CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A.

INTERIM CONSOLIDATED REPORT

1ST HALF 2004

Public Limited Company
Head Office: Rua Alexandre Herculano, 35, 1250-009 Lisbon Portugal
Share Capital: €672,000,000
VAT Nº: 500 722 900
Lisbon Registry of Companies Registration Nº 731

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CIMPOR – CIMENTOS DE PORTUGAL, SGPS, S.A.

Public Limited Company, with its Registered Office at: Rua Alexandre Herculano, 35
1250-009 Lisboa
Share Capital: 672,000,000 €
Tax Number: 500 722 900
Lisbon Companies Registry Number: 731

MANAGEMENT REPORT ON CONSOLIDATED ACTIVITIES FOR THE 1st HALF OF 2004

1. MACROECONOMIC FRAMEWORK

The economy in the euro zone improved substantially in the second quarter of 2004, although slightly less than in the first quarter (0.6% in the first quarter against 0.5% in the second quarter). As a consequence, GDP rose (2.0%) over the same period in the previous year, a rate not matched since the first quarter of 2001. Exports are the main factor for the said growth since private consumption and, in particular, investment performed much less favourably. Similar results are expected for the second half, thereby maintaining GDP growth at about 2%.

In the USA, after a very buoyant quarter (in which production rose 2.8% over the first quarter of the year and 4.8% over the first quarter in 2003), the latest available indicators call for a more moderate economic growth mainly because foreign demand is expected to ease back (Japan grew less than expected from April to June and the Chinese economy is beginning to show some signs of cooling).

Portugal, which has remained the main market for CIMPOR, in this quarter grew 1.5% over the same period last year (compared with a mere 0.3% in the previous three months), for a half-year GDP growth of 0.9% over the first half of 2003. This performance was boosted essentially by domestic demand (that rose 2.7% from April to June, compared with the same period in the previous year), with all its components contributing to the growth rates. The construction sector remains uncertain after a half year in which cement consumption remained practically the same as in the first half of the previous year. It was a period in which improved performance by the public works sector was counteracted by some pessimism in the housing sector.

2. TURNOVER

Except for Portugal and Egypt, all the other markets where the CIMPOR Group operates improved their commercial operations in the first half of 2004.

From January to June of the current year, the Group's cement and clinker sales totalled over 9.3 million tons, for an increase of 3.8% over the same period in the previous year. In relative terms, the Business Areas in Portugal, South Africa and, particularly, Spain, with growths of 9.1%, 8.4% and 18.6%, respectively, contributed the most towards this growth, in contrast with the decrease of 7.0% in Egypt. In the specific case of Portugal, the change of the sales volume may be explained by the fact that cement exports and, mainly, clinker (including intra-Group sales to Spain) more than doubled, since domestic cement sales fell by about 2.1%.

Cement and Clinker Sales
(thousand tonnes)

Business Areas	1st. Half 2004	1st. Half 2003	% Change
Portugal	3 120	2 860	9.1
Spain	2 068	1 743	18.6
Morocco	400	394	1.4
Tunisia	744	757	(1.7)
Egypt	1 019	1 095	(7.0)
Brazil	1 634	1 571	4.0
Mozambique	283	271	4.2
South Africa	518	478	8.4
(Intra-Group)	(510)	(235)	-
Consolidated Total	9 277	8 937	3.8

Concrete sales increased significantly (18.6%), particularly in the Spanish Business Area where the increase reached nearly 50%, mainly due to the acquisition of new plants. On the contrary, and due to the slump in the Portuguese market, the Group's sales of aggregates fell about 2.5%. Mortar sales, which have been clearly expanding in Portugal and Spain, exceeded 240 thousand tons, for an increase of 11.2%.

Concrete, Aggregates and Dry Mortar Sales

Product / Business Area	1st. Half 2004	1st. Half 2003	% Change
Concrete (1 000 m^3)			
Portugal	1 844	1 749	5.4
Spain	1 209	814	48.6
Other Business Areas	236	211	11.8
Total	3 289	2 774	18,6
Aggregates (1 000 ton)			
Portugal	3 754	4 362	(13.9)
Spain	1 701	1 257	35.3
Morocco	120	99	20.9
Total	5 575	5 718	(2.5)
Dry Mortar (1 000 ton)	242	218	11.2

The Group's consolidated Turnover in this first half of 2004 reached EUR 678 million, an increase of 3.7% over the amount obtained in the same period in the previous year. Excluding intra-Group transactions, it should be noted note the significant increase of contributions for this indicator by the Business Areas of Spain and South Africa, which grew by EUR 25.6 million and EUR 8.3 million, respectively, along with the also favourable change in the Business Areas of Egypt and Mozambique, where sales surpassed those in the first six months of 2003 by 12.0% and 24.1%, respectively.

Contributions to Turnover *
(EUR million)

Business Areas	1st. Half 2004		1st. Half 2003		Change	
	Amount	%	Amount	%	Amount	%
Portugal	267,9	39,5	277,7	42,4	(9,7)	(3,5)
Spain	165,7	24,4	140,0	21,4	25,6	18,3
Morocco	25,9	3,8	26,2	4,0	(0,2)	(0,9)
Tunisia	26,8	3,9	27,4	4,2	(0,6)	(2,3)
Egypt	28,6	4,2	25,5	3,9	3,1	12,0
Brazil	96,6	14,2	106,3	16,2	(9,7)	(9,2)
Mozambique	22,5	3,3	18,1	2,8	4,4	24,1
South Africa	38,5	5,7	30,2	4,6	8,3	27,5
Other activities	6,0	0,9	2,9	0,4	3,1	107,2
Consolidated Total	678,4	100,0	654,3	100,0	24,1	3,7

* Excluding Intra-Group transactions

In the specific case of Egypt, the said increase, exclusively due to the recovering of the selling prices (the quantities sold fell about 7%, and the local currency, in terms of average exchange rate in the period, fell nearly 18% against the euro) was of particular importance since it makes it possible to expect a significant increase in the Turnover when the market recovers.

The decreases in contributions from Portugal and Brazil to the Group's Turnover (in both cases by about EUR 9.7 million) were mainly due to the lower quantity of products sold in the domestic market and to the aforementioned drop in sales prices in local currency, respectively.

Consequent to the said reduction, Brazil now represents little more than 14% of the group's consolidated turnover, whereas the countries in Southern African area increased their contribution from 7.4%, in the first half of 2003, to 9.0% in the first half of this year. The Iberian Peninsula and the North African countries maintained their relative contribution at about the same levels (64% and 12%, respectively).

3. INVESTMENTS

In the first half of 2004, the Group's investments in tangible and intangible assets, including increases in fixed assets due to acquisitions, totalled nearly EUR 67.4 million. The most significant amounts were incurred from Portugal (EUR 17.8 million, essentially for the construction of a cement grinding plant in Sines), Spain (EUR 17.3 million, essentially for the purchase of concrete plants), Tunisia and Egypt (EUR 6.2 and EUR 6.4 million, respectively, in the first case for completing a coal grinding plant and, in the second case, for a new production line).

4. EARNINGS AND FINANCIAL SITUATION

The growing importance of exports in Portugal's Turnover (at prices inevitably lower than those in the domestic market and with substantial transportation costs), combined with lower sales prices in Brazil, the general rise in energy costs (particularly fuel) and the increase of the maritime freight caused the Operating Cash Flow to fall by about EUR 18.5 million, with the respective margin dropping from 37.8% in the first six months in the past year to 33.7% in the current year.

Operating Cash Flow (EBITDA)
(EUR million)

Business Areas	1st. Half 2004		1st. Half 2003		Change	
	Amount	Margin	Amount	Margin	Amount	%
Portugal	91.5	31.3 %	107.1	36.4 %	(15.5)	(14.5)
Spain	44.9	26.6 %	41.1	29.3 %	3.8	9.2
Morocco	11.8	45.4 %	11.2	42.9 %	0.6	5.0
Tunisia	7.3	27.3 %	6.5	23.8 %	0.8	12.2
Egypt	14.2	48.3 %	7.7	30.0 %	6.5	85.0
Brazil	39.8	41.2 %	56.1	52.8 %	(16.3)	(29.0)
Mozambique	5.4	24.2 %	4.7	25.9 %	0.7	15.6
South Africa	17.6	45.7 %	13.0	43.0 %	4.6	35.3
Other activities	(3.7)	-	(0.1)	-	(3.6)	-
Total	228.8	33.7 %	247.3	37.8 %	(18.5)	(7.5)

In those two countries, and because of the specified reasons, the decrease in the EBITDA reached together EUR 31.8 million (nearly EUR 15.5 million in Portugal and EUR 16.3 million in Brazil, with a drop of 14.5% and 29.0%, respectively). All the other Business Areas saw their respective Operating Cash Flows increase to a greater or lesser extent, particularly in Egypt, South Africa and Spain, with growth of EUR 6.5 million (85.0% more), EUR 4.6 million (35.3% more) and EUR 3.8 million (9.2% more), respectively.

As for EBITDA margins – besides the decreases in Portugal and, especially, in Brazil, due to the aforementioned reasons, and also the decrease in Spain's Business Area (due to its growing focus on the production and sales of concrete and the sale of imported or produced cement using purchased clinker) – it should be emphasised that these indicators have continued to improve in South Africa and in all the North African countries (mainly in Egypt, where the EBITDA margin is already close to 50%, due, not only to the higher sales prices, but also the start-up of a new production line last February).

With total Depreciation and Provisions decreasing by about EUR 2.6 million and Financial Income rising from a negative EUR 17.1 million to a positive EUR 10.5 million – essentially due to higher income of companies that are consolidated through the equity method and by the implementation, as of this year, of the IAS 39 (whose impact was of about EUR 16 million) – the Group's Current Income increased 9.9%, such that in this first half they reached about EUR 131 million.

Extraordinary Income, however, decreased from nearly EUR 17 million in the first six months in 2003 to the current negative figure of EUR 4.5 million. Therefore, despite the lower average income tax, the consolidated Net Profits, after Minority Interests, fell slightly (3.8%) to EUR 86.8 million.

Breakdown of Consolidated Income
(EUR million)

	1st Half 2004	1st Half 2003	Chg. %
Turnover	678.4	654.3	3.7
Operating Cash Costs	449.6	407.0	10.5
Operating Cash Flow (EBITDA)	228.8	247.3	(7.5)
Depreciation and Provisions	108.3	111.0	(2.4)
Operating Income	120.5	136.3	(11.6)
Financial Income	10.5	(17.1)	n.a.
Current Income	131.0	119.2	9.9
Extraordinary Income	(4.5)	16.9	(126.8)
Income Tax	36.3	41.8	(13.1)
Minority Interests	3.4	4.0	(16.0)
Group's Net Income	86.8	90.3	(3.8)

Compared to the end of last year, total Net Assets increased by about EUR 150 million (4.9%), whereas Shareholders' Equity, due to the payment of dividends for the previous year and the adjustments arising from the implementation of IAS 39 (with a negative effect of about EUR 34 million), decreased nearly EUR 78 million (8.1%).

Summary of the Group's Consolidated Balance Sheet
(EUR million)

	June 30, 2004		Dec 31, 2003	
	Amount	%	Amount	%
NET ASSETS:				
Fixed assets	2 230.2	68.9	2 237.4	72.4
Current assets	871.0	26.9	739.3	23.9
Accruals & deferrals	137.9	4.3	112.5	3.6
Total	3 239.1	100.0	3 089.2	100.0
SHAREHOLDERS' EQUITY	882.6	27.2	960.6	31.1
MINORITY INTERESTS	75.8	2.3	78.3	2.5
LIABILITIES:				
Provisions for contingencies & liabilities	138.6	4.3	127.9	4.1
Debt to third parties	1 901.5	58.7	1 784.5	57.8
Accruals & deferrals	240.6	7.4	137.8	4.5
Total	3 239.1	100.0	3 089.2	100.0

The Net Financial Debt, in the amount of EUR 1,245 million, remained practically unchanged from that of 31 December 2003.

5. EXPECTATIONS FOR THE GROUP'S ACTIVITIES

Expectations for the distinct markets where the Group operates call for similar performance levels until the end of the year. Therefore, it is likely that Cash Flow and Operating Results will decrease slightly compared with amounts in 2003. However, the consolidated Net Profit, after Minority Interest, is expected to be very similar to that obtained in the past year.

6. TRANSITION TO THE INTERNATIONAL ACCOUNTING STANDARDS (IAS/IFRS)

In 2003, CIMPOR began a process to diagnose and analyse implications – for presenting accounts, measuring results and recognising costs and revenues – arising from the application of the International Financial Reporting Standards and the respective consequences to its information systems.

That process, still in progress, is split into three stages: (i) diagnosis, corresponding to the identification and quantification of the differences; (ii) preparing and adapting the information systems; and (iii) implementation.

