:										
Directors	12.31.2019	-	-	-	-	-	-	-	47,087	6,407
	12.31.2018	-	-	-	-	-	-	-	48,154	6,606

(*) Amounts categorized as trade receibables and trade payables, respectively.

Main parent company

Parent company: Il Tevere S.A.

Registered office: Beauvoir 17, piso 1 – Río Grande – Province of Tierra del Fuego, Antarctica and South Atlantic Islands.

Main activity: Holding company.

Percentage of voting rights: 61.5862%

Percentage of shares: 48.27%.

Subsidiaries

The Company holds equity in the companies and in the percentages of capital stock disclosed in note 4 to the separate financial statements.

Terms and conditions of transactions with related parties

The terms and conditions of transactions with related parties was disclosed in note 18 to the consolidated financial statements as of December 31, 2019.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The notes on market risk, credit risk, liquidity risk, capital management and guarantees granted are briefly described in the notes 19.1, 19.2, 19.3, 19.4 and 19.5 to the consolidated financial statements as of December 31, 2019.

20. RESTRICTIONS TO THE DISTRIBUTION OF EARNINGS

Restrictions to distribution of earnings were described in note 21 to the consolidated financial statements as of December 31, 2019.

21. TAX SITUATION OF THE COMPANY

The conditions and characteristics of the industrial promotion of the Company were described in note 22.1 to the consolidated financial statements as of December 31, 2019.

In addition, the most significant aspects of Tax Reform Law No. 27,430 are described in note 22.2 to the consolidated financial statements.

22. SAFEGUARDING OF BOOKS

In compliance with effective CNV regulations (General Resolution No. 629/2014), we advise that the corporate books (Shareholders’ Meeting Minutes, Board of Directors’ Meeting Minutes, Audit Committee´s Meeting Minutes, Share Deposit and Shareholders’ Meeting Attendance and Statutory Audit Committee Meetings Minutes books) and the statutory accounting records (the journal, auxiliary journals and inventory and financial statements book) are safeguarded at the Company’s offices in Av. del Libertador 6350, 3° Piso, Buenos Aires City, and Einstein No. 1111, Río Grande, Tierra del Fuego.

Moreover, we advise that the remaining documents supporting the transactions and the accounting and corporate records are distributed between the Company’s administrative offices and the following provider of third-party documentation safekeeping and preservation services: ADEA Administradora de Archivos S.A., CUIT: 30-68233570-6, Address: Ruta Provincial 36, KM 31,5, Florencio Varela, Province of Buenos Aires.

MIRGOR S.A.C.I.F.I.A.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS – SECTION 12, CHAPTER III, TITLE IV OF CNV REGULATIONS (AS AMENDED IN 2013)

1. General considerations on the Company's activity:

   a) Specific and significant legal systems that imply contingent defeasances or rebirths of benefits provided by such regulations: See notes 20 and 21 to the separate financial statements.

   b) In the year beginning January 1 and ended December 31, 2019, there are no significant changes in the activities carried out by the Company.

2. Classification of receivables and payables:

TRADE AND OTHER RECEIVABLES:

			To fall date	Past due
	Total	**Without due date**	**<90 days**	**<90 days**
Trade receivables	528,749	487,355	-	41,394

TRADE AND OTHER PAYABLES AND INTEREST BEARING LOANS AND BORROWINGS:

			To fall due			Past due
	Total	**Without due date**	**<90 days**	**90-80 days**	**180-270 days**	**<90 days**
Trade payables	4,698,194	3,589,581	900,704	20,677	172,943	14,289

3. Classification of receivables and payables, reporting the financial effects caused by their maintenance:

   FINANCIAL ASSETS:

   a) Accounts in Argentine pesos, in foreign currency and in kind: See Note 15. As of December 31, 2019, the Company has no receivables in kind.

   b) Amounts subject to adjustment clauses: None.

   c) Receivables that accrue interest: (See Note 15).

   FINANCIAL LIABILITIES:

   a) Accounts in Argentine pesos, in foreign currency and in kind: See note 15; there are no payables in kind, except for any customer prepayment the Company may carry.

   b) Amounts subject to adjustment clauses: None.

   c) Payables that accrue interest: (See Note 15).

MIRGOR S.A.C.I.F.I.A.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS – SECTION 12, CHAPTER III, TITLE IV OF CNV REGULATIONS (AS AMENDED IN 2013)

4. Mirgor S.A.C.I.F.I.A. holds 99.9667% of the capital stock and voting rights in Interclima S.A., 95% of the capital stock and voting rights in Capdo S.A. and 5% of the capital stock and voting rights in IATEC S.A. Below is Mirgor S.A.C.I.F.I.A.'s direct and indirect equity in subsidiaries.

