



INTERIM CONSOLIDATED FINANCIAL REPORT

**1st HALF
2017**

Building sustainable partnerships



InterCement
Av. das Nações Unidas, 12.495
São Paulo / SP

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EBITDA stabilized thanks to Argentina, Paraguay and South Africa.
Deleveraging projects progress.

EBITDA growth from Argentina, Paraguay and South Africa, and to a lesser extent from Portugal, mitigated adversities in other geographies. EBITDA excluding non-recurring items remained stable vs. 1H'16 level.

Free Cash Flow generation recovered, benefiting from the unwinding of the derivative's portfolio (€209M), though still negative on the back of one-off inventory requirements on Q1'17.

Brazilian business unit struggled with local context, dropping EBITDA generation, but persisted with new efficiency initiatives to address short-term challenges. Even though, the delay on the recovery of the local market required an assets impairment registration (€192M), which implied a Net Loss of €172M.

The subsidiary Loma Negra, the Argentinian market leader, saw its volume back to 2015 levels, signaling the local economy recovery. The new commercial approach of the subsidiary Yguazú Cementos, in Paraguay, boosted volume growth by 37% exulting local industrial efficiency.

The Portuguese market estimated to have risen close to 20%, while InterCement exports continued to recover. Business in South Africa, posted a 35% increase in sales and a two-digit EBITDA growth.

Egypt contribution to consolidated results mirrored the local on-going economic adjustment and exchange rate impact, while Mozambique contracted reflecting the economic instability.

Financial results benefited from USD favourable context and from the derivatives unwinding.

Net Debt decreased 1%, vs. December 31st 2016, and 6% vs. March 31st, 2017, profiting from the sale of a minority participation on the Estreito hydroelectric company in Brazil.

The projects to sell minority interests on InterCement subsidiaries evolved in H1'17, targeting the company deleveraging process - which is also to benefit from the expected full year positive Free Cash Flow generation in 2017.

Income Statement						
(€ million)	2 nd Quarter			1st Half		
	2017	2016	YoY	2017	2016	YoY
Sales	467.9	443.4	5.5%	920.9	897.5	2.6%
Net Operational Cash Costs	389.1	355.7	9.4%	757.9	732.0	3.5%
Operational Cash Flow (EBITDA)	78.8	87.7	-10.1%	163.0	165.5	-1.5%
Deprec. Amort. and Impairments	239.0	293.1	-18.5%	290.1	343.5	-15.5%
Operating Income (EBIT)	-160.2	-205.4	-22.0%	-127.1	-178.0	-28.6%
Financial Results	32.2	-124.5	n.m.	-28.7	-205.8	-86.0%
Pre-tax Income	-128.0	-329.9	-61.2%	-155.8	-383.8	-59.4%
Income Tax	13.1	-22.6	n.m.	16.3	-25.9	n.m.
Net Income	-141.1	-307.3	-54.1%	-172.1	-357.8	-51.9%
Attributable to:						
Shareholders	-109.3	-231.4	-52.8%	-135.6	-271.1	-50.0%
Minority Interests	-31.8	-75.8	-58.0%	-36.5	-86.8	-57.9%

1. H1'17 Performance

EBITDA contracted 1.5% vs H1'16, on the back of non-recurring costs, without which it would have been stable, contradicting lower cement volumes sold (-2.7%) and cash costs increase (+3.5%).

Commercial assertiveness allowed higher avg. price (+10%) driving sales up by 2.6%.

Argentina rise in the new growth cycle, expanding activity in Paraguay - which benchmarked in industrial efficiency-, strong Portuguese market recovery and South Africa operating excellence drivers, offset the Brazilian persistent unfavourable market conditions, the on-going adjustment of the Egyptian economy and the adverse context in Mozambique.

Financial Results improve but the asset impairment in Brazil (€192) determined the Net Loss to shareholders (-€136M).

Q2 positive FCF (€89M), drives an H1'17 improvement on H1'16 though still cash burning. Set-up for short-term growth and inventory management to minimize variable costs required working capital investment back in Q1. Capex addressed energy upgrade, environmental requirements and concrete business cost efficiency real estate acquisitions in Brazil.

Net Debt improvement throughout the period.

Volumes added up to 11.5M tons in H1, benefiting from the rising consumption in Argentina, increasing market share in Paraguay and South Africa and Portuguese operations recovery. Even so, consolidated cement and clinker volumes were down by 2.7% penalized by the Brazilian crisis, the Egyptian economic adjustments and the adverse Mozambican context.

Sales of €921M rose 2.6%. An average price adjustment of +10% offset lower volumes sold. Argentina incorporated price cost inflation, Paraguay rose on volume grounds and so did Portugal, while South African business unit outperformed the local market addressing new market segments.

EBITDA of €163M was below H1'16 (1.5%) on the back of non-recurring costs. Excluding the latter, it remained stable, and would have increased (+4.7%) if also disregarding CO2 permits management.

Non-recurring costs on H1'16 amounted to €7.8M - indemnity and compensation expenses -, mostly registered in Egypt and Argentina regarding efficiency increase initiatives. CO2 allowances management registered a sale of €3M in H1'17 vs €10M in H1'16.

A reinforced commercial approach combined with the efficiency initiatives pack undertook back in 2016 – adjustments on the industrial grid, optimization of energy matrix and redesigned support to operations – mitigated both the lower activity observed in H1'17 and the cost increase, namely observed on energy costs (petcock price increased 33%).

The delayed recovery of the Brazilian market required the recognition of an impairment on assets allocated to capacity increase projects, which currently lack of short-term demand expectations grounds

to proceed. The referred impairment may be reversed if, and when, the profitability assumptions change in the future. This asset impairment explains the **Depreciations, Amortisations and Impairments** value. On H1'16 InterCement registered an irreversible goodwill impairment.

Financial Results improved by 86% vs H1'16. Net costs were down to €28M on the back of the €111M positive exchange rate effect led by the impact the USD depreciation on debt - which benefit from the USD- Euro derivatives unwinding operation concluded in Q2'17.

Net Income, though still negative due to the asset impairment registration, improved vs H1'16 amounting to €-172M.

Free Cash Flow generation improved by €192M vs H1'16. Q2'17 FCF positive of €89M partially compensated Q1'17 €-103M – affected by inventory management requirements to minimize variable costs. Q2'17 registered the unwinding of the derivative portfolio, which rose cash and cash equivalents of USD223M (circa €209M). H1'17 Capex addressed energy upgrade, environmental requirements together the concrete business cost efficiency real estate acquisition in Brazil.

On May 2017, InterCement signed an agreement to sell part of its stake in the Estreito hydroelectric plant for circa €77M. The completion of this process in H2'17 will allow the correspondent funds to be transferred from the current escrow account in use and therefore to figure on the Free Cash Flow Statement.

Reference should be made that in 2017, unlike H1'16, InterCement did not pay dividends.

Free Cash Flow Generation Map		
(€ million)	1 st Half	
	2017	2016
Adjusted EBITDA *	171	170
Change in Working Capital	-167	-156
Others	-11	-19
Operating Activities	-7	-4
Interests Paid	97	-111
Income taxes Paid	-19	-19
Cash Flow before investments	71	-135
CAPEX	-89	-76
Assets Sales / Others	4	4
Free Cash Flow to the company	-14	-206
Borrowings, financing and debentures	107	181
Repayment of borrowings, financ. and debent.	-268	-42
Dividends	0	-54
Other investment activities	24	-8
Changes in cash and cash equivalents	-151	-129
Exchange differences	-23	-5
Cash and cash equivalents, End of the Period	367	635

* Adjusted for non-recurrent figures.

Total Assets stood at €4,651M, a 14% reduction from December 31, 2016. Following the depreciation of the booking currencies of the main assets (BRL and ARS), as well as the referred assets impairment (with a Balance Sheet effect of €176M) and usual assets depreciation and amortization.

Consolidated Balance Sheet Summary			
(million euros)	Jun 30 '17	Dec 31 '16	Var. %
Assets			
Non-current Assets	3,481	3,957	-12.0
Derivatives	2	215	-99.2
Current Assets			
Cash, Equivalents and Securities	467	591	-21.0
Derivatives	0	26	-100.0
Other Current Assets	702	629	11.5
Total Assets	4,651	5,419	-14.2
Shareholders' Equity attributable to:			
Equity Holders	348	564	-38.3
Minority Interests	293	391	-25.1
Total Shareholders' Equity	641	955	-32.9
Current Liabilities			
Loans & Obligations under finance leases	494	336	47.1
Derivatives	0	8	-100.0
Provisions & Employee benefits	1	1	-17.2
Other Current Liabilities	552	569	-3.0
Non-current Liabilities			
Loans & Obligations under finance leases	2,559	3,090	-17.2
Derivatives	1	7	-82.1
Provisions & Employee benefits	107	114	-6.2
Other Non-current Liabilities	296	338	-12.3
Total Liabilities	4,010	4,464	-10.2
Total Liabilities & Shareholders Equity	4,651	5,419	-14.2

Net Debt reached €2,586M, 1% below December 31, 2016, whereas 6% below March 31, 2017. This follows the recent sale, by circa €77M, of the 19.2% stake in Estreito Participações, S.A. – a fully owned InterCement subsidiary and the holder of a 4.44% stake in the share capital of the exploring consortium of the CESTE – Consórcio Estreito Energia Usina Hidreletrica Estreito hydroelectric plant (Rio Tocantins, Tocantins – Brazil).

