

# INTERIM CONSOLIDATED FINANCIAL REPORT

1<sup>st</sup> Half 2014



**InterCement**

Building  
sustainable  
partnerships

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## Reinforced Footprint and Improving Results

**Cement and clinker sales volume reach record levels, outstanding InterCement growth of 10.8%.**

Consolidated sales of 14.9 million tons featured significant contributions from Egypt, Brazil and the Trading business.

**EBITDA margin stands at 22.4%, an industry benchmark.**

**Turnover and EBITDA totalled 1.243 billion euros and 278.1 million euros** in a period that is seasonally and historically less favourable, decreasing, respectively by 4.3% and 3.6% (or 15.8% if non-recurring effects in 2013 are discounted).

**Increased activity and operational progress held back by the average foreign exchange rate evolution, compared with the same period in 2013.** Depreciation on currencies of Brazil (15%), Argentina (37%) and South Africa (17%), affected the contribution in euros of the largest business units. Forex impact penalizes consolidated Turnover and EBITDA by 273.3 million euros and 64.2 million euros, respectively.

- **Brazil - Strengthening of market position** requires increased logistics costs and operational interventions.
- **Argentina - Macroeconomic constraints offset:** sales recover from the 1st to the 2nd Quarter of 2014. Exchange loss of 30 million euros in EBITDA for the 1st half.
- **Paraguay – cement milling facility** allows market share strengthening.
- **Egypt - Record EBITDA in 2nd quarter:** stock management of energy resources and clinker leverage competitive advantage.
- **Mozambique - Reversal of trend in 1st quarter** as a result of operational and business improvement plans.
- **South Africa - Increased EBITDA and profitability** as a result of applying a market recovery and operational improvement strategy.
- **Trading - Increase in exports offsets market downturn in Portugal.**

**Improved Financial Results** and better tax rate.

**Net income for the 2nd quarter reached 10 million euros**, leading to an improvement of 37.4 million euros in Net Income in the 1st half (- 4.4 million euros).

**Favourable Free Cash Flow Trend. Generation of 24 million euros in 2nd quarter.** Focus on operations and investment discipline benefit this indicator by 141 million euros compared to the 1st half of 2013.

	Main Indicators					
	1 <sup>st</sup> Half			2 <sup>nd</sup> Quarter		
	2014	2013	Var. %	2014	2013	Var. %
Cement and Clinker Sales (thousand ton)	14,923.3	13,467.3	10.8	7,752.2	7,077.4	9.5
Turnover (million Euros)	1,243.0	1,298.5	-4.3	648.9	662.5	-2.1
EBITDA (million Euros)	278.1	288.5	-3.6	151.8	139.8	8.6
EBITDA Margin (%)	22.4%	22.2%	0.2 p.p.	23.4%	21.1%	2.3 p.p.
Net Profit (million Euros) <sup>(1)</sup>	(4.4)	(33.0)	-86.6	10.0	-59.7	n.m.

<sup>(1)</sup> Attributable to Shareholders

## 1. Operational Performance

### *Strengthening of positions, rise in EBITDA margin, penalty for currency adversity*

Strategically focused on its footprint reinforcement, disciplined operational management and investments InterCement once again outstand among its peers in the 1st half of 2014. With record of half-year sales of 14.9 million tons, the company posted the highest growth (10.8%) among its peers keeping its EBITDA margin (22.4%) as a reference in the sector.

In the 1st half of 2014, a typically less favourable period due to seasonal effects, InterCement benefited from a number of commercial expansion and efficiency initiatives that in the second quarter allowed it to capitalise on certain market contexts.

Although this effect is evident in an analysis in local currency, after consolidation in euros it is decreased by the pronounced depreciation, compared with the same period in 2013, of currencies in Brazil (15%), Argentina (37%) and South Africa (17%), which together account for 76% of consolidated EBITDA.

Despite positive operating performance, EBITDA and Turnover were still short of 2013 due to foreign exchange impact of 273.3 million euros and 64.2 million euros, respectively.

Performance in the 2nd quarter of 2014 should be noted, not only for recovery compared to the 1st quarter of this year (+8.1% in sales, +9.2% in turnover, +2.1 p.p. in EBITDA margin +20.3% in EBITDA).

## Sales

### *Focus on business strategies and logistical efforts generate record sales*

The company's cement and clinker sales reached a record high in the 1st half (14.9 million tons, an increase of 10.8% over the same period of 2013), driven by the record posted in the 2nd quarter (7.8 million tons).

The increase in activity observed in all geographies, with the exception of Argentina, was especially clear in Africa (+ 25.8%) and in Brazil, due to the size of their contribution overall.

Cement and Clinker Sales						
(thousand tons)	1 <sup>st</sup> Half			2 <sup>nd</sup> Quarter		
	2014	2013	Var. %	2014	2013	Var. %
Brazil	6,241	5,897	5.8	3,132	3,009	4.1
Argentina	2,879	2,985	-3.6	1,451	1,536	-5.5
Paraguay	168	136	23.8	73	71	3.6
Portugal	2,335	1,954	19.5	1,250	1,061	17.8
Cape Verde	92	89	3.5	49	48	0.6
Egypt	2,094	1,617	29.5	1,100	798	37.9
Mozambique	653	557	17.3	358	292	22.4
South Africa	706	572	23.5	411	323	27.5
<b>Sub-Total</b>	<b>15,168</b>	<b>13,806</b>	<b>9.9</b>	<b>7,824</b>	<b>7,138</b>	<b>9.6</b>
Intra-Group Eliminations	-244	-339	n.m.	-72	-61	n.m.
<b>Consolidated Total</b>	<b>14,923</b>	<b>13,467</b>	<b>10.8</b>	<b>7,752</b>	<b>7,077</b>	<b>9.5</b>

In Brazil, the growth trend of the first quarter continued with the market posting an increase of 5.8% in the 1<sup>st</sup> half. Increasing geographic diversification, intensification of commercial activity (and associated logistical effort), as well as the recovery of operational capacity of some units made it possible to exceed market growth in various regions of the country and gave InterCement a greater capacity to respond to latent demand.

In Argentina, after cement consumption rose to record levels in 2013 the market is now experiencing a correction in the volume of cement consumed. Moreover, the present economic/financial climate is not very favourable for the progress of plans for investment in local infrastructure. However it is important to note the tradition Argentinean nationals have of investing savings in the real estate sector in this type of economic framework. This explains why the drop in sales in the 1st half was limited to 3.6%, while in the 2nd quarter this improved with sales exceeding those of the 1st quarter by 1.6%.

In Paraguay InterCement consolidated its presence based on the launch of mill operations. In the 1st half Paraguay posted growth of 23.8% over the same period of 2013.

InterCement's activity in Egypt was at an all-time high in the 1st half. Overcoming social and economic instability and restrictions on access to fuel, by virtue of its aggressive commercial policy and management, InterCement distinguished itself from the competition, increasing local sales by 29.5%. It eventually posted a rise of 10.7% against the first three months of the year and 37.9% over the second quarter of 2013.

In Mozambique, and despite strong competition from imported cement and new players in the market, InterCement maintained market leadership achieving growth in sales of 17.3% in the 1st half. In South Africa, where imports remain a strong threat to InterCement's performance, the company has been able to react very favourably, diversifying its product portfolio and broadening its customer base, which is reflected in a sales increase of 23.5% compared with the first half of 2013.

InterCement's Trading capacity has made it possible to offset the continued downturn in Portugal's domestic market, despite being less severe than in the first quarter, via exports (now accounting for over 70% of local business) and allowing for an overall increase in sales of 19.5%. Cape Verde maintained the positive signs seen in the 1st quarter, ending the period under review with growth of 3.5% over the same period last year.

