InterCement

INTERIM CONSOLIDATED FINANCIAL REPORT

1st Quarter

2017

Building Sustainable Partnerships

InterCement
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InterCement operations improve on Q1

EBITDA grew 8% (YoY) as efficiency increased on the back of the initiatives pursued in the last two years. EBITDA margin rose 1.4pp to 18.6%.

Working capital seasonality together with future increasing activity and circumstantial inventory management required further investment, which combined with higher capex disbursements - energy upgrade conclusion and environmental compliance - prevented FCF generation.

New growth cycle in Argentina, outstanding deliver capacity in Paraguay, Portuguese market recovery and South Africa operational dynamics, along with local currency average price adjustment (+10%) and favorable Brazilian currency performance, kept Sales at Q1'16 level, overcoming lower consolidated cement and clinker volumes sold (-6.8%). A lagging Brazilian market and the challenges brought in by Egypt and Mozambique were no obstacles for InterCement to grab new growth opportunities in its portfolio.

Cash Costs were down by 2%, reflecting market adjustment initiatives.

Financial results, unlike Q1'16, were not negatively affected by forex.

Net Income recovered by 39%, though still negative (€-31M).

Net Debt increased 4.9%, from December 31th 2016, reflecting the negative Free Cash Flow (€-103M) - justified by seasonality, inventory management and capex.

As further described in subsequent events, asset monetization progressed, improving liquidity profile, and the sale of minority interests evolved, targeting InterCement deleveraging process - which is also to benefit from the expected full year positive Free Cash Flow generation.

Income Statement			
(€ million)	1st Quarter		
	2017	2016	YoY
Sales	**453.0**	**454.1**	**-0.2%**
Net Operational Cash Costs	368.8	376.2	-2.0%
Operational Cash Flow (EBITDA)	**84.2**	**77.9**	**8.2%**
Deprec. Amort. and Impairments	51.1	50.4	1.3%
Operating Income (EBIT)	**33.1**	**27.4**	**20.8%**
Financial Results	-60.9	-81.3	-25.1%
Pre-tax Income	**-27.8**	**-53.9**	**-48.4%**
Income Tax	3.2	-3.3	-197.4%
Net Income	**-31.0**	**-50.6**	**-38.6%**
Attributable to:			
Shareholders	-26.3	-39.6	-33.5%
Minority Interests	-4.7	-11.0	-57.1%

1. Q1'17 Performance

EBITDA and EBITDA margin increased, despite lower activity. Focus on commercial assertiveness and operating efficiency – industrial grid adjustment, energy matrix optimization and redesigned support to operations.

Set-up for short-term growth and inventory management to minimize variable costs required working capital investment. Capex addressed energy upgrade and environmental requirements. Furthermore, seasonality affected performance, resulting in negative FCF.

Cement and Clinker Volumes Sold still reflected exposure to the Brazilian crisis, the on-going adjustment of the Egyptian economy and the adverse context in Mozambique.

However, Argentina rise in the new growth cycle, Paraguay benchmarking, strong Portuguese market recovery and South Africa operating excellence drivers, together with price adjustments (+10%), offset lower volumes from other geographies, kept sales at Q1'16 level.

Volumes reached 5.6 million tons in Q1. Brazilian crisis, Egypt's economic adjustments and adverse Mozambican context, penalized demand and drove consolidated volumes sold down by 6.8%.

Sales kept at Q1'16 level. Favourable market conditions in Argentina, Paraguay deliver capacity, Portuguese recovery and South African operating dynamics, together with average price adjustment (+10%) to overall cost inflation, offset lower volumes sold.

EBITDA grew 8%, while EBITDA margin went up 1.4p.p. to 18.6%, despite the rising energy cost pressure.

Reinforced commercial strategy combined with increasing efficiency initiatives pack undertook in late 2015 and 2016 – adjustments on the industrial grid, optimization of energy matrix and redesigned support to operations – delivered on a lower activity scenario, revealing the company's new potential to grab market opportunities in rising favourable scenarios.

New efficiency initiatives progressed, implicating €4.5M indemnity and compensation expenses – mostly registered in Egypt (€2.8M). Excluding non-recurrent costs, EBITDA would have reached €88.7M, growing 13%, and EBITDA margin would have improved to 19.6%.

Depreciations Amortisations and Impairments, kept at Q1'16 level.

Financial Results improved by 25% - unlike Q1'16, were not penalized by foreign exchange rates performance.

Net Income, though enhanced 39%, was still negative (€-31M).

Free Cash Flow on Q1 (€-103M) degraded by 5%. In the seasonally most demanding quarter, set up for a new growth cycle in some markets together with active inventory management – stoppages planning and variable cost efficiency approach mode - required further working capital investment. Capex addressed the remaining new Egypt coal mill commitments, fast return coprocessing investments and environmental required initiatives.

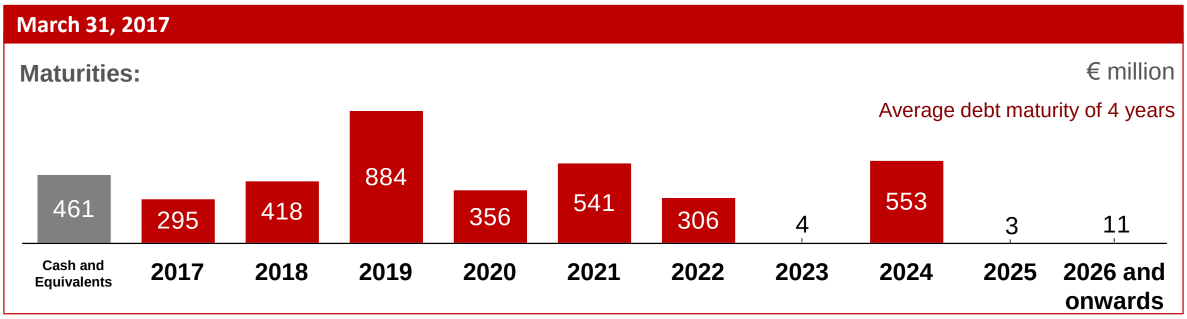
Free Cash Flow		
(€ million)	1st Quarter	
	2017	2016
Adjusted EBITDA *	89	79
Change in Working Capital	-113	-78
Others	-5	-15
Operating Activities	**-29**	**-14**
Interests Paid	-26	-51
Income taxes Paid	-6	-6
Cash Flow before investments	**-61**	**-71**
CAPEX	-44	-28
Assets Sales / Others	2	1
Free Cash Flow to the company	**-103**	**-98**
Borrowings, financing and debentures	22	24
Repayment of borrowings, financ. and debent.	-52	-38
Dividends	0	0
Other investment activities	32	-18
Changes in cash and cash equivalents	-101	-130
Exchange differences	1	-14
Cash and cash equivalents, End of the Period	441	623

* Adjusted for non-recurrent figures.

