



# Interim Consolidated Financial Report

1st Quarter 2015



**InterCement**

Building  
sustainable  
partnerships

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## Results recover despite challenges in Brazil and maintenance

Net profit in the 1st quarter of 2015 increased by 23.6 million euros compared to the same quarter of 2014.

The company's positive development signs in several geographies, was nonetheless cancelled out by the current challenges of the market, particularly in Brazil, the effect of maintenance concentration in this period and the rise of energy costs. However, debt profile management, namely in what concerns exchange rate risk management, justifies an increase in Financial Results which, compensating operating return, turned Net Income positive: 10 million euros.

Volumes sold of 6.8 million tons of cement and clinker in the first quarter of 2015 were the result of growth in Argentina, Paraguay, Portugal and South Africa, which was not enough to offset a downturn in Brazil and Egypt.

Sales rose 7.2% to 636.6 million euros bolstered by an overall rise in average prices, which made up for the consolidated downturn in cement volumes sold (5.3%) against the same period of last year.

Accumulated EBITDA of 122.0 million euros reflects seasonal first quarter lower activity, concentrated maintenance in the period and increased energy costs. EBITDA margin of 19.2% was kept as a reference among peers.

### Business Unit Highlights:

- **Brazil** – Unfavourable economics constraining sales and inflating costs, intense maintenance, higher electricity costs and logistics drop EBITDA;
- **Argentina** – Reaffirmed leadership. Market exceeds expectations, bolstered by robust demand;
- **Paraguay** – Increased efficiency with new kiln. Favourable market dynamics;
- **Egypt** – Efficiency focus mitigates higher energy costs. Demand drops and market share adjusts;
- **Mozambique** – Commercial dynamics beats local adversity (rain + competition). Operating constraints – maintenance stoppage and electricity disruption - limit results. Efficiency plan starts-up;
- **South Africa** – Commercial achievements and industrial strength translated on positive results;
- **Portugal e Cape Verde** – Portuguese domestic demand growth, keeping high export volumes, boosts EBITDA.

**Financial Results improvement (€50M)** was driven by the output of exchange rates coverage policy.

**Net profit attributable to shareholders rose 28.7 million euros to 17.6 million euros.**

Total Assets amount to 7.182 million euros. Registered Net Debt stands at 2,560 million euros.

**Working capital seasonality, reinforced by maintenance anticipation, and concentrated interest payment restrain Free Cash Flow in a strict and disciplined CAPEX mode.**

	Main Indicators		
	1 <sup>st</sup> Quarter		
	2015	2014	Var. %
Cement and Clinker Volumes Sold (thousand ton)	6,793.1	7,171.1	-5.3
Sales (million Euros)	636.6	594.1	7.2
EBITDA (million Euros)	122.0	126.3	-3.4
<i>EBITDA Margin (%)</i>	19.2%	21.3%	-2.1 p.p.
<b>Net Profit (million Euros) <sup>(1)</sup></b>	<b>17.6</b>	<b>(11.1)</b>	<b>n.m.</b>

<sup>(1)</sup> Attributable to shareholders equity

## 1. Operating Performance

### *Price effect drives Sales. Seasonality, concentrated maintenance and higher energy costs hold back EBITDA performance*

Boosted by its international profile, in the 1st quarter InterCement benefited from its strategy of progressive geographical diversification of its asset portfolio, which balances generation of EBITDA with contributions of businesses in different phases of market cycles.

Although the company's performance in the 1st quarter of 2015 shows positive signs in some markets, it also reflects the uncertainty surrounding the economies of other regions where it operates.

InterCement's activity in the first three months of 2015 (which compares with a year-on-year quarter that was particularly favourable) was affected by a contraction of the Brazilian market and market correction in Egypt. These situations overshadow what was a quarter of substantial growth in Argentina, Paraguay and South Africa, along with a strong recovery of the Portuguese market.

In Brazil, InterCement's cement sales were affected by the current economic contraction – also penalised with local constraints on water supply - that was reflected in the construction market, in turn penalising demand for cement and leading to a drop in profitability of the concrete business. As well as this, continued efforts focused on logistics to offer a prompt response to demand, a concentration of maintenance interventions on this period and significant pressure on energy costs explain the trend observed in EBITDA against the 1st quarter of the previous year.

Already the market leader in Argentina, once again InterCement outperformed growth in local consumption, which is robust and has beaten successive records. Cement consumption in Paraguay remained notably dynamic, and InterCement, now making use of all of its local production capacity, showed a marked improvement in EBITDA margin, offsetting the effect of more intense competition due to demand absorbing excessive imports by competitors in the previous quarter.

In Portugal, after a long downturn in consumption, returned to market growth in the quarter against the same period of 2014. The Portuguese operation managed to capture this growth in domestic market demand whilst also maintaining its export capacity and thus improving its contribution to consolidated figures.

In South Africa despite strong competition from a new operator in InterCement's operating region as well as from imported cement, the dynamic of the commercial policy and launch of co-processing made it possible to take advantage of growth in local demand and therefore to improve results.

In Egypt demand for cement is expected to have fallen in comparison to the previous year. This effect was more pronounced in InterCement's volumes sold due an adjustment to its natural market share after posting

an unusual level of sales in 2014 - based on competitors' operations being negatively affected by fuel scarcity. It was, however, possible to offset a lower sales volume and rise in energy costs through optimisation of the thermal profile - increased consumption of pet coke and launch of co-processing - and the introduction of new products.

The new commercial dynamic introduced into InterCement's activities in Mozambique came to fruition in the 1st quarter of this year. Despite a negative market trend compared to the previous year - adverse weather and problems with local power supply - and increased pressure from importers, the company's cement sales were practically unchanged against the same period of the previous year (-1.5%). Alongside this the price of cement has risen, which partially makes up for an increase in the cost of imported raw materials in USD due to the effect of the depreciation of the metical. However, the kiln interruption for a maintenance intervention in the production line, along with an unreliable power supply, ended up affecting EBITDA in this period.

Overall prices improved, which made possible to make up the downturn in business, and deliver a Sales increase (+7.2%). Despite this, lower activity, in a period of increased maintenance operations and higher energy costs were determining factors in EBITDA (-3.4%) and EBITDA margin.

### **Cement and Clinker Volumes**

*Contraction in Brazil holds back volumes sold. Commercial dynamic and potential of other geographical areas offset.*

The first three months of 2015, as compared to the same period of 2014, saw a total drop in cement and clinker volumes sold of 5.3%. However, despite a persistent downward trend in Brazil, the market dynamics imposed by InterCement and the favourable performance of most of the areas where it operates has allowed for an accumulated recovery of this indicator to -4.8% in April.

In the 1st quarter of this year, economic contraction in Brazil led to a drop in volume of sales. In Egypt, slowed demand alongside InterCement increased volumes sold in 2014 due to competitors production instability before fuels misruptions, explains the impact on volumes sold of the adjustment to InterCement's natural market share in the region.

In Mozambique InterCement's commercial strength limited the adjustment in volumes sold to 1.5% in the context of a drop of around 10% in local market demand. This drop was due to heavy rains and power outages in some regions, along with increased external competition.

Although it was not enough to make up for the aforementioned drops, InterCement dynamic commercial approach allowed it to benefit from growth in the remaining geographical areas. In Argentina, stand out leadership of the local market allowed the company to outperform growth in local demand in a 1st quarter that saw record consumption. In Paraguay, an efficient approach to the market benefited from its new local

kiln enhancing its presence in the region. In South Africa, volumes sold grew within a more competitive environment based on imports and new operators in the market. In Portugal, InterCement took advantage of strong market growth after a period of successive downturns whilst also continuing to provide the level of exports for which it has made a name.

And finally, in Cape Verde, the company increased its volumes sold and added to its market share at a time of stability in local demand.

Cement and Clinker Volumes Sold			
(thousand tons)	1st Quarter		
	2015	2014	Var. %
Brazil	2,731	3,110	-12.2
Argentina	1,516	1,428	6.1
Paraguay	98	95	3.9
Portugal	1,119	1,084	3.2
Cape Verde	46	43	5.9
Egypt	872	994	-12.3
Mozambique	291	296	-1.5
South Africa	307	295	4.0
<b>Sub-Total</b>	<b>6,980</b>	<b>7,344</b>	<b>-5.0</b>
Intra-Group Eliminations	-186	-173	8.0
<b>Consolidated Total</b>	<b>6,793</b>	<b>7,171</b>	<b>-5.3</b>

## Sales

### *Overall increase in prices bolsters Sales*

Sales reached 636.6 million euros, or growth of 7.2% against the same period of the previous year.

