REPORT AND ACCOUNTS

FOR

2007

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

PROFILE OF THE CIMPOR GROUP

CIMPOR is an international cement Group - ranked among the world's top ten - with head office and decision centre in Portugal. At the end of 2007 the Group was operating in twelve countries spread over four continents, managing an installed cement production capacity of 28.4 million tonnes/year (employing its own clinker).

The Group's core business is the production and sale of cement. It is the domestic market leader in Portugal, Cape Verde and Mozambique. Concrete, aggregates and mortars are produced and sold as a consequence of vertical integration of the businesses. These products generated a consolidated turnover of 1.966 billion euros in 2007.

STRATEGIC VISION

The CIMPOR Group, as a pioneer in the assimilation of the concept of sustainable development and one of the world's main players in the sector's trend towards consolidation, intends to pursue a path of growth and internationalization, while remaining loyal to that concept and retaining its independence from other large cement producers and keeping its decision centre in Portugal.

VALUES

- Shareholders – To defend shareholders' legitimate interests through the intrinsic appreciation of their investment in the company and ensuring adequate return.
- Clients – Focus on the full satisfaction of client expectations, in accordance with the ethical principles of integrity and compliance with applicable standards.
- Personnel – Fair remuneration for the work performed, with career advancement opportunities, equal treatment, and fostering an active policy of respect for occupational health, safety and hygiene standards.
- Organization – Constantly striving for excellence, by setting ambitious goals and by selecting leaders at all levels of the organization that are capable of taking on responsibility and meeting the goals.
- Quality – Compliance with national and international standards, particularly in relation to product certification and the correct application of the Quality Management System.
- Environment – Harmonious integration into the social and cultural environment, based on an active policy of environmental protection and cooperation with local communities.
- Innovation – Pursuit of a policy of innovation and the development of technologies, products and services in cooperation with the academic and scientific community, clients and suppliers.
- Local Communities - Implement a policy of social support considering the shortfall at the local level in terms of infrastructures and support to social and cultural activities.
- Society in General - Pursue communication and corporate social responsibility policies that are wholly transparent in regard to the Group's undertakings and which demonstrate its proactive adoption of civic responsibilities.

STRATEGY

- Consolidate current positions through internal growth (increasing efficiency and capacity) and greater penetration in the markets where the Group already operates through expansion into cement-related businesses.
- Undertake new acquisitions, within the Group's financial capacity, while maintaining a balance between businesses focused on emerging markets and a presence in consolidated and mature markets, where the lower growth potential is offset by lower risk.
- Optimize operations by taking advantage of synergies, cutting costs (particularly energy costs), increasing employee productivity and investing in R&D.
- Develop trading between the Group's companies to permit the coverage of demand peaks in certain markets with the excess supply of others.

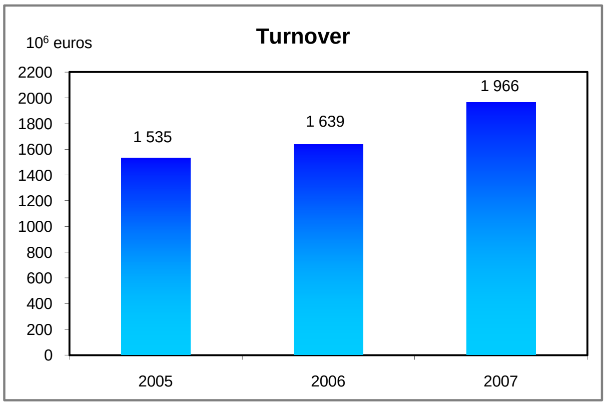
Key Financials

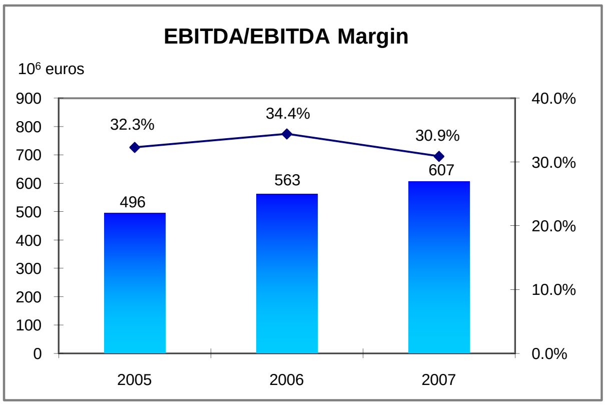
Consolidated Data	Unit	2007	2006	Change	2005
Installed Capacity (Cement) [(1)]	10^3 tonne	28,360	24,115	17.6 %	23,885
Group Sales					
Cement and Clinker	10^3 tonne	24,547	20,445	20.1 %	19,806
Concrete	10^3 m^3	8,664	6,943	24.8 %	7,058
Aggregates	10^3 tonne	15,204	12,987	17.1 %	13,228
Mortar	10^3 tonne	543	485	11.9 %	477
Turnover	10^6 euros	1,966.1	1,638.9	20.0 %	1,534.9
Payroll Expenses	10^6 euros	207.1	173.2	19.5 %	169.0
Operating Cash Flow (*EBITDA*)	10^6 euros	607.0	563.0	7.8 %	495.8
Operating Income (*EBIT*)	10^6 euros	438.1	408.1	7.4 %	355.4
Financial Income (net)	10^6 euros	-48.0	-42.3	s.s.	-3.3
Current Income	10^6 euros	390.1	365.8	6.7 %	352.2
Net Income after Minority Interests	10^6 euros	304.1	291.9	4.2 %	266.2
Total Assets	10^6 euros	4,834.0	3,857.8	25.3 %	3,805.4
Shareholders' Equity	10^6 euros	1,796.4	1,579.7	13.7 %	1,519.1
Minority Interests	10^6 euros	102.9	74.1	38.9 %	65.5
Net Financial Debt [(2)]	10^6 euros	1,359.3	865.6	57.0 %	1,079.4
Capital Employed	10^6 euros	3,214.6	2,547.1	26.2 %	2,600.9
Invested Capital	10^6 euros	3,498.4	2,763.0	26.6 %	2,823.0
Employees (31 Dec.)	Units	7,530	5,950	26.6 %	5,827
Turnover / Employee	10^3 euros	282.6	279.3	1.2 %	266.1
Value Added / Employee	10^3 euros	117.0	125.5	-6.8 %	115.2
Net Investment					
Goodwill (Subsidiaries)	10^6 euros	332.9	14.5	s.s.	11.2
Tangible Fixed Assets	10^6 euros	498.8	166.1	200.3 %	149.0
Operating CF / Turnover (EBITDA Margin)		30.9%	34.4%		32.3%
Operating Income / Turnover (EBIT Margin)		22.3%	24.9%		23.2%
Return on Equity (ROE)		18.1%	18.9%		19.7%
Return on Equity Employed (*ROCE*) [(3)]		11.6%	13.1%		12.1%
Net Financial Debt / Capital Employed		38.9%	31.3%		38.2%
Market Capitalization (31 Dec.)	10^6 euros	4,032	4,227	-4.6 %	3,125
Earnings per Share (EPS)	euros	0.45	0.44	4.1 %	0.40
Quotation (31 Dec.) / Price Earnings Ratio (PER)		13.2	14.4		11.7

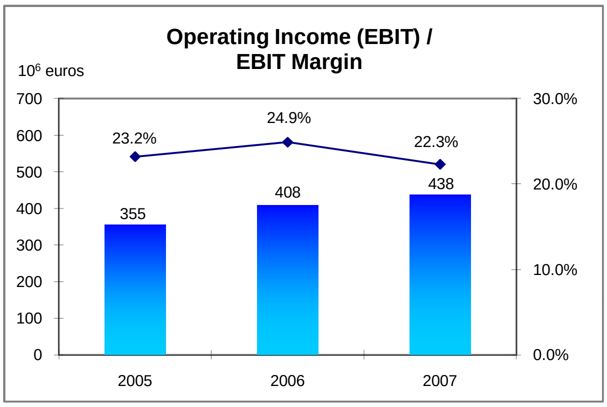
(1) Annual capacity of cement production with own clinker (31 Dec.)

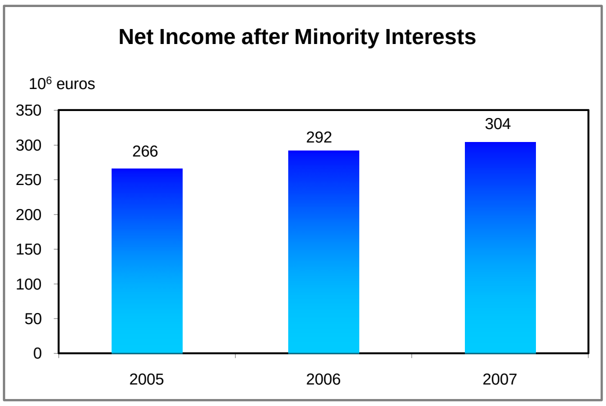
(2) Loans granted (including Leasings and Added Costs resulting from Financial Debt) - Liquid assets, Tradeable Shares and other Financial Investments

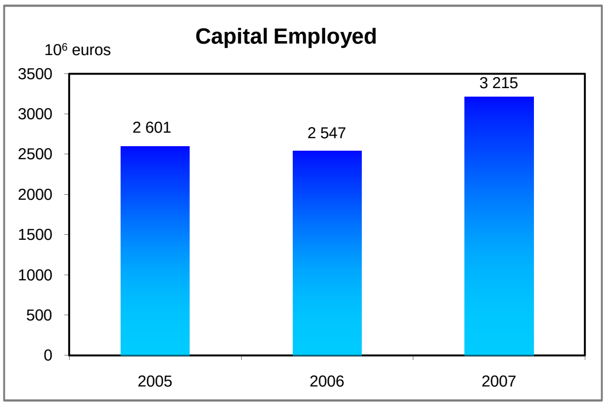
(3) Corrected Operating Income (net of Taxes) / Capital Employed

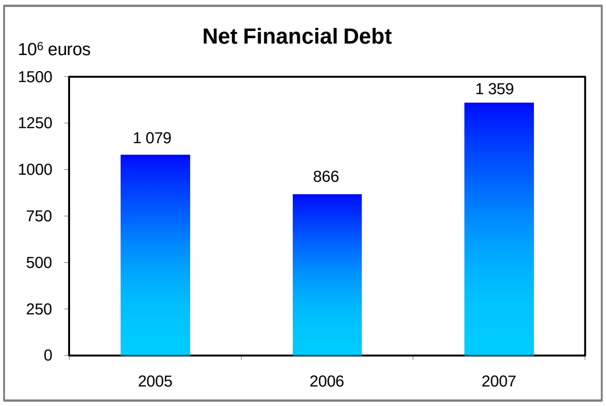

Turnover
10^6 euros
2200
2000
1800
1600
1400
1200
1000
800
600
400
200
0
1 535
1 639
1 966
2005
2006
2007

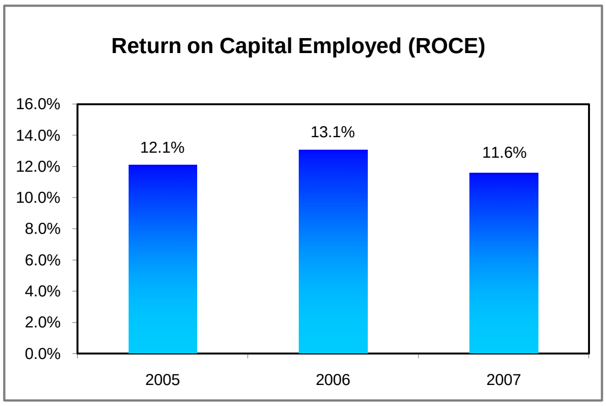

EBITDA/EBITDA Margin
10^6 euros
900
800
700
600
500
400
300
200
100
0
40.0%
30.0%
20.0%
10.0%
0.0%
32.3%
34.4%
30.9%
496
563
607
2005
2006
2007

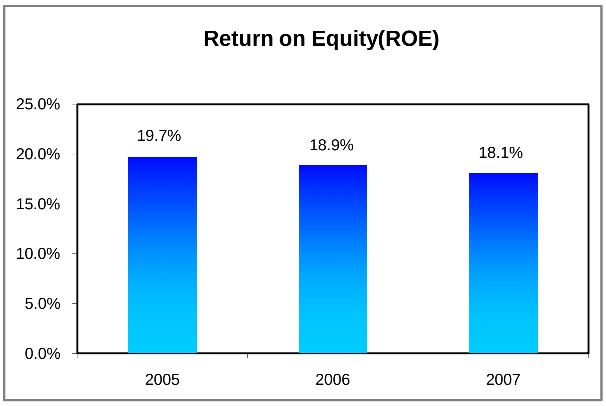

Operating Income (EBIT) /
EBIT Margin
10^6 euros
700
600
500
400
300
200
100
0
30.0%
20.0%
10.0%
0.0%
23.2%
24.9%
22.3%
355
408
438
2005
2006
2007


Net Income after Minority Interests
10^6 euros
350
300
250
200
150
100
50
0
266
292
304
2005
2006
2007


Capital Employed
10^6 euros
3500
3000
2500
2000
1500
1000
500
0
2 601
2 547
3 215
2005
2006
2007


Net Financial Debt
10^6 euros
1500
1250
1000
750
500
250
0
1 079
866
1 359
2005
2006
2007


Return on Capital Employed (ROCE)
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
12.1%
13.1%
11.6%
2005
2006
2007


Return on Equity(ROE)
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
19.7%
18.9%
18.1%
2005
2006
2007

CORPORATE HIGHLIGHTS

- The CIMPOR – Cimentos de Portugal, SGPS, S.A. Annual General Meeting was held on 11 May 2007. In addition to approving all of the proposals submitted by the Board of Directors - in particular, the proposed partial amendment of the articles of association in order to effect their update and harmonisation with the alterations established by the new legislation on commercial enterprises -, a new Vice-Chairman of the General Meeting was elected to office to end of the mandate underway (2005-2008) and, as a result of the referred to changes to the articles of association, officers were elected to the Company's new audit bodies, likewise to the end of the mandate underway.

- The CIMPOR Group commenced operations in the Turkish, Chinese and Peruvian markets, as a result of the following transactions:

  - Acquisition of a block of direct and indirect equity holdings amounting to 99.68% of the share capital of the Turkish cement company Yibitas Lafarge Orta Anadolu Çimento Sanayi ve Ticaret A.S. (YLOAÇ), for the sum of approximately 550 million euros.

  - Acquisition of 60% of the share capital of the Chinese cement company Shandong Liuyuan New Type Cement Development Co., Ltd (NLG) through Cimpor Chengtong Cement Corporation, Ltd. for the sum of 2 million euros.

  - Acquisition, for the sum of approximately 13.1 million euros, of an 80% equity holding in the Peruvian registered Cementos Otorongo, S.A.C. company through a capital uplift operation in said company.

- Binding contract subject to various prerequisites - for the acquisition of a shareholding corresponding to 53.63% of the share capital of the Indian company Shree Digvijay Cement Company Limited, listed on the Bombay Stock Exchange, for the sum of approximately 56 million euros.

- Uplift of share capital of Cimpor Finance Limited by USD 14 millions, fully subscribed and paid up by Cimpor Inversiones, S.A..

Portugal

- Cimpor Betão, SGPS, S.A. increases its shareholding in Betão Liz, S.A., from 66.4% to 100%, through the acquisition of a block of shares equivalent to 33.37% of the respective share capital and the purchase of the remaining shares pursuant to Article 490 of the Companies Code, for the sum of 9.2 million euros.

- Acquisition, by Cimpor – Indústria de Cimentos, S.A. of a 25% shareholding in the share capital of Cimentaçor – Cimentos dos Açores, Lda., for the sum of 2.4 million euros, resulting in Cimpor – Indústria de Cimentos, S.A. owning 100% of the referred to company.

- The sale by Cimpor Portugal, SGPS, S.A. of its entire shareholding (42.86%) in the share capital of Cimentos Madeira, Lda. for the sum of 6 million euros.

- Acquisition by Kandmad, SGPS, S.A. of an 11% shareholding in the share capital of Cement Trading Activities – Comércio Internacional, S.A., the remaining 89% of which are already held by the CIMPOR Group.

- Liquidation and winding up of the Betabeiras – Betões da Beira, S.A. and Cimadjuvantes – Comercialização e Produção de Adjuvantes para Cimento, Lda. companies.

- Uplift of share capital of the Alempedras – Sociedade de Britas, Lda. company, from 5,000 euros to 1 million euros, and acquisition, by this company, of a 40% shareholding in Sogesso – Sociedade de Gessos de Soure, S.A..

- Sale by Cement Trading Activities – Comércio Internacional, S.A. of part of its shareholding in Keefers Finance, S.A., reducing its shareholding to 18%.

- Merger by incorporation of Bepronor – Sociedade de Betão Pronto do Nordeste, S.A. into Cimpor Betão – Indústria de Betão Pronto, S.A..

- Integrated environmental licences obtained for the Souselas, Alhandra and Loulé production plants of Cimpor – Indústria de Cimentos, S.A..

- Licences to co-incinerate animal meal (animal biomass) and ordinary waste in the kilns of Alhandra production plant

- CO2 emissions licences obtained – 4,053,897 tonnes/year – for 2008-2012.

Spain

- Conclusion of modernisation and expansion investment at Córdoba and Niebla plants, increasing their clinker production capacities by 230 000 and 150 000 tonnes/year, respectively.

- Reduction (with the intention of covering prior year losses) of the share capital of the Sociedad Industrial y Financiera Gallega, S.L. and Firmes y Hormigones Sani, S.L. companies and posterior uplift of capital of the latter to 3.5 million euros.

- Uplift of the share capital of Tabanque, S.L. by 100 000 euros.

- Integrated environmental licence obtained for the Córdoba plant.

- CO2 emissions licences obtained – 2,025,769 tonnes/year – for 2008-2012.

Morocco

- Joint-venture between Asment de Témara (CIMPOR Group), Lafarge Maroc and Ciment du Maroc (Italcementi Group) to develop waste recovery activities.

- Uplift of share capital of Asment du Centre, S.A. from MAD 300 000 to MAD 60 million, fully subscribed by Cimpor Inversiones, S.A..

- Award, to the La Compagnie des Vents company, of the siting studies for the installation of a 10 MW wind farm to provide energy to the Asment de Témara plant.

- Reapproval of the quality management system (ISO 9001:2000) and environmental management (ISO 14001:2004) certifications.

Tunisia

- Reduction of the share capital of Ciments de Jbel Oust (CJO) from TND 90,082,400 to TND 82,297,400 through the amortization of 77,850 shares held by Cimpor Inversiones, S.A.. and subsequent capital uplift to TND 87.423.000 by incorporation of the special investment reserve.

- Start-up of preparatory work for implementation of environmental and occupational hygiene and safety management systems, with the aim of obtaining certification under the ISO 14001 and OHSAS 18000 standards.

Egypt

- Launch of a takeover bid for all the share capital of the Egyptian cement company Misr Cement (Qena) S.A.E. (“Misr Qena”), listed on the Cairo Stock Exchange and which would prove to be unsuccessful.

- Business start-up of the sack manufacturing company Cimpor Sacs Manufacture Company (Cimpsac). This company was granted full exemption from the payment of tax on profits until the end of 2017.

- Amreyah Cimpor Cement Company, S.A.E. (ACCC) obtains quality (ISO 9001/2000) and environmental management (ISO 14001/2004) certification and Amreyah Cement Company, S.A.E. (AMCC) has the same certifications it holds reapproved.

Turkey

- Cimpor Internacional, SGPS, S.A. launches a takeover bid for 0.64% of the share capital of Yibitaş Holding A.Ş., giving the CIMPOR Group a 99.43% shareholding in the referred to company.

- Cimpor Yibitaş Çimento Sanayi ve Ticaret A.Ş. (ex-YLOAÇ) launches a takeover bid for 27.08% of the share capital of Yibitaş Yozgat İşçi Birliği İnşaat Malzemeleri Ticaret ve Sanayi A.Ş., resulting in the bidder raising its shareholding in the latter company to 77.75%.

- Conclusion of the project to construct a new cement grinding facility at Hasanoğlan (Ankara), with a nominal capacity of 725 000 tonnes/year.

- Start of the construction of a new clinker production line of 2,500 tonnes/day at Hasanoğlan (Ankara), which will allow Cimpor Yibitaş to raise its cement production capacity with own clinker by close to 1 million tonnes/year from 2009.

- A new concrete plant in Ankara starts operating.

Brazil

- CCB named in administrative lawsuit - Cimpor Cimentos do Brasil, Ltda. is named, as the result of the examination of documents seized in the course of a preliminary inquiry aimed at a number of cement companies, in administrative proceedings to look into potential economic offences in the cement and ready-mix concrete markets.

- Acquisition of three ready-mix concrete plants in São Paulo state, with a total production capacity of 120,000 m^3/year.

- Merger of Cimpor Brasil Participações, Ltda. With CCB – Cimpor Cimentos do Brasil, Ltda., by incorporation of the former into the latter.

- Reapproval of ISO 14001:2004 environmental management certification at João Pessoa plant and the Brumado and Cajati units are awarded certification.

- Brumado grinding facility and João Pessoa and Cajati plants are awarded occupational hygiene and safety certification according to the OHSAS 18001:2007 standard, and ISO 9001:2000 quality certification is awarded to 10 concrete plants and respective support services.

Mozambique

- Sale of the entire holding of Cimentos de Moçambique in Premap – Prefabricados de Maputo, S.A.R.L..

- Cimpor Internacional, SGPS, S.A. signs a preliminary purchase agreement for an additional block of shares of Cimentos de Moçambique, S.A.R.L. equivalent to 10.8% of the share capital, in the value of approximately 150 million meticals.

- Award of environmental licence the Matola plant.

South Africa

- Restructuring of the business of Natal Portland Cement Company (Pty) Limited (NPC) in conformity with the South African legislation relative to Black Economic Empowerment (BEE), through the creation of a new company – NPC-CIMPOR (Pty) Ltd. – 74% of which is held by Cimpor Inversiones, S.A. 20.5% by an entity comprised of economic agents based in KwaZulu-Natal and 5.5% by a fund constituted by the workers of the company proper.

- Operational start-up of a new cement grinding facility (including silo, bagging and despatch equipment), holding a production capacity of around 560,000 tonnes/year.

- Maintenance of the '5-star' classification in the three NPC factories (Durban, Simuma and Newcastle), awarded by the National Occupational Safety Association (NOSA) for Safety and Hygiene in the Workplace.

- Acquisition of a new concrete plant and two plots of land to set up two other plants.

- Joint-venture with Lafarge South Africa for the selection, preparation and supply of processed waste for use as a raw material and/or alternative fuel.

Cape Verde

- Acquisition, through Cimentos de Cabo Verde, S.A. (CCV), of 55% of the share capital of the Betões de Cabo Verde, S.A. company.

China

- NLG signs a cooperation contract valid for 50 years with the Government of Shanting for it to construct a new cement factory in that district (Shandong province), comprising two clinker production lines, both with a capacity of 5,000 tonnes/day.

- NLG signs a framework agreement with the Government of Huaian for the construction of a new cement grinding facility in the city of Huaian (Jiangsu province), with an annual capacity of one million tonnes.

- Establishment of the Cimpor Macau Investment Company, Ltd.company with a share capital of MOP 80 million, with a 50% stake held by Cimpor Inversiones, S.A..

- Uplift of the share capital of Cimpor Chengtong Cement Corporation, Ltd. (CCCC), from HKD 10 000 to HKD 245,380,000 performed in proportion to the holdings each shareholder possesses (80% and 20%, respectively) Cimpor Inversiones, S.A. – makes its supplementary contribution through the conversion into capital of a loan of around 18.8 million euros – and China Chengtong Cement Group, Ltd. – through the apport of the entire share capital of the Sea-Land Mining, Ltd.company, which holds a 71.03% shareholding in the cement company Suzhou Nanda Cement Company, Ltd..

- Cimpor Inversiones, S.A. sells the shareholding (80%) it held in CCCC to Cimpor Macau Investment Company, Ltd..

- Uplift of the share capital of Shandong Liuyuan New Type Cement Development Co., Ltd. (NLG) by CNY 270 million, fully subscribed and paid-up by CCCC (raising its shareholding in that company to 96%), the other shareholders of NLG are provided a call option, exercisable over the term of 5 years, on the amount they proportionally subscribe to.

GOVERNING BODIES

Board of Directors

Chairman:	Ricardo Manuel Simões Bayão Horta
Members:	Luís Eduardo da Silva Barbosa
	Jacques Lefèvre
	Jean Carlos Angulo *
	Jorge Manuel Tavares Salavessa Moura *
	Luís Filipe Sequeira Martins *
	Manuel Luís Barata de Faria Blanc *
	Pedro Maria Calaínho Teixeira Duarte *
	Vicente Árias Mosquera
	José Manuel Baptista Fino
	José Enrique Freire Arteta

* Executive Committee

Audit Board

Chairman:	Ricardo José Minotti da Cruz Filipe
Members:	Luís Black Freire d'Andrade
	Jaime de Macedo Santos Bastos

Statutory Auditor Deloitte & Associados, SROC, S.A., represented by Luis Falua Costa da Silva

General Meeting

Chairman:	Miguel António Monteiro Galvão Teles
Vice-Chairman:	Luís Manuel de Faria Neiva dos Santos
Secretary:	Jorge Manuel da Costa Félix Oom

COMPANY SECRETARY

Secretary in Office	Jorge Manuel da Costa Félix Oom
Alternate Secretary	Armindo Oliveira das Neves

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CONSOLIDATED REPORT AND ACCOUNTS FOR 2007

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DECLARATION

(pursuant to Article 245 no. 1 c) of the Portuguese Securities' Code)

As far as we are aware: the information set forth in Article 245 no. 1 c) of the Portuguese Securities' Code was drawn up in conformity with applicable accounting standards, providing an accurate and appropriate image of the assets and liabilities, the financial situation and the profits of CIMPOR – Cimentos de Portugal, SGPS, S.A. and the companies included in the consolidation perimeter (CIMPOR Group), The report of the directors faithfully provides an account of the evolution of the business, the performance and the position of the CIMPOR Group and it contains a description of the main risks and uncertainties that face it.

Lisbon, 17 April 2008

THE BOARD OF DIRECTORS

Ricardo Manuel Simões Bayão Horta

Luís Eduardo da Silva Barbosa

Jacques Lefèvre

Jean Carlos Angulo

Jorge Manuel Tavares Salavessa Moura

Luís Filipe Sequeira Martins

Manuel Luís Barata de Faria Blanc

Pedro Maria Calaínho Teixeira Duarte

Vicente Árias Mosquera

José Manuel Baptista Fino

José Enrique Freire Arteta

I

CORPORATE GOVERNANCE

CIMPOR has always been committed to dealing appropriately with issues related to corporate governance as well as with the periodic disclosure of the positions and solutions the Group adopts in this area to its stakeholders, the wider financial community, the authorities and the market in general.

As in previous years, the Board of Directors presents the more significant aspects of Corporate Governance and the Group in this chapter of its annual report. The publication of this information ensures compliance with the information disclosure duties established by the Portuguese Securities' Code and the Regulations of the Portuguese Securities' Market Commission (Comissão do Mercado de Valores Mobiliários - CMVM Regulation 7/2001), as amended by CMVM Regulations 11/2003, 10/2005 and 3/2006**.**

0. Declaration of Compliance

CIMPOR has always attached special importance to the adoption of the best organizational models and the most appropriate practices and guidelines in terms of Corporate Governance. In doing so, it strives to follow the main international trends and encourage within the company critical reflection in this context.

CIMPOR is currently, given the importance it has ascribed to these matters, among the companies listed on Euronext Lisbon, one of those that most closely complies with these Recommendations. Therefore, in relation to the new set of Recommendations published by the CMVM, following the period of public consultation commenced in 2005, CIMPOR fulfils, in full, all the recommendations on:

1. Disclosure of Information;
2. Absence of restrictions on voting rights and shareholder representation;
3. Existence of an internal control system;
4. Absence of defensive measures designed to prevent the success of takeover bids;
5. Composition of the board of directors;

5-A. Existence of enough non-executive members of the Board;

6. Existence of enough independent non-executive members of the Board;
7. Existence of an internal audit committee with powers to assess the corporate structure and governance;
10. Approval of plans to allot shares and/or options to purchase shares to members of the Board and/or other employees;

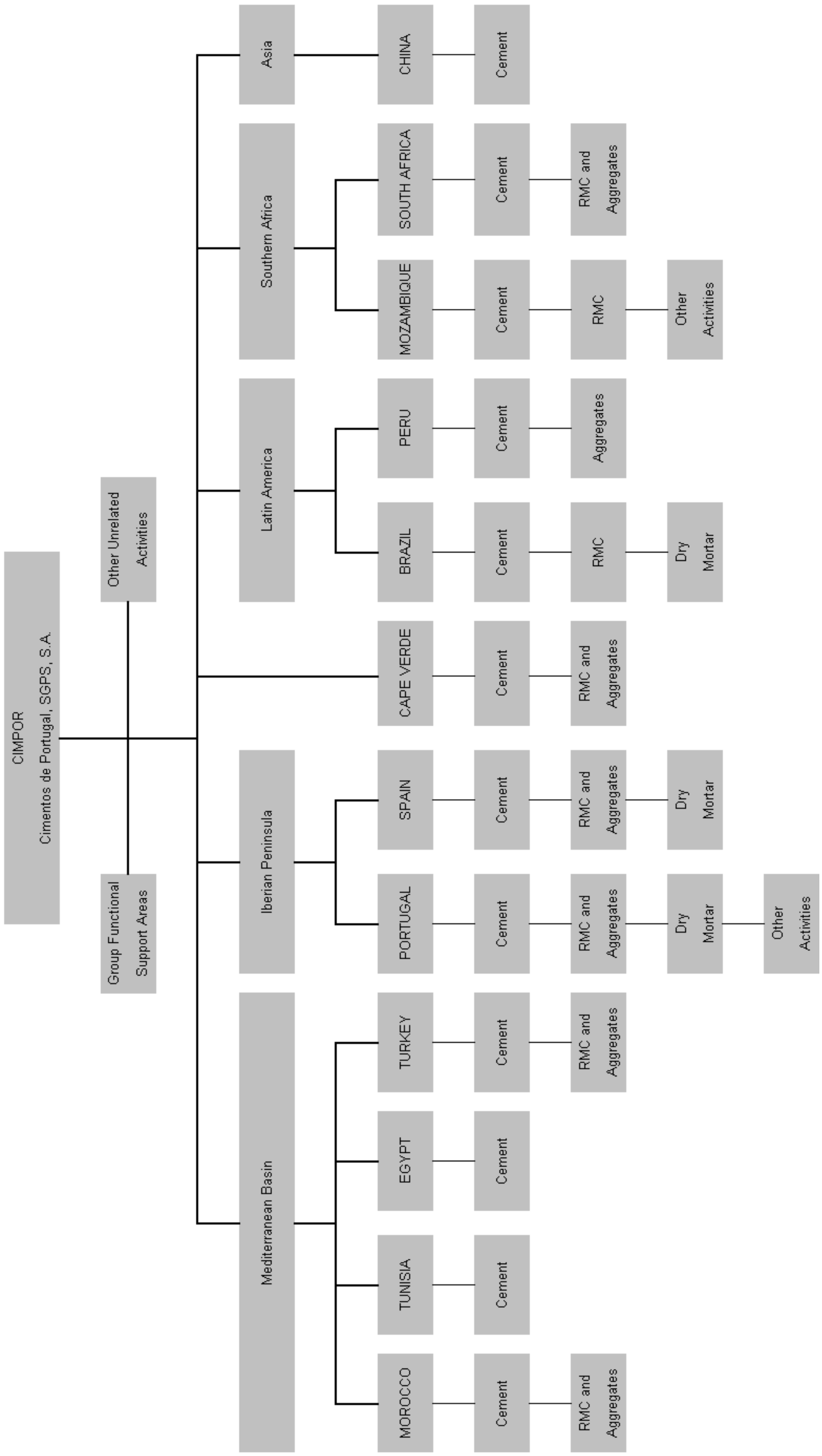
10-A. Adoption of a reporting irregularities policy.

The provision of Recommendation no. 8 referring to the structuring of the remuneration of members of the Board is complied with in full, enabling the interests of the Board members to be aligned with those of the Company. However, this is not so in regards to the annual disclosure of such remuneration on an individual basis.

The final part of Recommendation no. 8 has not been adopted. This is mostly because it is understood that the shareholders, by opting, pursuant to Article 399(1) of the Portuguese Companies Code (Código das Sociedades Comerciais) and Article 16(2) of the Articles of Association, to appoint a committee to set the remuneration of Board members, rather than such remunerations being established by the shareholders' general meeting, did so founded on an intention that inherently implies a certain degree of reservation, not compatible with the public disclosure of individual remunerations. Furthermore, since Portuguese law establishes that shareholders are sovereign in this matter, they can always decide otherwise if they deem that not enough information is being made available, and apply the provisions of Chapter IV item 5 of the Appendix to CMVM Regulation 7/2001.

The understanding that the shareholders, by entrusting the task of defining the remuneration policy for company bodies to a duly empowered Remuneration Committee, will have given it full autonomy in this matter also explains the non-submission of a statement on this policy for appraisal by the Annual General Meeting, and the resulting non-compliance with Recommendation no. 8-A.

Finally, in relation to Recommendation no. 9, where all members of the Remuneration Committee should be independent from the members of the Board of Directors, this has not been fully complied with because, in accordance with item 9 in Chapter I of the Appendix to CMVM Regulation 7/2001, one member of that Committee is held to not be independent from one of the Board members. But it is understood that any conflict of interests that might arise is adequately safeguarded since this person is in a minority on that Committee.


CIMPOR
Cimentos de Portugal, SGPS, S.A.
Other Unrelated Activities
Group Functional Support Areas
Asia
CHINA
Cement
Southern Africa
SOUTH AFRICA
Cement
RMC and Aggregates
MOZAMBIQUE
Cement
RMC
Other Activities
Latin America
PERU
Cement
Aggregates
BRAZIL
Cement
RMC
Dry Mortar
CAPE VERDE
Cement
RMC and Aggregates
Iberian Peninsula
SPAIN
Cement
RMC and Aggregates
Dry Mortar
PORTUGAL
Cement
RMC and Aggregates
Dry Mortar
Other Activities
Mediterranean Basin
TURKEY
Cement
RMC and Aggregates
EGYPT
Cement
TUNISIA
Cement
MOROCCO
Cement
RMC and Aggregates

1. Disclosure of Information

1.1. Organizational Structure

1.1.1. CIMPOR Group

The CIMPOR Group is organized into business areas which correspond to the countries where the Group operates. These business areas are in turn grouped in major regions, viz.: (*i*) the Iberian Peninsula; (*ii*) the Mediterranean Basin; (*iii*) Latin America; (*iv*) Southern Africa; and *(v)* Asia. The various activities in each Business Area are grouped by product, with the core business being the production and sale of cement.

CIMPOR - Cimentos de Portugal, SGPS, S.A. as the holding company for the Group is responsible for the Group's strategic development – particularly in relation to the entire internationalization process – and for the overall management of the different business areas, ensuring the coordination of financial, technical, human and other resources in harmony with the criteria and guidelines set out in the five-year strategic plan, which is revised and approved by the Board of Directors on an annual basis in accordance with the Group's main goals.

More thorough monitoring of the management of the different business areas is ensured by CIMPOR Portugal, SGPS, S.A. for business in Portugal, and by CIMPOR Inversiones, S.A., a sub-holding based in Spain, in all other cases. This company was set up in 2002 to be the Group's launch-pad for expansion abroad.

Each of the abovementioned regions has a "zone manager", except for the Iberian Peninsula where, because of the size and diversity of its operations, such a role does not exist. This manager sits on the Board of Directors of the companies in the respective business areas and reports directly to the Board of Directors of CIMPOR Inversiones, S.A..

The Board of Directors of CIMPOR Inversiones, S.A is made up of three of the five members of the Executive Committee of the Board of Directors of the holding company - Jorge Manuel Tavares Salavessa Moura, Luís Filipe Sequeira Martins and Manuel Luís Barata de Faria Blanc - who are also on the boards of the sub-holding companies responsible for coordinating the Group's activities in Portugal and Spain - CIMPOR Portugal, SGPS, S.A., and Corporación Noroeste, S.A., respectively.

These three members of the board also have special responsibilities, without prejudice to the collective performance of the tasks delegated to said Executive Committee, concerning the monitoring of the Group's different Functional Areas:

- External Relations and Communication, Legal Matters, Human Resources and Internal Auditing - Jorge Salavessa Moura, replaced when necessary by Luís Filipe Sequeira Martins;
- Engineering and Technical Support Services to the Group - Luís Filipe Sequeira Martins, replaced when necessary by Jorge Salavessa Moura;
- Corporate Centre, Accounting, Consolidation and Tax, and Planning, Control and Information Systems - Manuel de Faria Blanc, replaced when necessary by Jorge Salavessa Moura.

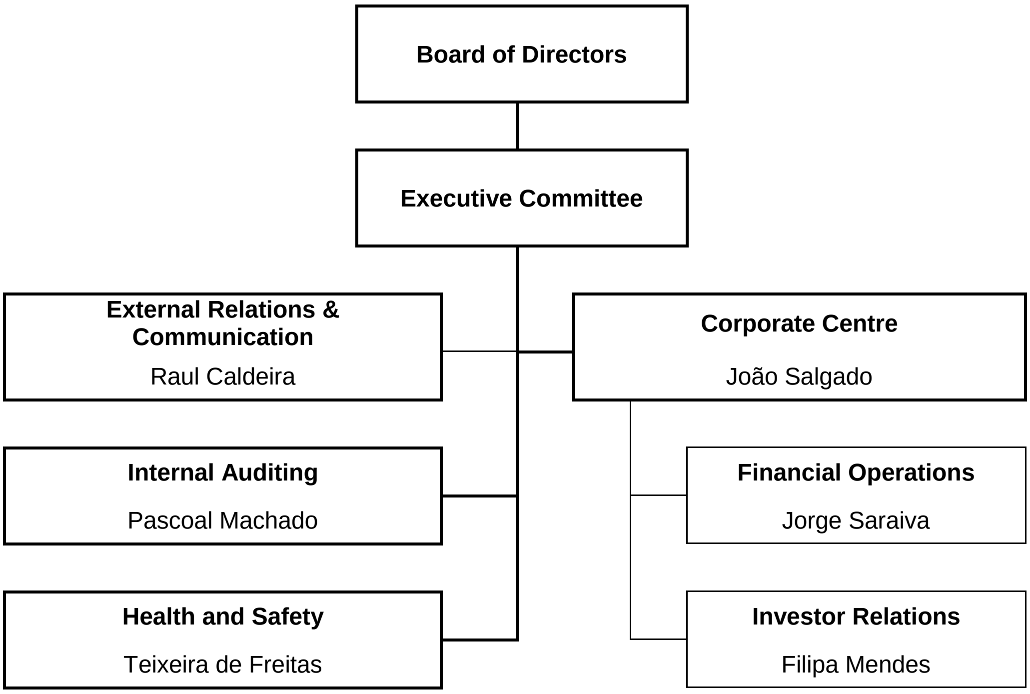
The corporate organisation model for each business area is that considered to be best suited for each context, given the business' characteristics and conditions and the country's legal system. The aim is to take advantage of possible synergies and benefit from more favourable financial and tax frameworks.

Each business area is autonomously managed, particularly in day-to-day and operational management matters, according to a planning and control system steered by the holding company. This system's strategic guidelines, business and investment plans and targets and annual budgets are defined through participation and interaction, and are subject to periodic review and control. The policy concerning the management composition for each business area is that both local nationals and other Group personnel are appointed, so as to provide multicultural management.

In companies that are directly or indirectly dependent on CIMPOR - Cimentos de Portugal, SGPS, S.A., the most important decisions - e.g. those that exceed specific values or that have greater impact on profits or on the Group's strategic development - must be approved or ratified by the board of the holding company. This also applies to decisions or actions that, when dealt with at Group level, enable significant synergies to be generated.