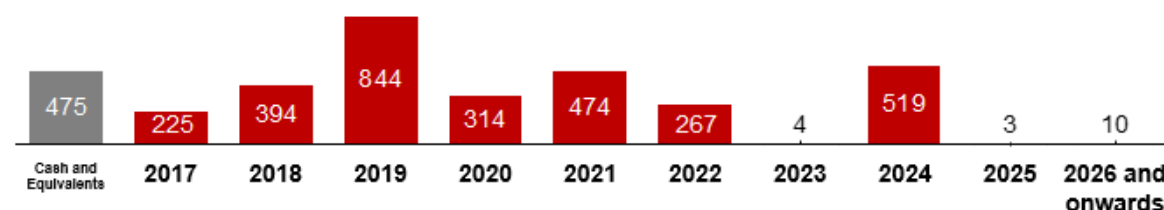
This transaction, together with those concerning InterCement stakes on Barra Grande (BAESA) and Machadinho (MAESA), completes the sale of energy assets, defined within the company's capital strengthening program.

Among the initiatives being undertaken by InterCement to reduce its leverage, the company progressed on the projects to sell minority interest stakes in its subsidiaries, particularly in what concerns Loma Negra, as disclosed on "4. Corporate and subsequent events" in this report.

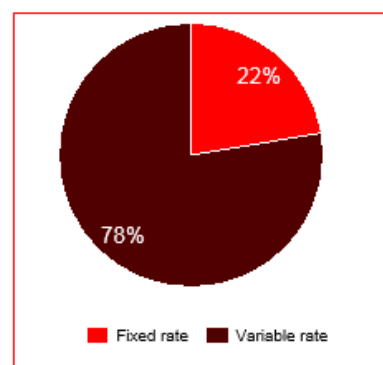
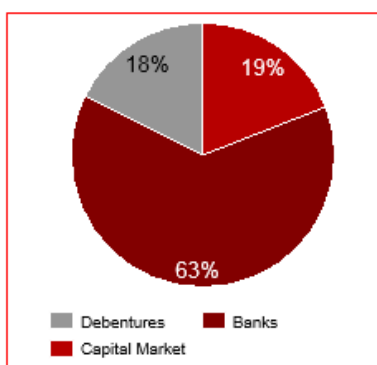
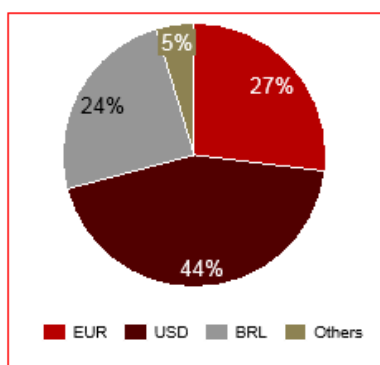
June 30, 2017

Maturities:

€ million



Debt profile:



2. Operations in-depth look – H1'17

Brazil

Economic constraints affect cement consumption – down by 8.8% - on a high idle capacity moment, penalizing pricing environment.

InterCement exposure to highly competitive regions drew down cement and clinker volumes by 11%. Recent implemented efficiency initiatives have mitigated EBITDA deterioration in presence of increasing electricity prices and lower fixed cost dilution.

In H1'17 InterCement struggled to adjust to the current market context succeeding to lower its cash costs to €218, 4.3% lower than in H1'16.

Even so, with the current rate of capacity utilization of the Brazilian cement industry, it is not expectable in the coming months to find the necessary conditions to re-start the capacity increase investments. Therefore, the company registered an assets impairment amounting to €192M.

Argentina & Paraguay

Argentina and Paraguay business unit increased EBITDA generation by 46% vs H1'16, sustaining EBITDA margin at 26.4%, reaffirming InterCement presence in the region.

Argentina

The country appears to be initiating another healthy economic cycle which continued to favour cement volumes sold, which revealed increasing growth pace month by the month. The improved cost structure together with the commercial reaction towards inflation adjustments requirements proved successful.

Argentina EBITDA grew 45% vs. H1'16, despite non-recurring costs relating to indemnities and compensation.

Paraguay

The reinforced commercial approach expanded sales reach and drove up cement and clinker volumes sold by 34%. Industrial operating excellence combined with higher activity reaffirmed EBITDA margin as an internal and external benchmark. Operations ramp-up completed, overcoming the recent installed integrated plant technical performance.

Africa

Political and economic instability in Egypt and Mozambique contracted EBITDA generation, despite the return from the new InterCement business approach taken in South Africa.

Egypt

Current macro-economic dislocation justifies the 50% depreciation of the EGP and constrains cement consumption, despite its already proven resilience.

InterCement reacted, redesigning its commercial strategy taking advantage of its premium brand profile to tackle market underperformance and, simultaneously, started exporting.

The operating flexibility and efficiency brought by the recently installed coal mill (energy matrix upgrade program), partially offset the steep increase of energy costs following the subsidies redraw (+44% fuel, +20% electricity) and indemnities and compensations from head count reduction (€2.7M).

Mozambique

Dealing with a challenging political and economic context since late 2016, local cement demand in Mozambique dropped more than 30% dragging sales down by 28%. Even so, InterCement benefited from the local commercial policy, being able to repass partially cost increases and somehow containing local currency sales decrease to 13%.

Ongoing efficiency initiatives implementation were offset by energy price increases: Gcal tariff rose 50%, while Mwh prices registered a threefold increase vs 1H'16.

South Africa

The reinforced commercial approach stimulated volumes growth up to 15%, feeding the industrial excellence plan as urging further capacity utilization.

Though benefiting from a 20% appreciation of the local currency, EBITDA raised moderately, reflecting maintenance interventions in Q1'17.

Portugal & Cape Verde

Portuguese internal market and exports recovery combined with the recently implemented efficiency pack increased EBITDA generation. However, CO₂ allowances management, namely €10M sales in H1'2016 compared to €3M sales in H1'2017, justify the 14% EBITDA decrease from this business unit. EBITDA performance ex-CO₂ management reveals a 21% increase.

Portugal

Local demand continued to recover - 20% estimated increase - while exports (mainly clinker) were triggered in the Q2, resulting in a 17% volumes sold increase in H1'17. Sales increased by 14%.

Cape Verde

Major new works delay start to come back online, being expected to result in a gradual recover.

Cement and Clinker Volumes Sold						
(thousand tons)	2 nd Quarter			1st Half		
	2017	2016	YoY	2017	2016	YoY
Brazil	1,891	2,018	-6.3%	3,811	4,285	-11.1%
Argentina	1,495	1,364	9.6%	2,941	2,772	6.1%
Paraguay	129	112	15.5%	277	201	37.4%
Portugal	1,008	793	27.2%	1,780	1,523	16.8%
Cape Verde	50	55	-10.0%	93	104	-11.1%
Egypt	657	708	-7.3%	1,379	1,560	-11.6%
Mozambique	265	414	-36.0%	516	782	-34.0%
South Africa	400	336	18.9%	750	652	15.1%
Sub-Total	5,895	5,801	1.6%	11,547	11,880	-2.8%
Intra-Group Eliminations	-54	-48	13.2%	-86	-97	-11.4%
Consolidated Total	5,841	5,753	1.5%	11,461	11,783	-2.7%

Sales						
(€ million)	2 nd Quarter			1st Half		
	2017	2016	YoY	2017	2016	YoY
Brazil	109	122	-10.2%	230	257	-10.4%
Argentina	188	135	39.4%	360	269	34.0%
Paraguay	14	13	6.8%	31	23	31.8%
Portugal	69	61	13.6%	130	114	13.6%
Cape Verde	8	9	-12.9%	15	17	-14.1%
Egypt	21	43	-52.3%	45	96	-53.5%
Mozambique	25	30	-18.1%	46	64	-28.2%
South Africa	35	26	35.4%	67	49	35.4%
Trading / Shipping	49	35	40.6%	95	83	15.0%
Others	12	11	2.6%	23	22	1.2%
Sub-Total	528.9	484.6	9.1%	1,041.4	995.4	4.6%
Intra-Group Eliminations	-61	-41	48.1%	-121	-98	23.1%
Consolidated Total	467.9	443.4	5.5%	920.9	897.5	2.6%

EBITDA						
(€ million)	2 nd Quarter			1st Half		
	2017	2016	YoY	2017	2016	YoY
Brazil	3.5	12.1	-70.7%	12.5	28.8	-56.8%
Argentina & Paraguay	50.0	35.6	40.4%	101.9	70.7	44.2%
Portugal & Cape Verde	11.0	17.0	-35.0%	21.6	25.1	-14.2%
Africa	14.6	24.9	-41.1%	25.9	42.4	-39.0%
Trading / Shipping & Others	-0.4	-1.8	n.m.	1.2	-1.5	n.m.
Consolidated Total	78.8	87.7	-10.1%	163.0	165.5	-1.5%
EBITDA margin	16.8%	19.8%	-2.9 p.p.	17.7%	18.4%	-0.7 p.p.

3. Outlook

InterCement identifies a set of positive signs on the short-term markets outlook, which enable a positive perspective up to year-end and, therefore, enhances short-term results estimates. On the costs side, energy tariffs will be carefully monitored following the steep increase observed in H1'17, while general fixed costs are to be diluted as activity increases.

The combination of the estimates announced by the Brazilian Central Bank– which bring Brazil's economy out of recession in 2017 (estimated GDP growth of 0,41% and further 2,3% growth in 2018), the BOVESPA positive trend and the apparent pick up of the some economic sectors in H1, allow a better short term economic environment expectation.

This could overall benefit the cement industry while enhancing medium/long term cement demand – as the sector traditionally has a lagging recovery pace – and increase capacity utilization currently at a 50% level. On the short run its worth mentioning that, by June 2017, while cement demand was cumulative down by 9%, updated SNIC estimates pointed to a 5% to 9% for the full year, therefore signalling a potential start for demand picking.