The work already carried out for the first stage indicates that the differences on the accounting treatment likely to have the greatest impact on the Group's financial statements are as follows:

a) Consolidation Differences (Goodwill) – Goodwill will no longer be depreciated and will be subject to annual impairment tests; in the case of subsidiary companies outside the euro zone, the option to adjust at the transition date (January 1, 2004) to the value in local currency by applying the exchange rates in force on the date when the subsidiary companies were acquired, is being analysed;

b) Fixed Assets – The Group's fixed assets are valued essentially at their historic cost; at the time of the transition to the IAS/IFRS, CIMPOR may decide to valorise them, in whole or in part, to their "fair value";

c) Intangible Assets – Values recorded as start up costs and research and development costs that, in view of the IAS/IFRS, cannot be identified as intangible, will be transferred to retained earnings; expenses on industrial property and other rights are being analysed in detail to determine the reasonability of their capitalisation, in accordance with such standards;

d) Payroll expenses (Bonuses) – Bonuses paid to employees (as part of distribution of profits) will be accrued in the previous year of the respective approval at the General Meeting;

e) Payroll expenses (Pensions) – Currently, CIMPOR records the year's total actuarial gains and losses in the profit and loss of such year in accordance with Portuguese accounting standards; the IAS/IFRS allow the amount in question to be deferred, whereby it will be recognised during the expected work period; on the transition date CIMPOR may calculate and record (by counter-entry in retained earnings) the deferral resulting from applying, on that date, the said alternative policy;

f) Extraordinary expenses and income – The IAS/IFRS are much more restrictive in this aspect and, accordingly, most of the records will be reclassified to other items in the profit and loss account;

g) Currency translation adjustments – The IAS/IFRS allow, on the transition date, the reserves for currency translation adjustments to be reset to zero by counter-entry in retained earnings.

Along with this work to identify the accounting differences, CIMPOR has been adapting its information systems to meet the needs arising, not only from the said alterations, but also from the additional disclosures requested by most of the IAS/IFRS. This process stage is currently in progress, and it is expected that it will be completed and implemented by the year's end.

CIMPOR doesn't expect any implication on the Group's management policies as a result of International Financial Reporting Standards implementation.

Since the transition date is not far off, CIMPOR has decided to at this time adopt (effective as of 1 January 2004) the provisions of IAS 39 for recognising and measuring the portfolio's derivative financial instruments and for hedge accounting, considering that, although discarding the previous accounting policy, the new method implies a more suitable representation of the Group's financial position and of the results of its operations, whilst bringing it closer to what is set forth by the International Financial Reporting Standards.

The respective impacts on the financial statements of the half year ending on 30 June 2004 are detailed in note 11 of the respective annex.

7. PERFORMANCE OF SHARES ON THE STOCK MARKET

During this first half, CIMPOR shares' trading volume on Euronext Lisbon increased more than fivefold over the same period in the previous year, reaching a total of nearly 183 million shares and corresponding to around EUR 774 million. By June 30, 2004, CIMPOR shares closed at EUR 4.00, down EUR 0.10 since December 31, a decrease clearly below the dividend paid (EUR 0.17/share).

On 31 December 2003, CIMPOR – CIMENTOS DE PORTUGAL, SGPS, S.A. held 5,340,565 treasury shares. In this first half of 2004, it sold 588,605 shares under the approved Employee Stock Ownership Plan (133,755 shares at EUR 3.28 each) and under various Stock Option Plans for the Group's Directors and Staff (454,850 shares at an average price of approximately 3.06 euros/share). Since the group made no share acquisitions, the number of treasury shares at the end of the half year remained at 4,751,960, corresponding to 0.71% of the share capital.

8. MOST SIGNIFICANT EVENTS (INCLUDING POSTERIOR EVENTS)

The following events in 2004 until now are worth highlighting:

- On 14 May 2004, CIMPOR – CIMENTOS DE PORTUGAL, SGPS, S.A. held its Annual Meeting where it approved all the proposals by the Board of Directors, particularly the proposal for applying the results from 2003 (which called for paying a dividend of 0.17 euros per share) and the proposals to amend the Company's Articles of Association (whose public deed was signed on 28 July 2004);

- A Eurobond emission through CIMPOR FINANCIAL OPERATIONS, B.V., in the amount of EUR 600 million, for a seven-year period, at the fixed rate of 4.5%, to pay part of the debt falling due from June 2004 to June 2005;

- An increase in the share capital of CIMPOR INVERSIONES, S.L., last May, from EUR 350 million to EUR 522.7 million, fully subscribed and paid up by CIMPOR – CIMENTOS DE PORTUGAL, SGPS, S.A. for EUR 357.2 million, including the emission premium;

- On 27 July 2004, a deed was signed to transform CIMPOR INVERSIONES into a public limited company;

- Operation start-up of the new line at AMREYAH CIMPOR CEMENT COMPANY (EGYPT), with a clinker production capacity of 4,300 tons/day;

- Start-up of a new cement mill in Sines, with a production capacity of 80 tons/hour;

- BETEJO – SOCIEDADE DE BETÕES, S.A., was merged by IBERA – INDÚSTRIA DE BETÃO, S.A.;

- CIMPOR BETÃO, SGPS, S.A., increased its shareholdings to 100% in the share capital of the companies VERMOFEIRA – EXTRACÇÃO E COMÉRCIO DE AREIAS, LDA., and BETRANS – SOCIEDADE PRODUTORA E DISTRIBUIDORA DE BETÃO TRANSMONTANO, S.A., in both cases through the acquisition of 50% of the said capital, for EUR 50,600 and EUR 1.08 million, respectively;

- AGREPOR AGREGADOS – Extracção de Inertes, S.A., acquired all the shares in the share capital of INERGRANITOS, S.A., for EUR 4.6 million;

- CIMPOR INVESTIMENTOS, S.A., acquired 60% of the share capital (EUR 50,000), for the respective nominal value, of a shipping company with its registered office in the Madeira Free Trade Zone, currently called CIMPSHIP, S.A.;

- The Competition Authorities annulled their assessment proceeding of the concentration operation disclosed in October 2003 by CECISA – COMÉRCIO INTERNACIONAL, S.A., which consisted in acquiring 80% of the share capital of CECIME – CIMENTOS, S.A., consequent to the withdrawal of the said notification by CECISA, that therefore gave up on the planned acquisition;

- CORPORACIÓN NOROESTE, S.A., acquired for EUR 888,800 all the shareholdings in the share capital of the Spanish company ÁRIDOS DONOSO DEL RIO, S.L., which owns a concrete plant in Badajoz (Extremadura);

- ÁRIDOS DONOSO DEL RIO, S.L. (which changed its name to OCCIDENTAL DE HORMIGONES, S.L.) acquired eighteen concrete plants held by READYMIX ASLAND, S.A., located in Spain, mainly in the regions of Andalusia and Extremadura;

- PREBETONG GALICIA, S.A., increased its shareholding in PREBETONG LUGO, S.A., from about 75.3% to approximately 82.9%;

- CORPORACIÓN NOROESTE, S.A., increased its shareholding in the share capital of CEMENTOS ANTEQUERA, S.A., from about 20.10% to approximately 21.35%;

- NATAL PORTLAND CEMENT COMPANY, LTD., acquired all the share capital of three South African ready-mix concrete and quarry operation companies for an overall value of ZAR 38 million.

Lisbon, 24 September 2004

BOARD OF DIRECTORS

Prof. Eng. Ricardo Manuel Simões Bayão Horta

Dr. Luís Eduardo da Silva Barbosa

Dr. Jacques Lefèvre

Eng. Jean Carlos Angulo

Eng. Jorge Manuel Tavares Salavessa Moura

Eng. Luís Filipe Sequeira Martins

Dr. Manuel Luís Barata de Faria Blanc

Dr. Pedro Maria Calaínho Teixeira Duarte

Dr. João Salvador dos Santos Matias

Dr. Manuel Ferreira

Dr. Vicente Arias Mosquera

CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2004 AND 31 DECEMBER 2003

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original - Note 31)

	Notes	30 June 2004	31 December 2003
Current assets:			
Cash and cash equivalents		114,081	74,280
Short-term investments, net	4	283,292	218,455
Accounts receivable-trade, net	5	244,276	218,249
Accounts receivable-other, net	6	60,566	59,317
Inventories, net	7	133,892	135,327
Deferred taxes	18	117,223	105,132
Prepaid expenses and other current assets	14	20,660	7,375
Total current assets		973,990	818,134
Investments, net	8	171,354	151,906
Fixed assets, net	9	1.189,203	1.193,557
Intangible assets, net	10	869,662	891,919
Other non-current assets, net	6	34,880	33,656
Total assets		3.239,089	3.089,172
Current liabilities:			
Short term debt	11	312,036	333,601
Accounts payable-trade	12	139,046	131,309
Accounts payable-other	13	65,271	73,221
Accrued costs	14	152,738	34,485
Taxes payable	15	42,771	32,783
Deferred taxes	18	82,112	82,430
Deferred income	14	5,770	20,859
Provision for other risks and costs	16	138,605	127,949
Total current liabilities		938,349	836,637
Medium and long-term debt:	11	1.330,089	1.197,811
Other non-current liabilities	17	12,271	15,809
Total liabilities		2.280,710	2.050,256
Minority interest	19	75,823	78,329
Shareholders' equity:			
Share capital	20	672,000	672,000
Own shares	20	(15,534)	(17,403)
Revaluation reserves	20	60,116	64,531
Legal reserve	20	76,500	67,200
Cumulative translation adjustments	20	(424,188)	(419,734)
Other reserves and retained earnings		426,872	408,109
Net income for the period		86,791	185,883
Total shareholders' equity		882,557	960,586
Total liabilities and shareholders' equity		3.239,089	3.089,172

The accompanying notes form an integral part of the balance sheet as of 30 June 2004

CIMPOR - CIMENTOS DE PORTUGAL, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED

30 JUNE 2004 AND 2003

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original - Note 31)

	Notes	30 June 2004	30 June 2003
Operating revenues:			
Sales and services rendered	21	678,402	654,267
Other revenue and costs		(3,347)	(1,962)
Total operating revenues		675,055	652,305
Operating expenses:			
Cost of inventories used in production or sold		(155,389)	(147,924)
Operating expenses		(206,496)	(176,406)
Payroll expenses	22	(80,604)	(77,621)
Depreciation and amortisation		(101,417)	(103,865)
Provisions		(6,902)	(7,095)
Other operating expenses		(3,748)	(3,084)
Total operating expenses		(554,554)	(515,995)
Operating income		120,499	136,310
Financial income/(expenses), net	23	10,531	(17,085)
Extraordinary income/(expenses), net	24	(4,523)	16,881
Income before income tax		126,507	136,106
Provision for income tax	18	(36,336)	(41,820)
Income before minority interest		90,171	94,286
Income applicable to minority interest, net	19	(3,381)	(4,025)
Net income for the period		86,791	90,261

The accompanying notes form an integral part of the statement for the six months ended 30 June 2004.

CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX MONTHS ENDED 30 JUNE 2004 AND 2003

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original – Note 31)

	Notes	30 June 2004	30 June 2003
Operating activities:			
Receipts from customers		783,520	640,758
Payments to suppliers		(424,607)	(326,459)
Payments to employees		(78,325)	(93,219)
Cash generated from operations		280,588	221,081
Payments relating to income tax		(14,510)	(11,872)
Other		(78,130)	1,394
Cash flow before extraordinary items		187,948	210,603
Receipts relating to extraordinary items		931	975
Payments relating to extraordinary items		(619)	(1,299)
Net cash flow from operating activities (1)		188,260	210,279
Investing activities:			
Receipts relating to:			
Investments		61	9,084
Fixed assets		1,942	5,944
Intangible assets		-	5
State grants for investment		290	408
Interest and related income		12,023	25,001
Dividends		3,878	1,952
Other		1,869	7,681
Total receipts		20,063	50,075
Payments relating to:			
Acquisition of subsidiaries	(1)	(16,770)	(220,400)
Investments		(11,894)	(846)
Fixed assets		(51,566)	(82,093)
Intangible assets		(6,238)	(2,613)
Other		(820)	(3,719)
Total payments		(87,288)	(309,671)
Net cash used in investing activities (2)		(67,226)	(259,596)
Financing activities:			
Receipts relating to:			
Loans obtained		641,822	977,650
Own shares sold		1,832	3,686
Total receipts		643,654	981,336
Payments relating to:			
Loans		(485,744)	(814,112)
Interest and related expenses		(38,944)	(67,017)
Dividends		(113,465)	(104,174)
Others		(7,541)	(2,389)
Total payments		(645,694)	(987,692)
Net cash used in financing activities (3)		(2,040)	(6,357)
Net change in cash and cash equivalents (4) = (1)+(2)+(3)		118,994	(55,674)
Net exchange rate effect		(967)	2,669
Net cash and cash equivalents - beginning of period		211,137	344,926
Net cash and cash equivalents - end of period		329,165	291,922

The accompanying notes form an integral part of the statement for the six months ended 30 June 2004

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX MONTHS ENDED 30 JUNE 2004 AND 2003
(continued)

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original – Note 30)

1. The purchases and sales of subsidiaries and other business interests are detailed in Note 8 to the Consolidated Financial Statements as of 30 June 2004

2. Details of cash and equivalents:

	30 June 2004	30 June 2003
Cash	138	641
Bank deposits	113,943	115,886
Short-term investments and cash equivalents (gross)	283,292	225,265
Cash, bank deposits and treasury applications as stated in the balance sheet	397,373	341,792
Other treasury elements:		
Bank overdrafts	(68,208)	(49,870)
Net cash from operating activities	329,165	291,922

3. At 30 June 2004, there were unused bank facilities of approximately 496.3 million euros.

CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2004

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original - Note 31)

	Share capital	Own shares	Revaluation reserves	Legal reserve	Cumulative translation adjustments	Other reserves and retained earnings	Net profit for the year	Total
Balances as of 31 December 2003	672,000	(17,403)	64,531	67,200	(419,734)	408,109	185,883	960,586
Profit appropriated to reserves	-	-	-	9,300	-	61,268	(70,568)	-
Dividends paid	-	-	-	-	-	-	(113,465)	(113,465)
Distribution of profits to employees	-	-	-	-	-	-	(1,850)	(1,850)
Purchase/sale of own shares	-	1,869	-	-	-	(37,000)	-	1,832
Other adjustments	-	-	(4,415)	-	-	(42,467)	-	(46,882)
Currency translation adjustments	-	-	-	-	(4,455)	-	-	(4,455)
Net income for the period	-	-	-	-	-	-	86,791	86,791
Balances as of 30 June 2004	672,000	(15,534)	60,116	76,500	(424,188)	426,872	86,791	882,557

CIMPOR – CIMENTOS DE PORTUGAL, SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2004
(Amounts stated in thousands of euros)
(Translated and reformatted from the Portuguese original – Note 31)

1. Introduction

Cimpor - Cimentos de Portugal, SGPS, S.A. ("the Company" or "Cimpor") was incorporated on 26 March 1976, as a wholly owned Portuguese Government company. After several privatisation phases Cimpor is now a public company listed on the Lisbon stock exchange. The Company operates in Portugal, Spain, Morocco, Mozambique, Brazil, Tunisia, Egypt and South Africa ("the Cimpor Group").

