



Second Quarter 2008

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 Reports Second Quarter Results

The second quarter of 2008 saw Interceramic reach a record level of consolidated sales for a quarter that saw generally positive trends. Although the substantial cooling off of the new residential construction industry in the United States has adversely impacted the demand for flooring products, Interceramic has been able to compensate for this with growth in Mexico where our distinctive, upscale image has proven an important competitive advantage. In the very competitive United States markets, we are holding our own, and while overall ceramic tile consumption is estimated to have decreased by more than 20 percent we have been posting modest sales gains. Our consolidated sales of US \$134.3 million for the second quarter of the year were 10.9 percent higher than second quarter 2007 sales of US \$121.1 million, and at US \$45.0 million, gross income for the quarter was up by 8.4 percent over that posted in the same quarter of 2007. For the first six months of the year, consolidated sales increased by 11.4 percent over the first half of 2007, at US \$261.7 million from last year's US \$234.8 million. As our second half of the year is traditionally stronger than the first, we are guardedly optimistic of topping a half billion United States Dollars in sales for the first time in our history by the end of the year.

Sales in Mexico for the second quarter of 2008 were up 17.9 percent from the second quarter of 2007, at US \$82.7 million compared to US \$70.1 in the second quarter of last year, and represents our highest level of quarterly sales in Mexico ever. The figure is artificially inflated somewhat by the material appreciation of the Mexican Peso over the Dollar over recent months, and measured in Pesos the second quarter 2008 sales growth was 10.0 percent over the same period last year. Uniquely positioned at the high-end among domestic producers, we have been increasing our market share in Mexico, growing at a faster rate than our competitors. As well as achieving sales growth, the amount of product sold by the Company in Mexico continues to climb too, with both independent and Company owned distribution selling increased amounts of products. Viewing the first half of 2008 over the first half of 2007, sales in Mexico of US \$158.9 million outstripped sales of US \$137.4 million by 15.6 percent. Expressed in Pesos, the increase for the period was 8.5 percent. Things are going fundamentally well for Interceramic in Mexico, and we expect to sustain momentum in the markets over the remainder of the year with our current strategies.

In the International markets—primarily the United States—sales for the second quarter of 2008 showed an improvement over recent periods, but still demonstrated the difficulties in this vastly competitive region. Second quarter sales of US \$51.6 million grew by just 1.2 percent over second quarter 2007 sales of US \$51.0 million. For the first six months of 2008, International sales have increased by 5.5 percent over last year, to US \$102.8 million from US \$97.4 million. In reaching these levels, we were materially aided by sales from our late-2007

acquisition of the Dallas-based IMC distributor of granite and marble slabs and other stone products. Although our sales are holding on, we are concerned about the decreasing amount of product being sold in the United States. We have invested heavily in consolidating and improving our distribution network in the United States over the past couple of years, and it is a key objective of Interceramic over the rest of the year to work hard to ensure that the expected rewards from that investment materialize. We are well positioned to take advantage of the market conditions and gain market share as Euro denominated imports—primarily from Italy and Spain—are being effectively priced out of the market and certain large, regional distributor competitors are facing financial difficulties.

While we have put considerable effort into reducing and holding firm operating expenses, our sales growth has not matched the investment in sales infrastructure, particularly in the United States, impeding our operating income. At US \$4.3 million, operating income for the second quarter of 2008 lagged 13.8 percent behind operating income of US \$5.0 million recorded in the same period of last year. On the bright side, operating income for the quarter was almost a million Dollars higher than it was in the first quarter of the year as the percentage of operating expenses to sales improved to 30.3 percent from 31.7 percent last quarter. The suppressed operating income has restrained EBITDA as well, but at US \$12.2 million for the quarter we were able to log a 4.6 percent improvement over second quarter 2007 EBITDA of US \$11.7 million. Importantly, EBITDA for the second quarter of 2008 increased by US \$1.2 million over the first quarter of the year. Viewed on a six-month basis, operating income of US \$7.7 million for the first half of 2008 represents a 31.9 percent reduction over operating income of US \$11.2 million recorded in the first six months of 2007. As a result of the comparatively poor first quarter of the year and negatively impacted by electricity and natural gas price increases of US \$3.8 million over the first half of the year, EBITDA of US \$23.2 million for the first half of 2008 was 5.7 percent behind the US \$24.6 million recorded in the first six months last year.