Meanwhile InterCement progresses with further efficiency initiatives to address the market constraints, positioning itself to embrace further market opportunities in a new efficiency level. Such initiatives comprehend – intensive CRM, further operating cost cutting, asset optimization and supply relationship management.

The prospects for InterCement activity in Argentina and Paraguay are particularly positive. The Argentina economic restructuring is already fruitful and shows on macroeconomic figures, which consensually present steady growth for the years to come. Cement consumption has performed and should close 2017 with a circa 8% growth.

Loma Negra operations are to benefit from the strong market momentum, driving EBITDA generation further and reinforcing Loma Negra's market leadership. In order to accommodate further demand growth InterCement is analysing a potential capacity expansion in case the potential market growth becomes reality.

In Paraguay, industrial cruise speed is to leverage the recent market share expansion addressing favourable economic development.

African businesses will benefit from further political and economic stability in Mozambique – IMF intervention and coal exports recovery anticipate a better H2 vs H1-, while in Egypt the restructuring economic measures are to stimulate overall economy in the short term, allowing the start-up of the vast project pipeline and feeding a robust structural demand for cement in 2018. InterCement will continue to pursue the optimization of its energy matrix with a greater flexibility following the recent installation of its coal mill.

In South Africa the company will proceed with its current business approach addressing the new market segments with an emphasized commercial strategy.

Portugal residential and commercial sectors will further feed cement demand. Exports growth pattern is to progress throughout 2017 as the company expands its diversified international client base, benefiting from current industrial benchmarking units in Portugal.

Asset monetization progressed in H1'17 - completing the sale of Estreito hydropower - and the projects aiming to sell minority interests evolved, targeting InterCement deleveraging process - which is also to benefit from the expected full year positive Free Cash Flow generation.

4. Corporate and subsequent events

Cimpor Delisting Process

InterCement Austria Holding GmbH, a fully controlled subsidiary of InterCement Participações S.A., holds directly 74.64% of Cimpor's share capital. Cimpor is a listed company on the NYSE Euronext Lisbon. On June 21, 2017, following a proposal presented by the above mentioned InterCement Austria Holding GmbH, Cimpor's shareholder meeting approved the loss of public company status pursuant to article 27 no.1B, no. 3 and no.4 of the Portuguese Securities Code.

Loma Negra - Argentina

On September 5, 2017, InterCement turned public that among the initiatives being undertaken by the company to reduce its leverage, the board of directors of its subsidiary in Argentina, Loma Negra, C.I.A.S.A. ("Loma Negra"), continued to promote initiatives to enable Loma Negra to be in a position to pursue an equity offering in the domestic and international capital markets, having filled on that same date with the U.S. Securities and Exchange Commission ("SEC") a Form F-1 (Registration Statement Under the Securities Act of 1933).

Yguazú Cementos - Paraguay

On August 8, 2017, the subsidiary Yguazú Cementos, in Paraguay, has contracted two new loans in Guarani, in the total amount of PYG 423,000M, equivalent to approximately €65M. In the first year, interest rates vary between 8.5% and 9% per year, and for the remaining years, interest will be calculated according to the average rate published by the Central Bank of Paraguay, plus spread. The interests are payable in a semi-annually basis from February 2018, and the principal will be paid in fifteen semi-annual tranches, starting in August 2018. The funds will be used for the advance payment of all the loans of the subsidiary Yguazú Cementos. The mentioned loans are guaranteed by a pledge on the plant in Paraguay.



INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated
Interim Financial Information
for the six months period
ended June 30th, 2017 and
Report on Review of Interim



InterCement

Building sustainable partnerships

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

We have reviewed the accompanying condensed consolidated interim financial information of InterCement Participações S.A. and its subsidiaries (the “Company”), for the semester ended June 30, 2017, which comprises the statement of financial position as of June 30, 2017 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 condensed 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 condensed 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 condensed consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed 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, September 13, 2017

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Torres dos Santos
Engagement Partner

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Financial Position as of June 30, 2017 and December 31, 2016

(In thousands of euros - €)

ASSETS	Notes	06.30.2017	12.31.2016	LIABILITIES AND EQUITY	Notes	06.30.2017	12.31.2016
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	4	367,129	541,143	Trade payables		248,587	311,631
Securities	5	99,404	49,465	Debentures	10	111,090	121,926
Trade receivables	6	159,063	137,605	Borrowings and financing	9	382,881	213,866
Inventories		433,421	396,795	Interest payable	9 and 10	84,651	95,678
Recoverable taxes		50,226	42,603	Taxes payable		69,234	67,618
Derivatives	19	-	26,450	Payroll and related taxes		31,810	43,589
Other receivables		58,792	52,079	Dividends and interest on capital		2,320	2,455
Total current assets		<u>1,168,035</u>	<u>1,246,140</u>	Advances from customers		18,200	18,130
				Actuarial liabilities		748	903
				Derivatives	19	-	8,287
				Other payables	2.4.	<u>97,267</u>	<u>30,223</u>
				Total current liabilities		<u>1,046,788</u>	<u>914,306</u>
NONCURRENT ASSETS				NONCURRENT LIABILITIES			
Securities	5	2,674	2,928	Trade payables		7,345	9,199
Trade receivables	6	6,079	6,199	Debentures	10	1,004,811	1,157,415
Inventories		10,461	12,461	Borrowings and financing	9	1,553,745	1,932,136
Recoverable taxes		7,924	29,675	Provision for tax, civil and labor risks	11	46,936	52,474
Deferred income tax and social contribution		26,702	29,827	Provision for environmental recovery		38,737	39,954
Escrow deposits		18,931	19,923	Taxes payable		16,453	13,138
Derivatives	19	1,624	215,450	Deferred income tax and social contribution		262,943	301,829
Other receivables		26,043	27,473	Actuarial liabilities		21,453	21,825
Property Investment		6,529	7,442	Derivatives	19	1,335	7,468
Investments		9,766	13,340	Other payables		<u>9,561</u>	<u>13,831</u>
Property, plant and equipment	7	1,717,805	2,047,838	Total noncurrent liabilities		<u>2,963,319</u>	<u>3,549,269</u>
Intangible assets:				TOTAL LIABILITIES		<u>4,010,107</u>	<u>4,463,575</u>
Goodwill	8	1,449,113	1,546,629				
Other intangible assets	8	<u>199,221</u>	<u>213,388</u>				
Total noncurrent assets		<u>3,482,872</u>	<u>4,172,573</u>	SHAREHOLDER'S EQUITY			
				Capital	13	1,080,949	1,080,949
				Capital reserves	13	551,677	555,114
				Earnings reserves	13	155,653	155,653
				Accumulated losses	13	(642,295)	(507,726)
				Other comprehensive income	13	<u>(798,367)</u>	<u>(720,321)</u>
				Equity attributable to the Company's owners		347,617	563,669
				Noncontrolling interests		293,183	391,469
				Total equity		<u>640,800</u>	<u>955,138</u>
TOTAL ASSETS		<u>4,650,907</u>	<u>5,418,713</u>	TOTAL LIABILITIES AND EQUITY		<u>4,650,907</u>	<u>5,418,713</u>

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES
Condensed Consolidated Interim Income Statements for the semesters ended June 30, 2017 and 2016

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

	Notes	06.30.2017	06.30.2016
NET REVENUE	21	920,887	897,481
COST OF SALES AND SERVICES	15	(729,991)	(713,121)
GROSS PROFIT		190,896	184,360
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	15	(138,428)	(133,362)
Other income (expense)	15	(179,573)	(228,984)
Equity result		228	230
LOSS BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		(126,877)	(177,756)
FINANCIAL INCOME (EXPENSES)			
Foreign exchange losses, net	16	111,441	(82,499)
Financial income	16	15,164	27,625
Financial expenses	16	(155,569)	(151,151)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(155,841)	(383,781)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	14	(33,684)	(32,964)
Deferred	14	17,394	58,908
LOSS FOR THE PERIOD		(172,131)	(357,837)
LOSS ATTRIBUTABLE TO			
Company's owners	18	(135,618)	(271,071)
Noncontrolling interests	21	(36,513)	(86,766)
LOSS PER SHARE			
Basic/diluted loss per share	18	(5.98)	(11.95)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Comprehensive Income for the semesters ended June 30, 2017 and 2016

(In thousands of euros - €)

	Notes	06.30.2017	06.30.2016
LOSS FOR THE PERIOD		(172,131)	(357,837)
Other comprehensive income:			
Items that will not be reclassified subsequently to the income statement:			
Employee benefits		402	(1,296)
Items that might be reclassified subsequently to the income statement:			
Exchange differences arising on translating foreign operations		(148,640)	216,537
Hedging derivatives financial instruments		11,295	(4,937)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(309,074)</u>	<u>(147,533)</u>
COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Company's owners		(212,615)	(155,528)
Noncontrolling interests		(96,459)	7,995

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Changes in Equity for the semesters ended June 30, 2017 and 2016

(In thousands of euros - €)