It is also worth mentioning, the consolidated sales performance of InterCement's other products, as the 5.6% slowdown of concrete sales and the aggregates 10.3% increase of tons sold in the 1st half.

## Turnover

### *Result of increased activity on Turnover penalised by foreign exchange impact*

In the first half of 2014 Turnover totalled 1.243 billion, which was penalised by the impact of converting the various business currencies into euros (273.3 million euros) to a retraction of 4.3% against the same period of the previous year.

(€ million)	Turnover					
	1 <sup>st</sup> Half			2 <sup>nd</sup> Quarter		
	2014	2013	Var. %	2014	2013	Var. %
Brazil	565.1	617.5	-8.5	291.7	304.6	-4.2
Argentina	238.6	294.3	-18.9	121.1	150.7	-19.6
Paraguay	21.6	19.8	8.9	9.4	10.2	-8.3
Portugal	140.9	138.8	1.5	74.5	76.7	-2.9
Cape Verde	13.5	12.0	13.2	7.1	6.4	10.6
Egypt	132.2	93.4	41.5	73.0	47.1	54.8
Mozambique	62.4	63.3	-1.4	33.7	34.5	-2.1
South Africa	57.6	59.2	-2.6	32.9	32.2	2.1
Trading / Shipping	166.7	129.2	29.1	88.7	72.2	22.8
Others	25.3	19.1	32.0	13.1	9.4	40.4
<b>Sub-Total</b>	<b>1,424.0</b>	<b>1,446.5</b>	<b>-1.6</b>	<b>745.1</b>	<b>743.9</b>	<b>0.2</b>
Intra-Group Eliminations	-181.0	-148.0	n.m.	-96.2	-81.4	n.m.
<b>Consolidated Total</b>	<b>1,243.0</b>	<b>1,298.5</b>	<b>-4.3</b>	<b>648.9</b>	<b>662.5</b>	<b>-2.1</b>

Although in the 1st half of 2014 InterCement average cement and clinker prices increase circa 10% in local currencies, the impact of the depreciation of most currencies of countries where InterCement operates, comparing to the same period last year, mainly the Brazilian Real (15%), Argentine Peso (37%) and South African Rand (17%), were instrumental in holding back the company's Turnover.

In Portugal it was possible to limit the downturn of the domestic market (although less marked than in the first quarter), mainly through exports. In Egypt and Cape Verde growth was driven by improved market conditions.

## EBITDA

*Increase in EBITDA margin. Increased activity held back by consolidation in euros.*

EBITDA in the first half of 2014 stood at 278.1 million euros, despite being penalised by a foreign exchange impact of 64.2 million euros.

The EBITDA margin of 22.4% in the 1st half, slightly higher than last year, keeps InterCement's position as a benchmark amongst its peers.

Despite pressure from energy costs and the increasing weight of Trading, increased activity related to the first outputs of productivity improvement projects took the 2nd half margin higher. In the 2nd quarter, when EBITDA margin stood at 23.4% an improvement not only over the same period of the previous year (+2.3 p.p.) but also over the 1st quarter of 2014 (+2.2 p.p.).

(€ million)	EBITDA					
	1 <sup>st</sup> Half			2 <sup>nd</sup> Quarter		
	2014	2013	Var. %	2014	2013	Var. %
Brazil	143.1	190.9	-25.0	78.4	105.6	-25.7
Argentina & Paraguay	53.9	45.5	18.7	23.8	8.6	176.5
Portugal & Cape Verde	9.5	-0.3	n.m.	4.8	-0.1	n.m.
Africa	70.2	57.4	22.3	43.9	31.2	40.7
Trading / Shipping & Others	1.4	-5.0	n.m.	0.9	-5.5	n.m.
<b>Consolidated Total</b>	<b>278.1</b>	<b>288.5</b>	<b>-3.6</b>	<b>151.8</b>	<b>139.8</b>	<b>8.6</b>
<b>EBITDA margin</b>	<b>22.4%</b>	<b>22.2%</b>	<b>0.2 p.p.</b>	<b>23.4%</b>	<b>21.1%</b>	<b>2.3 p.p.</b>

A strategic focus on consolidating InterCement's market positions in South America - notably Brazil and Paraguay and management of market contraction in Argentina, determined the region's contribution to EBITDA (199.1 million euros), which was impacted by costs of implementing the strategy and foreign exchange losses on the Brazilian Real (26 million euros) and the Argentine peso (30 million euros).

The success of the business strategy in strengthening market position in Brazil, which is clear in Turnover in local currency (+7.9%), involved a range of logistics and operational efforts with direct impact on costs. Moreover, in 2014, taking advantage of the typical seasonality of the 1st half, InterCement made some operational interventions in their production units exacerbating cash costs, particularly energy costs. Taking into account losses from the 15% depreciation of the real, there was a decrease of 23.9% in EBITDA, which totalled 145.1 million euros.

Argentina and Paraguay posted EBITDA of 54.0 million euros, representing growth of 18.2% over the first six months of 2013. Despite the increase in local profitability; a contraction of 3.6% in activity in Argentina and the exchange rate depreciation in this geography affected its contribution to EBITDA. Comparison with the same period of last year benefits from the impact of a 23 million-euro fine that affected the first half of 2013.

Overall there was an increase in the contribution of the Argentina and Paraguay business unit to consolidated EBITDA.

As for the Portugal Cape Verde operating segment, operating income was still affected by the economic climate in Portugal, as was local profitability, which was partially diluted by an increase in the weight of exports in the sales mix. Comparison with 2013 is affected by restructuring costs in the previous year (18 million euros).

In this first half performance in Africa is particularly notable as there was a rise in EBITDA of 23.4% following an overall increase of 43.8% in this geographic area in the 2<sup>nd</sup> quarter.

In this three-month period Egypt posted its best quarterly EBITDA ever. Combining business and stock management capacity with improved performance and industrial productivity made it possible to supply the market on a continuous basis, in a period marked by local fuel shortages.

In Mozambique, in the second quarter, redefining business strategy and improving the supply of limestone made it possible to overcome the negative result of the first quarter.

In South Africa, the impact of redefining business strategy - based on the recovery of sales and market share, by introducing new products - combined with the development of a programme of increased efficiency, made it possible to overcome the effect of increased competition and the depreciation the local currency.

## **2. Amortisations and Provisions**

### *Decrease in euros due to stabilisation in local currency*

Amortisations and provisions decreased 15.9% also affected by the exchange rate, as in local currency amortisations posted no significant changes. In the first half of the year amortisations and provisions reached 90.5 million euros or 17.1 million euros less than in the same period of 2013.

## **3. Financial Results and Taxes**

### *Improvements especially in the 2nd quarter*

Financial results showed an improvement of 16.2 million euros primarily due to negative foreign exchange impacts in 2013, which were mainly due to the effect of the foreign exchange adjustment of debt in euros and dollars in companies consolidated in Brazilian real, which did not occur in 2014. This effect is particularly evident in the financial results for the 2nd quarter, a period that posted a recovery of 115 million euros.

As in previous years taxes on profits are not influenced by the negative results of the debt-holding companies, and the decrease reflects the lower average tax rate on the company's results.



## 4. Net Income

### *Improved Net Income signals trend reversal*

A 2nd quarter of EBITDA recovery together with improved financial results, despite the negative foreign exchange impact, drove an improvement in Net Income over the same period of 2013 of 69.7 million euros, totalling 10.0 million euros.

Net income in the 1st half, benefiting from this contribution, thus increased over the same period last year by 37.4 million euros and limiting the loss in the period 4.4 million euros.