Despite a drop in volume of volumes sold, the positive development in prices in most of the countries made it possible to make up for the drop in this indicator. In consolidated terms, the average sale price of cement (in domestic markets) in the 1st quarter was 7.8% higher than the price seen in the 1st quarter of 2014.

Argentina's performance in the 1st quarter was notable in this sense as its Sales, excluding foreign exchange impact, rose by almost 35%, illustrating the strong performance of the market.

The depreciation of the euro against other currencies was also beneficial for results at the African Business Units as a whole, helping to capitalise on gains in volume and price achieved by the various operations.

In Portugal it is also important to mention the increase in the ratio of local volumes sold against cement and clinker exports leading to a 6.9% in Sales.

Sales - Business Unit opening			
(€ million)	1st Quarter		
	2015	2014	Var. %
Brazil	246.8	273.5	-9.7
Argentina	168.3	117.5	43.2
Paraguay	14.1	12.2	15.3
Portugal	70.9	66.4	6.9
Cape Verde	6.8	6.5	5.1
Egypt	60.7	59.2	2.4
Mozambique	32.7	28.7	14.0
South Africa	29.8	24.7	20.5
Trading / Shipping	87.9	78.0	12.6
Others	12.0	12.1	-1.1
<b>Sub-Total</b>	<b>730.0</b>	<b>678.9</b>	<b>7.5</b>
Intra-Group Eliminations	-93.4	-84.8	10.1
<b>Consolidated Total</b>	<b>636.6</b>	<b>594.1</b>	<b>7.2</b>

## EBITDA

### *Seasonality further reflecting maintenance and increase of energy costs*

EBITDA in the first quarter of 2015 totalled 122.0 million euros, compared to 126.3 million euros in the first quarter of the previous year.

In a seasonally weak quarter InterCement's 19.2% margin remains a benchmark amongst its peers. Compared with the 1st quarter of last year, however, the company saw a drop of 2.1p.p., based on EBITDA performance in a quarter of reduced activity - and therefore, lower dilution of fixed costs - held back by a cluster of industrial maintenance operations - particularly in Brazil and Mozambique - and by a rise in energy costs.

The cost of electricity rose significantly in most of the countries where InterCement operates, whilst what could have been a beneficial drop in the price of pet coke ended up being cancelled out by the appreciation of the USD against most of the currencies of the regions where InterCement operates.

By Business Unit EBITDA growth was held back by Brazil's current context and an atypical quarter experienced in Mozambique, both registering intense maintenance in the period, whilst the remaining geographies offered up very positive contributions.

In Brazil there was an economic slowdown as the result of some political instability alongside restructuring of budget policy and threat of a water crisis, with immediate impact in some sectors, including construction.

This retraction in cement consumption along with a rise in demand, particularly in areas where InterCement is located (Northeast) has meant it is not entirely possible to pass on increased production costs to the sales price. The results in the first quarter of the year were therefore influenced by a drop in volumes sold and rise in costs, mainly of energy, which was affected by the average devaluation of the real against the USD of 21%. Alongside this, operating maintenance was intensified in the first quarter and turned out to be more demanding in terms of stoppage times and costs comparing to the same period in 2014. The EBITDA of businesses other than cement (mortar, concrete and aggregates) also felt the impact of the downturn in the construction sector in the 1st quarter, contributing to a fall in this indicator.

In Mozambique, growth in Sales drove a rise in local sales prices, which alongside a renewed commercial dynamic made it possible for InterCement to overcome increased local competition in a period of weaker demand. However, a stoppage for maintenance intervention work on the production line, along with an unreliable power supply and the increased cost of imported raw materials - with a backdrop of depreciation of the Metical against the dollar and the South African Rand - were determining factors for the drop in EBITDA. It should be noted, however, that the operating improvement programme that began in the 2nd half of 2014, is now showing benefits in the supply of limestone and is expected to leverage the industrial performance of the business unit.

Argentina consolidated the positive signs seen at the end of 2014 and, as a result of increased demand, achieved EBITDA growth of 40%.

Paraguay saw three-digit EBITDA growth, demonstrating the potential growth that the new factory can give access to, whilst also giving the market signs of the benefit of a competent and trustworthy competitor.

Portugal, which saw EBITDA growth of over 100%, demonstrated the solid benefits of domestic increasing demand articulated with its exports activity.

And, finally, South Africa posted an improvement in EBITDA based on a greater volumes sold and increased prices compared to 2014, which was also influenced by foreign exchange depreciation of the euro.

EBITDA			
(€ million)	1st Quarter		
	2015	2014	Var. %
Brazil	40.6	64.7	-37.2
Argentina & Paraguay	44.0	30.2	45.8
Portugal & Cape Verde	9.7	4.6	109.2
Africa	26.8	26.3	2.0
Trading & Others	0.9	0.5	74.2
<b>Consolidated Total</b>	<b>122.0</b>	<b>126.3</b>	<b>-3.4</b>
<b>EBITDA margin</b>	<b>19.2%</b>	<b>21.3%</b>	<b>-2.1 p.p.</b>

## 2. Depreciations and amortisations

### *Result of investments made in 2014*

Depreciations and amortisations rose by 23% to 53 million euros mainly influenced by the impact of investments funded in 2014, namely in Brazil and Paraguay.

## 3. Financial Results and Taxes

### *Benefits from foreign exchange management*

Financial Results improved by 56% (from a loss of 89.4 million euros to negative 39.4 million euros), benefiting from exchange rate hedging policy, namely regarding the USD exposure. The appreciation of the USD against InterCement Business Unit currencies determined net lower losses on exchange rate and gains on financial derivatives fair value, which combined allowed a positive evolution 51 million euros compared to the same period in 2014.

On the top of this, the instruments recently taken on to protect the company from depreciation of the euro against the USD, have already prevented net exchange rate losses of over 170 million euros.

Income Taxes totaled 19.2 million euros or 12.2 million euros more than in the same quarter of 2014. This improvement reflects growth in results in jurisdictions with higher rates of tax, particularly Argentina and South Africa, as well as an increase in the effective tax rate in Egypt.

## 4. Net Income

### *Net Income turns positive*

Net Income reached 10 million euros increasing by 23.6 million euros against the same quarter of 2014, in which there was a loss. This favorable development was especially due to an increase in financial results. Growth was even more marked at a shareholder level, for which Net Income rose by 28.7 million euros against the previous year to stand at 17.6 million euros in the first quarter on 2015.

Income Statement			
(€ million)	1st Quarter		
	2015	2014	Var. %
<b>Sales</b>	<b>636.6</b>	<b>594.1</b>	<b>7.2</b>
Net Operational Cash Costs	514.6	467.8	10.0
<b>Operational Cash Flow (EBITDA)</b>	<b>122.0</b>	<b>126.3</b>	<b>-3.4</b>
Amortisations and Provisions	53.4	43.4	23.0
<b>Operating Income (EBIT)</b>	<b>68.6</b>	<b>82.9</b>	<b>-17.2</b>
Financial Results	-39.4	-89.4	s.s.
<b>Pre-tax Income</b>	<b>29.2</b>	<b>-6.6</b>	<b>s.s.</b>
Income Tax	19.2	7.0	174.4
<b>Net Income</b>	<b>10.0</b>	<b>-13.6</b>	<b>s.s.</b>
Attributable to:			
Shareholders	17.6	-11.1	s.s.
Minority Interests	-7.6	-2.5	s.s.

## 5. Balance Sheet

*Total Assets of 7.2 billion euros. Debt reflects seasonality and maintenance.*

On 31st March, 2015 InterCement's Net Assets totaled 7.182 billion euros, an increase of around 3% against the end of 2014, mainly due to the impact of the USD appreciation vs Euro on Financial Derivatives – with its counterpart observed on Financial Debt.