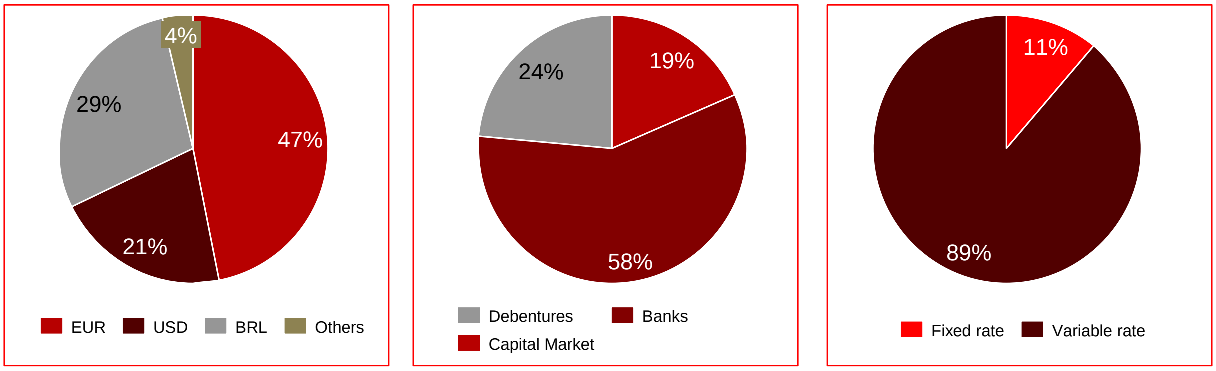
Total Assets stood at €5.351M, a similar level to December 31, 2016.

Consolidated Balance Sheet Summary			
(million euros)	Mar 31 '17	Dec 31 '16	Var. %
Assets			
Non-current Assets	3,976	3,957	0.5
Derivatives	176	215	-18.2
Current Assets			
Cash, Equivalents and Securities	461	591	-22.0
Derivatives	23	26	-12.8
Other Current Assets	715	629	13.7
Total Assets	**5,351**	**5,419**	**-1.3**
Shareholders' Equity attributable to:			
Equity Holders	556	564	-1.4
Minority Interests	398	391	1.7
Total Shareholders' Equity	**954**	**955**	**-0.1**
Current Liabilities			
Loans & Obligations under finance leases	351	336	4.6
Derivatives	4	8	-56.5
Provisions & Employee benefits	1	1	0.0
Other Current Liabilities	551	569	-3.2
Non-current Liabilities			
Loans & Obligations under finance leases	3,037	3,090	-1.7
Derivatives	6	7	-25.2
Provisions & Employee benefits	114	114	0.1
Other Non-current Liabilities	334	338	-1.2
Total Liabilities	**4,397**	**4,464**	**-1.5**
Total Liabilities & Shareholders Equity	**5,351**	**5,419**	**-1.3**

Net Debt reached €2,737M, 5% above December 31, 2016, reflecting the free cash flow erosion of €103M.



Debt profile:



2. Operations in-depth look – Q1'17

Brazil

Brazil consumption followed the anticipated slow down pace for 2017, and so did InterCement volumes sold – though in a more pronounced magnitude (-15%), as focused on an EBITDA accretive market approach. Overcapacity in Brazil still prevented price adjustments, penalizing overall industry performance.

Efficiency increasing initiatives recently implemented materialized in local currency cost reductions – fixed costs (-16%); variable costs (-9%); SGA (-17%). However, a lower activity level deteriorated EBITDA generation.

Argentina & Paraguay

EBITDA increased 48% with an EBITDA margin of 27.5%, riding InterCement operations momentum on both geographies.

Argentina

After a mild beginning of the year, Argentinian demand revealed a two-digit growth in March. The redesigned cost structure together with the commercial reaction towards inflation adjustments requirements succeeded.

Paraguay

Industrial operating excellence combined with a fruitful commercial strategy brought EBITDA margin to record high levels. Operations reached maturity, overcoming the recent installed integrated plant technical performance. Volumes and Sales grew more than 60% in an attractive economic scenario.

Egypt

The Egyptian macroeconomic restructuring, justifying the 51% depreciation of local currency and comprehending the elimination of energy subsidies, brought adjustments challenges such as a double-digit slowdown in local cement demand.

Despite the past proven Egyptian cement market resilience; the combined effect of cement sales drop and Egyptian pound depreciation drove sales down by 54%.

The operating flexibility and efficiency brought by the recently installed coal mill (energy matrix upgrade program), would have allowed, in local currency, to overcome the adverse circumstances impact on EBITDA generation. However, the cost of further efficiency initiatives taken in this quarter – namely non-recurring indemnities and compensations from head count reduction (€2.8 million) -, penalized EBITDA and dropped EBITDA margin to a sole digit level.

Mozambique

In a challenging political economic adverse context since late 2016, Q1 demand in Mozambique dropped more than 30% dragging sales down by 37%.

Nevertheless, efficiency initiatives implemented in 2016 delivered. Despite the slowdown and cost inflation impact on EBITDA and EBITDA margin, the latter improved from Q1'16 and both stood above the observed in Q4'16.

Furthermore, efficiency focus progressed in this quarter with the partial suspension of a milling facility, enhancing InterCement flexibility to address the current Mozambique context.

South Africa

Industrial excellence plan urged further capacity utilization and drove cement production up, enabling the reinforced commercial approach to grow volumes sold by 11%.

Though benefiting from a 24% appreciation of the local currency, EBITDA raised moderately, reflecting maintenance interventions in this quarter.

Portugal & Cape Verde

The recovery of internal market sales in Portugal, together with the recently implemented efficiency pack, allowed a 30% increase of EBITDA, and a 3p.p. improvement of the EBITDA margin.