Income Statement						
(€ million)	1 <sup>st</sup> Half			2 <sup>nd</sup> Quarter		
	2014	2013	Var. %	2014	2013	Var. %
<b>Turnover</b>	<b>1,243.0</b>	<b>1,298.5</b>	<b>-4.3</b>	<b>648.9</b>	<b>662.5</b>	<b>-2.1</b>
Net Operational Cash Costs	965.2	1,010.0	-4.4	497.4	522.7	-4.8
<b>Operational Cash Flow (EBITDA)</b>	<b>277.8</b>	<b>288.5</b>	<b>-3.7</b>	<b>151.5</b>	<b>139.8</b>	<b>8.4</b>
Amortisations and Provisions	90.2	107.5	-16.1	46.9	58.2	-19.5
<b>Operating Income (EBIT)</b>	<b>187.6</b>	<b>181.0</b>	<b>3.6</b>	<b>104.7</b>	<b>81.6</b>	<b>28.3</b>
Financial Results	-169.9	-186.2	-8.7	-80.5	-135.5	-40.6
<b>Pre-tax Income</b>	<b>17.6</b>	<b>-5.2</b>	<b>n.m.</b>	<b>24.2</b>	<b>-53.9</b>	<b>n.m.</b>
Income Tax	22.1	27.8	-20.7	14.2	5.8	144.5
<b>Net Income</b>	<b>-4.4</b>	<b>-33.0</b>	<b>-86.6</b>	<b>10.0</b>	<b>-59.7</b>	<b>n.m.</b>
Attributable to:						
Shareholders	-5.9	-0.4	n.m.	6.1	-7.0	n.m.
Minority Interests	1.4	-32.6	n.m.	3.9	-52.7	n.m.

## 5. Balance Sheet

### *Balance Sheet reflects exchange rate adversity*

At 30th June 30, 2014, InterCement's net assets totalled 6.864 billion euros. The decrease of 4.6% against December 2013 results primarily from the use of cash to repay debt in the previous year.

Net debt totalled 2.667 billion, or an increase of 9% compared to 31st December 2013 and remained stable compared to 31st March 2014.

<b>Consolidated Balance Sheet Summary</b>			
(€ million)	30 Jun 2014	31 Dec 2013	Var. %
<b>Assets</b>			
Non-current Assets	5,306	5,155	2.9
<b>Current Assets</b>			
Cash and Equivalents	767	1,278	-40.0
Other Current Assets	792	760	4.2
Non Current Assets available for sale	0	0	0.0
<b>Total Assets</b>	<b>6,864</b>	<b>7,194</b>	<b>-4.6</b>
<b>Shareholders' Equity attributable to:</b>			
Equity Holders	1,479	1,348	9.7
Minority Interests	861	911	-5.5
<b>Total Shareholders' Equity</b>	<b>2,340</b>	<b>2,259</b>	<b>3.6</b>
<b>Liabilities</b>			
Loans & Obligations under finance leases	3,428	3,744	-8.4
Provisions & Employee benefits	142	143	-0.4
Other Liabilities	954	1,048	-8.9
<b>Total Liabilities</b>	<b>4,525</b>	<b>4,934</b>	<b>-8.3</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>6,864</b>	<b>7,194</b>	<b>-4.6</b>

In July, an InterCement's subsidiary, issued Senior Notes (listed in the Singapore Exchange) in the amount of USD 750 million with a maturity of 10 years and a coupon of 5.750% per year. Following this the company amortized debts due in 2016 and 2017, in the amount of 35.3 million euros and 222.4 million euros, respectively, allowing a present average debt maturity of 5.45 years.

## 6. Free Cash Flow

*Positive Free Cash Flow trend. Generation of 24 million euros in 2<sup>nd</sup> quarter*

Generation of 278.1 million euros of EBITDA in the first half of 2014 was affected by the costs of strengthening market positions, which should be considered while taking into account the typical seasonality of this period of the year.

## 7. Outlook

*Focus on increased efficiency and careful selection of investments*

The global economic climate continues to have some uncertain factors that hamper visibility in the long term.

Despite the slowdown in economic growth in Brazil, the fundamentals to support the sustainable expansion of the cement sector in the coming years still remain.

Notwithstanding the local current economic and financial instability, Argentineans continue to choose to

apply their savings in real estate, which bolsters cement consumption in the country at a time when infrastructure construction is expected to slow. Forecasting a rise in cement consumption in this geographical area, InterCement plans to build a new plant in San Juan and a new coal mill at the Barker plant, with both scheduled for completion in 2017. Nevertheless, fundamentals that support local demand anticipate its future development.

Paraguay is experiencing a very positive phase of economic growth in development of the construction sector and this cycle is expected to continue in the coming years. Following conclusion in 2013 of a mill installation, a clinker production line is scheduled for completion in the 2nd half of 2014.

As for Egypt, although the political and social situation is not yet fully stabilised, the market outlook remains positive. Considering recent growth of InterCement's operations in Egypt, the company is prepared to face a gradual increase in sales expected in the near future.

In Mozambique, InterCement, equipped with two grinding units since 2013, will meet growing demand for cement, which is expected to remain robust in the coming years. In turn, the South African cement market is showing some signs of recovery, a trend that is expected to continue in the next few years.

In Portugal signs of recovery have yet to extend to cement consumption, which has allowed InterCement to strengthen its export activity making it possible to penetrate markets of significant strategic interest. In Cape Verde, the economic downturn will continue in 2014, however, slight positive signs can already be seen in the market.

Increasing efficiency and financial deleveraging now particularly guide InterCement's strategy.

Alongside the ongoing integration process InterCement continues to deploy across internal projects to increase efficiency across the company, extracting synergies, replicating best practices and promoting the development of its products and processes, in which co-processing is an important way of adding value.

InterCement's development ambitions include a disciplined approach to investments aimed at strengthening the balance sheet for future funding opportunities that seem more attractive. In this context, planned investments in construction and expansion total approximately 200 million euros between 2015 and 2017, in addition to approximately 240 million euros earmarked for maintenance CAPEX.

With a view to careful allocation of resources, InterCement remains focused on the appreciation of its portfolio of non-operating assets and without ruling out one-off sales.



# *InterCement Participações, S.A. and Subsidiaries*

*Consolidated Financial Information for the  
Semester Ended June 30, 2014 and  
Report on Review of Interim Financial  
Information*

*Deloitte Touche Tohmatsu Auditores Independentes*



**InterCement**

**Building  
sustainable  
partnerships**

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Shareholders, Directors and Management of  
InterCement Participações S.A.  
São Paulo – SP - Brazil

We have reviewed the accompanying consolidated interim financial information of InterCement Participações S.A. and its subsidiaries (the “Company”), for the semester ended June 30, 2014, which comprises the statement of financial position as of June 30, 2014 and the related statements of income, comprehensive income, changes in equity and cash flows for the semester then ended, including the explanatory notes.

Management is responsible for the preparation of the consolidated interim financial information in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standards on review of interim financial information (ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information referred to above is not prepared, in all material respects, in accordance with IAS 34 applicable to the preparation of interim financial information.