Overall, we at Interceramic are pleased with the results of the second quarter of 2008, particularly given the virtually global slowdown in new housing construction. Mexico, which accounts for around 60 percent of consolidated sales, continues to perform very well at record levels. In the United States, we face great challenges with the current economic situation but at the same time are presented with some real opportunities to gain new customers as competition from Europe falls. It will be very important in the coming months to improve our competitive position in the American markets and maintain our staying power through the current crises in the housing and financial markets. While on target to busting US \$500 million in sales for the first time in Interceramic history this year, we think our results have not yet caught up to our potential and will make every effort over the coming months to achieve that goal. 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		Apr-Jun'08	Apr-Jun'08	Jan-Jun '08	Jan-Jun '08
(Thousands of Nominal US Dollars, except per Share data)		Apr-Jun'08	Vs. Apr-Jun'07	Jan-Jun '08	Vs. Jan-Jun '07
Net Sales	134,284	10.9%	261,675	11.4%	
Cost of goods sold	(89,304)	12.1%	(172,972)	13.5%	
Gross Income	44,980	8.4%	88,704	7.6%	
Operating Expenses	(40,701)	11.4%	(81,050)	13.8%	
Operating Income	4,279	(13.8%)	7,654	(31.9%)	
Integral Cost of Financing	3,540	N.A.	2,910	(238.2%)	
Interest Expense	(2,628)	2.9%	(6,274)	29.3%	
Interest Income	283	(30.6%)	659	(15.6%)	
Foreign Exchange Gain (Loss)	5,884	140.6%	8,524	N.A.	
Other Items	(705)	131.4%	(1,795)	112.1%	
Income Tax and Employee Profit Sharing	(2,576)	464.0%	(4,933)	2.2%	
Deferred Income Tax	(188)	63.3%	(370)	331.7%	
Minority Income	570	(26.8%)	1,310	(17.5%)	
Net Majority Income	3,779	14.2%	2,155	(48.1%)	
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%	
EPS	0.02	14.2%	0.01	(48.1%)	

BALANCE SHEET		June 2008	Jun 2008
(Thousands of Nominal US Dollars)		June 2008	Vs. Jun 2007
Current Assets	249,946	6.1%	
Cash Equivalents	12,686	(62.7%)	
Fixed Assets	240,814	10.4%	
Other non-current Assets	23,660	12.4%	
TOTAL ASSETS	514,419	8.4%	
Short-term Bank Debt	17,044	N.A.	
Other short-term Liabilities	73,955	44.5%	
Long-term Bank Debt	155,907	(2.6%)	
Deferred Taxes	47,090	20.5%	
Other long-term Liabilities	4,275	(36.0%)	
TOTAL LIABILITIES	298,271	16.0%	
Majority Shareholders' Equity	191,376	0.1%	
Minority Interest	24,772	(6.2%)	
TOTAL SHAREHOLDERS' EQUITY	216,148	(0.7%)	

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'08	Apr-Jun'08 Vs. Apr-Jun'07	Jan-Jun '08	Jan-Jun '08 Vs. Jan-Jun '07
Net Sales	1,394,482	3.4%	2,761,793	4.6%
Cost of goods sold	(927,274)	4.6%	(1,825,316)	6.5%
Gross Income	467,208	1.1%	936,478	1.0%
Operating Expenses	(422,622)	3.9%	(855,563)	6.8%
Operating Income	44,586	(19.2%)	80,914	(36.0%)
Integral Cost of Financing	36,872	N.A.	30,108	(225.2%)
Interest Expense	(27,260)	(4.1%)	(66,372)	21.7%
Interest Income	2,945	(35.2%)	6,981	(20.5%)
Foreign Exchange Gain (Loss)	61,186	124.3%	89,499	N.A.
Other Items	(7,372)	117.2%	(19,057)	99.5%
Income Tax and Employee Profit Sharing	(26,756)	385.6%	(52,050)	80.2%
Deferred Income Tax	(1,950)	54.4%	(3,900)	338.4%
Minority Income	5,921	(31.7%)	13,869	(22.4%)
Net Majority Income	39,459	7.2%	22,146	(52.0%)
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	0.24	7.2%	0.14	(52.0%)

BALANCE SHEET (Thousands of Nominal Pesos)	June 2008	Jun 2008 Vs. Jun 2007
Current Assets	2,574,443	(1.5%)
Cash Equivalents	130,662	(65.4%)
Fixed Assets	2,480,379	2.5%
Other non-current Assets	243,694	4.3%
TOTAL ASSETS	5,298,516	0.6%
Short-term Bank Debt	175,551	N.A.
Other short-term Liabilities	761,741	34.2%
Long-term Bank Debt	1,605,846	(9.5%)
Deferred Taxes	485,024	11.9%
Other long-term Liabilities	44,034	(40.6%)
TOTAL LIABILITIES	3,072,195	7.7%
Majority Shareholders' Equity	1,971,171	(7.1%)
Minority Interest	255,150	(12.9%)
TOTAL SHAREHOLDERS' EQUITY	2,226,321	(7.8%)