Portugal

Local demand recovered, registering a 24% increase of cement and clinker volumes sold in the local market, while exports recovery lagged. Sales increased by 14%.

Cape Verde

Major new works delay draw down contribution to consolidated figures.

Cement and Clinker Volumes Sold			
(thousand tons)	1st Quarter 2017	1st Quarter 2016	YoY
Brazil	1,918	2,267	-15.4%
Argentina	1,446	1,408	2.7%
Paraguay	147	90	64.7%
Portugal	771	730	5.6%
Cape Verde	43	49	-12.2%
Egypt	722	851	-15.1%
Mozambique	251	368	-31.8%
South Africa	351	315	11.2%
Sub-Total	**5,650**	**6,079**	**-7.1%**
Intra-Group Eliminations	-32	-49	-35.3%
Consolidated Total	**5,618**	**6,030**	**-6.8%**

Sales			
(€ million)	1st Quarter 2017	1st Quarter 2016	YoY
Brazil	121	135	-10.7%
Argentina	172	134	28.6%
Paraguay	17	10	62.6%
Portugal	61	54	13.6%
Cape Verde	7	8	-15.5%
Egypt	24	53	-54.5%
Mozambique	21	34	-37.0%
South Africa	31	23	35.3%
Trading / Shipping	47	48	-3.4%
Others	11	11	-0.2%
Sub-Total	**512.5**	**510.7**	**0.3%**
Intra-Group Eliminations	-59	-57	5.0%
Consolidated Total	**453.0**	**454.1**	**-0.2%**

EBITDA			
(€ million)	1st Quarter 2017	1st Quarter 2016	YoY
Brazil	8.9	16.8	-46.7%
Argentina & Paraguay	51.9	35.1	48.0%
Portugal & Cape Verde	10.5	8.2	29.1%
Africa	11.2	17.5	-35.9%
Trading / Shipping & Others	1.6	0.3	n.m.
Consolidated Total	**84.2**	**77.9**	**8.2%**
EBITDA margin	***18.6%***	***17.1%***	***1.4 p.p.***

3. Subsequent events

Derivatives

On April 2017, following the announced asset monetization initiatives within the company's capital strengthening program, InterCement completed the unwind process of its derivative portfolio, rising cash and equivalents of USD 223 million (circa € 208 million).

Estreito Hydropower Plant

On May 2017, InterCement signed an agreement to sell part of its stake in the Estreito hydropower plant for BRL 290 million (circa € 87 million).

The company sold a 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, following 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.

InterCement

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Interim Condensed Consolidated Financial Information for the three months period ended ***March 31st, 2017.*** *Interim Financial Information.*

Building Sustainable Partnerships

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Position as of March 31, 2017 and December 31, 2016 (Unaudited)

(In thousands of euros - €)

ASSETS	Notes	03.31.2017	12.31.2016
CURRENT ASSETS			
Cash and cash equivalents	4	441,077	541,143
Securities	5	19,638	49,465
Trade receivables	6	161,930	137,605
Inventories		451,924	396,795
Recoverable taxes		37,864	42,603
Derivatives	19	23,052	26,450
Other receivables		63,586	52,079
Total current assets		1,199,071	1,246,140
NONCURRENT ASSETS			
Securities	5	3,009	2,928
Trade receivables	6	6,128	6,199
Inventories		12,608	12,461
Recoverable taxes		29,421	29,675
Deferred income tax and social contribution	14	40,303	29,827
Escrow deposits		21,667	19,923
Derivatives	19	176,228	215,450
Other receivables		23,147	27,473
Property Investment		7,365	7,442
Investments		10,594	13,340
Property, plant and equipment	7	2,007,321	2,047,838
Intangible assets:			
Goodwill	8	1,563,879	1,546,629
Other intangible assets	8	250,176	213,388
Total noncurrent assets		4,151,846	4,172,573
TOTAL ASSETS		5,350,917	5,418,713

LIABILITIES AND EQUITY	Notes	03.31.2017	12.31.2016
CURRENT LIABILITIES			
Trade payables		269,187	311,631
Debentures	10	123,699	121,926
Borrowings and financing	9	227,381	213,866
Interest payable	9 and 10	106,743	95,678
Taxes payable		80,620	67,618
Payroll and related taxes		38,716	43,589
Dividends and interest on capital	13	2,688	2,455
Advances from customers		24,972	18,130
Actuarial liabilities		903	903
Derivatives	19	3,604	8,287
Other payables		27,919	30,223
Total current liabilities		906,432	914,306
NONCURRENT LIABILITIES			
Trade payables		7,266	9,199
Debentures	10	1,159,013	1,157,415
Borrowings and financing	9	1,877,490	1,932,136
Provision for tax, civil and labor risks	11	51,750	52,474
Provision for environmental recovery		40,546	39,954
Taxes payable		18,965	13,138
Deferred income tax and social contribution	14	294,331	301,829
Actuarial liabilities		22,117	21,825
Derivatives	19	5,586	7,468
Other payables		13,400	13,831
Total noncurrent liabilities		3,490,464	3,549,269
TOTAL LIABILITIES		4,396,896	4,463,575
SHAREHOLDER'S EQUITY			
Capital	13	1,080,949	1,080,949
Capital reserves	13	554,256	555,114
Earnings reserves	13	155,653	155,653
Accumulated losses	13	(534,064)	(507,726)
Other comprehensive income	13	(700,976)	(720,321)
Equity attributable to the Company's owners		555,819	563,669
Noncontrolling interests		398,202	391,469
Total equity		954,021	955,138
TOTAL LIABILITIES AND EQUITY		5,350,917	5,418,713

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Income Statements for the three months periods ended March 31, 2017 and 2016
(Unaudited)
(In thousands of euros - €, except per earnings (loss) per share)

	Notes	03.31.2017	03.31.2016
NET REVENUE	21	452,994	454,093
COST OF SALES AND SERVICES	15	(363,629)	(377,389)
GROSS PROFIT		89,365	76,704
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	15	(63,097)	(47,852)
Other income (expense)	15	6,837	(1,441)
Equity result		179	70
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		33,284	27,481
FINANCIAL INCOME (EXPENSES)			
Foreign exchange losses, net	16	7,095	(30,645)
Financial income	16	7,029	20,746
Financial expenses	16	(75,224)	(71,474)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(27,816)	(53,892)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	14	(22,196)	(19,596)
Deferred	14	18,975	22,903
LOSS FOR THE PERIOD		(31,037)	(50,585)
LOSS ATTRIBUTABLE TO			
Company's owners	18	(26,338)	(39,626)
Noncontrolling interests	21	(4,699)	(10,959)
LOSS PER SHARE			
Basic/diluted loss per share	18	(1.16)	(1.75)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income for the three months periods ended March 31, 2017 and 2016
(Unaudited)
(In thousands of euros - €)