São Paulo, August 29, 2014

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

João Rafael Araújo  
Engagement Partner

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Consolidated Statements of Financial Position as of June 30, 2014 and December 31, 2013.**

(In thousands of euros - €)

ASSETS	Notes	06.30.2014	12.31.2013	LIABILITIES AND EQUITY	Notes	06.30.2014	12.31.2013
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	4	678,629	1,227,676	Trade payables		222,739	296,836
Securities	5	88,314	50,570	Debentures	10	-	179
Trade receivables	6	226,275	181,012	Borrowings and financing	9	121,345	104,682
Inventories		431,249	428,469	Interest payable	9 and 10	86,367	76,652
Recoverable taxes		72,518	76,248	Taxes payable		68,083	57,401
Assets classified as held for sale		237	237	Payroll and related taxes		45,806	54,053
Related parties		7	868	Dividends and interest on capital	12	879	39,134
Other receivables		61,620	73,218	Advances from customers		12,934	17,397
Total current assets		<u>1,558,848</u>	<u>2,038,298</u>	Related parties		1,134	1,131
				Actuarial liabilities		903	903
<b>NONCURRENT ASSETS</b>				Other payables		<u>28,909</u>	<u>26,576</u>
Securities	5	2,232	1,627	Total current liabilities		<u>589,100</u>	<u>674,944</u>
Trade receivables	6	165	245	<b>NONCURRENT LIABILITIES</b>			
Inventories		20,752	21,778	Trade payables		14,420	13,496
Recoverable taxes		24,359	21,273	Debentures	10	894,109	835,577
Deferred income tax and social contribution		80,075	80,337	Borrowings and financing	9	2,413,453	2,803,423
Escrow deposits		15,732	13,876	Provision for tax, civil and labor risks	11	83,352	82,431
Other receivables		17,978	25,489	Provision for environmental recovery		43,396	42,802
Investments		20,282	20,357	Taxes payable		7,905	7,664
Property, plant and equipment	7	2,641,258	2,604,005	Payroll and related taxes		920	1,784
Intangible assets:				Deferred income tax and social contribution		451,120	442,497
Goodwill	8	2,242,801	2,135,017	Actuarial liabilities		14,527	16,637
Other intangible assets	8	<u>239,903</u>	<u>231,404</u>	Other payables		<u>12,274</u>	<u>13,105</u>
Total noncurrent assets		5,305,536	5,155,408	Total noncurrent liabilities		<u>3,935,476</u>	<u>4,259,416</u>
				<b>TOTAL LIABILITIES</b>		<u>4,524,577</u>	<u>4,934,360</u>
				<b>EQUITY</b>			
				Capital	13	1,080,949	1,080,949
				Capital reserves	13	467,150	436,505
				Earnings reserves	13	247,089	203,974
				Other comprehensive loss		<u>(316,308)</u>	<u>(372,941)</u>
				Equity attributable to the Company's owners		1,478,880	1,348,487
				Noncontrolling interests		<u>860,927</u>	<u>910,859</u>
				Total equity		2,339,807	2,259,346
<b>TOTAL ASSETS</b>		<u>6,864,384</u>	<u>7,193,706</u>	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>6,864,384</u>	<u>7,193,706</u>

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

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Consolidated Income Statements for the semesters ended June 30, 2014 and 2013**

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

	Notes	06.30.2014	06.30.2013
NET REVENUE	21	1,242,995	1,298,531
COST OF SALES AND SERVICES	15	(933,581)	(963,649)
GROSS PROFIT		309,414	334,882
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	15	(126,279)	(155,886)
Other income (expenses), net	15	4,435	2,005
Equity in method gain		572	38
INCOME BEFORE FINANCIAL INCOME (EXPENSES)		188,143	181,039
FINANCIAL INCOME (EXPENSES)			
Foreign exchange losses, net	16	(30,774)	(79,801)
Financial income	16	32,713	32,082
Financial expenses	16	(172,453)	(138,502)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		17,629	(5,182)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	14	(23,249)	(15,229)
Deferred	14	1,189	(12,605)
LOSS FOR THE SEMESTER		(4,430)	(33,016)
PROFIT (LOSS) ATTRIBUTABLE TO			
Company's owners		(5,870)	(401)
Noncontrolling interests	21	1,440	(32,615)
LOSS PER SHARE			
Basic/diluted loss per share	18	(0.26)	(0.02)

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

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Consolidated Statements of Comprehensive Income for the semesters ended June 30, 2014 and 2013**

(In thousands of euros - €)

	<b>06.30.2014</b>	<b>06.30.2013</b>
LOSS FOR THE SEMESTER	(4,430)	(33,016)
Other comprehensive income:		
Items that will not be reclassified subsequently to the income statement:		
Employee benefits	1,519	283
Items that might be reclassified subsequently to the income statement:		
Exchange differences arising on translating foreign operations	128,095	(210,809)
Hedging derivatives financial instruments	(115)	253
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE SEMESTER</b>	<u><u>125,069</u></u>	<u><u>(243,289)</u></u>
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>		
Company's owners	57,032	(110,514)
Noncontrolling interests	68,037	(132,775)

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



**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Consolidated Statements of Changes in Equity for the semesters ended June 30, 2014 and 2013**

(In thousands of euros - €)

	Note	Share capital	Capital reserves	Earnings reserves		Valuation adjustments to equity	Retained earnings	Total attributable to the Company's Noncontrolling interests		Total equity
				Legal	Investments			owners	interests	
BALANCE AT DECEMBER 31, 2012 (RESTATED)		1,002,749	-	6,805	60,030	(108,874)	-	960,710	1,297,521	2,258,231
Loss for the semester		-	-	-	-	-	(401)	(401)	(32,615)	(33,016)
Realization of deemed cost of property, plant and equipment		-	-	-	-	(4,369)	4,369	-	-	-
Effects of business combinations on noncontrolling interests		-	-	-	-	(906)	-	(906)	(1,074)	(1,980)
Other comprehensive income		-	-	-	-	(110,113)	-	(110,113)	(100,160)	(210,273)
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	(5,899)	(5,899)
<b>BALANCE AT JUNE 30, 2013</b>		<u>1,002,749</u>	<u>-</u>	<u>6,805</u>	<u>60,030</u>	<u>(224,262)</u>	<u>3,968</u>	<u>849,290</u>	<u>1,157,773</u>	<u>2,007,063</u>
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 semester		-	-	-	-	-	(5,870)	(5,870)	1,440	(4,430)
Realization of deemed cost of property, plant and equipment		-	-	-	-	(6,270)	6,270	-	-	-
Acquisition of noncontrolling interests	12	-	30,645	-	-	-	-	30,645	(116,072)	(85,427)
Reversal of dividends	12 and 13	-	-	-	42,716	-	-	42,716	-	42,716
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	(1,897)	(1,897)
Other comprehensive income		-	-	-	-	62,903	-	62,903	66,596	129,499
<b>BALANCE AT JUNE 30, 2014</b>		<u>1,080,949</u>	<u>467,150</u>	<u>15,798</u>	<u>230,892</u>	<u>(316,308)</u>	<u>400</u>	<u>1,478,880</u>	<u>860,927</u>	<u>2,339,807</u>

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

**INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES**
**Consolidated Statements of Cash Flows for the semesters ended June 30, 2014 and 2013**

(In thousands of euros - €)

	Notes	06.30.2014	06.30.2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax and social contribution		17,629	(5,182)
Adjustments to reconcile income before income tax and social contribution with net cash generated by operating activities:			
Depreciation, amortization and impairment losses		90,527	107,534
Recognition (reversal) of allowance for potential losses, net		(2,246)	13,012
Interest, accrued charges, and exchange differences		173,901	209,494
Gain on sale of long-lived assets		(1,417)	(14,940)
Equity in method gain		(572)	(38)
Other noncash operating losses (gains)		2,456	2,254
Decrease (increase) in operating assets:			
Related parties		-	(1,024)
Trade receivables		(62,700)	(51,671)
Inventories		(1,786)	(27,222)
Recoverable taxes		534	(28,056)
Other receivables		(56)	(7,937)
Increase (decrease) in operating liabilities:			
Related parties		-	(3,845)
Trade payables		(47,396)	(25,919)
Payroll and vacation payable		234	(2,210)
Other payables		(10,941)	(73,458)
Taxes payable		4,400	2,091
Cash generated by (used in) operating activities		162,566	92,882
Income tax and social contribution paid		(13,332)	(27,107)
Interest paid		(103,972)	(114,057)
Net cash generated by (used in) operating activities		<u>45,263</u>	<u>(48,282)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Redemption of (investments in) securities		(26,527)	(3,857)
Purchase of property, plant and equipment		(102,354)	(178,768)
Increase in intangible assets		(2,264)	(252)
Changes in investment		-	(7,853)
Sale of long-lived assets		1,826	1,769
Dividends received		116	226
Net cash used in investing activities		<u>(129,203)</u>	<u>(188,735)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings, financing and debentures		812,940	219,684
Acquisition of noncontrolling interests	12	(85,427)	-
Repayment of borrowings, financing and debentures		(1,208,018)	(200,109)
Dividends and other capital instruments		(1,536)	(6,889)
Net cash (used in) generated by financing activities		<u>(482,040)</u>	<u>12,686</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(565,981)</u>	<u>(224,331)</u>
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		16,933	(28,408)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE SEMESTER	4	1,227,676	990,170
CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER	4	<u>678,629</u>	<u>737,432</u>

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

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

### **Notes to the Consolidated Financial Information for the semester ended June 30, 2014.**

(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. The Company 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, subsidiary InterCement Brasil holds electric power generation equity interests and assets, as a self-generator.