Net Financial Debt rose 2.3% against December 2014 to 2.560 billion euros reflecting the usual seasonal nature of activity in the first quarters of each year, particularly in terms of working capital investments - which this year were affected by the level of stocks required following intensified maintenance. In terms of CAPEX policy, the guideline of discipline and rigour remained a driver.

Deterioration of equity was essentially the result of the effect of the changes in exchange rate of the BRL against the Euro, in the foreign exchange conversion of assets held in that currency.

<b>Consolidated Balance Sheet Summary</b>				
<b>(€ million)</b>	<b>Mar 31 2015</b>	<b>Dec 31 2014</b>	<b>Var. %</b>	
<b>Assets</b>				
Non-current Assets	5,095	5,192	-1.9	
Derivatives	315	115	173.4	
<b>Current Assets</b>				
Cash and Equivalents	903	892	1.2	
Derivatives	22	13	63.4	
Other Current Assets	846	756	12.0	
<b>Total Assets</b>	<b>7,182</b>	<b>6,968</b>	<b>3.1</b>	
<b>Shareholders' Equity attributable to:</b>				
Equity Holders	1,381	1,405	-1.7	
Minority Interests	776	829	-6.4	
<b>Total Shareholders' Equity</b>	<b>2,157</b>	<b>2,235</b>	<b>-3.5</b>	
<b>Liabilities</b>				
Loans & Obligations under finance leases	3,791	3,516	7.8	
Derivatives	9	6	33.4	
Provisions & Employee benefits	142	145	-1.8	
Other Liabilities	1,082	1,066	1.6	
<b>Total Liabilities</b>	<b>5,024</b>	<b>4,733</b>	<b>6.2</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>7,182</b>	<b>6,968</b>	<b>3.1</b>	

## 6. Free Cash-Flow

*Seasonality and atypical inventory requirements affect Free Cash Flow in a strict and disciplined CAPEX mode*

Seasonality remained a significant factor in Free Cash Flow in the 1st quarter of 2015 - negative 99 million euros, remaining stable against the same period of 2014.

Furthermore, first quarter working capital was penalised this year by reinforced maintenance - in Brazil, Egypt and Mozambique, as requiring an increase in inventory levels-, and concentrated interest payment in this period.

However a strict and disciplined CAPEX policy, adopted by the company following the high cycle investment period recently witnessed, compensated working capital investments and higher interest payment, allowing a stable Free Cash Flow versus the first quarter of 2014.

€ million	2014					2015
	Q1	Q2	Q3	Q4	Year	Q1
Adjusted EBITDA	128	154	171	185	638	122
Working Capital	-105	-13	3	75	-40	-124
Others	0	-2	0	-16	-18	2
<b>Operating Activities</b>	<b>23</b>	<b>139</b>	<b>173</b>	<b>244</b>	<b>579</b>	<b>0</b>
Interests Paid	-54	-50	-93	-37	-234	-58
Income taxes Paid	0	-13	-4	-25	-42	-1
<b>Cash Flow before investments</b>	<b>-31</b>	<b>77</b>	<b>76</b>	<b>182</b>	<b>303</b>	<b>-59</b>
CAPEX	-70	-32	-38	-59	-199	-48
Assets Sales / Others	1	-1	7	3	9	8
<b>Free Cash Flow to the company</b>	<b>-100</b>	<b>43</b>	<b>45</b>	<b>126</b>	<b>113</b>	<b>-99</b>
Borrowings, financing and debentures	670	143	574	24	1,412	112
Repayment of borrowings, financ. and debent.	-1,029	-179	-643	-35	-1,886	-38
Dividends	0	-2	0	-8	-10	0
Other financing activities	-93	-19	15	-11	-108	39
Changes in cash and cash equivalents	-552	-14	-9	96	-479	14
Exchange differences	6	11	28	8	53	38
Cash and cash equivalents, End of the Period	681	679	697	802	802	854



# *InterCement Participações S.A. e Controladas*

*Consolidated Financial Information for the three  
months period ended March 31, 2015.*



**Building  
sustainable  
partnerships**

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Consolidated Statements of Financial Position as of March 31, 2015 and December 31, 2014  
(Unaudited)**

(In thousands of euros - €)

ASSETS	Notes	03.31.2015	12.31.2014	LIABILITIES AND EQUITY	Notes	03.31.2015	12.31.2014
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	4	853,633	801,755	Trade payables		292,776	272,348
Securities	5	49,222	90,240	Borrowings and financing	9	226,657	169,869
Trade receivables	6	200,132	165,185	Interest payable	9 and 10	100,039	97,401
Inventories		493,346	452,613	Taxes payable		78,736	62,879
Recoverable taxes		62,784	77,583	Payroll and related taxes		45,588	55,427
Assets classified as held for sale		-	1,867	Dividends and interest on capital	13	48,314	51,363
Related parties		143	-	Advances from customers		19,132	24,434
Derivatives	19	21,985	13,456	Related parties		342	2,234
Other receivables		90,062	58,360	Actuarial liabilities		906	904
Total current assets		<u>1,771,307</u>	<u>1,661,058</u>	Derivatives	19	2,596	2,432
				Other payables		<u>40,583</u>	<u>39,737</u>
<b>NONCURRENT ASSETS</b>				Total current liabilities		<u>855,668</u>	<u>779,026</u>
Securities	5	2,494	2,564				
Trade receivables	6	295	117	<b>NONCURRENT LIABILITIES</b>			
Inventories		18,333	15,031	Trade payables		13,604	10,717
Recoverable taxes		23,067	23,470	Debentures	10	1,452,049	1,442,147
Deferred income tax and social contribution		69,166	74,734	Borrowings and financing	9	2,112,180	1,903,821
Escrow deposits		14,873	15,312	Provision for tax, civil and labor risks	11	81,810	83,629
Derivatives	19	314,854	115,175	Provision for environmental recovery		42,690	43,116
Other receivables		34,707	34,078	Taxes payable		6,781	7,292
Investments		18,029	17,328	Payroll and related taxes		970	964
Property, plant and equipment	7	2,640,029	2,634,356	Deferred income tax and social contribution		426,507	431,237
Intangible assets:				Actuarial liabilities		16,812	17,229
Goodwill	8	2,053,402	2,142,663	Derivatives	19	6,024	4,032
Other intangible assets	8	<u>220,956</u>	<u>231,870</u>	Other payables		<u>9,019</u>	<u>9,797</u>
Total noncurrent assets		<u>5,410,205</u>	<u>5,306,697</u>	Total noncurrent liabilities		<u>4,168,447</u>	<u>3,953,981</u>
				TOTAL LIABILITIES		<u>5,024,115</u>	<u>4,733,007</u>
				<b>SHAREHOLDER'S EQUITY</b>			
				Capital	13	1,080,949	1,080,949
				Capital reserves	13	467,150	467,150
				Earnings reserves	13	246,031	228,423
				Valuation adjustments to equity	13	(412,897)	(371,196)
				Equity attributable to the Company's owners		<u>1,381,233</u>	<u>1,405,326</u>
				Noncontrolling interests		<u>776,163</u>	<u>829,422</u>
				Total equity		<u>2,157,396</u>	<u>2,234,748</u>
<b>TOTAL ASSETS</b>		<u><b>7,181,512</b></u>	<u><b>6,967,755</b></u>	<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>7,181,512</b></u>	<u><b>6,967,755</b></u>

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

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Consolidated Income Statements for the three months periods ended March 31, 2015 and 2014  
(Unaudited)**

(In thousands of euros - €, except per earnings per share)

	Notes	03.31.2015	03.31.2014
NET REVENUE	21	636,604	594,083
COST OF SALES AND SERVICES	15	(503,521)	(449,579)
GROSS PROFIT		133,083	144,505
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	15	(72,484)	(62,095)
Other income, net	15	8,013	469
Equity method gain		472	-
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		69,083	82,878
FINANCIAL INCOME (EXPENSES)			
Foreign exchange losses, net	16	(12,387)	(17,449)
Financial income	16	57,374	25,390
Financial expenses	16	(84,869)	(97,452)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		29,202	(6,632)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	14	(14,407)	(8,290)
Deferred	14	(4,779)	1,366
PROFIT (LOSS) FOR THE PERIOD		10,016	(13,556)
PROFIT (LOSS) ATTRIBUTABLE TO			
Company's owners		17,608	(11,071)
Noncontrolling interests	21	(7,592)	(2,485)
EARNINGS (LOSS) PER SHARE			
Basic/diluted earnings per share	18	0.78	(0.49)

