



InterCement

**INTERIM CONSOLIDATED
FINANCIAL REPORT**

1st Quarter
2016

**Building
Sustainable
Partnerships**

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Q1 reflects Brazil instability and Argentina new cycle

Q1 results affected by political-economic context in Brazil, specific market conditions and forex.

Adverse currencies performance vs. euro in Argentina (-38%), Brazil (-25%) and South Africa (-24%).

Cement volumes sold reflect Brazil retraction and slower Portugal. Higher cement price compensates lower sales, though insufficient to offset forex. Concrete and aggregates lower contributions.

Efficiency initiatives mitigate markets adversity impact on EBITDA decline - 15% excluding the exchange rate effect. Currency depreciation impacted consolidated EBITDA by 30 million euros. EBITDA stands at 78 million euros.

- **Brazil** – Construction contraction and capacity increases, intensifies competition and drops sales;
- **Argentina** – Market leadership supports operating margin, despite local challenges;
- **Paraguay** – Local dynamics attracts imports;
- **Egypt** – Sales adjust in the context of intense competition;
- **Mozambique** – EBITDA doubles despite political-economic uncertainty;
- **South Africa** – EBITDA harmed by local currency devaluation and maintenance;
- **Portugal** – Exports (Algeria licenses and commodity prices) and domestic market slowdown;
- **Cape Verde** - Dynamic trend.

Depreciations, Amortization and Taxes positive evolution, offset by financial costs ('15 derivative gain).

Net income for shareholders deteriorated to negative 40 million euros.

Net Debt fell by 8% vs March'15. Assets reached 5.8 billion euros.

Despite EBITDA compression and non-recurring charges, Free Cash Flow after interest payment remains stable thanks to disciplined CAPEX and working capital.

Main Indicators			
(€ million)	Jan - Mar		
	2016	2015	Var. %
Cement and Clinker Volumes Sold (thousand ton)	6,030.0	6,793.2	-11.2
Sales	454.1	636.6	-28.7
EBITDA	77.9	122.0	-36.2
EBITDA Margin (%)	17.1%	19.2%	-2.0 p.p.
Net Profit ⁽¹⁾	(39.6)	17.6	n.m.
Free Cash Flow to the company	(98.3)	(99.4)	-1.1

⁽¹⁾ Attributable to Shareholders

1. Operating Performance

Cement and Clinker Volumes Sold

Influence of contraction in Brazil and exports

Cement and clinker volumes sold dropped by 11% in relation to the 1st quarter of 2015, in view of the decrease observed in Brazil – during a period marked by political instability and contraction of economic activity – and in exports from Portugal, which were affected by the delay in the attribution of import licenses in Algeria, one of its main customers.

In Argentina, the local macro economical corrections underway led to the immediate and already anticipated contraction in the consumption of cement, which is actually expected after a cycle of heavy growth. In this context, Loma Negra reaffirmed its market leadership by increasing its market share. On the other hand, the present attractiveness of Paraguay as an export destination for the neighbouring countries ended up by constraining the company's volumes sold in the country.

Although in Egypt the competition panorama led to a reduction in volumes sold, the performance observed in the other African countries was positive.

In Mozambique consumption grew by approximately 13%. While InterCement increased its volumes sold by more than 26%, leveraging its position of market leadership and taking advantage of the lower entry of imported cement in a context of devaluation of the metical.

Also in South Africa, InterCement led the market performance. Facing a slowdown in local consumption, the success of the commercial strategy, of expansion into new geographies and clients, combined with the partnership's program development, enabled a 3% growth of the cement and clinker volumes sold. This was the highest volume of the 1st quarter recorded in the last 6 years.

Finally, in Cape Verde, the company benefited from the buoyancy of the tourism sector and from the public investment programme.

Cement and Clinker Volumes Sold			
(thousand tons)	Jan - Mar		
	2016	2015	Var. %
Brazil	2,268	2,731	-17.0
Argentina	1,408	1,516	-7.1
Paraguay	90	98	-9.0
Portugal	730	1,119	-34.8
Cape Verde	49	46	7.4
Egypt	851	872	-2.3
Mozambique	368	291	26.3
South Africa	315	307	2.8
Sub-Total	6,079	6,980	-12.9
Intra-Group Eliminations	-49	-186	-73.6
Consolidated Total	6,030	6,793	-11.2

Sales

Average cement price increase offsets volume decline but not exchange rate effects

In the current inflationary context observed in most geographies, the commercial dynamics of InterCement enabled an increase of the average price of cement, which compensated the decreased in consolidated cement and clinker volumes sold. However, the effect of the appreciation of the euro against the currencies of operations – especially the Brazilian real and the Argentinian peso – actually penalised Sales by 150 million euros. Thus, InterCement recorded Sales of 454 million euros in this 1st quarter, 29% year on year.

Excluding the exchange rate effect, the reduction in Sales would have been limited to 7%. This was driven by the performance observed in Argentina, Mozambique, South Africa and Cape Verde, which offset the unfavourable contributions of Brazil, Portugal, Egypt and Paraguay.

In the 1st quarter, Brazil faced a scenario of greater idleness of its industrial tissue. In particular, the contraction of the construction sector and the increase of local competition ended up by dictating the Sales performance. Furthermore, this past quarter figures were affected by the reduction of concrete and aggregates volumes sold, following the recent asset sales.

In Portugal, the market also evolved in a less favourable manner – due to the weather conditions, late start-up of public contract works and the administrative suspension of exports to Algeria – with import pressure also being maintained. In Egypt, the pressure of competition continued although a recovery was observed in terms of prices in relation to the closing of 2015. Finally, in Paraguay, the import pressure, in view of the appreciation of the local currency against those of neighbouring countries, led to a decline in the price of cement.

On the other hand, in Argentina, the commercial positioning enabled overcoming the slowdown of volumes and thus mitigate to some extent the impact of the depreciation of the peso. The 43% growth, in local currency, observed in Mozambique – combining price and volumes – surpassed the impact of the depreciation of the metical (9 million euros). Also, in South Africa, the commercial performance enabled a 3% increase in Sales in local currency, while Cape Verde has already shown signs of recovery.

