Interceramic®

Internacional de Cerámica, S.A.B. de C. V.

Third Quarter 2007

SALES.- Record consolidated sales for the third quarter of 2007 were US $129.4 million, up 4.5 percent over sales of US $123.9 million for the third quarter of 2006

Interceramic hits another quarterly sales record

With consolidated sales pushing close to US $130.0 million, Interceramic recorded its highest quarterly sales level ever in the third quarter of 2007. Results were particularly good in Mexico where, despite general weakening in the construction sector in North America, the Company was able to post a substantial increase in sales over the same period last year. In the United States the economic downturn has hit harder, and although Interceramic's United States sales decreased over the same quarter in 2006, we still managed to way-outperform the market generally. The third quarter of 2007 saw Interceramic working on a number of key projects aimed primarily at improving our distribution networks both in the United States and Mexico. Efforts in Mexico have focussed on improving the management of inventory systems to make Interceramic more responsive to customer needs while allowing us to reduce overall levels of inventory.

In the United States, the third quarter saw us finalizing arrangements for a new, Company-owned "Interceramic Tile and Stone Gallery" store in the Kansas City, Missouri area—marking our first entry into this thriving Midwestern metro area. We also concluded a lease agreement in Las Vegas, Nevada, for a brand-new store, replacing our older store and expanding available warehouse capacity by over 10,000 square feet. During the quarter, we completed a similar move in Phoenix, Arizona, going from an older building into a new and more prominent facility. We also opened a new, large distribution facility in El Paso, Texas, complementing our existing El Paso facility—which was the very first in our Company-owned network started some 25 years ago. The rest of the year will see us putting the final pieces in place on a world class distribution network which will dramatically enhance our efficiency in the distribution of our products across the United States, while at the same time improving customer service. Towards the end of the quarter, we put the finishing touches on our first acquisition in the United States for well over a decade. In a transaction that was completed on October 2nd of this year, Interceramic acquired substantially all of the assets of IMC, Inc., a long-standing and prominent Dallas-based distributor of granite, marble and other stone products for kitchens, bathrooms and other decorative uses. IMC also had operations in Fort Worth, Texas, and Phoenix, Arizona, both of which our United States affiliate took over along with the flagship IMC store in Dallas. We are very excited by this acquisition which will not only add profits to our bottom line, but also will provide our Company-owned stores in the American market with a more comprehensive product line for customers. The acquisition also gives Interceramic a base of experience and knowledge to expand and grow the granite, marble and stone business into other cities where we already have operations for ceramic tile and stone, enhancing our presence in the marketplace.

Our third quarter 2007 consolidated sales were US $129.4 million, a growth of 4.47 percent over sales of US $123.8 million in the third quarter of 2006. Gross income set a new record as well, and at US $45.0 million, was just slightly better than gross income of US $44.8 million in the third quarter last year. Our efforts at expanding and improving distribution, as well as some erosion of gross margins in Mexico due to aggressive promotions as we prepare for the start up of our brand new manufacturing facility in Chihuahua, have all added to restrain our operating income.
While a big improvement over operating income of just US $5.0 million in the preceding quarter of this year, at US $8.3 million our third quarter 2007 operating income was 23.14 percent behind operating income of US $10.7 million for the same quarter last year.

Interceramic's earnings before interest, taxes, depreciation and amortization ("EBITDA") for third quarter 2007 of US $15.0 million represented a 12.84 percent decrease over the US $17.2 million achieved in the third quarter last year, but again was markedly improved over the second quarter of this year, where EBITDA fell to US $11.7 million. With the lower operating income and capital expenditures related to our expansion and improvement efforts and the ongoing construction of our new plant, our borrowings increased somewhat over last year, and we ended the quarter with a debt to EBITDA ratio of 3.1, compared to 2.1 at the same point last year. Our debt service coverage ratio, however, remained the same at 6.4.

Sales in Mexico for the quarter powered up to US $79.3 million, a full 11.01 percent higher over sales of US $71.5 million recorded in the third quarter last year.
At US $50.1 million for the third quarter of 2007, our International sales lagged third quarter 2006 sales of US $52.4 million by 4.45 percent. . With our IMC acquisition—which has resulted in us changing the former IMC (or "International Marble Collection") stores as "Interceramic Marble Collection" stores—and with our ever expanding network of Company-owned locations in the United States, our enhanced distribution center network, we believe that we are in a good position to stay competitive in the United States and grow our sales effectively. Despite the overall decrease in sales for the third quarter of this year, our wholly-owned "Interceramic Tile and Stone Gallery" stores managed to increase sales by more than two percent for the quarter over the third quarter of 2006. Further, according to industry-wide data, the entire ceramic floor and wall tile industry in the United States decreased by over 16 percent in the first semester of 2007 compared to the same semester in 2006. Thus, despite the lower results, we believe that Interceramic is faring much better than most in the rocky American market and will be well prepared as the market improves in the coming quarters.