	Notes	Share capital	Capital reserves	Earnings reserves		Other comprehensive income	Accumulated losses	Total attributable to the Company's owners	Noncontrolling interests	Total equity
				Legal	Investments					
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
Loss for the period		-	-	-	-	-	(271,071)	(271,071)	(86,766)	(357,837)
Realization of deemed cost of property, plant and equipment		-	-	-	-	(1,323)	1,323	-	-	-
Interim dividends - paid	13	-	-	-	(53,804)	-	-	(53,804)	-	(53,804)
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	(579)	(579)
Other comprehensive income		-	-	-	-	115,543	-	115,543	94,761	210,304
BALANCE AT JUNE 30, 2016		<u>1,080,949</u>	<u>498,724</u>	<u>18,063</u>	<u>156,556</u>	<u>(624,451)</u>	<u>(290,405)</u>	<u>839,436</u>	<u>459,132</u>	<u>1,298,568</u>
BALANCE AT DECEMBER 31, 2016		<u>1,080,949</u>	<u>555,114</u>	<u>18,063</u>	<u>137,590</u>	<u>(720,321)</u>	<u>(507,726)</u>	<u>563,669</u>	<u>391,469</u>	<u>955,138</u>
Loss for the period		-	-	-	-	-	(135,618)	(135,618)	(36,513)	(172,131)
Realization of deemed cost of property, plant and equipment		-	-	-	-	(1,049)	1,049	-	-	-
Sale of noncontrolling interests		-	593	-	-	-	-	593	202	795
Aquisition of noncontrolling interests		-	(1,460)	-	-	-	-	(1,460)	(718)	(2,178)
Transactions with shareholders, recorded directly in equity	2.4.	-	(2,570)	-	-	-	-	(2,570)	(873)	(3,443)
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	(438)	(438)
Other comprehensive income		-	-	-	-	(76,997)	-	(76,997)	(59,946)	(136,943)
BALANCE AT JUNE 30, 2017		<u>1,080,949</u>	<u>551,677</u>	<u>18,063</u>	<u>137,590</u>	<u>(798,367)</u>	<u>(642,295)</u>	<u>347,617</u>	<u>293,183</u>	<u>640,800</u>

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Cash Flows for the semesters ended June 30, 2017 and 2016

(In thousands of euros - €)

	Notes	06.30.2017	06.30.2016
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before income tax and social contribution		(155,841)	(383,781)
Adjustments to reconcile income before income tax and social contribution with net cash generated by operating activities:			
Depreciation, amortization and impairment losses		290,114	343,505
Recognition (reversal) of allowance for potential losses, net		(3,163)	(15,986)
Interest, accrued charges, and exchange differences		29,334	206,269
Gain on sale of long-lived assets		(1,592)	(1,317)
Equity result		(228)	(230)
Other noncash operating losses (gains)		1,611	3,083
Decrease (increase) in operating assets:			
Trade receivables		(29,505)	(16,806)
Inventories		(63,928)	(40,528)
Recoverable taxes		641	(547)
Other receivables		(25)	64
Increase (decrease) in operating liabilities:			
Trade payables		(42,294)	4,957
Payroll and vacation payable		(1,512)	1,393
Other payables		(38,498)	(110,669)
Taxes payable		7,764	6,507
Cash used by operating activities		(7,122)	(4,086)
Income tax and social contribution paid		(19,237)	(19,326)
Interest paid		(111,776)	(111,429)
Net cash used by operating activities		(138,135)	(134,841)
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of (Investments in) securities		28,220	(5,006)
Purchase of property, plant and equipment		(73,757)	(75,394)
Increase in intangible assets		(831)	(174)
Purchase of subsidiary, net acquired cash		(14,605)	-
Sale of long-lived assets		2,941	1,627
Dividends received		839	869
Net cash used in investing activities		(57,193)	(78,078)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures		107,296	181,429
Swap transactions		204,653	-
Repayment of borrowings, financing and debentures		(267,607)	(42,034)
Dividends paid		-	(53,804)
Other instruments		(132)	(1,199)
Net cash generated in financing activities		44,210	84,392
DECREASE IN CASH AND CASH EQUIVALENTS		(151,118)	(128,527)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(22,896)	(4,835)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	541,143	767,971
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	367,129	634,609

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information for the semester ended June 30, 2017

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

1. General Information

InterCement Participações, S.A. (“Company”) is a privately 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, 64 concrete plants, and 21 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, in Brazil it 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 condensed consolidated Interim Financial Information as of June 30, 2017 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, 2016.

2.2. Significant accounting policies

The accounting policies adopted are consistent with those considered in the preparation of the consolidated financial statements for the year ended as of December 31, 2016 and disclosed in the corresponding notes, except in respect of the standards and interpretations entering into force on or after January 1, 2017, 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\$)	
		06.30.2017	12.31.2016	06.30.2016	06.30.2017	06.30.2016
USD	US Dollar	3.30820	3.25910	3.20980	3.18537	3.68757
EUR	Euro	3.77500	3.43840	3.54140	3.45140	4.11212
MZN	Mozambique Metical	0.05607	0.04572	0.05076	0.04888	0.07033
CVE	Cape Verde Escudo	0.03424	0.03118	0.03212	0.03130	0.03729
EGP	Egyptian Pound	0.18310	0.18110	0.36150	0.17616	0.42344
ZAR	South African Rand	0.25270	0.23790	0.21740	0.24188	0.23896
ARS	Argentinian Peso	0.19893	0.20510	0.21342	0.20261	0.25864
PYG	Paraguayan Guaraní	0.00059	0.00056	0.00057	0.00056	0.00065

2.4. Consolidation

During the first semester of 2017, there was a change in consolidation perimeter mainly due to acquisition of 100% of the share capital of CECC Incorporadora e Administradora de Bens, Ltda. amounting of €14,642 (Note 12). This operation has generated an entry of €3,443 directly in equity.

On May 15, 2017, InterCement Brasil have signed a promissory contract of transferring to third parties 34,823,317 preference shares, representing 19.2% of the share capital of the subsidiary Estreito Participações S.A. by R\$290,000 thousand (€77 million), recorded under the caption "other payables" as current liabilities. The obligations of the parties to conclude the foreseen in the agreement, including the transfer of shares, depends on the compliance of certain contractual conditions.

It should also be mentioned that as part of the initiatives the Group to reduce its financial leverage, its subsidiary in Argentina, Loma Negra, CIASA ("Loma Negra"), continues to develop initiatives that would enable Loma Negra to promote the distribution of capital in the capital markets.

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, 2016.

4. Cash and Cash Equivalents

	06.30.2017	12.31.2016
Cash and bank accounts	219,904	325,110
Short-term investments	147,225	216,033
Total cash and cash equivalents	367,129	541,143

Short-term investments were as follows:

	06.30.2017	12.31.2016
Bank certificates of deposit (CDBs)	515	2,209
Short Term Investment in Reais	2,510	1,718
Exclusive funds:		
National Treasury Bills (LTNs)	2,657	12,781
National Treasury Bills (LTFs)	-	32,663
CDBs	421	1,135
Fixed-income funds	16,518	9,081
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos	150	28,082
Short-term investments in US dollars	97,654	91,490
Short-term investments in euro	11,335	16,267
Short-term investments in Egyptian pound	59	2,717
Short-term investments in South African rand	9,093	8,256
Short-term investments in Mozambique metical	6,313	6,914
Short-term investments in Cape Verd escudos	-	2,720
Total short-term investments	147,225	216,033

5. Securities

Securities are classified as financial assets, as follows:

	06.30.2017	12.31.2016
Market investments (a)	93,679	44,143
Other	8,399	8,250
Total	<u>102,078</u>	<u>52,393</u>
Total - current	99,404	49,465
Total - noncurrent	2,674	2,928

- (a) As described in Note 2, “consolidation” section, InterCement Brasil received the amount of R\$290,000 thousand (€77 million) related to a promissory contract. According to contract clauses the amount received was transferred to a restrict account, waiting of certain contract conditions.

6. Trade Receivables

	06.30.2017	12.31.2016
Domestic and foreign customers - current	187,893	166,328
(-) Impairment for doubtful accounts – current	<u>(28,830)</u>	<u>(28,723)</u>
Trade receivables - current	<u>159,063</u>	<u>137,605</u>
Domestic and foreign customers - noncurrent	6,172	6,295
(-) Impairment for doubtful accounts – noncurrent	<u>(93)</u>	<u>(96)</u>
Trade receivables - noncurrent	<u>6,079</u>	<u>6,199</u>

7. Property, Plant and Equipment

	06.30.2017		
	Cost	Depreciation & Impairment	Net book value
Land	156,177	(14,517)	141,660
Buildings	515,859	(187,815)	328,044
Machinery and equipment	1,694,658	(702,785)	991,873
Vehicles	47,507	(17,047)	30,460
Furniture and fixtures	10,171	(7,170)	3,001
Mines and ore reserves	139,368	(75,771)	63,597
Reservoirs, dams and feeders	74,330	(19,380)	54,950
Other	10,883	(8,497)	2,386
Spare parts	4,145	-	4,145
Advances to suppliers	24,796	-	24,796
Construction in progress	248,004	(175,111)	72,893
Total	2,925,898	(1,208,093)	1,717,805

	12.31.2016		
	Cost	Depreciation & Impairment	Net book value
Land	187,522	(14,409)	173,113
Buildings	548,572	(191,537)	357,035
Machinery and equipment	1,782,857	(688,410)	1,094,447
Vehicles	44,809	(17,140)	27,669
Furniture and fixtures	11,036	(7,616)	3,420
Mines and ore reserves	104,055	(71,952)	32,103
Reservoirs, dams and feeders	80,553	(18,756)	61,797
Other	15,116	(10,121)	4,995
Spare parts	4,549	-	4,549
Advances to suppliers	26,614	-	26,614
Construction in progress	262,096	-	262,096
Total	3,067,779	(1,019,941)	2,047,838

Given the macroeconomic context in Brazil, which is reflected in reductions of cement consumption, the Group decided to interrupt certain investments that were underway in cement production lines, which will be re-invested again when economy returns in the future. During the first half of 2017, there was further deterioration of business activity, reflected in an increase in idle times and the shutting down of production lines. Considering this context, it is not reliable to predict the time when these investments may be resumed and to what extent the respective returns will materialise. Therefore, on 30 June 2017, an impairment totalling R\$ 663.085 thousand (€192,120) was recorded in the Brazilian business area relative to tangible fixed assets in cement production lines undergoing investment, which is reversible once those investments are retake.