1.1.2. CIMPOR Holding

In order to perform its role properly, CIMPOR - Cimentos de Portugal, SGPS, S.A. has functional structures supporting the Group's management and in each business area, as shown in the following diagram.



The main functions of the Corporate Centre are: (i) to contribute to the achievement of the Group's international development strategy, guaranteeing the procedures leading to the acquisition of companies in the different markets to which the group intends to expand its operations; (ii) to ensure, through the Investor Relations Office, regular communication with players in the capital market, namely shareholders, regulators and other public authorities, financial analysts and fund managers and other collective investment bodies; and (iii) in the Financial Operations area, to ensure access under the best conditions to the financial resources necessary for the Group's expansion and its day-to-day operation.

The External Relations and Communication Department ensures implementation of the Group's communication and image policies.

The Internal Audit Department is responsible for conducting and coordinating financial, asset and operational audits throughout the Group by examining and assessing the adequacy and effectiveness of the internal control systems and the quality of their performance.

Set up once occupational health and safety became one of the CIMPOR Group’s critical business values and one of the priority targets of its operational strategy, the mission of the Health and Safety Advisory Office embraces: (*i*) proposing guidelines for the policy to follow, the goals to be achieved and the management system to be used; (*ii*) galvanizing their implementation; (*iii*) coordinating the activities in question in functional terms, throughout the Group; and (*iv*) supervising their implementation and assessing the results.

1.1.3. Shared Services

The harmonization and standardization of processes and practices which enable Group culture to be enhanced and the quality, flow and reliability of decision-making information to be improved have long been an important pillar in the overall policy of the CIMPOR Group.

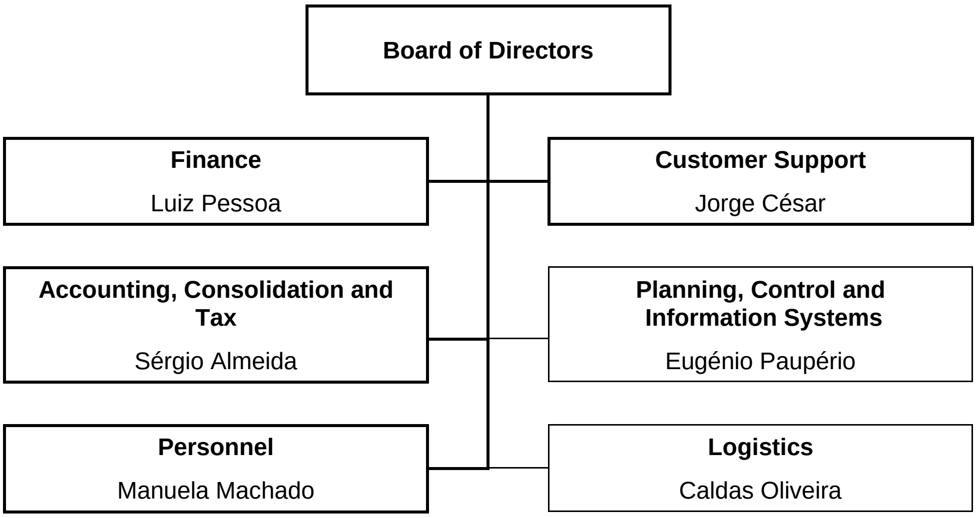
At the start of 2004, after the “Shared Services” company - “CIMPOR - Serviços de Apoio à Gestão de Empresas, S.A. (CIMPOR Serviços) - was founded, a series of non-core business processes/functions that had been scattered throughout the Group holding company, the CIMPOR Portugal sub-holding and the operating companies themselves were transferred to it.

CIMPOR Serviços provides management, consultancy and advisory services to all Group companies, particularly those with head offices in Portugal. Its current organizational structure is shown in the diagram below.

The *Planning, Control and Information Systems Department* coordinates and executes the entire process of preparing and controlling the plans and budgets of the different business areas and companies with head offices in Portugal, as well as the management and development of the Group's information systems and technology.

The *Accounting, Consolidation and Tax Department* is responsible for: (i) promoting and carrying out the entire financial consolidation process; (ii) defining the Group's accounting principles and policies, and coordinating and supporting their implementation; (iii) preparing and undertaking the accounting functions of the companies with head offices in Portugal; and (iv) carrying out the Group's tax planning and ensuring that these companies fully comply with their tax obligations.

The *Personnel Department*, besides providing human resource policy implementation support to the Group’s different business areas, implements the human resources policy in Portugal, striving to ensure the best use for the available skills and development of these resources to a degree that maximizes employee performance and contributes to employees' personal and professional accomplishment. This department is also responsible for managing personnel matters in Group companies with head offices in Portugal, on the basis of service provision contracts entered into with such companies.



Group companies can also enter into such contracts with the Financial Department to provide services regarding their receivables, payables and treasury processes and the monitoring and control of their financial management.

The Logistics Department manages the physical spaces of companies belonging to the Group with head offices in Lisbon (Rua Alexandre Herculano and Prior Velho), and also provides them with administrative support services in the purchasing and stationery, travel and accommodation, communications and filing fields. It also offers advisory services on organizational development and administrative support to vehicle management and in contracting industrial accident insurance to the set of companies included in the Portugal business area. It further manages and controls the Group's asset risks, guaranteeing that such risks are duly covered by insurance contracts that are appropriate to the underlying risks of the Group's business.

The mission of the Customer Support Department is to ensure liaison between the various elements of the Shared Services Centre and the companies served - fostering continued improvement in the quality of the services rendered and raised company-customer satisfaction levels. It is also responsible for providing any support required by the respective governing bodies, particularly in legal matters.

1.1.4. CIMPOR TEC

The need to strengthen the Group's technical and technological culture led to the Board of Directors deciding, at the end of 2004, to transfer the Technical and Industrial Development Centre of the holding company and the Central Laboratory of CIMPOR - Indústria de Cimentos, S.A., to a new company, CIMPOR TEC - Engenharia e Serviços Técnicos de Apoio ao Grupo, S.A., which was founded on 1 January 2005, with the following mission:

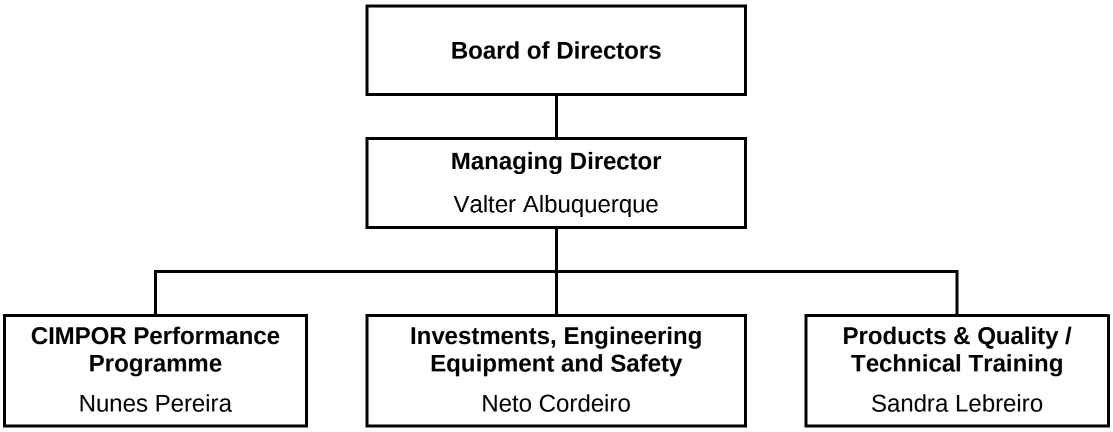
- Provide technical and technological assistance to the different Group companies, especially those in the cement sector, with a view to improving their operating performance, governed by principles of Sustainable Development;
- Ensure the technical and financial excellence of the Group's industrial investments

in that sector;

- Promote new initiatives common to all Group companies, especially staff training initiatives, with the underlying aim of achieving technical progress in cement production and sales;
- Provide technical advice in assessing the financial aspects of any opportunities to acquire cement production assets and in defining the targets to be achieved;
- Ensure that all the Group's companies are aware of, and use, the know-how that is available in each company or which may be accessed externally.

The Company’s organization is broken down into three major segments of activity, as shown in the diagram below:

- CIMPOR Performance Program - developing and implementing performance management tools in the operational, process engineering, environmental, geological and raw material fields;
- Investments, Engineering, Equipment and Safety - covering investment and project management, automation and control, equipment and maintenance management and occupational health and safety;
- Products & Quality / Technical Training - which, in addition to acting in the areas mentioned in its designation, includes the Central Laboratory and R&D.



1.2. Board of Directors’ In-house Corporate Governance and Social Responsibility Advisory Committee

In response to international corporate governance best practices, an Internal Consultative Committee was formed within the Board of Directors at the start of 2002. The mission of this commission is to study, draft reports and advise the Board on in-house standards and procedures covering the development and improvement of principles and practices of corporate conduct and governance, including aspects related to the internal functioning and relationship of the Board itself, the prevention of conflicts of interest and information discipline.

The Board of Directors decided in 2005 to extend the scope of those matters to include issues concerning the social responsibility of the Group, and the committee's name was changed to the “Board of Directors’ In-house Corporate Governance and Social Responsibility Advisory Committee”.

The Committee is composed of at least three directors (the majority non-executive and independent) and its current members are:

- Ricardo Manuel Simões Bayão Horta
- Luís Eduardo da Silva Barbosa
- Jorge Manuel Tavares Salavessa Moura.

The first two of these are independent, non-executive directors (pursuant to Article 1(2) of CMVM Regulation 7/2001).

The Committee meets whenever necessary and, in principle, at least once every half year. It can call on external consultants in different areas of expertise, at the company's expense, whenever it deems necessary.

The Committee met five times in 2007. It analysed the implications for CIMPOR of the amendments made to the Portuguese Companies' Code (Código das Sociedades Comerciais) in regard to corporate governance and any situations of, in view of the new legislation, of a lack of "independence" and/or the possible "incompatibility" of any member of the company bodies. The Committee also analysed the CMVM's draft regulation on the Governance of Listed Companies. It expressed its disagreement with the proposed recommendation on the rotation of the director responsible for financial matters, viewing it to be hardly feasible and even awkward, especially for a company of the industrial sector, like CIMPOR.

1.3. Risk Control System

Risk management in the CIMPOR Group begins with the main operating companies, which identify, measure and analyse the different risks to which they are subject. Particular emphasis is given to operating and market risks (business-volume risk), with estimates being made of the probability of occurrence of the various factors underlying the risks and their potential impact on the Company's business or on the activity in question.

The operating managers are responsible for designing and implementing the most suitable risk control mechanisms. The efficiency of such mechanisms is periodically evaluated by the holding company, through the Internal Audit Office under an annual plan for auditing financial areas and information systems, and verifying processes and conformity with approved procedures.

The main goal of the holding company is to obtain an overall picture of the risks faced by the Group in each of its different activities and business areas and to ensure that the resulting risk profile is consistent with the Group's global strategy, in particular, vis-à-vis a level of risk deemed to be acceptable, given the Group's capital structure. In other words, in harmony with the policy defined by the Board of Directors: to combine the constant search for business opportunities that can make a positive contribution to the value creation process with a level of risk that, in terms of CIMPOR's long-term rating, does not jeopardize its current investment grade score.

The Directors' Report includes a chapter describing the financial and asset risk management policies, which are assured by the Corporate Centre at the holding level and by the Logistics Department at the CIMPOR Serviços level (see Chapter II, section 7.2. of this Report, as well as the attached notes to the consolidated financial statements). The Group's policy in regard to financial risks of a more general nature and not subject to specific coverage is steered towards the geographical diversification of its expansion-generating investments, so as to balance CIMPOR's presence in mature and emerging markets and foster business operations at different levels of development. In this sense, potential acquisition targets are not only defined taking into account the need to maintain a balanced and geographically diverse business portfolio, but also the assets to be acquired are assessed on a case-by-case basis, incorporating risk premiums that are appropriate to the specific situation of each deal and each country.

1.4. CIMPOR in the Stock Market

1.4.1. Capital and Shareholder Structure

The capital of CIMPOR – Cimentos de Portugal, SGPS, S.A., currently stands at 672 million euros, and is fully paid up. The (registered) shares total 672 million (each with a par value of one euro) and are traded on the Lisbon Euronext market.

Characteristics of CIMPOR Securities

Name: CIMPOR – Cimentos de Portugal, SGPS, S.A.

Share Trading: Euronext Lisbon

Futures trading: Euronext Lisbon

Codes:

LISBON TRADING: CPR
REUTERS: CMPR.IN
BLOOMBERG: CIMP PL

Number of shares (with a par value of 1 euro):

Total – 672,000,000
Listed for trading – 672,000,000

According to the communications of Qualified Holdings received by the Company on or before 31 December 2007, and in compliance with the rules of imputation defined by the CMVM, the holders of these shareholdings as at that date were as follows (the full list is included in the Appendix to this Report):

Shareholder	Number of Shares	% of capital
Teixeira Duarte, SGPS, S.A.	137,943,645	20.53%
Manuel Fino, SGPS, S.A.	136,141,580	20.26%
Grupo Lafarge	115,989,135	17.26%
Banco Comercial Português, S.A. (1)	67,474,186	10.04%
Bipadosa, S.A.	31,870,986	4.74%

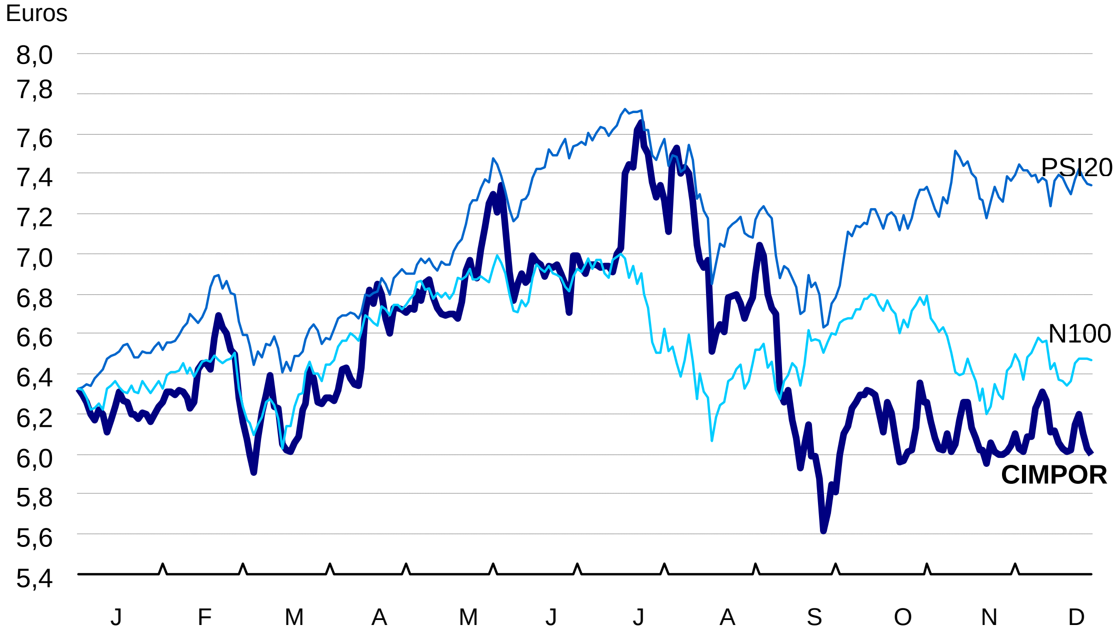
(1) Including pension fund

1.4.2. Share Performance on the Stock Exchange

The correction and subsequent recovery of the Chinese stock exchange at the start of the year and the impact of the US sub-prime credit market in particular, associated to the threat of the US economy going into recession, caused extreme volatility in international financial markets. Emerging markets once again topped the table for gains in a global context. The MSCI Emerging Markets index grew by around 30%, while the main US and European markets only recorded slight increases.

In 2007, the Lisbon stock exchange benefited from the impact of significant takeover bids and the listing of new companies for trading, despite the weakness of the Portuguese economy. The Lisbon stock exchange (PSI20 index) grew by 16.3% in 2007, thus recording two-digit growth for the fifth consecutive year. This growth was far superior to the 3.4% recorded by Europe's main reference index (Euronext 100). Market liquidity reached record levels, close to 100 billion euros, which is more or less double the figure recorded in 2006.

Evolution of the CIMPOR Share Price



This increase in liquidity was likewise apparent in relation to CIMPOR shares. Around 429 million CIMPOR shares were traded (more than double the previous year's amount) for a total value close on 2.8 billion euros (almost three times the value of shares traded in 2006). Even so, and despite the increase in market share recorded by CIMPOR - growing from 1.9% in 2006 to 2.8% in 2007, the company's shares remained in eighth position in the ranking of this Euronext Lisbon indicator.

CIMPOR shares recorded their highest ever price on 3 August 2007 – 7.72 euros – after which the share price followed the market's downward trend to its minimum price for the year - 5.58 euros. The share price then benefited from a slight recovery in the market, closing the year at 6.00 euros, 4.6% below the closing price at the end of 2006.

	2007	2006
Share Capital (10^3 euros)	672,000	672,000
Number of Shares (1)		
Total	672,000,000	672,000,000
Own Shares	4,002,209	2,766,810
Share price (euros)		
Maximum	7.72	6.34
Minimum	5.58	4.58
Year end	6.00	6.29
Market capitalization (10^3 euros) (1)	4,032,000	4,226,880
Gross dividend / share(euros) (2)	0.230	0.215
Dividend yield (2) (3)	3.83%	3.42%
Net income after M.I. (10^3 euros)	304,073	291,915
Payout ratio (2)	50.8%	49.5%
Transactions		
By volume (1,000 shares)	429,264	189,037
By value (10^6 euros)	2,802	999
Market share	2.8%	1.9%
Annual evolution		
Euronext 100	+ 3.4%	+ 18.8%
PSI 20	+ 16.3%	+ 29.9%
CIMPOR share	- 4.6%	+ 35.3%

(1) As at 31 December

(2) In 2007: in accordance with proposal to be submitted to General Meeting for approval

(3) Relative to share price at year's end.

The dividends for 2007 were paid on 8 June. The gross value of dividends paid was 0.215 euros/share (0.172 euros in net terms), equivalent to an increase of 13.2% on the dividend awarded the previous year and to gross earnings per share of around 2.9% as at the dividend payment date.

Taking into account the share price increase and the total dividends paid since the shares were first listed, in 1994, the average annual return on CIMPOR shares reached close to 13.6% at the end of 2007.

Corporate Highlights in 2007

- 11 February - The takeover bid launched by Cimpor Inversiones, S.A. for all the share capital of the Egyptian cement company Misr Cement Co, S.A.E. is approved by the Egyptian Financial Markets Authority.
- 25 February – The launch of a new takeover bid for Misr Cement Co, S.A.E., in response to a counter-bid made in the meantime, is approved by the authorities.
- 27 February - Conclusion of the acquisition of a set of direct and indirect shareholdings corresponding to 99.68% of the share capital of the Turkish cement company Yibitas Lafarge Orta Anadolu Cimento Sanayi ve Ticaret A.S. and the announcement of the launch of two compulsory takeover bids for the remaining share capital of the Yibitas Holding, A.S. and Yibitas Yozgat, A.S. companies.
- 5 March – Communication of the failure of the takeover bid launched for all the share capital of the Egyptian cement company Misr Cement Co, S.A.E..
- 9 March - Information that notice of the initiation of administrative proceedings to investigate possible financial infringements by various cement companies in the ready-mix concrete markets had been published in the Official Bulletin of the Federal Union of

Brazil. Such investigations were triggered by the examination of documents seized in the course of a preliminary inquiry. To the best of CIMPOR's knowledge, no infringements have occurred in the matters concerning this information.

- 14 March – Publication of the results for 2006.
- 14 March – Sale, via the implementation of CIMPOR's Stock Purchase and Stock Option Plans, of shares amounting to 0.11% of its share capital.
- 13 April – Announcement of the sale of CIMPOR shares under the 2007 Employee Stock Purchase Plan.
- 11 May – Annual General Meeting, with the approval of all the submitted motions, namely the proposed appropriation of the profits for 2006, the election of a new Chairman of the General Meeting and the proposed amendment of the articles of association, following the approval of which new members of the Audit Board and a new Chartered Accountant were appointed.
- 16 May – Publication of 1st quarter results.
- 18 April – Announcement of the results of the sale of CIMPOR shares under the 2007 Employee Stock Purchase Plan, comprising the sale, as at 17 May, of own shares amounting to 0.02% of the share capital.
- 25 May – Publication of Annual Information Consolidation Document.
- 25 May – Sale, via the implementation of CIMPOR's Stock Purchase and Stock Option Plans, of shares amounting to 0.04% of its share capital.
- 30 May – Conclusion of the acquisition of 60% of the share capital of the Chinese cement company Shandong Liuyuan Cement Company, Limited through Cimpor Chengtong Cement Corporation, Ltd.
- 6 June – Acquisition of a 33.37% shareholding in Betão Liz, S.A., and 25% shareholding in Cimentaçor – Cimentos dos Açores, Lda, signifying that the CIMPOR Group's shareholdings in both companies increased to 100%. Sale of the 42.86% shareholding in Cimentos Madeira, Lda..
- 8 June – Payment of dividends relative to 2006.
- 24 August – Publication of results for 1st half of the year.
- 13 September – Communication of the acquisition of own shares amounting to 0.06% of the share capital.
- 17 September – Communication of the acquisition of own shares amounting to 0.07% of the share capital.
- 9 November – A cooperation contract between the Government of Shanting (China) and Shandong Liuyuan New Type Cement Development Co., Ltd., a company in which the CIMPOR Group holds a majority shareholding, is signed. This contract establishes the construction, in two phases, of a combined clinker (total production of 10,000 tonnes/day) and cement plant.
- 14 November – Publication of 3rd quarter results.
- 20/21 November – Acquisition of an 80% stake in the Peruvian Cementos Otorongo, S.A.C. company through a capital uplift operation of that company, which holds a project to construct a combined clinker and cement plant (650,000 tonnes/year).
- 4 December – A binding contract for the acquisition of a 53.64% shareholding in the Indian cement producer Shree Digvijay Cement Company, Limited is signed. This company owns a cement plant with a production capacity of 1.1 million tonnes/year, and the announcement of a compulsory takeover bid for an additional 20% of the referred to company.
- 7 December – Announcement of the construction of a new combined clinker and cement plant (0.7 million tonnes/year) at Ain Jemaâ (Morocco) and the acquisition of one aggregate producing plant in the Benslimane region (Morocco).

1.4.3. Own Shares

As at 31 December 2007, CIMPOR - Cimentos de Portugal, SGPS, S.A., held 2,766,810 own shares in portfolio. During the first six months of 2007 it sold 1,104,700 shares to its employees at an average price of approximately 3.97 euros, under the stock purchase and stock option plans referred to in section 1.6. below.

Date	No. Shares	Price (EUR)	Note
14 March	249,500	3.20	(1)
14 March	272,970	3.30	(1)
14 March	214,830	4.05	(1)
17 May	128,650	5.03	(2)
25 May	238,750	4.90	(3)

(1) Stock Option Plans (2004, 2005 and 2006)
(2) Stock Purchase Plan (2007)
(3) Stock Option Plan (2007)

A total of 2,340,099 shares were acquired during 2007 at an average unit price of 6.14 euros, with the intention of securing the ongoing nature of the Group's incentive policy and to meet commitments under the referred to stock purchase and option plans.

Date	No. Shares	Price (Eur)	Date	No. Shares	Price (Eur)
19 March	10,951	6.02	14 September	10,612	6.05
	30,000	6.04		21,228	6.06
	16,000	6.05		49,903	6.07
	10,000	6.06		30,000	6.08
20 March	14,000	6.03		10,000	6.09
	20,000	6.04		25,000	6.10
	60,000	6.05		1,289	6.11
21 March	20,000	6.16		36,157	6.12
	15,000	6.22		31,168	6.13
22 March	20,000	6.25		25,000	6.14
	20,000	6.29	17 September	57,693	5.93
	20,000	6.31		11,500	5.94
	20,000	6.33		55,000	5.95
	20,000	6.34		45,000	5.96
23 March	20,000	6.30		105,000	5.97
	20,041	6.31		58,000	5.98
26 March	20,000	6.45		61,000	5.99
	20,000	6.47		71,562	6.00
	20,000	6.48		25,000	6.01
	18,990	6.49	18 September	5,000	5.89
	20,000	6.50		11,581	5.90
11 September	70,780	6.25		1,145	5.91
	20,000	6.26		10,000	5.92
	30,000	6.27		26,834	5.93
	30,000	6.28		10,000	5.95
	63,000	6.29		25,000	5.97
	93,142	6.30		11,000	5.99
13 September	23,194	6.12		10,000	6.01
	41,105	6.16		1,561	6.03
	86,407	6.17		15,000	6.04
	60,636	6.18		15,000	6.05
	33,090	6.19		10,000	6.06
	98,007	6.20	19 September	5,000	6.19
	30,000	6.21		10,200	6.20
	21,450	6.22		10,748	6.21
	11,029	6.23		24,000	6.22
	30,198	6.25		46,000	6.23
14 September	10,000	5.98		43,124	6.25
	15,228	5.99		24,000	6.26
	14,546	6.01		20,000	6.27
	10,000	6.03		13,000	6.28
	15,000	6.04		20,000	6.29

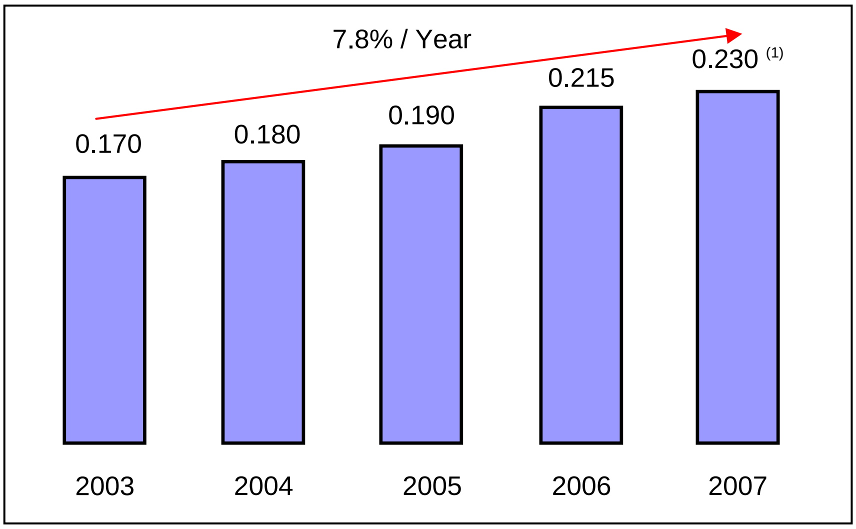
As a result, the number of own shares held in portfolio at the end of 2007 was 4,002,209, which is equivalent to 0.6% of the Company's share capital.

1.5. Dividend Distribution Policy

The Board of Directors of CIMPOR – Cimentos de Portugal, SGPS, S.A., intends to maintain a divided distribution policy that takes into account:

- the desirable stability of the payout ratio;
- the competitiveness of the dividend yield in the context of the Portuguese market and the international cement market;
- the Group's future investment prospects, analyzed from the perspective of financing needs through equity and the capacity of the varied business operations to generate cash flow.

Gross Dividend / Share (euros)



(1) In accordance with the proposal to be submitted to the General Meeting

The proposed allocation of the profits declared in the management report and relating to the individual activity of CIMPOR follows the policy guidelines set forth above, and the proposed dividend of 0.23 euros amounts to around 50.8% of the Group’s net profit.

1.6. Stock Purchase and Stock Option Plans

The Annual General meeting of CIMPOR - Cimentos de Portugal, SGPS, S.A. held on 11 May 2007 decided, in the ambit of the Group's employee remuneration and incentive policy, and with a view to better alignment of employees' interests with the underlying goal of creating shareholder value, as in previous years and as proposed by the Board of Directors, to give employees the opportunity to invest in the company under advantageous terms. Such investment is likely to assist employees to better integrate the long-term goals of the Company and its shareholders.

Therefore, the sale of own shares to employees and board members of the company and subsidiaries was approved, under a new Employee Stock Purchase Plan and under the “2007 Series” of the Stock Option Plan for the Group's directors and personnel, the regulations for which were established in 2002 (with minor changes introduced in March 2004) by the Remuneration Committee.

As in previous years, this approval by the General Meeting made explicit reference to the grounds for adopting the plans, contained a summary of the essential characteristics of the approved plans, including the prerequisites for attributing the options, the criteria for setting the price of the shares or for exercising the options, to be determined in relation to the listed share price at specific times, the periods in which the options may be exercised, and the granting of powers to the Board to execute or modify the plans.

EMPLOYEE STOCK PURCHASE PLAN FOR 2007

This Plan is aimed at the directors and personnel with a stable labour relationship with CIMPOR - Cimentos de Portugal, SGPS, S.A., or with companies with head offices in the Iberian Peninsula directly or indirectly controlled by CIMPOR - Cimentos de Portugal, SGPS, S.A., the directors and managers of the other Group companies (proposed by managers of the respective areas for that purpose) and other personnel (indicated for that purpose by the Executive Committee), contracted by companies in which the holding company or any company controlled by it has a shareholding. The Employee Stock Purchase Plan (2007) consisted of awarding each beneficiary - as decided by the Remuneration Committee with regard to the Directors of the holding company, and as decided by the Executive Committee in all other cases - the right to acquire a specific number of CIMPOR shares at 75% of the closing stock market price (rounded up) on the transaction date, and defined as follows:

$$\text{Maximum number of shares to be acquired} = \frac{\text{Gross base monthly salary / 2}}{\text{75\% of the closing market price on the transaction date}}$$

rounded down to the nearest multiple of five or ten shares, depending on whether the above formula results in fewer or more than 100 shares, respectively.

Of the 2,281 employees eligible to purchase CIMPOR shares according to this rule, 446 employees responded affirmatively (397 in Portugal and 49 in Spain) within the given timeframe (16 to 27 April). A total of 128,650 shares at a price of 5.03 euros per share were acquired.

CIMPOR STOCK OPTION PLAN FOR THE GROUP'S DIRECTORS AND PERSONNEL – 2007 SERIES

The Stock Option Plan - 2007 Series applied to the Directors of the holding company who the Remuneration Committee decided to name as beneficiaries and the members of the Boards of Directors of subsidiaries and other Group personnel designated to that end by the Executive Committee.

As mentioned in the decision of the Annual General Meeting of 11 May 2007, the essential features of this plan (with the amendments made by the Remuneration Committee in March 2004) are as follows:

- Every year each beneficiary is granted the right to acquire a specific number of CIMPOR shares (initial options) at a price determined by the Remuneration Committee (within thirty days of the Annual General Meeting having approved the accounts), the price being no less than seventy-five percent of the average closing price of the shares on the sixty stock market sessions immediately prior to that date;
- For each share acquired through the exercise of an initial option, the beneficiary is granted the option to acquire a new share (derivative option) for the same unit price in each of the subsequent three years. The shares acquired by exercising the initial options and the corresponding derivative options comprise a “series”;
- The number of initial options assigned to each beneficiary is determined by the Remuneration Committee for members of the Board of Directors of the holding company and by the Executive Committee in the other cases;
- The number of derivative options each beneficiary can exercise each year cannot exceed in total the number of shares held by the beneficiary on 28 February of that year, regardless of whether or not they were acquired under this Plan;
- The period during which the initial options can be exercised is determined by the Executive Committee, while derivative options are always exercised in March of each year;
- The shares thus acquired are not subject to any clause restricting their sale, contrary to the options, which cannot be transferred through a transaction between living persons (should the beneficiary die, only the right to pay the respective options in full is transferred to the heirs, which effectively means entitlement to receive the difference in value between the price of exercising the option and the market price of the shares on the date of death);
- The plan and respective regulations may be revoked or changed at any time, by decision of the Remuneration Committee, without loss of the options already acquired.

250,000 initial options were granted to 194 Group Directors and personnel in 2007 under this plan, during an exercise period running from 15 to 17 May. 174 of these exercised part or all of their options, at the price of 4.90 euros per share, acquiring a total of 238,750 shares.

Thus, in 2008 to 2010 inclusive, a maximum of 716,250 derivative options of this series may be exercised at the same price per share.

OPTIONS GRANTED, EXERCISED AND EXTINGUISHED

Under the 2004, 2005 and 2006 series, a total of 737,300 options were exercised of the 797,450 derivative options total for 2007. The remaining 60,150 options (including 10,700 options of two employees that had, in the meantime, rescinded their employment contracts with Cimpor by their own initiative) were extinguished. Furthermore, all of the options of the 2005 and 2006 series (falling due in 2008 and 2009) held by these same employees, totalling 10,600, were also extinguished for the same reasons.

The following table presents a summary of the situation for 2007:

	Series				Total
	2004	2005	2006	2007	
Exercise Price (euros)	3.20	3.30	4.05	4.90	-
Options Awarded					
Initial Options				250,000	250,000
Derivative Options				750,000	750,000
Total				1,000,000	1,000,000
Exercisable Options	262,00	285,300	250,150	250,000	1,047,450
Exercised Options	249,50	272,970	214,830	238,750	976,050
Extinguished Options					
Exercisable in 2007					
Due to non-exercise of Initial Opt.				11,250	11,250
Due to on-exercise of Derivative Opt.		8,730	31,820		49,450
Other reasons		3,600	3,500		10,700
Exercisable from 2008 to 2010					
Due to non-exercise of Initial Opt.				33,750	33,750
Other reasons		3,600	7,000		10,600
Total		15,930	42,320	45,000	115,750

Therefore, while the number of shares needed at the beginning of the year to meet the exercise of options granted up to 2006, inclusive, rose to 1,583,050, the number of shares needed at the end of the year to meet the exercise of all the options granted in the meantime was 1,491,250, broken down as follows:

Series	Options Exercisable in:			Total
	2008	2009	2010	
2005	281,700	---	---	281,700
2006	246,650	246,650	---	493,300
2007	238,750	238,750	238,750	716,250
Total	767,100	485,400	238,750	1,491,250

1.7. Business and Operations between the Company and Members of its Governing and Auditing Bodies, Holders of Qualified Holdings or Controlled or Group Companies

At the end of 2006, CIMPOR – Cimentos de Portugal, SGPS, S.A., signed a binding contract with a group of shareholders (direct and indirect) of the Turkish cement company Yibitas Lafarge Orta Anadolu Çimento Sanayi ve Ticaret A.S. (YLOAÇ), which included in their number some companies of the Lafarge Group (which has a qualifying shareholding in CIMPOR). The purpose of this contract was to acquire around 99.7% of that company's share capital.

This operation, which was undertaken through a process of offer for sale to all interested parties, was concluded in 2007 with the acquisition of, among others, the 50% direct shareholding of the Lafarge Group in YLOAÇ for about 266.5 million euros.

In South Africa, NPC-Cimpor (Pty) Limited entered into a joint venture with Lafarge South Africa, in equal shares. This joint venture is called ECO2, and its object is to collect, screen, pre-treat and distribute industrial waste liable for use as a raw material and/or recovered as an alternative fuel in the plants of those two companies. Another joint-venture with the exact same objective was set up in Morocco by companies of the CIMPOR, Lafarge and Italcementi groups.

As Cimpor Chengtong Cement Corporation, Limited (CCCC) publicly announced in advance at the time that a binding contract for the acquisition of a 60% shareholding in the Chinese cement company Shandong Liuyuan Cement Company, Limited was signed, Cimpor Inversiones, S.A. (which had an 80% shareholding in CCCC at that time - October 2006) transferred its shareholding in CCCC to a new company in 2007 - Sociedade de Investimento Cimpor Macau, S.A.. This new company had been founded in the interim by Cimpor Inversiones, S.A., a Chinese venture capital firm with headquarters in Macao (Sociedade de Investimento Predial Estrela Nova, Limitada) and C+PA – Cimento e Produtos Associados, S.A., in which Tedal – SGPS, S.A. (a company of the Teixeira Duarte Group, holder of a qualified shareholding in CIMPOR) holds a controlling stake. CIMPOR Inversiones will hold 50% of the share capital of this new company (ensuring control of its management) and the other two partners will each have a 25% stake.

Lastly, the contract entered into by C+PA – Cimento e Produtos Associados, S.A. and Cimpor – Indústria de Cimentos, S.A. at the end of the year was significant. In this contract, C+PA – Cimento e Produtos Associados, S.A. pledged to sell all the shares of the share capital of the Teporset – Terminal Portuário de Setúbal, S.A. company to Cimpor – Indústria de Cimentos, S.A., which pledged to purchase these shares or nominate another entity to do so, for the respective par value (500 000 euros). that company holds the rights to private use of a plot of State-owned land in the public domain in Setúbal port. The CIMPOR Group's requirements for importing solid fuel and exporting its production surplus provide sufficient reason in their own right for the Group's interest in this transaction. It should be noted that around one-third of CIMPOR's movements through Portuguese ports occurs at Setúbal port, through a different terminal at which the licence to use expires in 2010.

Apart from these transactions - the sale of own shares under the stock purchase and stock option plans referred to in section 1.6 above and section 4.4 below, neither CIMPOR – Cimentos de Portugal SGPS, S.A., nor any of the companies it controls has undertaken any business or operation with any members of its management and auditing bodies, holders of qualified shareholdings or companies that are in a group or control relationship with these, with the exception of some transactions of no financial significance to any of the parties involved, and which were conducted under normal market conditions for similar operations and executed as part of the Group's regular activity.

1.8. Investor Relations Office

CIMPOR, striving to maintain close relations with financial markets, has had an Investor Relations Office since it was first listed in 1994. This office is responsible for informing the financial community about the evolution of the Group's business and for providing support to current and potential shareholders in CIMPOR – Cimentos de Portugal, SGPS, S.A., in their relations with the Company.

In addition to information which might influence the price of shares, available on the CMVM site (www.cmvm.pt), the contact this office maintains with private and institutional investors, fund managers and other collective investment bodies, analysts and other stock market operators occur through presentations, meetings and replies to requests for information by telephone, e-mail or regular post.

Investor Relations Office contacts:

Address:			**Contact person:**
Investor Relations Office CIMPOR – Cimentos de Portugal, SGPS, S.A. Rua Alexandre Herculano, 35 1250-009 Lisboa PORTUGAL			Filipa S. Mendes
Telephone	**Fax**	**E-Mail**	**Internet**
21 311 81 00 21 311 88 89	21 311 88 67	gri@cimpor.pt	www.cimpor.pt

In addition, material information and other information of interest related to the Group's business, notifications convening general meetings and on how to take part in them, annual reports and accounts, a brief description of the shareholder structure and the evolution of CIMPOR's share price are also posted on the www.cimpor.pt site.

The site also contains, in addition to the above-stated items and information as required under Article 3-A of CMVM Regulation 7/2001, the following:

- A detailed report on corporate governance structure and practices;
- The Group's Code of Ethics;
- CIMPOR's Sustainability Report;
- Information on the Group's environmental and R&D policies.

The site also enables any interested party to immediately receive information disclosed by CIMPOR, via a mailing list that is especially created for this purpose.

Filipa Saraiva Mendes has served as the representative for relations with the stock market and the CMVM, pursuant to and for the purposes of the Securities Market Code, since 1 October 2004.

1.9. Remuneration Committee

The General Meeting held on 27 April 2005 unanimously appointed the following as members of the Remuneration Committee for the four-year term from 2005 to 2008, pursuant to Article 16 of the Articles of Association:

– Pedro Pereira Coutinho Teixeira Duarte
– Banco Comercial Português, S.A., represented by its Director, Filipe de Jesus Pinhal
– António Carlos Calaínho de Azevedo Teixeira Duarte

Only the first of these is deemed to not be independent under the provisions of item 9, Chapter I of the Annex to CMVM Regulation 7/2001, as he is directly related to the director, Pedro Maria Calaínho Teixeira Duarte.