	Notes	03.31.2017	03.31.2016
LOSS FOR THE PERIOD		(31,037)	(50,585)
Other comprehensive income:			
Items that will not be reclassified subsequently to the income statement:			
Employee benefits		-	6
Items that might be reclassified subsequently to the income statement:			
Exchange differences arising on translating foreign operations		25,629	1,232
Hedging derivatives financial instruments		6,099	(4,201)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		691	(53,548)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Company's owners		(6,993)	(50,253)
Noncontrolling interests		7,684	(3,295)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Equity for the three months periods ended March 31, 2017 and 2016 (Unaudited)

(In thousands of euros - €)

	Notes	Share capital	Capital reserves	Earnings reserves: Legal	Earnings reserves: Investments	Other comprehensive income	Accumulated losses	Total attributable to the Company's owners	Noncontrolling interests	Total equity
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		-	-	-	-	-	(39,626)	(39,626)	(10,960)	(50,586)
Sale of noncontrolling interests		-	37,063	-	-	-	-	37,063	2,998	40,061
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	(253)	(253)
Other comprehensive income		-	-	-	-	(10,629)	-	(10,629)	7,665	(2,964)
BALANCE AT MARCH 31, 2016		1,080,949	535,787	18,063	210,360	(749,300)	(60,283)	1,035,576	451,166	1,486,742
BALANCE AT DECEMBER 31, 2016		1,080,949	555,114	18,063	137,591	(720,321)	(507,726)	563,669	391,469	955,138
Loss for the period		-	-	-	-	-	(26,338)	(26,338)	(4,699)	(31,037)
Sale of noncontrolling interests		-	602	-	-	-	-	602	205	806
Aquisition of noncontrolling interests		-	(1,460)	-	-	-	-	(1,460)	(718)	(2,178)
Dividends paid to noncontrolling interests		-	-	-	-	-	-	-	(438)	(438)
Other comprehensive income		-	-	-	-	19,345	-	19,345	12,383	31,728
BALANCE AT MARCH 31, 2017		1,080,949	554,256	18,063	137,591	(700,976)	(534,064)	555,819	398,202	954,021

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows for the three months periods ended March 31, 2017 and 2016

(Unaudited)

(In thousands of euros - €)

	Notes	03.31.2017	03.31.2016
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before income tax and social contribution		(27,816)	(53,892)
Adjustments to reconcile income before income tax and social contribution with net cash generated by operating activities:			
Depreciation, amortization and impairment losses		51,121	50,441
Recognition (reversal) of allowance for potential losses, net		(530)	(12,117)
Interest, accrued charges, and exchange differences		61,566	81,572
Gain on sale of long-lived assets		(1,474)	(999)
Equity result		(179)	(70)
Other noncash operating losses (gains)		1,519	(1,367)
Decrease (increase) in operating assets:			
Trade receivables		(20,161)	(19,452)
Inventories		(49,665)	(28,823)
Recoverable taxes		2,459	(3,560)
Other receivables		9	50
Increase (decrease) in operating liabilities:			
Trade payables		(34,342)	34,853
Payroll and vacation payable		4,072	2,123
Other payables		(16,804)	(57,692)
Taxes payable		1,087	(5,470)
Cash generated by operating activities		(29,138)	(14,403)
Income tax and social contribution paid		(6,081)	(6,195)
Interest paid		(21,409)	(50,541)
Net cash generated (used) by operating activities		(56,628)	(71,139)
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of (investments in) securities		31,859	(16,291)
Purchase of property, plant and equipment		(43,391)	(28,281)
Increase in intangible assets		(709)	(97)
Sale of long-lived assets		1,676	632
Dividends received		126	141
Net cash generated (used) in investing activities		(10,439)	(43,896)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures		22,431	23,976
Swap transactions		(4,548)	-
Repayment of borrowings, financing and debentures		(52,067)	(38,347)
Other instruments		(122)	(1,037)
Net cash used in financing activities		(34,306)	(15,408)
DECREASE IN CASH AND CASH EQUIVALENTS		(101,373)	(130,443)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		1,307	(14,048)
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	441,077	623,480

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES
Notes to the Consolidated Interim Condensed Financial Information for the three months period ended March 31, 2017
(Unaudited)
(Amounts in thousands of euros - €, unless otherwise stated)

1. General Information

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

The Company owns 40 cement plants, 62 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, Brazil holds electric power generation equity interests and assets, as a self-generator for some of its production.

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of preparation

The consolidated Interim Financial Information as of March 31, 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 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:

		Closing exchange rate (R$)		Average exchange rate (R$)	
Currency		03.31.2017	12.31.2016	03.31.2017	03.31.2016
USD	US Dollar	3.16840	3.25910	3.14429	3.89056
EUR	Euro	3.38960	3.43840	3.34986	4.28715
MZN	Mozambique Metical	0.04670	0.04572	0.04515	0.08289
CVE	Cape Verde Escudo	0.03074	0.03118	0.02278	0.03888
EGP	Egyptian Pound	0.17600	0.18110	0.17552	0.46269
ZAR	South African Rand	0.23610	0.23790	0.23917	0.24579
ARS	Argentinian Peso	0.20587	0.20510	0.20068	0.26966
PYG	Paraguayan Guaraní	0.00057	0.00056	0.00056	0.00067

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

	03.31.2017	12.31.2016
Cash and bank accounts	282,761	325,110
Short-term investments	158,316	216,033
Total cash and cash equivalents	441,077	541,143

Short-term investments were as follows:

	03.31.2017	12.31.2016
Bank certificates of deposit (CDBs)	14,111	2,209
Short Term Investment in Reais	-	1,718
Exclusive funds:		
National Treasury Bills (LTNs)	2,775	12,781
National Treasury Bills (LTFs)	3,495	32,663
CDBs	274	1,135
Fixed-income funds	30,237	9,081
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos	-	28,082
Short-term investments in US dollars	75,629	91,490
Short-term investments in euro	16,568	16,267
Short-term investments in Egyptian pound	-	2,717
Short-term investments in South African rand	9,992	8,256
Short-term investments in Mozambique metical	5,235	6,914
Short-term investments in Cape Verd escudos	-	2,720
Total short-term investments	158,316	216,033