In the semester ended June 30, 2016, impairment losses were registered in tangible assets unallocated to operating segments of about €4,300 (Note 21).

During the six month periods ended June 30, 2017 and 2016, the Company capitalized financial charges amounting to €60 and €1,315, respectively, related to loans granted to finance eligible assets.

Construction in progress and advances to suppliers as of June 30, 2017 and December 31, 2016, refers basically to investments in the expansion and construction on new units in Brazil, Argentina and Egypt, 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, 2015	2,144,857
Additions	62,832
Write-offs	(2,170)
Depreciation	(92,051)
Impairment	(4,300)
Effect of changes in exchange rates	78,454
Other	(11,211)
Balance at June 30, 2016	<u>2,180,711</u>
Balance at December 31, 2016	2,047,838
Changes in consolidation perimeter	14,898
Additions	57,706
Write-offs	(2,135)
Depreciation	(94,398)
Impairment	(192,120)
Effect of changes in exchange rates	(112,514)
Transfers	(1,470)
Balance at June 30, 2017	<u>1,717,805</u>

In the semester ended June 30, 2016, in the caption “Other” is included the reclassification of the ships owned by Cimpship – Transportes Marítimos, S.A. to the caption “Assets classified as held for sale” in the net amount of €7,873. This company was sold in July 26, 2016 by the amount of €7,245.

8. Intangible Assets

	06.30.2017	12.31.2016
Other intangible assets:		
Mining rights	175,603	187,283
Concession-related assets	4,361	4,823
Software licenses	6,290	5,883
Project development costs	4,740	5,598
Trademarks, patents and others	8,227	9,801
	<u>199,221</u>	<u>213,388</u>
Goodwill:		
Loma Negra C.I.A. S.A.	255,784	280,824
CBC - Companhia Brasileira de Cimentos ("CBC")	27,188	29,849
Cia. Industrial e Mercantil de Cimentos S.A. ("CIMEC")	20,080	22,045
Cimpor - Cimentos de Portugal, SGPS, S.A.	1,125,693	1,191,478
Other	20,368	22,433
	<u>1,449,113</u>	<u>1,546,629</u>
Total	<u>1,648,334</u>	<u>1,760,017</u>

Impairment on assets

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segments.

Attending to business model and considering the financial statement structure adopted for management purposes, goodwill is attributed generally to each operating segment, due to the existence of synergies between the units of each segment in a perspective of vertical integration of business.

The recoverable value of each group of cash-generating units is compared, in the tests performed, with the respective recognized value of assets and liabilities ("book value"). An impairment loss is only recognized when the book value exceeds the higher of the value in use and transaction value, based on cash flow projections under medium and long term business plans approved by the Board of Directors, plus perpetuity.

In the first half of 2017, given the visible deterioration of business activity and profits, a new impairment test was conducted for the Brazil segment, with business projections that take into account the downward revision of business activity and a market discount rate of 10.5% similar to the one used in December 31 2016.

As a result of this test, it was determined that the recoverable value of the Brazilian segment is greater than the recognized value of the assets and liabilities of that segment. Therefore, no increase of the previously recognized impairment of the corresponding goodwill is needed.

The Group examined the impact of a 50 basis points change in update rates and in the EBITDA margin, presented in the table below, and taking into account the devaluation of the book value of the assets due to the recorded impairment on investments underway (Note 7), which also resulted in both cases that no impairment would be recorded.

	+50 BP	-50 BP
"WACC" rate	(180,761)	214,663
EBITDA margin	69,545	(69,545)

In addition to the Brazilian business area, first-half results in the Egypt and Mozambique business areas also fell short of expectations (and in relation to the same period the previous year).

The results in Egypt in the first half of 2017 were adversely affected by specific events, namely market reaction (shrinkage) resulting from the macroeconomic adjustment that took place in Egypt at the end of 2016, when the Egyptian pound was devalued by over 100% and organizational restructuring costs.

Although the macroeconomic adjustment in the country initially resulted in market retraction, it is believed that this situation will reverse in the short/medium term, supported by sustainable economic growth. In addition, seasonal variations are more marked here than in other geographical areas, especially this year when the Ramadan occurred during the first half of the year (unlike recent years).

In Mozambique, the market was also affected by a non-recurrent event - the country's default on its debt, which resulted in a significant devaluation of the exchange rate (The exchange rate climbed to over MZN 100/USD) and brought construction works to a standstill. The situation led to joint action by the government and the IMF to reorganize the country's finances and establish conditions for economic growth. Since that intervention, there have already been signs of recovery in the country, as the IMF itself highlighted during a visit at the end of July. This favorable opinion on the part of the IMF along with the resumption of coal exports (dollar revenue) and the resulting recovery of the value of the metical (returning to the MZN 60/USD level) enable a second-half of recovery to be predicted.

Therefore, taking into account the special sets of circumstances in both these cases, and also because tests conducted with reference to 31 December 2016 showed significant margin in the respective book values, there was no evidence to perform any additional impairment tests for June 30, 2017.

Changes in intangible assets in the six months periods ended June 30, 2017 and 2016 were as follows:

Balance at December 31, 2015	1,908,420
Additions	622
Write-offs	(3)
Amortization	(3,797)
Impairment	(242,832)
Effect of changes in exchange rates	210,384
Transfers	3,338
Balance at June 30, 2016	<u>1,876,132</u>
Balance at December 31, 2016	1,760,017
Additions	1,708
Amortization	(4,697)
Effect of changes in exchange rates	(110,435)
Transfers	1,741
Balance at June 30, 2017	<u>1,648,334</u>

In the semester ended June 30, 2016, it was performed an impairment test only in the Brazilian business area, due to the deterioration of the economic and political scene of the country, as a result, impairments were recorded in the amount of €243 million (BRL 998,556 thousand), entirely affected to Goodwill.

9. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Interest rates (b)	Contract date	Maturity	06.30.2017		12.31.2016	
							Current	Noncurrent	Current	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	May/12	Jan/22	-	288,967	-	396,651
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/12	Feb/22	-	304,706	-	306,796
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/14	Feb/19	15,093	39,078	6,037	54,041
EUR	Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Feb/19	47,651	122,978	20,616	183,992
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/14	Feb/19	-	60,120	-	60,078
EUR	Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Feb/19	-	189,198	-	204,605
EUR	Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	Feb/14	Feb/21	-	207,900	-	224,536
EUR	Holdings and Financial Vehicles (*)	Bilateral	US\$	Floating rate indexed to US Libor	May/14	May/19	-	43,494	-	46,974
EUR	Holdings and Financial Vehicles (*)	Commercial paper	EUR	Floating rate	Mar/16	Mar/20	5,000	45,000	-	50,000
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Fixed rate	Dec/14	Dec/18	-	23,309	-	22,949
ARS	Argentina and Paraguay	Several bilateral	ARS	Fixed and floating rates	Several	Several	30,012	27,276	30,702	25,989
ARS	Argentina and Paraguay	Several bilateral	US\$	Floating rates indexed to US Libor	Several	Several	44,195	62,403	53,714	45,293
BRL	Brazil	Several bilateral	BRL	Fixed and floating rates	Several	Several (a)	91,902	51,623	12,716	151,819
PYG	Argentina and Paraguay	Several bilateral	US\$	Fixed and floating rates	Several	Several (c)	69,953	1,358	21,224	62,782
PYG	Argentina and Paraguay	Several bilateral	PYG	Fixed rates	Oct/15	Aug/17	13,297	-	13,751	-
ZAR	South Africa	Several bilateral	ZAR	Floating rate indexed to Jibar	Several	Several	30,123	13,388	31,135	13,838
EUR	Portugal and Cape Verde	Several bilateral	EUR	Fixed and floating rates	Several	Several	5,000	70,000	-	75,000
EUR	Portugal and Cape Verde	Subsidised loan	EUR	(d)	Several	Jun/24 (d)	-	1,907	-	-
MZN	Mozambique	Several bilateral	MZN	Floating rates indexed to BT 3M	Several	Several	-	-	1,541	268
EGP	Egypt	Several bilateral	EGP	Floating rates indexed to Corridor	Several	Several	30,655	1,042	22,430	6,525
							<u>382,881</u>	<u>1,553,745</u>	<u>213,866</u>	<u>1,932,136</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, amounting to €33,709 in the semester ended June 30, 2017.
- (b) For the major funding, the variable rates contracted, both in dollars and euros, consider spreads between 2.5% and 3.5%.
- (c) On June 30, 2017 includes the financing with IDB, in the amount of USD 69 million (€61 million), having been decided to carry out their early settlement, by taking new debt (Note 22) and been transferred to current liabilities on June 30, 2017;
- (d) It respects to a financing under an incentive system for business innovation (Portugal 2020), granted without interests.

As of June 30, 2017 and December 31, 2016, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to €27,439 and €26,130, respectively.

Maturity schedule

As of June 30, 2017, the noncurrent portions mature as follows:

Period	06.30.2017	12.31.2016
2018 (6 months)	72,647	297,981
2019	733,757	767,802
2020	203,829	234,851
2021	363,969	423,178
Following years	179,543	208,324
	<u>1,553,745</u>	<u>1,932,136</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 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. The Company agreed with the bank creditors to release covenants calculation as of December 31, 2016 and such obligation will only be measured again with financial figures as of December 31, 2017.