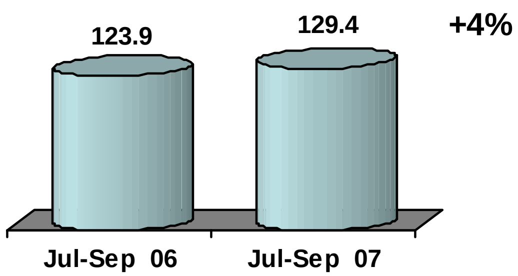
In the face of the difficult markets, we at Interceramic have continued to expand our business in both the United States and Mexico. Rather than worrying about the future, we believe that all indicators are good for sustained long-term growth in the floor and wall tile—and specialty stone products—markets throughout North America. We will continue to invest in our distribution chains and improve our customer service in order to capitalize on developments as they occur.
Once again, we thank our customers, suppliers, employees and investors for their very much appreciated support

Oscar E. Almeida
Chairman of the Board

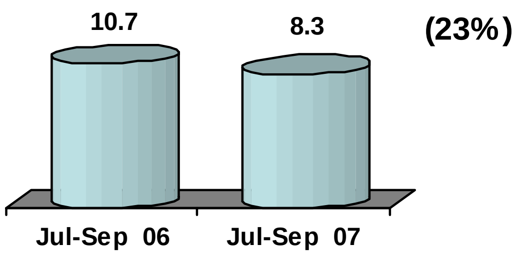
Víctor D. Almeida
Chief Executive Officer

(MILLIONS OF NOMINAL U.S. DOLLARS)

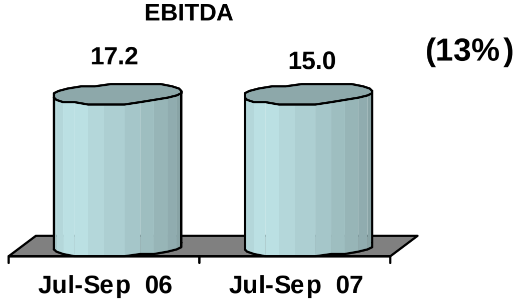
NET SALES



OPERATING INCOME

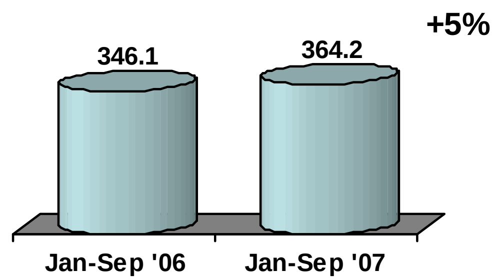


EBITDA

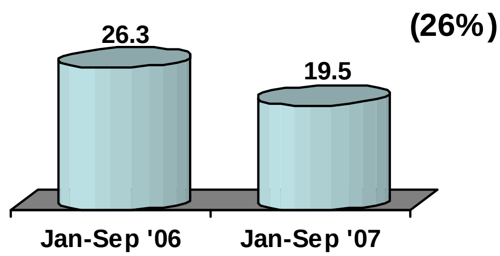


(MILLIONS OF NOMINAL U.S. DOLLARS)

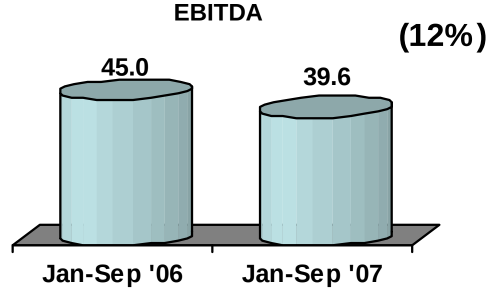
NET SALES



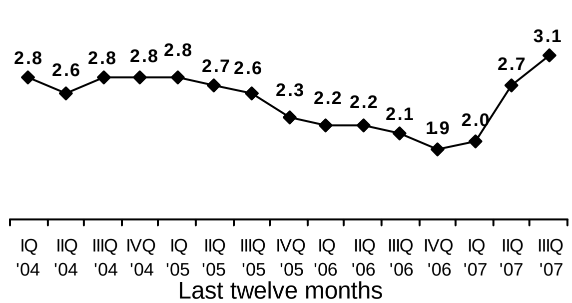
OPERATING INCOME



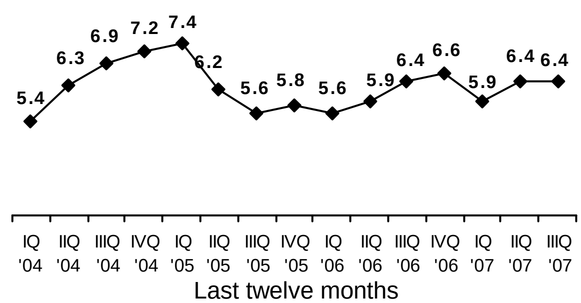
EBITDA



DEBT TO EBITDA (times)



DEBT SERVICE (times)