Sales				
(€ million)	Jan - Mar			
	2016	2015	Var. %	
Brazil	135	247	-45.1	
Argentina	134	168	-20.5	
Paraguay	10	14	-26.2	
Portugal	54	71	-24.1	
Cape Verde	8	7	20.7	
Egypt	53	61	-13.3	
Mozambique	34	33	4.4	
South Africa	23	30	-22.3	
Trading / Shipping	48	88	-45.2	
Others	11	12	-8.6	
Sub-Total	510.7	730.0	-30.0	
Intra-Group Eliminations	-57	-93	-39.3	
Consolidated Total	454.1	636.6	-28.7	

EBITDA

Management of context challenges, lower dilution of fixed costs and unfavourable exchange rate

In the 1st quarter of 2016 EBITDA stood at 78 million euros, constrained not only by the current situation of Brazil, Egypt, Portugal and South Africa, but also by the depreciation of all the local currencies against the euro. Excluding the exchange rate effects, the contraction of EBITDA would have been contained to 15% (an impact of 30 million euros).

The EBITDA margin of 17.1% decreased by 2 p.p. in relation to the 1st quarter of 2015. The higher margin impact came from Egypt (higher energy costs and lower price) and South Africa (industrial interventions and higher cost of raw materials).

In Brazil, the slowdown of activity associated to the current inflation caused an EBITDA decline. On the other hand, the optimisation of the industrial network, the new strategy for the concrete business (sale and rental of plants with supply contracts), the stimulation to increase industrial, commercial and financial efficiency, and the restructuring of the areas supporting the operations mitigated the impact on EBITDA Margin.

In Argentina InterCement portrayed its capacity to adapt to the new circumstances. This was clearly evident in the EBITDA growth by more than 30%, in local currency, in a scenario of strong inflation and the increase in costs – in particular energy costs, due to the elimination of the corresponding subsidies. Nevertheless, in view of the depreciation of the Argentinian peso, EBITDA in euros would represent a retraction of 20%.

Concerning the operations in Paraguay, an internal benchmark with an EBITDA margin above 30%, an EBITDA correction was recorded due to the price effect following the current import pressure.

Portugal saw its contribution penalised by the postponement of internal consumption and the suspension of exports to Algeria, an obstacle that has since been overcome.

The assertive commercial and industrial management in Mozambique boosted an increase of activity. This combined with the favourable price evolution, offset the increase in costs (usually associated to the USD) doubling the EBITDA of the same quarter of the previous year. Cape Verde recorded an EBITDA improvement based on a higher cement and clinker volumes sold and the in price increase, compared to 2015.

In South Africa, EBITDA presented a reduction, in spite of the positive commercial performance. The increased costs of raw materials along with the maintenance interventions, in a context of depreciation of the South African rand, strongly contributed to the observed EBITDA reduction.

Finally, in Egypt, the pressure of competition did not allow the prices to reflect the increase in costs, leading to an EBITDA fall. On the 4th quarter, following the start of operation of the new coke mill, an EBITDA recovery is already foreseen.

EBITDA			
(€ million)	Jan - Mar		
	2016	2015	Var. %
Brazil	16.8	40.6	-58.7
Argentina & Paraguay	35.1	44.0	-20.2
Portugal & Cape Verde	8.2	9.7	-15.8
Africa	17.5	26.8	-34.6
Trading / Shipping & Others	0.3	0.9	n.m.
Consolidated Total	77.9	122.0	-36.2
EBITDA margin	17.1%	19.2%	-2.0 p.p.

2. Depreciations and Amortisations

Reduction due to depreciation of the main currencies

Depreciations and amortisations presented a decrease of 5.5% to 50 million euros influenced by the exchange rate effect, namely of the Argentinian peso and the Brazilian real.

Impairments of 4 million euros registered on the first quarter.

3. Financial Results and Taxes

Exchange rate items affect Financial Results.

The Financial Results reflect the unfavourable exchange rate developments in several geographies, especially of the Argentinian peso and the Mozambican metical, which contrast with the exchange rate benefit year on year of the active exposure to the USD.

Recognition of previous years' taxes in Egypt €11M, softens magnitude of income tax improvement following Losses on Results before Income Taxes. Taxes favourable position of 3 million euros.

4. Net Income

Accompanies the deterioration of Operating Income

Net income reached negative 51 million euros, having deteriorated in relation to the 10 million euros recorded in the same quarter of 2015. This figure is influenced by the effects mentioned above, namely operating income and exchange rate effect.

Income Statement			
(€ million)	Jan - Mar		
	2016	2015	Var. %
Sales	454.1	636.6	-28.7
Net Operational Cash Costs	376.2	514.6	-26.9
Operational Cash Flow (EBITDA)	77.9	122.0	-36.2
Depreciations and amortisations	50.4	53.4	-5.5
Operating Income (EBIT)	27.4	68.6	-60.0
Financial Results	-81.3	-39.4	106.3
Pre-tax Income	-53.9	29.2	n.m.
Income Tax	-3.3	19.2	n.m.
Net Income	-50.6	10.0	n.m.
Attributable to:			
Shareholders	-39.6	17.6	n.m.
Minority Interests	-11.0	-7.6	44.4

5. Balance Sheet

Assets reach 5,760 million euros. Debt reflects seasonality and deleveraging efforts

As at 31 March 2016, Total Assets (5,760 million euros) decreased by approximately 2.6% against the end of 2015, influenced by the exchange rate impact on assets and by the negative net income.

Net Financial Debt decreased by 8% year on year to stand at 2,353 million euros. The typical seasonality of the first quarters of each year, namely with respect to investment in working capital, affected the comparison of Net Financial Debt to the 2015 year-end figures, leading to an increase of 5%.

Consolidated Balance Sheet Summary			
(€ million)	Mar 31 2016	Dec 31 2015	Var. %
Assets			
Non-current Assets	4,197	4,212	-0.3
Derivatives	179	239	-25.2
Current Assets			
Cash and Equivalents	667	791	-15.7
Derivatives	24	25	-4.9
Other Current Assets	694	645	7.7
Total Assets	5,760	5,911	-2.6
Shareholders' Equity attributable to:			
Equity Holders	1,036	1,049	-1.3
Minority Interests	451	452	-0.1
Total Shareholders' Equity	1,487	1,500	-0.9
Liabilities			
Loans & Obligations under finance leases	3,210	3,291	-2.5
Derivatives	11	7	57.8
Provisions & Employee benefits	123	137	-10.2
Other Liabilities	929	975	-4.8
Total Liabilities	4,274	4,411	-3.1
Total Liabilities and Shareholders' Equity	5,760	5,911	-2.6

6. Free Cash Flow

Despite EBITDA compression and non-recurring charges, Free Cash Flow after interest payment remains stable thanks to disciplined CAPEX and working capital. Seasonality.