10. Debentures

Functional Currency	Business unit	Instrument	Currency	Issue date	Interest rate (b)	Final maturity	06.30.2017		12.31.2016	
							Current	Noncurrent	Current	Noncurrent
BRL	Brazil (a)	Debenture - Brazil	BRL	Mar-12	Floating rate indexed to CDI	Apr-22	58,250	233,354	63,920	320,168
BRL	Brazil (a)	Debenture - Brazil	BRL	Aug-12	Floating rate indexed to CDI	Aug-22	52,840	264,606	58,006	290,483
EUR	Holdings and Financial Vehicles (*)	Senior Notes (c)	USD	Jul-14	5.75%	Jul-24	-	506,851	-	546,764
							<u>111,090</u>	<u>1,004,811</u>	<u>121,926</u>	<u>1,157,415</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 years ended December 31, 2016 and 2015 the Group purchased bonds in the nominal value of USD 108,378 thousand and USD 54,290 thousand, respectively. During the six months ended June 30, 2017 no bonds were acquired.

As of June 30, 2017 and December 31, 2016, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to €57,212 and €69,548, respectively.

Maturity schedule

As of June 30, 2017 and December 31, 2016, the debentures mature as follows:

Period	06.30.2017	12.31.2016
2018 (6 months)	51,747	120,710
2019	110,151	120,710
2020	110,151	120,710
2021	110,151	120,710
Following years	622,612	674,575
	<u>1,004,811</u>	<u>1,157,415</u>

Covenants

Debentures contain certain restrictive covenants that require compliance with financial ratios calculated based on the Company's consolidated financial statements. The Company agreed with the bank creditors to release covenants calculation as of December 31, 2016 and such obligation will only be measured again with financial figures as of December 31, 2017.

11. Provisions and Contingent 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:

	06.30.2017	12.31.2016
Labor and social security	24,283	27,703
Tax	18,113	18,822
Civil and other	8,226	8,825
	<u>50,622</u>	<u>55,350</u>
Escrow deposit (a)	(3,686)	(2,876)
Total	<u>46,936</u>	<u>52,474</u>

(a) The Group have escrow deposits recorded in connection with provision for tax, civil and labour risks as follows:

	06.30.2017	12.31.2016
Labor and social security	2,958	2,329
Tax	681	497
Civil and other	47	50
Total	<u>3,686</u>	<u>2,876</u>

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.

On June 30, 2017, the Group has an exposure to contingent liabilities of €861 million (€932 million in December 31, 2016), being €8 million of contingent liabilities related to labor (€7 million in December 31, 2016), €618 million of tax contingent liabilities (€674 million as of December 31, 2016), €235 million of civil contingent liabilities and administrative processes of other natures (€251 million in December 31, 2016), whose likelihood of loss was considered possible, according to the opinion of our legal counsellors.

The reduction in contingent liabilities considered as possible occurred in the six months period ended June 30, 2017, is due mainly to the effect of BRL conversion in to euros, amounting to €73 million.

Included in the above is the "CADE" process in Brazil and no developments occurred during the first half of 2017.

The Group and other companies in the industry were parties to administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defence (“CADE”). In July, 2015, CADE’s tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 by the competition authorities in Brazil (as well by other involved companies), maintaining the condemnation decision as regards cartel formation and the imposition of a pecuniary fine and other accessory penalties. The fine imposed to the Group, amounted to, approximately, €127 million (which corresponds to R\$241,700 thousand to Intercement and R\$297,820 thousand to CCB, meanwhile merged), besides the obligation to sell 20% of its concrete’s assets in Brazil, among other accessory penalties. On June 30, 2017 the fine imposed reach to, resulting from its financial actualization, €178 million (R\$671 million).

After the referred administrative CADE’s decision become final, the Group appealed judicially, having obtained, on 22 October 2015, the grant of the preliminary injunction to suspend all penalties imposed by CADE, by the presentation of real guarantees (two plants), until the judgment decision. Such preliminary injunction decision was judicially appealed by CADE, which was rejected. Based on the opinion of its legal advisors, that the risk of loss before the court is considered as possible, no provision was recorded for this contingent liability as of June 30, 2017 and December 31, 2016.

Moreover, during the first half of 2017, we were notified of the ruling handed down by the Audiência Nacional court in Spain regarding judicial proceedings related to tax inspections of the 2005-2008 financial years. The ruling was almost entirely favorable to us, but an appeal of the ruling to the Supreme Court is still possible. Guarantees of approximately €120 million are provided for these proceedings. These continue to be in force until the final decision is handed down.

Contingent assets

In the financial statements for the years ended December 31, 2016 and 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 and 2008, which were subject to a judicial appeal.

In the first semesters of 2017 and 2016, to avoid penalties, staged payment agreements until 2021 of those taxes were signed with the competent tax authorities. Because the conditions of those agreements do not meet the conditions for such payments being recognized as an asset of the company, until the court decision becomes effective, in those periods a tax charge corresponding to the total responsibility inherent to the agreement, amounting to around €7 million and €12 million (Note 14) has been already recognized as an expense.

Changes in the provision for risks in the six month periods ended June 30, 2017 and 2016 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance at December 31, 2015	29,175	35,235	22,681	(3,246)	83,845
Recognition/deposit	643	1,764	1,387	(462)	3,332
Payment/deposit derecognition	(1,988)	(626)	(11,796)	599	(13,811)
Reversal	(117)	(625)	(1,097)	-	(1,839)
Exchange differences	1,564	(124)	(461)	(628)	351
Balance at June 30, 2016	29,277	35,624	10,714	(3,737)	71,878
Balance at December 31, 2016	27,703	18,822	8,825	(2,876)	52,474
Recognition/deposit	689	106	810	(1,811)	(206)
Payment/deposit derecognition	(2,934)	(26)	(590)	644	(2,906)
Reversal	(157)	(18)	(121)	-	(296)
Exchange differences	(1,018)	(772)	(698)	356	(2,132)
Balance at June 30, 2017	24,283	18,113	8,226	(3,686)	46,936

12. Related Parties

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

For the six months periods ended June 30, 2017, it is worth of mention the acquisition from Administradora PMV Ltda. and Participações Morro Vermelho S/A, group controlling companies, a stake of 100% of CECC – Incorporadora e Administradora de Bens, Ltda. shares, by €14,642 (R\$48,782 thousand) (Note 2). This operation has generated an entry of €3,443 directly in equity.

13. Shareholder's Equity

Share capital as of June 30, 2017 and December 31, 2016 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.

Preferred Shares – InterCement Participações Company

The preferred shares grant their holders the right to receive minimum dividends, not accumulating losses, do not grant voting rights in the Company's shareholders' meetings, and can be redeemed by decision of the Board of Directors. Any contractual obligations are guaranteed and recorded at Company's controller shareholder; consequently, the Company does not have any contractual obligation assumed with such holders of the preferred shares.

Preferred Shares – Special Purpose Entities

The preferred shares of Barra Grande Participações and Machadinho Participações have certain specific characteristics, in particular, in terms of:

- Right to priority dividends of the profit and/or reserves distributed in each year;
- Absence of voting rights (except for specific matters established in the corresponding statutes);
- Priority relating to the common shares in case of liquidation;
- Be converted into common shares (conversion rights);
- Non-participation in future capital increases.

There is also contracts clauses establish a set of assumptions which regulate terms of an eventual divestment by the holders, including rights to receive minimum dividends, as well as rights to convert preferred shares into common shares. The Company is not required or obligated to repurchase these preferred shares any time.

Considering all contract characteristics, attending to the disposals of IAS 32, the referred instruments (either Barra Grande or Machadinho) acquire characteristics of equity and financial instruments components, taking into account that those instruments simultaneously incorporate components that can be classified as an equity instrument and a financial instrument (financial asset or liability). Consequently, these components were measured and recognized separately in the financial statements, as follows:

- a) The initial contribution received as a consideration of such preferred shared by InterCement Brasil was classified as an equity instrument, taking into consideration that, under the terms established, there is no obligation to repurchase those shares (obligation to deliver cash or other financial assets), as well as convertibility clauses in common shares (by option of the shareholders) and their respective dividends;
- b) There are also contractual clauses regards to options of minimum return and possible coverage of significant devaluation of these investments, for a period up to seven years or by the holders during that period, respectively. Such options generated gain or loss for the Company and such instruments were classified as derivative financial instruments and measured at fair value at the date of the financial statements.

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 June 30, 2017, considering the loss of the year no dividend proposal for the common or preferred shares will be presented.

On April 27, 2016, the Company has approved dividends to preferred and ordinary shares amounting to R\$212,717 thousand and R\$2,310 thousand, respectively (€53,226 and €578), which has already been paid during the first semester of 2016. Dividends are calculated and paid disproportional in accordance with shareholders' agreements and rights for each class of shares

14. Income Tax and Social Contribution

For the semesters ended June 30, 2017 and 2016 the reconciliation between the nominal and the effective income tax was as follows:

	06.30.2017	06.30.2016
Loss before income tax and social contribution	(155,841)	(383,781)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	52,986	130,486
Adjustments to calculate income tax and social contribution at effective rates:		
Equity method gain	78	78
Permanent additions / (deductions), net (a)	356	(3,089)
Impairment losses (b)	(65,321)	(82,563)
Unrecorded deferred income tax and social contribution tax (c)	3,074	(6,715)
Other (d)	(7,463)	(12,252)
Income tax and social contribution expense	(16,290)	25,944
Income tax and social contribution expense - Current	(33,684)	(32,964)
Income tax and social contribution expense - Deferred	17,394	58,908