The Cimpor Group's investments are held essentially through two sub-holding companies; (i) Cimpor Portugal, SGPS, S.A., which holds the investments in companies dedicated to the production of cement, ready mix concrete, concrete parts and related activities in Portugal; (ii) Cimpor Inversiones, S.L., which holds the investments in companies with head offices abroad.

2. Basis of presentation

The attached consolidated financial statements have been prepared from the accounting records of Cimpor and its subsidiary companies listed below. The financial statements include certain adjustments and reclassifications in order to conform them to the Group's accounting policies. The consolidated financial statements are stated in thousands of euros and, except for the valuations of securities listed on stock exchanges, were prepared in accordance with generally accepted accounting principles in Portugal ("Portuguese GAAP") which may be different from generally accepted accounting principles in other countries. The attached financial statements also include certain reclassifications in order to conform more closely to the form and content of financial statements presented in international financial markets.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the report period. Actual results could differ from those estimates.

(Amounts stated in thousands of euros)

The Group has fully consolidated the financial statements of all the significant subsidiary companies in which effective control is exercised by virtue of ownership of a majority of the voting rights. Revenue and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit and loss as from the date of their acquisition and up to the date of their disposal, respectively. All significant inter-group account balances and transactions have been eliminated in the consolidated financial statements and the interest of minority shareholders has been recognised in the consolidated financial statements.

The companies whose financial statements are fully consolidated are as follows:

Name	Full name/headquarters	Effective participation
HOLDING AND SUB-HOLDING COMPANIES		
CIMPOR SGPS	CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	-
CIMPOR PORTUGAL	CIMPOR PORTUGAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIMPOR INTERNACIONAL	CIMPOR INTERNACIONAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIMPOR INVESTIMENTOS	CIMPOR INVESTIMENTOS, S.G.P.S., SA. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIMPOR INVERSIONES	CIMPOR INVERSIONES, S.L. Calle Brasil, 56 36204 Vigo	100.00
CEMENT AREA (Portugal)		
CIMPOR INDÚSTRIA	CIMPOR – INDÚSTRIA DE CIMENTOS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
SCIAL	ESTABELECIMENTOS SCIAL DO NORTE, S.A. Av. Américo Duarte – S.Pedro Fins – Maia 4449 - 909 Ermesinde	100.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
CECISA	CECISA - COMÉRCIO INTERNACIONAL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CTA	CEMENT TRADING ACTIVITIES - COMÉRCIO INTERNACIONAL, S.A. Rua Alexandre Herculano, 35 1250 – 009 Lisbon	89.00
MOSSINES	MOSSINES – CIMENTOS DE SINES, S.A. Rua Alexandre Herculano, 35 1250 – 009 Lisbon	100.00
CIMENTAÇOR	CIMENTAÇOR - CIMENTOS DOS AÇORES, Lda. Canada das Murtas, Pico da pedra, Ribeira Grande 9500 - 618 Ponta Delgada	75.00
READY MIX CONCRETE AND AGREGATES AREA (Portugal)		
CIMPOR BETÃO SGPS	CIMPOR BETÃO - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIMPOR BETÃO	CIMPOR BETÃO - INDÚSTRIA DE BETÃO PRONTO, S.A. Av. Almirante Gago Coutinho, Portela de Sintra 2710 - 418 Sintra	100.00
BETAÇOR	BETAÇOR - FABRICO DE BETÃO E ARTEFACTOS DE CIMENTO, S.A. Rua dos Pastos – Beljardim 9760 - 511 Praia da Victória	75.00
AGREPOR	AGREPOR-AGREGADOS E EXTRACÇÃO DE INERTES, S.A. Sangardão – Furadouro 3150 - 999 Condeixa-a-Nova	100.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
INERGRANITOS	INERGRANITOS, S.A. Rua Lage do Qrt 307 3525 – 000 Canas de Senhorim	100.00
JOMATEL	JOMATEL - EMPRESA DE MATERIAIS DE CONSTRUÇÃO, S.A. Tapada da Quinta de Cima – Est. de Albarraque – Linhó 2714 Sintra	90.00
BETABEIRAS	BETABEIRAS - BETÕES DA BEIRA, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	89.00
BETÃO LIZ	BETÃO LIZ, S.A. Rua Qtª Paizinho – Edificio Bepor, Bloco 1–2º 2795 - 632 Carnaxide	66.44
VERMOFEIRA	VERMOFEIRA - EXTRACÇÃO E COMÉRCIO AREIAS, Lda. Rua Qtª Paizinho – Edificio Bepor, Bloco 1–2º- 2795 - 632 Carnaxide	100.00
JOBRITA	JOBRITA - INDÚSTRIAS EXTRACTIVAS, S.A. Rua Vaz Monteiro, 192 – R/c Esq 2580 - 505 Carregado	66.44
FORNECEDORA	FORNECEDORA DE BRITAS DO CARREGADO, S.A. Rua Vaz Monteiro, 192 – R/C Esq. 2580 - 505 Carregado	66.44
M.C.D.	M.C.D. - MATERIAIS CONSTRUÇÃO DRAGADOS E BETÃO PRONTO, S.A. Travessa do Alecrim, 1 – 2º	66.44
BETRANS	BETRANS - SOCIEDADE PRODUTORA E DISTRIBUIDORA DE BETÃO TRANSMONTANO, S.A. Zona Industrial das Cantarias, Lt 189/190 5300 - 212 Bragança	100.00
IBERA	IBERA - INDÚSTRIA DE BETÃO, S.A. Qtª da Madeira, Estrada Nac. 114, km 85 7000 - 505 Évora	50.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
BEPRONOR	BEPRONOR - SOCIEDADE DE BETÃO PRONTO DO NORDESTE, S.A. R. Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
BARBETÃO	BARBETÃO – COMÉRCIO E DISTRIBUIÇÃO DE BETÃO, S.A. Matas, Gamelinhas, Apartado 219 3780 - 401 Avelãs de Cima, Anadia	100.00
PRECAST AREA (Portugal)		
VILAJE	VILAJE - VIGAS E LAGES PRÉ-ESFORÇADAS, Lda. Feiteira – Seixezelo - V. N. Gaia 4415 - 556 Grijó	100.00
PREDIANA	PREDIANA - SOCIEDADE DE PRÉ-ESFORÇADOS, S.A. Zona Industrial de Adua 7050 Montemor-o-Novo	100.00
GEOFER	GEOFER - PRODUÇÃO E COMERCIALIZAÇÃO DE BENS E EQUIPAMENTOS, S.A. Rua Alexandre Herculano, 35 1250-009 Lisbon	100.00
PRECADAR	PRECADAR – PONTES E VIADUTOS PRÉ - FABRICADOS, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	100.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
OTHER RELATED ACTIVITIES (Portugal)		
SACOPOR	SACOPOR - SOCIEDADE DE EMBALAGENS E SACOS DE PAPEL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIARGA	CIARGA - ARGAMASSAS SECAS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
TRANSVIÁRIA	TRANSVIÁRIA - GESTÃO DE TRANSPORTES, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
T.P.A.	T.P.A. - TRANSPORTES STº. ANDRÉ, Lda. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
TRATER	TRATER - EMPRESA DE TRANSPORTES E GESTÃO, S.A. Edifício Ulisses, R/C Esq. – Almoinha – Castelo 2970 - 135 Sesimbra	100.00
ALEMPEDRAS	ALEMPEDRAS - SOCIEDADE DE BRITAS, Lda. Casal da Luz – Bairro – Óbidos 2510 Óbidos	100.00
CIMADJUVANTES	CIMADJUVANTES - COMERCIALIZAÇÃO E PRODUÇÃO ADJUVANTES PARA CIMENTO, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	100.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
CELFA	CELFA – SOCIEDADE INDUSTRIAL DE TRANSFORMAÇÃO DE GESSOS, S.A. Zona Industrial de Soure, Lt. 26 e 27 3130 – 551 Soure	100.00
KANDMAD	KANDMAD – PRESTAÇÃO DE SERVIÇOS E COMÉRCIO DE IMPORTAÇÃO E EXPORTAÇÃO, LDA. Av. Arriaga, 77, Edifício Marina Fórum, 1º sala 103, Sé 9000 – 060 Funchal	99.93
INTERNATIONAL AREA		
SPAIN		
CORPORACIÓN NOROESTE	CORPORACIÓN NOROESTE, S.A. Brasil, 56 36 204 Vigo	99.53
C.N. HORMIGONES Y ARIDOS	CORPORACIÓN NOROESTE DE HORMIGONES Y ARIDOS, S.L. Brasil, 56 36 204 Vigo	99.53
CEMENTOS ANDALUCIA	CEMENTOS DE ANDALUCIA, SL Av. De la agrupacíon de Córdoba, 15 14 014 Cordoba	99.53
OCCIDENTAL HORMIGONES	OCCIDENTAL DE HORMIGONES, S.L. Calle la viela Polígono Industrial el Nevero 06006 Badajoz	99.53
CEMENTOS EL MONTE	CEMENTOS EL MONTE, S.A. 21810 – Palos de la Frontera (Huelva) Puerto Exterior de Huelva Muelle Ingeniero Juan Gonzalo s/n	99.53

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
CEMENTOS NOROESTE	CEMENTOS NOROESTE, S.L. Brasil, 56 36 204 Vigo	99.53
SERMACONSA	SERVICIOS Y MATERIALES PARA LA CONSTRUCCIÓN, S.A. Brasil, 56 36 204 Vigo	99.53
MORTEROS NOROESTE	MORTEROS NOROESTE, S.L. Brasil, 56 36 204 Vigo	99.53
MORTEROS GALICIA	MORTEROS DE GALICIA, S.L. Brasil, 56 36 204 Vigo	99.53
HORMIGONES HÉRCULES	HORMIGONES HÉRCULES, S.L. Polígono Industrial – El Prado – 40 – Mérida 06800 – Badajoz	99.53
HORMIGONES MIÑO	HORMIGONES MIÑO, S.L. Brasil, 56 36 204 Vigo	99.51
CEMENTOS COSMOS	CEMENTOS COSMOS, S.A. Brasil, 56 36 204 Vigo	99.28
PREBETONG N. CANTERAS	PREBETONG NOROESTE DE CANTERAS, S.L. Brasil, 56 36204 Vigo	99.51
PREBETONG GALICIA	PREBETONG GALICIA, S.A. Brasil, 56 36 204 Vigo	98.41

(Amounts stated in thousands of euros)

