



2009

SECOND QUARTER



 **Interceramic®**
Simplemente lo Mejor

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 Shows Second Quarter Improvements

The second quarter of 2009 gave Interceramic signs that things may be starting to recover, or at least stabilise, in the markets. Although consolidated sales for the quarter of US \$101.9 million were a 24.1 percent decrease over sales of US \$134.3 million for the same quarter last year, they did increase by 6.7 percent over the first quarter of this year. The quarter also saw us reverse our operating loss from last quarter and post an operating profit as well as almost doubling EBITDA from the low of the first quarter. Operating income of US \$733,000, while down 82.9 percent from the US \$4.3 million achieved in the second quarter last year, was better than the US \$2.3 million loss experienced last quarter. As for EBITDA, for the second quarter 2009 it was US \$6.9 million—43.2 percent lower than the US \$12.2 million in the second quarter last year, but 91.2 percent better than the first quarter of this year.

Much of the improvement is, we believe, attributable to slightly improved market conditions, but much as well is the result of our strategies for the quarter aimed at generating free cash flow. In particular, we focussed on reducing inventories and cutting back on capacity utilisation, reducing and controlling costs and expenses and paring back on capital expenditures to the bare minimum. While running our plants at lower capacity adversely impacted our income statement due to absorption of fixed costs, the reduction of inventories and overall costs and expenses allowed the company to increase its cash position and cut the level of accounts payable. Further, in June we completed a comprehensive refinancing of substantially all of our outstanding debt, extending maturities and ensuring that most of our debt is classified as long-term.

Our overall results for the first half of 2009 over the same period last year compare, predictably, rather unfavourably. Consolidated sales of US \$197.4 million represent a decrease of 24.5 percent over the US \$261.7 million attained in the first half of last year. An operating loss of US \$1.6 million for the first half of 2009 was off by 121.0 percent over operating income of US \$7.7 million in the same period of 2008. And, two-quarter 2009 EBITDA of US \$10.6 million lagged 54.6 percent from the US \$23.2 million posted for the first half of 2008.

The Mexican markets continue to provide us with particular encouragement. We estimate that the entire market in Mexico has decreased this year by at least 11 percent in volume over the first half of 2008, but Interceramic has been able over the same period to gain market share with just a minor decline in Mexican sales over the periods. Mexican sales for the second quarter of 2009 were \$817.2 million pesos, 4.8 percent decrease over Mexican sales of \$858.4 million pesos in the second quarter of 2008. Sales for the first half of 2009 dipped by only 2.5 percent over the result in the first half of 2008.

In the United States we continue to struggle in markets that have been more deeply affected than those in Mexico. For the second quarter of 2009, our International sales of US \$40.7 million were 21.2 percent lower than the US \$51.6 million recorded in the second quarter of 2008. The second quarter of 2009 in the United States showed an improvement over the first quarter of this year, increasing by some 4.9 percent. For the whole first half of 2009, International sales of US \$79.4 million were down by 22.7 percent over last year's first half sales of US \$102.8 million. . As in Mexico, however, we believe that the overall United States market has decreased at a greater rate than our sales, indicating a bit better market penetration by the company.

On a very tragic note, it is with great sadness that we observed during July the sudden death at just age 39 of Mr Alfredo Harp Calderoni, a prominent Mexican businessman and the Vice Chairman of Interceramic's Board of Directors. Although a young man, Mr Harp was held in high regard throughout Mexico not just for his business activities but for his charitable efforts and his work with indigenous communities in the country. He was a significant contributor to the Interceramic Board and he will be sorely missed. Until the election of a replacement, his position on our Board will be taken by his alternate.

Recent events have made it clear that predicting the future is a dodgy business. However, our experience over the second quarter of 2009 gives us room for optimism. The Mexican markets are holding firm and it appears that the bottom in the United States may finally have been reached. The cost-saving and cash generation efforts we undertook over the past few months have borne fruit. The restructuring of our debt has given us some appreciated breathing room, allowing us to focus all of our efforts on clawing back our business in the face of the global recession. We are hopeful that the positive trends of the second quarter will be amplified in the third quarter of 2009 and look forward to meeting the challenges facing us. 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