5. Securities

Securities are classified as financial assets, as follows:

	03.31.2017	12.31.2016
Market investments	14,080	44,143
Other	8,567	8,250
Total	22,647	52,393
Total - current	19,638	49,465
Total - noncurrent	3,009	2,928

6. Trade Receivables

	03.31.2017	12.31.2016
Domestic and foreign customers - current	191,329	166,328
(-) Impairment for doubtful accounts – current	(29,399)	(28,723)
Trade receivables - current	161,930	137,605
Domestic and foreign customers - noncurrent	6,225	6,295
(-) Impairment for doubtful accounts – noncurrent	(97)	(96)
Trade receivables - noncurrent	6,128	6,199

7. Property, Plant and Equipment

	03.31.2017		
	Cost	Depreciation	Net book value
Land	152,578	(13,320)	139,258
Buildings	556,157	(199,795)	356,362
Machinery and equipment	1,808,520	(727,392)	1,081,128
Vehicles	47,114	(18,129)	28,985
Furniture and fixtures	11,182	(7,939)	3,243
Mines and ore reserves	114,818	(79,198)	35,620
Reservoirs, dams and feeders	81,713	(19,794)	61,919
Other	11,973	(8,760)	3,213
Spare parts	4,616	-	4,616
Advances to suppliers	27,096	-	27,096
Construction in progress	265,881	-	265,881
Total	3,081,648	(1,074,327)	2,007,321

	12.31.2016		
	Cost	Depreciation	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

During the three months periods ended March 31, 2017 and 2016, the Company capitalized financial charges amounting to €25 thousand and €797 thousand, respectively, related to loans granted to finance eligible assets.

Construction in progress and advances to suppliers as of March 31, 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	29,314
Write-offs	(430)
Depreciation	(47,619)
Effect of changes in exchange rates	(51,961)
Other	70
Balance at March 31, 2016	2,074,231
Balance at December 31, 2016	2,047,838
Additions	22,921
Write-offs	(482)
Depreciation	(48,326)
Effect of changes in exchange rates	21,883
Other	(36,513)
Balance at March 31, 2017	2,007,321

8. Intangible Assets

	03.31.2017	12.31.2016
Other intangible assets:		
Mining rights	188,875	187,283
Concession-related assets	4,720	4,823
Software licenses	7,118	5,883
Project development costs	5,738	5,598
Trademarks, patents and others	43,725	9,801
	250,176	213,388
Goodwill:		
Loma Negra C.I.A. S.A.	284,867	280,824
CBC - Companhia Brasileira de Cimentos (“CBC”)	30,279	29,849
Cia. Industrial e Mercantil de Cimentos S.A. (“CIMEC”)	22,363	22,045
Cimpor - Cimentos de Portugal, SGPS, S.A.	1,203,606	1,191,478
Other	22,764	22,433
	1,563,879	1,546,629
Total	1,814,055	1,760,017

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segment, which did not occur in the three months periods ended March 31, 2017 and 2016.

Changes in intangible assets in the three months periods ended March 31, 2017 and 2016 were as follows:

Balance at December 31, 2015	1,908,420
Additions	546
Write-offs	(3)
Amortization	(1,801)
Effect of changes in exchange rates	50,505
Transfers	(26)
Balance at March 31, 2016	1,957,641
Balance at December 31, 2016	1,760,017
Additions	468
Amortization	(2,212)
Effect of changes in exchange rates	19,084
Transfers	36,698
Balance at March 31, 2017	1,814,055

9. Borrowings and Financing

								03.31.2017		12.31.2016	
Functional Currency	Business unit	Type of financing	Currency	Interest rates (b)	Contract date	Maturity		Current	Noncurrent	Current	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	May/12	Jan/22		-	391,349	-	396,651
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/12	Feb/22		-	306,796	-	306,796
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/14	Feb/19		-	54,093	6,037	54,041
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	Feb/14	Feb/19		-	181,715	20,616	183,992
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/14	Feb/19		-	60,103	-	60,078
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	Feb/14	Feb/19		-	201,904	-	204,605
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	Feb/14	Feb/21		-	221,505	-	224,536
EUR	Holdings and Financial Vehicles (*)	Bilateral	US$	Floating rate indexed to US Libor	May/14	May/19		-	46,340	-	46,974
EUR	Holdings and Financial Vehicles (*)	Commercial paper	EUR	Floating rate	Mar/16	Mar/20		-	50,000	-	50,000
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Fixed rate	Dec/14	Dec/18		-	23,113	-	22,949
ARS	Argentina and Paraguay	Several bilateral	ARS	Floating rates indexed to Badlar	Several	Several		43,354	20,328	30,702	25,989
ARS	Argentina and Paraguay	Several bilateral	US$	Floating rates indexed to US Libor	Several	Several		69,465	28,630	53,714	45,293
BRL	Brazil	Several bilateral	BRL	Fixed and floating rates	Several	Several	(a)	13,770	147,847	12,716	151,819
PYG	Argentina and Paraguay	Several bilateral	US$	Fixed and floating rates	Several	Several		22,299	53,351	21,224	62,782
PYG	Argentina and Paraguay	Several bilateral	PYG	Fixed rates	Oct/15	Apr/17		13,880	-	13,751	-
ZAR	South Africa	Several bilateral	ZAR	Floating rate indexed to Jibar	Several	Several		31,344	13,931	31,135	13,838
EUR	Portugal and Cape Verde	Several bilateral	EUR	Fixed and floating rates	Several	Several		-	75,000	-	75,000
MZN	Mozambique	Several bilateral	MZN	Floating rates indexed to BT 3M	Several	Several		1,597	278	1,541	268
EGP	Egypt	Several bilateral	EGP	Floating rates indexed to Corridor	Several	Several		31,672	1,208	22,430	6,525
								227,381	1,877,490	213,866	1,932,136

(*) 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 €38,863 in the three months ended March 31, 2017.

(b) For the major funding, the variable rates contracted, both in dollars and euros, consider spreads between 2.5% and 3.5%.