Free Cash Flow of the 1st quarter of 2016 (98 million euros) is in line with the same period of the previous year, continuing to be strongly linked to the typical seasonality of this period.

Particular note should be made not only of the positive effect of the variation of the working capital, which offsets the decrease of EBITDA, but also of the discipline and containment of CAPEX and the reduction of interest paid, due to the effect of the exchange rate depreciation.

	2015				2016	
(€ million)	Q1	Q2	Q3	Q4	Year	Q1
Adjusted EBITDA	122	158	117	149	545	79
Working Capital	-124	21	47	67	11	-78
Others	2	-7	-4	-50	-59	-15
Operating Activities	0	172	161	166	498	-14
Interests Paid	-58	-25	-90	-49	-222	-51
Income taxes Paid	-1	-27	-4	-15	-47	-6
Cash Flow before investments	-59	120	67	102	229	-71
CAPEX	-48	-28	-33	0	-109	-28
Assets Sales / Others	8	2	1	50	61	1
Free Cash Flow to the company	-99	94	36	152	182	-98
Borrowings, financing and debentures	112	36	59	30	237	24
Repayment of borrowings, financ. and debent.	-38	-141	-137	-95	-411	-38
Dividends	0	-50	0	0	-50	0
Other investment activities	40	20	-89	86	57	-18
Changes in cash and cash equivalents	14	-42	-131	173	15	-130
Exchange differences	38	-29	-47	-11	-48	-14
Cash and cash equivalents, End of the Period	854	783	605	768	768	623



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



*Consolidated Interim
Financial Information for
the three months period
ended March 31, 2016.*

**Building
Sustainable
Partnerships**

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position as of March 31, 2016 and December 31, 2015

(Unaudited)

(In thousands of euros - €)

ASSETS	Notes	03.31.2016	12.31.2015	LIABILITIES AND EQUITY	Notes	03.31.2016	12.31.2015
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	4	623,480	767,971	Trade payables		311,168	300,369
Securities	5	43,341	23,476	Borrowings and financing	9	136,374	117,117
Trade receivables	6	158,414	145,501	Interest payable	9 and 10	93,361	91,853
Inventories		384,978	376,795	Taxes payable		59,112	50,265
Recoverable taxes		57,192	54,787	Payroll and related taxes		35,742	40,760
Assets classified as held for sale		614	-	Dividends and interest on capital	13	604	389
Derivatives	19	23,563	24,770	Advances from customers		29,271	32,683
Other receivables		93,258	67,509	Actuarial liabilities		899	899
Total current assets		<u>1,384,840</u>	<u>1,460,809</u>	Derivatives	19	3,010	2,501
				Other payables		42,425	103,228
				Total current liabilities		<u>711,966</u>	<u>740,064</u>
NONCURRENT ASSETS				NONCURRENT LIABILITIES			
Securities	5	2,509	2,361	Trade payables		7,208	8,694
Trade receivables	6	1,568	1,505	Debentures	10	1,243,130	1,262,123
Inventories		12,869	13,994	Borrowings and financing	9	1,830,925	1,911,827
Recoverable taxes		13,706	14,098	Provision for tax, civil and labor risks	11	69,759	83,845
Deferred income tax and social contribution	14	82,206	74,218	Provision for environmental recovery		36,448	36,613
Escrow deposits		14,064	13,659	Taxes payable		13,584	5,222
Derivatives	19	178,612	238,895	Deferred income tax and social contribution	14	327,827	332,578
Other receivables		25,661	22,785	Actuarial liabilities		16,375	16,107
Investments		12,490	15,735	Derivatives	19	8,196	4,602
Property, plant and equipment	7	2,074,231	2,144,857	Other payables		8,237	9,177
Intangible assets:				Total noncurrent liabilities		<u>3,561,689</u>	<u>3,670,788</u>
Goodwill	8	1,767,679	1,721,808	TOTAL LIABILITIES		<u>4,273,655</u>	<u>4,410,852</u>
Other intangible assets	8	189,962	186,612				
Total noncurrent assets		<u>4,375,557</u>	<u>4,450,527</u>	SHAREHOLDER'S EQUITY			
				Capital	13	1,080,949	1,080,949
				Capital reserves	13	535,787	498,724
				Earnings reserves and accumulated losses	13	168,140	207,766
				Other comprehensive income	13	(749,300)	(738,671)
				Equity attributable to the Company's owners		1,035,576	1,048,768
				Noncontrolling interests		451,166	451,716
				Total equity		<u>1,486,742</u>	<u>1,500,484</u>
TOTAL ASSETS		<u>5,760,397</u>	<u>5,911,336</u>	TOTAL LIABILITIES AND EQUITY		<u>5,760,397</u>	<u>5,911,336</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, 2016 and 2015
(Unaudited)**

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

	Notes	03.31.2016	03.31.2015
NET REVENUE	21	454,093	636,604
COST OF SALES AND SERVICES	15	(377,389)	(503,521)
GROSS PROFIT		76,704	133,083
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	15	(47,852)	(72,484)
Other income, net	15	(1,441)	8,013
Equity result		70	472
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		27,481	69,083
FINANCIAL INCOME (EXPENSES)			
Foreign exchange losses, net	16	(30,645)	(12,387)
Financial income	16	20,746	57,374
Financial expenses	16	(71,474)	(84,869)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(53,892)	29,202
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	14	(19,596)	(14,407)
Deferred	14	22,903	(4,779)
PROFIT (LOSS) FOR THE PERIOD		(50,585)	10,016
PROFIT (LOSS) ATTRIBUTABLE TO			
Company's owners	18	(39,626)	17,608
Noncontrolling interests	21	(10,959)	(7,592)
EARNINGS (LOSS) PER SHARE			
Basic/diluted earnings per share	18	(1.75)	0.78

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, 2016 and 2015

(Unaudited)

(In thousands of euros - €)

	Notes	03.31.2016	03.31.2015
PROFIT (LOSS) FOR THE PERIOD		(50,585)	10,016
Other comprehensive income:			
Items that will not be reclassified subsequently to the income statement:			
Employee benefits		6	267
Items that might be reclassified subsequently to the income statement:			
Exchange differences arising on translating foreign operations		1,232	(88,420)
Hedging derivatives financial instruments		(4,201)	1,010
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(53,548)	(77,127)
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Company's owners		(50,253)	(24,093)
Noncontrolling interests		(3,295)	(53,034)