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

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**

Consolidated Statements of Comprehensive Income for the three months periods ended March 31, 2015 and 2014

(Unaudited)

(In thousands of euros - €)

	Notes	03.31.2015	03.31.2014
PROFIT (LOSS) FOR THE PERIOD		10,016	(13,556)
Other comprehensive income:			
Items that will not be reclassified subsequently to the income statement:			
Employee benefits		267	-
Items that might be reclassified subsequently to the income statement:			
Exchange differences arising on translating foreign operations		(88,420)	53,665
Hedging derivatives financial instruments		1,010	69
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>(77,127)</b>	<b>40,178</b>
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Company's owners		(24,093)	10,466
Noncontrolling interests		(53,034)	29,712

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

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**

## Consolidated Statements of Changes in Equity for the three months periods ended March 31, 2015 and 2014

(Unaudited)

(In thousands of euros - €)

Notes	Share capital	Capital reserves	Earnings reserves		Valuation adjustments to equity	Retained earnings	Total attributable to the Company's owners	Noncontrolling interests	Total equity
			Legal	Investments					
BALANCE AT DECEMBER 31, 2013	1,080,949	436,505	15,798	188,176	(372,941)	-	1,348,487	910,859	2,259,346
Loss for the period	-	-	-	-	-	(11,071)	(11,071)	(2,485)	(13,556)
Acquisition of noncontrolling interests	-	30,796	-	-	-	-	30,796	(116,038)	(85,242)
Elimination of 2013's dividends allocation	-	-	-	42,716	-	-	42,716	-	42,716
Other:									
Dividends paid to noncontrolling interests	-	-	-	-	-	-	-	(695)	(695)
Other comprehensive income	-	-	-	-	21,537	-	21,537	32,197	53,734
<b>BALANCE AT MARCH 31, 2014</b>	<b>1,080,949</b>	<b>467,301</b>	<b>15,798</b>	<b>230,892</b>	<b>(351,404)</b>	<b>(11,071)</b>	<b>1,432,465</b>	<b>823,838</b>	<b>2,256,303</b>
BALANCE AT DECEMBER 31, 2014	1,080,949	467,150	18,063	210,360	(371,196)	-	1,405,326	829,422	2,234,748
Profit (Loss) for the period	-	-	-	-	-	17,608	17,608	(7,592)	10,016
Transactions with shareholders, recorded directly in equity	-	-	-	-	-	-	-	251	251
Other:									
Dividends paid to noncontrolling interests	-	-	-	-	-	-	-	(475)	(475)
Other comprehensive income	-	-	-	-	(41,700)	-	(41,700)	(45,442)	(87,143)
<b>BALANCE AT MARCH 31, 2015</b>	<b>1,080,949</b>	<b>467,150</b>	<b>18,063</b>	<b>210,360</b>	<b>(412,897)</b>	<b>17,608</b>	<b>1,381,233</b>	<b>776,163</b>	<b>2,157,396</b>

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

**INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES**
**Consolidated Statements of Cash Flows for the three months periods ended March 31, 2015 and 2014**
**(Unaudited)**

(In thousands of euros - €)

	Notes	03.31.2015	03.31.2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Income before income tax and social contribution		29,202	(6,632)
Adjustments to reconcile income before income tax and social contribution with net cash generated by operating activities:			
Depreciation, amortization and impairment losses		53,352	43,376
Recognition (reversal) of allowance for potential losses, net		(1,354)	(81)
Interest, accrued charges, and exchange differences		41,154	91,476
Gain on sale of long-lived assets		(1,217)	(1,264)
Equity method gain		(472)	-
Other noncash operating losses (gains)		2,850	1,179
Decrease (increase) in operating assets:			
Trade receivables		(53,446)	(37,306)
Inventories		(44,034)	4,484
Recoverable taxes		952	3,239
Other receivables		(41)	9
Increase (decrease) in operating liabilities:			
Trade payables		10,979	(54,428)
Payroll and vacation payable		200	(2,978)
Other payables		(41,725)	(17,969)
Taxes payable		3,425	60
Cash generated by (used in) operating activities		(174)	23,166
Income tax and social contribution paid		(665)	17
Interest paid		(58,446)	(54,428)
Net cash generated by (used in) operating activities		<u>(59,285)</u>	<u>(31,245)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Redemption of (investments in) securities		40,222	(7,315)
Purchase of property, plant and equipment		(47,309)	(69,153)
Increase in intangible assets		(841)	(745)
Sale of long-lived assets		7,886	599
Dividends received		150	116
Net cash used in investing activities		<u>107</u>	<u>(76,497)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings, financing and debentures		112,039	670,084
Acquisition of noncontrolling interests	12	-	(85,242)
Repayment of borrowings, financing and debentures		(38,069)	(1,029,343)
Dividends and other capital instruments		(11,075)	26
Subsidiary capital increase		(675)	-
Net cash (used in) generated by financing activities		<u>62,220</u>	<u>(444,475)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>3,042</u>	<u>(552,217)</u>
<b>EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		48,836	5,834
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	801,755	1,227,676
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<u>853,633</u>	<u>681,293</u>

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

## **INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements for the three months periods ended March 31, 2015.

(Amounts in thousands of euros - €, unless otherwise stated)

### **1. General Information**

InterCement Participações, S.A. (“Company”) is a private held company headquartered in the City of São Paulo, State of São Paulo, Brazil, engaged in holding equity interests and investments abroad, leading a business group present in 8 countries (“ICP Group” or “Group”). Its ultimate parent company is Camargo Corrêa S.A. The Group is primarily engaged in the manufacture and sale of cement and cement byproducts, in addition to the extraction of the minerals used to manufacture these products.

The Company owns 40 cement plants, 131 concrete plants, and 24 aggregates plants (located in Brazil, Argentina, Paraguay, Portugal, Egypt, Mozambique and South Africa). It also owns one port terminal in Cape Verde, and seven plants producing lime, packaging and mortar. Additionally, Brazil holds electric power generation equity interests and assets, as a self-generator for some of its production.

During the three months period ended March 31, 2015, no material changes occurred within the consolidation or equity interest statements. During the three months period ended March 31, 2014, an additional stake of 4.19% in Cimpor – Cimentos de Portugal, SGPS, S.A. (“Cimpor”) was bought from Camargo Corrêa Cimentos Luxembourg S.à.r.l. (“CCCLux”) by €85,242 thousand (Note 12).

### **2. Basis of Preparation and Significant Accounting Policies**

#### **2.1. Basis of presentation**

The consolidated Interim Financial Information as of March 31, 2015 was prepared based on the International Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), which allows the entities to present selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. Accordingly, this Interim Financial Information should be read together with Company’s consolidated financial statements for the year ended December 31, 2014.

#### **2.2. Significant accounting policies**

The accounting policies adopted are consistent with those considered in the consolidated financial statements for the year ended as of December 31, 2014 and disclosed in the corresponding notes, except in respect of the standards and interpretations entering into force on or after January 1, 2015, the adoption of which had not a significant impact on the Group’s profits or financial position.

### 2.3. Functional, reporting and presentation currencies

The Company's functional currency is the Brazilian real (R\$) and the financial statements are presented in euros (presentation currency), for the convenience of readers outside Brazil and, as prescribed by IAS 21, paragraph 38 - The Effects of Changes in Foreign Exchange Rates, the Company may present its financial statements in any currency.

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

Currency		Closing exchange rate (R\$)		Average exchange rate (R\$)	
		03.31.2015	12.31.2014	03.31.2015	03.31.2014
USD	US Dollar	3.20800	2.65620	2.86339	2.36399
EUR	Euro	3.44570	3.22700	3.21723	3.21853
MZN	Mozambique Metical	0.08850	0.08049	0.08548	0.07614
CVE	Cape Verde Escudo	0.03125	0.02927	0.02918	0.02938
EGP	Egyptian Pound	0.42070	0.37150	0.38095	0.33961
ZAR	South African Rand	0.26430	0.22970	0.24357	0.21809
ARS	Argentinian Peso	0.36364	0.31720	0.32899	0.31185
PYG	Paraguayan Guaraní	0.00066	0.00057	0.00060	0.00052

### 3. Critical accounting judgments and key sources of estimation uncertainties

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no changes in relation to what was presented in note 3 to the Company's consolidated Financial Statements as of December 31, 2014.