As of March 31, 2017 and December 31, 2016, the incurred interest related to those financing agreements classified in current liabilities and presented as ‘Interest payable’ amount to €16,663 and €26,130, respectively.

Maturity schedule

As of March 31, 2017 and December 31, 2016, the noncurrent portions mature as follows:

Period	03.31.2017	12.31.2016
2018 (9 months)	256,107	297,981
2019	761,773	767,802
2020	233,408	234,851
2021	418,606	423,178
Following years	207,596	208,324
	1,877,490	1,932,136

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

							03.31.2017		12.31.2016	
Functional Currency	Business unit	Instrument	Currency	Issue date	Interest rate (a)	Final maturity	Current	Noncurrent	Current	Noncurrent
BRL	Brazil	Debênture - Brazil	BRL	Mar-12	Floating rate indexed to CDI	Apr-22	64,861	324,847	63,920	320,168
BRL	Brazil	Debênture - Brazil	BRL	Aug-12	Floating rate indexed to CDI	Aug-22	58,838	294,681	58,006	290,483
EUR	Holdings and Financial Vehicles (*)	Senior Notes (b)	USD	Jul-14	5.75%	Jul-24	-	539,485	-	546,764
							123,699	1,159,013	121,926	1,157,415

(*) Takes into consideration the set of companies included in the holding companies segment and business support, corporate, and trading entities.

(a) The contracted floating rates have spreads between 8% and 15% above the CDI (Interbank deposit rate in Brazil).

(b) 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 54,290 thousand, respectively. During the three months ended March 31, 2017 no bonds were acquired.

As of March 31, 2017 and December 31, 2016, the incurred interest classified in current liabilities and presented as ‘Interest payable’ amount to €90,080 and €69,548, respectively.

Maturity schedule

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

Period	03.31.2017	12.31.2016
2018 (9 months)	122,546	120,710
2019	122,546	120,710
2020	122,546	120,710
2021	122,546	120,710
Following years	668,830	674,575
	1,159,013	1,157,415

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 assets and liabilities

Provisions

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

The provision for risks is broken down as follows:

	03.31.2017	12.31.2016
Labor and social security	27,057	27,703
Tax	18,913	18,822
Civil and other	8,814	8,825
	54,784	55,350
Escrow deposit (a)	(3,034)	(2,876)
Total	51,750	52,474

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

	03.31.2017	12.31.2016
Labor and social security	2,230	2,329
Tax	752	497
Civil and other	52	50
Total	3,034	2,876

Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its products and services as well for environmental, labor and regulatory cases. Facing to those natures, valuation and recorded provisions, there is an existing expectation that there are no relevant effects on the developed activity, equity and operating results.

On March 31, 2017, the Group has an exposure to contingent liabilities of €998 million (€932 million in December 31, 2016), being €7 million of contingent liabilities related to labor (€7 million in December 31, 2016), €728 million of tax contingent liabilities (€674million as of December 31, 2016), €263 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 increase in tax contingencies, is due mainly to additional income tax assessments, as a result of tax inspections for the year of 2011 in the business area of Brazil.

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 quarters 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 such 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 and €11 million (Note 14) has been already recognized.

Changes in the provision for risks for the three months periods ended March 31, 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	7	898	1,030	-	1,935
Payment/deposit derecognition	(1,111)	(422)	(11,780)	(86)	(13,399)
Reversal	-	(655)	(135)	-	(790)
Exchange differences	202	(903)	(969)	(162)	(1,832)
Balance at March 31, 2016	28,273	34,153	10,827	(3,494)	69,759
Balance at December 31, 2016	27,703	18,822	8,825	(2,876)	52,474
Recognition/deposit	314	745	597	-	1,656
Payment/deposit derecognition	(719)	(16)	(558)	(118)	(1,411)
Reversal	(416)	(671)	(105)	-	(1,192)
Exchange differences	175	33	55	(40)	223
Balance at March 31, 2017	27,057	18,913	8,814	(3,034)	51,750

12. Related Parties

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

13. Shareholder's Equity

Share capital as of March 31, 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.

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

Earnings reserves

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

Dividends

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

As of March 31, 2017, considering the loss of the year no dividend proposal for the common or preferred shares will be presented.

14. Income Tax and Social Contribution

For the three months periods ended March 31, 2017 and 2016 the reconciliation between the nominal and the effective income tax was as follows:

	03.31.2017	03.31.2016
Loss before income tax and social contribution	(27,816)	(53,892)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	9,457	18,323
Adjustments to calculate income tax and social contribution at effective rates:		
Equity method gain	61	24
Permanent additions / (deductions), net (a)	716	(1,544)
Unrecorded deferred income tax and social contribution tax (b)	(5,681)	(2,250)
Other (c)	(7,774)	(11,246)
Income tax and social contribution expense	(3,221)	3,307
Income tax and social contribution expense - Current	(22,196)	(19,596)
Income tax and social contribution expense - Deferred	18,975	22,903

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

(b) In the three months ended March 31, 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.

(c) The caption Other, in the three months periods ended March 31, 2017 and 2016, includes the registration of a tax income charge of around €7 million and around €11 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 three months periods ended March 31, 2017 and 2016, the Group recorded deferred tax of €1,060 thousand and €14,263 thousand, respectively, directly in costs recognized in equity.

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

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

	03.31.2017	03.31.2016
Depreciation, amortization, and impairment losses	(51,121)	(50,441)
Salaries and employee benefits	(71,854)	(63,474)
Raw materials and consumables	(82,918)	(109,011)
Tax expenses	(4,821)	(4,413)
Outside services	(50,192)	(43,565)
Rental	(4,412)	(6,675)
Freight expenses	(43,107)	(40,891)
Maintenance costs	(28,691)	(30,301)
Fuel	(41,766)	(35,181)
Electricity	(29,777)	(32,895)
Reversal (recognition) of provision for risks	(861)	(975)
Gain on sale of property, plant and equipment	1,474	999
Restructuring and other nonrecurring costs	(4,500)	(887)
Other (expenses)/income (net)	(7,343)	(8,972)
Total	(419,889)	(426,682)
Cost of sales and services	(363,629)	(377,389)
Administrative and selling expenses	(63,097)	(47,852)
Other (expenses)/income (net)	6,837	(1,441)
Total	(419,889)	(426,682)

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

	03.31.2017	03.31.2016
Foreign exchange losses, net (a):		
Exchange gain	31,378	103,376
Exchange loss	(24,283)	(134,021)
Total	7,095	(30,645)
Financial income:		
Inflation adjustment	866	1,974
Financial earnings	2,906	10,107
Interest income	559	593
Other income (c)	2,698	8,072
Total	7,029	20,746
Financial expenses:		
Inflation adjustment	(1,594)	(1,325)
Expenses on interest and charges	(61,368)	(55,508)
Expenses on banking commissions	(5,113)	(7,955)
Fines	(370)	(223)
Derivative financial instruments (b)	(2)	-
Other expenses	(6,777)	(6,463)
Total	(75,224)	(71,474)

(a) In the three months ended March 31, 2017 and 2016, the exchange differences are mainly influenced by the effect, respectively, of the valuation and devaluation of functional currencies in Group against USD in the conversion of assets and liabilities registered in that currency.