Except for the additional stake acquisition of 4.19% in interest of Cimpor – Cimentos de Portugal, SGPS, S.A. (“Cimpor”) on March 31, 2014, from Camargo Corrêa Cimentos Luxembourg S.à.r.l. (“CCCLux”) by €85,242 (Note 12), no additional material changes occurred within the consolidation or equity interest in relation to what was presented in Note 1 to the Company’s consolidated financial statements as of December 31, 2013.

In the Brazilian market, demand for cement is subject to seasonal fluctuations, and certain factors influence cement consumption differently in the short- and long-term. Periods of heavy rainfall adversely affect construction activity as a whole, resulting in stoppages of construction work and, as a result, of concrete pouring. There is a reduction in cement consumption mainly from January to March as a result of the rainy season in the Southeast of Brazil and, in the Northeast of Brazil, the rainy season occurs during the months of May and June.

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

##### **2.1. Basis of preparation**

The consolidated Interim Financial Information as of June 30, 2014 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, these interim financial statements should be read together with Company’s consolidated financial statements for the year ended December 31, 2013.

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

The accounting policies adopted are consistent with the policies described in Note 2 to the Company’s consolidated financial statements for the year ended December 31, 2013. The accounting policies were consistently applied to all reporting periods.

### 2.3. **New and revised IFRSs affecting the amounts reported in the current (and/or prior years)**

New standards, and changes and interpretation of standards – revised standards and interpretations

- a) Standards, changes and interpretations effective beginning January 1, 2014 that did not have a significant impact on the interim financial information

Amendments to IFRSs 10, 12 and IAS 27	<i>Investment Entities</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
IFRIC 21	<i>Levies</i>

The Company analysed all new standards referred to above and did not identify significant effects in the consolidated interim financial information.

- b) Standards, changes and interpretations not yet effective for the semester ended June 30, 2014

The Company did not adopt the new and revised IFRS already issued but not yet effective below:

IFRS 9	<i>Financial Instruments<sup>1</sup></i>
	<i>Mandatory Application Date of IFRS 9 and Transition</i>
Amendments to IFRS 9 and IFRS 7	<i>Disclosures<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2015.

IFRS 15	<i>Revenue from contracts with customers<sup>1</sup></i>
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<sup>1</sup> Effective for annual periods beginning on or after January 1, 2017.

The Company's management has not yet assessed those new standards, but does not expect any significant impacts.

### 2.4. **Functional, reporting and presentation currencies**

The Company's functional currency is the Brazilian real (R\$); however the financial information are presented in euros (presentation currency), for the convenience of readers outside Brazil. As prescribed by IAS 21, paragraph 38 - The Effects of Changes in Foreign Exchange Rates, the Company may present its financial information in any currency. On the initial adoption of financial statements in euros, the amounts included in equity have been translated at the historical exchange rates prevailing at the transaction date.

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

Currency		Closing exchange rate (R\$)			Average exchange rate (R\$)	
		June 2014	December 2013	June 2013	June 2014	June 2013
USD	US Dollar	2.20250	2.34260	2.21560	2.29685	2.03282
EUR	Euro	3.01500	3.22650	2.88270	3.14837	2.66972
MZN	Mozambique Metical	0.07037	0.07920	0.07570	0.07378	0.06815
CVE	Cape Verde Escudo	0.02734	0.02926	0.02627	0.02855	0.02434
EGP	Egyptian Pound	0.30800	0.33710	0.31560	0.32739	0.29817
ZAR	South African Rand	0.20730	0.22310	0.22420	0.21494	0.22068
ARS	Argentinian Peso	0.27080	0.35940	0.41740	0.29435	0.39663
PYG	Paraguayan Guaraní	0.00050	0.00051	0.00048	0.00051	0.00048

### 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, 2013.

### 4. Cash and Cash Equivalents

	06.30.2014	12.31.2013
Cash and on bank accounts (Note 19)	384,114	395,231
Short-term investments	294,515	832,445
Total cash and cash equivalents	<u>678,629</u>	<u>1,227,676</u>

Short-term investments were as follows:

	06.30.2014	12.31.2013
Bank certificates of deposit (CDBs)	1,217	1,779
Repurchase agreements	51,053	475,058
Exclusive funds:		
National Treasury Notes (NTNs over)	-	91,589
National Treasury Bills (LTNs)	-	11,600
National Treasury Bills (LTFs)	38,081	49,755
CDBs	7,925	6,375
Fixed-income funds	84,106	96,257
Financial letter	-	2,366
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos	4,720	29,923
Short-term investments in US dollars	2,453	2,236
Short-term investments in euro	26,318	40,805
Other	78,642	24,702
Total short-term investments	<u>294,515</u>	<u>832,445</u>

The higher amount of cash and cash equivalents as of December 31, 2013, reflect the capital increase undertaken in the amount of €471,235, on December 19, 2013 (note 13), the proceeds of which were primarily intended to settle financial debt, as showed in financial activities on cash flow.

## 5. Securities

Securities are classified as financial assets, as follows:

	06.30.2014	12.31.2013
Repurchase agreements	82,709	46,099
Other	7,837	6,097
Total	<u>90,546</u>	<u>52,197</u>
Total - current	88,314	50,570
Total - noncurrent	2,232	1,627

## 6. Trade Receivables

	06.30.2014	12.31.2013
Domestic and foreign customers	257,988	212,838
(-) Noncurrent	(269)	(346)
Current	<u>257,719</u>	<u>212,492</u>
(-) Allowance for doubtful accounts – current	(31,444)	(31,480)
(-) Allowance for doubtful accounts – noncurrent assets	<u>(104)</u>	<u>(101)</u>

## 7. Property, Plant and Equipment

	06.30.2014		
	Cost	Depreciation	Residual balance
Land	217.055	(5.411)	211.644
Buildings	627.413	(193.863)	433.550
Machinery and equipment	1.867.947	(514.255)	1.353.692
Vehicles	107.222	(34.801)	72.421
Furniture and fixtures	13.783	(8.057)	5.726
Mines and ore reserves	70.462	(23.191)	47.271
Reservoirs, dams and feeders	85.475	(15.339)	70.136
Spare parts	5.178	-	5.178
Advances to suppliers	130.813	-	130.813
Construction in progress	299.338	-	299.338
Other	16.393	(4.904)	11.489
Total	<u>3.441.079</u>	<u>(799.821)</u>	<u>2.641.258</u>

  

	12.31.2013		
	Cost	Depreciation	Residual balance
Land	214,369	(4,165)	210,205
Buildings	620,195	(193,010)	427,185
Machinery and equipment	1,779,197	(451,872)	1,327,325
Vehicles	116,344	(36,111)	80,233
Furniture and fixtures	16,135	(9,478)	6,658
Mines and ore reserves	58,398	(20,730)	37,668
Reservoirs, dams and feeders	79,777	(12,823)	66,955
Spare parts	5,451	-	5,451
Advances to suppliers	80,643	-	80,643
Construction in progress	348,574	-	348,574
Other	16,772	(3,665)	13,108
Total	<u>3,335,855</u>	<u>(731,854)</u>	<u>2,604,005</u>

Construction in progress and advances to suppliers refers basically to investments in the expansion and construction on new units in Brazil, Paraguay and Mozambique, and investments in improvement of installations and equipment of the cement plants of other business units.