### 4. Cash and Cash Equivalents

	03.31.2015	12.31.2014
Cash and bank accounts	584,457	427,056
Short-term investments	269,176	374,699
Total cash and cash equivalents	<u>853,633</u>	<u>801,755</u>

Short-term investments were as follows:

	03.31.2015	12.31.2014
Bank certificates of deposit (CDBs)	449	533
Repurchase agreements	6,378	-
Exclusive funds:		
National Treasury Bills (LTNs)	4,406	56,233
National Treasury Bills (LTFs)	26,546	24,637
CDBs	-	293
Fixed-income funds	85,127	131,411
Others	16,933	
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos	8,632	16,906
Short-term investments in US dollars	4,994	4,356
Short-term investments in euro	11,301	40,964
Short-term investments in Egyptian pound	79,643	73,919
Short-term investments in South African rand	23,702	24,554
Short-term investments in Mozambique metical	-	549
Short-term investments in Cape Verd escudos	907	-
Other	158	344
Total short-term investments	<u>269,176</u>	<u>374,699</u>

## 5. Securities

Securities are classified as financial assets, as follows:

	03.31.2015	12.31.2014
Market investments	43,634	85,216
Other	8,081	7,588
Total	<u>51,716</u>	<u>92,804</u>
Total - current	49,222	90,240
Total - noncurrent	2,494	2,564

## 6. Trade Receivables

	03.31.2015	12.31.2014
Domestic and foreign customers	229,870	194,427
(-) Noncurrent	(430)	(182)
Current	<u>229,440</u>	<u>194,245</u>
(-) Impairment for doubtful accounts – current	(29,308)	(29,060)
(-) Impairment for doubtful accounts – noncurrent	<u>(135)</u>	<u>(65)</u>
Trade receivables - current	200,132	165,185
Trade receivables - noncurrent	295	117

## 7. Property, Plant and Equipment

	03.31.2015		
	Cost	Depreciation	Residual balance
Land	216,747	(8,048)	208,699
Buildings	614,444	(207,174)	407,270
Machinery and equipment	2,027,356	(592,697)	1,434,659
Vehicles	112,942	(44,833)	68,109
Furniture and fixtures	16,706	(10,828)	5,877
Mines and ore reserves	75,980	(37,824)	38,156
Reservoirs, dams and feeders	74,777	(15,486)	59,291
Other	15,641	(5,124)	10,517
Spare parts	8,788	-	8,788
Advances to suppliers	160,271	-	160,271
Construction in progress	<u>238,390</u>	-	<u>238,390</u>
Total	<u>3,562,044</u>	<u>(922,014)</u>	<u>2,640,029</u>

	12.31.2014		
	Cost	Depreciation	Residual balance
Land	217,660	(7,161)	210,499
Buildings	619,303	(200,884)	418,419
Machinery and equipment	2,017,961	(565,191)	1,452,770
Vehicles	107,674	(41,877)	65,797
Furniture and fixtures	15,492	(9,558)	5,934
Mines and ore reserves	72,952	(34,508)	38,444
Reservoirs, dams and feeders	79,824	(15,797)	64,027
Other	15,770	(4,547)	11,223
Spare parts	9,331	-	9,331
Advances to suppliers	137,035	-	137,035
Construction in progress	220,877	-	220,877
<b>Total</b>	<b>3,513,879</b>	<b>(879,523)</b>	<b>2,634,356</b>

During the three months periods ended March 31, 2015 and 2014, the Company capitalized financial charges amounting to €5,248 thousand and €1,150 thousand, respectively, related to loans granted to finance eligible assets.

Construction in progress and advances to suppliers as of March 31, 2015, refers basically to investments in the expansion and construction on new units in Brazil, Argentina and Egypt (Brazil, Argentina, Egypt and Mozambique as of December 31, 2014), and investments in improvement of installations and equipment of the cement plants of other business units.

Changes in property, plant and equipment were as follows:

Balance at December 31, 2013	2,604,005
Additions	64,725
Write-offs	(1,542)
Depreciation	(43,997)
Effect of changes in exchange rates	(8,790)
Balance at March 31, 2014	2,614,401
Balance at December 31, 2014	2,634,356
Additions	55,426
Write-offs	(331)
Depreciation	(49,861)
Effect of changes in exchange rates	439
Balance at March 31, 2015	2,640,029

#### Impairment losses

As of March 31, 2015 and 2014, there were no events indicating the need for calculation to assess whether fixed assets were impaired.

## 8. Intangible Assets

	03.31.2015	12.31.2014
Mining rights	192,362	200,292
Concession-related assets	5,543	6,537
Software licenses	4,413	5,443
Project development costs	6,507	7,257
Trademarks, patents and others	12,130	12,341
	<u>220,956</u>	<u>231,870</u>
Goodwill:		
Loma Negra C.I.A. S.A.	280,229	299,220
CBC - Companhia Brasileira de Cimentos ("CBC")	29,786	31,804
Cia. Industrial e Mercantil de Cimentos S.A. ("CIMEC")	21,999	23,490
Cimpor - Cimentos de Portugal, SGPS, S.A.	1,697,193	1,762,879
Other	24,196	25,270
	<u>2,053,402</u>	<u>2,142,663</u>
Total	<u><u>2,274,357</u></u>	<u><u>2,374,533</u></u>

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segments, which did not occur in the three months ended March 31, 2015.

Changes in intangible assets in the three months periods ended March 31, 2015 and 2014 were as follows:

Balance at December 31, 2013	2,366,421
Additions	72
Amortization	(2,425)
Effect of changes in exchange rates	56,450
Balance at March 31, 2014	<u>2,420,517</u>
Balance at December 31, 2014	2,374,533
Additions	253
Write-offs	(71)
Amortization	(3,036)
Effect of changes in exchange rates	(97,392)
Balance at March 31, 2015	<u><u>2,274,357</u></u>

## 9. Borrowings and Financing

Business unit	Type of financing	Currency	Interest rates (b)	Contract date	Maturity	03.31.2015		12.31.2014	
						Current	NonCurrent	Current	NonCurrent
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	May/12	Jan/22	-	460,776	-	406,921
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/12	Feb/22	-	303,678	-	303,340
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rates indexed to Euribor	Feb/14	Aug/19	-	58,758	-	59,528
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Aug/19	-	200,194	-	176,614
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rates indexed to Euribor	Feb/14	Aug/21	-	58,758	-	59,528
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Aug/21	-	200,214	-	176,614
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Aug/21	-	276,158	-	243,606
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	May/14	May/19	-	156,438	-	137,711
Holdings and Financial Vehicles	Bilateral	EUR	Floating rate indexed to US Libor	May/15	Mar/16	50,000	-	-	-
Holdings and Financial Vehicles	Bilateral	EUR	Floating rate indexed to US Libor	Dec/14	Dec/18	-	24,000	-	24,000
Argentina and Paraguay	Several bilateral	ARS	Floating rates indexed to Badlar	Several	Several	93,122	49,898	76,058	60,275
Argentina and Paraguay	Several bilateral	US\$	Floating rate indexed to US Libor	Several	Several	2,329	55,244	2,170	49,478
Brazil	Several bilateral	US\$	Fixed and Floating Rates	Several	Several	(a) 41,253	- (a)	37,604	-
Brazil	Several bilateral	BRL	Fixed and Floating Rates	Several	Several	(a) 10,574	83,854 (a)	23,254	84,235
Argentina and Paraguay	Several bilateral	US\$	Floating rate indexed to US Libor	Several	Several	21,000	85,433	18,729	76,195
South Africa	Bilateral	ZAR	Floating rate indexed to Jibar	Dec/13	Dec/18	-	46,023	-	42,708
Portugal and Cape Verde	EIB	EUR	EIB Rate	Sep/03	Sep/15	3,333	-	6,667	-
Portugal and Cape Verde	Bilateral	EUR	Floating rates indexed to Euribor	Several	Several	-	50,000	-	-
Mozambique	Bilateral	MZN	Floating rates indexed to BT 3M	Aug/10	Feb/16	1,313	1,908	2,549	1,853
Egypt	Several bilateral	EGP	Floating rates indexed to Corridor	Several	Several	3,733	845	2,837	1,214
						<u>226,657</u>	<u>2,112,180</u>	<u>169,869</u>	<u>1,903,821</u>

- (\*) Takes into consideration the set of companies included in the holding companies segment and business support, corporate, and trading entities.
- (a) Guaranteed by Company's controlling entities.
- (b) For the major funding, the variable rates contracted, both in dollars and euros, consider spreads between 2.5% and 4.5%.

