

# 2010

## FIRST QUARTER



This document contains forward-looking statements which reflect the Company's views about future events and financial performance. Actual events and results could differ materially from these statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speaks only of their dates and the Company undertakes no obligation to update or revise any of them.

## Interceramic Posts First Quarter 2010 Results

The first quarter of 2010 for Interceramic was one of encouraging positives and a few offsetting negatives, consistent with the difficult economic times. With first quarter consolidated sales of US \$103.2 million, the Company bettered first quarter 2009 sales of US \$95.5 million by 8.0 percent. Interceramic increased its gross margin up to 35.2 percent for the first quarter of 2010 compared to 31.5 percent in the first quarter last year. And, after considerable work over the past year to increase margins and keep operating expenses in check, we were able to post positive operating income for the quarter of US \$2.4 million compared to an operating loss of US \$2.3 million in the first quarter last year. Mexico continues to surprise us with its resiliency and sustained demand in the face of all contrary expectations, and good Mexican sales have really given the Company a platform from which to take advantage of market opportunities when, as they must, the economies recover. On the other hand, the United States market continues to be very poor, and we are struggling to reduce expenses and cut back our operations in order to adjust. With substantial expenses in leased premises in a number of American markets, we have closed or idled a number of these in the more dismal locations as well as working to lower occupancy costs in other more positive spots.

The improved operating income in the first quarter of 2010 over the first quarter of 2009 translated into much better EBITDA, growing 131.7 percent to US \$8.4 million compared to last year's US \$3.6 million. The Company's financial ratios are improving over prior periods, and although our debt service coverage ratio at the end of the first quarter of 2010 was 3.1 times compared to the first quarter 2009 coverage of 3.2 times, it is a welcome improvement over the preceding three quarters. The ratio of debt to EBITDA for the first quarter of 2010 was a greatly reduced 4.2 times compared to 6.8 times at the first quarter of 2009.

In Mexico, sales grew to \$851.1 million pesos in the first quarter of the year, a 4.0 percent increase over sales of \$818.0 million pesos in the same period last year. Unfortunately, sales in the United States continue to trend downwards, and at US \$36.3 million for the first quarter of 2010, United States sales fell some 6.4 percent over the US \$38.7 million recorded in the first quarter last year.

All expectations are that while 2010 will remain a difficult year, things are starting to trend up not just from a macroeconomic perspective, but in the building industries in North America in particular. Material recovery is, however, predicted to linger to early 2011 so we are still fundamentally focussed on cutting costs and expenses as much as possible and ensuring the Company remains nimble and well prepared for the future. Again, our primary concern for the coming quarters will be to bring our United States operations more into balance while increasing market share in Mexico. As always, we thank our investors, our customers and our employees for their continued support.

**Oscar E. Almeida**  
Chairman of the Board

**Víctor D. Almeida**  
Chief Executive Officer

**RELEVANT FINANCIAL INFORMATION**

<b>INCOME STATEMENT</b> (Thousands of Nominal US Dollars, except per Share data)	Jan-Mar'10	Jan-Mar'10 Vs. Jan-Mar '09
Net Sales	103,210	<b>8.0%</b>
Cost of goods sold	(66,857)	<b>2.1%</b>
Gross Income	36,353	<b>21.0%</b>
Operating Expenses	(33,936)	<b>4.7%</b>
Operating Income	2,417	<b>N.A.</b>
Integral Cost of Financing	5,221	<b>N.A.</b>
Interest Expense	(2,444)	<b>(0.7%)</b>
Interest Income	324	<b>31.2%</b>
Foreign Exchange Gain (Loss)	7,341	<b>N.A.</b>
Other Expenses, Net	(357)	<b>(56.7%)</b>
Income Tax	(2,541)	<b>80.4%</b>
Deferred Income Tax	(59)	<b>(43.3%)</b>
Minority Income	764	<b>187.7%</b>
Net Majority Income	3,916	<b>N.A.</b>
Weighted Average Number of Shares Outstanding (Thousands)	162,664	<b>0.0%</b>
EPS	0.02	<b>N.A.</b>