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, 2016 and 2015

(Unaudited)

(In thousands of euros - €)

Notes	Earnings reserves					Other comprehensive income	Accumulated losses	Total attributable to the Company's owners	Noncontrolling interests	Total equity
	Share capital	Capital reserves	Legal	Investments						
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 recognized directly in equity	-	-	-	-	-	-	-	-	251	251
Other:										
Dividends paid to noncontrolling interests	-	-	-	-	-	-	-	-	(475)	(475)
Other comprehensive income	-	-	-	-	-	(41,700)	-	(41,700)	(45,442)	(87,143)
BALANCE AT MARCH 31, 2015	1,080,949	467,150	18,063	210,360		(412,897)	17,608	1,381,233	776,163	2,157,396
BALANCE AT DECEMBER 31, 2015	1,080,949	498,724	18,063	210,360		(738,671)	(20,657)	1,048,768	451,716	1,500,484
Profit (Loss) for the period	-	-	-	-	-	-	(39,626)	(39,626)	(10,960)	(50,586)
Sale of noncontrolling interests	-	37,063	-	-	-	-	-	37,063	2,998	40,061
Other:										
Dividends paid to noncontrolling interests	-	-	-	-	-	-	-	-	(253)	(253)
Other comprehensive income	-	-	-	-	-	(10,629)	-	(10,629)	7,665	(2,964)
BALANCE AT MARCH 31, 2016	1,080,949	535,787	18,063	210,360		(749,300)	(60,283)	1,035,576	451,166	1,486,742

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, 2016 and 2015
(Unaudited)

(In thousands of euros - €)

	Notes	03.31.2016	03.31.2015
CASH FLOW FROM OPERATING ACTIVITIES			
Income (loss) before income tax and social contribution		(53,892)	29,202
Adjustments to reconcile income before income tax and social contribution with net cash generated by operating activities:			
Depreciation, amortization and impairment losses		50,441	53,352
Recognition (reversal) of allowance for potential losses, net		(12,117)	(1,354)
Interest, accrued charges, and exchange differences		81,572	41,154
Gain on sale of long-lived assets		(999)	(1,217)
Equity result		(70)	(472)
Other noncash operating losses (gains)		(1,367)	2,850
Decrease (increase) in operating assets:			
Trade receivables		(19,452)	(53,446)
Inventories		(28,823)	(44,034)
Recoverable taxes		(3,560)	952
Other receivables		50	(41)
Increase (decrease) in operating liabilities:			
Trade payables		34,853	10,979
Payroll and vacation payable		2,123	200
Other payables		(57,692)	(41,725)
Taxes payable		(5,470)	3,425
Cash generated by operating activities		(14,403)	(174)
Income tax and social contribution paid		(6,195)	(665)
Interest paid		(50,541)	(58,446)
Net cash generated by operating activities		<u>(71,139)</u>	<u>(59,285)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of (investments in) securities		(16,291)	40,222
Purchase of property, plant and equipment		(28,281)	(47,309)
Increase in intangible assets		(97)	(841)
Sale of long-lived assets		632	7,886
Dividends received		141	150
Net cash used in investing activities		<u>(43,896)</u>	<u>107</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures		23,976	112,039
Repayment of borrowings, financing and debentures		(38,347)	(38,069)
Other instruments		(1,037)	(11,075)
Subsidiary capital increase		-	(675)
Net cash used in financing activities		<u>(15,408)</u>	<u>62,220</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(130,443)</u>	<u>3,042</u>
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(14,048)	48,836
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	767,971	801,755
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u>623,480</u>	<u>853,633</u>

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Information for the three months period ended March 31, 2016

(Unaudited)

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

(Unaudited)

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.

2. Basis of Preparation and Significant Accounting Policies**2.1. Basis of preparation**

The consolidated Interim Financial Information as of March 31, 2016 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, 2015.

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, 2015 and disclosed in the corresponding notes, except in respect of the standards and interpretations entering into force on or after January 1, 2016, 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\$); 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.

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

Currency	Closing exchange rate (R\$)		Average exchange rate (R\$)	
	03.31.2016	12.31.2015	03.31.2016	03.31.2015
USD US Dollar	3.55890	3.90480	3.89056	2.86339
EUR Euro	4.05390	4.25040	4.28715	3.21723
MZN Mozambique Metical	0.06999	0.08397	0.08289	0.08548
CVE Cape Verde Escudo	0.03677	0.03855	0.03888	0.02918
EGP Egyptian Pound	0.40080	0.49870	0.46269	0.38095
ZAR South African Rand	0.24200	0.25100	0.24579	0.24357
ARS Argentinian Peso	0.24210	0.29945	0.26966	0.32899
PYG Paraguayan Guaraní	0.00063	0.00067	0.00067	0.00060

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, 2015.

4. Cash and Cash Equivalents

	03.31.2016	12.31.2015
Cash and bank accounts	350,918	336,719
Short-term investments	272,562	431,252
Total cash and cash equivalents	<u>623,480</u>	<u>767,971</u>

Short-term investments were as follows:

	03.31.2016	12.31.2015
Bank certificates of deposit (CDBs)	2,115	1,631
Short Term Investment in reais	738	85,677
Exclusive funds:		
National Treasury Bills (LTNs)	48,014	21,520
National Treasury Bills (LTFs)	24,287	23,896
CDBs	1,510	1,300
Fixed-income funds	38,489	78,423
Others	-	1,320
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos	342	12,548
Short-term investments in US dollars	94,809	38,413
Short-term investments in euro	11,075	62,873
Short-term investments in Egyptian pound	13,070	55,568
Short-term investments in South African rand	12,892	18,019
Short-term investments in Mozambique metical	23,860	28,626
Short-term investments in Cape Verd escudos	1,361	1,360
Other	-	78
Total short-term investments	<u>272,562</u>	<u>431,252</u>

5. Securities

Securities are classified as financial assets, as follows:

	03.31.2016	12.31.2015
Market investments	38,244	18,177
Other	7,606	7,660
Total	<u>45,850</u>	<u>25,837</u>
Total - current	43,341	23,476
Total - noncurrent	2,509	2,361