- (a) Includes the effect of the differences in tax rates and other adjustments.
- (b) In the six months periods ended June 30, 2017 relates to the impairment on tangible assets (Note 7). Due to uncertainty to recover it no deferred tax was booked. In the six months periods ended June 30, 2016 it relates to impairment loss on goodwill which is not deductible for income taxes purposes (Note 8).
- (c) In the six months periods ended June 30, 2017 and 2016 includes the losses of entities with debt on which the corresponding tax effects were not recognized since at present there are no projections that enable them to be expected to be recovered.
- (d) The caption Other, in the six months periods ended June 30, 2017 and 2016, includes the registration of a tax income charge of around €7 million and around €12 million, related to additional tax assessments made by tax authority to one of our companies in Egypt, referring to the year 2008 and 2000 to 2004, respectively. 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 then 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 six months periods ended June 30, 2017 and 2016, the Group recorded deferred tax of €493 and €1,517, respectively, directly in income and 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:

	06.30.2017	06.30.2016
Depreciation, amortization, and impairment losses (a)	(290,114)	(343,505)
Salaries and employee benefits	(144,297)	(127,624)
Raw materials and consumables	(183,439)	(208,168)
Tax expenses	(16,080)	(8,568)
Outside services	(101,230)	(92,386)
Rental	(7,901)	(14,369)
Freight expenses	(84,424)	(77,890)
Maintenance costs	(57,778)	(56,236)
Fuel	(75,869)	(66,020)
Electricity	(63,785)	(64,214)
Reversal (recognition) of provision for risks	(1,588)	(1,290)
Gain on sale of property, plant and equipment	1,592	1,317
Gain on sale of carbon credits (Note 21)	2,913	9,752
Restructuring and other nonrecurring costs	(7,771)	(4,596)
Other (expenses)/income (net)	(18,221)	(21,670)
Total	(1,047,992)	(1,075,467)
Cost of sales and services	(729,991)	(713,121)
Administrative and selling expenses	(138,428)	(133,362)
Other (expenses)/income (net)	(179,573)	(228,984)
Total	(1,047,992)	(1,075,467)

- (a) In the semesters ended June 30, 2017 and 2016 includes the impairment in the tangible assets and goodwill amounting to R\$663,085 thousand (€192,120) (Note 7) and R\$998,556 thousand (€242,832) (Note 8), respectively.

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

	06.30.2017	06.30.2016
Foreign exchange losses, net (a):		
Exchange gain	134,484	58,847
Exchange loss	(23,043)	(141,346)
Total	111,441	(82,499)
Financial income:		
Inflation adjustment	1,555	3,020
Financial earnings	6,267	13,610
Interest income	790	941
Derivative financial instruments (b)	2,023	-
Other income (c)	4,529	10,054
Total	15,164	27,625
Financial expenses:		
Inflation adjustment	(2,789)	(2,480)
Expenses on interest and charges	(128,532)	(117,088)
Expenses on banking commissions	(11,915)	(10,780)
Fines	(379)	(182)
Derivative financial instruments (b)	(1,673)	-
Other expenses (c)	(10,276)	(20,621)
Total	(155,569)	(151,151)

- (a) In the semesters ended June 30, 2017 and 2016, the exchange differences are mainly influenced by the valuation and devaluation of functional currency against other currencies (mainly USD and Euro). In the course of semester ended June 30, 2017 and mainly due to the settlement of the derivative instruments occurred in March and April (Note 19), exchanges variations from the loans were not compensated by derivative instruments, consequently, positive exchange differences of around €75 million due to the favourable exchange rate of the euro against USD.
- (b) These captions are composed by fair value variation of trading derivative financial instruments, contracted to cover exchange and interest rate risks.
- (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 semester ended June 30, 2016, this caption is also influenced by the repurchase of bonds issued by Cimpor Financial Operations, B.V. with a nominal value of USD 25,236 thousand which has generated a financial income in the amount of €7,145.

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:

	06.30.2017	12.31.2016
Up to one year	7,448	11,453
From one to five years	9,458	16,350
More than five years	30	3,786
Total	16,936	31,589

The Company recognized, for the semesters ended June 30, 2017 and 2016, as operating lease expenses the amount of €7,295 and €8,416 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:

	06.30.2017	12.31.2016
2017	5,258	12,344
2018	10,516	12,344
2019	10,516	12,344
2020	10,516	12,344
After 2020	928	1,029
Total	37,734	50,405

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:

	06.30.2017	12.31.2016
2017	25,408	24,452
2018	18,519	15,333
2019	13,981	14,797
2020	12,048	10,721
After 2020	90,162	22,212
Total	160,118	87,515

The increase in commitments is due to an energy contract in the Argentinian business area, in the amount of USD 92.4 million (€81 million), starting in 2018 and for a period of 20 years.

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:

	06.30.2017	06.30.2016
Loss for the period attributable to Company's owners	(135,618)	(271,071)
Loss for the period attributable to common shares	(135,618)	(271,071)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted earnings (loss) per common share	(5.98)	(11.95)

As a result of the net loss for the semesters ended June 30, 2017 and 2016 the loss per share calculation does not include profit allocation to preferred shares.

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

	06.30.2017	12.31.2016
Current assets:		
Financial assets at amortized cost:		
Cash and bank accounts (Note 4)	219,904	325,110
Short-term investments - financial asset	217,836	160,373
Trade receivables (Note 6)	159,063	137,605
Other receivables	58,792	52,079
Financial assets at fair-value:		
Exclusive funds	28,793	105,125
Derivatives	-	26,450
Non-current assets:		
Financial assets at amortized cost:		
Long-term investments - financial asset	2,674	2,928
Trade receivables (Note 6)	6,079	6,199
Other receivables	26,043	27,473
Financial assets at fair-value:		
Derivatives	1,624	215,450
Current liabilities:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	111,090	121,926
Borrowings and financing (Note 9)	382,881	213,866
Trade payables	248,587	311,631
Interest payable (Notes 9 and 10)	84,651	95,678
Other payables	97,267	30,223
Financial liabilities at fair value:		
Derivatives	-	8,287
Non-current liabilities:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	1,004,811	1,157,415
Borrowings and financing (Note 9)	1,553,745	1,932,136
Trade payables	7,345	9,199
Other payables	9,561	13,831
Financial liabilities at fair value:		
Derivatives	1,335	7,468

19.4. Derivative transactions

Derivatives

As of June 30, 2017 and December 31, 2016, the fair value of derivatives is as follows:

	Assets				Liabilities			
	Current assets		Noncurrent assets		Current assets		Noncurrent assets	
	06.30.2017	12.31.2016	06.30.2017	12.31.2016	06.30.2017	12.31.2016	06.30.2017	12.31.2016
Trading derivatives	-	-	1,624	200	-	4,876	1,335	-
Cash flow hedges - Interest rate and cross currency swaps	-	26,450	-	215,249	-	3,411	-	7,468
	-	26,450	1,624	215,450	-	8,287	1,335	7,468

The following schedule shows the derivatives that qualify as fair value hedging instruments contracted as of June 30, 2017 and December 31, 2016:

Type of hedge	Notional	Type of Operation	Maturity	Economic purpose	Fair value	
					06.30.2017	12.31.2016
Cash-flow	USD 200,000,000	Cross Currency Swap to EUR	Jul-24	Switch a USD loan into EUR loan (a)	-	36,488
Cash-flow	USD 100,000,000	Cross Currency Swap to EUR	Jul-24	Switch a USD loan into EUR loan (a)	-	15,960
Cash-flow	USD 50,000,000	Cross Currency Swap to EUR	Jul-24	Switch a USD loan into EUR loan (a)	-	9,073
Cash-flow	USD 150,000,000	Cross Currency Swap to EUR	Jul-24	Switch a USD loan into EUR loan (a)	-	26,021
Cash-flow	USD 195,750,000	Cross Currency Swap to EUR	Feb-19	Switch a USD loan into EUR loan (a)	-	28,977
Cash-flow	USD 217,500,000	Cross Currency Swap to EUR	Feb-19	Switch a USD loan into EUR loan (a)	-	43,488
Cash-flow	USD 424,000,000	Cross Currency Swap to EUR	Jan-22	Switch a USD loan into EUR loan (a)	-	81,692
Cash-flow	EUR 379,218,809	Interest Rate Swap	Jan-22	Switch to fixed interest rate (a)	-	(10,878)
					-	230,821

(a) Derivative instruments settled in March and April 2017, having been received, in the semester ended June 30, 2017, the amount of €209,201 at the time of its settlements. In accordance with IAS 39, the remaining amount excluding tax effect, accumulated up to June 2017, recorded as "other comprehensive income", in the amount of €22,047 will be amortized to profit and loss, when the cash flow is realized;

On June 30, 2017, essentially due to the derivative settlements occurred in March and April, the debt exposure to USD dollar increased by USD 1,245 million compared to the December 2016 exposure.

Trading derivatives

In the semester ended June 30, 2017, the settlement of the derivative financial instrument that did not qualified as hedge accounting, resulted in a payment of €4,548, being maintained in the portfolio at June 30, 2017 two derivatives written-put options in connection with "Baesa" and "Machadinho" operations, whose liability fair value as of June 30, 2017 and December 31, 2016, were of about €1,624 and €248, respectively.

Additionally, on June 29, 2017 a cash-flow derivative to hedge a financial debt of USD 292 million was contracted. Because the conditions of this instrument only allow hedge to start from 31 July

2017, it is recorded as being as held for trading until that date. A net financial cost of €1,335 corresponding to the decline of its market value has been recorded this semester.