<b>BALANCE SHEET</b> (Thousands of Nominal US Dollars)	March 2010	Mar '10 Vs. Mar '09
Current Assets	198,779	<b>(2.9%)</b>
Cash Equivalents	23,702	<b>57.0%</b>
Fixed Assets	159,629	<b>(3.9%)</b>
Other non-current Assets	16,441	<b>3.9%</b>
<b>TOTAL ASSETS</b>	<b>374,849</b>	<b>(3.0%)</b>
Short-term Bank Debt	15,500	<b>(91.3%)</b>
Other short-term Liabilities	42,197	<b>(23.9%)</b>
Long-term Bank Debt	142,625	<b>N.A.</b>
Deferred Taxes	33,004	<b>(7.9%)</b>
Other long-term Liabilities	5,721	<b>24.3%</b>
<b>TOTAL LIABILITIES</b>	<b>239,048</b>	<b>(12.9%)</b>
Majority Shareholders' Equity	114,840	<b>22.5%</b>
Minority Interest	20,961	<b>15.5%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>135,801</b>	<b>21.3%</b>

Note: "Unless otherwise indicated, all financial information are in accordance with Norms for Financial Information as determined by the "Consejo Mexicano para la Investigacion y Desarrollo de Normas de Informacion Financiera, A.C. (CINIF)", and for purposes of clarity, information is also presented in nominal US Dollars dividing the nominal pesos for each month by the applicable average exchange rate for that month."

**RELEVANT FINANCIAL INFORMATION**

<b>INCOME STATEMENT</b> (Thousands of Pesos except per Share data)	Jan-Mar'10	Jan-Mar'10 Vs. Jan-Mar '09
Net Sales	1,311,882	<b>(4.7%)</b>
Cost of goods sold	(849,860)	<b>(9.9%)</b>
Gross Income	462,021	<b>6.7%</b>
Operating Expenses	(431,899)	<b>(7.6%)</b>
Operating Income	30,122	<b>N.A.</b>
Integral Cost of Financing	65,153	<b>N.A.</b>
Interest Expense	(31,198)	<b>(12.1%)</b>
Interest Income	4,118	<b>15.5%</b>
Foreign Exchange Gain (Loss)	92,233	<b>N.A.</b>
Other Expenses, Net	(4,604)	<b>(60.9%)</b>
Income Tax	(32,346)	<b>59.3%</b>
Deferred Income Tax	(750)	<b>(50.0%)</b>
Minority Income	9,736	<b>151.0%</b>
Net Majority Income	47,839	<b>N.A.</b>
Weighted Average Number of Shares Outstanding (Thousands)	162,664	<b>0.0%</b>
EPS	0.29	<b>N.A.</b>

<b>BALANCE SHEET</b> (Thousands of Pesos)	March 2010	Mar '10 Vs. Mar '09
Current Assets	2,464,856	<b>(14.9%)</b>
Cash Equivalents	293,909	<b>37.5%</b>
Fixed Assets	1,979,400	<b>(15.7%)</b>
Other non-current Assets	203,872	<b>(8.9%)</b>
<b>TOTAL ASSETS</b>	<b>4,648,129</b>	<b>(15.0%)</b>
Short-term Bank Debt	192,206	<b>(92.4%)</b>
Other short-term Liabilities	523,245	<b>(33.4%)</b>
Long-term Bank Debt	1,768,550	<b>N.A.</b>
Deferred Taxes	409,255	<b>(19.3%)</b>
Other long-term Liabilities	70,940	<b>9.0%</b>
<b>TOTAL LIABILITIES</b>	<b>2,964,195</b>	<b>(23.7%)</b>
Majority Shareholders' Equity	1,424,016	<b>7.3%</b>
Minority Interest	259,918	<b>1.2%</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,683,933</b>	<b>6.3%</b>