Movements in property, plant and equipment were as follows:

<b>2012</b>	
Balance at December 31, 2012 (restated)	2,883,437
Additions	201,231
Write-offs	(1,932)
Depreciation	(101,202)
Spin-off of Maesa	13,670
Effect of changes in exchange rates	(166,523)
Balance at June 30, 2013	<u>2,828,681</u>
<b>2013</b>	
Balance at December 31, 2013	2,604,005
Additions	103,933
Write-offs	(3,027)
Depreciation	(89,987)
Effect of changes in exchange rates	26,334
Balance at June 30, 2014	<u><u>2,641,258</u></u>

#### Impairment losses

As of June 30, 2014 and December 31, 2013, there were no events indicating the need for calculation to assess whether fixed assets were impaired.

## 8. Intangible Assets

	<b>06.30.2014</b>	<b>12.31.2013</b>
Mining rights	210,132	201,810
Concession-related assets	3,858	5,809
Software license	6,342	5,201
Project development costs	5,646	2,898
Trademarks, patents and other	13,925	15,686
	<u>239,903</u>	<u>231,404</u>
Goodwill:		
Loma Negra C.I.A. S.A.	320,260	299,267
CBC - Companhia Brasileira de Cimentos ("CBC")	34,041	31,809
Cia. Industrial e Mercantil de Cimentos S.A. ("CIMEC")	25,141	23,494
Cimpor - Cimentos de Portugal, SGPS, S.A.	1,836,918	1,754,660
Other	26,441	25,787
	<u>2,242,801</u>	<u>2,135,017</u>
Total	<u><u>2,482,704</u></u>	<u><u>2,366,421</u></u>



Goodwill was recognized on the business combination process following the acquisition of these companies. Its recoverability is based on the relevant cash-generating units value in use, the calculation of these uses the cash flow projections supported by a five-year financial budget prepared by the Company's management. Cash flows for the subsequent periods have been extrapolated in perpetuity.

The changes in the carrying amount of goodwill during the semester ended June 30, 2014 and 2013 are due to the effect of changes in exchange rates.

Goodwill is subject to impairment tests annually and whenever there are indications that the cash generating unit (which is established at an operating segment level) to which goodwill has been allocated may be impaired, which did not occur in the semester ended June 30, 2014.

## 9. Borrowings and Financing

Business unit	Type of financing	Currency	Interest rates (d)	Contract date	Maturity	06.30.2014		12.31.2013	
						Current	Noncurrent	Current	Noncurrent
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	May/12	Jan/22	-	540,761	-	536,973
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/12	Feb/22	-	454,209 (a)	-	453,800
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Sep/12	Sep/17	(e)	-	-	214,776
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Aug/12	Oct/17	(e)	-	-	192,405
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Oct/12	Apr/17	(e)	-	-	179,386
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Sep/13	Sep/18	(g)	-	-	142,968
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Nov/12	Sep/17	-	127,801	-	127,665
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Sep/12	Sep/17	-	99,070	-	99,134
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Oct/12	Apr/15	(e)	-	-	86,080
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Jul/11	Jul/16	(e)	-	-	83,342
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Jul/11	Jul/15	(e)	-	-	74,420
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rates indexed to Euribor	Nov/12	Sep/17	(e)	-	-	74,224
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rates indexed to Euribor	Several	Several	(e)	-	-	52,697
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rates indexed to Euribor	Feb/14	Aug/19	(f)	-	59,812 (a)	-
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Aug/19	(f)	-	157,409 (a)	-
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rates indexed to Euribor	Feb/14	Aug/21	(f)	-	59,812 (a)	-
Holdings and Financial Vehicles (*)	Several bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Aug/21	(f)	-	157,409 (a)	-
Holdings and Financial Vehicles (*)	Several bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Aug/21	(f)	-	217,116 (a)	-
Holdings and Financial Vehicles (*)	Several bilateral	US\$	Floating rate indexed to US Libor	May-14	May-19	(g)	-	142,720	-
Argentina and Paraguay	Several bilateral	ARS	Floating rates indexed to Badlar	Several	Several		63,267	64,962	46,944
Argentina and Paraguay	Several bilateral	US\$	Floating rate indexed to US Libor	Several	Several		10,054	45,210 (b)	19,993
Brazil	Several bilateral	US\$	Fixed and Floating Rates	Several	Several		1,037	66,706	1,035
Brazil	Several bilateral	BRL	Fixed and Floating Rates	Several	Several		28,940	96,510 (c)	16,646
Argentina and Paraguay	Several bilateral	US\$	Floating rate indexed to US Libor	Several	Several		7,303	73,152	7,455
South Africa	Bilateral	ZAR	Floating rate indexed to Jibar	Dec/13	Dec/18		-	41,254	-
Portugal and Cape Verde	EIB	EUR	EIB Rate	Sep/03	Sep/15		6,667	3,333	6,667
Portugal and Cape Verde	Bilateral	EUR	Floating rates indexed to Euribor	Several	Several		-	-	250
Mozambique	Bilateral	MZN	Floating rates indexed to BTM	Aug/10	Feb/16		1,193	4,119	2,509
Egypt	Several bilateral	EGP	Floating rates indexed to Corridor	Several	Several		2,661	2,087	2,962
Portugal and Cape Verde	Overdraft	CVE	Floating Rates Indexed to TRIBESCV 3M	Jun/13	Jun/14		224	-	221
							-	-	-
							<u>121,345</u>	<u>2,413,453</u>	<u>104,682</u>
									<u>2,803,423</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) Approximately US\$43,000 thousands are guaranteed by the Company's controlling entities.
- (c) Approximately €91,000 are guaranteed by the Company's controlling entities.
- (d) For the major funding, the variable rates contracted, both in dollars and euros, consider spreads between 2.5% and 4.5%.
- (e) During the first quarter ended March 31, 2014, these financing contracts were early repaid.
- (f) During the first quarter ended March 31, 2014, these financing contracts were contracted.
- (g) During the second quarter ended June 31, 2014, the maturity date of this financing was changed.

As of June 30, 2014 and December 31, 2013, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to €36,509 and €38,382, respectively.

### **Maturity schedule**

As of June 30, 2014, the noncurrent portions mature as follows:

Period	06.30.2014	12.31.2013
2015	96,426	484,002
2016	146,468	380,438
2017	413,724	712,286
2018	257,997	344,706
Following years	1,498,838	881,991
	2,413,453	2,803,423

The reduction in the total debt, and the increase in the maturity schedule, is related with the re-financing process occurred in the first quarter ended March 31, 2014 (see items e) and f) above and Note 4).

### **Covenants**

The loan and financing agreements contain certain restrictive covenants, including those requiring the maintenance of certain financial ratios within pre-established parameters. These restrictive covenants are detailed in the financial statements for the year ended December 31, 2013.

The Company and its subsidiaries management monitor these ratios systematically and constantly to make sure the requirements are met. Such measurements are performed semiannually and annually, which depends of conditions agreed in each contract with financial institutions. Based on the last measurement, the Company and its subsidiaries are in compliance with the restrictive conditions and covenants at June 30, 2014.