The Company provides this committee with access to outside consultants specialised in diverse fields, at its expense, whenever required.

1.10. Auditor's Fees

The total cost of the services rendered to the CIMPOR Group by its external auditors (Deloitte & Touche) in 2007, including all the natural and legal persons belonging to its network, amounted to 1,460,881.74 euros, which is allotted as follows:

a) legal certification of accounts	88.81 %
b) other assurance services	0.00 %
c) tax consultancy services	6.05 %
e) services other than legal certification of accounts	5.15 %

To safeguard the independence of these entities, the acquisition of any type of service from them that might jeopardize such independence is expressly forbidden, specifically: Specifically:

- Accounting and administrative services, such as book-keeping, the preparation of financial statements and financial reports, the processing of salaries and the preparation of tax returns;
- The conception, design and implementation of management information systems;
- The assessment of assets and liabilities likely to be included in the Group's financial statements;
- Internal auditing services;
- Legal consultancy services requiring the entities in question to represent any of the Group's companies in litigation and disputes with third parties;
- Recruitment services and the selection of senior staff.

In addition, the acquisition of services from the external auditor or entities belonging to its network, both in Portugal and in the countries where the Group operates, is subject to a number of rules established at the level of the holding company and transmitted to all the Group's companies. Thus, besides the prohibition on contracting the aforementioned services, the following is also to be highlighted:

- The relevant entities must always demonstrate the qualifications, credentials, resources and comparative advantages over third parties in relation to the provision of the services in question;
- Proposals submitted by those entities for the provision of services are analyzed and assessed, and, whenever possible, gauged against the market, by the person in charge of the area (or company) requesting the service, and subsequently, depending on the proposal value, the director of the board responsible for that area or the Executive Committee shall decide on the award of the contract.

1.11. Audit Bodies and the General Meeting

The Annual General Meeting held on 11 May 2007 decided, as a result of the amendments made to the Portuguese Companies' Code by Decree Law no. 76-A/2006, of 29 March, to amend dome of the provisions of the articles of association, in particular Article 6(1) and Article 17, the wording of which was amended as follows:

Article 6

One - The company bodies shall consist of the General Meeting, a Board of Directors, and Audit Committee and a Chartered Accountant or Firm of Chartered Accountants;

……………………………………………………………………………………….

Article 17

One - The company shall be audited by an Audit Committee and by a Chartered Accountant or a Firm of Chartered Accountants;
Two - The Audit Committee shall be composed of three members in office and an alternate member;
Three - The members of the Audit Committee in office and the alternate member thereto, as well as the Chartered Accountant or Firm of Chartered Accountants, shall be appointed by the General Meeting, in compliance with independence requirements and the incompatibilities scheme established in law.

In view of the resulting need to substitute the Audit Committee, all of the members of said Committee expressed their readiness to resign from the posts to which they had been appointed. The General Meeting accepted the resignations and appointed the following as new members to this company body, to perform said duties unto the end of the mandate underway (2005-2008):

Chairman (reappointed):	Ricardo José Minotti da Cruz Filipe
Members:	- Luis Black Freire d'Andrade
	- João Norton dos Reis
Alternate	- Jaime de Macedo Santos Bastos

Furthermore, completing the new composition of audit bodies, "Deloitte & Associados, SROC, S.A.", represented by Carlos Manuel Pereira Freire, was appointed to the position of Chartered Accountant, until the term of the mandate currently underway.

In the meantime, however, the death of Carlos Manuel Pereira Freire and the resignation of João Norton dos Reis for personal reasons, led to that Firm of Chartered Accountants being represented by João Luis Falua da Costa Silva and the alternate member of the Audit Committee – Jaime de Macedo Santos Bastos – being appointed to the position of member of said Committee.

In addition, the amendments to the Portuguese Companies' Code obliged the substitution of the Vice-Chairman of the General Meeting, José António Cobra Ferreira, by Luís Manuel de Faria Neiva dos Santos, who was appointed for the respective financial year at the General Meeting of 11 May 2007, until the term of the mandate underway (2005-2008).

2. Exercise of Voting Rights and Shareholder Representation

CIMPOR has implemented an ongoing policy of motivating shareholders to exercise their voting rights by reducing the number of shares required to attend (and vote) at General Meetings as well as facilitating postal voting.

Accordingly, at the Annual General Meeting of 11 May 2007 it was decided to include in the amendments to the articles of association [Article 7(2) and (3)] the principle of "one share, one vote".

CIMPOR, in regard to postal voting, has made a draft ballot form available on the internet for voting purposes, although it will accept any ballot form that clearly and unmistakably expresses the shareholder's wishes. The procedures to be followed and the deadlines to comply with, which are usually included in the notification to convene General Meetings, were also established in the articles of association [Article 7(6)] on 11 May 2007.

The notifications convening General Meetings also set out the rules under law and the articles of association relative to participation and the exercise of voting rights, in order to motivate shareholder participation in such Meetings. These rules being, considering the amendments to the articles of association approved at the General Meeting on 11 May 2007:

- Shareholders may be represented by third parties, and, to that end, they must ensure delivery of the necessary instruments of representation to the Chairman of the General Meeting by 5:00 pm of the third working day prior to the respective General Meeting date.
- Shareholders holding at least one share registered in their name no later than five working days prior to the date set for the General Meeting and which remain so until the Meeting is closed may take part in the general meeting and vote by post. Shareholders must, for this purpose, send to the Chairman of the General Meeting, at least three working days before the date of the Meeting, a declaration stating the registration of said shares, issued by the respective financial intermediary.

The establishment of the "one share, one vote" principle means that compliance with the above-stated deadlines is the only limitation established by the articles of association to the exercise of the right to vote.

In the fifteen days prior to the General Meeting, shareholders may consult the information indicated in Article 289 of the Companies Code at the Company's registered office during business hours. This fact has likewise been mentioned in the notification convening the meeting.

Given the current concentration of CIMPOR's shareholder structure, the use of electronic voting means at General Meetings has not proven to be necessary, other than those mechanisms provided by the Internet.

3. Corporate Rules

3.1. Codes of Conduct of the Corporate Bodies

In addition to the legal provisions applicable to companies, to corporations open to investment by the public and to the stock markets, the Company's culture and practice stresses the rules of good conduct in the event of a conflict of interest arising between members of the governing bodies and the Company, and the principal obligations resulting from the duties of diligence, loyalty and confidentiality of the members of the governing body, with special reference to the improper use of Company property and business opportunities.

Even though the Board of Directors has always taken care to apply these principles in all of the Group's companies, it was deemed useful to set out a set of rules on these and other matters that are especially relevant to the Group's business. A Code of Ethics was therefore approved and published internally (also available on www.cimpor.pt) in order to specifically regulate these matters and formalize the observance by all the Group's employees of high standards of conduct in their respective functions.

The Company's Code of Ethics fully complies with the Portuguese standard (NP 4460-1/2007) recently published on ethics in organisations.

3.2. Risk Control in the Company's Business

At holding company level, in addition to the Corporate Centre – whose responsibilities include financial risk management (as described in section 7.2 of Chapter II herein) – the Group also possesses an Internal Audit Department which supervises the adequacy and effectiveness of the internal control systems in all the Group's areas, and ensures the good performance of those systems.

The functions of this Department are:

- To carry out financial, administrative and asset audits,
  - verifying the results in relation to the established strategy and goals;
  - examining and ensuring compliance with established policies and plans and the applicable procedures, laws and regulations;
  - verifying the powers and responsibilities established within the Group and their level of formalization;
  - monitoring the development of or changes in operations, programmes, systems and controls; and
  - verifying the custody, physical existence and valuation criteria of assets;

- To carry out operational audit tasks (particularly in the sales, production, investment, conservation and personnel areas),
  - evaluating the level of the respective management control;
  - recommending any corrective measures deemed necessary;
  - ascertaining whether previously reported deficiencies have been duly corrected;

- To audit the computer system,
    - assessing the reliability and integrity of the information and the various means used to identify, process and disclose data;
    - analyzing the existing information systems in terms of their security, basic programmed controls and contemporariness of the user manuals.

3.3. Measures Liable to Interfere in the Success of Takeover Bids

There are no measures whatsoever, in the Articles of Association or elsewhere, likely to interfere with the success of a takeover bid. Specifically: no shareholder holds any special right; all CIMPOR's shares can be freely traded on the stock exchange; and no extra-company agreements are known.

Nor are there any agreements between the Company and the members of its governing body, or employees that envisage the payment of compensation in the event of notice of resignation, dismissal without fair cause or severance of labour contracts in the wake of a takeover bid. Nor is there any agreement to which the Company is party that, in the event of control of the Company changing hands after a takeover, would come into force, be amended or cease to be in effect.

3.4. Amendments to the Articles of Association

The articles of association can be amended pursuant to the provisions established in law and according to the rules defined in the articles of association (Article 8).

- So that the General Meeting may take a decision to amend the articles of association on its first notice to convene, the shareholders attending or represented at the Meeting must hold at least one-third of the share capital.
- Decisions to amend the articles of association have to be approved by a minimum of two-thirds of the votes cast, irrespective of whether the General Meeting is convened at the first call or the second call, unless, in the latter case, the shareholders attending or represented at the Meeting must hold at least half of the share capital, in which event such decisions may be approved by simple majority of the votes cast.

4. Governing Body

4.1. Characterization of the Governing Body

The Board of Directors pursuant to the articles of the association is composed of five to fifteen members, one of whom is chairman and the others are members. The Board of Directors is elected by the General Meeting, which also appoints the chairman. As with the other company bodies, the Board of Directors is appointed for a four-year mandate and it may be re-elected.

The Board of Directors is elected by lists (the vote is solely for the lists). One of the members of the Board may be elected from persons proposed in lists (containing the names of at least two eligible persons for the position) endorsed and submitted by groups of shareholders (provided that these groups represent at least 10% and no more than 20% of the share capital; and the same shareholder may not endorse more than one list). Should there be such a proposal, the director in question is elected separately and prior to the election of the others. If more than one group submits a list, they will be voted on jointly.

There are no specific rules regarding the replacement of members of the Board of Directors. The Company's Articles of Association only envisage, during a period of office, the alteration to the number of members (within statutory limits). If an interim partial election is held, the period of office of the member(s) thus elected shall coincide with that of the other directors.

The current Board of Directors, unanimously elected at the General Meeting on 27 April 2005, for the 2005-2008 four-year period, is composed of the following individuals:

- Ricardo Manuel Simões Bayão Horta – Chairman
- Luís Eduardo da Silva Barbosa
- Jacques Lefèvre
- Jean Carlos Angulo
- Jorge Manuel Tavares Salavessa Moura
- Luís Filipe Sequeira Martins
- Manuel Luís Barata de Faria Blanc
- Pedro Maria Calaínho Teixeira Duarte
- Vicente Árias Mosquera
- José Manuel Baptista Fino
- José Enrique Freire Arteta

As recommended by modern international corporate governance guidelines, the majority of the current members of the Board of Directors (six out of a total of eleven), including the Chairman, are non-executive directors. These are :

- Ricardo Manuel Simões Bayão Horta – Chairman
- Luís Eduardo da Silva Barbosa
- Jacques Lefèvre
- Vicente Árias Mosquera
- José Manuel Baptista Fino
- José Enrique Freire Arteta

In accordance with the provisions of Article 1(2) of CMVM Regulation 7/2001, amended by CMVM Regulation 10/2005, although the directors Jacques Lefèvre and José Manuel

Baptista Fino were proposed and elected in the General Meeting on an individual basis and they do not exercise their administrative duties in representation of any particular shareholder, they are not considered to be "independent non-executive directors" since they both have administrative positions in companies with shareholdings exceeding 10% in CIMPOR (Lafarge and Investifino - Investimentos e Participações, SGPS, S.A., respectively).

All the other non-executive directors - Ricardo Manuel Simões Bayão Horta, Luís Eduardo da Silva Barbosa, Vicente Árias Mosquera and José Enrique Freire Arteta - are independent by any criterion. Therefore, there is a clear majority of the independents among the six non-executive members.

Members of the Board of Directors

(Term of mandate: 2008)

Ricardo Manuel Simões Bayão Horta

Chairman of the Board of Directors (since August 2001)

Born in Lisbon, Portugal, on 19 November 1936. Graduated in Industrial Chemical Engineering from the Instituto Superior Técnico - IST (1959), Master of Science (1966) and Doctor of Philosophy (1968), from Birmingham University, Ph.D. in Engineering (1973) from IST and Professor (1979) at IST.

Professional activities in the last 5 years:

- Member of the Senior Board of Banco Comercial Português, S.A.
- Vice-Chairman of the General and Supervisory Board of Banco Comercial Português, S.A.
- Chairman of the Audit Committee of Banco Comercial Português, S.A.
- Those listed below

Positions in other companies, as at 31 December 2007:

- Chairman of the Audit Committee of Banco Millennium BCP Investimento, S.A.
- Chairman of the Board of Directors
    - Companhia Industrial de Resinas Sintéticas (CIRES), S.A.
    - Atlansider, SGPS, S.A.

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 104,360

Luís Eduardo da Silva Barbosa

Member of the Board of Directors (since August 2001)

Born in Lisbon, Portugal, on 7 July 1933. Graduated in Finance from the Instituto Superior de Ciências Económicas e Financeiras.

Professional activities in the last 5 years:

- Director of APA – Associação Parque Atlântico
- General Agent for the Portuguese branch of Aviva Vie – Société Anonyme d'Assurances Vie et Capitalisation
- Those listed below

Positions in other companies, as at 31 December 2007:

- Chairman of the General Meeting
    - Bayer Portugal, S.A.
    - APA – Associação Parque Atlântico
- Chairman of the Board of Directors
    - Eurovida – Companhia de Seguros de Vida, S.A.
    - ADI – Administração de Investimentos, S.A.
    - Popular-Seguros, Companhia de Seguros, S.A.

- President of Instituto Humanismo e Desenvolvimento
- National President of the Portuguese Red Cross
- Director
  - Oliveira Martins Foundation
  - Portugal-África Foundation
- Manager of Silva & Barbosa – Consultores Internacionais de Gestão, Lda.
- Director of the Amélia da Silva de Mello Foundation
- Consultant to the Somelos – Indústrias Têxteis Group
- Member of the Advisory Committee of the Portuguese Insurance Authority
- Shareholders' representative in Banco Português de Investimentos
- Chairman of the Remuneration Committee of Montepio Geral

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 3,440

Jacques Lefèvre

Member of the Board of Directors (since August 2001)

Born in Paris, France, on 15 April 1938. Diploma from Paris Institute of Political Studies (1958) and Degree in Law (1959). Higher Education Diploma in Public Law (1961). National School of Administration (1962-64).

Professional activities in the last 5 years:

- Chairman of Lafarge Ciments
- Chairman of the Supervisory Board of Consolis (France)
- Non-executive Vice-Chairman of Lafarge Group
- Director
  - Lafarge North América (USA)
  - Cementia Holding, A.G. (Switzerland)
  - Lafarge Asland S.A. (Spain)
  - Cementos Molins, S.A. (Spain)
  - Petrokazakhstan Inc. (Canada)
- Those listed below

Positions in other companies, as at 31 December 2007:

- Chairman of the Supervisory Board of Compagnie de Fives-Lille (France)
- Co-Chairman
  - France – Philippines Business Council
  - France – Morocco Business Council
- Director
  - Lafarge Group
  - Société Nationale d'Investissements (Maroc)

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 2,940

Jean Carlos Angulo

Member of the Board of Directors and of the Executive Committee (since August 2001)

Born in Bayonne, France, on 13 April 1949. Graduated from the School of Civil Engineering - Mining (Nancy). INSEAD International Executive Program (Fontainebleau).

Professional activities in the last 5 years:

- Various management and board positions of the Lafarge group, in companies with head offices in France, England, Spain, Italy and Morocco
- Director of CEMBUREAU – European Cement Association

Positions in other companies, as at 31 December 2007:

- Executive Vice President of the Lafarge Group
- Chairman of the Lafarge Technical Centre (TCEA)
- Vice- Chairman of Lafarge Maroc (Morocco)

- Director of Lafarge North America (USA)

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 3,490

Jorge Manuel Tavares Salavessa Moura
Member of the Board of Directors and of the Executive Committee (since August 2001)

Born in Lisbon, Portugal, on 4 December 1950. Graduated in Civil Engineering from the Instituto Superior Técnico of the Universidade Técnica de Lisboa [Lisbon Technical University].

Professional activities in the last 5 years:

- Executive Director of CIMPOR and member of the Board of Directors of several Group Companies, in Portugal and abroad
- Chairman of the Executive Committee of ATIC – Associação Técnica da Indústria do Cimento

Positions in other companies, as at 31 December 2007:

- Chairman of the Board of Directors
  - Cimpor Portugal, SGPS, S.A. (Portugal)
  - Cimpor Inversiones, S.A. (Spain)
  - Cimpor Internacional, SGPS, S.A. (Portugal)
  - Cimpor Investimentos, SGPS, S.A. (Portugal)
  - Cimpor – Indústria de Cimentos, S.A. (Portugal)
  - Cimpor – Serviços de Apoio à Gestão de Empresas, S.A. (Portugal)
  - Cimpship – Transportes Marítimos, S.A. (Portugal)
  - Geofer – Produção e Comercialização de Bens e Equipamentos, S.A. (Portugal)
  - Cimpor Imobiliária, S.A. (Portugal)
  - Estabelecimentos Scial do Norte, S.A. (Portugal)
  - Sacopor – Sociedade de Embalagens de Sacos de Papel, S.A. (Portugal)
  - Prediana – Sociedade de Pré-Esforçados, S.A. (Portugal)
  - CTA – Comércio Internacional, S.A. (Portugal)
  - Scanang Trading Activities - España, S.A. (Spain)
  - Asment de Témara, S.A. (Morocco)
  - Asment du Centre, S.A. (Morocco)
  - Yibitas Holding, A.S. (Turkey)
  - Cimpor Yibitas Çimento Sanayi ve Ticaret, A.S. (Turkey)
  - Yibitas Yozgat Isçi Birligi Insaat Malzemeleri Ticaret ve Sanayi, A.S. (Turkey)
  - Sociedade de Investimento Cimpor Macau, S.A. (China)
  - Cimpor Chengtong Cement Corporation, Limited (China)
- Director
  - Corporación Noroeste, S.A. (Spain)
  - CJO – Société Les Ciments de Jbel Oust, S.A. (Tunisia)
  - Cimpor Egypt for Cement Company, S.A.E. (Egypt)
  - Amreyah Cement Company, S.A.E. (Egypt)
  - Amreyah Cimpor Cement Company, S.A.E. (Egypt)
  - Amreyah Dekheila Terminal Company, S.A.E. (Egypt)
  - Cement Services Company, S.A.E. (Egypt)
  - Cimpor Sacs Manufacture Company, S.A.E. (Egypt)
  - Natal Portland Cement Company (Pty) Limited (South Africa)
  - NPC – Cimpor (Pty) Limited (South Africa)
- Manager
  - Kandmad, SGPS, Lda. (Portugal)
  - Mecan – Manufactura de Elementos de Casas de Construção Normalizada, Lda. (Portugal)
  - Scanang, SGPS, Unipessoal, Lda. (Portugal)
  - Nordicave Trading Industrial, Sociedade Unipessoal, Lda. (Cape Verde)

All the above companies belong to the CIMPOR Group

- Chairman of the Executive Committee of ATIC – Associação Técnica da Indústria do Cimento
- Manager of Caxalp, SGPS, Lda

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 156,780

Luís Filipe Sequeira Martins

Member of the Board of Directors and the Executive Committee (since January 1997). Between February 1987 and January 1987 he was also director of the companies which, after a series of transformations, resulted in the present CIMPOR – Cimentos de Portugal, SGPS, S.A.

Born in Lisbon, Portugal, on 4 June 1947. Graduated in Chemical Engineering from the Instituto Superior Técnico of the Universidade Técnica de Lisboa [Lisbon Technical University].

Professional activities in the last 5 years:

- Executive Director of CIMPOR and member of the Board of Directors of several Group Companies, in Portugal and abroad
- Vice-Chairman of the Liaison Committee of CEMBUREAU – European Cement Association

Positions in other companies, as at 31 December 2007:

- Chairman of the Board of Directors
  - Cimpor Betão, SGPS, S.A. (Portugal)
  - Cimpor Tec – Engenharia e Serviços Técnicos de Apoio ao Grupo, S.A. (Portugal)
  - Cimpor Egypt for Cement Company, S.A.E. (Egypt)
  - Amreyah Cement Company, S.A.E. (Egypt)
  - Amreyah Cimpor Cement Company, S.A.E. (Egypt)
  - Amreyah Dekheila Terminal Company, S.A.E. (Egypt)
  - Cement Services Company, S.A.E. (Egypt)
  - Cimpor Sacs Manufacture Company, S.A.E. (Egypt)
  - Cimpor Yibitas Muhendislik Makina Sanayi ve Ticaret, A.S. (Turkey)
- Vice-Chairman of the Board of Directors of Cimpor Inversiones, S.A. (Spain)
- Director and Chairman of the Executive Committee of Corporación Noroeste, S.A. (Spain)
- Director
  - Cimpor Portugal, SGPS, S.A. (Portugal)
  - Cimpor Internacional, SGPS, S.A. (Portugal)
  - Cimpor Investimentos, SGPS, S.A. (Portugal)
  - Cimpor – Indústria de Cimentos, S.A. (Portugal)
  - Asment de Témara, S.A. (Morocco)
  - Asment du Centre, S.A. (Morocco)
  - CJO – Sociéte Les Ciments de Jbel Oust, S.A. (Tunisia)
  - Natal Portland Cement Company (Pty) Limited (South Africa)
  - NPC – Cimpor (Pty) Limited (South Africa)
  - Yibitas Holding, A.S. (Turkey)
  - Cimpor Yibitas Çimento Sanayi ve Ticaret, A.S. (Turkey)
- Manager
  - Kandmad, SGPS, Lda. (Portugal)
  - Scanang, SGPS, Unipessoal, Lda. (Portugal)
  - Nordicave Trading Industrial, Sociedade Unipessoal, Lda. (Cape Verde)

All the above companies belong to the CIMPOR Group.

- Chairman of the Liaison Committee of CEMBUREAU – European Cement Association
- Member of the Advisory Committee of the Luso Carbon Fund
- Member of the Management Board of BSCD Portugal
- Member of the Executive Committee of ATIC – Associação Técnica da Indústria do Cimento

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 80,000

Manuel Luís Barata de Faria Blanc

Member of the Board of Directors and of the Executive Committee (since August 2001)

Born in Lisbon, Portugal, on 24 February 1955. Graduated in Business Administration from the Universidade Católica Portuguesa [Portuguese Catholic University].

Professional activities in the last 5 years:

- Executive Director of CIMPOR and member of the Board of Directors of various companies in the Group, in Portugal and abroad.

Positions in other companies, as at 31 December 2007:

- Chairman of the Board of Directors
  - CJO – Société Les Ciments de Jbel Oust, S.A. (Tunisia)
  - Imopar – Imobiliária de Moçambique, S.A.R.L. (Mozambique)
  - Natal Portland Cement Company (Pty) Limited (South Africa)
  - NPC – Cimpor (Pty) Limited (South Africa)
  - Cimpor Reinsurance, S.A. (Luxembourg)
- Vice–Chairman of the Board of Directors of Cimpor Inversiones, S.A. (Spain)
- Director
  - Cimpor Portugal, SGPS, S.A. (Portugal)
  - Cimpor Internacional, SGPS, S.A. (Portugal)
  - Cimpor Investimentos, SGPS, S.A. (Portugal)
  - Cimpor – Serviços de Apoio à Gestão de Empresas, S.A. (Portugal)
  - Corporación Noroeste, S.A. (Spain)
  - Asment de Témara, S.A. (Morocco)
  - Asment du Centre, S.A. (Morocco)
  - Cimpor Egypt for Cement Company, S.A.E. (Egypt)
  - Amreyah Cement Company, S.A.E. (Egypt)
  - Amreyah Cimpor Cement Company, S.A.E. (Egypt)
  - Amreyah Dekheila Terminal Company, S.A.E. (Egypt)
  - Cement Services Company, S.A.E. (Egypt)
  - Cimpor Sacs Manufacture Company, S.A.E. (Egypt)
  - Yibitas Holding, A.S. (Turkey)
  - Cimpor Yibitas Çimento Sanayi ve Ticaret, A.S. (Turkey)
  - Cimpor Finance, Ltd. (Ireland)
- Manager
  - Kandmad, SGPS, Lda. (Portugal)
  - Scanang, SGPS, Unipessoal, Lda. (Portugal)
  - Nordicave Trading Industrial, Sociedade Unipessoal, Lda. (Cape Verde)

All the above companies belong to the CIMPOR Group.

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007:
330,600

Pedro Maria Calaínho Teixeira Duarte
Member of the Board of Directors and Chairman of the Executive Committee (since August 2001)

Born in Lisbon, Portugal, on 6 May 1954. Graduated in Business Administration from the Universidade Católica Portuguesa [Portuguese Catholic University].

Professional activities in the last 5 years:

- Member of the Board of Directors and Management in various family companies and companies of the Teixeira Duarte Group
- Member of the General Board of EIA – Ensino, Investigação e Administração, S.A.
- Those listed below

Positions in other companies, as at 31 December 2007:

- Vice-Chairman of the Senior Board of Banco Comercial Português, S.A.
- Member of the Remuneration and Pension Board of Banco Comercial Português, S.A.
- Member of the Supervisory Board of Miilennium Bank, S.A. (Poland)
- Chairman of the Board of Directors of PASIM – Sociedade Imobiliária, S.A.
- Director of Teixeira Duarte – Engenharia e Construções, S.A.

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007:
554,970

Vicente Árias Mosquera
Member of the Board of Directors (since August 2003)

Born in Santiago de Compostela, Spain, on 11 February 1947. Graduated in Law from the University of

Santiago de Compostela.

Professional activities in the last 5 years:

- Chairman of La Toja, S.A.
- Director
  - Hullas del Coto Cortés, S.A.
  - Unión Fenosa, S.A.
  - Soluziona, S.A.
  - Inveralia, S.L.
- Those listed below

Positions in other companies, as at 31 December 2007:

- Chairman of the Board of Directors of Inversiones Ibersuizas, S.A.
- Chairman
  - Galicia Contemporary Art Centre
  - Patronato de Escuela de Enseñanza Social de Galicia
- Vice-Chairman of the Board of Directors of Banco Pastor, S.A.
- Vice-Chairman
  - Patronato de Fundación Juana de Veja
  - Fundación Galicia-Europa
  - Junta Territorial del Instituto de Estudios Superiores de Empresa (IESE) en Galicia
- Director of Patronato de la Fundación Unión Española de Explosivos
- General Secretary of the Fundación Pedro Barrie de la Maza, Conde de Fenosa

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 1,820

José Manuel Baptista Fino
Member of the Board of Directors (since April 2005)

Born in Portalegre, on 10 January 1954. Supplementary High School Course (1971) and North East London Polytechnic (Business Studies), in London (1972-74).

Professional activities in the last 5 years:

- Non-executive director of CIMPOR – Cimentos de Portugal, SGPS, S.A.
- Those listed below

Positions in other companies, as at 31 December 2007:

- Chairman of the Board of Directors
  - Área Infinitas – Design de Interiores, S.A.
  - SGFI – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.
  - J.M. Fino, S.A.
  - Ramada Holdings, SGPS, S.A.
- Director
  - Speciality Minerals Portugal – Especialidades Minerais, S.A.
  - Manuel Fino, SGPS, S.A.
  - Investifino – Investimento e Participações, SGPS, S.A.
  - Carfino, SGPS, S.A.
  - Ethnica, SGPS, S.A.
  - Block – Imobiliária, S.A.
- Manager of Dorfino – Imobiliário, Lda.

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 670

José Enrique Freire Arteta
Member of the Board of Directors (since April 2005)

Born in La Coruña, Spain, on 17 July 1948. Graduated in Economic Sciences from the Faculty of Barcelona.

Professional activities in the last 5 years:

- Executive Chairman of the Megasa Group (Bipadosa), with operations in the metallurgy (Portugal and Spain), real estate, transport and electricity sectors.
- Member of the Board of Directors and Management of various companies of the Megasa Group

Positions in other companies, as at 31 December 2007:

- Chairman of the Board of Directors
  - Bipadosa, S.A. (Spain)
  - Metalúrgica Galaica, S.A. (Spain)
  - Gestión Proinmega, S.L.
  - LAF 98, S.L. (Spain)
  - Siderurgia Nacional, Empresa de Produtos Longos, S.A. (Portugal)
  - Inver Seixal Industrial, S.A. (Portugal)
- Managing Director
  - Atlansider, SGPS, S.A.
  - Transportes Almacenes Transitários, S.A. (Spain)
  - Multimodal de Transportes Agrupados, S.L. (Spain)
- Director
  - Freire Hermanos, S.A. (Spain)
  - Freire, Productos Siderúrgicos, S.A. (Spain)
  - Bipadosa Distribución y Transformación, S.L. (Spain)
  - Megaço, Productos Siderúrgicos, S.A. (Spain)
  - Feragueda, Productos Siderúrgicos, S.A. (Spain)
  - Comercial Galaica de Metales, S.L. (Spain)
  - LAF 2000, S.L. (Spain)
- Manager of Megasa, Comércio de Produtos Siderúrgicos, Lda. (Portugal)
- Secretary of Lesir, S.A. (Spain)

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 750

4.2. Executive Committee

At its meeting on 27 April 2005, the newly elected Board of Directors decided, as in previous mandates and as provided for in Article 13(1) of the Articles of Association, to form an Executive Committee composed of five of its members. The powers of the Company's day-to-day management were to be delegated to this Committee, with the exception of decisions that cannot legally be delegated, as set forth in paragraph 4.3. below.

The Executive Committee has the same members as in the previous mandate, viz.:

- Pedro Maria Calaínho Teixeira Duarte
- Jean Carlos Angulo
- Jorge Manuel Tavares Salavessa Moura
- Luís Filipe Sequeira Martins
- Manuel Luís Barata de Faria Blanc.

The decisions of the Executive Committee, which is chaired by Pedro Teixeira Duarte who, when necessary, is replaced by Jorge Salavessa Moura, are taken by a majority of those present or represented. Decisions cannot be taken without a majority of members being present or represented. The Executive Committee met 44 times in 2007.

Without prejudice to the collective exercise of duties delegated to the Executive Committee, each of its members has been entrusted with the responsibility of supervising certain Functional Areas, as indicated in paragraph 1.1.1. above. The following distribution for liaison with external entities was established:

- Technical Cement Industry Association (ATIC) and other Sectoral Associations – Jorge Salavessa Moura, replaced when necessary, by Luís Filipe Sequeira Martins;
- CEMBUREAU, "World Business Council for Sustainable Development" (WBCSD) and the Portuguese Association of Ready-mix Concrete Companies (APEB) – Luís Filipe Sequeira Martins, replaced when necessary by Jorge Salavessa Moura;
- Securities and Exchange Commission (CMVM), Euronext Lisbon and the Audit Committee – Manuel de Faria Blanc, replaced when necessary by Jorge Salavessa Moura.

4.3. *Modus Operandi* of the Governing Body

The Board of Directors must meet at least once every quarter, notwithstanding other interim meetings which may be deemed necessary. No decision can be taken unless a majority of its members is present or represented, and each director may only represent one other member of the board of directors. The board met 8 times in 2007.

The General Meeting of 11 May 2007 approved the amendment of Article 11 of the articles of association, paragraph no. 6 of which was amended to establish that should any board member be absent from three successive meetings or be absent five times in general over the course of a mandate, without justification accepted by the Board proper, then the definitive absence of that director shall be verified, which should be declared by that body.

The powers of the Board of Directors are those conferred by the Companies Code (Código das Sociedade Comerciais), plus the following powers, pursuant to Articles 4 and 5 of the articles of association: to increase the share capital via cash contributions up to the limit of one billion euros; to issue autonomous warrants on its own securities (which may grant the right to subscribe or acquire shares in the Company, up to the aforementioned limit of one billion euros); and to issue bonds or other debt securities of any kind or form permitted by law.

As mentioned above, the Board of Directors has delegated all its powers for the day-to-day running of the Company to an Executive Committee composed of five of its members, which is not permitted to decide on matters legally established by law as non-delegable. These are, pursuant to Article 407(4) of the Companies Code:

- The selection of the chairman of the board of directors, when applicable;
- Directors' co-optation;
- Requests to convene General Meetings;
- Annual reports and accounts;
- The provision of bonds and personal or secured guarantees by the Company;
- Change of head office and share capital uplifts;
- Company merger, split and transformation operations.

In addition to these matters, the Executive Committee decided on its own initiative at the start of its mandate, to reserve final decisions for the Board of Directors on any business, commitments, contracts, agreements and conventions to be signed with shareholders holding 2% or more of the share capital of CIMPOR, whenever these issues are regarded as being of special relevance due to their nature or monetary value.

The following procedures have been created to ensure that all members of the Board of Directors are aware of decisions taken by the Executive Committee:

- The minutes of Executive Committee meetings are distributed to members of the Board of Directors;
- At meetings of the Board of Directors, the Executive Committee shall regularly summarize significant actions taken since its previous meeting and shall provide the directors with any additional clarification and information that is requested;
- There are also regulations governing the possibility of directors requesting the Executive Committee to provide information outside the Board's meetings.

4.4. Remuneration

Remuneration of the members of the Company's board of directors, and its form and mode of payment as well as its respective supplementary retirement or disability pension scheme, are determined by the Remuneration Committee, which consists of shareholders elected by the General Meeting. Such remuneration may include a variable component based on the year's profit, but this may not, pursuant to Article 16(6), in total exceed 5% of the profit.

The fixed annual remuneration of the members of the Board of Directors is established by the Committee on the basis of the following principles:

a) Adequacy of the remuneration in relation to market demands;
b) The value of the services rendered, the level of responsibility undertaken and the degree of dedication expected;
c) Award of a supplementary pension scheme (PPR) to directors with executive duties, to which monthly contributions of 12.5% of their respective fixed remuneration are made.

In addition, all the directors benefit from the "Employee Stock Purchase Plan" (see section 1.6. above), in accordance with the decision of the Remuneration Committee.

The variable remuneration (including the granting of share options) is limited to members of the Executive Committee, and is determined annually on an individual basis by the Remuneration Committee in accordance with the Group's results (complying with the statutory limits mentioned above), with the extent to which the defined strategic goals were met and the appraisal of each director's performance in their specific area of operation.

Share options are granted in accordance with the rules of the overall programme, as set forth in section 1.6. above. In relation to the executive directors, the number of options granted, exercised and extinguished in 2007 was:

	Series				Total
	2004	2005	2006	2007	
Options Awarded					
Initial Options	-	-	-	137,500	137,500
Derivative Options	-	-	-	412,500	412,500
Exercisable Options	128,000	146,000	125,000	137,500	536,500
Exercised Options	128,000	146,000	105,000	135,000	514,000
Extinguished Options					
Exercisable in 2007					
Due to non-exercise of Initial Opt.	-	-	-	2,500	2,500
Due to on-exercise of Derivative Opt.	-	-	20,000	-	20,000
Exercisable from 2008 to 2010 inclusive *	-	-	-	7,500	7,500

* Due to non-exercise of Initial Options

In accordance with Article 16(3) of the articles of association a lifetime pension may also be granted to retiring directors, provided the following prerequisites are met:

a) They have been executive directors for more than ten years, continuously or with interruptions;
b) They have maintained labour relations with or performed administrative duties in the Company or dependent companies for over twenty-five years, continuously or with interruptions.

The amount of the pension is determined on the basis of the time and the relevance of the services rendered and the beneficiary's circumstances, and it may be reviewed annually. This amount, set in accordance with these criteria, may never exceed the highest value of the remuneration set at any time for the directors in office, is established by and may be subject to additional terms and conditions (which may be set down in contract) determined by the General Meeting or the Remuneration Committee, if one exist.

As at 31 December 2007 the total value of remunerations, contributions to the supplementary retirement or disability pensions scheme and other incentives earned by members of the Company's board of directors (including the difference between the purchase price of the shares acquired under the "Stock Purchase Plan" and the "Stock Option Plan" and their price on the date of purchase) was as follows:

(in euros)	Fixed Remuneration	Variable Remuneration	Remuneration Total
Executive Directors	1,319,043.27	3,188,600.00	4,507,643.27
Non-executive Directors	536,770.60	-	536,770.60
Total	1,855,813.87	3,188,600.00	5,044,413.87

4.5. Policy on the Reporting of Irregularities

In 2006, the Board of Directors approved and published a set of in-house rules and procedures on how communications of alleged irregularities occurring within CIMPOR Group companies are to be received, recorded and dealt with. These rules and procedures respect the legal and regulatory provisions, the recommendations that apply at any given time and the principles and rules of the Code of Ethics adopted by the Group.

The new Regulations have established a system for such reporting which is designed to be effective, quick and capable of detecting, investigating and resolving situations, while respecting the highest ethical principles – in particular the principles of integrity and responsibility – as well as the rules of confidentiality and non-retaliation, thereby safeguarding relations with the persons involved.

Pursuant to and for the purposes of these Regulations, irregularity is deemed to be, in accordance with Article 2(2) “any fraudulent or negligent act or omission, contrary to legal or regulatory provisions, the articles of association or the rules or ethical principles of the Group”, which can be imputed to any member of the company bodies or any other employee of the CIMPOR Group.

The means by which reports are made, the persons to whom they should be addressed and the manner in which they are handled are duly set forth in the Regulations, and the Internal Audit Department of the holding company shall, without prejudice to the powers of the Board of Directors’ In-house Corporate Governance and Social Responsibility Advisory Committee, oversee and monitor the entire system, with special reference to levels of adequacy and effectiveness.

Attention is drawn to the explicit guarantee in the Regulations that each and every communication made by an employee under the terms and conditions set forth therein shall be treated confidentially and anonymously, particularly in relation to the identity of the person reporting the irregularity (unless the latter expressly and unequivocally requests otherwise). It is also guaranteed that the reporting person, provided that he/she is acting in good faith, will not be subject to any kind of prejudicial treatment, retaliation, discrimination, threat or sanction by CIMPOR. But if the conduct of the person reporting fails to respect these principles, he/she may be held to have committed an offence which may be subject to disciplinary action that is appropriate and proportional to the offence, notwithstanding any civil and/or criminal liability which may arise from his/her conduct.

II

GROUP ACTIVITY IN 2007

1. Macroeconomic and Sectoral Background

1.1. World Economy

The world economy recorded another year of strong growth in 2007 (estimated at 4.9%), despite the impact of the high-risk mortgage market (subprime) crisis in the USA and the resulting slowdown towards the end of the year in economic activity in the major developed countries. This growth rate was largely buoyed up by the contribution from emerging or developing economies, which reported positive growth equivalent to 7.9% of GDP, while growth in the developed economies will not have exceeded 2.7%.

The steep rise in interest rates and the significant rise in the price of oil and non-energy raw materials were also prominent aspects of 2007. Food commodities in particular were foremost in that regard, leading to escalating inflation concerns, especially in the latter half of the year.

In the USA, GDP growth maintained the slowdown trend it has followed in recent years, falling to around 2.2% (0.7 p.p. down on the 2006 value). The subprime crisis and resulting deterioration of conditions in the money and credit markets, leading to a heavy fall in residential investment and a generalised downturn in the main confidence indicators, explain the fundamentals of this evolution.

In the Euro Zone, GDP growth (2.6%) was only slightly down on the 2006 figure. This result was driven by increased exports (up 6.0%) and investment (up 4.8%), both of which were propelled by strong external demand, primarily from Asia and the Middle East. Private consumption remained at moderate levels, increasing by just 1.6%. despite the almost 1 p.p. fall in the unemployment rate and the resulting increase in households' available earnings.