As of March 31, 2015 and December 31, 2014, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to €19,184 thousand and €32,256 thousand, respectively.

### Maturity schedule

As of March 31, 2015 and December 31, 2014, the noncurrent portions mature as follows:

Period	03.31.2015	12.31.2014
2016	114,093	124,610
2017	91,270	83,093
2018	140,791	121,763
2019	845,290	724,826
Following years	920,737	849,529
	<u>2,112,180</u>	<u>1,903,821</u>

### Covenants

The loan and financing agreements contain certain restrictive covenants, including change of control clauses and those requiring the maintenance of certain financial ratios within pre-established parameters.

The Company and its subsidiaries management monitor these ratios systematically and constantly to make sure the requirements are met. Such measurements are performed annually and semi-annually, which depends of conditions agreed in each contract with financial institutions. Based on the last measurement as of December 31, 2014, the Company and its subsidiaries are in compliance with all restrictive conditions and covenants.

## 10. Debentures

Business unit	Instrument	Currency	Issue date	Interest rate (a)	Final maturity	03.31.2015	12.31.2014
						Non-current	Non-current
Brazil	Debênture - Brazil	BRL	Mar-12	Floating rate indexed to CDI	Apr-22	434,132	462,465
Brazil	Debênture - Brazil	BRL	Jan-12	Floating rate indexed to CDI	Aug-16	347	479
Brazil	Debênture - Brazil	BRL	Aug-12	Floating rate indexed to CDI	Aug-22	347,305	371,862
Holdings and Financial Vehicles (*)	Senior Notes	USD	Jul.14	5.75%	Jul.24	670,266	607,342
						<u>1,452,049</u>	<u>1,442,147</u>

(a) The contracted floating rates have spreads up to 15% above the CDI (Interbank deposit rate in Brazil).

As of March 31, 2015 and December 31, 2014, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to €80,855 thousand and €65,145 thousand, respectively.

In March 31, 2015 the balance of Senior Notes is deducted from the purchase of bonds in the nominal value of 18.25 million USD, for an average price of 83%.

## Maturity schedule

As of March 31, 2015 and December 31, 2014, the debentures mature as follows:

Period	03.31.2015	12.31.2014
2016	347	482
2017	130,240	139,054
2018	130,240	139,054
2019	130,240	139,054
Following years	1,060,984	1,024,503
	<u>1,452,049</u>	<u>1,442,147</u>

## Covenants

These funding instruments contain certain restrictive covenants that require compliance with financial ratios calculated based on the Company's consolidated financial statements. Based on the last measurement as of December 31, 2014, the Company and its subsidiaries are in compliance with all restrictive conditions and covenants.

## 11. Provision for Tax, Civil and Labor Risks

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

The provision for risks is broken down as follows:

	03.31.2015	12.31.2014
Labor and social security	32,773	34,450
Tax	39,415	39,219
Civil and other	13,849	14,318
	86,038	87,985
Escrow deposit (a)	(4,228)	(4,356)
Total	81,810	83,629

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

	03.31.2015	12.31.2014
Labor and social security	3,733	3,839
Tax	451	472
Civil and other	44	45
Total	4,228	4,356

### Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its products and services as well as of an environmental nature, labor cases and regulatory.

In March 31, 2015, the Group has an exposure of €675 million (€663 million in December 31, 2014), being €8 million of contingencies related to labor (€8 million in December 31, 2014), €448 million of tax contingencies (€435 million in December 31, 2014), €219 million of civil contingencies and administrative processes of other natures (€220 million in December 31, 2014), whose likelihood of loss was considered possible, according to the opinion of legal counsel.

Concerning to the most significant processes, regarding to what was reported in the financial statements in December 31, 2014, to highlight that in the Spain, in March 31, 2015, the Supreme Court issued a ruling that annulled the additional payments made by the tax authorities the financial years 2002 to 2004, whose value amounted to approximately €27 million. As a result, the contingencies classified as remote loss were reduced by that amount to about €34 million, such as the value of the related guarantees.

It is also worth of mention that in Egypt, in the three months period ended March 31, 2015, two of our companies, were notified by the supplier Electricity Company to pay a fine in the amount of 132 million EGP

and for these two companies to have the obligation to make investments related to electricity supply, in the amount of 60 million EGP. These notifications results from the understanding that some legal procedures had not being fulfilled, which is contested by our companies, and accordingly in April this year a complaint before the Electricity Regulatory Agency was filled.

Changes in the provision for risks for the three months periods ended March 31, 2015 and 2014 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance at December 31, 2013	30,878	37,921	15,749	(2,117)	82,431
Recognition/deposit	76	-	220	-	296
Payment/deposit derecognition	(1,138)	(15)	(120)	449	(824)
Reversal	-	-	(209)	-	(209)
Transfers	(0)	583	(583)	-	-
Exchange differences	(174)	34	(165)	(60)	(366)
Balance at March 31, 2014	<u>29,642</u>	<u>38,523</u>	<u>14,891</u>	<u>(1,728)</u>	<u>81,328</u>
Balance at December 31, 2014	34,449	39,219	14,318	(4,356)	83,629
Recognition/deposit	-	93	474	(3,474)	(2,908)
Payment/deposit derecognition	(1,022)	-	(181)	3,316	2,112
Reversal	(107)	-	(1,051)	-	(1,158)
Exchange differences	(547)	104	290	287	-
Balance at March 31, 2015	<u>32,773</u>	<u>39,415</u>	<u>13,849</u>	<u>(4,228)</u>	<u>81,810</u>

## 12. Related Parties

Transactions and balances between Group companies consolidated by the full consolidation method were eliminated in the consolidation process and therefore are not disclosed here. The balances and transactions between the Group and associated companies and with other related parties fall within normal operational activities, and include advances, loan agreements, sales and purchases of products and services.

For the three-month period ended March 31, 2014, it is worth of mention the acquisition from Camargo Correa Cimentos Luxembourg S.à.r.l (“CCC LUX”) an additional stake of 4.19% of Cimpor shares, by €85,242 thousand (R\$265,000 thousand) which lead to a gain of €30,796 thousand recognized directly in equity and also a dividends reversal in the amount of € 42,716 (R\$122,492 thousand) as a result of the revoke of the shareholder deliberation to pay such dividend (Note 13).

## 13. Shareholder’s Equity

Share capital as of March 31, 2015 and December 31, 2014 is represented by 25,046,440 registered shares without par value, of which 22,687,439 are common shares and 2,359,001 are preferred shares.

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

### Earnings reserves

Corresponds to the retention of earnings to be used in investment projects, according to the budget to be submitted to the approval of the Shareholders’ Meeting, pursuant to article 194 of Law 6404, of December 15, 1976.

### Dividends

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

As of March 31, 2015 and December 31, 2014, the consolidated statement of financial position caption “Dividends and interest on capital” includes the dividend payable to preferred shares (from profit of the year ended December 31, 2014) amounting to R\$163,154 thousand (€47,350 thousand and €50,713 thousand, respectively).

In the three months period ended March 31, 2014 a dividends reversal was made, amounting to R\$122,492 thousand (€42,716 thousand) as a result of a decision to revoke the previous decision made by the shareholder to pay such dividend.