6. Trade Receivables

	03.31.2016	12.31.2015
Domestic and foreign customers - current	185,577	173,451
(-) Impairment for doubtful accounts – current	(27,163)	(27,950)
Trade receivables - current	<u>158,414</u>	<u>145,501</u>
Domestic and foreign customers - noncurrent	1,658	1,598
(-) Impairment for doubtful accounts – noncurrent	(90)	(93)
Trade receivables - noncurrent	<u>1,568</u>	<u>1,505</u>

7. Property, Plant and Equipment

	03.31.2016		
	Cost	Depreciation	Net book value
Land	203,403	(16,192)	187,211
Buildings	500,926	(167,689)	333,237
Machinery and equipment	1,706,933	(587,029)	1,119,904
Vehicles	83,227	(48,642)	34,585
Furniture and fixtures	11,126	(6,998)	4,128
Mines and ore reserves	77,371	(45,137)	32,234
Reservoirs, dams and feeders	69,159	(14,834)	54,325
Other	15,375	(7,689)	7,686
Spare parts	4,501	-	4,501
Advances to suppliers	29,039	-	29,039
Construction in progress	267,382	-	267,381
Total	<u>2,968,442</u>	<u>(894,210)</u>	<u>2,074,231</u>

	12.31.2015		
	Cost	Depreciation	Net book value
Land	211,523	(16,399)	195,124
Buildings	508,471	(169,358)	339,113
Machinery and equipment	1,756,519	(578,232)	1,178,287
Vehicles	89,047	(46,377)	42,670
Furniture and fixtures	12,613	(8,041)	4,572
Mines and ore reserves	77,874	(43,801)	34,073
Reservoirs, dams and feeders	60,580	(12,939)	47,641
Other	12,778	(7,832)	4,946
Spare parts	6,208	-	6,208
Advances to suppliers	31,043	-	31,043
Construction in progress	261,180	-	261,180
Total	<u>3,027,836</u>	<u>(882,979)</u>	<u>2,144,857</u>

During the three months periods ended March 31, 2016 and 2015, the Company capitalized financial charges amounting to €797 thousand and €5,248 thousand, respectively, related to loans granted to finance eligible assets.

Construction in progress and advances to suppliers as of March 31, 2016 and December 31, 2015, refers basically to investments in the expansion and construction on new units in Brazil, Egypt, Argentina and Mozambique, 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, 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	<u>2,640,029</u>
Balance at December 31, 2015	2,144,857
Additions	29,314
Write-offs	(430)
Depreciation	(47,619)
Effect of changes in exchange rates	(51,961)
Other	70
Balance at March 31, 2016	<u>2,074,231</u>

8. Intangible Assets

	03.31.2016	12.31.2015
Other intangible assets:		
Mining rights	167,963	163,515
Concession-related assets	4,072	4,420
Software licenses	4,201	4,303
Project development costs	4,401	4,564
Trademarks, patents and others	9,325	9,810
	<u>189,962</u>	<u>186,612</u>
Goodwill:		
Loma Negra C.I.A. S.A.	238,186	227,175
CBC - Companhia Brasileira de Cimentos ("CBC")	25,317	24,147
Cia. Industrial e Mercantil de Cimentos S.A. ("CIMEC")	18,698	17,834
Cimpor - Cimentos de Portugal, SGPS, S.A.	1,466,091	1,433,632
Other	19,387	19,020
	<u>1,767,679</u>	<u>1,721,808</u>
Total	<u><u>1,957,641</u></u>	<u><u>1,908,420</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 segment, which did not occur in the three months periods ended March 31, 2016 and 2015.

Changes in intangible assets in the three months periods ended March 31, 2016 and 2015 were as follows:

Balance at December 31, 2014	2,374,533
Additions	253
Write-offs	(71)
Amortization	(3,036)
Effect of changes in exchange rates	(97,323)
Balance at March 31, 2015	<u>2,274,357</u>
Balance at December 31, 2015	1,908,420
Additions	546
Sales	(3)
Amortization	(1,801)
Effect of changes in exchange rates	50,505
Transfers	(26)
Balance at March 31, 2016	<u><u>1,957,641</u></u>

9. Borrowings and Financing

Business unit	Type of financing	Currency	Interest rates (b)	Contract date	Maturity	03.31.2016		12.31.2015		
						Current	Noncurrent	Current	Noncurrent	
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	May-12	Jan-22	-	434,918	-	455,333	
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb-12	Feb-22	-	304,104	-	303,805	
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb-14	Aug-19	-	60,004	-	59,953	
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb-14	Aug-19	-	189,110	-	197,803	
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb-14	Aug-21	-	60,004	-	59,953	
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb-14	Aug-21	-	189,107	-	197,800	
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb-14	Aug-21	-	207,484	-	216,886	
Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	May-14	May-19	-	43,407	-	45,374	
Holdings and Financial Vehicles (*)	Commercial paper	EUR	Floating rate	Mar-15	Mar-18	(c)	-	50,000	50,000	
Holdings and Financial Vehicles (*)	Bilateral	EUR	Fixed rate	Dec-14	Dec-18	-	-	22,606	22,394	
Holdings and Financial Vehicles (*)	Bilateral	EUR	Fixed rate	Jan-15	Dec-16	-	163	-	215	
Argentina and Paraguay	Several bilateral	ARS	Floating rates indexed to Badlar	Several	Several	-	18,052	41,786	18,204	
Argentina and Paraguay	Several bilateral	US\$	Floating rates indexed to US Libor	Several	Several	-	61,079	(111)	57,372	
Brazil	Several bilateral	BRL	Fixed and floating rates	Several	Several	(a)	11,276	61,202 (a)	10,837	
Argentina and Paraguay	Several bilateral	US\$	Fixed and floating rates	Several	Several	-	13,502	60,785	18,723	
Argentina and Paraguay	Several bilateral	PYG	Fixed rates	Oct-15	Feb-16	-	13,347	-	8,968	
South Africa	Bilateral	ZAR	Floating rate indexed to Jibar	Dec-13	Dec-18	-	11,939	23,878	-	
Portugal and Cape Verde	Several bilateral	EUR	Fixed and floating rates	Several	Several	(c)	-	75,000	-	
Mozambique	Several bilateral	MZN	Floating rates indexed to BT 3M	Several	Several	-	1,233	4,932	1,467	
Egypt	Several bilateral	EGP	Floating rates indexed to Corridor	Several	Several	-	5,784	2,708	1,331	
							<u>136,374</u>	<u>1,830,925</u>	<u>117,117</u>	<u>1,911,827</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 3.5%.
- (c) Referring to a €75 million contracts in the Portugal business area, and the issuance of commercial paper in the amount of €50 million in the Holdings and financial vehicles business area.