CANTERAS PREBETONG	CANTERAS PREBETONG, S.L. Brasil, 56 36 204 Vigo	98.41
BOMTRAHOR	BOMBEO Y TRANSPORTE DE HORMIGON, S.A. Brasil, 56 36 204 Vigo	92.79
PREBETONG LUGO	PREBETONG LUGO, S.A. Av. Benigno Rivera s/n Polígno Industrial del Ceao 27 003 Lugo	81.56
HORMIGONES MARIÑA	HORMIGONES MARIÑA, S.L. Carretera Santander – Ferrol. Lugar de Camba Município de Xove 27 870 Lugo	86.18
HORMINGONES LA BARCA	HORMIGONES Y ARIDOS LA BARCA, S.A. Calle La Barca, nº 14 36 002 Pontevedra	49.77
ARICOSA	ARIDOS DE LA CORUÑA, S.A. Candame 15 142 Arteixo La Coruña	49.21
CANPESA	CANTEIRA DO PENEDO, S.A. Reina, 1 – 3º 27 001 Lugo	40.77
MOROCCO		
ASMENT DE TÉMARA	ASMENT DE TEMARA AIN Attig – Route de Casablanca Témara	62.60
BETOCIM	BETOCIM, S.ª Ain Attig – Route de Casablanca Témara	100.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
TUNÍSIA		
C.J.O.	SOCIÉTÉ DES CIMENTS DE JBEL OUST 3, Rue de Touraine, Cité Jardins 1002 Tunis – Belvédère, Tunisie	100.00
BRAZIL		
C.C.B.	COMPANHIA DE CIMENTOS DO BRASIL, S.A. Avª Maria Coelho Aguiar, 215 – Bloco E – 8º J. São Luís – São Paulo/SP – Brazil	99.69
ATOL	COMPANHIA DE CIMENTO ATOL, S.A. Fazenda S. Sebastião Alagoas-S. Miguel dos Campos	100.00
CIMEPAR	COMPANHIA PARAIBA DE CIMENTO PORTLAND, S.A. Fazenda da Graça – Ilha de Bispo-Cidade João Pessoa Paraiba – Brazil	100.00
C.B.	CIMPOR BRASIL, Lda. Av. Mª Coelho Aguiar, 215 Bl E – 8º J. São Luís – São Paulo/SP – Brazil	100.00
MOZAMBIQUE		
CIM. MOÇAMBIQUE	CIMENTOS DE MOÇAMBIQUE, S.A.R.L. Av. Fernão de Magalhães, 34 – 2º, nº1 Maputo – Caixa Postal 270	65.41
CIMBETÃO	CIMPOR BETÃO MOÇAMBIQUE, S.A.R.L. Estrada de Lingamo Matola	65.41
PREMAP	PREFABRICADOS DE MAPUTO, S.A.R.L. Avª 24 de Julho, 2096, 4º Andar Maputo	53.11
EGYPT		
AMREYAH	AMREYAH CEMENT COMPANY El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	96.39

(Amounts stated in thousands of euros)

CEC	CIMPOR EGYPT FOR CEMENT El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	100.00
AMREYAH CIMPOR	AMREYAH CIMPOR CEMENT COMPANY, S.A.E. El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	97.29
CSC	CEMENT SERVICES COMPANY, S.A.E. El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	98.37
CIMPSAC	CIMPOR SACS MANUFACTURE COMPANY, S.A.E. El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	97,15
SOUTH AFRICA		
NPC	NATAL PORTLAND CEMENT COMPANY (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100.00
DCL	DURBAN CEMENT LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100.00
SRT	THE SIMUMA REHABILITATION TRUST 1 Wedgelink Road Bryanstone South Africa	100.00
NPC - CELL “A7”	NATAL PORTLAND CEMENT (PTY) – CELL “A7” 5 th Floor Sa Eagle House 70 Fox Street Johannesburg South Africa	100.00
UNRELATED ACTIVITIES		
CIMPOR SERVIÇOS	CIMPOR – SERVIÇOS DE APOIO À GESTÃO DE EMPRESAS, S.A. Rua Alexandre Herculano, 35 1250-009 Lisbon	100.00

(Amounts stated in thousands of euros)

CIMPOR FINANCE	CIMPOR FINANCE LIMITED IFSC House, Custom House Quincy – Dublin 1	100.00
CIMPOR B.V.	CIMPOR FINANCIAL OPERATIONS, B.V. Teleport Boulevard 140 1043 EJ Amsterdam	100.00
PENROD	PENROD INVESTMENTS LIMITED Suite 9.4.1.B – Europort – Gibraltar	100.00
CIMPOR IMOBILIÁRIA	CIMPOR IMOBILIÁRIA, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
MECAN	MECAN - MANUFACTURA DE ELEMENTOS DE CASAS DE CONSTRUÇÃO NORMALIZADA, Lda. Rua Alexandre Herculano, 35 1250 – 009 Lisbon	100.00
RETONOBA	RETONOBA, S.A. Brasil, 56 36 204 Vigo	100.00
FIVACAR	97 2000 FIVACAR, S.L. Calle Serrano, 91 Madrid	100.00
99 SHIP	99 SHIP, S.A. Calle Serrano, 91 Madrid	100.00
SILOS GALICIA	SILOS GALICIA, S.A. Calle Montero Rios, 30 – 1º 36201 Vigo	100.00
CIMPOR REINSURANCE	CIMPOR REINSURANCE, S.A. – SOCIÉTÉ ANONYME DE REASSURANCE 65, Avenue de la Gare L 1611 - Luxemburg	100.00

(Amounts stated in thousands of euros)

The following subsidiary companies were excluded from the consolidation and the related investments are recorded at cost (Note 8), as they are not significant for a true and fair presentation of the financial position and results of operations of the Group:

Name	Full name/headquarters	Effective participation
OTHER RELATED ACTIVITIES		
MOZAMBIQUE		
C.C. MOÇAMBIQUE	COMPANHIA DOS CIMENTOS DE MOÇAMBIQUE, S.A.	86.02
IMOPAR	IMOPAR-IMOBILIÁRIA DE MOÇAMBIQUE, S.A.R.L. Avª 24 de Julho, 2096, 4º Maputo	95.00

Investments in associated companies, recorded in accordance with the equity method, are as follows:

Name	Full name/headquarters	Effective participation
CEMENT AREA (Portugal)		
SEMAPA	SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A. Avenida Fontes Pereira de Melo, 14 – 10º 1069-107 Lisbon	20.02
CIMENTOS MADEIRA	CIMENTOS MADEIRA, Lda. Estrada Monumental, 433 – São Martinho	42.86
C + P.A.	C + P.A. – CIMENTO E PRODUTOS ASSOCIADOS, S.A. Rua Alexandre Herculano, 35 1250 – 009 Lisbon	48.00
OTHER RELATED ACTIVITIES (Portugal)		
PRESCOR	PRESCOR - PRODUÇÃO DE ESCÓRIAS MOÍDAS, Lda. Aldeia de Paio Pires – Paio Pires 2840 Seixal	35.00
SETEFRETE	SETEFRETE, SGPS, S.A. Av. Luísa Todi, 1 – 1º 2900 – 459 Setúbal	25.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
INTERNATIONAL AREA - SPAIN		
CEMENTOS ANTEQUERA	CEMENTOS ANTEQUERA, S.A. Carretera del Polvorín km 2, margem izquierdo 29 540 Bobadilla, Estacíon. Malaga	21.35
UNRELATED ACTIVITIES		
KEEFERS	KEEFERS FINANCE, S.A. Pasea Estate, Road Town-P.O.Box 3149 – Portola British Virgin Island	34.71
CORTEZO	CORTEZO, N.V. P.O. Box 6050, Curaçao Netherlands Antilles	30.00
ARENOR	ARENOR, S.L. Calle Montecarmelo, 1 – 5º C Sevilla	28,57
AUXILIAR DE ARIDOS	AUXILIAR DE ÁRIDOS, S.L. Calle Montecarmelo, 1 – 5º C Sevilla	28,45

Cimentos Madeira has investments in subsidiary companies, recorded in accordance with the equity method, that operate in the ready mix concrete and aggregates area, as follows:

Name	Full name/headquarters	Effective participation
BETO MADEIRA	BETO MADEIRA - BETÕES E BRITAS DA MADEIRA, S.A. Fundoa de Cima – S. Roque 9000 - 801 Funchal	42.86
BRIMADE	BRIMADE - SOCIEDADE DE BRITAS DA MADEIRA, S.A. Fundoa de Cima – S. Roque 9000 - 801 Funchal	42.86
MADEBRITAS	MADEBRITAS - SOCIEDADE DE BRITAS DA MADEIRA, Lda. Fundoa de Cima – S.Roque 9000 - 801 Funchal	21.86

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
PROMADEIRA	PROMADEIRA - SOCIEDADE TÉCNICA DE CONSTRUÇÃO DA ILHA DA MADEIRA, Lda. Sítio da Cancela, São Gonçalo 9050 - 299 Funchal	42.86
SANIMAR – MADEIRA	SANIMAR - MADEIRA, SOCIEDADE DE MATERIAIS DE CONSTRUÇÃO, Lda. Sítio da Cancela, São Gonçalo 9050 - 299 Funchal	42.86

The following associated companies were excluded from the consolidation and the related investments are recorded at cost (Note 8), as they are not significant for a true and fair presentation of the financial position and results of operations of the Group:

Name	Full name/headquarters	Effective participation
INTERNATIONAL AREA - SPAIN		
HORMIGONES CELANOVA	HORMIGONES MIRANDA CELANOVA, S.A. Crta. de Casasoá, km. 0,1 – La Caseta - Celanova Orense	39.36
INTERNATIONAL AREA - EGYPT		
ERMCC	EXPRESS READY MIX CONCRETE COMPANY 23, Talat Harb ST. - Cairo	28.91
UNRELATED ACTIVITIES		
ETG	ETG - EMPRESA DE TRANSPORTES E GESTÃO, S.A. Rua Corpo Santo, nº 6 – 2º 1200 Lisbon	44.90
SGS	SGS - INDÚSTRIAS DE MADEIRA, S.A. Pico do Cardo – S. António 9000 Funchal	35.00

(Amounts stated in thousands of euros)

The following subsidiary companies were consolidated in accordance with the proportional method as they are jointly managed together with the other shareholder:

Name	Full name/headquarters	Effective participation
OTHER RELATED ACTIVITIES (Portugal)		
ECORESÍDUOS	ECORESÍDUOS - CENTRO DE TRATAMENTO E VALORIZAÇÃO DE RESÍDUOS, Lda. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	50.00
SCORECO	SCORECO - VALORIZAÇÃO DE RESÍDUOS, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	50.00

Investments in affiliated companies, where the Group's interest is equal to or less than 20%, that were excluded from the consolidation, are as follows:

Name	Full name/headquarters	Effective participation
CEMENT AREA (Portugal)		
CECIME	CECIME – CIMENTOS, S.A. R. Cintura do Porto de Lisboa, Armazém 21 Topo Norte 1900 – 649 Lisbon	20.00
READY MIX CONCRETE AND AGREGATES AREA (Portugal)		
CEVALOR	CEVALOR - CENTRO TECNOLÓGICO PARA APROVEITAMENTO E VALORIZAÇÃO DE ROCHAS ORNAMENTAIS E NDUSTRIAIS Estrada Nacional 4, Km 158 7150 - 208 Lisbon	9.95
OTHER RELATED ACTIVITIES (Portugal)		
ECOMETAIS	SOCIEDADE DE TRATAMENTO E RECICLAGEM, S.A. Av. Siderurgia Nacional, nº 1, Edifício S.N. 2840 Seixal	2.50

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
INTERNATIONAL AREA - SPAIN		
AMINSA	APLICACIONES MINERALES, S.A. Ayto. de Valle de Oca, Camino Fuente Herrero, s/n 09 258 Cuevacardiel – Burgos	11.94
CEMENTOS LEMONA (a)	CEMENTOS LEMONA, S.A. Alameda de Urquijo, 10 – 2º 48 008 Bilbao	19.47
CEMENTOS PORTLAND (a)	CEMENTOS PORTLAND, S.A Pamplona	0.36

Name	Full name/headquarters	Effective participation
INTERNATIONAL AREA - EGYPT		
UCF	United Company For Foundries 20, EL – Gazayer Street Now Naadi - Cairo	13.49
ASCOM	ASCOM 26, Road 265 New Maadi - Cairo	9.64
ASEMPRO	ASEMPRO 5, Street 260 New Maadi - Cairo	9.64
UNRELATED ACTIVITIES		
NEFELE	COMPANHIA INDUSTRIAL DE SIENITOS NEFELÍNICOS, S.A. Serro da Cabeça Alta - Apartado 45 8101 Loulé Codex	10.00

(a) Securities listed on stock exchanges, which are stated at market value.

(Amounts stated in thousands of euros)

During the six months ended 30 June 2004, certain changes occurred in the composition of companies included in the consolidation, resulting mainly from the acquisition of Inergranitos, S.A. and Occidental de Hormigones, S.A.. The impact of those transactions on the balance sheet captions as of 30 June 2004, was as follows:

	Increases/ decreases
Intangible assets	1,379
Fixed assets	11,083
Investments	3
Inventories	48
Accounts receivable	1,180
Current liabilities	(2,032)
	11,662
Goodwill	5,108
Net amount paid	16,770
Cash and equivalents	104
Net impact	16,874

3. Summary of significant accounting policies

The principal accounting policies used in the preparation of the consolidated financial statements are:

Intangible assets

This caption consists primarily of goodwill and research and development expenses.

Goodwill arises from the difference between the cost of the investments in subsidiary companies and the related fair value of the subsidiaries' net assets as of the date of acquisition. Goodwill is capitalised and amortised on a straight-line basis over the estimated realisation periods, which vary from five to twenty years.

Research and development costs incurred on specific projects with economic value are amortised on a straight-line basis over three years.

Investments

Investments in the majority of associated companies (Note 2) are recorded in accordance with the equity method, the investments being initially recorded at cost, which is then increased or decreased by the difference between cost and the proportional amount of the participation in the equity of these companies, as of the date of acquisition or the date the equity method was first applied.

In accordance with the equity method investments are adjusted periodically by the amount corresponding to the participation in the net results of the associated companies, by corresponding entry to financial income and expenses (Note 23), and by other differences in their equity accounts. In addition, dividends received from these companies are recorded as decreases in the amounts of the investments.

Investments earmarked as available for sale are recorded at market value in the caption "Other investments", changes in their fair value being recorded in the caption "Other reserves".

The remaining investments are recorded at cost less provisions for estimated losses on their realisation.