Emerging or developing countries played an even more relevant role in 2007 as the driving force behind world economic growth - they are becoming increasingly less vulnerable to external negative shocks and they are benefiting from an extremely favourable climate in commodity markets, very positive domestic demand performance and a balanced macroeconomic environment; collectively, they recorded a GDP growth rate close to 8%.

The emerging economies of Asia performed particularly well, growing at precisely the same rate as the previous year (9.1%). Chinese expansion (11.4%) was especially responsible for generating the momentum to achieve that result. The strong dynamism of domestic demand in China more than offset the slight slowdown in exports and the impact of the rise of the benchmark interest rates (in response to the rise in inflation). Africa and Latin America reported slight year-on-year acceleration of GDP growth, registering 6.2% and 5.6%, respectively.

1.2. Development of the Cement Sector

The accelerated development of the major emerging economies led to an increase in cement consumption estimated to be in the region of 8.4% (5.1% excluding China), which was achieved despite the downturn in the rate of growth of the world economy. In China, which accounts for around half of world cement consumption, demand grew by close on 12% to almost 1.4 billion tonnes.

The Chinese market was also marked in 2007 by acceleration in the consolidation trend observed in the cement sector and the environmental clean-up of a large part of its production facilities. The Chinese government, with the intention of making the industry more competitive, to reduce pollution and steer it more towards the needs of the domestic market, actively promoted the closure of a large number of vertical kiln plants (totalling around 56 million tonnes/year, in terms of installed capacity) and simultaneously ceased providing all export subsidies.

India, which is the world's second largest cement market, once again recorded growth in cement consumption greater than 11%, in harmony with the its economic growth rate while also benefiting from the implementation of a significant infrastructure construction plan and a booming residential sector. Prices rose by close to 10% due to the strong demand and also owing to the difficulties in importing cement (a shortage of port facilities) and the fact that the installed capacity is already close to saturation.

The residential market crisis and the slowdown in the infrastructure construction rate caused a fall in cement consumption in the USA of about 6.4%, which was mirrored in the drastic fall in imports (in the region of 40%). This situation allowed local producers to increase their selling price and, by this means, maintain their operating margins.

The overall growth of cement sales in Western Europe - in a climate of economic cooling, rising interest rates and a strengthening euro - did not exceed 0.7%. The difficulties in the residential sector, which were particularly prevalent in Spain and Ireland, would be offset by the public investment and by the non-residential construction sector, which proved to be very dynamic in 2007.

Cement consumption most grew in 2007, in relative terms, in Eastern Europe (up 13%), thus fulfilling forecasts. The growth registered in Russia was essentially due to governmental infrastructure construction plans and the construction of housing. In Poland, on the contrary, the expansion in consumption was mainly due to newly available European funds and emigrants' earnings. The sale price of cement rose steeply as the result of the zone's limited production capacity.

2007 marked a new impetus in American economies following a stormy period. Demand for cement rose by more than 7% as growth accelerated, aided by the development of mortgage markets in the residential sector and decreases in both inflations rates and interest rates. In Brazil, the new dynamism in demand has allowed the cement selling price to finally turn around after a number of years of successive falls.

The Middle East once again showed particular dynamism due to the rise in the price of oil. Cement consumption and cement selling prices both rose by more than 9%.

In Africa, the growth in the selling price of cement, estimated at around 10%, was, as usual, quite asymmetrical. Such growth proved to be especially significant in areas rich in the natural resources that have undergone the greatest price increases or which have benefited from foreign investment.

Trading activities were hindered not only by the rise in oil prices, and the consequent price rise of maritime freight, but also by the reduction in Chinese exports and US imports.

Three important operations, besides those that took place in the Chinese market, among the many mergers and acquisitions that occurred in the sector, dominated 2007: Cemex acquired the Australian company Rinker, the English company Hanson (leader of the world aggregates market) was taken over by Heidelberger – either one of which basically correspond to vertical integration operations – and Lafarge's acquisition of the cement production arm of the Egyptian company Orascom.

Also of note in 2007 was Holcim's strengthening of its holding in the Indian producer Gujarat Ambuja, Tital acquiring a 50% equity holding in a Turkish company and the implementation of the acquisitions in Turkey and China announced by CIMPOR in 2006.

The evolution of the sector was further marked by a significant group of investments from already established market players to raise their production capacity, as well as the appearance of a significant number of projects to construct new plants, that have been announced by investors from outside of the sector, in emerging countries with strong growth potential (such and India, Russia and bordering countries, and the entire Middle East region).

2. Internationalization

CIMPOR made important headway in the development of its growth and internationalization strategy in 2007.

2.1. Turkey

The CIMPOR Group completed the acquisition of a block of direct and indirect equity holdings in the Turkish cement company Yibitas Lafarge Orta Anadolu Çimento Sanayi ve Ticaret A.S. (YLOAÇ) at the end of February, once all of the requirements established in the binding contract, signed in December 2006, had been met.

The total cost of the above-mentioned equity holdings was approximately 548 million. The acquisition encompassed various blocks of shares representing 50.2% of the equity capital of YLOAÇ (the name of this company has since been altered to “Cimpor Yibitas”), and 99.4% of the equity capital of the Turkish company Yibitas Holding, A.S., which owns the remaining 49.8% of YLOAÇ’s share capital.

YLOAÇ and its subsidiary Yibitas Yozgat, A.S. own a total of six cement production units (three integrated plants and three grinding plants) in the Black Sea and Central Anatolia regions. They are currently constructing a new clinker production line. On the conclusion of this investment, forecast for the third quarter of 2009, Cimpor Yibitas will raise its total cement production capacity with in-house clinker supply to close on 3.1 million tonnes/year.

This company is also an important player in the concrete and aggregates sector, achieving sales of almost 1.1 million cubic metres and 2.1 million tonnes, respectively, in those markets in 2007.

2.2. China

At the end of May, the CIMPOR Group acquired, through its subsidiary Cimpor Chengtong Cement Corporation, Ltd, with registered office in Hong Kong, and pursuant to a binding contract signed in 2006 and following approval by the local authorities, a 60% shareholding in the Shandong Liuyuan New Type Cement Development Co., Ltd. (NLG) for approximately 2 million euros.

This company is located close to the city of Zaozhuang in Shandong province. It currently has two 2,500 tonnes/day clinker production lines, associated to an annual grinding capacity of 1.2 million tonnes of cement. Its natural market not only covers the south of Shandong province but also all of Jiangsu province, including the Xangai region.

Subsequent to acquiring NLG, Cimpor Chengtong undertook a capital uplift operation that permitted it to become the sole shareholder of the Sea-Land Mining, Ltd. company, the only asset of which is a shareholding of close to 71% in the Suzhou Nanda Cement Company, Ltd company, which owns a cement grinding facility (600 000 tonnes/year) on the outskirts of Xangai.

In the meantime, the construction of the first of two new clinker production lines in Shanting district (Shandong province), both with a capacity of 5,000 tonnes/day, is currently underway, as agreed with the local authorities. The construction of a new cement grinding facility in the city of Huaian (Jiangsu province), with an annual capacity of one million tonnes, is also expected to commence before the end of 2008.

2.3. Peru

The CIMPOR Group moved into Peru in November, through the acquisition, for the sum of approximately 12.8 million euros, of an 80% equity holding in the Cementos Otorongo, S.A.C. company through a capital uplift operation in said company.

Cementos Otorongo, S.A.C. holds a set of mining concessions with raw materials that are sufficient in quantity and suited to the manufacture of clinker and cement. The company is currently developing a project to construct a combined plant in the Arequipa region, in conformity with the requirements of the respective regional government. The company also owns a horizontal silo and a cement sacking plant in El Callao. It also has a controlling stake in a construction aggregates production and retail company, likewise located in El Callao.

The cement production capacity of the plant, which comprises an investment estimated to be about 125 million US dollars, will be close to 650,000 tonnes/year and will primarily feed the Arequipa market.

2.4. India

The CIMPOR Group signed a binding contract to purchase a 53.64% equity holding in the Shree Digvijay company, listed on the Bombay stock exchange, at the end of 2007. This acquisition marked the conclusion of the Group’s long-standing effort to move into the important Indian cement market, which is the second largest in the world and possesses enormous growth potential.

This company has its headquarters in Jamnagar, Gujarat state, and it owns a combined clinker and cement plant located in Sikka, on the Kutch Gulf, where it benefits from an important set of port complexes. The plant has a production capacity close to 1.1 million tonnes/year.

The CIMPOR Group has since launched a takeover bid for a further 20% of that company’s equity capital, as established in law. If successful, the CIMPOR Group will, in 2008, have a total equity holding of 73.6% in Shree Digvijay, paying approximately 70 million euros for the privilege.

3. Review of the Group's Results

3.1. Outline of Overall Business

The CIMPOR Group's consolidated net profit in 2007, after minority interests, grew 4.2% to around 304.1 million euros.

The substantial appreciation of the euro against the currencies of almost all the countries where the Group operates and, particularly, the significant increase in fuel prices – 25%, on average – considerably affected the Group's operating profits throughout the year.

However, the extension of its consolidation perimeter, primarily comprising the inclusion of the new Turkey and China business areas, drove 2007 EBITDA up to a record high of 607 million euros, which is equivalent to year-on-year growth of around 44 million euros (7.8%).

Group Consolidated Income

(EUR Million)	2007	2006	Change	2005
Turnover	1,966.1	1,638.9	20.0 %	1,534.9
Operating Cash Costs	1,359.1	1,075.8	26.3 %	1,039.0
Operating Cash Flow (EBITDA)	607.0	563.0	7.8 %	495.8
Depreciation and Provisions	168.9	155.0	8.9 %	140.4
Operating Income (EBIT)	438.1	408.1	7.4 %	355.4
Financial Income	- 48.0	- 42.3	n.s.	- 3.3
Pre-tax Income	390.1	365.8	6.7 %	352.2
Income Tax	69.3	60.1	15.3 %	75.7
Net Income	320.8	305.6	5.0 %	276.5
Attributable to:				
Shareholders	304.1	291.9	4.2 %	266.2
Minority Interests	16.7	13.7	22.1 %	10.3
Earnings per share (euros)	0.454	0.436	4.1 %	0.398

Sales increases in Brazil and Mozambique and the achievement of some operational improvements in the case of Mozambique (where the clinker production practically doubled) led to EBITDA increases in these two business areas of around 13.3 million euros (21.9%) and 4.0 million euros (47.1%) respectively. These alterations were decisive in the overall rise of this indicator, more than offsetting the reductions in other areas.

This was especially the case in Spain, Egypt and South Africa and also in the trading business, where Operating Cash Flow fell more or less significantly for several reasons – the rise in fuel prices, scheduled stoppages of production lines for major work intending to increase capacity (Spain) or refurbishing and modernising equipment (Egypt), the depreciation of the South African rand and reduction of clinker exports by sea.

Operating Cash Flow (EBITDA)

(EUR million)

Business	2007		2006		Change	
Area	Value	Margin	Value	Margin	Value	%
Portugal	172.7	30.7 %	173.9	32.7 %	- 1.2	- 0.7
Spain	137.8	29.3 %	143.7	33.4 %	- 5.9	- 4.1
Morocco	35.2	43.8 %	33.5	46.5 %	1.7	5.1
Tunisia	18.9	31.7 %	17.5	29.4 %	1.4	8.2
Egypt	58.6	48.6 %	63.3	49.6 %	- 4.7	- 7.5
Turkey *	38.6	23.6 %	-	-	38.6	n.s.
Brazil	73.9	22.9 %	60.6	22.4 %	13.3	21.9
Mozambique	12.3	20.6 %	8.4	15.4 %	4.0	47.1
South Africa	43.0	33.1 %	47.9	40.1 %	- 4.9	- 10.3
China **	1.8	7.7 %	-	-	1.8	n.s.
Cape Verde	3.0	9.7 %	2.3	12.9 %	0.6	27.7
Trading / Shipping	6.3	6.0 %	9.3	8.6 %	- 3.0	- 32.2
Other Activities	4.8	-	2.5	-	2.3	94.0
Total	607.0	30.9 %	563.0	34.4 %	43.9	7.8

* March – December ** July – December

As a result of the rise in energy costs and, depending on the cases, the growing share of the concrete and aggregate segments, the stoppages in Egypt and Southern Spain and/or imported clinker requirements, the EBITDA margins only improved in Brazil, Tunisia and Mozambique Therefore, and given the inclusion of the new Turkey and China business areas, where operating margins are far from the Group's average, consolidated EBITDA margin fell from 34.4% in 2006 to 30.9% in 2007

Financial results went down by close to 5.7 million euros due to the increase in the Group's indebtedness driven by its acquisitions and other investments. Net interest expenditure in particular rose 9.3 million euros (around 22%), though this compares very favourably to the increase (nearly 40% in terms of annual average balance) in Net Financial Debt.

n spite of the drop in cement sales in Spain and, mainly, the reduction in clinker exports from Egypt, overall sales of these two products benefited from the extension of the Group's consolidation perimeter and totalled around 24.5 million tonnes in 2007, 20.1% up on 2006.

In addition to the improvement in Brazil, South Africa, Mozambique and Cape Verde, which were jointly responsible for an increase in sales of more than 600 thousand tonnes, the sales growth registered in the Portuguese business area must be highlighted. Thanks to higher sales in the domestic market and an increase in exports (close to 12%), this area sold, in 2007, a total of 6.1 million tonnes (the highest figure in the last six years)

Cement and Clinker Sales
(thousand tonnes)

Business Area	2007	2006	Change	2005
Portugal	6,133	5,849	4.8 %	6,106
Spain	4,055	4,235	- 4.3 %	4,157
Morocco	1,130	1,152	- 1.8 %	959
Tunisia	1,461	1,485	- 1.6 %	1,385
Egypt	2,822	3,090	- 8.7 %	2,898
Turkey *	2,308	-	n.s.	-
Brazil	4,316	3,974	8.6 %	3,796
Mozambique	665	605	9.9 %	583
South Africa	1,450	1,292	12.3 %	1,160
China **	1,442	-	n.s.	-
Cape Verde	242	178	36.2 %	119
Subtotal	26,025	21,860	19.1 %	21,162
(Intragroup sales)	(1,479)	(1,415)	n.s.	(1,356)
Consolidated Total	24,547	20,445	20.1 %	19,806

* March – Decembr ** July – December

Benefiting from the acquisitions in Turkey and other investments that the Group has been making in Spain, Morocco, Brazil, Cape Verde and South Africa, from a perspective of vertical integration, sales of concrete (up more than 25%), aggregates (up more than 17.1%) and mortar (up more than 12 %) also grew substantially

Concrete, Aggregate and Mortar Sales

Products / Business Area	2007	2006	Variação	2005
Concrete (1,000 m3)				
Portugal	3,195	3,137	1.8 %	3,721
Spain	2,965	2,798	6.0 %	2,618
Turkey *	983	-	n.s.	-
Brazil	996	698	42.7 %	502
Other Business Areas	525	309	69.9 %	216
Total	8,664	6,943	24.8 %	7,058
Aggregates (1,000 ton)				
Portugal	6,904	7,607	- 9.2 %	8,806
Spain	5,303	4,491	18.1 %	3,770
Turkey *	1,946	-	n.s	-
Other Business Areas	1,051	889	18.2 %	652
Total	15,204	12,987	17.1 %	13,228
Mortar (1,000 ton)	543	485	11.9 %	477

* March – December

In 2007 CIMPOR's consolidated turnover was around 1,966 million euros, equivalent to a year-on-year increase of almost 330 million euros (20.0%). Excluding intra-group transactions, the Brazil (54 million euros) and Spain (42 million euros) business areas made a considerably greater contribution to this indicator, though the main impact came from the extension of the Group's consolidation perimeter (187 million euros).

In relative terms, three other business areas, besides the two mentioned above (with growth rates of 20.1% and 9.9% respectively) also reported manifestly positive performances - Morocco (14.6%), Mozambique (10.2%) and Cape Verde (68.9%).

Contribution to Turnover *
(millions euros)

Business	2007		2006		Change	
Area	Value	%	Value	%	Value	%
Portugal	475.9	24.2	462.9	28.2	13.1	2.8
Spain	469.6	23.9	427.2	26.1	42.4	9.9
Morocco	80.5	4.1	70.2	4.3	10.3	14.6
Tunisia	59.7	3.0	59.6	3.6	0.1	0.2
Egypt	117.3	6.0	114.7	7.0	2.6	2.2
Turkey **	163.1	8.3	-	-	163.1	s.s.
Brazil	321.8	16.4	267.9	16.3	53.9	20.1
Mozambique	60.1	3.1	54.5	3.3	5.6	10.2
South Africa	128.1	6.5	119.5	7.3	8.6	7.2
China ***	23.9	1.2	-	-	23.9	s.s.
Cape Verde	30.5	1.5	18.0	1.1	12.4	68.9
Trading / Shipping	34.1	1.7	44.1	2.7	- 10.0	- 22.8
Other Activities	1.5	0.1	0.2	0.0	1.3	512.9
Consolidated total	1,966.1	100.0	1,638.9	100.0	327.2	20.0

* Excluding intragroup transactions   ** March – December   *** July – December

Total Capital Employed, following acquisitions and other investments, increased around 26% compared to the end of 2006, exceeding 3.2 billion euros (without considering the investments in progress at the end of 2007). The goodwill paid in the acquisition of the Turkish companies and the recent appreciation of the local currency account for more than half of the referred to amount.

With total investments (in fixed assets and circulating capital) reaching almost 900 million euros, the return on capital employed (net of taxes) went down by around 1.5 p.p. (from 13.1% to 11.6%), while Return on Equity also fell slightly (from 18.9% to 18.1%) in 2007.

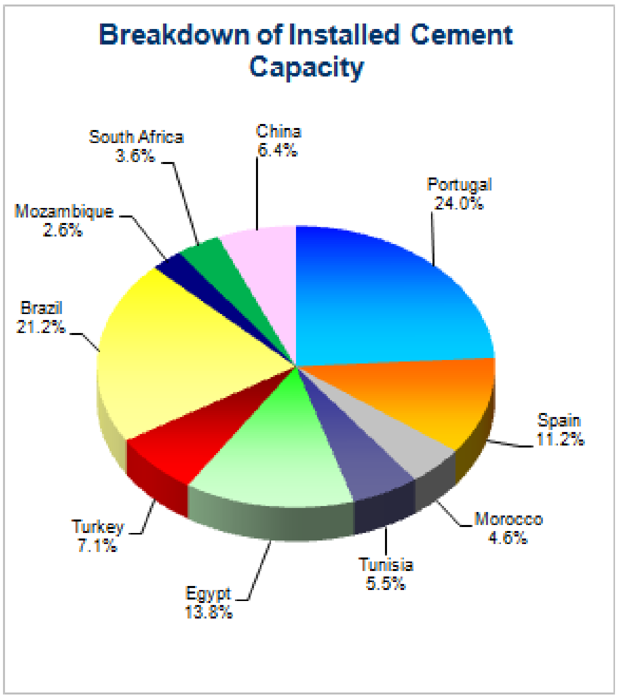
Net Financial Debt, which, including equivalent items, was 937 million euros by the end of 2006, went up to 1,421 million euros in December 2007- growth of around 51.7%, which is wholly explained by the referred to investment effort. As a result, its share of total capital invested between these two dates increased from 34% to a little over 40%.

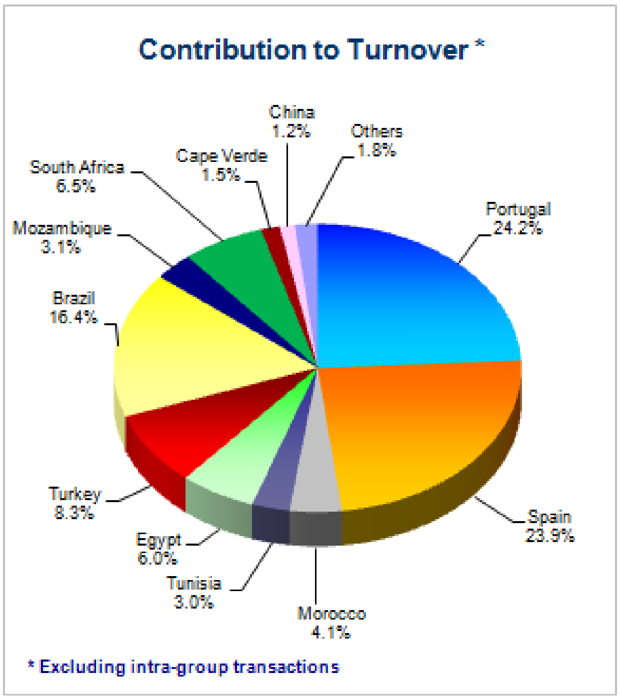
Business Areas - Activity in 2007

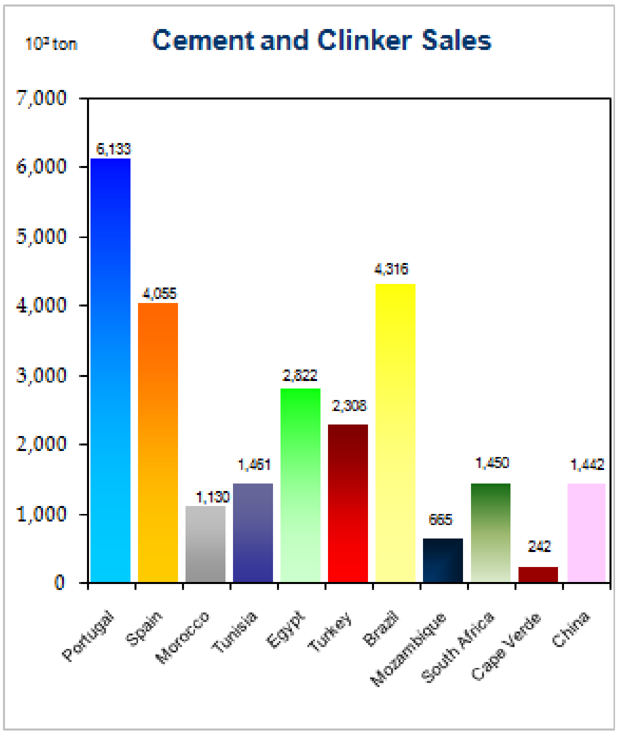
	Unit	Portugal [1]	Spain [1]	Morocco	Tunisia	Egypt	Turkey [2]	Brazil	Peru	Mozambique	South Africa	Cape Verde	China [3]
Cement													
Installed Capacity [4]	10^3 ton	6,820	3,185	1,295	1,560	3,900	2,015	6,025	---	735	1,025	---	1,800
Cement and Clinker Sales	10^3 ton	6,133	4,055	1,130	1,461	2,822	2,308	4,316	---	665	1,450	242	1,442
Market Share		55.2%	7.2%	8.2%	24.0%	7.9%	5.7%	9.1%	---	78.3%	10.6%	77.6%	0.1%
Global Activity													
Turnover	10^6 euros	562.6	470.9	80.5	59.7	120.6	163.1	322.0	0.1	60.1	129.8	30.5	23.9
Payroll Expenses	10^6 euros	62.2	47.3	4.5	3.4	4.0	16.6	34.4	0.0	4.4	11.3	1.3	1.0
Operating Cash Flow (EBITDA)	10^6 euros	172.7	137.8	35.2	18.9	58.6	38.6	73.9	0.0	12.3	43.0	3.0	1.8
Operating Income (EBIT)	10^6 euros	117.7	94.0	28.4	10.8	46.0	23.3	37.7	-0.1	10.9	38.1	2.2	0.3
Net Income after M I	10^6 euros	84.2	60.5	21.1	10.1	41.6	19.3	60.4	0.0	7.7	21.9	1.1	-0.2
Employed Capital	10^6 euros	595.6	449.4	65.1	121.5	238.9	596.1	842.4	9.4	40.8	156.3	18.3	45.9
Industrial Investments	10^6 euros	28.5	45.1	8.2	1.5	19.2	18.5	35.5	0.0	4.1	37.5	3.9	0.4
Payroll Expenses (31 Dec.)	Units	1,562	998	203	226	491	797	1,396	38	435	482	170	623
Turnover / Employee	10^3 euros	359	469	392	262	246	254	242	22	132	268	222	79
Added Value / Employee	10^3 euros	150	184	194	98	128	86	82	15	37	112	31	9
EBITDA Margin		30.7%	29.3%	43.8%	31.7%	48.6%	23.6%	22.9%	39.7%	20.6%	33.1%	9.7%	7.7%
EBIT Margin		20.9%	20.0%	35.3%	18.1%	38.2%	14.3%	11.7%	-120.0%	18.1%	29.3%	7.3%	1.1%

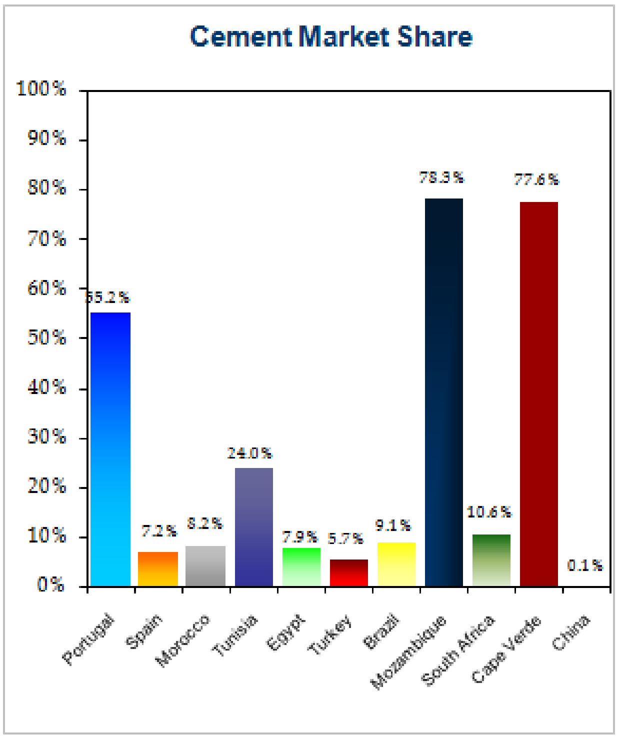
(1) Excluding areas common to the Group (2) March - December (3) July - December (4) Production capacity for cement with own clinker (year end)

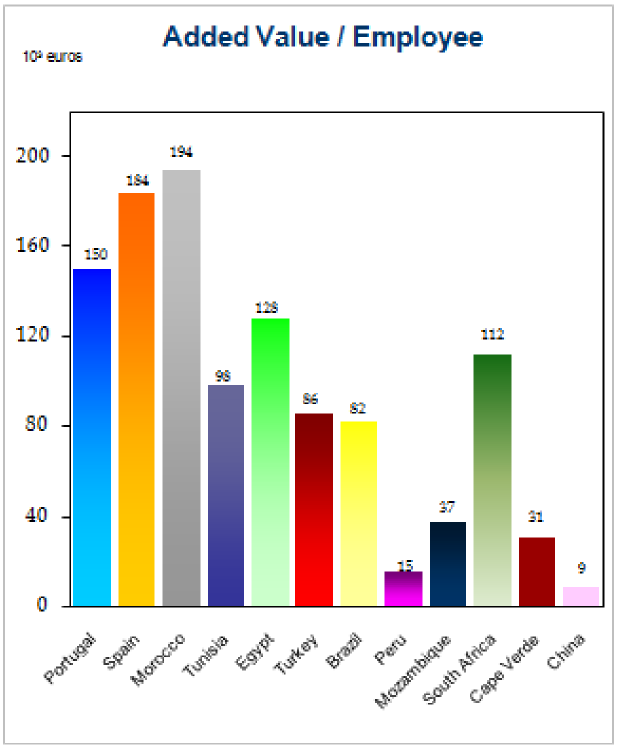
Contribution and Relative Position of the Different Business Areas (2007)

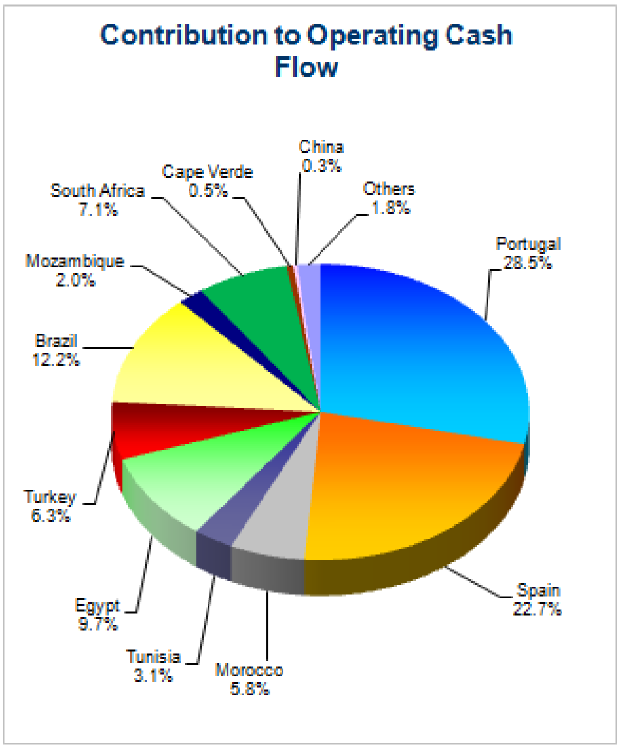


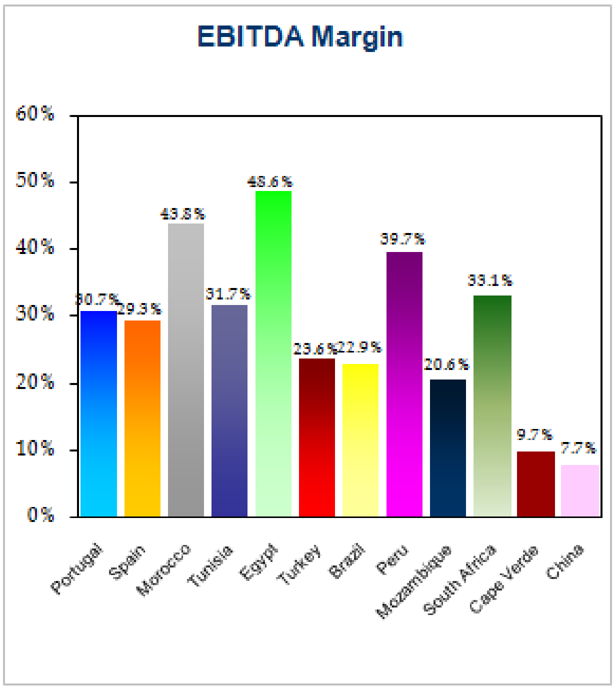


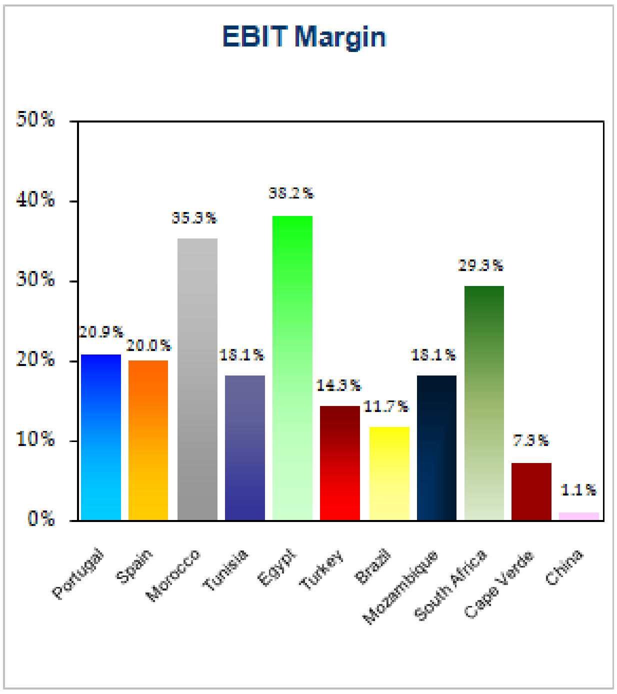





Added Value / Employee
10³ euros
200
160
120
80
40
0
150
184
194
98
128
86
82
15
37
112
31
9
Portugal
Spain
Morocco
Tunisia
Egypt
Turkey
Brazil
Peru
Mozambique
South Africa
Cape Verde
China


Contribution to Operating Cash Flow
China 0.3%
Cape Verde 0.5%
Others 1.8%
South Africa 7.1%
Portugal 28.5%
Mozambique 2.0%
Brazil 12.2%
Turkey 6.3%
Spain 22.7%
Egypt 9.7%
Tunisia 3.1%
Morocco 5.8%


EBITDA Margin
60%
50%
40%
30%
20%
10%
0%
30.7%
29.3%
43.8%
31.7%
48.6%
23.6%
22.9%
39.7%
20.6%
33.1%
9.7%
7.7%
Portugal
Spain
Morocco
Tunisia
Egypt
Turkey
Brazil
Peru
Mozambique
South Africa
Cape Verde
China


EBIT Margin
50%
40%
30%
20%
10%
0%
20.9%
20.0%
35.3%
18.1%
38.2%
14.3%
11.7%
18.1%
29.3%
7.3%
1.1%
Portugal
Spain
Morocco
Tunisia
Egypt
Turkey
Brazil
Mozambique
South Africa
Cape Verde
China

Even so, in terms of annual mean balances, the value of net financial debt in 2007 was slightly greater than 2.2 times the operating cash flow (EBITDA) generated, which constitutes a thoroughly comfortable ratio for the purpose of maintaining the current rating (BBB).

Invested Capital

(million euros)	2007	2006	Change	2005
Working Capital	307.0	256.9	19.5 %	246.6
Tangible Fixed Assets	1,682.0	1,422.3	18.3 %	1,471.4
Goodwill	1,283.7	910.0	41.1 %	940.6
Other Assets (net of Other Liabilities)	(58.1)	(42.0)	n.s.	(57.8)
Capital Employed	3,214.6	2,547.1	26.2 %	2,600.9
Investments in progress	213.1	120.1	77.4 %	96.2
Financial Investments	168.4	171.1	- 1.5 %	215.8
Other Non-Operating Assets (net)	(97.7)	(75.3)	n.s.	(89.9)
Invested Capital	3,498.4	2,763.0	26.6 %	2,823.0
Net Financial Debt	1,359.3	865.6	57.0 %	1.079.4
(Investments available for sale)	(9.8)	0.0	n.s.	(69.2)
Provisions	71.5	71.4	0.2 %	73.2
Financial Debt and Equivalents	1,421.1	937.0	51.7 %	1,083.3
Equity Attributable to :				
Shareholders	1,796.4	1,579.7	13.7 %	1,519.1
Minority Interests	102.9	74.1	38.9 %	65.5
Deferred Taxes	75.1	54.9	36.7 %	44.5
Provisions for Taxes and Others	102.9	117.4	- 12.3 %	110.6
Equity and Equivalents	2,077.3	1,826.0	13.8 %	1,739.7
Invested Capital	3,498.4	2,763.0	26.6 %	2,823.0
Return on Capital Employed	11.6 %	13.1 %		12.1 %
Return on Equity	18.1 %	18.9 %		19.7 %

The CIMPOR Group's total cement production capacity (with own clinker) was 28.4 million tonnes/year at the end of 2007, without taking into account an additional 1.1 million tonnes, corresponding to the installed capacity of the Indian company Shree Digvijay, which was acquired in 2008.

3.2. Portugal

2007 confirmed the recovery of the Portuguese economy, though this was quite tentative: GDP grew from 1.3% to 1.9%, due to domestic demand and, to a greater extent, investment, contributing more. Gross fixed capital formation increased by almost 1.5% in 2007, following two years of decline.

Despite the fact that the production of residential buildings continued to indicate no signs of improvement - decreasing around 5.6% in 2007 –, business activity in the construction and public works sector as a whole virtually halted the downward slide it had undergone in the previous five years (an accrued decline greater than 20%), and registered a fall of only 0.5% in 2007. Cement consumption, in harmony with this trend, remained at the same level as the preceding year - 7.9 million tonnes.

CIMPOR's sales in the domestic market, which totalled 4.35 million tonnes, rose slightly (2.2%) for the first time since 2001. This fact, combined with the increase in exports, allowed the Group to achieve total sales (cement and clinker) for this Area of 6.1 million tonnes (the highest figure in the last six). The increase in cement exports (up by more than 30%) was particularly significant, especially since it was exclusively achieved through the placement of the product in the marketplace and not via intragroup transactions.

Portugal Business Area

	Unit	2007	2006	Change	2005
Installed Capacity (1)	10^3 tonne	6,820	6,850	- 0.2%	6,900
Use of Installed Capacity (2)		93.2%	89.8%		91.7%
Cement and Clinker Sales	10^3 tonne	6,133	5,849	4.8%	6,106
Market Share		55.2%	53.8%		52.2%
Concrete Sales	10^3 m^3	3,195	3,137	1.8%	3,721
Aggregates Sales	10^3 tonne	6,904	7,607	- 9.2%	8,806
Mortar Sales	10^3 tonne	150	156	- 3.9%	173
Turnover	10^6 euros	562.6	531.6	5.8%	576.5
Payroll Expenses	10^6 euros	62.2	57.8	7.5%	61.6
Operating Cash Flow (EBITDA)	10^6 euros	172.7	173.9	- 0.7%	183.0
Operating Income (EBIT)	10^6 euros	117.7	122.2	- 3.8%	134.1
Capital Employed	10^6 euros	595.6	610.4	- 2.4%	639.1
Industrial Investments	10^6 euros	28.5	28.2	1.0%	53.4
Employees (31 Dec)	Units	1,562	1,572	- 0.6%	1,662
Turnover/Employee	10^3 euros	359	328	9.5%	345
Value Added/Employee	10^3 euros	150	143	4.9%	146
EBITDA Margin		30.7%	32.7%		31.7%
EBIT Margin		20.9%	23.0%		23.3%

(1) Cement production capacity with own clinker (average over year)
(2) Clinker production / Installed capacity (clinker)

Sales of ready-mix concrete recovered slightly (1.8%) following heavy decline in 2006. Aggregate sales, however, continued to suffer from the absence of large-scale public works, falling around 9%. Mortar sales, which fell by close to 4%, also reflected the continued crisis in the residential building construction segment.

Portugal, even though it remained the country with the greatest relative importance in the CIMPOR Group, witness a further fall in this share from 2006 to 2007, as has been the trend in previous years. Under the growing internationalisation of the Group, Portugal's input to consolidated turnover fell from 28.2% to 24.2% and in operating cash flow (EBITDA), from 30.9% 28.5%.

Turnover stood at around 563 million euros, nearly 6% higher than the previous year. The strong rise in the price of fuel, which caused an increase of almost 9% in operating cash costs, ended up causing a slight decline in EBITDA of less than 1%. Consequently, the respective margin, which was also affected by exports increased share in total cement and clinker sales, was no greater than 30.7%, down 2 p.p. on 2006.

Investment made was identical to the previous year (around 28 million euros). Of note in this field is the implementation of coal receipt, storage and extraction systems and systems to receive and roasting of alternative fuels and animal meal, at the Alhandra plant. The construction and assembly of the means for receiving and burning hazardous industrial waste at the Souselas plant commenced in 2007. It is planned to terminate in 2008.

3.3. Spain

The Spanish economy reported a growth rate of 3.8% in 2007, which was, despite the marked economic slowdown in the last quarter, practically identical to the preceding year's growth and 1.2 p.p. above the Euro Zone average.

This growth continued to be based on the solid domestic demand (up 4.1%), benefiting from the increase in consumption (in the region of 3.0%) and, above all, from the dynamism of investment (up 5.6%). The external component remained negative, while general government accounts reported a record surplus, equivalent to 2.2% of GDP.

