

Cimento Tupi S.A.

Interim financial information

For the periods ended June 30, 2018 and 2017

(In thousands of Brazilian Reais)

The Company presents next the result of its operational performance.

CEMENT MARKET

The sale of cement in this period had an increase of twenty-three thousand tonnes compared with the same period of 2017. For 2018 and 2017, there was no sale of clinker.

	Quantity shipped in thousand/t	
	1st half of 2018	1st half of 2017
Cement (ton)	598	575

OPERATING REVENUE

The Company's net revenue reached R\$ 109,506, against R\$ 114,648 in the same period of 2017, which represents a reduction of 4.49%.

GROSS PROFIT AND EBITDA

The Company reported loss, after deduction of costs in the amount of R\$ 362. In the same period in 2017, it had gross profit of R\$ 334. The Company's EBITDA was negative by R\$ 6,571, after the deduction of non-recurring revenues and expenses, as stated in the table below:

	1st half of 2018	1st half of 2017
Gross profit	(362)	334
Selling expenses	(5,516)	(5,486)
General and administrative expenses	(13,958)	(14,280)
Other operating revenues (expenses)	4,875	295
Operating income (loss)*	(14,961)	(19,137)
Depreciation, amortization and depletion	10,857	10,698
Non-recurring expenses (revenues)	(2,467)	(69)
EBITDA	(6,571)	(8,508)

*Before financial revenues and expenses

GENERAL AND ADMINISTRATIVE EXPENSES

For this period the Company reported expenses of R\$ 13,958 against R\$ 14,280 in the same period of 2017, a decrease of R\$ 322.

FINANCIAL LIABILITIES

The Company reported net debt of R\$ 1,292,593 in this period of 2018 and R\$ 1,041,078 in the same period of 2017. The increase in exchange rate and no payment of interest were responsible for the increase in foreign currency debt. The reclassification to short term was due to the accounting practice adopted resulting from the process of debt restructuring of the Company.

	1st half of 2018	1st half of 2017
Short term		
Bank Indebtedness		
Local currency	247,724	229,795
Foreign currency *	1,049,270	824,205
Total	1,296,994	1,054,000
Long term		
Bank Indebtedness		
Local currency	-	-
Foreign currency *	-	-
Total	-	-
Total debt (net of fund raising cost)		
Local currency	247,270	228,813
Foreign currency	1,049,270	820,577
Total	1,296,540	1,049,390
Cash and cash equivalents	3,947	8,312
Net debt	1,292,593	1,041,078
* Exchange rate losses included in foreign currency loans (principal).	(395,244)	(285,509)

DEBT RENEGOTIATION

The Company's management contracted as financial advisor the company N M Rothschild & Sons (Brazil) Limitada to assist it in the discussion and renegotiation of debts in local and foreign currencies with its creditors.

Until the date of disclosure of the financial statements for the period ended June 30, 2018, the Company entered into agreements for the renegotiation of debts in local currency with the banks Alfa, Banco CCB Brasil, ABC Brasil, Credit Suisse, Fibra, and is still negotiating terms with Banco de Desenvolvimento de Minas Gerais – BDMG.

Most part of the renegotiated debts had their payment flow and maturities extended from between August 2015 and March 2016 to December 2018 and November 2020.

The Company's management and Rothschild have been discussing with the remaining creditors of Cimento Tupi new terms and conditions that would allow adjusting the Company's cash flow to its new debt profile.

The Company also has some non-operating assets, such as mines in Adrianópolis, Formosa, and Mossoró, whose disposal in the reorganization process is being evaluated by Management.