Fixed assets

Fixed assets are stated at cost, which includes acquisition expenses, or, in the case of certain fixed assets acquired up to 31 December 1992, at restated amounts computed in accordance with the revaluation criteria established by the applicable Portuguese legislation. Gains and losses on the disposal of fixed assets are recorded as extraordinary items.

Depreciation is computed on a straight-line basis over the estimated useful lives of the fixed assets, except for certain basic equipment which is depreciated using declining depreciation rates. In both methods, the full annual rate is used in the year of acquisition. The rates of depreciation correspond to the following estimated average years of useful life:

	Years
Buildings and other constructions	10 - 50
Basic equipment	7 - 16
Transportation equipment	4 - 8
Tools and dies	2 - 8
Administrative equipment	2 - 14
Other tangible fixed assets	2 - 10

The cost of acquired quarries included in the balance sheet caption land and natural resources is depreciated in accordance with the expected useful lives of the related quarries.

Improvements in fixed assets are depreciated according to the increase in the useful life of the respective assets.

The cost of recurring maintenance and repairs is expensed as incurred. Significant renewals and betterments are capitalised.

Finance leases

Fixed assets acquired under lease contracts and the related liabilities are recorded in the balance sheet and the fixed assets are depreciated over their estimated useful lives. The capital portion included in the lease instalments paid is recorded as a reduction of the liability under the lease and the interest portion is expensed in the period to which it relates.

Inventories

Inventories, including work in progress, are stated at the lower of cost or net realisable value. In general, cost is determined under the weighted average cost method, and includes transport and handling costs. In the case of manufactured products, cost includes all direct costs and production overheads. Losses arising from obsolete, slow moving and defective inventories are provided for.

Whenever the market price of inventories is lower than cost the difference is provided for in the caption provision for inventory losses, which is reversed when the reasons for which it was recorded no longer exist.

Provisions

The provision for doubtful accounts receivable is stated at the amount considered necessary to cover potential risks in the collection of overdue accounts receivable balances.

Other provisions are recorded for the amounts necessary to cover estimated losses.

Foreign currency transactions and balances

Foreign currency assets and liabilities for which there is no fixed exchange agreement are translated to euros at the rates of exchange prevailing at the balance sheet date. Exchange differences are credited or charged to the statement of profit and loss in the year in which they arise, except for the following, which are recorded in the balance sheet in the caption "Cumulative translation adjustments":

- Exchange differences arising on the translation of medium and long term foreign currency inter-group balances which, in practice, correspond to an extension of the investments;

- Exchange differences arising on financial operations hedging exchange risk on foreign currency investments, as established in International Accounting Standard (IAS) 21, provided that they comply with the efficiency criteria established in IAS 39.

Translation of financial statements

The financial statements of subsidiaries operating in foreign countries are translated to euros, using the following exchange rates:

- Assets and liabilities: exchange rates prevailing at the balance sheet date;
- Profit and loss statement: average exchange rates for the period;
- Share capital, reserves and retained earnings: historical exchange rates; and
- Cash flow statement: average exchange rates for the period for cash flows where these rates are close to the effective exchange rates; for the remaining cash flow items, the exchange rate of the day of the operation.

The effect of translation differences is recorded in shareholders' equity under the specific caption "Cumulative translation adjustments". When investments in subsidiaries are sold, the related cumulative translation adjustment is transferred to the statement of profit and loss, as established in IAS nº 21.

Due to the specific characteristics of the Mozambique exchange rate, the financial statements of subsidiary companies operating in that country are translated as follows:

- Fixed assets and shareholders' equity balances are maintained in US Dollars, at historical rates of exchange;

- Monetary assets and liabilities are translated at current exchange rates, the exchange differences being recognised as financial income or expenses for the period.

Retirement benefits

Certain subsidiary companies have assumed the liability for the payment of supplements to the pensions paid by the Portuguese Social Security, under two different schemes: a defined benefits plan and a defined contribution plan. The related liabilities are recorded in accordance with Portuguese Accounting Directive nº 19.

In accordance with this directive, payments made to the defined contribution plan are expensed in the year to which they relate. In the case of the defined benefits plan, costs are expensed over the normal active service life of the employees. An actuarial valuation is performed at the end of each period in order to calculate the present value of the past service liability and the cost to be recorded in the period. The present value of the past service liability is compared with the market value of the plan's assets in order to determine the differences to be recorded in the balance sheet. The costs incurred in the year are recorded as payroll expenses, based on the actuarial data.

Healthcare benefits

Certain subsidiary companies provide supplementary healthcare benefits to their employees in addition to those provided by the Public Social Security. The liability resulting from these benefits is recorded in a similar manner to the retirement pension liability and cost referred to above.

Specific provisions to cover this liability are recorded in accordance with the criteria established by Portuguese Accounting Directive nº 19.

The actuarially determined liability for the cost of healthcare to be provided as from the retirement age of employees is recorded in the balance sheet caption "Provisions for risks and costs" (Note 16).

Income tax

The Cimpor Group has adopted the tax consolidation regime presently in force in Portugal. In accordance with this regime the provision for income tax is determined based on the consolidated estimated taxable income of all the companies covered by the regime (all the 90% or more owned subsidiaries located in Portugal). The remaining group companies not covered by the tax consolidation regime are taxed individually based on their respective taxable income, computed in accordance with the tax legislation, at the applicable tax rates.

The income tax provision is computed in accordance with Portuguese Accounting Directive nº 28, whereby timing differences between accounting and taxable income are considered.

Deferred tax assets and liabilities are calculated and revised periodically using the rates expected to be in force when the timing differences reverse.

Deferred tax assets are only recognised when there is reasonable expectation that sufficient tax profits will exist to use them. A reappraisal of the timing differences underlying the deferred tax assets is made at the balance sheet date, so as to recognise or adjust them, based on the current expectation of their future recovery.

Income tax on the cumulative foreign currency translation adjustments arising on foreign currency loans, which effectively function as a hedge for foreign currency investments, is recorded in the equity caption "Cumulative translation adjustments" as established in International Accounting Standard (IAS) 12.

Revaluation reserve

Amounts recorded under this caption, resulting from the revaluation of fixed assets in accordance with the criteria defined in Portuguese legislation, are transferred to retained earnings when the corresponding assets are realised through sale, write-off or depreciation. In general terms, these amounts are not available for distribution since they can only be used to increase share capital or to cover losses incurred up to the end of period to which the revaluation relates.

Environmental reinstatement of land used for quarries

In accordance with legislation in force in several of the geographical areas where Group operates, land used for quarries must be environmentally reinstated.

Provisions are recorded to cover the estimated cost of environmentally recovering and reconstituting the land used for quarries, whenever this can be reasonably determined. Such provisions are recorded over the period the quarries are operated, based on the conclusions of landscape recovery studies.

In addition, the Group has the procedure of progressively reconstituting the areas freed up by the quarries, using the provisions recorded or, where these are insufficient, recognising the cost in the period in which it is incurred.

Accruals basis

The Group records income and expenses on an accruals basis. Under this basis income and expenses are recorded in the period to which they relate independently of when the corresponding amounts are received or paid. Differences between the amounts received and paid and the related income and expenses are recorded in accrual and deferral captions.

Government grants

Grants that relate to specific capital expenditure are accounted for as deferred income and amortised over the lives of the related assets. Other grants are credited to income as received.

Current classification

Assets to be realised and liabilities to be settled within one year of the balance sheet date are classified as current.

Financial derivative instruments and hedge accounting

The Group has the policy of using financial derivative instruments to hedge interest and exchange rate risks to which it is exposed.

The Group does not resort to financial derivatives for speculation purposes.

Financial derivatives are used in accordance with internal policies defined by the Board of Directors.

Financial derivatives are valued at their respective fair values, the method of recognising them depending upon their nature and the purpose for which they are contracted.

<u>Hedge accounting</u>

Financial instruments are designated as hedging instruments in accordance with the provisions of IAS 39, namely as regards their documentation and effectiveness.

Changes in the fair value of derivatives designated as fair value hedging instruments, as well as in the fair value of the assets or liabilities subject to such risk, are recognised as financial income and expenses for the period,

Changes in the fair value of derivatives designated as cash flow hedging instruments are recorded in the caption “Other reserves” as regards their effective component and in financial income and expenses as regards their non-effective component. The amounts recorded in the caption “Other reserves” are transferred to financial income and expenses in the period in which the item covered also affects profit and loss.

As in the case of cash flow hedging instruments, changes in the value of derivates hedging net investments in foreign entities are recorded in the caption “Cumulative translation adjustments” as regards their effective component and in the statement of profit and loss for the period as regards their non-effective component. If the hedging instrument is not a derivative, the variations resulting from changes in exchange rates are recorded in the caption “Cumulative translation adjustments”.

Hedge accounting is discontinued when a hedging instrument reaches maturity, it is sold or exercised or when the hedge stops complying with the requirements of IAS 39.

Trading instruments

Changes in the fair value of financial derivatives contracted for hedging purposes in accordance with the Group’s risk management policies, but which do not comply with the requirements of IAS 39 to qualify for hedge accounting, are recorded in the statement of profit and for the period in which they occur.

4. Short-term investments, net

Investments classified as held for negotiation are recorded at market value in the caption “Short-term investments, net”, changes in their fair value being recorded as financial income or expenses.

Other negotiable securities are recorded at cost less provisions for estimated losses on their realisation.

These investments are considered as cash equivalents for cash flow purposes.

(Amounts stated in thousands of euros)

5. Accounts receivable – trade, net

This caption consists of:

	June 2004	2003
Accounts receivable from costumers	239,152	212,941
Notes receivable	1,841	1,780
Doubtful accounts receivable	43,173	41,084
Advances to suppliers	1,868	1,793
	286,034	257,598
Less: Provision for doubtful accounts receivable	(41,758)	(39,349)
	244,276	218,249

The Group classifies, as doubtful, specific overdue accounts receivable balances from customers. As these balances, together with other accounts receivable from customers, are not fully collectible, the Company records a provision for doubtful accounts receivable to cover the estimated loss on their realisation.

6. Other accounts receivable and other non-current assets

These captions consists of:

	June 2004	2003
Accounts receivable – other, net:		
Accounts receivable from:		
Associated companies	584	2,133
Other	251	191
Accounts receivable from public entities	32,447	21,313
Other receivables	27,582	35,956
	60,865	59,593
Less: Provision for doubtful accounts receivable	(298)	(276)
	60,566	59,317

	June 2004	2003
Other non-current assets, net:		
Doubtful accounts receivable	13,235	14,478
Accounts receivable from associated companies	30,313	34,294
Accounts receivable from public entities	2,316	2,237
Other receivables	2,976	3,482
	48,841	54,491
Less: Provision for doubtful accounts receivable	(13,960)	(20,835)
	34,880	33,656

(Amounts stated in thousands of euros)

Accounts receivable from public entities at 30 June 2004 are made up as follows:

Value added tax	13,069
Income tax	17,863
Withholding tax	3,267
Other	564

	34,763
	=====

7. Inventories

This caption consists of:

	June 2004			December 2003		
	Cost	Provisions	Net	Cost	Provisions	Net
Raw materials and consumables	99,173	(7,100)	92,073	93,245	(6,607)	86,638
Work in progress	22,083	(615)	21,468	33,418	(1,115)	32,303
Sub-products and waste	120	(15)	105	64	(15)	49
Semi-finished and finished products	11,906	(1,730)	10,177	9,674	(1,468)	8,206
Merchandise	7,857	(1,687)	6,170	9,041	(1,707)	7,334
Advances	3,899	-	3,899	797	-	797
	145,038	(11,146)	133,892	146,239	(10,912)	135,327

Raw materials and consumables comprise inventories held for use in the production process and spare parts.

Unpacked cement held at factories is included in work in progress.

(Amounts stated in thousands of euros)

8. Investments, net

This caption consists of:

	June 2004			December 2003
	Gross book value	Provisions	Net book value	Net book value
Affiliated companies	97,374	-	97,374	77,199
Other investments	71,165	(10,124)	61,042	60,474
Securities and other investments	10,408	(4,386)	6,022	7,320
Loans granted	964	(748)	216	212
Investments in progress	4,006	-	4,006	4,006
Advances	2,695	-	2,695	2,695
Total	186,611	(15,257)	171,354	151,906

This caption includes investments in affiliated companies and loans granted to them. The investments in affiliated companies are recorded in accordance with the equity method of accounting. Other investments are stated at cost, less provisions for estimated loss on their realisation, except for public and other listed securities, which are stated at market value.

(Amounts stated in thousands of euros)

9. Fixed assets, net

This caption comprises:

	June 2004	December 2003
Gross:		
Land and natural resources	213,443	207,272
Buildings and other constructions	1,095,039	1,088,716
Basic equipment	2,694,106	2,579,912
Transportation equipment	67,641	64,791
Tools and dies	6,957	6,901
Administrative equipment	46,682	44,861
Containers	132	132
Other	9,246	8,834
Fixed assets in progress	74,063	141,092
Advances	9,624	8,842
	4,216,933	4,151,353
Accumulated depreciation:		
Land and natural resources	(34,226)	(32,958)
Buildings and other constructions	(801,512)	(787,789)
Basic equipment	(2,083,130)	(2,033,579)
Transportation equipment	(59,828)	(56,681)
Tools and dies	(5,855)	(5,608)
Administrative equipment	(36,760)	(35,128)
Containers	(117)	(117)
Other	(6,302)	(5,936)
	(3.027,730)	(2.957,796)
Net book value:		
Land and natural resources	179,217	174,314
Buildings and other constructions	293,528	300,927
Basic equipment	610,975	546,333
Transportation equipment	7,812	8,110
Tools and dies	1,102	1,293
Administrative equipment	9,922	9,733
Containers	16	15
Other	2,944	2,898
Fixed assets in progress	74,063	141,092
Advances	9,624	8,842
	1,189,203	1,193,557

(Amounts stated in thousands of euros)

Depreciation of fixed assets charged to operations during the six months ended 30 June 2004 amounted to 66,875 thousand euros.