The construction sector has begun to show signs of clear slowdown, following a number of years of strong growth. The number of residential unit licences fell by more than 20% and the value of public works contracts awarded decreased by close on 10%. Cement consumption in Spain, though, increased slightly (0.3%), breaking through the 56 million tonnes barrier for the first time.. Growth in demand in the markets where the Group operates was, however, quite varied: while in Galicia it grew by around 8%, in Andalucía and Extremadura combined, it fell by nearly 3%.

The CIMPOR Group's sales of cement fell to just over 4.05 million tonnes (down 4.3% on 2006), due to the fall in consumption in the south of the country, the start-up of two new grinding facilities in the north of the country and, above all, due to the extended stoppages at the Córdoba and Niebla plants (in order to undertake important environmental investments and to increase capacity). The Group's market share fell by 0.4 p.p..

Concrete sales benefited from the heavy investment made in recent years and rose by nearly 6% to almost 3 million cubic metres. Aggregate and mortar sales totalled 5.3 million tonnes and 230 000 tonnes each, equivalent, in both cases, to growth of around 18%.

The turnover generated in Spain increased by more than 9% to 470 million euros as a result of the fact that the fall in cement sales was more than offset by the rise in its price. Nonetheless, this increase was not tracked by an equivalent increase in EBITDA, since in order to meet demand and offset the above-stated stoppages at the plants in Andalusia, significant amounts of both clinker and cement had to be imported. This fact, combined with the worsening energy costs, led to a reduction (of about 4%) in operating cash flow, with the respective margin decreasing from 33.4% in 2006 to 29.3% in 2007.

The investment made at those two plants also obliged an extraordinary amortisation totalling 10 million euros to be made to the value of the replaced equipment, which caused operating profits for this business area to decrease by around 14%.

Spain Business Area

	Unit	2007	2006	Change	2005
Installed Capacity [(1)]	10^3 ton	2,675	2,700	- 1.8%	2,700
Use of Installed Capacity [(2)]		89.3%	100.5%		96.4%
Cement Sales	10^3 ton	4,055	4,235	- 4.3%	4,157
Market Share		7.2%	7.6%		7.8%
Concrete Sales	10^3 m^3	2,965	2,798	6.0%	2,618
Aggregate Sales	10^3 ton.	5,303	4,491	18.1%	3,770
Mortar Sales	10^3 ton.	230	195	18.0%	163
Turnover	10^6 euros	470.9	430.5	9.4%	373.1
Payroll Expenses	10^6 euros	47.3	45.0	5.1%	44.1
Operating Cash Flow (EBITDA)	10^6 euros	137.8	143.7	- 4.1%	102.9
Operating Income (EBIT)	10^6 euros	94.0	109.5	- 14.1%	70.0
Capital Employed	10^6 euros	449.4	486.5	- 7.6%	459.0
Industrial Investments	10^6 euros	45.1	24.1	87.6%	19.2
Employees (31 Dec)	unit	998	1,011	- 1.3%	987
Turnover / Employee	10^3 euros	469	429	9.2%	377
Value Added / Employee	10^3 euros	184	188	- 2.1%	148
EBITDA Margin		29.3%	33.4%		27.6%
EBIT Margin		20.0%	25.4%		18.8%

(1) Cement production capacity with own clinker (average over year)
(2) Clinker production / Installed capacity (clinker)

Investment as a whole totalled close to 45 million euros. The most significant investments involved the expansion of clinker production capacity at the Córdoba and Niebla plants to 400 000 tonnes/year, and the solution of environmental problems in the latter plant, which involved the alteration of the kiln to the dry method.

3.4. Morocco

GDP growth in Morocco was pushed up to close to 2.2% by the mining, construction and public works and tourism sectors, offsetting the poor performance of the agricultural sector, which was heavily affected by unfavourable weather conditions. The unemployment rate (estimated to be around 9.9% at the year's end) and the inflation rate (in the region of 2.0%) both decreased significantly.

Cement consumption in Morocco was driven, as in previous years, by significant investment in social housing, basic infrastructures and new tourism and industrial areas, causing it to increase in 2007 by around 12.6%, to a total of 12.8 million tonnes.

Clinker production recorded a year-on-year fall of around 15% due to some kiln stoppages at Asment de Témara. This fact prevented the production of cement in sufficient quantities to keep up with market growth, even considering that sales had fallen to less than half. Even so, the purchase of approximately 24 000 tonnes of clinker allowed cement sales to increase more than 8%, breaking through the one million tonnes barrier.

Betocim recorded growth above 70% in sales of ready mix concrete, just as had occurred in 2006. This growth was driven by market dynamism and by the fact that 2007 marked the first full year of operation for the two new plants at Témara and Casablanca. Sales of aggregates exclusively for cement production fell again, and total sales did not much exceed 100 000 tonnes.

Morocco Business Area

	Unit	2007	2006	Change	2005
Installed Capacity (1)	10^3 ton	1,295	1,290	0.4%	1,245
Use of Installed Capacity (2)		82.2%	97.2%		73.7%
Cement Sales	10^3 ton	1,130	1,152	- 1.8%	959
Market Share		8.6%	8.6%		8.8%
Concrete Sales	10^3 m^3	307.0	176.6	73.9%	101.2
Aggregate Sales	10^3 ton.	109.8	145.7	- 24.6%	209.2
Turnover	10^6 euros	80.5	72.0	11.7%	60.5
Payroll Expenses	10^6 euros	4.5	4.4	1.9%	4.5
Operating Cash Flow (EBITDA)	10^6 euros	35.2	33.5	5.1%	26.2
Operating Income (EBIT)	10^6 euros	28.4	25.9	9.7%	19.2
Capital Employed	10^6 euros	65.1	62.2	4.7%	69.9
Industrial Investments	10^6 euros	8.2	4.7	74.3%	12.1
Employees (31 Dec)	unit	203	208	- 2.4%	210
Turnover / Employee	10^3 euros	392	346	13.5%	284
Value Added / Employee	10^3 euros	194	182	6.4%	144
EBITDA Margin		43.8%	46.5%		43.3%
EBIT Margin		35.3%	35.9%		31.7%

(1) Cement production capacity with own clinker (average over year)

(2) Clinker production / Installed capacity (clinker)

Morocco's consolidated turnover grew 11.7% to exceed 80 million euros. The purchase of clinker and the more that 30% rise in fuel costs did not, however, permit EBITDA to progress in a similar manner: EBITDA only increased 5.1 %, which, combined with the greater contribution of the concrete production and sales business, led to a fall in the respective margin from 46.5% in 2006 to 43.8% in 2007.

The major investments involved the installation of a paletting equipment and a new bagging line at the Asment de Témara plant, the acquisition of an aggregates production plant in the region of Benslimane and the drawing up of the construction project for a new cement grinder with a production capacity of 50 tonnes/hour (to start-up in 2009).

3.5. Tunisia

The development of the industry and the rapid growth of services sectors, especially the tourism sector, continued to fuel Tunisia's strong economic growth in 2007, which should be about 6.3%.

Nonetheless, the unemployment rate remained exceptionally high (above 14%), contrary to the inflation rate, which, after rising to 4.5% in 2006, fell in 2007 to a little less than

3%. Even so, the depreciation of the local currency (dinar) was very evident and it was well reflected in the fall in value against the euro at the end of the year (almost 5%).

The consumption of binders (cement and hydraulic lime) in Tunisia totalled approximately 6.1 million tonnes, 2.1% growth on 2006. Ciments de Jbel Oust (CJO)'s sales – 1.46 million tonnes – remained at practically the same level as the previous year, given that its catchment area did not entirely cover the zones of greatest growth.

Tunisia Business Area

	Unit	2007	2006	Change	2005
Installed Capacity (1)	10^3 ton	1,560	1,560	0.0%	1,600
Use of Installed Capacity (2)		89.5%	92.8%		80.0%
Cement and Clinker Sales	10^3 ton	1,461	1,485	- 1.6%	1,385
Market Share		24.0%	24.7%		23.7%
Turnover	10^6 euros	59.7	59.6	0.2%	53.4
Payroll Expenses	10^6 euros	3.4	3.5	- 4.1%	3.4
Operating Cash Flow (EBITDA)	10^6 euros	18.9	17.5	8.2%	14.6
Operating Income (EBIT)	10^6 euros	10.8	9.7	12.2%	7.1
Capital Employed	10^6 euros	121.5	131.8	- 7.8%	141.8
Industrial Investments	10^6 euros	1.5	1.9	- 23.7%	3.8
Employees (31 Dec)	Unit	226	231	- 2.2%	240
Turnover / Employee	10^3 euros	262	253	3.5%	222
Value Added / Employee	10^3 euros	98	89	9.6%	75
EBITDA Margin		31.7%	29.4%		27.3%
EBIT Margin		18.1%	16.2%		13.3%

(1) Cement production capacity with own clinker (average over year)
(2) Clinker production / Installed capacity (clinker)

The liberalization of prices was postponed yet again, as the government once more chose to define price rises. This amounted to an average annual increase of about 7%, which, together with stagnated sales and the depreciation of the local currency led to a turnover identical to that of the previous year (just below 60 million euros).

The decrease in the purchase of clinker and the fall in the respective price paid (due to it being acquired locally) allowed operating cash flow to increase by more than 8%, even when measured in euro. As a result, the EBITDA margin rose by more than 2 p.p., plainly exceeding the 30% mark for the first time.

3.6. Egypt

The Egyptian economy once again demonstrated notable growth (GDP grew by close to 7%). This was sustained by the increase in private consumption and by significant investments. The inflation rate, pressurised by the dynamic performance of domestic demand and the reduction of some State subsidies, worsened by close on 7 p.p., to approach 11%.

Cement consumption, which was favoured by this climate, rose to 14.4% to 34.5 million tonnes. This fact led to a certain degree of pressure on prices, despite the increased supply in the domestic market, primarily due to the significant fall in exports (following the government's decision to levy heavy duties on all clinker and cement sales to overseas markets).

Egypt Business Area

	Unit	2007	2006	Change	2005
Installed Capacity (1)	10^3 ton	3,900	3,900	0.0%	3,810
Use of Installed Capacity (2)		72.7%	78.2%		78.6%
Cement and Clinker Sales	10^3 ton	2,822	3,090	- 8.7%	2,898
Market Share		7.9%	8.9%		8.8%
Turnover	10^6 euros	120.6	127.8	- 5.6%	103.9
Payroll Expenses	10^6 euros	4.0	3.3	20.9%	2.6
Operating Cash Flow (EBITDA)	10^6 euros	58.6	63.3	- 7.5%	48.5
Operating Income (EBIT)	10^6 euros	46.0	50.6	- 9.1%	37.3
Capital Employed	10^6 euros	238.9	225.3	6.0%	255.8
Industrial Investments	10^6 euros	19.2	19.0	1.2%	2.3
Employees (31 Dec)	Unit	491	491	0.0%	483
Turnover / Employee	10^3 euros	246	265	- 7.1%	222
Value Added / Employee	10^3 euros	128	138	- 7.5%	109
EBITDA margin		48.6%	49.6%		46.7%
EBIT margin		38.2%	39.6%		35.9%

(1) Cement production capacity with own clinker (average over year)
(2) Clinker production / Installed capacity (clinker)

Due to the extended stoppage of one of the three production lines for important improvement and modernisation work, the CIMPOR Group was prevented from benefiting from the strong economic growth: even though the export total was reduced to less than 20% of the previous year's figure, the quantities of clinker that could be produced, as a result of the referred to limiting factor, limited the increase in cement sales in the domestic market to around 2.1%. As a result, CIMPOR's market share fell from almost 9% in 2006 to below 8% in 2007.

The depreciation of the Egyptian pound against the euro (close to 7%, in terms of average over the year) and the decline of almost 270 000 tonnes in the total sales of cement and clinker led to turnover falling to little more than 120 million euros (5.6% down on 2006) and a fall of about 7.5% in EBITDA. The respective margin, even so, benefiting from the lower share total sales occupied by exports, only decreased 1 p.p., to 48.6%.

The investment made in 2007, in the approximate value of 19 million euros, focused on the already referred to revamping of one of the clinker production lines, the acquisition of new bagging equipment and the implementation of an automatic truck entry and exit control system and raw materials and product weighing system.

A sack manufacturing company also started up operations in 2007 - Cimpor Sacs Manufacture Company (Cimpsac). This company has an installed capacity of 45 million sacks/year.

3.7. Turkey

The Turkish economy entered into a marked slowdown in 2007 following five years of strong growth, even though it still managed to record a relatively high GDP growth rate (around 5.0%). The unemployment rate (close to 10%) and the inflation rate (estimated at 8.8%) were, on the other hand, a long way from their targets established by the Government.

Turkey Business Area

	Unit	2007 (1)
Installed Capacity (2)	10^3 ton	1,680
Use of Installed Capacity (3)		98.9%
Cement and Clinker Sales	10^3 ton	2,308
Market Share		5.7%
Concrete Sales	10^3 m^3	983
Aggregate Sales	10^3 ton.	1,946
Turnover	10^6 euros	163.1
Payroll Expenses	10^6 euros	16.6
Operating Cash Flow (EBITDA)	10^6 euros	38.6
Operating Income (EBIT)	10^6 euros	23.3
Capital Employed	10^6 euros	596.1
Industrial Investments	10^6 euros	5.2
Employees (31 Dec)	Unit	797
Turnover / Employee	10^3 euros	254
Value Added / Employee	10^3 euros	86
EBITDA margin		23.6%
EBIT margin		14.3%

(1) March – December
(2) Cement production capacity with own clinker (average over year)
(3) Clinker production / Installed capacity (clinker)

Cement consumption, which had increased by around 19% in 2006, did not rise by more than 2% in 2007, to an approximate total of 42.5 million tonnes, due to the climate of political instability tied to the general and presidential elections that were held. Cement demand in Cimpor Yibitas' main catchment area (Black Sean and Central Anatolia) even fell (by around 3%), which caused heavy pressure on the selling price due to the excess supply. This pressure resulted in prices only recording a rise equivalent to around half of the inflation rate.

Cement sales in the months following this new Business Area's entry in the CIMPOR Group (March to December) totalled little more than 2.3 million tonnes, which is equivalent to a national market share of 5.7%, and 36.1% share in its catchment area.

Concrete sales in the same period were particularly affected by the uncertainty surrounding the results of the elections, and they did not reach one million cubic metres. A little less than 2 million tonnes of aggregates, almost exclusively for internal consumption, were produced.

Consolidated sales in the last ten months of 2007 were around 163 million euros, making Turkey the Group's fourth largest Business Area in terms of this indicator (behind Portugal, Spain and Brazil). Operating cash flow generated in the same period (38.6 million euros) was particularly penalised by a certain price war in the concrete market, and it reflected an EBITDA margin of 23.6%.

Cimpor Yibitas concluded the construction of a new grinding facility at Hasanoglan (in the Ankara region) after its integration in the Group. This new facility increased the cement production capacity of this Business Area by more than 30% (with own and external clinker), to a total of 4.8 million tonnes/year. Investment in a new clinker production line with a nominal capacity of 2,200 tonnes/day has also started, in the interim, at the same location.

3.8. Brazil

The Brazilian economy took advantage of a favourable climate in 2007, especially in relation to external demand and raw material prices, to undergo estimated growth of 5.4% (1.7 p.p. up on 2006). The inflation rate fell to around 3.6%, which, combined with falling interest rates, provided sound impetus to increases in private consumption (6.2%) and investment (14.1%).

Cement consumption, in a context of marked acceleration of the civil construction and public works sector, grew by nearly 10% to an approximate total of 45 million tonnes. In certain regions, this growth permitted a turnaround, to a certain extent, in the downward trend of selling prices that has existed for more than four years.

Regional distribution meant that Cimpor Brasil's domestic sales (about 4.1 million tonnes) grew a little less than above, implying a 0.2 p.p. fall in the respective market share. With exports above 230 000 tonnes (up 27.6% on the previous year), overall growth in cement sales was 8.6%.

In the ready-mix field, market growth (estimated at around 15%) and the heavy investment made in recent years, led, just as in 2006, to a noteworthy increase in sales (42.7%), equivalent to almost one million cubic metres.

Brazil Business Area

	Unit	2007	2006	Change	2005
Installed Capacity (1)	10^3 ton	6,025	6,015	0.2%	5,745
Use of Installed Capacity (2)		73.6%	63.9%		63.9%
Cement Sales	10^3 ton	4,316	3,974	8.6%	3,796
Market Share		9.1%	9.3%		9.6%
Concrete Sales	10^3 m^3	996	698	42.7%	502
Mortar Sales	10^3 ton.	163	134	21.7%	140
Turnover	10^6 euros	322.0	270.3	19.1%	227.1
Payroll Expenses	10^6 euros	34.4	29.8	15.6%	24.0
Operating Cash Flow (EBITDA)	10^6 euros	73.9	60.6	21.9%	62.9
Operating Income (EBIT)	10^6 euros	37.7	35.1	7.6%	40.7
Capital Employed	10^6 euros	842.4	797.9	5.6%	827.4
Industrial Investments	10^6 euros	35.5	31.4	12.9%	13.6
Employees (31 Dec)	unit	1,396	1,272	9.7%	1,180
Turnover / Employee	10^3 euros	242	224	8.1%	201
Value Added / Employee	10^3 euros	82	75	8.8%	77
EBITDA margin		22.9%	22.4%		27.7%
EBIT margin		11.7%	13.0%		17.9%

(1) Cement production capacity with own clinker (average over year)

(2) Clinker production / Installed capacity (clinker)

The turnover of Cimpor Brasil grew by around 19%, exceeding 320 million euros, as a result of these developments and despite the fact that the average cement selling price in local currency did not rise by more than 2.5%. This fact caused EBITDA to rise by almost 22% (to nearly 74 million euros) and the respective margin to grow 0.5 p.p., in spite of amplified energy costs.

In addition to investments made relative to the purchase of three new concrete plants and the sundry movable equipment used in this segment, the work to increase the clinker production capacity at the Cezarina plant by 200 000 tonnes/year and the construction of a new clinker silo at this plant and the assembly of cement grinding equipment from Cajati at Campo Formoso, are also of note.

Meanwhile, the Economic Law Secretariat of the Brazilian Ministry of Justice, has, as the result of its examination of documents seized from various cement sector companies, filed an administrative lawsuit against eight of those companies, including Cimpor Brasil, to look into potential economic offences in the cement and ready-mix concrete markets. Even though, as far as the Group is aware to the best of its knowledge, no offence has been committed, it decided to submit a “Cessation Commitment” proposal under legislation published in the interim which – through the payment of a cash contribution to a “Fund to Defend Sundry Rights”, and which is not in any way an admission of guilt or recognition of illegal conduct – allows a deal to be reached with the Economic Defence Board. The proposed amount of said contribution was 15 million reals (corresponding to 2.5% of Companhia de Cimentos do Brasil’s gross billing in 2006). This payment conveniently avoids the advancement of such proceedings. and the inherent costs and delays, as well as the resulting disturbance to ordinary operations that such a process would entail. A provision for the sum in question has been duly constituted.

3.9. Mozambique

The Mozambican economy likely grew by slightly more than 7% in 2007, driven, in particular, by the construction sector and public investment in the rehabilitation of important road infrastructures. The inflation rate remained relatively high at 7.9% even though it fell, in terms of the annual average, by around 5 p.p.

Cement consumption, estimated at 850 000 tonnes, continued to grow in this economic climate at a rate close to 10%. Sales of Cimentos de Moçambique accompanied the growth in consumption, achieving a record total of 665 000 tonnes. Growth in the ready-mix concrete production and sales field was even stronger (22%) driving sales to almost 65 000 cubic metres.

Mozambique Business Area

	Unit	2007	2006	Change	2005
Installed Capacity (1)	10^3 ton	735	745	- 1.3%	730
Use of Installed Capacity (2)		41.2%	20.9%		35.5%
Cement Sales	10^3 ton	665	605	9.9%	583
Market Share		78.3%	78.1%		83.3%
Concrete Sales	10^3 m^3	64.4	52.8	22.0%	54.7
Turnover	10^6 euros	60.1	54.5	10.2%	50.5
Payroll Expenses	10^6 euros	4.4	4.1	8.0%	3.7
Operating Cash Flow (EBITDA)	10^6 euros	12.3	8.4	47.1%	6.8
Operating Income (EBIT)	10^6 euros	10.9	7.5	45.4%	6.2
Capital Employed	10^6 euros	40.8	40.6	0.5%	38.6
Industrial Investments	10^6 euros	4.1	4.8	- 14.0%	2.4
Employees (31 Dec)	Unit	435	497	- 12.5%	470
Turnover / Employee	10^3 euros	132	113	17.4%	106
Value Added / Employee	10^3 euros	37	26	43.1%	22
EBITDA margin		20.6%	15.4%		13.4%
EBIT margin		18.1%	13.7%		12.2%

(1) Cement production capacity with own clinker (average over year)
(2) Clinker production / Installed capacity (clinker)

The rise in the selling price more than offset the devaluation of the local currency against the euro, helping drive consolidated turnover through the 60 million euros barrier (10.2% up on 2006). EBITDA, benefiting from a significantly improved operating performance by the Matola plant, rose by around 47% to 12.3 million euros. As a result, the respective margin rose more than 5 p.p., outstripping the 20% mark for the first time in the last four years.

The main areas of investment, besides those of a predominantly environmental nature made at the Matola plant, included the drawing up of contract specifications for a call for tenders for the supply of new cement grinding equipment (70 tonnes/hour) to be installed in that plant, as well as a clinker production line (1,500 tonnes/day) to be build at Dondo (also including new grinding equipment).

3.10. South Africa

GDP growth in 2007 did not differ much from 2006 (close to 5%), benefiting from the increase in domestic demand and, in particular, in investment (15%). The inflation rate increased, in terms of annual average, from 4.7% in 2006 to 7.0% in 2007. This rise was due to the price increases in fuel and food goods.

The civil construction and public works sector continued to demonstrate a notable level of dynamism, leading to an increase in cement consumption of approximately 8% (which, while notable, was still below the 11% growth recorded in 2006). In KwaZulu-Natal province, where most of the Group's activity is concentrated under NPC-Cimpor, market growth (6.6%) once again fell a little short of the national average.

South Africa Business Area

	Unit	2007	2006	Var.	2005
Installed Capacity (1)	10^3 ton	1,025	1,055	- 2.8%	1,020
Use of Installed Capacity (2)		85.5%	98.7%		91.4%
Cement Sales	10^3 ton	1,450	1,292	12.3%	1,160
Market Share		10.6%	10.2%		10.1%
Concrete Sales	10^3 m^3	93.2	79.8	16.8%	60.5
Aggregate Sales	10^3 ton.	811	723	12.2%	443
Turnover	10^6 euros	129.8	119.5	8.6%	105.4
Payroll Expenses	10^6 euros	11.3	10.3	9.6%	9.3
Operating Cash Flow (EBITDA)	10^6 euros	43.0	47.9	- 10.3%	41.9
Operating Income (EBIT)	10^6 euros	38.1	39.6	- 3.8%	34.6
Capital Employed	10^6 euros	156.3	164.6	- 5.0%	196.2
Industrial Investments	10^6 euros	37.5	49.4	- 24.1%	11.6
Employees (31 Dec)	unit	482	467	3.2%	416
Turnover / Employee	10^3 euros	268	260	3.0%	254
Value Added / Employee	10^3 euros	112	127	- 11.6%	124
EBITDA margin		33.1%	40.1%		39.8%
EBIT margin		29.3%	33.1%		32.8%

(1) Cement production capacity with own clinker (average over year)
(2) Clinker production / Installed capacity (clinker)

The operational start-up at the end of March of new grinding equipment meant that NPC-Cimpor did not need to import cement (contrary to that undertaken in 2005 and 2006) despite the fact that sales climbed to 1.45 million tonnes, equivalent to 12.3% growth on 2006. The delayed completion of the new clinker production line compelled the company to import 400 000 tonnes of clinker.

The growth of sales in the concrete and aggregate sectors was equally impressive (16.8% and 12.2%, respectively. An excellent year was rounded off by the Group being awarded the contract to supply concrete for Durban's new international airport (180 000 cubic metres over two years).

The sharp devaluation of the local currency against the euro (almost 12%, in terms of annual average exchange rate) limited consolidated turnover to 8.6% and caused a fall of almost 5 million euros in operating cash (which was already quite affected by the rise in fuel prices and the clinker import operation). The more significant recourse to the import of clinker, combined with the other factors mentioned, caused the EBITDA margin to fall significantly: from 40.1% in 2006 to only 33.1% in 2007.

The major investment projects in 2007 involved the conclusion of the new cement grinding equipment (including packaging and shipping equipment) at the Simuma plant, the ongoing construction of a second clinker production line at the same plant, the installation of two new concrete plants and the acquisition of a plot of land for the aggregate production operations.

3.11. Cape Verde

Latest estimates indicate that GDP in Cape Verde grew at a much lower rate in 2007 (6.9%) that in 2006 (10.8%), even though investment continued to grow, particularly in the tourism sector.

Cape Verde Business Area

	Unit	2007	2006	Change	2005 (1)
Cement Sales	10^3 ton	242	178	36.2%	119
Market Share		77.6%	69.2%		63.4%
Concrete Sales	10^3 m^3	60.7	-	-	-
Aggregate Sales	10^3 ton.	110	20.0	n.s.	-
Turnover	10^6 euros	30.5	18.0	68.9%	12.5
Payroll Expenses	10^6 euros	1.3	0.7	95.4%	0.5
Operating Cash Flow (EBITDA)	10^6 euros	3.0	2.3	27.7%	1.2
Operating Income (EBIT)	10^6 euros	2.2	1.3	66.4%	0.6
Capital Employed	10^6 euros	18.3	11.6	57.9%	10.8
Industrial Investments	10^6 euros	3.9	0.4	962.1%	0.4
Employees (31 Dec)	unit	170	88	93.2%	64
Turnover / Employee	10^3 euros	222	340	- 34.7%	194
Value Added / Employee	10^3 euros	31	57	- 44.7%	26
EBITDA margin		9.7%	12.9%		9.5%
EBIT margin		7.3%	7.4%		5.1%

(1) April to December

The CIMPOR Group's cement sales in 2007 recorded year-on-year growth of 36% to a record of 242 000 tonnes (corresponding to almost 78% of national cement consumption), in line with the substantial growth of the construction sector in the country.

In the second quarter, the CIMPOR Group expanded its field of business to the production and sale of concrete, covering the islands of Santiago, Boavista e Sal, following its acquisition of a majority shareholding in a ready-mix company and the start-up of a concrete and inerts company established in 2006 Sales in 2007 were already 61 000 cubic metres of concrete and 110 000 tonnes of aggregates, even though operations only commenced in the second quarter.

The increase in cement sales and the Group's expansion to new business sectors led to growth of almost 70% in turnover (raising it to more than 30 million euros) and an EBITDA increasing about 28% (to around 3 million euros).

3.12. China

In 2007, the People's Republic of China recorded two-digit GDP growth (11,4%) for the fifth consecutive year, making it the world's third largest economy. Investment and exports grew in the region of 25%, and thus remained the main driving forces of economic activity. The economy is showing signs of overheating, as the inflation rate approaches 5%.

China Business Area

	Unit	2007 (1)
Installed Capacity (2)	10^3 ton	900
Use of Installed Capacity (3)		115.3%
Cement and Clinker Sales	10^3 ton	1,442
Market Share		0.1%
Turnover	10^6 euros	23.9
Payroll Expenses	10^6 euros	1.0
Operating Cash Flow (EBITDA)	10^6 euros	1.8
Operating Income (EBIT)	10^6 euros	0.3
Capital Employed	10^6 euros	45.9
Industrial Investments	10^6 euros	0.4
Employees (31 Dec)	unit	623
Turnover / Employee	10^3 euros	79
Value Added / Employee	10^3 euros	9
EBITDA margin		7.7%
EBIT margin		1.1%

(1) July – December

(2) Cement production capacity with own clinker (average over year)

(3) Clinker production / Installed capacity (clinker)

The high growth rate of the urban population continues to drive the construction sector and, in particular, the residential segment. Investment in the latter segment grew by 30% in 2007. In this context, cement consumption rose by 14% to 1,350 million tonnes.

Following the acquisitions made in China by the CIMPOR Group at the end of the first half of 2007, the NLG and Nanda companies sold a combined total of 879 000 tonnes of cement and 293 000 tonnes of clinker in the domestic market, and they exported close to 270 000 tonnes of clinker. The corresponding turnover did not, however exceed 24 million euros, as a result of the extremely low selling prices practised in China. This situation should progressively improve with the closure of the hundreds of obsolete and highly polluting smaller production plants that still operate.

The operating cash flow generated in the six months of operation was, for the same reasons, no greater than 1.8 million euros, generating an EBITDA margin of only 7.7%.

4. CIMPOR TEC's Business

CIMPOR TEC – Engenharia e Serviços Técnicos de Apoio ao Grupo, S.A. was subject to an internal audit in October 2007, subsequent to it having initiated the respective certification process under the ISO 9001:2000 standard, in 2006. This audit produced a favourable report and the Company expects to obtain definitive certification as soon as the first half of 2008.

The drawing up of the "Annual Benchmarking Programme" is one of CIMPOR TEC's more significant activities each year. This programme involves the comparison of about two hundred key indicators aimed at measuring the operating performance level of the different cement production plants. This work, which precedes the drawing up of the annual budget and the update of the five-year business plan, allows the managers of the referred to units, supported by CIMPOR TEC, to pinpoint priority lines of action for each unit and the resulting measures to be taken over the next three years, setting these down in the "Performance Improvement Plan.

Important coordination and technical assistance services focused on the different projects undertaken by the Group, were provided during 2007 in the Investments, Engineering, Equipment and Services areas. Most of these are referred to in the precious point.

The most significant actions in the Products, Quality and Staff Technical Training areas were, among the many activities performed, the 16 training courses totalling 490 hours and encompassing 87 officers from different countries, the organisation of the first CIMPOR Group Maintenance Seminar, on the theme of Reliability and Safety, and which was attended by 40 employees (including plant managers and other managers of those areas) from almost all of the countries the Group operates in.

Since one of CIMPOR TEC's main duties is to encourage the dissemination of knowledge within the Group, it publishes a monthly Technical Bulletin. This bulletin contains recent news related to the cement business, disseminates CIMPOR's concerns and policies with respect to sustainable development and presents case studies, aimed at sharing and spreading what are considered to be best practices within the Group.

5. Sustainability and Social Responsibility

As stated in reports in previous years, CIMPOR firmly supports the concept of sustainable development, and the Group strives to marry the excellence of technical, economic and financial performance - decisive factors in value creation - with an effective stance on social and environmental responsibility.

At the end of the nineteen nineties, after having subscribed to the WBCSD – World Business Council for Sustainable Development, CIMPOR was one of the group of ten of the world's principal cement companies that launched the project designated as CSI – Cement Sustainability Initiative. Since then, it has actively taken part on the development of this project and, in particular, in the launch in July 2000 of a five-year action plan, "Our Agenda for Action", which identifies six key areas for this business sector in progressing towards a more sustainable society:

- Climate protection and management of CO_2 emissions;
- Responsible use of raw materials and fuels;
- Worker safety and health;
- Emission monitoring and disclosure;
- Impact in terms of land use and the impact on local communities;
- Reporting and communication.

Two more key areas have, in the interim, been held to deserve the attention of the CSI in coming years:

- Feasibility study of a sector agreement to limit CO_2 emissions in the medium/long-term (the Sectoral Approach);
- Recycling of concrete.

CSI launched three important projects in 2007 in the "Climate protection and management of CO_2 emissions" area:

- The construction of a database on energy performance and the cement sector's CO_2 emissions, to be managed by an independent entity;
- The development of "CDM (Clean Development Mechanisms)" based on benchmarking principles and adapted to this sector;
- Monitoring new technology, seeking out R&D incentives and partnerships and the possible sponsorship of pilot-projects, aiming to mitigate CO_2 emissions.

In 2007, the CIMPOR Group, after establishing a set of goals relating to these topics, internally implemented various actions relating to the same, notably and for the first time, an audit by an independent body (similar to that already performed in relation to CO_2 emissions at Group level) of the data concerning occupational health and safety.

The first CSI Forum was held in 2007. This forum deepened the discussion and permitted the sharing of knowledge on sustainable development among the companies involved in the initiative. The publication of the CSI Full Report, announcing the results achieved during the first five years the "Our Agenda for Action" action plan has been in force, was postponed to the first half of 2008.

Since the first period (2005-2007) of the EU Emissions Trading Scheme and compliance with EU Directive 2003/87/EC has now terminated, a summary of its application in the CIMPOR Group is included:

CO_2 Emissions Licences (2005-2007)

Plant / Tonne CO_2	Registered Emissions *	Licences Awarded	Difference
Portugal			
Souselas	5,185,170	5,157,999	27,171
Alhandra	5,377,116	5,210,985	166,131
Loulé	1,508,536	1,527,336	- 18,800
Cabo Mondego	134,227	149,517	- 15,290
Portugal Total	12,205,049	12,045,837	159,212
Spain			
Toral de los Vados	2,104,324	2,168,472	- 64,148
Oural	1,056,766	1,142,598	- 85,832
Córdoba	1,121,976	1,235,247	-113,271
Niebla	785,402	775,353	10,049
Spain Total	5,068,468	5,321,670	- 253,202
General Total	17,273,517	17,367,507	- 93,990

* Provisional values, subject to final confirmation by competent authorities.

The table illustrates that while in Portugal there has been a certain shortfall in emissions rights, the emissions rights in Spain in the period were about 250 000 tonnes less than the total licences awarded, mainly due to the stoppages to the clinker production lines for modernisation work. 210,000 of these were sold to Cimpor Indústria (Portugal), so that it might cover its rights deficit.

In March 2007, animal meal and, close to the end of the year, plant biomass and other harmless wastes began to be burned at the Alhandra Production Plant, following the award of a licence by the Portuguese authorities for the energy recovery of some types of non-hazardous waste. The aim of this initiative is to reduce the quantities of CO_2 to report.

The same type of licence was awarded the Loulé Production Plant, which, however, due to non-approval by the local council of the application to construct the required installations, cannot proceed.

The CIMPOR Group's Sustainability Report for 2007, which is drawn up in accordance with the new directives of the GRI – Global Reporting Initiative and which is published along with this report, refers to these matters in more detail, with special reference to the Group's environmental and social performance. We encourage our shareholders to take the opportunity to read the report (it is also available at our site www.cimpor.pt).

In November 2007, Triodos Bank performed a comparative analysis of the sustainability performance of seventeen companies (from different countries) of the construction materials sector, and it classified the CIMPOR Group in seventh position, awarding a score that included the Group among the "best in class".

A new period of compliance of the Kyoto Agreement (2008 -2012) begins in 2008. The corresponding emissions licences have already been defined for this period. The following table illustrates the difference to the rights awarded in the previous period (in terms of annual average). The increases in the Spanish plants of Córdoba and Niebla are the result of the work undertaken in 2007.

CO_2 Emissions Licences (Annual Average)

Plant / Tonne CO_2	2008 - 2012	2005 -2007	Difference
Portugal			
Souselas	1,750,901	1,719,333	31,568
Alhandra	1,748,681	1,736,995	11,686
Loulé	503,429	509,112	- 5,683
Cabo Mondego	50,886	49,839	1,047
Portugal Total	4,053,897	4,015,279	38,618
Spain			
Toral de los Vados	695,311	722,824	- 27,513
Oural	363,244	380,866	- 17,622
Córdoba	590,748	411,749	178,999
Niebla	376,466	258,451	118,015
Spain Total	2,025,769	1,773,890	251,879
General Total	6,079,666	5,789,169	290,497

6. Human Resources

The growing internationalisation of the CIMPOR Group requires a human resources policy that fosters mobility, promotes respect for specific practices and for local cultures, while providing the Group with

- A strong corporate culture that is coherent with its global policy;
- Employees that perform at the highest level, that clearly identify with and are committed to the defined strategy;
- Management instruments adapted to the geographical, cultural and legal diversity of the different countries the Group operates in;
- Simple, flexible and value creating work processes.

In this vein, the "Corporate Strategy for the Management of the CIMPOR Group's Human Resources", approved at the end of 2007, defined a set of intervention areas essential to the pursuit of that strategy: Collection of HR indicators; audit of the corporate and organisational climate; implementation of an integrated management model for senior management; the management of managerial staff; and an HR action plan.

The work already carried out in relation to HR Indicators involves the systematised collection of information relative to organisational structure and the characteristics of the workforce, as well as a dataset aimed at assessing factors likely to affect employee productivity, the return on investment in HR, the satisfaction level of in-house clients and the personnel training and recruitment costs.

Audits of the corporate the organisational climate started in 2005 and has since then been implemented in a number of countries (Portugal, Tunisia, Mozambique, South Africa and Egypt), It includes eight compulsory components (Occupational Health and Safety, Team Spirit, Leadership, Communication, Communication and Leadership, Remuneration Policy, Personal Satisfaction and Image of the Group) and five optional components (Environmental Policy, Quality Policy, Performance Assessment, Training and Image of the Company).

The intended integrated management model for senior management is based on four fundamental pillars: Career, training, Remuneration Policy and Talent Management.

The "Management of Managerial Staff" area is now focused at Group level, given its importance in the implementation of a succession plan that not only ensures that vacant positions are filled due to natural exits from office but also to provide a response to the growing demands of international mobility.

The HR action plan will be applied in all business areas and in all of CIMPOR's activities, based on a common IT platform that will permit the level of alignment with the corporate model to be assessed, and also harmonise and compare best practices in the Group and draw up improvement programmes.

As a result of the Group's expansion into the new business areas of Turkey, China and Peru and into concrete and aggregate production and marketing (especially in Brazil, South Africa and Cape Verde) the number of CIMPOR employees rose in 2007 by around 27%, to a total of 7,530 at the end of the year (including casual and term contract workers), which is 1,580 more than at 31 December 2006.

Number of Employees per Business Area (31 Dec.) (1)

	2007	2006	Change	2005
Central Services (2)	109	110	- 0.9 %	113
Portugal	1,562	1,572	- 0.6 %	1,662
Spain	998	1,011	- 1.3 %	987
Morocco	203	208	- 2.4 %	210
Tunisia	226	231	- 2.2 %	240
Egypt	491	491	0.0 %	483
Turkey	797	-	n.s.	-
Brazil	1,396	1,272	9.7 %	1,180
Peru	38	-	n.s.	-
Mozambique	435	497	- 12.5 %	470
South Africa	482	467	3.2 %	416
Cape Verde	170	88	93.2 %	64
China	623	-	n.s.	-
Other Activities	0	3	- 100.0 %	2
Total	7,530	5,950	26.6 %	5,827

(1) Companies included in the consolidation perimenter (including casual and term contract workers)
(2) *Holding*, CIMPOR Inversiones, CIMPOR Internacional and CimporTec

The decline in Mozambique was particularly significant (62 employees) and was mainly due to the sale of a small prefabricated plant.

Number of Employees by Activity (31 Dec)

	2007		2006		Change
	Number	%	Number	%	
Operating Activities					
Cement	4,784	63,5	3,548	59.6	34.8 %
Concrete and Aggregates	2,037	27.1	1,687	28.4	20.7 %
Mortar	69	0.9	68	1.1	1.5 %
Other Actividades Operacionais	116	1.5	177	3.0	- 34.5 %
Common Services	524	7.0	470	7.9	11.5 %
Total	7,530	100.0	5,950	100.0	26.6 %

In the sphere of training – and apart from the implementation of actions devoted to “Occupational Health and Safety”, which is defined as a strategic priority, it was important that the consolidation of the “Technical Teams Training Plan” focused on cement production and covering the whole Group was put into effect (see section 4 above).