As of March 31, 2016 and December 31, 2015, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to €13,016 and €28,890, respectively.

Maturity schedule

As of March 31, 2016 and December 31, 2015, the noncurrent portions mature as follows:

Period	03.31.2016	12.31.2015
2017	84,488	121,455
2018	148,435	184,987
2019	736,160	730,235
2020	243,041	241,957
Following years	618,801	633,193
	<u>1,830,925</u>	<u>1,911,827</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, which depends of conditions agreed in each contract with financial institutions. Based on the last measurement as of December 31, 2015, the Company and its subsidiaries are in compliance with all restrictive conditions and covenants.

10. Debentures

Business unit	Instrument	Currency	Issue date	Interest rate (b)	Final maturity	03.31.2016	12.31.2015
						Noncurrent	Noncurrent
Brazil	Debenture - Brazil (a)	BRL	Mar-12	Floating rate indexed to CDI	Apr-22	369,239	352,116
Brazil	Debenture - Brazil	BRL	Aug-12	Floating rate indexed to CDI	Aug-22	295,392	281,694
Holdings and Financial Vehicles (*)	Senior Notes (c)	USD	Jul-14	5.75%	Jul-24	578,499	628,312
						<u>1,243,130</u>	<u>1,262,123</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) The contracted floating rates have spreads between 8% and 15% above the CDI (Interbank deposit rate in Brazil).
- (c) In July, 2014, the Senior Notes ("Notes") were issued by Cimpor Financial Operations, B.V., with a payment maturity of 10 years. The notes were launched with coupon of 5.75% per annum and are listed on the Singapore Stock Exchange. The net funds of this issuance was used to refinance existing debt and for corporate use in general, allowing an increase in the average maturity of the company's debt. In the three months period ended 31, 2016, the Group purchased bonds in the nominal value of USD 25,236 thousand, for an average price of 64%, which results in recognition of a gain in the amount of 6,517 thousand euros (Note 20).

As of March 31, 2016 and December 31, 2015, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to €80,345 and €62,963, respectively.

Maturity schedule

As of March 31, 2016 and December 31, 2015, the debentures mature as follows:

Period	03.31.2016	12.31.2015
2017	109,508	113,620
2018	109,508	113,620
2019	109,508	113,620
2020	109,508	113,620
Following years	805,096	807,644
	<u>1,243,130</u>	<u>1,262,123</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, 2015, the Company and its subsidiaries are in compliance with all restrictive conditions and covenants.

11. Provisions and Contingent assets and liabilities

Provisions

The Group is 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:

	03.31.2016	12.31.2015
Labor and social security	28,273	29,175
Tax (a)	34,153	35,235
Civil and other	10,827	22,681
	73,253	87,091
Escrow deposit (b)	(3,494)	(3,246)
Total	69,759	83,845

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

	03.31.2016	12.31.2015
Labor and social security	3,034	2,824
Tax	418	384
Civil and other	42	38
Total	3,494	3,246

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 for environmental, labor and regulatory cases. Facing to those natures, valuation and recorded provisions, there is an existing expectation that there are no relevant effects on the developed activity, equity and operating results.

On March 31, 2016, the Group has an exposure to contingent liabilities of €721 million (€659 million in December 31, 2015), being €10 million of contingent liabilities related to labor (€8 million in December 31, 2015), €493 million of tax contingent liabilities (€459 million as of December 31, 2015), €218 million of civil contingent liabilities and administrative processes of other natures (€192 million in December 31, 2015), whose likelihood of loss was considered possible, according to the opinion of our legal counsellors.

Contingent assets

In the year ended December 31, 2015, it was mentioned a contingent liability for a tax dispute related to tax assessments that were made to a company in Egypt, referring to the years 2000 to 2004, which were subject to a judicial appeal. At the end of the first quarter of 2016, to avoid penalties, a staged payment agreement until 2021 of those taxes was signed with the competent tax authorities. Because the conditions of such agreement do not meet the conditions for such payments being recognized as an asset of the company, until the court decision becomes effective, in this quarter a tax charge corresponding to the total responsibility inherent to the agreement, amounting to around €11 million (Note 14) has been already recognized.

Changes in the provision for risks for the three months periods ended March 31, 2016 and 2015 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
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	134
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>
Balance at December 31, 2015	29,175	35,235	22,681	(3,246)	83,845
Recognition/deposit	7	898	1,030	-	1,935
Payment/deposit derecognition	(1,111)	(422)	(11,780)	(86)	(13,399)
Reversal	-	(655)	(135)	-	(790)
Exchange differences	202	(903)	(969)	(162)	(1,832)
Balance at March 31, 2016	<u>28,273</u>	<u>34,153</u>	<u>10,827</u>	<u>(3,494)</u>	<u>69,759</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.

13. Shareholder's Equity

Share capital as of March 31, 2016 and December 31, 2015 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, 2016, considering the loss of the year no dividend proposal for the common or preferred shares will be presented.

14. Income Tax and Social Contribution

For the three months periods ended March 31, 2016 and 2015 the reconciliation between the nominal and the effective income tax was as follows:

	03.31.2016	03.31.2015
Income (loss) before income tax and social contribution	(53,892)	29,202
Tax rate	34%	34%
Income tax and social contribution at statutory rates	18,323	(9,929)
Adjustments to calculate income tax and social contribution at effective rates:		
Equity method gain	24	160
Permanent additions / (deductions), net (a)	(3,794)	1,546
Unrecorded deferred income tax and social contribution tax	-	(10,963)
Other	(11,246)	-
Income tax and social contribution expense	3,307	(19,186)
Income tax and social contribution expense - Current	(19,596)	(14,407)
Income tax and social contribution expense - Deferred	22,903	(4,779)

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

The caption Other includes the registration of a tax income charge of around €11 million, related to additional tax assessments made by tax authority to one of our companies in Egypt, referring to the years 2000 to 2004. The Board of Directors has judicially appealed and, supported by the counsellors opinion, understands that the tax authorities have no grounds regarding the maintenance of the substantial of those assessments.