Fixed assets have been revalued, in accordance with Law 36/91 and Decree Laws 126/77, 219/82, 399-G/84, 118-B/86, 111/88, 49/91, 264/92 and 22/92 using price level indices established by that legislation.

The effect of the revaluations on the net book values, is as follows:

	Historical cost	Revaluation	Revalued amounts
Land and natural resources	162,898	16,319	179,217
Buildings and other constructions	246,160	47,368	293,528
Basic equipment	610,350	625	610,975
Transportation equipment	7,812	-	7,812
Tools and dies	1,102	-	1,102
Administrative equipment	9,891	31	9,922
Containers	16	-	16
Other	2,944	-	2,944
Total	1,041,173	64,343	1,105,516

The amount of 4,227 thousand euros of the revaluation reserve has been used to increase share capital.

A portion (40%) of the additional depreciation arising from the revaluations is not deductible for income tax purposes (Note 18).

(Amounts stated in thousands of euros)

10. Intangible Assets, net

This caption comprises the following:

	June 2004	December 2003
Gross:		
Start-up costs	10,714	10,168
Research and development cost	4,868	16,999
Industrial property and other rights	9,775	8,238
Intangible assets in progress	321	184
Goodwill on acquisitions	1,247,965	1,250,722
	1,273,642	1,286,311
Accumulated amortisation:		
Start-up costs	(8,127)	(7,757)
Research and development cost	(4,174)	(16,676)
Industrial property and other rights	(4,735)	(4,110)
Goodwill on acquisitions	(386,945)	(365,849)
	(403,980)	(394,392)
Net book value:		
Start-up costs	2,588	2,411
Research and development cost	694	323
Industrial property and other rights	5,040	4,128
Intangible assets in progress	321	184
Goodwill on acquisitions	861,020	884,873
	869,662	891,919

Amortisation of intangible assets charged to operations during the six months ended 30 June 2004 amounted to 34,542 thousands euros.

(Amounts stated in thousands of euros)

The movement in the caption "Goodwill" in the six months ended 30 June 2004, was as follows:

Movement/subsidiaries	Goodwill
Beginning balance	1,250,722
Increases:	
Companhia Cimentos Brasil (CCB)	1,962
Cementos Antequera	285
Ocidental de Hormigones	1,418
Silos Galicia	1,013
Betrans	828
Inergranitos	3,690
	9,196
Decreases:	
Cementos Cosmos	(7,992)
Hormigones Mariña	(1,080)
Hormigones y Aridos de la Barca	(2,881)
	(11,953)
Ending balance	1,247,965

The increase in goodwill relating to CCB corresponds to: (i) the effect of the devaluation of the Brazilian Real, relating essentially to the acquisition of a participation in Cimentos Brumado in the year ended 31 December 2002; and, (ii) a difference settled on the acquisition of an additional participation of 0.06%.

The increase in goodwill relating to Cementos Antequera results from the acquisition of an additional participation of 1.35%.

The goodwill in Occidental Hormigones, S.L. results from the acquisition, by Corporacion Noroeste, of 100% of the capital of Äridos Donoso del Rio for the amount of 889 thousand euros, and eighteen concrete plants, for the amount of 11,370 thousand euros.

Fivacar acquired 16% of the capital of Silos Galícia, resulting in goodwill of 1,013 thousand euros.

Cimpor Betão, SGPS acquired 50% of the capital of Betrans, resulting in goodwill of 828 thousand euros.

In May 2004 Agrepor acquired 100% of the capital of Inergranitos for 4,615 thousand euros, resulting in goodwill of 3,690 thousand euros.

(Amounts stated in thousands of euros)

11. Loans

This caption consists of:

	June 2004		December 2003	
	Short-term	Long-term	Short-term	Long-term
Bank loans	307,890	715,999	329,711	1,182,630
Bonds	2,853	605,707	1,359	6,797
Others loans	1,293	8,383	2,531	8,383
	312,036	1,330,089	333,601	1,197,811

Bonds at 30 June 2004 are made up as follows:

Drawer	Emission	Interest rate	Conditions / reimbursement	Amount
CIMPOR Financial Operations B.V.	27 May 2004	Fixed rate EUR 4.50%	27 May 2011	600,000
Cimentos de Moçambique S.A.R.L	13 June 2002	Maibor 3 months + 2%	(i)	8,560
				609

(i) 6 semester payments starting 13 December 2004.

The short - term bank loans at 30 June 2004 are made up as follows:

Type	Currency	Interest rate	Amount
Bilateral	EUR	Euribor + 0.675%	187,500
Commercial paper	EUR	-	25,000
Bilateral	USD	Libor + 1%	6,784
Bilateral	EUR	Euribor + 1.5%	6,250
Bilateral	EGP	Caibor + 1.125%	4,343
Industrial Investments	BRL	Several	2,648
Bilateral	EGP	11.7%	571
Others	-	-	6,585
Overdrafts	-	-	68,208
			307,890

(Amounts stated in thousands of euros)

The long – term bank loans at 30 June 2004 are made up as follows:

Type	Currency	Interest rate	Amount
Syndicated loan	EUR	Euribor + 0.50%	300,000
US Private Placements – 12 year	USD	4.75%	193,622
US Private Placements – 10 year	USD	4.90%	113,593
EIB Loan	EUR	EIB Basic Rate	60,000
Bilateral	EGP	Caibor + 1.125%	19,580
Bilateral	EUR	Euribor + 1.5%	18,750
Industrial Investments	BRL	Several	7,758
Bilateral	EGP	11.7%	68
Others	EUR	-	2,627
			715,999

As a result of applying the hedge accounting provisions of IAS 39, the US Private Placements include the corresponding changes in fair value as from the time the hedge relationships were established, in the amount of 37,495 thousand euros.

At 30 June 2004, the medium and long-term portion of the loans was repayable as follows:

2005	19,760
2006	138,353
2007	142,538
2008	72,559
2009 and following years	956,879
	1,330,089

The principal financial conditions of the loans at 30 June 2004 were as follows:

Rating

Several financing instruments, namely the larger syndicated and bilateral loans, establish that the spread must be indexed to the Standard & Poor’s rating, therefore reflecting the valuation of risk of these operations for the financial institutions.

Control of the subsidiary companies

The majority of the contracts for loans obtained by the operating or sub-holding companies do not establish the need for CIMPOR – Cimentos de Portugal, SGPS, S.A. to have majority control of the companies. However, the comfort letters requested from the holding company, for purposes of contracting the loans, usually contain a commitment for it not to sell its direct or indirect control of these companies.

(Amounts stated in thousands of euros)

At 30 June 2004 the comfort letters provided by the holding and other subsidiary companies totalled 473,740 thousand euros.

Financial Covenants

The loan contracts also established commitments for the company to maintain certain financial ratios at previously agreed levels.

The principal loans at 30 June 2004 include commitments to maintain the following financial ratios:

- Net debt / EBITDA
- EBITDA / (Financial expenses – less financial income)
- EBITDA / (Financial expenses – less income from derivative financial instruments)

At 30 June 2004 these ratios were within the commitments established.

Negative pledge

The majority of the financial instruments have *Negative Pledge* clauses. The larger loans (those exceeding 50 million euros) normally establish a maximum level of pledges over assets, which must not be exceeded without prior notice to the financial institutions.

Cross Default

Cross default clauses, which are current practice in loan contracts, are also present in the large majority of financial instruments of the CIMPOR Group.

12. Accounts payable - trade

The following amounts are payable to third parties within the period of six months:

	June 2004	December 2003
Advances for sales	-	3,343
Accounts payable to suppliers	103,770	97,004
Notes payable	31,571	29,721
Advances from customers	3,705	1,241
	139,046	131,309

(Amounts stated in thousands of euros)

13. Accounts payable - other

This caption consists of:

	June 2004	December 2003
Accounts payable to related companies	314	1,086
Suppliers of fixed assets	37,209	47,747
Other creditors	27,748	24,388
	65,271	73,221

14. Prepaid expenses and other current assets, accrued costs and deferred income

At 30 June 2004 these captions consisted of:

Prepaid expenses and other current assets:	
Derivative financial instruments	8.410
Charges on loans	5.091
Others	7.159
	20.660
Accrued costs:	
Accrued vacation pay and bonuses	9.883
Accrued tax expense (a)	10.232
Interest	4.712
Retirement pension benefits	3.985
Accrued depreciation	3.822
Derivative financial instruments	115.716
Others	4.388
	152.738
Deferred income:	
Investment subsidies	3.693
Others	2.077
	5.770

(a) Brazilian tax legislation includes taxes computed based on income in each period. One of the subsidiary companies in Brazil is legally questioning one of such taxes, as well as the basis on which it was assessed. The accrued expenses relate to the amount of such tax.

(Amounts stated in thousands of euros)

15. Taxes payable

This caption consists of:

Value added tax	16,063
Income tax	16,552
Withholding tax	3,995
Social security contributions	3,149
Others	3,012
	42,771

16. Movement in the provisions

During the six months ended 30 June 2004 the movement in the provision account balances was as follows:

	Opening balance	Changes in subsidiaries	Exchange differences	Increases	Decreases	Transfers	Ending balance
Provision for treasury applications	2,339	-	-		(915)	-	1,424
Provisions for doubtful accounts receivable	60,460	49	38	2,787	(1,607)	(5,710)	56,016
Provisions for risks and costs	127,949	-	476	13,119	(2,939)	-	138,605
Provision for inventories	10,912	237	149	394	(546)	-	11,146
Provision for investments	9,176	-	(25)	428	(32)	5,710	15,257
	210,836	286	639	16,728	(6,039)	-	222,448

At 30 June 2004 provisions for risks and costs were made up as follows:

Tax contingencies	98,924
Liability for pension and healthcare benefits	19,355
Provision for environmental reinstatement	5,264
Other provisions for risks and costs	15,062
	138,605

The increase in provisions was recorded as follows:

Provisions	6,902
Extraordinary items	8,393
Income tax (Note 18)	483
Payroll costs	930
Others	20
	16,728

(Amounts stated in thousands of euros)

17. Other non-current liabilities

This caption consists of:

	June 2004	December 2003
Suppliers of fixed assets	11,249	15,052
Other	1,022	757
	12,271	15,809

18. Income tax

Cimpor – Cimentos de Portugal, SGPS, S.A. and its Portuguese subsidiaries are subject to corporate income tax at the rate of 25% plus municipal surtax of 10%. Gains and losses in associated companies recorded under the equity method are not relevant for tax purposes. The same applies to dividends received from subsidiary and associated companies.

The Company and its 90% or more owned subsidiaries in Portugal are subject to the special regime for taxation of groups of companies as from 2001. This regime consists of applying, to the consolidated taxable results of the companies included in the consolidation less dividends distributed, the corporate income tax rate plus municipal surcharge.

In accordance with current legislation the tax returns of the Company and its subsidiaries are subject to review and correction by the tax authorities during a period of four years and, for Social Security, during a period of five years (ten years up to 2001, inclusive), except where there are tax losses, tax benefits have been granted or inspections, claims or appeals are in progress, in which case the period can be extended or suspended. Consequently the tax returns of the Company and its subsidiaries for the years 2000 to 2003 are still subject to review.

As a result of a review made by the tax authorities of the corporate income tax returns for the years 1996 to 1999, corrections were made to the taxes paid, the most significant item being the increase in depreciation resulting from the revaluation of fixed assets. The Board of Directors, based on technical opinions of its consultants, believes that the above mentioned corrections have no legal grounds and, accordingly, they have been legally contested.

In addition, as notifications of the above mentioned tax corrections were received after the last phase of re-privatisation of the Company, the Board of Directors believes that, if payment of the tax is due, a refund of the equivalent amount is due from a Government body (Fundo de Regularização da Dívida Pública).

(Amounts stated in thousands of euros)

The contingencies resulting from these situations are provided for in the caption "Provisions for risks and costs".

Timing differences between the recognition of income and expenses for accounting and for tax purposes are considered in computing the income tax charge for the year.

Reconciliation of the income tax provision at the statutory Portuguese income tax rate and the effective income tax rate, for the six months ended 30 June 2004, is as follows:

	Tax base	Income tax
Income before income tax	126,508	
Permanent differences	17,452	
	143,960	
Normal charge		39,589
Tax benefits		(6,695)
Tax contingencies		483
Rate differences and other		2,959
Charge for the period		36,336

Permanent differences include mainly the impact of the investment valuation criteria, amortisation of goodwill and increases in non tax deductible provisions.