7. Financial and Risk Management Policy

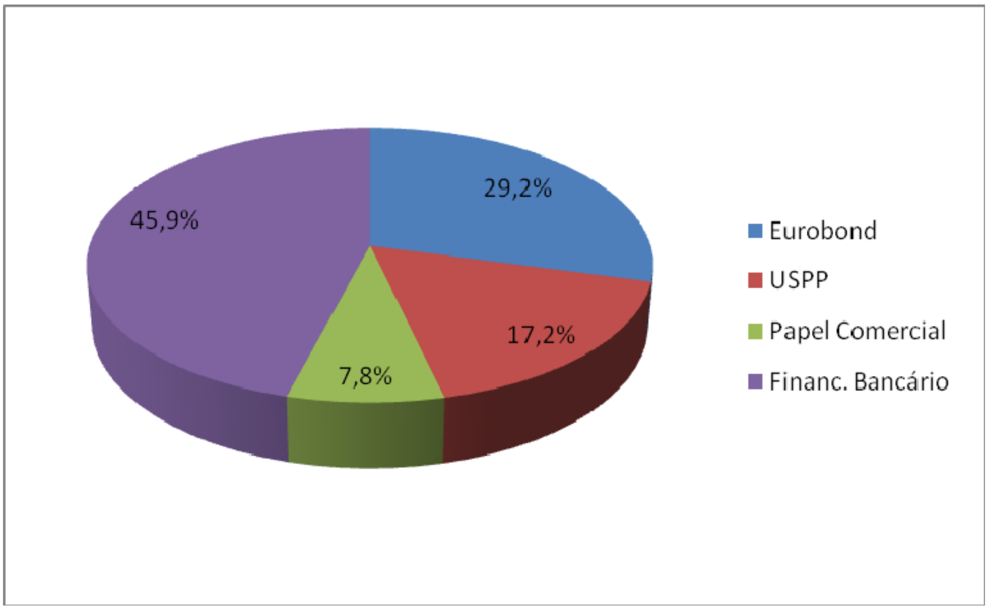
7.1. Financial Debt Management

The CIMPOR Group's net financial debt increased by around 57% from just over 865 million euros at the end of 2006 to almost 1,360 million euros on 31 December 2007, as a result of the large volume of investments made.

Cimpor Inversiones contracted a 5-year bank loan in the value of 280 million euros from three international financial institutions, for the purpose of settling and closing most of the short-term lines of credit used to fund the acquisitions in Turkey. Before the year's end, Cimpor Inversiones also negotiated another loan (under the same conditions as the previous one) in the value of 200 million euros, which it shall use in 2008.

The financing of the referred to acquisitions required that the Group frequently and intensively contract short-term debt instruments and that an important renegotiation of the respective limits be undertaken: in Portugal, the Holding's and CIMPOR Indústria's commercial paper programmes were raised from 300 to 600 million euros and, at the same time, the global ceiling of the back-up lines of credit available to Cimpor Inversiones and to Corporación Noroeste in Spain were also doubled (from 190 to 380 million euros).

The financial debt at the end of 2007 totalled around 2,049 million euros in gross terms, and it basically consists of four types of instrument: a Eurobond issue (EUR 600m) launched in 2004, two US Private Placements issues (USD 404m) placed in 2003; Commercial Paper issued in 2007 (EUR 160m) and Bank Loans.



The credit conditions underlying the new operations contracted and careful management of the debt contracted in previous years has allowed the containment of the expenses concerning net financial debt to only 9.6 million euros, which even, and despite the unfavourable context, led to a drop of 0.5 p.p. in the average cost of debt compared to 2006. The good operational performance of the Group allowed CIMPOR to continue complying without difficulty with all the financial covenants set out in the contracts in force, and also to maintain the long-term rating (BBB, stable outlook) awarded the

Holding by Standard & Poor's and which, in 2007, was extended to Cimpor Inversiones.

Below is a table summarizing the Group's main financial operations reported in its consolidated liabilities:

Financial Debt as at 31 December 2007

Finance	Curren	Value(10^3)	Start	Maturity	Interest rate
Holding					
Bilateral Loan	EUR	5,000	Mar 2005	Jun 2008	Euribor + 0.275%
CIMPOR Inversiones					
Bilateral Loan	EUR	387,500	Mar 2005	Jun 2008	Euribor + 0.275%
Bilateral Loan	EUR	280,000	Nov 2007	Nov 2012	Euribor + 0.275%
	EUR	667,500			
CIMPOR B.V.					
Eurobonds	EUR	600,000	May	May 2011	4.500%
US PP 10y	USD	150,000	Jun 2003	Jun 2013	4.900%
US PP 12y	USD	254,000	Jun 2003	Jun 2015	4.750%
IAS 39 impact	EUR	4,477			
Total	EUR	949,187			
Portugal					
CIMPOR Indústria					
EIB Financing	EUR	53,333	Sep 2003	Sep 2015	EIB Basic Rate
Commercial Paper	EUR	120,000	Nov 2007	Feb 2008	4.890%
Commercial Paper	EUR	40,000	Dec 2007	Feb 2008	5.170%
Overdrafts	EUR	18,434	-	-	-
Subtotal	EUR	231,767			
Other Companies					
Sundry Finance	EUR	1,096	-	-	-
Total	EUR	232,863			
Spain					
Sundry Finance	EUR	131,692	-	-	-
Brazil					
Sundry Finance	BRL	42,213	-	-	-
Total	EUR	16,259			
Morocco					
Bilateral Loan	MAD	34,875	Sep 2006	Sep 2013	5.450%
Sundry Finance	MAD	38,778	-	-	-
Total	EUR	6,458			
Turkey					
Overdraft	TRY	1,112	-	-	-
Total	EUR	648			
Mozambique					
Overdraft	MZN	5,888	-	-	-
Total	EUR	169			
South Africa					
Sundry Finance	ZAR	431	-	-	-
Overdraft	ZAR	6,690	-	-	-
Total	EUR	710			

China					
Sundry Finance	CNY	233,177	-	-	-
Total	EUR	21,686			
Peru					
Sundry Finance	PEN	35,127	-	-	-
Total	EUR	7,830			
Cape Verde					
Sundry Finance	EUR	314	-	-	-
Sundry Finance	CVE	5,292			
Overdraft	CVE	67,345	-	-	-
Total	EUR	973			
Various					
Operational Leasing	EUR	8,252	-	-	-
Group Total	EUR	2,049,227			

The role played by Cimpor Inversiones in granting credit to some of its subsidiaries is also highlighted. This role guarantees its subsidiaries access at market conditions to the financial resources needed to implement their investment projects.

7.2. Risk Management Policy

7.2.1. Financial Risk Management

As part of its normal operations, the CIMPOR Group is faced with various financial risks as a result of exposure to fluctuations in the local currency exchange rates in countries in which it operates, and to euro and US dollar interest rate changes, the main currencies in which its financial debt is held.

To mitigate the potential impact of any unfavourable changes in these factors, management policy is based on the following principles:

- Centralization of all risk management in the holding company, which analyses and approves transactions (Executive Committee) and carries them out and monitors them (Financial Operations Area of the Corporate Centre);
- Analysis of the Group's global exposure to different types of financial risk, and identification of potential new sources of uncertainty arising from the normal process of growth and internationalization;
- The search for and development of solutions to cover identified risks, and never, as a rule, merely for trading purposes, without there being underlying assets or liabilities;
- Selection of hedging instruments based on careful analysis and assessment of the risk/return ratio of the various alternatives available on the market for the type of risk in question;
- Search, whenever possible, for natural hedging by contracting financing in the local currency of the various countries where the Group operates;
- Regular monitoring of the risks and costs relating to the different operations contracted, in particular by calculating their market value and analysing market value sensitivity to changes in the main variables.

With respect to this last point, attention is drawn to the use of a particularly relevant statistical measure for derivative portfolio management, known as Earnings-at-Risk. This indicator forecasts the portfolio's maximum negative impact in terms of results for a three-month timeframe, with 95% accuracy. It provides an ongoing analysis for the portfolio and assesses the extent to which this impact may or may not be lessened by contracting certain operations.

Regarding exchange risk management, it was decided to keep the two cross-currency swaps (USD/EUR) associated with the private placements issued in June 2003 on the US market.

In the area of interest rate risk, the Group continued its dynamic management of the derivatives portfolio to maintain a comfortable split of debt between fixed and variable interest rates, minimization of its global cost and a balanced cash flow / market value ratio. Besides the restructuring of existing positions, two new operations were undertaken, with the aim of replacing fixed rates for variable interest rates in around 25% of the total interest payable in the Eurobonds issued in 2004.

The Group achieved important agreements in 2007 with the main financial institutions from which it had contracted hedging operations, by which Cimpor Inversiones – which began to be rated independently by Standard & Poor's (BBB) – took on, in substitution of the Holding, the position of official counterparty in the referred to operations.

7.2.2. Asset Risk Management

The operating risk management policy of the Group was not significantly changed in 2007, with self-insurance being kept at the same level as in previous years and "major risks" being insured with international insurance companies.

When renegotiating insurance policies within the CIMPOR Group's global programmes, and despite the fact that the main companies involved continued to make very demanding conditions for their renewal, substantial reductions in the premiums for material damage and third-party liability policies were once again obtained.

The Group's "own" reinsurance company – CIMPOR Reinsurance, based in Luxembourg – continued to directly underwrite material damage and machine breakdown risks, with compensation limits up to two million euros. It also handled third party liability and product liability, with compensation limits up to two hundred and fifty thousand euros. Above these sums, cover remained with international reinsurance companies.

This "own" company has enabled the CIMPOR Group to not only streamline its operational and asset risk management and minimize the respective charges, but also to enjoy certain financial benefits by investing the premiums received from the various business areas, in particular by making these funds available for financing Group companies.

In 2007 the global third-party liability insurance of CIMPOR's directors and managers was renegotiated, and even with the difficult market conditions the same cover was maintained as in previous years, but for a lower premium.

Personal, vehicle and other miscellaneous insurance cover required by the different business areas was kept with local firms, in accordance with the specific laws of each country and the contractual conditions of employees.

8. Information Technology

2007 was a particularly intensive year in the Information Systems area, due to the scale and importance of the acquisitions made by the CIMPOR Group. These acquisitions implied significant effort in resizing and reorganising the Information Systems services.

The most significant projects in this area were the integration of Cimpor Yibitas (Turkey) into the CIMPOR Group, the reformulation of the Enterprise Resource Planning (ERP) solution following the acquisition of the referred to company, the upgrade of ERP SAP to its latest version and the digitalization and automatic reconciliation of invoices in the Portugal and Spain business areas.

The ongoing need to meet the challenge imposed by the growth of the Group and the systematic endeavour to adapt the Information Systems to new business conditions, were the underlying factors for the adoption of new SAP modules and the extension of their use to multiple companies in a number of countries. The process of expanding some important corporate solutions, namely in the communication area (CimporNet), accounting consolidation (BCS SAP), quality management and industrial statistics areas, also advanced in 2007. Simultaneously, credit management and operational control support systems were substituted in the concrete sector.

A number of projects in the infrastructures field were developed, with the aim of leading to their rationalisation and update, through the implementation of new control tools accompanying significant advances in virtualization strategy, thus resulting in a notable improvement in service level, security and communications quality in all business areas. The support provided by Microsoft allowed a number of innovative projects to be developed, based on the most recent electronic mail and unified communication applications.

The activities of the Planning, Control and Information Systems Department in 2008 shall focus on the deployment of the ERP SAP in the new business area of Turkey, the integration of the companies acquired in China, India, Cape Verde and Peru into the CIMPOR Group's corporate network, the development of an Authorisation Management structural project on SAP's GRC platform and the launch of a human resources solution transversing the entire Group (supported by kiosks installed in the different plants, with the aim of facilitating employees' access to information).

9. Outlook for 2008

9.1. Overview

The problems that assail the financial sector as a result of the subprime mortgage market crisis in the USA, combined with climbing raw material prices, especially the price of oil, should not permit world economic growth of more than 3.5% in 2008. This sudden slowdown in economic activity - translating into an expected 1 p.p. decline of the referred to rate - shall have most impact in the developed economies, where the decline of confidence indicators and the signs of deceleration in productive activity, employment and households' consumption are already very evident. The latest projections of the International Monetary Fund, in this context, indicate growth rates of the USA and Euro Zone of only 0.5% and 1.4%, respectively.

The economies of emerging or developing countries should not escape this deceleration, which shall cause a cooling down of their exports, though they may indeed benefit from dynamic domestic demand and, as a result, will probably once again record strong growth in 2008 (6.7% on average, according the IMF's latest forecasts).

The global scenario is, nonetheless, one of relative uncertainty, since there is a serious risk that the current turbulence in the financial sector may have more impact on developed economies, with significant repercussions in all other markets. On the other hand, while inflation risks do not diminish, monetary policy may assume a decisive role in the attempt to stimulate the economic growth.

The outlook for the cement industry is, despite all this, rather optimistic, and worldwide growth above 7% is forecast (a little below 5% if China is excluded). Though while the emerging markets should grow above 9% collectively, the mature markets shall probably undergo a decline in the region of 4% (the USA shall fall 10%). A number of factors underlie the referred to optimism: China is clearly intensifying its endeavours to close down the small plants – the goal for 2008, in terms of installed capacity, is 136 million tonnes, which would correspond, if achieved, to a decrease in worldwide cement supply capacity of more than 5% in just two years; the increase in energy costs shall continue to ward off exports; and the new capacity announced in Middle East countries in the meantime are considerably behind schedule. These factors combined with the solidness of demand in most emerging markets also provide a certain degree of optimism as regards the evolution of cement prices.

9.2. CIMPOR Group

The integration of the new business area of India and the expected increases of EBITDA in Egypt, Brazil and South Africa, should make 2008 an overall positive year for the CIMPOR Group.

In Portugal, following some signs of recovery in the second half of 2007, particularly in the civil engineering and non-residential construction segments, it is envisaged that the construction and public works sector finally initiate a new cycle of development. The same should occur in relation to cement consumption, especially from the second half of the year onwards, even if the important residential construction segment remains in recession.

It is probable that the Portugal business area shall benefit from increased sales in the domestic market accompanied by an increase in prices that is inevitable due to the rise in industrial costs (especially energy costs), and it shall accordingly undergo mediocre positive growth in 2008, in both turnover and operating cash flow.

In Spain, it is estimated that the process of economic deceleration initiated in the last quarter of 2007 shall extend throughout 2008, leading to a fall of GDP growth of nearly 2 p.p. The main factors for this decline are the real estate and construction sectors which, after a number of years of strong expansion, shall undergo marked decline overall in 2008.

The regions of Andalusia and Extremadura will forseeably be those most affected, accounting for a 5% fall in cement consumption. In Galicia the contrary will probably occur, since the large number of public works in progress shall cause demand to remain high. However, the increase of supply in this market due to the appearance of new players may cause the Group's sales to fall significantly.

Accordingly, it is assumed that the EBITDA generated in the Spain business area shall evolve negatively in 2008, despite the reduction of clinker import requirements as a result of the increases in capacity implemented in the Córdoba and Niebla plants (with an impact on the reduction to cement producing costs) and the important investments recently made in acquiring the concrete and aggregates companies.

In the Mediterranean basin countries where the Group operates, the construction sector in general is passing through a period of growth and it is estimated that cement consumption may grow in 2008 by 10% in Morocco and Egypt and by around 5% in Tunisia and a little less in Turkey. This fact should lead, except in Turkey, besides a rise in price, to a more or less significant increase in turnover and EBITDA.

In Egypt, the maintenance and modernisation work made on one of the three production lines and given that the operating profits achieved in 2007 were heavily affected by the long stoppage to that line that the work caused, it is expected that the respective financial results shall undergo particularly sharp growth.

In Turkey however, the substantial increase of the installed capacity in the country and the pressure on prices that excess supply shall surely generate, allied to the probable depreciation of the local currency, will certainly lead to lower sales in the domestic market and a possible significant reduction to operating cash flow.

In Brazil, the dynamism demonstrated by domestic demand should allow GDP to remain close to 5% in 2008. The construction sector in particular shall continue to benefit from significant investment in the residential segment and in large infrastructures established in the "Growth Acceleration Programme".

Cement consumption in this context is envisaged to rise by between 7 and 10%, with selling prices recovering slightly from the enormous decline thy have undergone in recent years. With a significant improvement in results in the concrete area also foreseen, it is expected that CIMPOR Brasil shall provide a very positive contribution to the growth of the Group's turnover and EBITDA in 2008.

The Mozambican economy should continue to grow at a good rate (above 7%), driven by public investment in large-scale infrastructure projects. The probable increase in cement consumption (estimated at around 10%) and the progressive improvement of operational conditions in this business area permit an increase in EBITDA to be forecast, even though it may be offset by the tendency for the local currency to depreciate against the euro.

This final factor will likewise impact on the profits in South Africa where, in addition, economic activity is expected to undergo deceleration to a certain extent. Nonetheless, its contribution to increasing the Group's operating cash flow shall certainly be one of the most significant, as a result of the planned start-up of NPC-CIMPOR's new clinker production line in the second quarter.

In Cape Verde, the strong expansion of investment in the tourism sector should allow the Group's business to grow in terms of cement sales and in relation to concrete and aggregate production and sales.

Notwithstanding any further acquisitions in China that may occur, the expected increase in cement consumption in the country and the fact that 2008 shall be the first full year of the integration of this business area likewise promise a significant increase in the respective contribution of China to the Group's operating profits.

10. Post Balance Sheet Events

The following significant events took place after the end of the 2007 financial year:

- Conclusion of the process of acquisition by Cimpor Inversiones, S.A. of a set of shareholdings corresponding to 73.63% of the share capital of the Indian company Shree Digvijay Cement Company Limited, listed on the Bombay Stock Exchange, for the sum of approximately 70 million euros.
- Start of the process of recovering hazardous industrial waste as a fuel at Souselas plant (Portugal).
- Exercise of the option by Cecisa – Comércio Internacional, S.A. to buy 80% of the equity capital of Cecime – Cimentos, S.A..
- Liquidation and winding up of Betrans – Sociedade Produtora e Distribuidora de Betão Transmontano, S.A..
- Establishment of the company Áridos Cosmos, S.L., fully owned by the Firmes y Hormigones Sani, S.L. company, and whose aggregates production and sales business was taken over by the former.
- Establishment of the company Occidental de Áridos, S.L. and it acquires the assets of the Hormigones Hércules, S.L. company assigned to the aggregates production and sales business.
- Corporación Noroeste de Hormigones e Áridos, S.L. sells an equity holding of 10% of the capital of the Firmes y Hormigones Sani, S.L. company.
- Acquisition, through the Spanish subsidiaries Hormigones Hercules, S.L. and Occidental de Hormigones, S.L. of three concrete plants (two in the region of Seville and one in Huelva) and of all the shares representing the share capital of the Arenor Hormigones, S.L.U. company (owner of three more concrete plants, also in the region of Seville), for the sum of 15.5 million euros.
- Acquisition, through the Spanish subsidiary Occidental de Áridos, S.L. of a 75% holding in the share capital of the Arenor Áridos, S.L.U. company which operates a set of quarries on leased out land in the region of Seville, with an annual production of around 2.5 million tonnes of aggregates, for the sum of 24.45 million euros. The remaining 25% stake was subject to a preliminary purchase contract, with a three year execution period, in the value of 8.15 million euros.
- Acquisition, likewise through the Spanish subsidiary Occidental de Áridos, S.L. of all the shares representative of the share capital of the Urgón y Trituración, S.L. company which operates a quarry in the region of Córdoba, with an annual production of around 350 000 tonnes of aggregates, for the sum of 4.37 million euros.
- Acquisition, through Occidental de Hormigones, S.L. of all the shares representative of the share capital of the Urgón, S.A. company which owns two concrete plants the region of Córdoba, for the sum of 1.86 million euros.
- Signature of a contract to buy new cement grinding equipment for the Asment de Témara plant (Morocco).
- Reduction of the share capital of Société Les Ciments de Jbel Oust (Tunísia) from TND 87,423,000 to TND 81,572,500 through the amortization of 58,505 shares held by Cimpor Inversiones, S.A..

- Announcement of the project to extend the plant of Société Les Ciments de Jbel Oust (Tunisia) through the two-phase construction of one new clinker production line with a nominal capacity of 2,000 tonnes/day.
- Renewal of the quality management system (ISO 9001:2000) and environmental management (ISO 14001:2004) certifications of AMCC and ACCC (Egypt).
- Announcement of the project to construct one new clinker production line with a capacity of 1,500 tonnes/day, at the Dondo plant (Mozambique), complemented by new grinding and bagging facilities.
- Transfer of the assets of the Sterkspruit Concrete company to the Concrete Mix (Pty) Ltd. company. (South Africa), in order the concentrate all the Group's concrete business in the latter company.
- Announcement of the work to construct the first clinker production line at Shanting (5,000 tonnes/day) and new cement grinding equipment (one million tonnes/year) at Huaian (China).

Lisbon, 17 April 2008

THE BOARD OF DIRECTORS

Ricardo Manuel Simões Bayão Horta

Luís Eduardo da Silva Barbosa	Jacques Lefèvre
Jean Carlos Angulo	Jorge Manuel Tavares Salavessa Moura
Luís Filipe Sequeira Martins	Manuel Luís Barata de Faria Blanc
Pedro Maria Calaínho Teixeira Duarte	Vicente Árias Mosquera
José Manuel Baptista Fino	José Enrique Freire Arteta

III

CONSOLIDATED FINANCIAL STATEMENTS

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

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2007 AND 2006

(Amounts stated in thousands of euros)

(Translation from the Portugueses original - Note 49)

	Notes	2007	2006
Non-current assets:			
Goodwill	16	1,283,741	909,971
Intangible assets	17	13,302	10,720
Tangible assets	18	1,895,055	1,541,774
Investments in associates	7 and 19	163,533	156,955
Other investments	20	164,314	153,338
Accounts receivable-other	21	11,880	6,307
Taxes recoverable	22	20,488	3,528
Other non-current assets	23	4,655	3,036
Deferred tax assets	24	123,185	81,159
Total non-current assets		3,680,155	2,866,789
Current assets:			
Inventories	25	230,569	177,019
Accounts receivable-trade	26	323,861	263,795
Accounts receivable-other	21	22,800	19,043
Taxes recoverable	22	29,860	36,952
Cash and cash equivalents	42	540,250	489,441
Other current assets	23	6,474	4,772
Total current assets		1,153,813	991,022
Total assets	7	4,833,968	3,857,811
Shareholders' equity:			
Share capital	27	672,000	672,000
Treasury shares	28	(19,927)	(9,294)
Currency translation adjustments	29	183,834	121,274
Reserves	30	271,950	255,606
Retained earnings	31	384,470	248,177
Net profit for the year	15	304,073	291,915
Equity before minority interest		1,796,401	1,579,677
Minority interest	32	102,880	74,059
Total shareholders' equity		1,899,281	1,653,736
Non-current liabilities:			
Deferred tax liabilities	24	198,249	136,055
Employee benefits	33 and 35	17,028	24,872
Provisions	35	190,965	156,209
Loans	36	1,324,247	1,357,405
Obligations under finance leases	37	6,305	290
Accounts payable-others	40	20,814	19,841
Taxes payable	22	1,817	2,262
Other non-current liabilities	41	169,147	152,542
Total non-current liabilities		1,928,574	1,849,476
Current liabilities:			
Employee benefits	33 and 35	2,060	3,291
Provisions	35	3,139	1,486
Current liabilities-trade	42	196,243	149,556
Accounts payable-others	40	73,336	49,928
Taxes payable	22	44,967	41,101
Loans	36	623,481	60,256
Obligations under finance leases	37	1,946	457
Other current liabilities	41	60,942	48,525
Total current liabilities		1,006,113	354,599
Total liabilities	7	2,934,687	2,204,076
Total liabilities and shareholders' equity		4,833,968	3,857,811

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2007.

The Board of Directors

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CIMPOR - CIMENTOS DE PORTUGAL, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE YEARS ENDED

31 DECEMBER 2007 AND 2006

(Amounts stated in thousands of euros)

(Translation from the Portugueses original - Note 49)

	Notes	2007	2006
Operating income:			
Sales	7	1,806,747	1,565,695
Services rendered	7	159,310	73,197
Other operating income	8	47,519	38,595
Total operating income		2,013,577	1,677,487
Operating expenses:			
Cost of goods sold and material used in production	9	(539,317)	(392,845)
Changes in inventories of finished goods and work in progress		6,620	3,744
Supplies and services		(641,657)	(533,001)
Payroll costs	10	(207,070)	(173,239)
Depreciation and amortisation	7,17 and 18	(165,052)	(148,641)
Provisions and impairment losses	7,18 and 35	(3,808)	(6,352)
Other operating expenses	11	(25,163)	(19,103)
Total operating expenses		(1,575,447)	(1,269,436)
Net operating income	7	438,130	408,050
Financial expenses	7 and 12	(158,794)	(167,628)
Financial income	7 and 12	100,490	94,147
Share of profits of associates	7,12 and 19	8,025	19,146
Other investment income	7 and 12	2,291	12,035
Profit before income tax		390,142	365,750
Income tax	7 and 13	(69,341)	(60,140)
Net profit for the year	7	320,802	305,610
Attributable to:			
Equity holders of the parent		304,073	291,915
Minority interest	7 and 32	16,729	13,695
		320,802	305,610
Earnings per share:			
Basic	15	0.45	0.44
Diluted	15	0.45	0.44

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2007.

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

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts stated in thousands of euros)

(Translation from the Portugueses original - Note 49)

	Notes	2007	2006
Operating activities:			
Receipts from clients		2,278,931	1,904,327
Payments to suppliers		(1,312,633)	(1,047,573)
Payments to employees		(204,186)	(169,322)
Cash flows generated by operations		762,112	687,432
Income tax recovered/(paid)		(66,902)	(47,204)
Other payments relating to operating activities		(202,898)	(167,262)
Cash flows from operating activities (1)		492,313	472,966
Investing activities:			
Receipts relating to:			
Changes in consolidation perimeter	5	6,464	64,958
Investments		1,509	71,733
Tangible assets		5,493	8,110
Investment subsidies		2,281	3,490
Interest and similar income		27,556	30,824
Dividends		2,570	1,385
Others		9,146	208
		55,018	180,708
Payments relating to:			
Changes in consolidation perimeter	5	(522,466)	(25,553)
Investments	44	(22,999)	(151,603)
Tangible assets		(214,578)	(162,062)
Intangible assets		(1,834)	(740)
Others		(1,825)	(10,015)
		(763,703)	(349,973)
Cash flows from investing activities (2)		(708,684)	(169,265)
Financing activities:			
Receipts relating to:			
Loans obtained	44	819,333	12,176
Sale of treasury shares		4,227	3,835
Others		-	71
		823,560	16,082
Payments relating to:			
Loans obtained	44	(290,904)	(34,727)
Interest and similar costs		(93,845)	(91,793)
Dividends	14	(143,951)	(127,191)
Purchase of treasury shares	28	(14,371)	-
Others		(3,741)	(4,600)
		(546,812)	(258,311)
Cash flows from financing activities (3)		276,748	(242,229)
Variation in cash and cash equivalents (4) = (1) + (2) + (3)		60,377	61,472
Effect of currency translation and other non monetary transactions		(5,583)	(5,182)
Cash and cash equivalents at the beginning of the year	44	464,486	408,196
Cash and cash equivalents at the end of the year	44	519,280	464,486

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2007.

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

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts stated in thousands of euros)

(Translation from the Portugueses original - Note 49)

	Notes	2007	2006
Variation in fair value of cash flow hedging financial instruments	30	(8,709)	1,148
Variation in fair value of available-for-sale financial assets	30	2,098	-
Actuarial gain and loss on employee benefit plans	30 and 32	6,568	(2,772)
Variation in currency translation adjustments	29 and 32	60,942	(92,934)
Adjustments in investments in associates and others	30 and 31	3,212	(536)
Net income recognised directly in shareholders' equity		64,111	(95,095)
Transfers:			
Transfer from shareholders' equity to gain and losses of variation in fair value of cash flow hedging financial instruments	30	(884)	-
Transfer from shareholders' equity to gain and losses of non-current asset held for sale		-	(3,032)
Transfer from shareholders' equity to gain and losses of variation in fair value of available-for-sale financial assets	30	-	(12,907)
Consolidated net profit for the year		320,802	305,610
Total recognised income and expense for the year		384,028	194,576
Attributable to:			
Equity holders of the parent		368,920	182,852
Minority interest		15,108	11,724
		384,028	194,576

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2007.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
(Amounts stated in thousands of euros)
(Translation of notes originally issued in Portuguese– Note 49)

INDEX

1. Introduction

Cimpor - Cimentos de Portugal, SGPS, S.A. ("the Company") was incorporated on 26 March 1976, with the name Cimpor - Cimentos de Portugal, E.P.. The Company has undergone several structural and legal changes, which have resulted in it becoming the parent company of a Business Group with operations in Portugal, Spain, Morocco, Tunisia, Egypt, Turkey, Brazil, Peru, Mozambique, South Africa, China and Cape Verde (the "Cimpor Group").

Cimpor Group's core business is the production and sale of cement. The Group also produces and sells aggregates and mortar in a vertical integration of its businesses.

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, mortar, concrete parts and related activities in Portugal; and (ii) Cimpor Inversiones, S.A., which holds the investments in companies operating abroad.

2. Summary of significant accounting policies

2.1. Basis of presentation

The accompanying financial statements were prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (Note 4), restated in the consolidation process to the International Financial Reporting Standards, effective for the years beginning 1 January 2007. Such standards include the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the Accounting Standards Committee ("IASC") and the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"). These standards and interpretations are hereinafter referred to collectively as "IFRS".

The financial statements were prepared in accordance with the historical cost convention, except as regards financial instruments. Following is a summary of the main accounting policies adopted.

2.2. Adoption of new or revised International Financial Reporting Standards

As at the date of these financial statements, several standards and interpretations already issued but effective only in subsequent years, had not yet been adopted by the Group. These include the following ones which are applicable to the Group's current transactions:

IAS 1 (revised) – Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). This revision changes the requirements regarding the presentation of changes in equity, distinguishing the ones arising from transactions with equity holders acting in their capacity as equity holders from the remaining.

IAS 23 (revised) – Borrowing costs (effective for annual periods beginning on or after 1 January 2009). This revision determines the capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (asset that takes a substantial period of time to get ready for its intended use) as part of the cost of those assets. The option of recognising these costs as an immediate expense is, therefore, no longer available. These changes might have impact in the Group's financial statements, since the current procedure followed by the Group will no longer be allowed.

IFRS 3 (revised) – Business combinations and IAS 27 (revised) – Consolidated and separate financial statements (effective for annual periods beginning on or after 1 July 2009). These changes introduce the option of applying the "full goodwill" method in a business combination, where the noncontrolling interest (minority interest) is reported as part of consolidated equity. In what concerns business combinations, new accounting treatments are now considered for transaction costs, measurement of investment, etc. This revision might have impacts in future business combinations concerning Cimpor Group.

IFRS 8 – Operating segments (effective for annual periods beginning on or after 1 January 2009). It replaces IAS 14, and introduces the "management-approach", which determines that the preparation of information used for segment reporting must be based on information prepared for internal management decisions. The Group will adopt this standard on 1 January, 2009. The impact of the adoption of this standard is still being evaluated, but it is not expected any change in terms of the number of reported segments.

IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008). This interpretation limits the situations in which is possible to recognize an asset resulting from an employee benefit plan, and its interaction with minimum funding requirements. Potential impacts resulting from the adoption of this interpretation were not yet evaluated.

Additionally, the impact of the adoption of the standards and interpretations that became effective on 1 January 2007, can be described as follows:

- IFRS 7 – Financial instruments: disclosures and amendments to IAS 1 – Presentation of financial statements – capital disclosures: this standard introduces new disclosures relating to financial instruments and its risks, not having, although, any impact in its valuation or classification.

- IFRIC 7 – Applying the restatement approach under IAS 29 - Financial Reporting in Hyperinflationary Economies: no impact in the Group's financial statements.

- IFRIC 8 – Scope of IFRS 2: no impact in the Group's financial statements.

- IFRIC 9 – Reassessment of embedded derivatives: no impact in the Group's financial statements.

- IFRIC 10 – Interim financial reporting and impairment: no impact in the Group's financial statements for the years ended 31 December 2007 and 2006

2.3. Critical accounting judgements/estimates

The preparation of financial statements in conformity with IFRS recognition and measurement principles requires the Board of Directors to make judgements, estimates and assumptions that can affect the amount of assets and liabilities presented, especially amortisation and depreciation and provisions, the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as of income and expenses.

These estimates are based on the best knowledge existing at each moment and the planned actions, and are regularly reviewed based on the information available. Changes in facts and circumstances can lead to a revision of the estimates and so actual results may differ from these estimates.

The significant estimates and assumptions made by the Board of Directors in preparing these financial statements include assumptions used in estimating the following items:

• Impairment of non current assets

The determination of a potential impairment loss can arise as result from the occurrence of several events, many of them external to the Cimpor Group, such as future availability of financing, capital cost or any other changes, either internal or external, to Cimpor Group.

The identification of impairment indicators, the estimate of the future cash flows and the determination of the assets' recoverable amount, are subject of a high level of Management judgements referring to the identification and evaluation of the different impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

• Impairment of goodwill

Goodwill is subjected to annual impairment tests or whenever there are indications of a possible loss in value, in accordance with the policy mentioned in Note 16. The recoverable amounts of the cash-generating units to which goodwill has been allocated, are determined according to the expected cash flows. The calculation of these amounts requires the use by the Management of estimates regarding the future evolution of the activity and the discount rates considered.

• Useful lives of intangible and tangible fixed assets

The useful life of an asset is the time period during which an entity expects that an asset will be usable and it must be reviewed at least at the end of each economical year.
The determination of the assets useful lives, amortization/depreciation method to apply and of the estimated losses resulting from the early replacement of equipments, due to technological obsolescence, is essential to determine the amount of amortization/depreciation charge to the consolidated income statement of each year.

These three parameters are defined according to Management's best estimate, for the assets and businesses in question, considering as well the best practices adopted by companies operating in the same sectors.

• Provisions recognition

Cimpor Group analyses periodically possible obligations that arise from past events that should be recognized or disclosed. The subjectivity inherent to the determination of the probability and amount of internal resources required to settle the obligations, might lead to significant adjustments, either by the variation of the assumptions used or by the future recognition of provisions previously disclosed as contingent liabilities.

• Recognition of deferred tax assets

Deferred tax assets are only recognised when there is reasonable expectation that there will be sufficient future taxable income to utilise them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by Management at the end of each reporting period and it takes into consideration the expectation about the future performance of the company.

• Accounts receivable impairment

The credit risk associated to accounts receivable is evaluated at the end of each reporting period, taking into account the client's historical information and his risk profile. The accounts receivable are adjusted by the assessment performed by the Management of the estimated collection risks at the balance sheet dates, which might differ from the effective risk to incur.

• Retirement and healthcare benefits

An actuarial valuation made by independent experts and based on economic and demographic indicators is performed each year in order to assess the liabilities resulting from retirement and healthcare benefits granted to Group's employees.

2.4. Consolidation principles

a) Controlled companies

Controlled companies have been consolidated in each period using the full consolidation method. Control is considered to exist where the Group holds, directly or indirectly, a majority of the voting rights at Shareholders' General Meetings, or has the power to determine the companies' financial and operating policies.

Third party participation in shareholders' equity and net profit of such companies is presented separately in the consolidated balance sheet and consolidated statement of profit and loss under the caption "Minority interest".

Where losses attributed to minority shareholders exceed the minority interest in shareholders' equity of controlled companies, the Group absorbs such excess and any additional losses, except where the minority shareholders are required and are able to cover such losses. Where the subsidiary subsequently reports profits, the Group appropriates them up to the amount of the losses absorbed by the Group.

The results of controlled companies acquired or sold during the period are included in the statement of profit and loss from the date of their acquisition to the date of their sale.

Significant balances and transactions between controlled companies are eliminated in the consolidation process. Capital gains within the Group on the sale of subsidiary and associated companies are also eliminated. Whenever necessary, adjustments are made to the financial statements of subsidiary and associated companies to conform to the Group's accounting policies.

Where the Group has, in substance, control over other entities created for a specific purpose, even though it does not have direct participations in them, they are consolidated by the full integration method.

b) Jointly controlled companies

Investments in jointly controlled companies are consolidated in accordance with the proportional consolidation method as from the date joint control is acquired. Under this method, assets, liabilities, income and expenses of these entities are included in the accompanying consolidated financial statements, caption by caption, in proportion to the Group's control.

The excess of cost over the fair value of the identifiable assets and liabilities of jointly controlled companies as of the acquisition date is recognised as Goodwill. If the difference between cost and the fair value of the net assets acquired is negative, it is recognised as income for the period.

Transactions, balances and dividends distributed between these companies are eliminated in proportion to the Group's control.

Classification as a jointly controlled investment is determined by the contractual arrangements undertake on the economic activity that is subject to joint control.

c) Business combinations

Business combinations, namely the acquisition of controlled and subsidiary companies are recorded in accordance with the purchase method. Cost corresponds to the sum of the fair values of the assets acquired less the liabilities incurred or assumed and the equity instruments issued in exchange for the control acquired as of the transaction date plus any costs directly attributable to the purchase process.

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 - Business Combinations, are measured by their fair value as of the purchase date, except for non current assets (or groups of assets) that are identified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured by their respective fair values less costs to sell.

Any excess of cost over the fair value of the identifiable net assets acquired as of the purchase date is recorded as Goodwill. Where cost is lower than the fair value of the net assets identified, the difference is recorded as a gain in the statement of profit and loss for the period in which the acquisition is made.

Minority shareholders’ interest is reflected in proportion to the fair value of the assets and liabilities identified.

d) Investments in associates

An associated company is one over which the Group exercises significant influence, but does not have control or joint control, through participation in decisions relating to its financial and operating policies.

Investments in the majority of associated companies (Note 19) are recorded in accordance with the equity method, except where they are classified as held for sale. Investments are initially recorded at cost which is then increased or decreased by the difference between cost and the proportional value of the equity of such companies as of the purchase date or the date the equity method was first used.

In accordance with the equity method investments are adjusted periodically by the amount corresponding to participation in the net results of associated companies by corresponding entry to share of profit of associates (Note 12) and by other changes in shareholders’ equity by corresponding entry to adjustments in investments, reflected as Reserves, as well by recognition of impairment losses.

Losses in associated companies in excess of the investment in them are not recognised, unless the Group has assumed commitments to the companies.

Any excess of cost over the fair value of the identifiable net assets is recorded as Goodwill. Where cost is less than the fair value of the net assets identified, the difference is recorded as a gain in the statement of profit and loss for the period in which the acquisition is made.

In addition, dividends received from these companies are recorded as decreases in the amount of the investments.

Unrealised gains on transactions with associated companies are eliminated in proportion to the Group’s interest in such companies, by corresponding entry to the amount of the corresponding investment. Unrealised losses are also eliminated, but only up to the point in which the loss does not show that the asset transferred is in a situation of impairment.

e) Goodwill

Goodwill represents the excess of cost over the fair value of the identifiable assets and liabilities of a controlled, associated company or jointly controlled entity, as of the date of acquisition.

Goodwill is recorded as an asset and is not amortised, being reflected in a separate balance sheet caption or in the caption Investments in associates (Notes 16 and 19). Periodically, or whenever there are indications of a possible loss in value, goodwill is subjected to impairment tests. Any impairment loss is immediately recorded as a cost in the statement of profit and loss for the period and is not subject to subsequent reversal.

Goodwill is included in determining the gain or loss on the sale of a subsidiary, associated company or jointly controlled entity.

As a result of the exception established in IFRS 1, the Group applied the provisions of IFRS 3 – Business Combinations, to acquisitions after 31 December 1998. Goodwill on acquisitions after that date is restated to the currency of the subsidiary and translated to the Group's reporting currency (euros) at the rate of exchange on the balance sheet date.

Exchange differences arising on that translation are recorded in the caption Exchange translation adjustments.

Exchange differences generated prior to 1 January 2004 were recorded directly in Retained earnings, in accordance with IFRS 1.

Goodwill on acquisitions prior to 1 January 1999 was maintained at the former amount, being subject to annual impairment tests as from that date.

Where cost is less than the fair value of the net assets identified, the difference is recorded as a gain in the statement of profit and loss for the period in which the acquisition takes place.