Subsidiary	**(Direct and indirect) equity interest percentage in common stock as of:**			**Main business activity**
	12.31.2019	**12.31.2018**	**12.31.2017**	
Interclima S.A. (ICSA)	99.9967	99.9967	99.9967	Manufacturing of auto parts and exchangers for residential air conditioning and heating systems
Capdo S.A. (Capdo)	100	100	100	Real estate agency
IATEC S.A.	100	100	100	Electronic products
GMRA S.A.	100	100	100	Trading company
HOLDCAR S.A.A	100	-	-	Investing in companies

RECEIVABLES:

a) Past due, with subtotals for each of the last four quarters and for each prior year: None.

b) Without any established due date: 542,486 (See note 18).

c) To fall due, with subtotals for each of the last four quarters and for over a year: None.

d) The accounts are stated in Argentine pesos.

e) The amounts are not subject to an adjustment clause.

f) The amounts do not accrue interest.

PAYABLES:

a) Past due, with subtotals for each of the last four quarters and for each year: None.

b) Without any established due date: 3,589,581 (See note 18).

c) To fall due, with subtotals for each of the last four quarters and for over a year: None.

d) The accounts are stated in Argentine pesos.

e) The amounts are not subject to an adjustment clause.

f) The amounts do not accrue interest.

MIRGOR S.A.C.I.F.I.A.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS – SECTION 12, CHAPTER III, TITLE IV OF CNV REGULATIONS (AS AMENDED IN 2013)

5. There are no trade receivables or loans with directors or statutory auditors and their relatives up to the second degree of kinship.

6. Physical inventory count: An annual inventory count is performed on all of the Company's inventories. During the fiscal year, cycle inventory counts are performed in the different plants and warehouses. The related allowances were set up as coverage for obsolete and slow-moving inventories.

7. There are no interests in other companies in excess of the limits established in section 31, Law No. 19.550 and CNV regulations.

8. The recoverable values of inventories and PP&E are as follows:

   In the case of inventories, it was used considering the net realizable values. See note 2(3) to the separate financial statements.

   In the case of PP&E, their possible value in use was considered, based on the expected cash flow. See note 2.3 to the separate financial statements.

9. Insurance covering tangible assets.

   a) Insured assets:

Vehicles:

- Covered risk: Civil liability towards third parties not transported (property damaged) and civil liabilities towards third parties transported and not transported (bodily harm) up to 6,000 per event, damage to the vehicle, collision total loss and fire total and partial loss. Theft, total and partial loss.

Computer, telecommunications and other equipment:

- Covered risk: Fire, lightning and/or explosion, theft and any unforeseen and sudden damage, with additional considerations for voltage.

- Insured amount: USD 1,782,178.

Ground transportation of pieces, components and spare parts for air conditioning units within Argentina.

- Covered risk: Comprehensive insurance with a deductible and a liability exemption for the shipper.

- Insured amount: Up to USD 480,000 per shipment.

Sea transportation of pieces, components and spare parts for air conditioning units:

- Covered risk: Comprehensive property damage or loss insurance, pilferage, war and strike. Includes ground transportation the warehouse.

- Insured amount: Up to an average of USD 2,500,000 per shipment.

MIRGOR S.A.C.I.F.I.A.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS – SECTION 12, CHAPTER III, TITLE IV OF CNV REGULATIONS (AS AMENDED IN 2013)

Comprehensive industrial insurance:

- Covered risk: Fire, theft, civil liability, debris removal, etc. Includes buildings, stock, machinery, general content and comprehensive civil liability.

- Insured amount:

Stock, fire, master policy: USD 22,550,000 for all locations, variable according to monthly stock.

Buildings and general content: USD 41,009,000 for all locations.

Debris removal: 5% over the insured amount for the location that suffered a loss.

Civil liability: USD 20,000,000 for all locations.

b) See the book values in notes 12 and 14 to the separate financial statements.

10. The allowances booked by the Company are listed as indicated below.

a) Below are listed the elements considered for calculating the abovementioned allowances:

- Allowance for doubtful accounts: Set up based on a case-by-case analysis of trade receivables. See note 15.1 to the condensed separate financial statements.
- Allowance for obsolescence and impairment of inventories: see note 14 to the separate financial statements.
- Allowance for impairment of tax credits: see note 15 to the separate financial statements.
- Allowance for impairment of deferred tax credits: See note 10 to the separate financial statements.
- Previsión para juicios y contingencias: see note 15 to the separate financial statements.

b) As of the date of the financial statements, there are no contingent situations for material amounts whose likelihood of occurrence is not remote and whose equity effects have not been booked.

11. There are no proceedings for irrevocable advance payments on account of future subscription aimed at the capitalization thereof.

12. There are no accumulated dividends pending to be paid for shares of preferred stock.

13. Conditions, circumstances or terms for lifting restrictions on the distribution of unappropriated retained earnings, including the ones arising from the use of the legal reserve to absorb final losses which are still pending to be paid-in: None.