The charge for the six months ended 30 June 2004 is made up as follows:

Current income tax	19,688
Deferred tax for the six months ended 30 June 2004	16,165
Tax contingencies	483
Income tax for the six months	36,336

(Amounts stated in thousands of euros)

The movement in deferred taxes in the six months ended 30 June 2004 is as follows:

Provision for inventories	Opening balance	Net income	Shareholders' equity	Changes in group companies	Exchange effect	Closing balance
Deferred tax assets:						
Revaluations and adjustments to fixed assets	39,469	(2,926)	-	-	(182)	36.362
Tax losses carried forward	45,564	(9,999)	-	37	(3,601)	32.001
Provision for doubtful accounts receivable	3,012	(1,687)	-	8	-	1.334
Provisions for risks and costs	7,776	649	-	-	52	8,477
Provision for inventories	2,389	(201,000)	-	60	16	2,264
Other provisions	2,541	1,302	-	-	2	3,845
Others	4,381	(5,597)	34,243	-	(87)	32,940
	105,132	(18,458)	34,243	106	(3,799)	117.223
Deferred tax liabilities:						
Revaluations and adjustments to fixed assets	75,440	(3,327)	-	-	1,700	73,813
Investments	757	106	-	-	-	863
Reinvestment of capital gains	662	(104)	-	2	-	560
Others	5,572	1,031	390	-	(118)	6,876
	82,430	(2,293)	390	2	1,582	82,112
Net deferred tax	22,702	(16,165)	33,853	103	(5,381)	35,111

The deferred tax asset relating to revaluations results from fixed assets in which the tax base is greater than the corresponding book value, due to the existence of revaluations in the individual financial statements, which were eliminated for consolidation purposes.

The deferred tax liability results from fixed assets with a greater book value than the corresponding tax base, due essentially to assigning fair values to them in acquisitions.

The other deferred tax assets include, essentially, the effect of recording derivative financial instruments under hedge accounting procedures (Note 29).

Deferred taxes reverting in the medium and long term have been estimated at approximately 90,200 thousand euros in the case of deferred tax assets and 72,500 thousand euros in the case of deferred tax liabilities.

(Amounts stated in thousands of euros)

19. Minority interest

This caption consists of:

	Equity	Profit/ (loss)
Cimentaçor Group	1,950	462
Cimpor Betão Group	18,100	547
Corporación Noroeste Group	9,840	256
Cement Trading Activities	1,025	43
Cimentos de Moçambique	16,911	(67)
Asment de Temara	23,253	2,016
Companhia de Cimentos Brasil	534	42
Amreyah Cement Company	4,179	82
Others	31	-
	75,823	3,381

Minority interest reflected on the balance sheet as of 30 June 2004 and statement of profit and loss for the six months then ended, corresponds to third party participation in the equity and results of the above mentioned Group companies.

Where subsidiaries have negative shareholders' equity, no minority interest has been allocated.

20. Share capital and reserves

At 30 June 2004, Cimpor's fully subscribed and paid up share capital was represented by 672 million shares with a nominal value of one Euro each.

At 30 June 2004, the last known capital structure of the Company was as follows:

	%	Number of shares
Teixeira Duarte, SGPS, S.A. (a)	32.08	215,570,230
Financiére Lafarge, S.A. (a)	12.64	84,908,825
Fundo de Pensões do Banco Comercial Português	10.00	67,200,000
Cartera Lusitania, S.A. (a)	9.62	64,623,890
Fundação Berardo, Instituição Particular de Solidariedade Social	8.77	58,947,945
C+PA – Cimentos e Produtos Associados, S.A. (a)	4.55	30,589,753
Merrill Lynch International	4.36	29,332,295
Others	17.98	120,827,062
	100.00	672,000,000

(a) Including shares owned by related companies and their corporate board members.

Own shares

Portuguese commercial legislation requires that companies maintain free reserves in the amount corresponding to the cost of these shares, such reserves not being available for distribution while the shares are held. The applicable accounting rules establish that profits and losses on the sale of own shares be recorded in reserves.

The movement in own shares consisted of the sale of 588,605 shares to employees of the Group, which resulted in a decrease of 37 thousand euros in "Other reserves". At 30 June 2004 the Company had 4,751,960 shares of own shares.

Revaluation reserve

This caption results from the revaluation of fixed assets in accordance with the applicable legislation (Note 9). In accordance with current legislation and the accounting practices followed in Portugal this reserve can only be used, when realised, to cover losses or to increase share capital.

Legal reserve

In accordance with current legislation the Company must appropriate, to the legal reserve, 5% of its annual net profit until the reserve equals a minimum of 20% of capital. This reserve cannot be distributed to the shareholders but can be used to absorb losses once all the other reserves have been used, up or to increase capital.

Cumulative translation adjustments

The decrease in the balance of the caption "Cumulative translation adjustments" results from the effect of exchange devaluations arising during the six months ended 30 June 2004 on the translation, to euros, of the financial statements of subsidiaries operating in foreign countries (Note 3).

(Amounts stated in thousands of euros)

21. Segment reporting

The Group operates in several geographical areas. The main information at 30 June 2004 for each of these locations is as follows:

	Portugal	Spain	Brazil	South Africa	Tunisia	Morocco	Egypt	Others	Eliminations	Consolidated
Revenue										
External sales	271,193	168,390	96,553	38,473	26,767	25,927	28,606	22,495	-	678,402
Inter segment sales	24,192	2,682	-	-	-	-	916	2,319	(30,108)	-
Total revenue	295,385	171,072	96,553	38,473	26,767	25,927	29,522	24,813	(30,108)	678,402
External operating results	29,986	48,828	13,138	12,604	2,685	8,569	798	3,893	-	120,500
Inter segment operating results	21,425	(20,054)	(492)	432	(979)	(772)	625	(185)	-	-
Total operating results	51,412	28,774	12,646	13,036	1,706	7,796	1,423	3,708	-	120,500
External financial results	1,149	3,902	7,099	251	(156)	(28)	(2,321)	(13,713)	-	(3,816)
Inter segment financial results	(502)	(10,900)	(537)	(240)	-	-	-	12,180	-	-
Total financial results	647	(6,998)	6,562	11	(156)	(28)	(2,321)	(1,533)	-	(3,816)
Share of associates’ net income	14,347	-	-	-	-	-	-	-	-	14,347
Income tax	(15,533)	(3,944)	(8,879)	(4,601)	142	(3,179)	346	(687)	-	(36,336)
Income – Ordinary activities	50,872	17,832	10,329	8,446	1,692	4,589	(552)	1,487	-	94,694
Extraordinary items	(223)	369	(400)	(127)	674	467	(5,417)	134	-	(4,523)
Inter segment extraordinary items	-	-	-	-	-	-	-	-	-	-
Total extraordinary items	(223)	369	(400)	(127)	674	467	(5,417)	134	-	(4,523)
Minority interest	1,053	255	42	-	-	2,016	82	(67)	-	3,381
Net Income	49,596	17,946	9,888	8,319	2,365	3,039	(6,050)	1,688	-	86,791
OTHER INFORMATION:										
Segment assets	785,329	721,013	800,719	145,155	190,719	100,909	409,839	85,405	-	3,239,089
Inter segment assets	15,422	365,224	-	560	-	-	1,777	976,968	(1,359,951)	-
Investments in associates (Equity)	84,230	13,144	-	-	-	-	-	-	-	97,374
Segment liabilities	352,228	648,181	65,261	22,840	44,674	29,410	144,527	973,589	-	2,280,710
Inter segment liabilities	(2,722)	(969,548)	(20,219)	(11,425)	(877)	(622)	(351,105)	(3,431)	1,359,951	-
Fixed capital expenditure	23,417	22,242	6,104	738	6,879	3,927	7,086	643	-	71,036
Amortisation and depreciation	29,477	16,199	26,995	4,209	5,487	3,966	12,761	2,316	-	101,417
Other non-cash expenses	4,389	1,071	182	323	105	-	-	831	-	6,902

These segments are consistent with the way management currently analyses its business.

Following is a break-down of the main information as of 30 June 2004, by business segment:

Business segment

	Sales	Total assets	Fixed capital expenditure
Cement	487,375	2,376,444	38,374
Ready-mix and pre-cast concrete	166,165	289,828	25,768
Others	24,862	572,818	6,894
	678,402	3,239,089	71,036

(Amounts stated in thousands of euros)

22. Payroll expenses

This caption consists of:

	June 2004	June 2003
Salaries	54,753	53,935
Social charges:		
Pensions	4,546	1,793
Other	21,305	21,894
	80,604	77,621

The average number of employees of the companies included in the consolidation (Note 2) at 30 June 2004 and 2003 was as follows:

	June 2004	June 2003
Holding company– Central services	223	137
Portugal		
Cement activity	770	845
Ready-mix concrete	412	503
Other activities	385	477
International	3,863	4,068
	5,653	6,030

23. Financial expenses, net

This caption consists of:

	June 2004	June 2003
Income:		
Foreign exchange gain	15,889	13,239
Interest income	44,453	13,787
Gain on the sale of treasury applications	129	5,420
Gain in associated companies	14,417	2,409
Gain in participations	1,328	1,952
Other financial income	7,761	8,541
	83,976	45,348
Expenses:		
Interest expense	48,962	36,135
Foreign exchange loss	17,350	16,997
Cash discount allowed	2,670	1,479
Other financial expenses	4,463	7,822
	73,445	62,433
Net financial expenses	10,531	(17,085)

(Amounts stated in thousands of euros)

The recording of financial derivatives and adjustment, where applicable, of investments and financing to fair value (Notes 11 and 29), had the following impact on net financial expenses for the six months ended 30 June 2004:

Interest expense	18,980
Foreign exchange loss	12,830
	31,810
Interest income	34,814
Foreign exchange gain	12,500
	47,314
Net effect (Note 29)	15,504

24. Extraordinary items, net

This caption consists of:

	June 2004	June 2003
Extraordinary income:		
Decrease in amortisation and provisions	6,034	5,530
Capital gains	1,095	2,597
Other extraordinary income	1,914	14,412
	9,043	22,539
Extraordinary expenses:		
Increase in amortisation and provisions	8,393	31
Corrections relating to prior years	245	347
Capital losses	109	442
Uncollectible debts	224	205
Other extraordinary expenses	4,596	4,634
	13,566	5,658
Net extraordinary items	(4,523)	16,881

The decrease in amortisation and provisions includes the effect of utilisation of, and decrease in several provisions recorded in preceding years to cover liabilities for restructuring costs, doubtful accounts receivable and other contingencies.

25. Guarantees

At 30 June 2004 the Group companies had bank guarantees and other guarantees given to third parties totalling approximately 181,870 thousand euros. Of that amount, 61,953 thousand euros relates to guarantees given to the tax authorities in relation to the matters referred to in Note 18.

26. Commitments

Some of the Group companies have financial commitments under contracts to acquire tangible fixed assets, of which 33,792 thousand euros for the Portuguese business area, 15,221 thousand euros for the Morocco business area, 2,369 thousand euros for the Spanish business area and 4,081 thousand euros for the Egyptian business area.

All the financial commitments, including discounted bills, are reflected in the appropriate captions.

In accordance with the Portuguese Commercial Company Code, the parent company Cimpor – Cimentos de Portugal, SGPS, S.A. is jointly liable for the obligations of its fully controlled subsidiary companies.

Cimpor Indústria – Pension Fund

Cimpor Indústria has two pension plans for its employees, depending on the year they were hired, as follows:

- Employees hired prior to 31 December 1998 are covered by a defined benefits non contributory plan (unless they opted, up to 31 December 2002, for the other plan);

- Employees hired after 1 January 1999 are covered by a defined contribution plan with the possibility of the participants contributing.

The liability resulting from the above mentioned benefit plans was transferred to the CIMPOR Pension Fund, which is managed by a specialised independent entity, the amount of the liability being determined half yearly based on actuarial studies made by independent experts (the most recent study available is as of 30 June 2004).

(Amounts stated in thousands of euros)

The Projected Unit Credit method and the following technical and actuarial bases were used in the actuarial studies made as of 30 June 2004:

Technical actuarial rate	4.50%
Pension growth rate	2.25%
Return on plan assets	5.50%
Salary growth rate	2.50%

In addition, the following demographic assumptions were used as of 30 June 2004:

Mortality table	TV 73/77
Disability table	EKV80

In accordance with the actuarial studies the pension costs for the six months ended 30 June 2004 were as follows:

	June 2004
Current service costs	306
Interest costs on liabilities	1,640
Actual return on fund's assets	(1,182)
Actuarial gains and losses related to past services	1,747
	2,511

(Amounts stated in thousands of euros)

As mentioned previously, the liability for payment of the above mentioned social benefits was transferred to an autonomous pension fund to which the Company (and indirectly the associated companies with employees covered) makes regular cash contributions. At 30 June 2004 the difference between the present value of the past service liability and market value of the fund's assets was as follows:

	June 2004
Retired employees:	
Present value of pensions under payment	50,955
Current employees:	
Present value of past service liability	16,497
	67,452
Market value of the fund's assets	(63,467)
Unfunded liability	3,985

The unfunded liability of 3,985 thousand euros at 30 June 2004 is reflected in a specific "Accrued expenses" caption (Note 14).

In the six months ended 30 June 2004 costs of 301 thousand euros relating to the defined contribution plan liability were recorded.