## 14. Income Tax and Social Contribution

For the three months periods ended March 31, 2015 and 2014, the reconciliation between the nominal and the effective income tax was as follows:

	03.31.2015	03.31.2014
Income before income tax and social contribution	29,202	(6,632)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	(9,929)	2,255
Adjustments to calculate income tax and social contribution at effective rates:		
Equity method gain	160	-
Permanent additions / (deductions), net (a)	1,546	(6,172)
Unrecorded deferred income tax and social contribution tax	(10,963)	(3,007)
Income tax and social contribution expense	<u>(19,186)</u>	<u>(6,924)</u>

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

### Deferred income tax and social contribution

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

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

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

	03.31.2015	03.31.2014
Depreciation, amortization, and impairment losses	(53,352)	(43,376)
Salaries and employee benefits	(83,879)	(70,606)
Raw materials and consumables	(154,220)	(138,132)
Tax expenses	(5,047)	(5,874)
Outside services	(56,438)	(49,923)
Rental	(11,472)	(10,103)
Freight expenses	(59,419)	(56,306)
Maintenance costs	(29,451)	(29,577)
Fuel	(44,991)	(46,618)
Electricity	(37,344)	(30,199)
Reversal (recognition) of provision for risks	(576)	(87)
Gain on sale of property, plant and equipment	1,217	(984)
Gain on sale of carbon credits	-	150
Restructuring and other nonrecurring costs	-	(1,562)
Other expenses (net)	(33,020)	(28,008)
Total	(567,993)	(511,205)
Cost of sales and services	(503,521)	(449,579)
Administrative and selling expenses	(72,484)	(62,095)
Other income, net	8,013	469
Total	(567,993)	(511,205)

**16. Financial Income (expenses) and Foreign exchanges losses (net)**

	03.31.2015	03.31.2014
Foreign exchange losses (a):		
Exchange gain	96,789	21,455
Exchange loss	(109,176)	(38,904)
<b>Total</b>	<b>(12,387)</b>	<b>(17,449)</b>
Financial income:		
Inflation adjustment	1,655	436
Financial earnings	8,222	12,127
Interest income	849	683
Derivative financial instruments (b)	40,662	9,982
Other income (c)	5,986	2,160
<b>Total</b>	<b>57,374</b>	<b>25,390</b>
Financial expenses:		
Inflation adjustment	(1,372)	(1,344)
Expenses on interest and charges	(69,040)	(64,030)
Expenses on banking commissions	(5,122)	(4,229)
Fines	(73)	(39)
Derivative financial instruments (b)	(6,249)	(21,768)
Loss recognized in asset held for sale	-	(7)
Other expenses	(3,013)	(6,034)
<b>Total</b>	<b>(84,869)</b>	<b>(97,452)</b>

- (a) In the three months ended March 31, 2015, the unfavourable and favourable exchange differences are influenced by the effect of the valuation of USD against Euro in assets and liabilities registered in that currency. As a result of contracting interest rate hedging derivative financial instruments of EUR against the USD of the debts settled in this last currency, negative exchange differences of €176,000 thousand were compensated.
- (b) This captions are compose by fair value variation of negotiable derivative financial instruments, in order to cover exchange and interest rate risks, which weren't qualified for hedge accounting.
- (c) In Other financial income is included the gain with the bond repurchase of 18,250 thousand USD issued by Cimpor BV, in the amount of €2,849 thousand (Note10).

## 17. Commitments

### (a) Lease agreements as lessee

Operating land lease agreements are effective from five to ten years. Lease payments are expected to be paid, in nominal amounts, as follows:

	03.31.2015	12.31.2014
Up to one year	5,585	6,561
From one to five years	10,642	13,863
More than five years	1,398	7,745
<b>Total</b>	17,625	28,169

The Company recognized, for the three months periods ended March 31, 2015 and 2014, as operating lease expenses the amount of €1,678 thousand and €1,842 thousand respectively.

### (a) Purchase agreements

InterCement Brasil has a contractual agreement for purchase of raw slag effective until 2021 adjusted by the General Market Price Index (IGP-M), whose total estimated cash disbursements, in nominal amounts, are as follows:

	03.31.2015	12.31.2014
2015	10,721	14,294
2016	14,294	14,294
2017	14,294	14,294
2018	14,294	14,294
2019	14,294	14,294
After 2019	28,588	28,588
<b>Total</b>	96,486	100,058

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

	03.31.2015	12.31.2014
2015	39,098	33,913
2016	18,435	13,351
2017	15,949	12,484
2018	13,330	10,188
2019	13,303	10,161
After 2019	54,835	32,921
<b>Total</b>	154,951	113,018

## 18. Earnings Per Share

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

	03.31.2015	03.31.2014
Profit (loss) for the period attributable to Company's owners	17,608	(11,071)
Profit (loss) for the period attributable to preference shares	-	-
Profit (loss) for the period attributable to common shares	17,608	(11,071)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted earnings (loss) per common share	0.78	(0.49)

## 19. Financial Instruments

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

### 19.1 Capital risk management

The Group capital structure consists of net debt (borrowings less cash equivalents and securities) and equity (which includes issued capital, reserves, retained earnings and noncontrolling interests).

### 19.2 Financial risk management

The Group's Corporate Treasury Department manages the financial risks for the wholly-owned subsidiaries by coordinating access to domestic and foreign markets, monitoring and managing transaction-related risks, through internal reports by level and materiality, such as the currency risk, the interest rate risk, the price risk, the credit risk, and the liquidity risk.

## 19.3 Categories of financial instruments

	03.31.2015	12.31.2014
<b>Current assets:</b>		
Financial assets at amortized cost:		
Cash and bank accounts (Note 4)	584,457	427,056
Short-term investments - financial asset	136,212	162,146
Trade receivables (Note 6)	200,132	165,185
Related parties	143	-
Other receivables	90,062	58,360
Financial assets at fair-value:		
Exclusive funds	182,186	302,792
Derivatives	21,985	13,456
<b>Non-current assets:</b>		
Financial assets at amortized cost:		
Long-term investments - financial asset	2,494	2,564
Trade receivables	295	117
Other receivables	34,707	34,078
Financial assets at fair-value:		
Derivatives	314,854	115,175
<b>Current liabilities:</b>		
Financial liabilities at amortized cost:		
Borrowings and financing (Note 9)	226,657	169,869
Trade payables	292,776	272,348
Interest payable (Notes 9 and 10)	100,039	97,401
Other payables	40,583	39,737
Financial liabilities at fair value:		
Derivatives	2,596	2,432
<b>Non-current liabilities:</b>		
Financial liabilities at amortized cost:		
Debentures (Note 10)	1,452,049	1,442,147
Borrowings and financing (Note 9)	2,112,180	1,903,821
Trade payables	13,604	10,717
Other payables	9,019	9,797
Financial liabilities at fair value:		
Derivatives	6,024	4,032

## 19.4 Derivative transactions

### Derivatives

As of March 31, 2015 and December 31, 2014, the fair value of derivatives is as follows:

	Other assets				Other liabilities			
	Current asset		Non-current assets		Current asset		Non-current assets	
	03.31.2015	12.31.2014	03.31.2015	12.31.2014	03.31.2015	12.31.2014	03.31.2015	12.31.2014
Cash flow hedges:								
Interest rate and cross currency swaps	21,985	13,456	253,850	90,576	2,002	1,838	6,024	4,032
Trading:								
Interest rate derivatives	-	-	-	-	594	594	-	-
Exchange and interest rate derivatives	-	-	61,003	24,599	-	-	-	-
	<u>21,985</u>	<u>13,456</u>	<u>314,854</u>	<u>115,175</u>	<u>2,596</u>	<u>2,432</u>	<u>6,024</u>	<u>4,032</u>

Some derivatives, although in compliance with the Group's risk management policies as regards the management of financial market volatility risks, do not qualify for hedge accounting, and so are classified as trading instruments.