INCOME STATEMENT (Thousands of Nominal US Dollars, except per Share data)	Apr-Jun '09	Apr-Jun '09 Vs. Apr-Jun '08	Jan-Jun '09	Jan-Jun '09 Vs. Jan-Jun '08
Net Sales	101,897	(24.1%)	197,440	(24.5%)
Cost of goods sold	(68,928)	(22.8%)	(134,417)	(22.3%)
Gross Income	32,970	(26.7%)	63,023	(29.0%)
Operating Expenses	(32,236)	(20.8%)	(64,634)	(20.3%)
Operating Income	733	(82.9%)	(1,610)	(121.0%)
Integral Cost of Financing	8,450	138.7%	2,363	(18.8%)
Interest Expense	(2,573)	(2.1%)	(5,035)	(19.8%)
Interest Income	284	0.3%	531	(19.4%)
Foreign Exchange Gain (Loss)	10,739	82.5%	6,867	(19.4%)
Other Expenses, Net	(469)	(46.2%)	(1,294)	(34.1%)
Income Tax	(1,517)	(37.0%)	(2,926)	(38.6%)
Deferred Income Tax	255	N.A.	151	N.A.
Minority Income	346	(39.3%)	612	(53.3%)
Net Majority Income	7,105	88.0%	(3,928)	N.A.
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	0.04	88.0%	(0.02)	N.A.

BALANCE SHEET (Thousands of Nominal US Dollars)	June 2009	June 2009 Vs. June 2008
Current Assets	202,892	(18.8%)
Cash Equivalents	27,272	115.0%
Fixed Assets	171,115	(28.9%)
Other non-current Assets	17,915	(24.3%)
TOTAL ASSETS	391,922	(23.8%)
Short-term Bank Debt	24,830	45.7%
Other short-term Liabilities	44,619	(39.7%)
Long-term Bank Debt	153,875	(1.3%)
Deferred Taxes	37,551	(20.3%)
Other long-term Liabilities	4,962	16.1%
TOTAL LIABILITIES	265,836	(10.9%)
Majority Shareholders' Equity	105,892	(44.7%)
Minority Interest	20,194	(18.5%)
TOTAL SHAREHOLDERS' EQUITY	126,086	(41.7%)

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

INCOME STATEMENT (Thousands of Pesos except per Share data)	Apr-Jun '09	Apr-Jun '09	Jan-Jun '09	Jan-Jun '09
		Vs. Apr-Jun '08		Vs. Jan-Jun '08
Net Sales	1,360,196	(2.5%)	2,736,955	(0.9%)
Cost of goods sold	(920,329)	(0.7%)	(1,863,883)	2.1%
Gross Income	439,867	(5.9%)	873,072	(6.8%)
Operating Expenses	(430,467)	1.9%	(897,772)	4.9%
Operating Income	9,400	(78.9%)	(24,700)	N.A.
Integral Cost of Financing	113,840	N.A.	21,262	(29.4%)
Interest Expense	(34,329)	25.9%	(69,828)	5.2%
Interest Income	3,794	28.8%	7,358	5.4%
Foreign Exchange Gain (Loss)	144,375	136.0%	83,733	(6.4%)
Other Expenses, Net	(6,295)	(30.8%)	(18,069)	(13.1%)
Income Tax	(20,255)	(19.1%)	(40,566)	(19.4%)
Deferred Income Tax	3,400	N.A.	1,900	N.A.
Minority Income	4,560	(23.0%)	8,439	(39.2%)
Net Majority Income	95,529	142.1%	(68,613)	N.A.
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	0.59	142.1%	(0.42)	N.A.

BALANCE SHEET (Thousands of Pesos)	June 2009	June 2009
		Vs. June 2008
Current Assets	2,674,123	3.9%
Cash Equivalents	359,441	175.1%
Fixed Assets	2,255,290	(9.1%)
Other non-current Assets	236,115	(3.1%)
TOTAL ASSETS	5,165,528	(2.5%)
Short-term Bank Debt	327,253	86.4%
Other short-term Liabilities	588,073	(22.8%)
Long-term Bank Debt	2,028,073	26.3%
Deferred Taxes	494,916	2.0%
Other long-term Liabilities	65,399	48.5%
TOTAL LIABILITIES	3,503,714	14.0%
Majority Shareholders' Equity	1,395,653	(29.2%)
Minority Interest	266,162	4.3%
TOTAL SHAREHOLDERS' EQUITY	1,661,815	(25.4%)