Cimpor Indústria – Medical benefits (Healthcare services)

Cimpor Indústria has a healthcare plan for its employees to supplement the Social Security official healthcare services, under which it participates, under the Supplementary Benefits regulations in force since 1 October 1995, in the healthcare costs of the employees covered by the plan (current, early retired and retired employees and their families). Under the regulations this is considered as a defined benefits plan, and there is no fund to cover the liability.

Management of the healthcare plan contemplated in the Regulations is based on a scheme of advances and reimbursements managed directly by Cimpor Indústria.

In the six months ended 30 June 2004 a study was made using actuarial methods, based on the existing statistical data, to determine the amount of the liability.

(Amounts stated in thousands of euros)

The study was made using the following assumptions and technical bases:

Mortality table	TV 73/77
Interest rate	5.00%
Discount rate	5.00%
Nominal rate of increase in healthcare costs	5.00%
Normal retirement age	65 years
Average family:	
Employees	2
Non employees	2
Cost per capita	315 euros

At 30 June 2004 there was a provision of 12,002 thousand euros in the caption "Provisions for other risks and costs" (Note 16), made up as follows:

- Present value of the past service liability of retired personnel, amounting 6,763 thousand euros;

- Present value of the past service liability of current personnel, in the amount of 5,239 thousand euros;

Cost of services rendered in the six months ended 30 June 2004 relates to the following:

Current service cost	125
Interest cost	280
Actuarial gains and losses	525
	930
Benefits paid during the half year	(168)
	762

Liability for supplementary pensions and other benefits of other companies

Other Group companies have retirement benefits, relating to pension supplements and supplementary healthcare benefits. The liability under these plans is determined annually based on actuarial studies made by independent entities, the costs computed in these studies being recorded in the period.

(Amounts stated in thousands of euros)

The overall situation of these plans at 30 June 2004 was as follows:

Present value of the projected liability	13,527
Unfunded liability	7,353
Net cost for the period	2,875

The unfunded liability is recorded in the caption "Provision for other risks and costs". The net cost for the six months was recorded in the caption "Other extraordinary expenses", profit of 1,903 thousand euros.

27. Stock option plan

The Shareholders' General Meeting held on 14 May 2004 approved an *Employee Stock Acquisition Plan* and *Stock Option Plan*.

In order to implement the above mentioned *Employee Stock Acquisition Plan*, the Shareholders' General Meeting held on 14 May 2004 approved the sale of own shares to members of the Board of Directors and employees of the Group.

The Board of Directors of CIMPOR – Cimentos de Portugal, SGPS, S.A., is responsible for assigning the rights to acquire shares to the beneficiaries of the Plan, except in the case of the Members of the Board of Directors itself, where the rights are assigned by the Remuneration Committee.

Each beneficiary is granted the right to acquire shares, at a price equal to seventy-five percent of the closing price of the day, up to a maximum of half of his/her monthly gross base remuneration.

In order to implement the *Cimpor Stock Option Plan*, the Shareholders' Annual General Meeting also approved the sale of own shares. In accordance with this plan, under which the rights are assigned by the same entities as for the *Employee Stock Acquisition Plan*, the beneficiaries are given the right to acquire Cimpor shares (initial option), at a price not less than seventy-five percent of the average closing price of the sixty stock market sessions preceding that date. For every option exercised, the beneficiary is given one additional option, at the same price (derived option), in each of the next three years.

The options exercised during the six months ended 30 June 2004 were as follows:

(Amounts stated in thousands of euros)

PLAN	Number of Shares	Unit price	Date
Stock Option Plan - derived options - 2002 series	6,200	3.70	31 March
Stock Option Plan - derived options - 2003 series	182,650	2.84	25 March
Stock Option Plan - 2003 series	266,000	3.20	28 May
Employee Stock Acquisition Plan - year 2004	133,755	3.28	17 May
	588,605		

At 30 June 2004 the Company had enough shares of own shares to meet the requirements of the above mentioned incentive plans.

28. Financial instruments

Under the risk management policy of the Cimpor Group, a wide range of derivative financial instruments have been contracted to hedge interest and exchange rate risk.

The Group contracts such instruments after evaluating the risks to which its assets and liabilities are exposed and assessing which instruments available in the market are the most adequate to hedge the risks.

These instruments are subject to prior approval by the Executive Committee and are permanently monitored by the Financial Operations Area. Several indicators relating to the instruments are periodically determined, namely market value and sensitivity of both the projected cash flows and market value to changes in key variables, with the aim of assessing their financial effect.

In applying IAS 39 to record financial derivative instruments, the Company defined such instruments as either hedging or trading instruments in accordance with the terms of the standard (Note 29).

Hedging

At 30 June 2004 the Group had the following interest rate derivative contracts with financial institutions, with the objective of controlling the level of its future financial costs, prevailing structures with hybrid fixed rates:

(Amounts stated in thousands of euros)

Amount	Type of Operation	Maturity	Economic Purpose
EUR 50.000.000	Fixed rate	2008	Hedge of 17 % of the Syndicated Loan 2003-2008
EUR 11.055.832	Long Forward EUR/ZAR	2004	Natal Portland Cement capital hedge
USD 150.000.000	Cross-Currency Swap EUR/USD	2013	Hedge of Principal and interest related to the 10Y US Private Placement
USD 254.000.000	Cross-Currency Swap EUR/USD	2015	Hedge of Principal and interest related to the 12Y US Private Placement
EUR 11.400.000	Cross-Currency Swap EUR/ZAR	2005	Hedge of Principal and interest related to Intercompany loan granted by Cimpor Inversiones

Trading instruments

In addition, at 30 June 2004 the Group had several interest rate derivative financial instruments, contracted to control the level of future costs and financial flows, but which did not meet all the requirements of IAS 39 to qualify them as hedging instruments, and so are considered as trading instruments:

<table>
<tr><th>Amount</th><th>Type of Operation</th><th>Maturity</th><th>Economic Purpose</th></tr>
<tr><td>EUR 250.000.000</td><td>Short Floor on 10Y USD CMS</td><td>2009</td><td rowspan="2">Hedge of 53 % of the EUR tranche of the Syndicated Loan 2000-2005 prepaid on the 30th June 2004 and then reallocated to the reduction of floating rate exposure on the global debt portfolio</td></tr>
<tr><td>EUR 250.000.000</td><td>Fixed rate with short put swaption</td><td>2009</td></tr>
<tr><td>USD 75.000.000</td><td>Fixed rate</td><td>2005</td><td>Hedge of 100 % the USD tranche of the Syndicated Loan 2000-2005</td></tr>
<tr><td>EUR 50.000.000</td><td>Fixed rate with short put option</td><td>2009</td><td>Hedge of 17% of the Syndicated Loan 2003-2008</td></tr>
<tr><td>EUR 216.723.549</td><td>Contingent floating rate</td><td>2015</td><td>Hedge of 100% of the euro leg of the cross-currency swap on the 12Y US Private Placement</td></tr>
<tr><td>EUR 36.036.036</td><td>Long NDF EUR/BRL</td><td>2004</td><td>Companhia de Cimentos do Brasil capital hedge</td></tr>
<tr><td>EUR 20.000.000</td><td>Cross-Currency Swap EUR/BRL</td><td>2005</td><td>Hedge of Principal and interest related to 5th FRN granted by Cimpor Finance Limited</td></tr>
</table>

(Amounts stated in thousands of euros)

Fair value of financial instruments

The fair value of the derivative financial instruments at 30 June 2004, was as follows:

Financial instruments:	Deferred Costs	Accrued costs
Hedging	-	62,717
Held for trading	8,410	53,000
	8,410	115,716

29. Non compliance with the principle of consistency in the consolidation

In its risk management policy the Company contracted several financial instruments, which have been disclosed in the Directors' Report and Notes to the financial statements of preceding years.

Up to 31 December 2003, as there were no specific accounting standards in Portugal, the Company only recorded the effect of derivative financial instruments in its consolidated financial statements when financial flows took place, deferring, where applicable, the premiums received or paid over the period of the operations. In addition, the Company disclosed the fair value of such instruments in the Notes to the consolidated financial statements.

Considering the transition to International Financial Reporting Standards (IFRS) and the requirements of Portuguese Accounting Directive 18, the Board of Directors decided to adopt, as from 1 January 2004, the provisions of IAS 39 as regards the recognition and measurement of its hedging derivative financial instruments, as it considered that, although this was not consistent with the accounting principle previously adopted, the change would result in a more adequate presentation of the Group's financial position and results of operations and would be an approximation to International Financial Reporting Standards.

(Amounts stated in thousands of euros)

As regards the valuation of equity investments in participated companies over which the Group does not have control or significant influence, as well as the valuation of investments in negotiable securities, in both cases in securities listed on stock exchanges, the Company already used the procedures established in IAS 39, to value these investments at market value.

The adoption of the provisions of IAS 39 to record investments, derivative financial instruments and hedging operations had the following impact on the consolidated financial statements for the six months ended 30 June 2004:

(thousands of euros)

	Results	Reserve for exch. diff.	Other reserves	Retained earnings
Investments (a)	-	-	(259)	-
Financial instruments (b)	9.601	2.657	(813)	(110.633)
Loans (Note 11)	5.903	-	-	31.592
Deferred tax (Note 18)	(5.424)	(930)	280	34.503
	10.080	1.727	(791)	(44.539)

(a) The effect of the devaluation, during the period, of the investments in Lemona and Portland, which are considered as available for sale, was recorded in “Other reserves”.

(b) As explained in greater detail in Note 28, the Cimpor Group has the policy of contracting derivative financial instruments to hedge interest and exchange rate risk. On 1 January 2004 Cimpor did not comply with all the conditions required by IAS 39 to enable some derivative financial instruments to be considered as hedging instruments and so they were considered as trading instruments (Note 28).

The fair value of the trading financial instruments at 31 December 2003 was recorded in retained earnings, while the subsequent variations were recognised in profit and loss for the period.

30. Subsequent events

The more significant events that occurred after 30 June 2004 are described in the Directors' Report.

31. Note added for translation

The accompanying financial statements are translated and reformatted from the Portuguese original financial statements prepared in accordance with generally accepted accounting principles in Portugal and the disclosures required by the Portuguese Official Chart of Accounts, some of which may not conform with or be required by generally accepted accounting principles in other countries. In the event of discrepancies the Portuguese language version prevails.

LIMITED REVIEW REPORT ON THE HALF YEAR CONSOLIDATED FINANCIAL INFORMATION PREPARED BY AN AUDITOR REGISTERED IN THE SECURITES MARKET COMMISSION (COMMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS)

Introduction

1. For the purposes of article 246 of the Securities Market Code (Código dos Valores Mobiliários) we hereby present our limited review report on the consolidated information of Cimpor – Cimentos de Portugal, SGPS, S.A. ("the Company") for the half year ended 30 June 2004 included in the: Directors' Report, consolidated balance sheet that reflects a total of 3,239,089 thousand Euros and shareholders' equity of 882,557 thousand Euros, including net profit of 86,791 thousand Euros and consolidated statements of profit and loss by nature and consolidated statement of cash flows for the half year then ended and corresponding notes.

2. The amounts in the financial statements, as well as that of the additional information, are in accordance with the accounting records of the Company and subsidiaries included in the consolidation.

Responsibilities

3. The Company's Board of Directors is responsible for: (i) the preparation of consolidated financial information that presents a true and fair view of the financial position of the companies included in the consolidation and the results of their operations; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption adequate accounting policies and criteria; (iv) the maintenance of an appropriate system of internal control; and (v) informing any significant facts that have influenced their operations, financial position or results.

4. Our responsibility is to verify the financial information contained in the documents of account referred to above, namely if, in all material respects, it is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent moderate assurance report on that information based on our work.

Scope

5. Our work had the objective of obtaining moderate assurance about whether the financial information referred to above is exempt from significant distortions. Our work, which was performed based on the Technical Review/Audit Standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), was planned in accordance with that objective and consisted principally of enquiries and analytical procedures to review: (i) the reliability of the disclosures included in the financial information; (ii) the adequacy of the accounting policies adopted, taking into consideration the circumstances and their consistent application; (iii) the applicability, or otherwise, of the going concern concept; (iv) the presentation of the financial information; and (v) if, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit , as required by the Securities Market Code.

6. Our work also included verifying the consistency of the consolidated financial information included in the Directors' Report with the remaining documents referred to above.

7. We believe that our work provides a reasonable basis for issuing this limited review report on the half year information.

Opinion

8. Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the half year ended 30 June 2004 is not exempt from significant distortions that affect its conformity with generally accepted accounting principles in Portugal and that, in accordance with the definitions included in the standards referred to above, it is not complete, true, up-to-date, clear, objective and licit.

Emphasis

9. As mentioned in Note 11 to the consolidated financial statements as of 30 June 2004, effective as from 1 January 2004, the Company adopted the provisions of International Accounting Standard 39 with respect to the recognition and measurement of derivative financial instruments contracted as well as hedging instruments. As a result of adopting these procedures, the caption "Retained earnings" was decreased by 44,539 thousand Euros, corresponding essentially to the prior year effect of measuring such instruments, and the result for the half year ended 30 June 2004 was increased by 10,080 thousand Euros. Consequently the financial statements for the half year ended 30 June 2004 are not fully comparable with those of preceding year.

Lisbon, 24 September 2004

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DELOITTE & ASSOCIADOS, SROC S.A.
Represented by Carlos Pereira Freire