(b) These captions are composed by fair value variation of trading derivative financial instruments, contracted to cover exchange and interest rate risks, which weren't qualified for hedge accounting.

(c) In Other financial income and expenses, are included income and costs related to the financial adjustments of assets and liabilities, including the effect of the financial adjustment of provisions (Note 11), prompt payment discounts granted and obtained and the costs related to commissions, guarantees and other bank charges in general. In the three months ended March 31, 2016, this caption is also influenced by the repurchase of bonds issued by Cimpor Financial Operations, B.V. with a nominal value of 25,236 thousand USD which has generated a financial income in the amount of €6,517 thousand (Note 9).

17. Commitments

(a) Lease agreements as lessee

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

	03.31.2017	12.31.2016
Up to one year	9,516	4,288
From one to five years	10,712	51,509
More than five years	36	4,059
Total	20,264	59,856

The Company recognized, for the three months periods ended March 31, 2017 and 2016, as operating lease expenses the amount of €3,956 thousand and €4,822 thousand respectively.

(b) Purchase agreements

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

	03.31.2017	12.31.2016
2017	9,391	12,344
2018	12,522	12,344
2019	12,522	12,344
2020	12,522	12,344
After 2020	1,043	1,029
Total	48,000	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:

	03.31.2017	12.31.2016
2016	26,632	24,452
2017	14,756	15,333
2018	10,528	14,797
2019	8,467	10,721
2020	22,205	22,212
Total	82,588	87,515

18. Earnings Per Share

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

	03.31.2017	03.31.2016
Loss for the period attributable to Company's owners	(26,338)	(39,626)
Profit (loss) for the period attributable to preferred shares	-	-
Loss for the period attributable to common shares	(26,338)	(39,626)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted earnings (loss) per common share	(1.16)	(1.75)

19. Financial Instruments

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

19.1. Capital risk management

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

19.2. Financial risk management

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

19.3. Categories of financial instruments

	03.31.2017	12.31.2016
Current assets:		
Financial assets at amortized cost:		
Cash and bank accounts (Note 4)	282,761	325,110
Short-term investments - financial asset	134,543	160,373
Trade receivables (Note 6)	161,930	137,605
Other receivables	63,586	52,079
Financial assets at fair-value:		
Exclusive funds	43,411	105,125
Derivatives	23,052	26,450
Non-current assets:		
Financial assets at amortized cost:		
Long-term investments - financial asset	3,009	2,928
Trade receivables (Note 6)	6,128	6,199
Other receivables	23,147	27,473
Financial assets at fair-value:		
Derivatives	176,228	215,450
Current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	123,699	121,926
Borrowings and financing (Note 9)	227,381	213,866
Trade payables	269,187	311,631
Interest payable (Notes 9 and 10)	106,743	95,678
Other payables	30,607	30,223
Financial liabilities at fair value:		
Derivatives	3,604	8,287
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	1,159,013	1,157,415
Borrowings and financing (Note 9)	1,877,490	1,932,136
Trade payables	7,266	9,199
Other payables	13,400	13,831
Financial liabilities at fair value:		
Derivatives	5,586	7,468

19.4. Derivative transactions

Derivatives

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

	Other assets				Other liabilities			
	Current		Non-current		Current		Non-current	
	03.31.2017	12.31.2016	03.31.2017	12.31.2016	03.31.2017	12.31.2016	03.31.2017	12.31.2016
Trading derivatives	-	-	203	200	-	4,876	454	-
Cash flow hedges - Interest rate and cross currency swaps	23,052	26,450	176,025	215,249	3,604	3,411	5,131	7,468
	23,052	26,450	176,228	215,450	3,604	8,287	5,586	7,468

The following schedule shows the operations at March 31, 2017 and December 31, 2016 that qualify as hedging accounting instruments:

Type of hedge	Notional	Type of Operation	Maturity	Economic purpose		Fair value 03.31.2017	Fair value 12.31.2016
Cash-flow	USD 200,000,000	Cross Currency Swap to EUR	Jul/24	Swich a USD loan into EUR loan	(b)	33,274	36,488
Cash-flow	USD 100,000,000	Cross Currency Swap to EUR	Jul/24	Swich a USD loan into EUR loan	(b)	15,296	15,960
Cash-flow	USD 50,000,000	Cross Currency Swap to EUR	Jul/24	Swich a USD loan into EUR loan	(b)	8,242	9,073
Cash-flow	USD 150,000,000	Cross Currency Swap to EUR	Jul/24	Swich a USD loan into EUR loan	(a)	-	26,021
Cash-flow	USD 195,750,000	Cross Currency Swap to EUR	Feb/19	Swich a USD loan into EUR loan	(b)	26,299	28,977
Cash-flow	USD 217,500,000	Cross Currency Swap to EUR	Feb/19	Swich a USD loan into EUR loan	(b)	39,733	43,488
Cash-flow	USD 424,000,000	Cross Currency Swap to EUR	Jan/22	Swich a USD loan into EUR loan	(b)	76,233	81,692
Cash-flow	EUR 379,218,809	Interest Rate Swap	Jan/22	Swich to fixed interest rate	(b)	(8,736)	(10,878)
						190,341	230,821

(a) Derivative instrument settled in March 2017, having been received in the three months period ended March 31, 2017, the amount of approximately €21 million, including about €19 million at the time of its settlement;

(b) Derivative instruments settled in April 2017, having been received in the three months period ended March 31, 2017, the amount of approximately €14 million and, in April 2017, with those settlements, around €189 million.