2.5. Non-current assets held for sale

Non current assets (or discontinued operations) are classified as held for sale if the amount is realisable through sale, as opposed to through continued use. This is considered to be the case where: (i) the sale is probable and the asset is available for immediate sale in its current condition; (ii) management is committed to a sales plan; and (iii) the sale is expected to take place in a period of twelve months.

Non current assets (or discontinued operations) classified as held for sale are stated at the lower of book value or fair value less costs to sell.

2.6. Intangible assets

Intangible assets, which comprise essentially contractual rights and costs incurred on specific projects with future economic value, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are only recognised if it is probable that they will produce future economic benefits for the Group, they are controllable by the Group and their value can be determined reliably.

Internally generated intangible assets, namely current research and development costs, are recognised as costs when incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the statement of profit and loss when incurred, except where such costs relate directly to projects which will probably generate future economic benefits. In such cases these costs are capitalised as intangible assets.

Amortisation of such assets is provided on a straight-line basis as from the date the assets start being used, in accordance with their estimated useful life.

Intangible assets which are expected to generate future economic benefits for an unlimited period are known as intangible assets of undefined useful life. Such assets are not amortised but are subject to periodical impairment tests.

2.7. Tangible assets

Tangible assets used in production, rendering services or for administrative use are stated at cost, including expenses incurred with their purchase, less accumulated depreciation and, where applicable, impairment losses.

Assets relating to the cement operations on 1 January 2004 were revalued as permitted by the transition provisions of IFRS 1, the resulting amount being considered as the new cost.

Depreciation of tangible fixed assets is provided on a straight-line basis over their estimated useful lives, as from the date the assets become available for their intended use, in accordance with the following estimated periods of useful life:

	Average useful life
Buildings and other constructions	10 – 50
Basic equipment	7 – 30
Transportation equipment	4 – 8
Tools and dies	2 – 8
Administrative equipment	2 – 14
Other tangible fixed assets	2 – 10

The amount subject to depreciation does not include the estimated residual value of the assets at the end of their useful lives. Additionally, the assets stop being depreciated when they are classified as assets held for sale.

Land used for quarries is depreciated over its estimated period of operation.

Improvements are only recognised as assets when they increase the useful life or efficiency of the assets, resulting in increased future financial benefits.

Tangible assets in progress correspond to tangible assets under construction/promotion and are recorded at cost less possible impairment losses. These assets are depreciated as from the date they become available for their intended use.

Gains and losses arising from the sale or write-off of tangible assets, which are determined by the difference between the proceeds of the sale of the assets and their net book value at the date of sale/write-off, are recognised in the statement of profit and loss caption Other operating income or Other operating expenses.

2.8. Leases

Lease contracts are classified as: (i) finance leases, if substantially all the risks and benefits of ownership are transferred under them; and (ii) operating leases, if substantially all the risks and benefits of ownership are not transferred under them.

Leases are classified as finance or operating leases based on the substance and not form of the contract.

Fixed assets acquired under finance lease contracts, as well as the corresponding liabilities are recorded in accordance with the financial method. In accordance with this method the fixed assets are recorded as tangible assets, the corresponding liability is recognised and the interest included in the lease instalments and depreciation of the assets, calculated as explained above, are recognised in the statement of profit and loss for the period to which they relate.

In the case of operating leases, the lease instalments are recognised, on a straight- basis, in the statement of profit and loss over the period of the lease contracts.

2.9. Impairment of non-current assets, excluding goodwill

Impairment valuations are made whenever an event or change in circumstances is identified that indicates that the book value of an asset may not be recovered. Where such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss. In situations in which the individual asset does not generate cash flows independently of other assets, the recoverable value is estimated for the cash generating unit to which the asset belongs.

Intangible assets of undefined useful life are subject to impairment tests annually or whenever there are indications that impairment losses exist.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised by charge to the statement of profit and loss caption Provisions and impairment losses.

The recoverable amount is the higher between the net selling price (selling price, less costs to sell) and the usable value of the asset. Net selling price is the amount that would be obtained from selling the asset in a transaction between knowledgeable independent entities, less the costs directly attributable to the sale. Usable value is the present value of the estimated future cash flows resulting from the continued use of the asset and sale thereof at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the unit generating the cash flows to which the asset belongs.

Impairment losses recognised in prior periods are reversed when there are indications that such losses no longer exist or have decreased. Impairment losses are reversed by credit to the statement of profit and loss caption Provisions and impairment losses. However, the impairment loss is reversed up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior periods.

2.10. Foreign currency assets, liabilities and transactions

Transactions in currencies other than euro are recorded at the rates of exchange in force on the date of the transaction. Foreign currency monetary assets and liabilities at the balance sheet dates are translated to euros at the rates of exchange in force on that dates. Non monetary assets and liabilities recorded at their fair value in foreign currencies are translated to euros using the rate of exchange in force on the date the fair value was determined.

Exchange gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those in force on the dates of collection, payment or the balance sheet date are recognised as income or costs in the consolidated statement of profit and loss, except for those relating to non monetary items where the change in fair value is recognised directly in shareholders' equity (Exchange translation adjustments), in particular:

- Exchange differences resulting from the translation of medium and long term foreign currency intra Group balances, which in practice are extensions of investments;

- Exchange differences on financial operations to hedge exchange risk on foreign currency investments as established in IAS 21 - The Effects of Changes in Foreign Exchange Rates, provided that they comply with the efficiency criteria established in IAS 39.

The foreign currency financial statements of subsidiary and associated companies are translated as follows: assets and liabilities at the exchange rates in force on the balance sheet dates; shareholders' equity captions at the historical exchange rates; and statement of profit and loss and statement of cash-flow captions at the average exchange rates.

The exchange effect of such translations after 1 January 2004 is reflected in the shareholders' equity caption Exchange translation adjustments in the case of subsidiary companies and in the shareholders' equity caption Reserves in the case of investments in associated companies, and is transferred to the statement of profit and loss caption Financial expenses or Financial income when the corresponding investments are sold.

In accordance with IAS 21 goodwill and fair value corrections determined on the acquisition of foreign entities are considered in the reporting currency of such entities, and are translated to euros at the exchange rate in force on the balance sheet date. Exchange differences arising from these translations are reflected in the caption Exchange translation adjustments.

The Group contracts financial derivative hedging instruments when it wishes to reduce its exposure to exchange rate risk.

2.11. Borrowing costs

Borrowing costs are recognised in the statement of profit and loss for the period to which they relate.

2.12. Government grants

Subsidies are recognised based on their fair value, when there is reasonable certainty that they will be received and that the Group will comply with the conditions required for them to be granted.

Operating subsidies, namely those for employee training, are recognised in the statement of profit and loss in accordance with the costs incurred.

Investment subsidies relating to the acquisition of fixed assets are recorded in the caption Other non-current liabilities and are credited to the statement of profit and loss on a consistent straight-line basis in proportion to depreciation of the subsidised fixed assets.

2.13. Inventories

Merchandise and raw, subsidiary and consumable materials are stated at average cost.

Finished and semi-finished products and work in progress are stated at production cost, which includes the cost of the raw materials incorporated, labour and production overheads (considering depreciation of production equipment based on normal utilisation levels).

Inventories are reduced in value where market value is lower than book value, the reduction being reversed when the reasons that gave rise to it cease to exist.

2.14. Segment Reporting

A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a group of assets and operations involved in the supply of products and services within a particular economic environment that is subject to risks and returns that are different from those operating in other economic environments.

The Group presents as main segments the geographical segments, following the way Management carries out businesses.

2.15. Balance sheet classification

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

2.16. Net operating income

Net operating income includes operating income and expenses, whether recurring or not, including restructuring costs and operating income and expenses associated to operating assets (tangible assets and other intangible assets). Also comprise, gains or losses on the sale of companies consolidated using the full or proportional integration method. The net financial expenses, share of results of associates, other financial investment (Notes 12 and 19) and income tax, are excluded.

2.17. Provisions

Provisions are recognised when exists an obligation (legal or implicit) resulting from a past event, under which it is probable that it will have an outflow of resources to resolve the obligation, and the amount of the obligation can be reasonably estimated. At each balance sheet date provisions are reviewed and adjusted to reflect the best estimate as of that date.

a) Provisions for restructuring costs

Provisions for restructuring costs are recognised by the Group whenever there is a formal detailed restructuring plan which has been communicated to the parties involved.

b) Environmental rehabilitation

In accordance with current legislation and practices in force in several business areas in which the Group operates, land used for quarries must be environmentally rehabilitated.

In this respect, provisions are recorded to cover the estimated cost of environmentally recovering and rehabilitating the land used for quarries, whenever this can be reasonably determined. Such provisions are recorded together with a corresponding increase in the amount of the underlying assets, based on the conclusions of landscape rehabilitation studies, being recognised in the statement of profit and loss as the corresponding assets are depreciated.

In addition, the Group has the procedure of progressively rehabilitating the areas freed up by the quarries, using the provisions recorded.

2.18. Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual relationship.

a) Cash and cash equivalents

The caption Cash and cash equivalents includes cash, bank deposits, term deposits and other treasury applications which mature in less than three months, and are repayable on demanded with insignificant risk of change in value.

The caption Cash and cash equivalents in the statement of cash flows also includes bank overdrafts, which are included in the balance sheet in the caption Loans.

b) Accounts receivable

Accounts receivable are measured at fair value when they are initially recognised and are subsequently stated at amortised cost in accordance with the effective interest rate method. When there is evidence that the accounts receivable are impaired, the corresponding adjustment is recorded by corresponding charge to the statement of profit and loss. The adjustment is recognised and measured by the difference between the book value of the accounts receivable and the present value of the cash flows discounted at the effective interest rate determined upon initial recognition of the accounts receivable.

c) Investments

Investments are recognised (and derecognised) as of substantially all the risks and benefits of ownership are transferred under them, irrespective of the settlement date.

Investments are initially recognised at cost, which is the fair value of the price paid, including transaction costs.

Investments are classified as follows:

- Held-to-maturity investments;
- Assets at fair value through the statement of profit and loss;
- Available-for-sale financial assets.

Held-to-maturity investments are classified as non current assets, except if they mature in less than twelve months from the balance sheet date, investments with a defined maturity date which the Group intends and has the capacity to hold up to that date being recorded in this caption. These investments are recognised at amortised cost, using the effective interest rate, net of capital repayments and interest received. Impairment losses are recognised in the statement of profit and loss when the recorded amount of the investment is lower than the estimated value of the cash flows discounted at the effective interest rate determined at the time of initial recognition. Impairment losses can only be reversed subsequently when there is an increase in the recoverable amount of the investment can be objectively related to an event occurring after the date in which the impairment loss was recognised. In any case the recognised amount of the investment cannot exceed the amount corresponding to amortised cost of the investment had the impairment loss not been recognised.

Assets measured at fair value through profit and loss are classified as current investments. After initial recognition, assets measured at fair value through profit and loss and available-for-sale financial assets are revalued to fair value by reference to their market value as of the balance sheet date with no deduction for transaction costs that could arise up to the date their sale. Investments in equity instruments not listed on regulated markets, where it is not possible to estimate their fair value on a reliable basis, are maintained at cost less possible impairment losses.

Available-for-sale financial assets are classified as non current assets. Gains and losses due to changes in the fair value of available-for-sale financial assets are reflected in the shareholders' equity caption “Fair value reserve” until the instrument is sold, collected or in any other way realised, or where impairment losses are believed to exist, in which case the accumulated gain or loss is recorded in the statement of profit and loss.

d) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contract independently of its legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deduction of the liabilities.

Equity instruments issued are recorded at the amount received net of costs incurred to issue them.

e) Bank loans

Loans are initially recorded as liabilities at the amount received, net of loan issuing costs, which corresponds to their fair value on that date. Loans are subsequently measured at amortised cost, the corresponding financial costs being calculated at the effective interest rate, except as follows:

- Loans that form part of a relationship qualified as a fair value hedge, which are measured at fair value as regards the part attributed to the risk hedged. Variations in fair value are recognised in the statement of profit and loss for the period and compensated by the variation in fair value of the hedging instrument, as regards the corresponding effective component;

- Loans designated as financial liabilities, measured at fair value through profit and loss.

f) Accounts payable

Accounts payable are initially recognised at fair value and subsequently measured at amortised cost in accordance with the effective interest rate method.

g) Derivative financial instruments and hedge accounting

The Group has the policy of resorting to financial derivative instruments to hedge the financial risks to which it is exposed as a result of changes in interest rates and exchange rates.

In this respect the Group does not contract derivative financial instruments for speculation purposes.

The Group resorts to financial derivative instruments in accordance with internal policies set and approved by the Board of Directors.

Financial derivative instruments are measured at fair value. The method of recognising this depends on the nature and purpose of the transaction.

Hedge accounting

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

Variations in the fair value of derivative instruments designated as fair value hedges are recognised as financial income or expense for the period, together with changes in the fair value the asset or liability subject to the risk.

Variations in the fair value of derivative financial instruments designated as cash flow hedging instruments are recorded in the caption Hedging adjustments as regards their effective component and in financial income or expense for the period as regards their non effective component. The amounts recorded under Hedging adjustments are transferred to the statement of profit and loss in the period in which the effect on the item covered is also reflected in the statement of profit and loss.

Variations in the value of derivative financial instruments hedging net investments in a foreign entity, are recorded in the caption Exchange translation adjustments as regards their effective component. The non effective component of such variations is recognised immediately as financial income or expense for the period. If the hedging instrument is not a derivative, the corresponding variations resulting from changes in the exchange rate are recorded in the caption "Exchange translation adjustments".

Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with the requirements of IAS 39.

<u>Trading instruments</u>

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

h) Treasury shares

Treasury shares are recorded at cost, as a decrease in shareholders' equity. Gains and losses on the sale of treasury shares are recorded in the caption Reserves.

i) Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions.

The fair value of derivative financial instruments is calculated using market prices. Where such prices are not available, fair value is determined based on discounted cash flow, which includes some assumptions that are supportable by observable market prices or rates.

2.19. Retirement benefits

Retirement benefits are recorded in accordance with IAS 19 - Employee Benefits.

<u>Defined benefit plans</u>

Costs of these benefits are recognised as the services are rendered by the beneficiary employees.

Therefore, at the end of each accounting period actuarial valuations are obtained from independent entities to determine the amount of the liability as of that date and the pension cost to be recognised in the period, in accordance with the "projected unit credit" method. The liability thus estimated is compared with the market value of the pension fund, so as to determine the amount of the difference to be recorded in the balance sheet.

As established in the above mentioned standard, pension costs are recognised in the caption Payroll, based on the amounts determined on an actuarial basis, and include current service costs (increase in the liability), which corresponds to the additional benefits accrued to the employees during the period and interest costs, which result from updating the past service liability. These amounts are reduced by the estimated return on the assets relating to the plan. Actuarial gains and losses are recorded directly in Reserves.

Past service costs are recognised immediately, as the related benefits have already been recognised or, alternatively, recognised on a straight-line basis over the estimated period in which they are obtained.

<u>Defined contribution plans</u>

Contributions made by the Group to defined contribution plans are recorded as costs when they are due.

2.20. Healthcare benefits

Some Group companies provide supplementary healthcare benefits to their employees in addition to those provided by the Public Social Security, extensive to their families, early retired and retired personnel. The liability resulting from these benefits is recorded in a similar manner to the retirement pension liability, in the caption "Payroll – healthcare benefits", except for the part relating to actuarial gains and losses, which is recorded in Reserves.

As in the case of retirement benefits, actuarial valuations made by an independent entity are obtained at the end of each accounting period, so as to determine the amount of the liability as of that date.

2.21. Share-based payments

Share-based payments to employees, according to incentive share purchase plan and share option plan, are recorded in accordance with IFRS 2 - Share-based payment.

In accordance with IFRS 2, equity settled payment transactions are recognised at their fair value on the date they are granted.

Fair value as of the date the benefits are granted is recognised as cost on a straight-line basis over the vesting period as a result of services rendered.

On the other hand, cash settled payment transactions based on shares are recognised as a liability at their fair value as of the balance sheet date.

2.22. Contingent assets and liabilities

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the financial statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed in the notes to the financial statements when a future economic benefit is probable.

2.23. Revenue recognition and accruals basis

Income resulting from sales is recognised in the consolidated statement of profit and loss when the risks and benefits of ownership of assets are transferred to the purchaser and the amount of income can be reasonably quantified. Sales are recognised at the fair amount received or receivable, net of taxes, discounts and other costs incurred to realise them, by the fair value of the amount received or receivable.

Income from services rendered is recognised in the consolidated statement of profit and loss in the period in which they are rendered.

Interest and financial income are recognised on an accruals basis in accordance with the effective interest rate.

Costs and income are recognised in the period to which they relate independently of when they are paid or received. Costs and income, the amount of which is not known, are estimated.

Costs and income attributable to the current period which will only be paid or received in future periods, as well as amounts paid and received in the current period that relate to future periods and will be attributed to each of the periods by the amount corresponding to them, are recorded in the captions Other current assets and Other current liabilities.

2.24. Impairment and adjustments of financial assets

At each balance sheet date, the Group reviews for any indication that a financial asset or a group of financial assets may be impaired.

Available-for-sale financial assets.

For the financial assets classified as available for sale, a continuous or a significant decline in the fair value of the instrument below its cost, is considered as an indicator of impairment. If such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the asset's carrying amount and the present fair value, less any impairment loss already recognised in profit and loss – is removed from equity and recognised in profit and loss statement. Impairments relating to investments in available-for-sale equity instruments are not reversed

Clients, debtors and other financial assets

Impairment losses are recorded whenever there are clear indicators that the Group will not be able to collect all the amounts it should receive, according to the terms established by the contracted agreements. To identify these losses, several indicators are used, such as:

- accounts receivable ageing;
- debtor’s financial difficulties;
- debtor’s bankruptcy probability.

The adjustments are measured by the difference between the recoverable amount and the carrying amount of the financial asset and recognized as an expense in the income statement. The carrying amount of these assets is reduced to the recoverable amount through an impairment recognition. Whenever a certain amount is considered as uncollectible it is removed through the use of the respective impairment account. Subsequent recovery of these amounts is recorded in the income statement

2.25. Income tax

Tax on income for the period is calculated based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is calculated based on the taxable results (which differ from the accounting results) of the companies included in the consolidation, in accordance with the tax rules applicable to the area in which the head office of each Group company is located.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes, as well as those resulting from tax benefits obtained.

Deferred tax assets and liabilities are calculated and assessed periodically using the tax rates expected to be in force when the temporary differences reverse, and are not subject to discounting.

Deferred tax assets are only recognised when there is reasonable expectation that there will be sufficient future taxable income to utilise them. Temporary differences underlying the deferred tax assets are reappraised annually in order to recognise or adjust the deferred tax assets based on the current expectation of their future recovery.

2.26. Earnings per share

Earnings per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period.

The diluted earnings per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over shares and other financial instruments issued by the Group, convertible to shares of the Parent company.

2.27. Subsequent events

Events that occur after the date of the balance sheet that provide additional information on conditions that existed as of the balance sheet date are reflected in the consolidated financial statements.

Events that occur after the date of the balance sheet, that provide information on conditions that exist after the balance sheet date, if material, are disclosed in the notes to the consolidated financial statements.

2.28. CO_2 emission licences – Emissions market

Some of the Group's production units in Portugal and Spain are covered by the European greenhouse effect gas emissions market. While the IASB does not issue accounting policies covering the granting and trading of emission licences, the Group adopts the following policy:

- Emission licences granted at no cost, as well the corresponding emissions covered by that licences, do not give rise to the recognition of any asset or liability;

- Gains from the sale of emission rights are recognised as decreases in other operating expenses;

- When it is estimated that annual CO_2 emissions will exceed the licences granted annually, a liability, measured in accordance with the price at the end of the year, is recognised by corresponding charge to Other operating expenses;

- Licences acquired are recognised at cost, in a specific intangible assets account under the Industrial property and other rights caption.

3. Changes in policies, estimates and errors

The significant changes in estimates in the years ended 31 December 2007 and 2006 relate to changes in the actuarial assumptions used to determine the liability due to employee benefits, disclosed in Note 33. There were no changes in accounting policies or corrections of errors identified in these years.

4. Companies included in the consolidation

4.1. Companies consolidated in accordance with the full consolidation method

The parent company, CIMPOR - Cimentos de Portugal, SGPS, S.A., and the following subsidiaries, in which it has majority participation (control), have been consolidated using the full consolidation method:

(Amounts stated in thousands of euros)

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 Lisboa	
CIMPOR PORTUGAL	CIMPOR PORTUGAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
CIMPOR INTERNACIONAL	CIMPOR INTERNACIONAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
CIMPOR INVESTIMENTOS	CIMPOR INVESTIMENTOS, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
CIMPOR INVERSIONES	CIMPOR INVERSIONES, S.A. Calle Brasil, 56 36204 Vigo	100.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
CEMENT AREA (Portugal)		
CIMPOR INDÚSTRIA	CIMPOR – INDÚSTRIA DE CIMENTOS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
SCIAL	ESTABELECIMENTOS SCIAL DO NORTE, S.A. Av. Américo Duarte – S. Pedro Fins – Maia 4425 - 504 Maia	100.00
CECISA	CECISA - COMÉRCIO INTERNACIONAL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
CTA	CEMENT TRADING ACTIVITIES - COMÉRCIO INTERNACIONAL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
MOSSINES	MOSSINES – CIMENTOS DE SINES, S.A. Rua Alexandre Herculano, 35 1250 - 009 LISBOA	100.00
CIMENTAÇOR	CIMENTAÇOR - CIMENTOS DOS AÇORES, LDA. Rua Bento Dias Carreiro, 6 9600-050 Pico da Pedra - Ribeira Grande Açores	100.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
READY MIX CONCRETE AND AGGREGATES AREA (Portugal)		
CIMPOR BETÃO SGPS	CIMPOR BETÃO - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
CIMPOR BETÃO	CIMPOR BETÃO - INDÚSTRIA DE BETÃO PRONTO, S.A. Rua Quinta do Paizinho, Edifício Bepor, Bloco 2-1ºEsq. 2790 - 237 Carnaxide	100.00
BETAÇOR	BETAÇOR - FABRICO DE BETÃO E ARTEFACTOS DE CIMENTO, S.A. Rua dos Pastos – Beljardim 9760 - 114 Cabo da Praia Açores	100.00
AGREPOR	AGREPOR AGREGADOS - EXTRACÇÃO DE INERTES, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
INERGRANITOS	INERGRANITOS, S.A. Lugar e Freguesia de Canas de Senhorim - Nelas 3525 - 044 Canas de Senhorim	100.00
JOMATEL	JOMATEL - EMPRESA DE MATERIAIS DE CONSTRUÇÃO, S.A. Rua Quinta do Paizinho, Edifício Bepor, Bloco 2-1ºEsq. 2790 - 237 Carnaxide	90.00
BETÃO LIZ	BETÃO LIZ, S.A. Rua Quinta do Paizinho, Edifício Bepor, Bloco 2-1ºEsq. 2790 - 237 Carnaxide	100.00
VERMOFEIRA	VERMOFEIRA - EXTRACÇÃO E COMÉRCIO DE AREIAS, LDA. Rua Quinta do Paizinho, Edifício Bepor, Bloco 2-1ºEsq. 2790 - 237 Carnaxide	100.00
FORNECEDORA	FORNECEDORA DE BRITAS DO CARREGADO, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
M.C.D.	M.C.D. - MATERIAIS DE CONSTRUÇÃO DRAGADOS E BETÃO PRONTO, S.A. Rua Quinta do Paizinho, Edifício Bepor, Bloco 2-1ºEsq. 2790 - 237 Carnaxide	100.00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
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 7002 - 505 Évora	50.00

PRECAST AREA (Portugal)

PREDIANA	PREDIANA - SOCIEDADE DE PRÉ-ESFORÇADOS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
GEOFER	GEOFER - PRODUÇÃO E COMERCIALIZAÇÃO DE BENS E EQUIPAMENTOS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00

(Amounts stated in thousands of euros)

OTHER RELATED ACTIVITIES (Portugal)

Name	Full name/headquarters	Effective participation
SACOPOR	SACOPOR - SOCIEDADE DE EMBALAGENS E SACOS DE PAPEL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
CIMPOR TEC	CIMPOR TEC – ENGENHARIA E SERVIÇOS TÉNICOS DE APOIO AO GRUPO, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
CIARGA	CIARGA - ARGAMASSAS SECAS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
TRANSVIÁRIA	TRANSVIÁRIA - GESTÃO DE TRANSPORTES, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
ALEMPEDRAS	ALEMPEDRAS - SOCIEDADE DE BRITAS, LDA. Casal da Luz, Santa Maria 2510 - 086 Óbidos	100.00
CELFA	CELFA – SOCIEDADE INDUSTRIAL DE TRANSFORMAÇÃO DE GESSOS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
SCORECO	SCORECO - VALORIZAÇÃO DE, RESÍDUOS, LDA. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100.00
KANDMAD	KANDMAD – SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, LDA. Av. Arriaga, 77, Edifício Marina Fórum, 1º, sala 103, Sé 9000 - 060 Funchal Madeira	100.00

(Amounts stated in thousands of euros)

INTERNATIONAL AREA

SPAIN

CORPORACIÓN NOROESTE	CORPORACIÓN NOROESTE, S.A. Brasil, 56 36 204 Vigo	99.54
C.N. HORMIGONES Y ÁRIDOS	CORPORACIÓN NOROESTE DE HORMIGONES Y ÁRIDOS, S.L. Brasil, 56 36 204 Vigo	99.54
S.C.M.C. ANDALUCÍA	SOCIEDAD DE CEMENTOS Y MATERIALES DE CONSTRUCCIÓN DE ANDALUCÍA, S.A. Av. de la Agrupacíon de Córdoba, 15 14 014 Córdoba	99.54
CEMENTOS ANDALUCÍA	CEMENTOS DE ANDALUCÍA, S.L. Av. de la Agrupación de Córdoba, 15 14 014 Córdoba	99.54
OCCIDENTAL HORMIGONES	OCCIDENTAL DE HORMIGONES, S.L. Calle la Viela Polígono Industrial el Nevero 06006 Badajoz	99.54
CEMENTOS EL MONTE	CEMENTOS EL MONTE, S.A. 21810 – Palos de la Frontera (Huelva) Puerto Exterior de Huelva Muelle Ingeniero Juan Gonzalo s/n	99.54
CEMENTOS NOROESTE	CEMENTOS NOROESTE, S.L. Brasil, 56 36 204 Vigo	99.54
SERMACONSA	SERVICIOS Y MATERIALES PARA LA CONSTRUCCIÓN, S.A. Brasil, 56 36 204 Vigo	99.54

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
MORTEROS GALICIA	MORTEROS DE GALICIA, S.L. Brasil, 56 36 204 Vigo	99.54
HORMIGONES HÉRCULES	HORMIGONES HÉRCULES, S.L. Polígono Industrial – El Prado – 40 – Mérida 06800 – Badajoz	99.54
S.I.F. GALLEGA	SOCIEDAD INDUSTRIAL Y FINANCIERA GALLEGA, S.L. Brasil, 56 36 204 Vigo	99.54
TABANQUE, S.L.	TABANQUE, S.L. Brasil, 56 36 204 Vigo	99.54
HORMIGONES MIÑO	HORMIGONES MIÑO, S.L. Brasil, 56 36 204 Vigo	99.54
CEMENTOS COSMOS	CEMENTOS COSMOS, S.A. Brasil, 56 36 204 Vigo	99.29
PREBETONG GALICIA	PREBETONG GALICIA, S.A. Brasil, 56 36 204 Vigo	98.41
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	92.80
PREBETONG LUGO	PREBETONG LUGO, S.A. Av. Benigno Rivera s/n Polígono Industrial del Ceao 27 003 Lugo	81.57
PREBETONG LUGO HORMIGONES	PREBETONG LUGO HORMIGONES, S.A. Av. Benigno Rivera s/n Polígono Industrial del Ceao 27 003 Lugo	81.57
F.Y.H. SANI	FIRMES Y HORMIGONES SANI, S.L. CARRETERA NACIONAL – 630 Gijón – Sevilla, Km 308 06200 ALMENDRALEJO (BADAJOZ)	92.43

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
MATERIALES ATLÁNTICO	MATERIALES DEL ATLÁNTICO, S.A. Polígono Industrial Lagoas – Carretera Cedeira Km. 1,5 15 570 Narón (La Coruña)	69.02
HORMINGONES LA BARCA	HORMIGONES Y ÁRIDOS LA BARCA, S.A. Calle La Barca, nº 14 36 002 Pontevedra	49.77
ARICOSA	ÁRIDOS 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 TEMARA	ASMENT DE TEMARA, S.A. Ain Attig – Route de Casablanca Témara	62.62
BETOCIM	BETOCIM, S.A. Ain Attig – Route de Casablanca Témara	100.00
ASMENT DU CENTRE	ASMENT DU CENTRE, S.A. Ain Attig – Route de Casablanca Témara	100.00
GRABEMA	GRABEMA, S.A. Ain Attig – Route de Casablanca Témara	100.00

TUNISIA

C.J.O.	SOCIÉTÉ LES CIMENTS DE JBEL OUST 3, Rue de Touraine, Cité Jardins 1002 Tunis – Belvédère	100,00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
EGYPT		
AMCC	AMREYAH CEMENT COMPANY, S.A.E. El Gharbaneyat – Borg El Arab City P. O. Box 21511 Alexandria	96,39
CEC	CIMPOR EGYPT FOR CEMENT COMPANY, S.A.E. 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	98,38
CIMPSAC	CIMPOR SACS MANUFACTURE COMPANY, S.A.E. El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	99,59
AMREYAH DEKHEILA	AMREYAH DEKHEILA TERMINAL COMPANY, S.A.E. Trade City Center – Down Town Desert Road International Garden Alexandria	97,35
TURKEY		
CIMPOR YIBITAS	CIMPOR YIBITAS CIMENTO SANAYI VE TICARET A.S. Portakal Cicegi Sokak nº 33 - 06540 06540 Cankaya/Ankara/TURKIYE	99,74
YIBITAS HOLDING	YIBITAS HOLDING A.S. Portakal Cicegi Sokak nº 33 - 06540 06540 Cankaya/Ankara/TURKIYE	99,49
YOZGAT	YIBITAS YOZGAT ISCI BIRLIGI INSAAT MALZEMELERI TICARET VE SANAYI A. S. Portakal Cicegi Sokak nº 33 - 06540 06540 Cankaya/Ankara/TURKIYE	77,66
YIBMAK	CIMPOR YIBITAS MUHENDISLIK MAKINA SANAYI VE TICARET A.S. Portakal Cicegi Sokak nº 33 - 06540 06540 Cankaya/Ankara/TURKIYE	99,62

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
BEYNAK	CIMPOR YIBITAS BEYNELMILEL NAKLIYECILIK TICARET VE SANAYI A.S. Portakal Cicegi Sokak nº 33 - 06540 06540 Cankaya/Ankara/TURKIYE	99,74
NAKLIYECILIK	CIMPOR YIBITAS NAKLIYECILIK LTD. STI. Portakal Cicegi Sokak nº 33 - 06540 06540 Cankaya/Ankara/TURKIYE	99,74

BRAZIL

C.C.B.	CIMPOR - CIMENTOS DO BRASIL, LTDA. Avª Maria Coelho Aguiar, 215 – Bloco E – 8º Jardim São Luíz - São Paulo	100,00

MOZAMBIQUE

CIM. MOÇAMBIQUE	CIMENTOS DE MOÇAMBIQUE, S.A.R.L. Av. Fernão de Magalhães, 34 – 2º, nº1 Maputo – Caixa Postal 270	82,46
CIMBETÃO	CIMPOR BETÃO MOÇAMBIQUE, S.A.R.L. Estrada de Lingamo Matola	82,46

SOUTH AFRICA

NPC	NPC - CIMPOR (PTY) LIMITED 199 Coedmore Road Bellair 4094 Durban South Africa	74,00
NPCC	NATAL PORTLAND CEMENT COMPANY (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00
DC	DURBAN CEMENT LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00
SRT	SIMUMA REHABILITATION TRUST 1 Wedgelink Road Bryanston South Africa	100,00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
NPC - CELL "A7"	NATAL PORTLAND CEMENT CO (PTY) LTD. – CELL A7 5 th Floor SA Eagle House 70 Fox Street Johannesburg South Africa	100,00
CONCRETE	CONCRETE MIX (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00
S. C. STONE	SOUTH COAST STONE CRUSHERS (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00
S. C. MINING	SOUTH COAST MINING (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00
EEDESWOLD	EEDESWOLD HIGHLANDS (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00
STERKSPRUIT QUARRIES	STERKSPRUIT QUARRIES (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00
STERKSPRUIT CONCRETE	STERKSPRUIT CONCRETE (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00
STERKSPRUIT INVESTMENTS	STERKSPRUIT INVESTMENTS (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	100,00

CHINA

CIMPOR CHENGTONG	CIMPOR CHENGTONG CEMENT CORPORATION LIMITED. Suite 6404, 64th floor Central Plaza, 18 Harbour Road Wanchai - Hong Kong (R. P. China)	40,00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
SEA - LAND MINING	SEA - LAND MINING LIMITED Suite 6404, 64th floor Central Plaza, 18 Harbour Road Wanchai - Hong Kong (R. P. China)	40,00
NEW LIUYUAN	SHANGDONG LIUYUAN NEW TYPE CEMENT DEVELOPMENT COMPANY LIMITED Kuangsi Village, Liuyuan Town, Yicheng District Zaozhuang City, Shangdong Province ZIP code: 277300 (R.P. China)	38,40
NANDA	SUZHOU NANDA CEMENT COMPANY LIMITED Nº. 1, WenDu Road, Wang Ting Town, Xiang Cheng District Suzhou City, Jiangu Province ZIP code: 215155 (R.P. China)	28,41
HUAI AN LIUYUAN	HUAI AN LIUYUAN CEMENT COMPANY LIMITED Huai' an city, Huaiyin district, WangYing town (former Huayin district Building materials plant site) ZIP code: 223300	38,40
SUZHOU LIUYUAN	SUZHOU LIUYUAN NEW TYPE CEMENT DEVELOPMENT CO.,LTD Suzhou Wuzhong economic development zone, DongWu industrial park second term (Yinzhong south road) ZIP code: 215000	38,40
CIMPOR MACAU INVESTMENT	CIMPOR MACAU INVESTMENT COMPANY, S.A. Av. da Praia Grande, 693 Edifício Tai Wash - 15º andar MACAU (R. P. China)	50,00

CAPE VERDE

NORDICAVE TRADING	NORDICAVE TRADING INDUSTRIAL, LIMITADA. Estrada de Tira Chapéu, Praia, Santiago 14/A Cabo Verde	100,00
CIMENTOS CABO VERDE	CIMENTOS CABO VERDE, S.A. Estrada de Tira Chapéu Praia, Santiago 14/A Cabo Verde	98,65
CABO VERDE BETÕES E INERTES	CABO VERDE BETÕES E INERTES, S.A. Estrada de Tira Chapéu Praia, Santiago 14/A Cabo Verde	53,27

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
ITP	INDÚSTRIA DE TRANSFORMAÇÃO DE PEDRAS, LDA. Estrada de Tira Chapéu Praia, Santiago 14/A Cabo Verde	98,65
BETÕES DE CABO VERDE	BETÕES DE CABO VERDE, S.A. Estrada de Tira Chapéu Praia, Santiago 14/A Cabo Verde	54,26

PERU

CEMENTOS OTORONGO	CEMENTOS OTORONGO, S.A.C. Calle Siglo XXI nº 120 Centro Comercial La Gran Vía, Of. 549 - 551 Cercado Arequipa - Perú Ciudade de Arequipa, Provincia y Departamento de Arequipa - Perú	80,00
AGRECOM	AGREGADOS COMERCIAIZADOS SAC Av. Néstor Gambetta s/n Base Naval Del Callao, Puerta 6 Callao Perú	40,00

UNRELATED ACTIVITIES

CIMPOR SERVIÇOS	CIMPOR – SERVIÇOS DE APOIO À GESTÃO DE EMPRESAS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100,00
CIMPOR SAGESA	CIMPOR SERVICIOS DE APOIO À LA GESTION DE EMPRESAS, S.A. Brasil, 56 36 204 Vigo	100,00
CIMPOR FINANCE	CIMPOR FINANCE LIMITED 2 Harbourmaster Place Custom House Dock Dublin 1	100,00
CIMPOR B.V.	CIMPOR FINANCIAL OPERATIONS, B.V. Teleportboulevard 140 1043 EJ Amesterdam	100,00

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
SCANANG SGPS	SCANANG SGPS, UNIPESSOAL, LDA. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100,00
CIMPOR IMOBILIÁRIA	CIMPOR IMOBILIÁRIA, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100,00
MECAN	MECAN - MANUFACTURA DE ELEMENTOS DE CASAS DE CONSTRUÇÃO NORMALIZADA, LDA. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100,00
RETONOBA	RETONOBA, S.A. Brasil, 56 36 204 Vigo	100,00
SCANANG TRADING	SCANANG TRADING ACTIVITIES-ESPAÑA, S.A. Brasil, 56 36 204 Vigo	100,00
CIMPOR DEL ECUADOR	CIMPOR DEL ECUADOR, S.A. Distrito Metropolitano de Quito Província de Pichincha	90,00
CIMPOR REINSURANCE	CIMPOR REINSURANCE, S.A. 74, Rue de Merl, L - 2146 1611 – Luxemburgo	100,00
CIMPSHIP	CIMPSHIP - TRANSPORTES MARÍTIMOS, S.A. Rua Ivens, nº 3 - B, Edifício Dona Mécia, 2º L, Freguesia da Sé, Conselho do Funchal 9000 - 039 Funchal	60,00

4.2. Associated companies

Investments in associated companies, recorded in accordance with the equity method (Note 19) for the year ended 31 December 2007 were as follows:

(Amounts stated in thousands of euros)

Name	Full name/headquarters	Effective participation
CEMENT AREA (Portugal)		
C + P.A.	C + P.A. – CIMENTO E PRODUTOS ASSOCIADOS, S.A. Edifício 1 do Lagoas Park 2740 - 265 Porto Salvo	48,00
CECIME	CECIME – CIMENTOS, S.A. R. Cintura do Porto de Lisboa, Armazém, 21 Topo Norte 1900 - 649 Lisboa	20,00
OTHER RELATED ACTIVITIES (Portugal)		
SOGESSO	SOGESSO - SOCIEDADE DE GESSOS DE SOURE, S.A. Lugar de São José do Pinheiro 3130 - 544 Soure	40,00
SETEFRETE	SETEFRETE, SGPS, S.A. Av. Luísa Todi, 1 – 1º 2900 – 459 Setúbal	25,00
INTERNATIONAL AREA – SPAIN		
CEMENTOS ANTEQUERA	CEMENTOS ANTEQUERA, S.A. Carretera del Polvorín km 2, margen izquierdo 29 540 Bobadilla, Estacíon. Málaga	21,29
ARENOR	ARENOR, S.L. Calle Montecarmelo, 1 – 5º C Sevilla	28,44

4.3. Companies consolidated in accordance with the proportional method

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

(Amounts stated in thousands of euros)

INTERNACIONAL AREA – BRAZIL

ECO-PROCESSA	ECO-PROCESSA – TRATAMENTO DE RESÍDUOS LTDA. Av. Rio Branco, 110 – 39º - parte Cidade do Rio de Janeiro Estado do Rio de Janeiro	50,00

5. Changes in the companies included in the consolidation

The more significant changes in the year ended 31 December 2007, in the companies included in the consolidation were as follows:

<u>Acquisitions</u>:

Portugal – acquisition of 40% of the share capital of Sogesso – Sociedade de Gessos de Soure, S.A..