## 10. Debentures

Business unit	Instrument	Currency	Issue date	Interest rate (b)	Final maturity	06.30.2014	12.31.2013	
						Noncurrent	Current	Noncurrent
Brazil	Debênture - Brazil (a)	BRL	Mar-12	Floating rate indexed to CDI	Apr-22	495,244	-	462,538
Brazil	Debênture - Brazil	BRL	Jan-12	Floating rate indexed to CDI	Aug-16	856	179	1,120
Brazil	Debênture - Brazil	BRL	Aug-12	Floating rate indexed to CDI	Aug-22	398,010	-	371,920
						<u>894,109</u>	<u>179</u>	<u>835,577</u>

(a) Guaranteed by the Company's controlling shareholders.

(b) The contracted floating rates have spreads up to 15% above the index.

As of June 30, 2014 and December 31, 2013, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to €49,858 and €38,270, respectively.

### 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, the Company and its subsidiaries are in compliance with the restrictive conditions and covenants at June 30, 2014.

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

The Company and its subsidiaries are subject to tax, civil, labor and other 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 reporting period.

The provision for risks is broken down as follows:

	06.30.2014	12.31.2013
Labor and social security	32,373	30,878
Tax (a)	38,577	37,921
Civil and other	14,927	15,749
	85,877	84,548
Escrow deposit	(2,525)	(2,117)
Total	83,352	82,431

- (a) Brazil: Refer basically to tax assessment notices and lawsuits related to: (i) ICMS (state VAT) - discussion on the tax base of ICMS owed under the reverse charge system, the tax base in transfers of goods between units; (ii) COFINS (tax on revenue) - discussion on the regularity in the offset of COFINS debts against FINSOCIAL (Social Investment Fund) credits, authorized by court; (iii) SUNAB (National Supply Authority) fine - discussion on the assessment of alleged violations of Laws 7784/89, 8035/90 and 8178/91, and (iv) IRPJ (corporate income tax) - discussion on the alleged tax underpayment related to the required inflation adjustment of the compulsory loan to Eletrobrás, in 1982, base year 1981.

Portugal: Refer basically to the provisions for tax risks related to income tax, amounting to €25,000, which are being challenged in courts.

### Contingent liabilities

InterCement Brasil and other companies in the industry are parties to administrative proceedings related to Brazilian antitrust regulation, in progress at CADE, for which no provision is recognized as of June 30, 2014, since the likelihood of loss is assessed as possible, based on an assessment that takes into consideration the administrative and judicial proceedings.

In May 2014, the judgment of the Administrative Procedure condemned our subsidiary to pay the announced fine due course, BRL 540 million (EUR 177 million), and the obligation to sell 20% of its concrete's assets in Brazil, among other accessory penalties.

Against that decision, there is still an administrative appeal and after that the company will initiate judicial proceeding. This process has been updated on July 11, 2014, see note 22 for further information.

As of June 30, 2014, the Company and its subsidiaries are parties to lawsuits amounting to €362,226 (€336,289 at December 31, 2013) involving risks with a possible likelihood of unfavorable outcomes

according to the legal counsel.

Changes in the provision for risks for the semester ended June 30, 2014 and 2013 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance at December 31, 2012 (restated)	19,161	86,842	27,360	(1,706)	131,657
Recognition/deposit	14,186	8,500	1,775	(718)	23,743
Payment/deposit derecognition	(1,672)	(207)	(2,586)	202	(4,263)
Reversal	(177)	(56)	(7,228)	-	(7,461)
Exchange differences	353	(1,440)	(832)	39	(1,880)
Balance at June 30, 2013	31,851	93,639	18,489	(2,183)	141,796
Balance at December 31, 2013	30,878	37,921	15,749	(2,117)	82,431
Recognition/deposit	3,364	-	597	(248)	3,713
Payment/deposit derecognition	(2,020)	(15)	(812)	-	(2,847)
Transfers	-	631	(631)	-	-
Exchange differences	151	40	24	(160)	55
Balance at June 30, 2014	32,373	38,577	14,927	(2,525)	83,352

## 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. As presented in note 15 to the company's Consolidated Financial Statements as of December 31, 2013, 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.

In addition to those current business operations, for the semester ended June 30, 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 (R\$265,000 thousand) which lead to a gain of €30,796 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. Capital, Dividends and Reserves

Capital as of June 30, 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.

At the Extraordinary Shareholders' Meeting held on December 19, 2013, the Company approved a capital increase with the issuance of 2,359,001 registered preferred shares without par value, at the price of R\$657.058 thousand (€202.327) per share, totaling R\$253,956 thousand (€78,200), with the consequential allocation of R\$1,276,379 thousand (€393,034), net of transaction costs, to line item "Capital reserves".

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 reserve

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.

In the semester ended June 30, 2014 there was a dividends reversal, amounting to €42,716 (R\$122,492 thousand) as a result of the revoke of the shareholder to pay such dividend.

## 14. Income Tax and Social Contribution

For the semesters ended June 30, 2014 and 2013 the reconciliation between the nominal and the effective income tax was as follows:

	06.30.2014	06.30.2013
Income (loss) before income tax and social contribution	17,629	(5,182)
Tax rate	34%	34%
Income tax and social contribution (expense) at statutory rates	(5,994)	1,762
Adjustments to calculate income tax and social contribution at effective rates:		
Equity method gain	195	13
Permanent additions / (deductions), net (a)	4,127	221
Interest on capital, net	2,703	-
Unrecorded deferred income tax and social contribution tax	(21,022)	(30,536)
Other	(2,068)	706
Income tax and social contribution expense	<u>(22,059)</u>	<u>(27,834)</u>

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

## 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:

	06.30.2014	06.30.2013
Depreciation, amortization, and impairment losses (Note 21)	(90,527)	(107,534)
Salaries and employee benefits	(144,251)	(162,403)
Raw materials and consumables	(285,155)	(288,725)
Tax expenses	(8,377)	(8,504)
Outside services	(107,384)	(110,645)
Rental	(19,537)	(16,413)
Freight expenses	(113,561)	(122,544)
Maintenance costs	(60,151)	(72,662)
Fuel	(89,235)	(85,363)
Electricity	(63,678)	(64,318)
Reversal (recognition) of provision for risks	(872)	(40)
Gain (loss) on sale of property, plant and equipment (a)	(796)	15,335
Restructuring and other nonrecurring costs (b)	(4,197)	(41,408)
Other expenses (net)	(67,704)	(52,306)
<b>Total</b>	<b>(1,055,425)</b>	<b>(1,117,530)</b>
Cost of sales and services	(933,581)	(963,649)
Administrative and selling expenses	(126,279)	(155,886)
Other income (expenses), net	4,435	2,005
<b>Total</b>	<b>(1,055,425)</b>	<b>(1,117,530)</b>

(a) The gain on sale of property, plant and equipment during the semester ended June 30, 2013 refers basically to the sale of mining rights of the deposit located in Itupeva, State of São Paulo for €11,208, maturing on November 30, 2015.

(b) The restructuring and other nonrecurring costs during the semester ended June 30, 2013 include the payment made by the subsidiary (Loma Negra) as a result of the unfavorable court decision related to a fine imposed by the National Competition Protection Commission of Argentina for alleged violations committed in July 1981-August 1989, amounting to approximately €23,000.



## 16. Financial Income (expenses)

	06.30.2014	06.30.2013
Foreign exchange losses:		
Exchange gain	23,874	85,856
Exchange loss	(54,648)	(165,657)
Total	(30,774)	(79,801)
Financial income:		
Inflation adjustment	912	829
Financial earnings	20,231	22,578
Interest income	1,488	1,147
Derivative financial instruments	5,766	5,974
Other income	4,316	1,554
Total	32,713	32,082
Financial expenses:		
Inflation adjustment	(5,277)	(3,068)
Expenses on interest and charges	(116,299)	(115,830)
Expenses on banking commissions (a)	(15,353)	(6,454)
Fines	(90)	(1,687)
Derivative financial instruments	(27,261)	(3,894)
Loss recognized in asset held for sale	22	(255)
Other expenses	(8,195)	(7,314)
Total	(172,453)	(138,502)

(a) Includes the costs related with early repayment of debts occurred in the semester ended June 30, 2014, approximately €10 million.