19.5. Market value

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of June 30, 2017 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 at fair value	Securities - current	28,793	-	-
Financial assets at fair value	Financial derivative instruments	-	1,624	-
Financial assets at fair value	Securities - non current	719	-	-
Liabilities:				
Financial liabilities at fair value	Financial derivative instruments	-	1,335	-

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 and Argentinian and Paraguayan segments, which effect of their valuation to fair value in relation to their book value being as follows:

	06.30.2017	12.31.2016
Fair value	1,120,938	1,410,143
Carrying amount	1,192,400	1,500,195

19.6. Sensitivity analysis of financial instruments

In the context of the risk management, based on the evaluation of the market conditions and the perceived impacts of the risks inherent to the Group's exposures, in the semester ended June 30, 2017, the hedging derivative financial instruments of the debt in USD against the Euro were settled, which resulted in changes in interest rate and exchange rate exposures, whose impacts in terms of sensitivity analysis became the following:

a) Sensitivity analysis - Interest rates with Euribor, US Libor and CDI index

A parallel change of +/- 1% in the interest rate curve with all the other assumptions remaining constant would result in an increase in financial costs for the year then ended (before taxes) of approximately €8 million on the euro liability indexed to the variable rate, and USD 8 million on the variable rate loan, and €7 million on the Real variable rate loan, as shown in table below:

Indexing	Currency	Value	1%	2%	3%
Euribor	EUR	773.148	7.731	15.463	23.194
US Libor	USD	814.371	8.144	16.287	24.431
CDI	BRL	692.166	6.922	13.843	20.765

Comparing to what was reported in December 31, 2016, there has been a decrease in the exposure to the Euribor index (936,493 in December 31, 2016) and a significant increase in the exposure to the US Libor index (443,646 in December 31, 2016).

b) Exchange rates for functional currencies against USD

On June 30, 2017, the potential impacts on financial results in the several jurisdictions, as a result of the exchange rates of the corresponding functional currencies against the USD, in debt instruments and cash and cash equivalents in USD, would be as follows:

Montante em USD	Moeda Funcional	FX Rate (30-06-17)		Desvalorização USD		0.0%	Valorização USD	
				-10%	-5.0%		5.0%	10.0%
-866,481	EUR	1.1411	Efeito em EUR	-75,934	-37,967	-	37,967	75,934
-147,763	ARS	16.63	Efeito em ARS	-245,729	-122,865	-	122,865	245,729
			Efeito em EUR	-14,388	-6,815	-	6,166	11,772
-76,291	PYG	5,561.51	Efeito em PYG	-42,429,363	-21,214,682	-	21,214,682	42,429,363
			Efeito em EUR	-7,429	-3,519	-	3,184	6,078
-118,256	BRL	3.31	Efeito em BRL	-39,121	-19,561	-	19,561	39,121
			Efeito em EUR	-11,515	-5,454	-	4,935	9,421
66,911	ZAR	13.09	Efeito em ZAR	87,596	43,798	-	-43,798	-87,596
			Efeito em EUR	6,515	3,086	-	-2,792	-5,331
-137,748	MZN	59.00	Efeito em MZN	-812,731	-406,366	-	406,366	812,731
			Efeito em EUR	-13,413	-6,353	-	5,748	10,974

20. Supplemental Cash Flow Information

a) Investment and financing activities not involving cash

	06.30.2017	06.30.2016
Interest capitalization	60	1,315
Non-cash acquisition of property, plant and equipment	5,887	4,301
Purchase of property, plant and equipment through trade payables	(21,998)	(18,178)
Purchase of intangibles through trade payables	877	448
Sales of property, plant and equipment that will be received	1,992	-

b) Cash and cash equivalents and current securities are expressed in the following currencies:

	06.30.2017		12.31.2016	
Currency	Currency	Euros	Currency	Euros
USD	257,757	225,884	448,903	406,870
BRL	443,750	117,550	487,130	137,553
EUR	74,296	74,296	58,895	58,895
ARS	160,873	8,477	134,721	8,119
MZN	808,151	12,003	2,329,621	33,391
EGP	96,287	4,670	55,501	5,665
PYG	51,351,843	8,092	13,770,920	2,230
ZAR	209,167	14,002	248,379	15,248
CVE	171,855	1,559	447,761	4,061
		<u>466,533</u>		<u>672,032</u>

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:

	Sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	229,817	531	230,348	(219,196)	256,902	288	257,190	(247,843)
Argentina and Paraguay	391,196	-	391,196	84,288	292,242	-	292,242	52,047
Portugal and Cape Verde	113,216	31,378	144,594	(3,023)	97,006	34,208	131,214	727
Egypt	44,584	-	44,584	(3,645)	95,900	-	95,900	4,325
Mozambique	45,998	-	45,998	3,193	64,020	-	64,020	9,014
South Africa	65,583	1,200	66,783	10,982	47,883	1,454	49,337	10,918
Total	890,394	33,109	923,503	(127,401)	853,953	35,950	889,903	(170,812)
Unallocated (a)	30,493	87,415	117,908	296	43,527	61,685	105,212	(7,174)
Eliminations	-	(120,524)	(120,524)	-	-	(97,635)	(97,635)	-
Sub-total	920,887	-	920,887	(127,105)	897,481	-	897,481	(177,986)
Share of profit of associates				228				230
Income before financial income (expenses)				(126,877)				(177,756)
Financial income (expenses), net				(28,964)				(206,025)
Income before income tax and social contribution				(155,841)				(383,781)
Income tax and social contribution				(16,290)				25,944
Loss for the period				(172,131)				(357,837)

(a) This caption includes holding companies and trading companies not attributable to specific segments.

In the semester ended June 30, 2017, operating results in the segment “Portugal and Cape Verde” are positively influenced by a net gain of €2,913 (€9,752 in the semester ended June 30, 2016), as a result of the sale of 600,000 tonnes of CO₂ emissions (2,250,000 tonnes of CO₂ emissions thousand in the semester ended June 30, 2016).

Note also that, in this semester the purchase of 2,000,000 of CO₂ emissions allowances was also contracted, by the amount of €9,503. In April 2017, 2,106,622 licenses were returned, relating to emissions in the year 2016 (2,927,472 licences were returned, relating to emissions in the year 2015).

It should also be notice that, as a result of the Group restructuring processes, especially in the Egyptian and Argentinian business areas, in the semester ended June 30, 2017, nonrecurring costs with indemnities and others amounted to approximately €7,800 (around €4,600 in the semester ended June 30, 2016).

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

	Noncontrolling interests	
	06.30.2017	06.30.2016
Operating segments:		
Brazil	(58,056)	(73,435)
Argentina and Paraguay	12,980	4,714
Portugal and Cape Verde	(1,050)	(98)
Egypt	(3,852)	(2,487)
Mozambique	7,610	(8,950)
South Africa	825	1,415
	(41,543)	(78,841)
Unallocated	5,030	(7,925)
	(36,513)	(86,766)

Other information:

	06.30.2017		06.30.2016	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	20,251	231,658	15,363	276,668
Argentina and Paraguay	28,401	17,605	21,821	18,618
Portugal and Cape Verde	2,542	24,575	2,204	24,382
Egypt	1,240	6,950	18,490	12,210
Mozambique	2,799	2,985	3,154	3,196
South Africa	3,063	5,426	1,729	2,760
	58,296	289,199	62,761	337,834
Unallocated	1,118	915	693	5,671
Total	59,414	290,114	63,454	343,505

In the semesters ended June 30, 2017 and 2016, impairment losses were recorded in Brazilian business segment for tangible assets and goodwill in the amount of R\$663,085 thousand and R\$998,556 thousand (€192,120 and €242,832), respectively. And in the semester ended June 30, 2016, in tangible assets unallocated to operating segments, in the amount of about €4,300 (Note 7 and 8).

In addition, segment assets and liabilities reconciled with the consolidated balances as of June 30, 2017 and December 31, 2016 are as follows:

	06.30.2017			12.31.2016		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	2,154,877	1,260,487	894,390	2,634,316	1,422,322	1,211,994
Argentina and Paraguay	757,623	427,920	329,703	815,454	467,661	347,793
Portugal and Cape Verde	731,765	394,692	337,073	755,806	411,951	343,855
Egypt	241,609	128,376	113,233	254,226	110,963	143,263
Mozambique	231,748	176,196	55,552	204,868	173,504	31,364
South Africa	334,778	132,633	202,145	351,045	145,045	206,000
Total	4,452,400	2,520,304	1,932,096	5,015,715	2,731,446	2,284,269
Unallocated	824,536	2,124,938	(1,300,402)	1,023,499	2,362,606	(1,339,107)
Eliminations	(635,135)	(635,135)	-	(630,477)	(630,477)	-
Other investments	9,106	-	9,106	9,976	-	9,976
Total segments	4,650,907	4,010,107	640,800	5,418,713	4,463,575	955,138

The assets and liabilities unallocated includes assets and liabilities not attributable to specific segments basically allocated to holding and trading companies;

22. Events After the Reporting Period

Yguazu

On August 8, 2017, the subsidiary Yguazu has contracted two new loans in Paraguayan Guarani, in the total amount of PYG 423,000 million, equivalent to approximately €65 million. In the first year, interest rates vary between 8.5% and 9% per year, and after that, interest will be calculated according to the average rate published by the Central Bank of Paraguay, plus spread. The interests are payable in a semi-annually basis from February 2018, and the principal will be paid in fifteen semi-annual tranches, starting in August 2018. On August 14, 2017 the funds were used for the prepayment of loans of the subsidiary Yguazu and the mentioned loans are guaranteed by a mortgage on the plant in Paraguay and a pledge of its assets.

Loma Negra

Among the initiatives being undertaken by the Group to reduce its leverage, the board of directors of its subsidiary in Argentina, Loma Negra, C.I.A.S.A. ("Loma Negra"), continues to promote initiatives to enable Loma Negra to be in a position to pursue an equity offering in the domestic and international capital markets, having filled in 5 September 2017 with the U.S. Securities and Exchange Commission ("SEC") a Form F 1 (Registration Statement Under the Securities Act of 1933).

23. Authorization for Completion of Financial Information

At the meeting held on September 13, 2017, the Board of Directors authorized the completion of this consolidated interim financial statements, being approved them for disclosure.