The following schedule shows the operations at March 31, 2015 and December 31, 2014, that qualify as hedging accounting instruments:

Type of hedge	Notional	Type of Operation	Maturity	Financial purpose	Fair value	
					03.31.2015	12.31.2014
Cash-flow	USD 200.000.000	Cross Currency Swap to EUR	Jun/24	Cash-flow hedge	37,205	13,657
Cash-flow	USD 200.000.000	Cross Currency Swap to EUR	Jul/24	Cash-flow hedge	32,500	10,603
Cash-flow	USD 100.000.000	Cross Currency Swap to EUR	Jul/24	Cash-flow hedge	16,462	5,719
Cash-flow	USD 50.000.000	Cross Currency Swap to EUR	Jul/24	Cash-flow hedge	9,265	3,395
Cash-flow	USD 150.000.000	Cross Currency Swap to EUR	Jul/24	Cash-flow hedge	26,257	8,976
Cash-flow	USD 217.500.000	Cross Currency Swap to EUR	Feb/19	Cash-flow hedge	26,858	11,668
Cash-flow	USD 217.500.000	Cross Currency Swap to EUR	Feb/19	Cash-flow hedge	39,428	15,086
Cash-flow	USD 500.000.000	Cross Currency Swap to EUR	Jan/22	Cash-flow hedge	87,859	34,927
Cash-flow	EUR 379.218.809	Interest Rate Swap	Jan/22	Cash-flow hedge	(8,026)	(5,869)
					<u>267,809</u>	<u>98,162</u>

In addition, the fair value of the portfolio of derivative financial instruments at March 31, 2015 and December 31, 2014, which do not qualify as hedging accounting, is as follows:

Face Value	Type of operation	Maturity	Economic purpose	Fair value	
				03.31.2015	12.31.2014
USD 50.000.000	Cross-Currency-Swap	Sep/18	Swich a USD Loan into a BRL Loan	15,315	6,215
USD 50.000.000	Cross-Currency-Swap	Sep/18	Swich a USD Loan into a BRL Loan	15,046	5,926
USD 50.000.000	Cross-Currency-Swap	Sep/18	Swich a USD Loan into a BRL Loan	15,276	6,189
USD 50.000.000	Cross-Currency-Swap	Sep/18	Swich a USD Loan into a BRL Loan	15,367	6,270
EUR 25.000.000	IRS with conditioned receivable Leg	Jun/15	Reduce the cost of funding - IRS with options sold on an Interest Rate Index	(594)	(594)
				60,409	24,005

## 19.5 Market values

### Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of December 31, 2014 in accordance with the following fair value seniority levels:

- Level 1: the fair value of financial instruments is based on listings on net active markets as of the date of the financial statements;
- Level 2: the fair value of financial instruments is not based on listings on net active markets but rather based valuation models;
- Level 3: the fair value of financial instruments is not based on listings on net active markets but rather on valuation models, the principal inputs of which are not observable in the market.

Category	Item	Level 1	Level 2	Level 3
<b>Assets:</b>				
Financial assets available for sale	Investment fund	1,547	-	-
Financial assets at fair value	Cash and cash equivalents	40,897	-	-
Financial assets at fair value	Financial derivative instruments	-	336,839	-
Financial assets at fair value	Other investments	2,494	-	-
<b>Liabilities:</b>				
Financial liabilities at fair value	Financial derivative instruments	-	8,620	-

### Estimated fair value – assets and liabilities not measured at fair value

Measurement of fair value of derivatives financial instruments is based on criteria extracted from external database agencies, and the results obtained faced with the corresponding evaluations made by counterparties.

Except as regards non-current loans the majority of financial assets and liabilities mature in the short term and so their fair value is considered to be the same as their book values.

Regarding loans and debentures, as shown in Notes 9 and 10, in general, are contracted at variable interest rates, with margins that are estimate to be close to those that possibly could be contracted in March 31,

2015. Consequently, it is understood that the corresponding book value (amortized cost) does not differ significantly from their corresponding market value, except for the fixed interest rate loans contracted in the Brazilian, Argentinian and Paraguayan business areas, the effect of their valuation to fair value in relation to their book value being as follows:

	03.31.2015	12.31.2014
Fair-Value	1,552,143	1,535,421
Accounting Value	1,666,836	1,610,066

## 20. Supplemental Cash Flow Information

a) Investment and financing activities not involving cash

	03.31.2015	03.31.2014
Interest capitalization	5,248	1,150
Purchase of property, plant and equipment through financing	-	3,061
Sales of property, plant and equipment which will be received in next periods	886	-

## 21. Operating segment

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

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

The profit and loss information are as follows:

	03.31.2015				03.31.2014			
	Product sales and services provided			Profit (loss)	Product sales and services provided			Profit (loss)
	Foreign sales	Intersegment sales	Total		Foreign sales	Intersegment sales	Total	
Operating segments:								
Brazil	246,844	-	246,844	19,152	273,463	-	273,463	48,298
Argentina and Paraguay	182,371	-	182,371	36,188	129,580	-	129,580	25,966
Portugal and Cape Verde	48,065	29,556	77,620	(2,015)	43,785	28,949	72,734	(7,366)
Egypt	60,676	-	60,676	8,127	59,242	-	59,242	8,541
Mozambique	32,690	-	32,690	(3)	28,664	-	28,664	2,304
South Africa	28,889	931	29,820	7,046	23,997	747	24,744	5,350
<b>Total</b>	<b>599,535</b>	<b>30,486</b>	<b>630,021</b>	<b>68,495</b>	<b>558,731</b>	<b>29,696</b>	<b>588,427</b>	<b>83,093</b>
Other	37,069	62,786	99,856	117	35,353	54,805	90,158	(215)
Eliminations	-	(93,273)	(93,273)	-	-	(84,502)	(84,502)	-
Sub-total	636,604	-	636,604	68,612	594,083	-	594,083	82,878
Share of profit of associates				472				-
Income before financial income (expenses)				69,083				82,878
Financial income (expenses), net				(39,882)				(89,511)
Income before income tax and social contribution				29,202				(6,632)
Income tax and social contribution				(19,186)				(6,924)
Profit for the period				10,016				(13,556)

The profit for each periods above includes the full amount of the Company's segments disregarding the following amounts attributable to noncontrolling interests:

	Noncontrolling interests	
	03.31.2015	03.31.2014
Operating segments:		
Brazil	1,575	2,348
Argentina and Paraguay	2,693	3,299
Portugal and Cape Verde	855	(2,537)
Egypt	1,230	1,942
Mozambique	(4,952)	(678)
South Africa	1,885	848
	3,287	5,222
Unallocated	(10,879)	(7,707)
	(7,592)	(2,485)

Other information:

	03.31.2015		03.31.2014	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	31,656	21,443	53,778	16,369
Argentina and Paraguay	13,858	7,776	7,154	4,190
Portugal and Cape Verde	494	11,702	477	11,997
Egypt	1,970	6,617	1,629	5,810
Mozambique	3,738	2,372	1,108	1,653
South Africa	2,822	2,661	249	2,628
	<u>54,538</u>	<u>52,571</u>	<u>64,395</u>	<u>42,647</u>
Other	1,140	781	401	729
Total	<u>55,678</u>	<u>53,352</u>	<u>64,796</u>	<u>43,376</u>

In addition, segment assets and liabilities reconciled with the consolidated balances as of March 31, 2015 and December 31, 2014 are as follows:

	03.31.2015			12.31.2014		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	2,865,543	1,519,404	1,346,139	3,050,824	1,570,618	1,480,206
Argentina and Paraguay	1,234,781	510,551	724,230	1,215,301	474,762	740,539
Portugal and Cape Verde	826,019	449,692	376,327	849,544	460,275	389,270
Egypt	536,990	137,958	399,032	505,049	131,151	373,898
Mozambique	308,145	166,459	141,686	280,458	132,004	148,454
South Africa	393,043	144,540	248,503	367,275	136,904	230,370
Total	<u>6,164,521</u>	<u>2,928,605</u>	<u>3,235,917</u>	<u>6,268,451</u>	<u>2,905,714</u>	<u>3,362,737</u>
Other	1,454,127	2,544,594	(1,090,466)	1,130,437	2,269,952	(1,139,516)
Eliminations	(449,083)	(449,083)	-	(442,659)	(442,659)	-
Other investments	11,946	-	11,946	11,527	-	11,527
Total segments	<u>7,181,512</u>	<u>5,024,115</u>	<u>2,157,396</u>	<u>6,967,755</u>	<u>4,733,007</u>	<u>2,234,748</u>

The assets and liabilities not attributable to segments include:

- (a) assets and liabilities not attributable to specific segments basically allocated to holding and trading companies;
- (b) intragroup eliminations between segments; and
- (c) other investments.

**22. Events After the Reporting Period**

Nothing to report.

**23. Authorization for Completion of Financial Statements**

At the meeting held on May 14, 2015, the Board of Directors authorized the completion of this consolidated interim financial statements, being approved them for disclosure.