However, the alternative found to avoid penalties, was to formalize a staged payment agreement until 2021, which does not imply the recognition of the reasons that led to such assessments, not even prevent the maintenance of the judicial proceedings to enforce that the reason is on the side of the company, and which expressly provides for the compensation of those values, now agreed to be paid, after the judicial decision in favour of the company, moment that the settled amounts will be recognized in the assets of that company (Note 11).

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.

In addition to the income tax charge, in the three months periods ended March 31, 2016 and 2015, the Group recorded deferred tax of €14,263 thousand and €930 thousand, respectively, directly in costs recognized in equity.

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:

	03.31.2016	03.31.2015
Depreciation, amortization, and impairment losses	(50,441)	(53,352)
Salaries and employee benefits	(63,474)	(83,879)
Raw materials and consumables	(109,011)	(154,220)
Tax expenses	(4,413)	(5,047)
Outside services	(43,565)	(56,438)
Rental	(6,675)	(11,472)
Freight expenses	(40,891)	(59,419)
Maintenance costs	(30,301)	(29,451)
Fuel	(35,181)	(44,991)
Electricity	(32,895)	(37,344)
Reversal (recognition) of provision for risks	(975)	(576)
Gain on sale of property, plant and equipment	999	1,217
Restructuring and other nonrecurring costs	(887)	-
Other expenses (net)	(8,972)	(33,020)
Total	(426,682)	(567,993)
Cost of sales and services	(377,389)	(503,521)
Administrative and selling expenses	(47,852)	(72,484)
Other income, net	(1,441)	8,013
Total	(426,682)	(567,993)

16. Financial Income (Expenses) and Foreign Exchanges Losses (net)

	03.31.2016	03.31.2015
Foreign exchange losses, net (a):		
Exchange gain	103,376	96,789
Exchange loss	(134,021)	(109,176)
Total	(30,645)	(12,387)
Financial income:		
Inflation adjustment	1,974	1,655
Financial earnings	10,107	8,222
Interest income	593	849
Derivative financial instruments (b)	-	40,662
Other income (c)	8,072	5,986
Total	20,746	57,374
Financial expenses:		
Inflation adjustment	(1,325)	(1,372)
Expenses on interest and charges	(55,508)	(69,040)
Expenses on banking commissions	(7,955)	(5,122)
Fines	(223)	(73)
Derivative financial instruments (b)	-	(6,249)
Other expenses (d)	(6,463)	(3,013)
Total	(71,474)	(84,869)

- (a) In the three months ended March 31, 2016, the exchange differences are mainly influenced by the effect of the devaluation of functional currencies in Group against Euro and USD in the conversion of assets and liabilities registered in that currencies. As a result of contracting interest rate hedging derivative financial instruments of Euro against the USD of the debts settled in this last currency (Note 19), positive exchange differences of around €59 million did not occurred. In the three months ended March 31, 2015, the unfavourable and favourable exchange differences were 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) These captions are composed by fair value variation of trading derivative financial instruments, contracted to cover exchange and interest rate risks, which weren't qualified for hedge accounting.
- (c) In Other financial income and expenses, are included income and costs related to the financial adjustments of assets and liabilities, including the effect of the financial adjustment of provisions (Note 11), prompt payment discounts granted and obtained and the costs related to commissions, guarantees and other bank charges in general. In the three months ended March 31, 2016 and 2015, this caption is also influenced by the repurchase of bonds issued by Cimpor Financial Operations, B.V. with a nominal value of 25,236 thousand USD and 18,250 thousand USD, respectively, which has generated a financial income in the amount of €6,517 thousand and €2,849 thousand, respectively (Note 9).

17. Commitments

(a) Lease agreements as lessee

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

	03.31.2016	12.31.2015
Up to one year	10,725	14,290
From one to five years	17,304	24,497
More than five years	3,480	9,202
Total	31,509	47,989

The Company recognized, for the three months periods ended March 31, 2016 and 2015, as operating lease expenses the amount of €4,822 thousand and €1,678 thousand respectively.

(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:

	03.31.2016	12.31.2015
2016	8,534	10,852
2017	11,378	10,852
2018	11,378	10,852
2019	11,378	10,852
2020	11,378	10,852
After 2020	10,852	10,853
Total	64,898	65,113

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:

	03.31.2016	12.31.2015
2015	25,821	30,039
2016	19,146	20,402
2017	18,258	19,517
2018	14,393	15,595
2019	13,428	15,595
After 2019	30,375	32,528
Total	121,421	133,676

18. Earnings Per Share

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

	03.31.2016	03.31.2015
Profit (loss) for the period attributable to Company's owners	(39,626)	17,608
Profit (loss) for the period attributable to common shares	(39,626)	17,608
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted earnings (loss) per common share	(1.75)	0.78

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

	03.31.2016	12.31.2015
Current assets:		
Financial assets at amortized cost:		
Cash and bank accounts (Note 4)	350,918	336,719
Short-term investments - financial asset	154,021	304,794
Trade receivables (Note 6)	158,414	145,501
Other receivables	93,258	67,509
Financial assets at fair-value:		
Exclusive funds	161,882	149,935
Derivatives (Note 19)	23,563	24,770
Non-current assets:		
Financial assets at amortized cost:		
Long-term investments - financial asset (Note 5)	2,509	2,361
Trade receivables (Note 6)	1,568	1,505
Other receivables	25,662	22,781
Financial assets at fair-value:		
Derivatives (Note 19)	178,612	238,895
Current liabilities:		
Financial liabilities at amortized cost:		
Borrowings and financing (Note 9)	136,374	117,117
Trade payables	311,168	300,369
Interest payable (Notes 9 and 10)	93,361	91,853
Other payables	42,425	103,228
Financial liabilities at fair value:		
Derivatives (Note 19)	3,010	2,501
Non-current liabilities:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	1,243,130	1,262,123
Borrowings and financing (Note 9)	1,830,925	1,911,827
Trade payables	7,208	8,694
Other payables	8,237	9,177
Financial liabilities at fair value:		
Derivatives (Note 19)	8,196	4,602

19.4. Derivative transactions

Derivatives

As of March 31, 2016 and December 31, 2015, the fair value of derivatives is as follows:

	Other assets				Other liabilities			
	Current asset		Noncurrent assets		Current asset		Noncurrent assets	
	03.31.2016	12.31.2015	03.31.2016	12.31.2015	03.31.2016	12.31.2015	03.31.2016	12.31.2015
Cash flow hedges:								
Interest rate and cross currency swaps	23,563	24,770	178,612	238,895	3,010	2,501	8,196	4,602

The following schedule shows the operations at March 31, 2016 and December 31, 2015 that qualify as hedging accounting instruments:

Type of hedge	Notional	Type of Operation	Maturity	Economic purpose	Fair value	
					03.31.2016	12.31.2015
Cash-flow	USD 200.000.000	Cross Currency Swap to EUR	Jul-24	Swich a USD loan into EUR loan	36,625	45,281
Cash-flow	USD 100.000.000	Cross Currency Swap to EUR	Jul-24	Swich a USD loan into EUR loan	15,867	19,566
Cash-flow	USD 50.000.000	Cross Currency Swap to EUR	Jul-24	Swich a USD loan into EUR loan	8,756	11,059
Cash-flow	USD 150.000.000	Cross Currency Swap to EUR	Jul-24	Swich a USD loan into EUR loan	25,766	32,581
Cash-flow	USD 217.500.000	Cross Currency Swap to EUR	Feb-19	Swich a USD loan into EUR loan	18,744	25,434
Cash-flow	USD 217.500.000	Cross Currency Swap to EUR	Feb-19	Swich a USD loan into EUR loan	27,545	38,045
Cash-flow	USD 500.000.000	Cross Currency Swap to EUR	Jan-22	Swich a USD loan into EUR loan	63,785	85,676
Cash-flow	EUR 379.218.809	Interest Rate Swap	Jan-22	Swich to fixed interest rate	(11,206)	(7,103)
Cash-flow	USD 49.000.000	42491	May-16	Swich a USD loan into ARS loan	5,087	6,022
					190,970	256,561

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 March 31, 2016 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
Assets:				
Financial assets available for sale	Investment fund	725	-	-
Financial assets at fair value	Cash and cash equivalents	43,267	-	-
Financial assets at fair value	Financial derivative instruments	-	202,175	-
Financial assets at fair value	Other investments	2,509	-	-
Liabilities:				
Financial liabilities at fair value	Financial derivative instruments	-	11,206	-

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

	03.31.2016	12.31.2015
Fair value	1,257,103	1,187,446
Carrying amount	1,402,054	1,399,226

20. Supplemental Cash Flow Information

a) Investment and financing activities not involving cash

	03.31.2016	03.31.2015
Interest capitalization	797	5,248
Purchase of property, plant and equipment through trade payables	236	-
Purchase of intangibles through trade payables	449	-
Sales of property, plant and equipment that will be received futurally	966	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:

	03.31.2016				03.31.2015			
	Net Revenue			Results	Net Revenue			Results
	Foreign sales	Intersegment sales	Total		Foreign sales	Intersegment sales	Total	
Operating segments:								
Brazil	135,459	-	135,459	237	246,844	-	246,844	19,152
Argentina and Paraguay	144,217	-	144,217	26,981	182,371	-	182,371	36,188
Portugal and Cape Verde	45,846	16,085	61,931	(3,231)	48,065	29,556	77,620	(2,015)
Egypt	52,601	-	52,601	358	60,676	-	60,676	8,127
Mozambique	34,121	-	34,121	3,401	32,690	-	32,690	(3)
South Africa	22,409	766	23,175	4,350	28,889	931	29,820	7,046
Total	434,653	16,851	451,504	32,096	599,535	30,486	630,021	68,495
Other (a)	19,439	39,685	59,124	(4,686)	37,069	62,786	99,856	117
Eliminations	-	(56,537)	(56,537)	-	-	(93,273)	(93,273)	-
Sub-total	454,093	-	454,093	27,411	636,604	-	636,604	68,612
Share of profit of associates				70				472
Income before financial income (expenses)				27,481				69,083
Financial income (expenses), net				(81,374)				(39,882)
Income before income tax and social contribution				(53,892)				29,202
Income tax and social contribution				3,307				(19,186)
Profit (loss) for the period				(50,585)				10,016

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

	Noncontrolling interests	
	03.31.2016	03.31.2015
Operating segments:		
Brazil	(4,432)	1,575
Argentina and Paraguay	3,130	2,693
Portugal and Cape Verde	(1,018)	855
Egypt	(3,432)	1,230
Mozambique	(3,686)	(4,952)
South Africa	(36)	1,885
	(9,474)	3,287
Unallocated	(1,485)	(10,879)
	(10,959)	(7,592)

Other information:

	03.31.2016		03.31.2015	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	7,895	16,524	31,656	21,443
Argentina and Paraguay	7,754	8,097	13,858	7,776
Portugal and Cape Verde	516	11,384	494	11,702
Egypt	11,862	6,463	1,970	6,617
Mozambique	785	1,616	3,738	2,372
South Africa	532	1,356	2,822	2,661
	29,344	45,440	54,538	52,571
Other	516	5,001	1,140	781
Total	29,860	50,441	55,678	53,352

In the three months period ended March 31, 2016 impairment losses were recorded in the amount of about €4 million in assets unallocated to operating segments.

In addition, segment assets and liabilities reconciled with the consolidated balances as of March 31, 2016 and December 31, 2015 are as follows:

	03.31.2016			12.31.2015		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	2,674,193	1,254,739	1,419,454	2,530,303	1,246,302	1,284,001
Argentina and Paraguay	730,167	414,814	315,354	766,382	408,275	358,106
Portugal and Cape Verde	819,257	472,791	346,466	826,241	473,964	352,277
Egypt	422,854	128,043	294,811	488,082	123,843	364,239
Mozambique	265,200	184,045	81,155	281,777	179,310	102,467
South Africa	305,607	117,777	187,829	315,606	123,514	192,092
Total	5,217,278	2,572,209	2,645,069	5,208,391	2,555,208	2,653,182
Other	1,319,492	2,486,774	(1,167,282)	1,264,602	2,429,059	(1,164,456)
Eliminations	(785,328)	(785,328)	-	(573,415)	(573,415)	-
Other investments	8,955	-	8,955	11,758	-	11,758
Total segments	5,760,397	4,273,655	1,486,742	5,911,336	4,410,852	1,500,484

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 Information

At the meeting held on May 31, 2016, the Board of Directors authorized the completion of this consolidated interim financial statements, being approved them for disclosure.