In April, after these settlements, the debt exposure to USD dollar increased by USD 1,337 million compared to the December 2016 exposure (decreasing by the equivalent amount the exposure to Euro).

Additionally, was also made the settlement of the derivative financial instrument that did not qualified as hedge accounting, whose fair value recorded in December 31, 2016 was €4,429, being maintained in the portfolio at March 31, 2017 two derivatives written-put options in connection with "Baesa" and "Machadinho" operations, whose liability fair value as of March 31, 2017 and December 31, 2016, were of about €251 and €248, respectively.

19.5. Market values

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of March 31, 2016 in accordance with the following fair value seniority levels:

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

Financial liabilities at fair value	Financial derivative instruments	-	9.190	-

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:

	03.31.2017	12.31.2016
Fair-Value	1.297.491	1.410.143
Accounting Value	1.405.599	1.500.195

20. Supplemental Cash Flow Information

a) Investment and financing activities not involving cash

	03.31.2017	03.31.2016
Interest capitalization	25	797
Purchase of property, plant and equipment through trade payables	(20,495)	236
Purchase of intangibles through trade payables	(241)	449
Sales of property, plant and equipment that will be received futurally	544	966

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

	March 2017		March 2016	
Currency	Currency	Euros	Currency	Euros
USD	286,784	268,069	339,806	298,314
BRL	225,634	66,567	629,448	155,270
EUR	78,698	78,698	128,284	128,284
ARS	141,859	8,616	128,058	7,648
MZN	725,943	10,002	2,330,881	40,242
EGP	112,747	5,854	150,949	14,924
PYG	28,316,078	4,691	8,235,839	1,282
ZAR	235,219	16,384	310,933	18,561
CVE	202,231	1,834	253,096	2,295
		460,715		666,821

21. Operating Segment

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

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

The profit and loss information are as follows:

	03.31.2017				03.31.2016			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	120,747	270	121,017	(11,480)	135,459	-	135,459	237
Argentina and Paraguay	189,077	-	189,077	41,916	144,217	-	144,217	26,981
Portugal and Cape Verde	55,149	12,965	68,114	(1,723)	45,846	16,085	61,931	(3,231)
Egypt	23,951	-	23,951	(2,293)	52,601	-	52,601	358
Mozambique	21,497	-	21,497	2,266	34,121	-	34,121	3,401
South Africa	30,762	585	31,347	3,259	22,409	766	23,175	4,350
Total	441,183	13,820	455,003	31,945	434,653	16,851	451,504	32,096
Other (a)	11,811	45,648	57,459	1,160	19,439	39,685	59,124	(4,686)
Eliminations	-	(59,468)	(59,468)	-	-	(56,537)	(56,537)	-
Sub-total	452,994	-	452,994	33,105	454,093	-	454,093	27,411
Share of profit of associates				179				70
Income before financial income (expenses)				33,284				27,481
Financial income (expenses), net				(61,100)				(81,373)
Income before income tax and social contribution				(27,816)				(53,892)
Income tax and social contribution				(3,221)				3,307
Loss for the period				(31,037)				(50,585)

(a) This caption includes; (i) holding companies and trading companies not attributable to specific segments and, (ii) intra-group eliminations between segments.

It should be notice that, as a result of restructuring processes in progress in Group, in particular in the Egyptian business area, in the three months period ended March 31, 2017, nonrecurring costs with indemnities and others amounted to around €4,500 (around €900 in the three months period ended March 31, 2016).

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

	Noncontrolling interests	
	03.31.2017	03.31.2016
Operating segments:		
Brazil	(7,512)	(4,432)
Argentina and Paraguay	8,248	3,130
Portugal and Cape Verde	(387)	(1,018)
Egypt	(3,192)	(3,432)
Mozambique	2,315	(3,686)
South Africa	63	(36)
	(465)	(9,474)
Unallocated	(4,234)	(1,485)
	(4,699)	(10,959)

Other information:

	03.31.2017		03.31.2016	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	9,931	20,415	7,895	16,524
Argentina and Paraguay	11,328	10,002	7,754	8,097
Portugal and Cape Verde	254	12,248	516	11,384
Egypt	12	3,798	11,862	6,463
Mozambique	291	1,553	785	1,616
South Africa	928	2,664	532	1,356
	22,744	50,680	29,344	45,440
Other	645	441	516	5,001
Total	23,389	51,121	29,860	50,441

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

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

	03.31.2017			12.31.2016		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	2,657,013	1,432,928	1,224,085	2,634,316	1,422,322	1,211,994
Argentina and Paraguay	827,505	479,128	348,377	815,454	467,661	347,793
Portugal and Cape Verde	740,633	401,794	338,839	755,806	411,951	343,855
Egypt	252,771	128,676	124,095	254,226	110,963	143,263
Mozambique	223,690	185,065	38,625	204,868	173,504	31,364
South Africa	347,575	139,673	207,902	351,045	145,045	206,000
Total	5,049,187	2,767,264	2,281,923	5,015,715	2,731,446	2,284,269
Other	955,883	2,293,649	(1,337,766)	1,023,499	2,362,606	(1,339,107)
Eliminations	(664,017)	(664,017)	-	(630,477)	(630,477)	-
Other investments	9,864	-	9,864	9,976	-	9,976
Total segments	5,350,917	4,396,896	954,021	5,418,713	4,463,575	955,138

The assets and liabilities not attributable to segments include:

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

(c) other investments.

22. Events After the Reporting Period

Derivatives

On April 2017, following the announced asset monetization initiatives within the company's capital strengthening program, InterCement completed the unwind process of its derivative portfolio, rising cash and equivalents of USD 223 million (circa € 208 million).

Estreito Hydropower Plant

On May 2017, InterCement signed an agreement to sell part of its stake in the Estreito hydropower plant for BRL 290 million (circa € 87 million).
The company sold a 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 Hireletrica Estreito hydroelectric plant (Rio Tocantins, Tocantins – Brazil).
This transaction, following those concerning InterCement stakes on Barra Grande (BAESA) and Machadinho (MAESA), completes the monetization of energy assets, defined within the company's capital strengthening program.

23. Authorization for Completion of Financial Information

At the meeting held on May 23, 2017, the Board of Directors authorized the completion of this consolidated interim financial statements, being approved them for disclosure.