RELEVANT FINANCIAL INFORMATION

INCOME STATEMENT (Thousands of Nominal US Dollars, except per Share data)	Jul-Sep '07	Jul-Sep '07 Vs. Jul-Sep '06	Jan-Sep '07	Jan-Sep '07 Vs. Jan-Sep '06
Net Sales	129,388	4.5%	364,203	5.2%
Cost of goods sold	(84,385)	6.8%	(236,754)	6.9%
Gross Income	45,003	0.4%	127,449	2.2%
Operating Expenses	(36,744)	7.8%	(107,950)	9.8%
Operating Income	8,259	(23.1%)	19,499	(26.0%)
Integral Cost of Financing	(2,178)	(169.4%)	(4,282)	(45.9%)
Interest Expense	(3,299)	22.3%	(8,150)	(1.7%)
Interest Income	886	111.1%	1,666	24.9%
Foreign Exchange Gain (Loss)	(1,675)	(143.8%)	(486)	(86.0%)
Monetary Effect	1,911	19.9%	2,687	6.8%
Other Items	(66)	(103.9%)	(912)	22.4%
Income Tax and Employee Profit Sharing	(1,237)	60.4%	(3,696)	9.8%
Deferred Income Tax	(567)	(138.6%)	(653)	(152.2%)
Minority Income	1,254	(44.7%)	2,841	(26.3%)
Net Majority Income	2,958	(78.9%)	7,114	(39.2%)
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS (as traded in the BMV)	0.02	(78.9%)	0.04	(39.2%)

BALANCE SHEET (Thousands of Nominal US Dollars)	Sep-07	Sep 2007 Vs. Sep 2006
Current Assets	242,599	19.7%
Cash Equivalents	47,071	109.7%
Fixed Assets	235,154	14.4%
Other non-current Assets	20,180	3.8%
TOTAL ASSETS	497,933	16.4%
Short-term Bank Debt	324	536.0%
Other short-term Liabilities	56,268	18.6%
Long-term Bank Debt	172,500	35.3%
Deferred Taxes	41,817	16.1%
Other long-term Liabilities	6,893	27.9%
TOTAL LIABILITIES	277,802	28.4%
Majority Shareholders' Equity	194,032	5.5%
Minority Interest	26,099	(4.5%)
TOTAL SHAREHOLDERS' EQUITY	220,131	4.2%

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 as of September 2007 except per Share data)	Jul-Sep '07	Jul-Sep '07 Vs. Jul-Sep '06	Jan-Sep '07	Jan-Sep '07 Vs. Jan-Sep '06
Net Sales	1,425,630	1.4%	4,035,691	1.7%
Cost of goods sold	(929,764)	3.6%	(2,623,131)	3.3%
Gross Income	495,866	(2.6%)	1,412,560	(1.2%)
Operating Expenses	(404,827)	4.6%	(1,196,584)	6.1%
Operating Income	91,039	(25.4%)	215,976	(28.5%)
Integral Cost of Financing	(24,430)	(168.4%)	(48,187)	(48.3%)
Interest Expense	(36,343)	18.7%	(90,247)	(5.2%)
Interest Income	9,767	105.1%	18,448	20.5%
Foreign Exchange Gain (Loss)	(18,854)	(143.4%)	(6,175)	(85.2%)
Monetary Effect	21,000	16.0%	29,787	4.6%
Other Items	(768)	(104.0%)	(10,209)	13.0%
Income Tax and Employee Profit Sharing	(13,628)	55.6%	(41,221)	7.1%
Deferred Income Tax	(6,188)	(137.1%)	(7,067)	(149.4%)
Minority Income	13,833	(46.3%)	31,483	(28.6%)
Net Majority Income	32,193	(79.8%)	77,810	(40.9%)
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS (as traded in the BMV)	0.20	(79.8%)	0.48	(40.9%)

BALANCE SHEET (Thousands of Pesos as of September 2007)	Sep-07	Sep 2007 Vs. Sep 2006
Current Assets	2,649,177	15.1%
Cash Equivalents	514,018	101.6%
Fixed Assets	2,567,883	9.9%
Other non-current Assets	220,369	(0.2%)
TOTAL ASSETS	5,437,430	11.9%
Short-term Bank Debt	3,534	511.3%
Other short-term Liabilities	614,443	14.0%
Long-term Bank Debt	1,883,700	30.0%
Deferred Taxes	456,645	11.6%
Other long-term Liabilities	75,277	22.9%
TOTAL LIABILITIES	3,033,599	23.4%
Majority Shareholders' Equity	2,118,832	1.4%
Minority Interest	284,999	(8.2%)
TOTAL SHAREHOLDERS' EQUITY	2,403,831	0.2%

Note: Pursuant to Bulletin B-15 financial statements previously reported have been restated to take into account a common actualization factor determined by weighting the Company's respective sales in Pesos and Dollars, each as effected by inflation and devaluation in the applicable currencies. This factor for the 12 month period from Oct '06 to Sep '07 was 3.68% compared to the inflation for the same period of 3.43%.