## 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 notional amounts, as follows:

	06.30.2014	12.31.2013
Up to one year	5,003	5,348
From one to five years	9,110	9,067
More than five years	2,523	3,046
Total	16,636	17,461

The Company recognized, for the semester ended June 30, 2014, as operating lease expenses the amount of €3,810 (€4,988 in June 30, 2013).

## (b) 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:

	06.30.2014	12.31.2013
2014	-	11,472
2015	21,438	14,296
2016	15,299	14,296
2017	15,299	14,296
2018	15,299	57,185
2019	15,299	-
After 2019	30,599	-
Total	113,233	111,545

The 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:

	06.30.2014	12.31.2013
2014	-	35,877
2015	41,357	11,217
2016	9,127	9,867
2017	8,318	8,864
2018	8,318	31,507
2019	8,318	-
After 2019	15,272	-
Total	90,710	97,332

## 18. Loss Per Share

As required by IAS 33 - Earnings per Share, the table below shows the reconciliation of loss for each period with the amounts used to calculate basic and diluted (loss) per share:

	06.30.2014	06.30.2013
Loss for the year attributable to common shares	(5,870)	(401)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted loss per common share	(0.26)	(0.02)

As a result of the net loss for the semester ended June 30, 2014, the loss per share calculation does not include profit allocation to preferred shares. If the Company had presented a profit, profit attributable to common shares would be adjusted to reflect the priority of dividend distribution held by preferred shares' owners in accordance with the two class method.

## 19. Financial Instruments

The Company and its subsidiaries 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.

As of June 30, 2014, there were no changes in policies and financial risk management compared to those disclosed in the financial statements for the year ended December 31, 2013.

### 19.1. Categories of financial instruments

	06.30.2014	12.31.2013
Financial assets - amortized cost:		
Cash on hand and on bank accounts (Note 4)	384,114	395,231
Short-term investments - financial asset	164,403	574,504
Long-term investments - financial asset	2,232	1,627
Trade receivables	226,440	181,257
Related parties	7	868
Other receivables	61,620	73,218
Financial assets- fair value through profit and loss:		
Exclusive funds	218,426	308,384
Derivatives	-	9,608
Financial liabilities - amortized cost:		
Debentures (Note 10)	894,109	835,756
Borrowings and financing (Note 9)	2,534,798	2,908,105
Trade payables	237,159	310,331
Interest payable (Notes 9 and 10)	86,367	76,652
Other payables	28,909	26,576
Financial liabilities -fair value through profit and loss:		
Derivatives	5,502	2,403

## 20. Supplemental Cash Flow Information

### a) Investment and financing activities not involving cash

	06.30.2014	06.30.2013
Interest capitalization	2,698	2,927
Purchase of property, plant and equipment through financing	3,129	2,035
Assumption of net debt with Votorantim	-	3,933
Purchase of fixed assets through trade payables	(1,549)	20,428
Purchase of intangibles through trade payables	-	148

## 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:

	06.30.2014				06.30.2013			
	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	565,001	119	565,120	107,641	617,507	-	617,507	152,263
Argentina and Paraguay	260,054	-	260,054	44,561	312,929	1,167	314,096	32,672
Portugal and Cape Verde	92,554	61,724	154,278	(15,736)	104,431	46,266	150,697	(31,184)
Egypt	132,227	-	132,227	30,677	93,433	-	93,433	15,131
Mozambique	62,403	-	62,403	7,582	63,274	-	63,274	8,998
South Africa	56,057	1,546	57,603	12,969	57,562	1,595	59,157	10,158
<b>Total</b>	<b>1,168,296</b>	<b>63,389</b>	<b>1,231,685</b>	<b>187,694</b>	<b>1,249,136</b>	<b>49,028</b>	<b>1,298,164</b>	<b>188,038</b>
Other	74,699	117,257	191,956	(123)	49,395	93,459	142,854	(7,037)
Eliminations	-	(180,646)	(180,646)	-	-	(142,487)	(142,487)	-
Sub-total	1,242,995	-	1,242,995	187,571	1,298,531	-	1,298,531	181,001
Share of profit of associates				572				38
Income before financial income (expenses)				188,143				181,039
Financial income (expenses), net				(170,513)				(186,221)
Income before income tax and social contribution				17,629				(5,182)
Income tax and social contribution				(22,059)				(27,834)
Profit (loss) for the period				(4,430)				(33,016)

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

	06.30.2014	06.30.2013
	<b>Noncontrolling interests</b>	
Operating segments:		
Brazil	7,498	20,378
Argentina and Paraguay	4,383	(136)
Portugal and Cape Verde	(4,709)	(5,426)
Egypt	7,030	5,160
Mozambique	675	2,483
South Africa	2,481	5,361
	<u>17,358</u>	<u>27,820</u>
Unallocated	(15,918)	(60,435)
	<u>1,440</u>	<u>(32,615)</u>

Other information:

	06.30.2014		06.30.2013	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	79,961	35,444	135,425	38,610
Argentina and Paraguay	17,964	9,383	32,620	12,786
Portugal and Cape Verde	1,908	25,201	1,228	30,922
Egypt	2,192	11,345	20,473	13,452
Mozambique	4,967	3,110	10,530	3,366
South Africa	496	4,527	1,027	6,322
	107,488	89,010	201,303	105,458
Other	469	1,517	328	2,076
<b>Total</b>	<b>107,957</b>	<b>90,527</b>	<b>201,631</b>	<b>107,534</b>

In addition, segment assets and liabilities reconciled with the consolidated balances as of June 30, 2014 and December 31, 2013 are as follows:

	06.30.2014			12.31.2013		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	3,506,153	1,639,468	1,866,685	3,366,186	1,593,001	1,773,185
Argentina and Paraguay	855,360	427,558	427,802	895,447	487,628	407,819
Portugal and Cape Verde	873,239	480,223	393,016	904,532	494,175	410,357
Egypt	469,374	155,941	313,433	477,916	153,300	324,616
Mozambique	262,502	126,748	135,754	284,850	143,610	141,240
South Africa	344,410	128,791	215,620	350,783	132,646	218,137
<b>Total</b>	<b>6,311,038</b>	<b>2,958,729</b>	<b>3,352,310</b>	<b>6,279,714</b>	<b>3,004,360</b>	<b>3,275,354</b>
Other	1,050,319	2,071,688	(1,021,369)	1,389,046	2,413,467	(1,024,421)
Eliminations	(505,840)	(505,840)	-	(483,471)	(483,471)	-
Other investments	8,868	-	8,868	8,414	-	8,414
<b>Total segments</b>	<b>6,864,384</b>	<b>4,524,577</b>	<b>2,339,807</b>	<b>7,193,706</b>	<b>4,934,360</b>	<b>2,259,346</b>

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

On July 17, 2014, the subsidiary Cimpor Financial Operations, B.V., issued Senior Notes (“Notes”) in the amount of USD 750 million with a maturity of 10 years. The Notes were launched with a coupon of 5,750% per annum and are listed on the Singapore Exchange.

The net resources of this issue will be used to refinance existed debts and for general corporate use, allowing an increase of the average maturity of the debt of the company and a greater diversification of creditors.

On July 11, 2014, the Company filed an administrative appeal regards to CADE’s decision which is still

pending. Considering the opinion of its legal advisors, loss in judicial court is considered possible and the Company has not made provision for such process, as reported in note 11.

### **23. Authorization for Completion of Financial Information**

At the meeting held on August 28, 2014, the Board of Directors authorized the completion of these consolidated interim financial information, which comprise subsequent events that took place through the approval date, being approved them for disclosure.