Turkey – acquisition of direct and indirect participations representing 99.68% of the share capital of Yibitas Lafarge Orta Anadolu Cimento Sanayi ve Ticaret A.S., now called Cimpor Yibitas Cimento Sanayi ve Ticaret A.S.; 50.21% of them were acquired directly from a Lafarge Group company for around EUR million euros.

China – conclusion of the acquisition by our subsidiary Cimpor Chengtong Cement Corporation, Ltd. (Cimpor Chengtong) of 60% of Shandong Liuyuan New Type Cement Development Company, Ltd. (New Liuyuan) and all the share capital of Sea-Land Mining, the main asset of which is a 71.03% shareholding in Suzhou Nanda Cement Company, Ltd. (Nanda). Our shareholding in New Liuyuan went up to 96% in 2007 through a share capital increase wholly subscribed by Cimpor Chengtong. The shareholder owning 4% of New Liuyuan has a call option exercisable in five years on the part that it was to subscribe.

Cape Verde – acquisition of 55% of the share capital of Betões de Cabo Verde, S.A..

Peru – acquisition of 80% of the share capital of Cementos Otorongo, S.A.C., which owns 50% of Agregados Comercializados, S.A.C..

Brazil – acquisition of three ready-mix concrete plants assets.

<u>Sales</u>:

Portugal – sale of our whole shareholding (42.86%) in Cimentos Madeira, Lda..

(Amounts stated in thousands of euros)

Spain – sale of our whole shareholding in Auxiliar de Áridos, S.L..

Mozambique – sale of the whole shareholding owned by Cimentos de Moçambique in Premap – Prefabricados de Maputo, S.A.R.L..

The impact of these changes in the consolidated balance sheet for the year ended 31 December 2007 was as follows:

	Acquisitions							Sales				
Captions	Portugal	Turkey	China	Cape Verde	Brazil	Perú	Subtotal of acquisitions	Portugal	Spain	Mozambique	Subtotal of sales	Total
Non current assets:												
Intangible assets (Note 17)	-	1,172	1,081	-	-	448	2,702	-	-	-	-	2,702
Tangible assets (Note 18)	-	211,470	42,735	1,123	2,509	6,616	264,453	-	-	(273)	(273)	264,180
Investments in associates (Note 19)	795	-	-	-	-	-	795	(4,575)	(94)	-	(4,669)	(3,874)
Accounts receivable - other	-	84	-	-	-	7,585	7,669	-	-	-	-	7,669
Deferred tax assets (Note 24)	-	1,343	-	-	-	206	1,549	-	-	-	-	1,549
Total non-current assets	795	214,069	43,816	1,123	2,509	14,856	277,168	(4,575)	(94)	(273)	(4,942)	272,226
Current assets:												
Inventories	-	19,927	3,879	44	-	219	24,069	-	-	(73)	(73)	23,995
Accounts receivable - trade	-	26,974	5,321	702	-	55	33,051	-	-	(81)	(81)	32,970
Accounts receivable - other	-	10,906	1,207	55	-	-	12,168	-	-	(2)	(2)	12,166
Taxes recoverable	-	2,825	16	-	-	1,021	3,862	-	-	-	-	3,862
Other current assets	-	816	-	11	-	23	850	-	-	(6)	(6)	844
Total current assets	-	61,448	10,424	812	-	1,318	74,001	-	-	(163)	(163)	73,838
Total assets	795	275,517	54,240	1,935	2,509	16,173	351,169	(4,575)	(94)	(436)	(5,105)	346,064
Non current liabilities:												
Deferred tax liabilities (Note 24)	-	(29,935)	-	-	-	(10)	(29,945)	-	-	-	-	(29,945)
Provisions for risks and charges (Note 35)	-	(6,730)	-	-	-	(19)	(6,750)	-	-	-	-	(6,750)
Loans	-	-	(5,029)	(448)	-	(606)	(6,084)	-	-	-	-	(6,084)
Accounts payable - other	-	(614)	(1,655)	-	-	-	(2,269)	-	-	-	-	(2,269)
Total non-current liabilities	-	(37,280)	(6,684)	(448)	-	(635)	(45,047)	-	-	-	-	(45,047)
Current liabilities:												
Current liabilities - trade	-	(15,393)	(4,459)	(678)	-	(206)	(20,736)	-	-	324	324	(20,412)
Accounts payable - other	-	(1,704)	(2,880)	(523)	-	(71)	(5,178)	-	-	33	33	(5,145)
Taxes payable	-	(1,893)	(159)	(45)	-	-	(2,097)	-	-	12	12	(2,084)
Loans	-	(761)	(38,103)	-	-	(7,641)	(46,504)	-	-	-	-	(46,504)
Other current liabilities	-	(3,461)	(649)	-	-	-	(4,110)	-	-	45	45	(4,065)
Total current liabilities	-	(23,211)	(46,250)	(1,246)	-	(7,918)	(78,625)	-	-	415	415	(78,210)
Total liabilities	-	(60,491)	(52,934)	(1,694)	-	(8,553)	(123,672)	-	-	415	415	(123,258)
Minority interest (Note 32)	-	(17,184)	(6,373)	(132)	-	(2,785)	(26,474)	-	-	(148)	(148)	(26,622)
Net amount	795	197,842	(5,067)	109	2,509	4,835	201,023	(4,575)	(94)	(169)	(4,838)	196,185
Goodwill (Note 16 and 19)	205	321,748	4,072	261	1,054	3,626	330,967	-	-	(37)	(37)	330,931
Adjustments in investments in associates	-	-	-	-	-	-	-	-	40	-	40	40
Capital (gain) / loss	-	-	-	-	-	-	-	(1,425)	(243)	38	(1,630)	(1,630)
Accounts payable - other	-	(614)	(980)	-	(361)	(7,569)	(9,524)	-	-	-	-	(9,524)
Net amount paid / (received)	1,000	518,976	(1,975)	370	3,203	893	522,466	(6,000)	(297)	(167)	(6,464)	516,002
Cash and cash equivalents	-	30,512	3,051	46	-	4,612	38,221	-	-	(10)	(10)	38,212
Net assets acquired / (sold)	1,000	550,103	2,056	416	3,563	13,073	570,211	(6,000)	(297)	(177)	(6,474)	563,737

The impact in the consolidated statement of profit and loss for the year ended 31 December 2007, as result of the above referred acquisitions, was as follows:

(Amounts stated in thousands of euros)

Captions	Turkey	China	Other	Total
Operating income	189,562	24,839	15,174	229,575
Operating expenses	166,275	23,815	16,489	206,579
Net operating income	23,286	1,024	(1,314)	22,996
Net financial income	1,155	(2,845)	77	(1,613)
Profit before income tax	24,441	(1,820)	(1,238)	21,383
Income tax	(5,177)	-	416	(4,761)
Net profit for the year	19,264	(1,820)	(822)	16,622
Attributable to:				
Equity holders of the parent	16,802	(726)	(740)	15,336
Minority interest	2,462	(1,094)	(82)	1,287

6. Exchange rates used

The exchange rates used to translate, to euros, the foreign currency assets and liabilities at 31 December 2007 and 2006, as well the results for the years then ended were as follows:

		Closing exchange rate			Average exchange rate		
Currency	Segment	2007	2006	Var.%	2007	2006	Var.%
USD	Other	1.4721	1.317	11.8	1.37074	1.25622	9.1
MAD	Morocco	11.4042	11.1354	2.4	11.30842	11.18273	1.1
BRL	Brazil	2.5963	2.8118	(7.7)	2.66901	2.73826	(2.5)
TND	Tunisia	1.803	1.7078	5.6	1.7726	1.68586	5.1
MZM	Mozambique	34,830.0	34,470.0	1.0	35,156.3	32,797.0	7.2
CVE	Other (Cape Verde)	110.265	110.265	0.0	110.265	110.265	0.0
EGP	Egypt	8.1072	7.5217	7.8	7.83675	7.30872	7.2
ZAR	South Africa	10.0298	9.2124	8.9	9.67099	8.53141	13.4
TRY	Turkey	1.717	-	s.s.	1.78257 2)	-	s.s.
HKD	China	11.48	10.2409	12.1	10.69488	10.14265 1)	s.s.
CNY	China	10.7524	-	s.s.	10.59077 3)	-	s.s.
MOP	China	11.8244	-	s.s.	11.2599 3)	-	s.s.
PEN	Other (Peru)	4.4862	-	s.s.	4.40802 4)	-	s.s.

1) 1 November to 31 December 2006.
2) 1 March to 31 December 2007.
3) 1 July to 31 December 2007.
4) 1 to 31 December 2007.

7. Segment reporting

The main profit and loss information, by geographical segment, for years ended 31 December 2007 and 2006, is as follows:

(Amounts stated in thousands of euros)

2007

	Portugal	Spain	Morocco	Tunisia	Egypt	Turkey	Brazil	Mozambique	South Africa	China	Others	Unallocated	Eliminations	Consolidated
Sales and services rendered:														
External sales	475,947	469,649	80,478	59,732	117,272	163,053	321,760	60,078	128,119	23,939	30,522	35,509	-	1,966,058
Inter segment sales	86,626	1,280	-	-	3,328	-	207	-	1,658	-	-	98,054	(191,153)	-
Total	562,573	470,929	80,478	59,732	120,600	163,053	321,967	60,078	129,778	23,939	30,522	133,562	(191,153)	1,966,058
Operating results	117,660	94,045	28,409	10,826	46,017	23,286	37,745	28,305	38,051	260	2,129	11,396	-	438,130
Financial expenses														(158,794)
Financial income														100,490
Share of results of associates														8,025
Other investment income														2,291
Profit before income tax														390,142
Income tax														(69,341)
Net profit for the year														320,802

All inter segment transactions were made at market value.

The above net income includes the full amount of the segments, without considering the following amounts attributable to minority shareholders:

	Portugal	Spain	Morocco	Tunisia	Egypt	Turkey	Brazil	Mozambique	South Africa	China	Others	Unallocated	Consolidated
Profit for the year attributable to minority interest	423	1,663	7,494	-	1,201	2,462	-	3,445	-	(170)	(117)	328	16,729

Other information:

	Portugal	Spain	Morocco	Tunisia	Egypt	Turkey	Brazil	Mozambique	South Africa	China	Others	Unallocated	Consolidated
Fixed capital expenditure	32,548	42,701	8,925	1,637	18,385	253,623	39,145	3,903	39,861	44,470	13,800	1,484	500,483
Depreciation and amortisation	51,496	33,272	6,775	7,773	11,114	13,964	29,430	1,461	4,957	1,586	824	2,401	165,052
Provisions and impairment losses	3,574	10,437	46	345	1,474	1,306	6,691	(17,417)	-	-	42	(2,691)	3,808

In addition, assets and liabilities, by reportable segment, reconciled to the total consolidated amounts at 31 December 2007, are as follows:

	Portugal	Spain	Morocco	Tunisia	Egypt	Turkey	Brazil	Mozambique	South Africa	China	Others	Unllocated	Eliminations	Consolidated
Assets														
Segment assets	773,578	609,813	132,615	150,787	301,719	688,862	1,221,136	69,618	259,425	67,476	54,141	768,532	(427,267)	4,670,435
Investments in associates														163,533
Total consolidated assets														4,833,968
Liabilites														
Segment liabilities	472,549	362,502	33,710	16,348	39,749	73,763	320,162	24,035	69,712	42,472	27,105	1,879,846	(427,267)	2,934,687
Total consolidated liabilities														2,934,687

Following is a break-down of the information for the year ended 31 December 2007, by business segment:

(Amounts stated in thousands of euros)

	Sales and services rendered	Net assets	Fixed capital expenditure
Cement	1,360,307	3,541,286	461,309
Ready-mix and pre-cast concrete	521,518	493,435	29,994
Others	84,232	799,247	9,180
	1,966,058	4,833,968	500,483

2006

	Portugal	Spain	Morocco	Tunisia	Egypt	Brazil	Mozambique	South Africa	Others	Unallocated	Eliminations	Consolidated
Sales and services rendered:												
External sales	462,852	427,227	70,227	59,615	114,709	267,880	54,503	119,511	18,027	44,342	-	1,638,892
Inter segment sales	68,735	3,283	1,813	-	13,109	2,468	-	-	-	85,674	(175,082)	-
Total	531,586	430,510	72,040	59,615	127,818	270,348	54,503	119,511	18,027	130,015	(175,082)	1,638,892
Operating results	122,245	109,511	25,889	9,650	50,625	35,092	7,490	39,561	1,528	6,460	-	408,050
Financial expenses												(167,628)
Financial income												94,147
Share of results of associates												19,146
Other investment income												12,035
Profit before income tax												365,750
Income tax												(60,140)
Net profit for the year												305,610

All inter segment transactions were made at market values.

The above net income includes the full amount of the segments, without considering the following amounts attributable to minority shareholders:

	Portugal	Spain	Morocco	Tunisia	Egypt	Brazil	Mozambique	South Africa	Others	Unallocated	Consolidated
Profit for the year attributable to minority interests	2,197	2,019	6,910	-	1,326	-	1,415	-	10	(182)	13,695

Other information:

	Portugal	Spain	Morocco	Tunisia	Egypt	Brazil	Mozambique	South Africa	Others	Unallocated	Consolidated
Fixed capital expenditure	28,464	32,368	4,679	3,704	20,469	30,431	6,177	43,878	1,703	75	171,949
Depreciation and amortisation	52,151	32,033	7,664	7,841	11,730	25,506	898	7,742	831	2,244	148,641
Provisions and impairment losses	(456)	2,146	(28)	20	987	-	7	619	164	2,892	6,352

In addition, assets and liabilities, by reportable segment, reconciled to the total consolidated amounts at 31 December 2006, are as follows:

	Portugal	Spain	Morocco	Tunisia	Egypt	Brazil	Mozambique	South Africa	Others	Unllocated	Eliminations	Consolidated
Assets												
Segment assets	837,020	659,662	105,607	158,088	295,130	1,068,510	49,659	229,700	75,904	721,822	(500,247)	3,700,856
Investments in associates												156,955
Total consolidated assets												3,857,811
Liabilites												
Segment liabilities	304,150	344,153	30,244	15,332	56,885	236,757	20,553	46,337	6,840	1,643,073	(500,247)	2,204,076
Total consolidated liabilities												2,204,076

(Amounts stated in thousands of euros)

Following is a break-down of the information for the year ended 31 December 2006, by business segment:

	Sales and services rendered	Net assets	Fixed capital expenditure
Cement	1,154,086	2,990,083	130,340
Ready-mix and pre-cast concrete	411,472	407,158	32,588
Others	73,334	460,570	9,021
	1,638,892	3,857,811	171,949

8. Other operating income

Other operating income for the years ended 31 December 2007 and 2006 is made up as follows:

	2007	2006
Supplementary income	19,693	13,174
Gains on the sale of assets (a)	5,399	10,641
Reversal of receivables adjustments (Note 26)	4,179	5,472
Own work for the company	2,098	1,933
Investment subsidies (b)	7,196	1,216
Reversal of inventories adjustments (Note 25)	274	30
Other	8,681	6,129
	47,519	38,595

a) In the year ended 31 December 2007, this respect to gains on the sale of fixed assets. In the year ended 31 December 2006, this caption also included gains on the sale of investments in the Portugal business area.
b) In the year ended 31 December 2007, investments subsidies included profits related to subsidies obtained in relation to investments realized by Cimpor Indústria, by the amount of 5,400 thousand euros.

(Amounts stated in thousands of euros)

9. Cost of goods sold and material used in production

The cost of goods sold and material used in production for the years ended 31 December 2007 and 2006 is made up as follows:

	2007	2006
Goods sold	109,932	68,704
Material used in production	429,173	324,159
Gain/(loss) on inventories	212	(19)
	539,317	392,845

10. Payroll costs

The average number of employees of the companies included in the consolidation in the years ended 31 December 2007 and 2006, by business and geographical segment, was as follows:

	2007	2006	
Cement operations:	**4,378**	**3,620**	
Portugal	694	701	
Spain	501	520	
Brazil	707	719	
Egypt	462	482	
Tunisia	228	236	
Morocco	182	187	
South Africa	278	321	
Turkey	527	-	(a)
China	303	-	(a)
Others	496	455	
Ready-mix concrete and aggregates:	**1,881**	**1,585**	
Portugal	591	604	
Spain	430	420	
Brazil	500	381	
Morocco	23	21	
South Africa	144	139	
Turkey	95	-	(a)
Others	98	20	
Other activities	**189**	**251**	
Common functions	**509**	**404**	
	6,957	**5,861**	

(a) Not applicable in the year ended 31 December 2006.

(Amounts stated in thousands of euros)

Payroll expenses for the years ended 31 December 2007 and 2006 are made up as follows:

	2007	2006
Remuneration	145,384	124,586
Charges on remuneration	29,665	27,396
Social action and other	23,152	19,978
Indemnities	2,450	3,483
Incentive plan (Note 34)	1,726	1,310
Healthcare benefits (Note 33)	1,354	(3,084)
Insurance	732	691
Retirement benefits (Note 33)	2,608	(1,121)
	207,070	173,239

The caption "Social action and other" includes occupational health, healthcare assistance, professional training and meal allowance costs.

11. Other operating expenses

Other operations expenses for the years ended 31 December 2007 and 2006 are made up as follows:

	2007	2006
Receivables adjustments (Note 26)	7,652	6,609
Taxes	6,586	5,360
Subscriptions	3,064	1,937
Inventory adjustments (Note 25)	1,058	1,508
Uncollectible debts	445	987
Loss on disposal of assets (a)	1,161	879
Donations	2,170	351
CO_2 emission rights (b)	95	(331
Other operating expenses	2,933	1,804
	25,163	19,103

(a) The above loss was incurred, essentially, on the sale of tangible fixed assets.

(b) This amount corresponds to changes on the liability related to the level of CO_2 emission in excess to the licences granted at no cost, under the European greenhouse gas emissions market (Note 41).

(Amounts stated in thousands of euros)

12. Net financial expenses

Net financial expenses for the years ended 31 December 2007 and 2006 are made up as follows:

	2007	2006
Financial expenses:		
Interest expense:		
Variation in fair-value:		
Trading derivative financial instruments (a)	7,753	12,555
Financial assets/liabilities at fair value (a)	2,128	183
	9,880	12,738
Others	86,492	75,687
Foreign exchange loss:		
Variation in fair-value:		
Financial assets/liabilities covered	2,286	4,575
Trading derivative financial instruments (a)	32,320	35,702
	34,606	40,277
Others	8,757	13,120
Financial discount allowed	3,327	3,317
Other financial expenses (b)	15,730	22,488
	158,794	167,628
Financial income:		
Interest income:		
Variation in fair-value:		
Trading derivative financial instruments (a)	15,531	12,716
Financial assets/liabilities at fair value (a)	217	669
	15,748	13,385
Others	29,407	33,120
Foreign exchange gain:		
Variation in fair-value:		
Hedging derivative financial instruments	2,286	4,575
Financial assets/liabilities at fair value (a)	32,320	35,702
	34,606	40,277
Others	7,846	3,758
Financial discount received	729	696
Gain on the sale of other financial assets	-	305
Other financial income ©	12,154	2,606
	100,490	94,147
Share of profits of associates:		
Loss in associated companies (Note 35)	(242)	(242)
Gain in associated companies (Note 19)	8,025	19,388
	7,782	19,146
Others	242	-
	8,025	19,146
Investment income:		
Gains on holdings	557	241
Gains/(losses) on the sale of investments (d)	1,734	11,794
	2,291	12,035

(Amounts stated in thousands of euros)

a) This caption is mainly related to: (i) "US Private Placements" fair value changes (Note 36), which were designated as financial liabilities at fair value through profit and loss and (ii) fair value changes of negotiable financial derivative instruments, including two of them that, although contracted to cover exchange rate and interest rate risks associated to those "US Private Placements" (Note 38), are not qualified by Group for hedge accounting effects.

b) In the year ended 31 December 2006, "Other financial expenses" include adjustments to credits granted to associated companies and to other financial investments in the amount of, approximately, 11 million euros.

   In the years ended 31 December 2007 and 2006, this caption also include, 2,409 and 6,553 thousand euros, related to the financial actualization of the provisions for the environmental rehabilitation of quarries (Note 35).

c) In the year ended 31 December 2007, 'Other financial income' included the reversal of adjustments for credits conceded to associated companies in the amount of 7,000 thousand euros (Note 21).

d) In the year ended 31 December 2007, this caption included the gain on the sale of share capital of Cimentos Madeira, S.A., in the amount of 1,425 thousand euros. In the previous year this caption included the gain on the sale of share capital of Cementos Lemona, in the amount of 15,351 thousand euros, net of the loss on the sale of share capital of Nova Cimangola, 4,215 thousand euros.

13. Income tax

Income tax expense for the years ended 31 December 2007 and 2006 is made up as follows:

	2007	2006
Current tax	68,180	49,224
Deferred tax (Note 24)	(3,599)	11,940
Tax contingencies (Note 35)	4,760	(1,024)
Charge for the year	69,341	60,140

The Company and the majority of its subsidiaries in Portugal are subject to Corporate Income Tax, currently at the rate of 25%, plus a Municipal surcharge up to a maximum of 1,5% of taxable income, totalling 26.5%.

Tax on income relating to the other geographic segments is calculated at respective rates in force.

Temporary differences between the book value of assets and liabilities and their corresponding value for tax purposes are recognised in accordance with IAS 12 – Income taxes.
The reconciliation between the tax rate applicable in Portugal and the effective tax rate in the

(Amounts stated in thousands of euros)

Group is as follows:

	2007	2006
Tax rate applicable in Portugal	26.50%	27.50%
Operational results non taxable (a)	(2.52%)	(1.68%)
Financial results non taxable (b)	(2.06%)	(0.82%)
Benefits by deduction to the taxable profit and to the collect (c)	(1.42%)	(3.99%)
Tax contingencies	1.22%	(0.28%)
Adjustments on deferred taxes (d)	(5.66%)	(4.18%)
Rate differences	1.26%	(0.11%)
Others	0.45%	(0.01%)
Effective tax rate of the Group	17.77%	16.44%

a) Included in this item are the profits of tax exempt companies and transactions that are not relevant for tax purposes.

b) This item consists of financial profits and losses that are not relevant for tax purposes, the most important of it are gains appropriated from associated companies and, essentially in 2007, the gain from the financial asset held to maturity mentioned in Note 20.

c) This includes tax benefits and goodwill depreciation deductible for tax purposes. In 2006, there were more companies, with higher amounts, enjoying those benefits.

d) This item essentially includes deferred tax adjustments arising from changes in tax rates at which it is estimated that tax will be recovered and changes in expectations of recovering temporary differences from previous years.

In addition to the income tax charge for the year, in the years ended 31 December 2007 and 2006, deferred taxes of 2,430 thousand euros and 2,709 thousand euros, respectively, were recorded directly in reserves (Note 24).

14. Dividends

In the year ended 31 December 2007 a dividend of 21.5 cents per share (19 cents per share in 2006), totalling 143,951 thousand euros (127,191 thousand euros in 2006), was paid as decided by the Shareholders' Annual General Meeting held on 11 May 2007.

(Amounts stated in thousands of euros)

15. Earnings per Share

Basic and diluted earnings per share for the years ended 31 December 2007 and 2006 were computed as follows:

	2007	2006
Basic earnings per share		
Net income considered in the computation of basic earnings per share	304,073	291,915
Weighted average number of ordinary shares used to calculate the basic earnings per share (thousands)	669,095	668,985
Basic earnings per share	0.45	0.44
Diluted earnings per share		
Net income considered in the computation of basic earnings per share	304,073	291,915
Weighted average number of ordinary shares used to calculate the basic earnings per share (thousands)	669,095	668,985
Effect of the options granted under the Share Option Plan (thousands) (Note 34)	1,491	1,583
Weighted average number of ordinary shares used to calculate the diluted earnings per share (thousands)	670,586	670,568
Diluted earnings per share	0.45	0.44

(Amounts stated in thousands of euros)

16. Goodwill

The changes in goodwill and related impairment losses in the years ended 31 December 2007 and 2006 were as follows:

	Portugal	Spain	Brazil	Egypt	Tunisia	Morocco	South Africa	Cape Verde	Turkey	China	Peru	Mozambique	Total
Gross assets:													
Balances at 1 January 2006	22,325	65,089	548,077	85,121	71,546	27,254	136,014	7,721	-	-	-	1,532	964,679
Changes in the consolidation perimeter	-	9,338	1,441	-	-	-	2,681	1,021	-	-	-	-	14,481
Exchange translation adjustments	-	-	(8,906)	(8,507)	-	-	(26,256)	-	-	-	-	(163)	(43,832)
Additions	-	-	-	-	-	-	-	-	-	-	-	40	40
Balances at 1 January 2007	22,325	74,427	540,613	76,614	71,546	27,254	112,438	8,742	-	-	-	1,409	935,368
Changes in the consolidation perimeter (Note 5	-	-	1,054	-	-	-	-	261	321,748	4,072	3,626	(37)	330,725
Exchange translation adjustments	-	-	30,071	(5,533)	-	-	(9,163)	-	26,119	(185)	(102)	(321)	40,885
Additions	223	-	-	-	-	-	-	-	2,260	860	-	1,471	4,814
Transfers	-	(2,654)	-	-	-	-	-	-	-	-	-	-	(2,654)
Balances at 31 December 2007	22,548	71,773	571,738	71,081	71,546	27,254	103,275	9,003	350,127	4,747	3,524	2,523	1,309,139
Accumulated impairment losses:													
Balances at 1 January 2006	-	-	-	-	-	24,031	-	-	-	-	-	-	24,031
Increases	601	765	-	-	-	-	-	-	-	-	-	-	1,366
Balances at 1 January 2007	601	765	-	-	-	24,031	-	-	-	-	-	-	25,397
Increases	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31 December 2007	601	765	-	-	-	24,031	-	-	-	-	-	-	25,397
Carrying amount:													
As at 31 December 2006	21,724	73,662	540,613	76,614	71,546	3,223	112,438	8,742	-	-	-	1,409	909,971
As at 31 December 2007	21,947	71,008	571,738	71,081	71,546	3,223	103,275	9,003	350,127	4,747	3,524	2,523	1,283,741

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment.

The impairment tests are made based on the discounted cash flow of each of the affected business segments, based on the most recent financial projections approved by the respective Boards of Directors.

Impairment losses

The changes in accumulated impairment losses in the years ended 31 December 2007 and 2006 were as follows:

Balance at 1 January 2006	24,031
Increases	1,366
Balance at 1 January 2007	25,397
Balance at 31 December 2007	25,397

For impairment test purposes, considering the financial statement structure adopted for management purposes, goodwill is distributed by groups of cash generating units corresponding to each geographic segment, due to the existence of synergies between the units of each segment.

In the tests performed, the recoverable value of each group of cash generating units, determined based on the value for use, is compared with the book value. An impairment loss is only recognised if the book value exceeds the recoverable value. Future cash flows are discounted based on the weighted average cost of capital (WACC) adjusted by the specific risks of each market.

(Amounts stated in thousands of euros)

The cash flow projections are based on the medium and long term business plans approved by the Board of Directors, plus a perpetuity using a growth rate which does not exceed growth of the respective market.

The main assumptions used to determine the value for use of goodwill are as follows:

		2007			2006		
Geographic area	Currency	Goodwill	Discount rate (a)	Long term rate (b)	Goodwill	Discount rate (b)	Long term rate (b)
Brazil	BRL	571,738	8.9%	3.6%	540,613	12.7%	4.2%
Egypt	EGP	71,081	8.7%	4.7%	76,614	13.7%	4.6%
Spain	EUR	71,008	7.1%	2.0%	73,662	6.7%	0,1 % - 0,7%
South Africa	ZAR	103,275	7.9%	4.5%	112,438	11.6%	3,4% - 4%
Morocco	MAD	3,223	8.9%	2.3%	3,223	9.5%	0.7%
Tunisia	TND	71,546	8.2%	2.7%	71,546	9.2%	1.1%
Portugal	EUR	21,947	7.7%	2.3%	21,724	7.4%	1,6% - 3,9%
Cape Verde	CVE	9,003	10.4%	3.0%	8,742	10.7%	1.8%
Mozambique	MZM	2,523	10.8%	8.7%	1,409	17.5%	7.8%
Turkey	TRY	350,127	10.2%	4.1%	-	-	-
China	CNY	4,747	7.7%	3.8%	-	-	-
Peru	PEN	3,524	-	-	-	-	-
		1,283,741			909,971		

(a) Euros
(b) Local currency

(Amounts stated in thousands of euros)

17. Intangible assets

The changes in intangible assets and corresponding accumulated amortisation and impairment losses in the years ended 31 December 2007 and 2006 are as follows:

	Industrial property and other rights	Intangible assets in progress	Total
Gross assets:			
Balances at 1 January 2006	16,832	-	16,832
Changes in the consolidation perimeter	52	-	52
Exchange translation adjustments	(306)	(8)	(314)
Additions	57	658	715
Sales	(390)	-	(390)
Write-offs	(642)	-	(642)
Transfers	160	-	160
Balances at 1 January 2007	15,765	650	16,415
Changes in the consolidation perimeter (Note 5)	9,091	11	9,102
Exchange translation adjustments	694	(24)	671
Additions	1,665	229	1,894
Write-offs	(173)	-	(173)
Transfers	756	(782)	(27)
Balance at 31 December 2007	27,796	84	27,880
Accumulated amortisation and impairment losses:			
Balances at 1 January 2006	4,663	-	4,663
Changes in the consolidation perimeter	12	-	12
Exchange translation adjustments	(136)	-	(136)
Increases	1,605	-	1,605
Decreases	(390)	-	(390)
Write-offs	(50)	-	(50)
Transfers	(10)	-	(10)
Balances at 1 January 2007	5,695	-	5,695
Changes in the consolidation perimeter (Note 5)	6,400	-	6,400
Exchange translation adjustments	585	-	585
Increases	2,069	-	2,069
Write-offs	(170)	-	(170)
Balance at 31 December 2007	14,578	-	14,578
Carrying amount:			
As at 31 December 2006	10,070	650	10,720
As at 31 December 2007	13,219	84	13,302

The caption "Industrial property and other rights" includes, essentially, surface rights over land and software utilisation licences.

(Amounts stated in thousands of euros)

18. Tangible assets

The changes in tangible assets and corresponding depreciation in the years ended 31 December 2007 and 2006 are as follows:

	Land	Buildings and other constructions	Basic equipment	Transportation equipment	Administrative equipment	Tools and dies	Other tangible assets	Tangible assets in progress	Advance to suppliers of tangible assets	Total
Gross assets:										
Balances at 1 January 2006	287,237	568,683	2,507,133	89,591	52,410	7,582	10,146	64,533	31,618	3,618,933
Changes in the consolidation perimeter	8,033	(3,358)	6,140	5,997	133	52	77	6	-	17,080
Exchange translation adjustments	(5,098)	(6,169)	(93,495)	(2,256)	(1,389)	(201)	(81)	(6,154)	(3,227)	(118,072)
Additions	2,266	3,624	16,751	1,411	971	87	376	122,243	8,321	156,049
Sales	(326)	(1,305)	(11,676)	(6,326)	(481)	(90)	(215)	(35)	(18)	(20,472)
Write-offs	(30)	(45)	(122)	(446)	-	-	-	-	-	(642)
Transfers	614	25,250	66,535	2,738	831	359	1,215	(68,670)	(29,136)	(265)
Balances at 1 January 2007	292,696	586,681	2,491,266	90,707	52,476	7,787	11,516	111,924	7,557	3,652,611
Changes in the consolidation perimeter (Note 5)	40,289	77,015	354,311	13,674	2,178	746	99	19,096	4,313	511,720
Exchange translation adjustments	5,624	6,422	13,653	1,350	147	(139)	(75)	(1,844)	905	26,044
Additions	1,878	13,313	54,212	5,837	4,942	424	352	131,237	19,513	231,708
Sales	(420)	(861)	(11,620)	(4,830)	(424)	(213)	(237)	(44)	(769)	(19,418)
Write-offs	(1)	(311)	(12,228)	(5,240)	(837)	(22)	(17)	(5)	-	(18,661)
Transfers	5,058	30,774	44,641	7,052	581	676	90	(72,164)	(6,684)	10,024
Balances at 31 December 2007	345,125	713,032	2,934,234	108,550	59,063	9,260	11,728	188,200	24,836	4,394,029
Accumulated depreciation and impairment losses:										
Balances at 1 January 2006	33,996	257,040	1,647,852	59,373	40,737	6,489	5,907	-	-	2,051,394
Changes in the consolidation perimeter	-	(2,765)	3,160	1,361	65	51	65	-	-	1,937
Exchange translation adjustments	(192)	(2,158)	(68,241)	(1,653)	(795)	(163)	(57)	-	-	(73,259)
Increases	3,675	33,979	98,680	6,214	3,108	495	885	-	-	147,036
Decreases	-	(651)	(8,449)	(5,952)	(430)	(84)	(77)	-	-	(15,644)
Write-offs	-	(14)	-	(122)	(431)	-	-	-	-	(567)
Transfers	(19)	(129)	(184)	234	(14)	(1)	53	-	-	(59)
Balances at 1 January 2007	37,460	285,301	1,672,817	59,456	42,240	6,786	6,778	-	-	2,110,838
Changes in the consolidation perimeter (Note 5)	176	28,351	206,016	8,686	3,618	649	44	-	-	247,540
Exchange translation adjustments	155	5,097	9,166	663	326	(110)	(59)	-	-	15,238
Increases	4,150	26,946	118,773	8,232	3,360	482	1,040	-	-	162,983
Decreases	(29)	(420)	(10,158)	(4,039)	(385)	(210)	(177)	-	-	(15,418)
Write-offs	-	(7,881)	(10,454)	(5,204)	(782)	(22)	(17)	-	-	(24,360)
Transfers	386	9,180	(7,408)	35	29		(70)	-	-	2,152
Balances at 31 December 2007	42,299	346,575	1,978,753	67,828	48,406	7,575	7,539	-	-	2,498,974
Carrying amount:										
As at 31 December 2006	255,236	301,380	818,449	31,252	10,236	1,001	4,739	111,924	7,557	1,541,774
As at 31 December 2007	302,827	366,457	955,482	40,722	10,658	1,684	4,189	188,200	24,836	1,895,055

The value of the operating land was increased to reflect the estimated future cost of environmental recovery and rehabilitation of the land, which also increased liabilities.

In the year ended 31 December 2007, write-offs in caption “Accumulated depreciation and impairment losses”, included the net amount of 6,624 thousand euros, corresponding to the effect of: (i) reversal of impairment losses of 17,417 thousand euros, previously recognised to tangible fixed assets in the Mozambique business area, due to appreciation of the recoverable value of that cash generating unit, and (ii) impairment recognition of 10,793 thousand euros related to tangible fixed assets in the Spain and Egypt business areas, due to obsolescence of equipments, resulting from investments made.

Tangible assets in progress and advances to suppliers of tangible assets in the year ended 31 December 2007 include the construction and improvement of installations and equipment of the cement sector of several production units, essentially in the South Africa, Spain, Brazil, Turkey, and Portugal business areas.

(Amounts stated in thousands of euros)

19. Investments in associates

The changes in investments in associates in the years ended 31 December 2007 and 2006, are as follows:

	Investment	Goodwill	Total
Balance at 1 January 2006	164,425	40,530	204,955
Changes in the consolidation perimeter	(37,412)	(23,861)	(61,273)
Exchange translation adjustments	(2,880)	(1,853)	(4,732)
Equity method effect:			
On profit (Note 12)	19,388	-	19,388
On shareholders' equity	67	-	67
Dividends received	(1,817)	-	(1,817)
Aquisitions and increases	372	-	372
Sales and write-offs	(4)	-	(4)
Balance at 1 January 2007	142,139	14,816	156,955
Changes in the consolidation perimeter (Note 5)	(3,874)	205	(3,669)
Equity method effect:			-
On profit (Note 12)	8,025	-	8,025
On shareholders' equity	3,216	-	3,216
Dividends received	(1,295)	-	(1,295)
Aquisitions and increases	302	-	302
Balance at 31 December 2007	148,512	15,021	163,533

Financial information on associates as of 31 December 2007 and 2006 is as follows:

	2007	2006
Total assets	474,748	459,732
Total liabilities	(123,516)	(125,839)
Total shareholders' equity	351,232	333,894
Group's share of shareholder's equity	163,533	156,955
Sales and services rendered	98,994	89,181
Net profit for the year	22,809	41,907
Group's share of net profit for the year	7,782	19,146

(Amounts stated in thousands of euros)

20. Other investments

The changes in other investments in the years ended 31 December 2007 and 2006 were as follows:

	Available-for-sale financial assets		Held to maturity	
	Cost	Fair value	financial assets	Total
Gross investment:				
Balances at 1 January 2006	24,278	69,220	-	93,498
Changes in the consolidation perimeter	11	-	-	11
Exchange translation adjustments	(4,469)	-	-	(4,469)
Increases	152,326	-	-	152,326
Sales and write-offs	(2,212)	(69,220)	-	(71,432)
Balances at 1 January 2007	169,933	-	-	169,933
Exchange translation adjustments	(42)	(618)	11,471	10,811
Reavaliações / ajustamentos	-	2,111	-	2,111
Increases	2,921	-	-	2,921
Sales and write-offs	(158,008)	8,261	138,199	(11,548)
Balances at 31 December 2007	14,804	9,754	149,669	174,227
Impairment losses:				
Balances at 1 January 2006	13,419	-	-	13,419
Exchange translation adjustments	(25)	-	-	(25)
Increases	3,314	-	-	3,314
Sales and write-offs	(112)	-	-	(112)
Balances at 1 January 2007	16,595	-	-	16,595
Exchange translation adjustments	85	-	-	85
Increases	1,080	-	-	1,080
Sales and write-offs	(7,846)	-	-	(7,846)
Balances at 31 December 2007	9,914	-	-	9,914
Carrying amount:				
As at 31 December 2006	153,338	-	-	153,338
As at 31 December 2007	4,890	9,754	149,669	164,314

In this caption are included: (i) the available-for-sale financial assets, measured at fair value, and at acquisition cost, when there's no market price quoted in an active market and which value can not be measured in a reliable way, adjusted to the estimated impairment losses; and (ii) financial assets held to maturity, namely an instrument issued by the Republic of Austria.

In the year ended 31 December 2006, the Group sold the investment in Cementos Lemona measured by 69,220 thousand euros. Additionally, the accumulated amount in reserves was transferred to profit and loss (Note 30), totalising a profit of 12,907 thousand euros.

(Amounts stated in thousands of euros)

21. Accounts receivable - other

The caption "Accounts receivable – other" at 31 December 2007 and 2006 is made up as follows:

	2007		2006	
	Current	Non-current	Current	Non-current
Participated and participating companies	622	2,000	3,301	6,100
Other shareholders	713	283	-	283
Advances to suppliers or fixed assets	38	-	257	-
Other debtors	22,934	12,244	18,343	6,680
	24,307	14,527	21,900	13,063
Accumulated adjustments to other receivable accounts	(1,507)	(2,646)	(2,857)	(6,756)
	22,800	11,880	19,043	6,307

In the year ended 31 December 2007 and 2006, those accounts receivable ageing were as follow:

	2007		2006	
	Current	Non-current	Current	Non-current
Undue balances	21,125	10,486	17,418	4,957
Due balances				
up to 180 days	1,031	500	960	-
180 to 360 days	233	1,000	1,607	500
more than 360 days	1,918	2,541	1,916	7,606
	24,307	14,527	21,900	13,063

Adjustments to accounts receivable - other

In the years ended 31 December 2007 and 2006 the changes in this caption were as follows:

Balance at 1 January 2006	2,571
Changes in the consolidation perimeter	(18)
Effect of currency translation	(73)
Increases (a)	7,500
Utilisation	(366)
Balance at 1 January 2007	9,613
Effect of currency translation	(34)
Increases (a)	1,574
Decreases (Note 12)	(7,000)
Balance at 31 December 2007	4,154

a) Increases were recorded against 'Other financial expenses' and related to credits conceded to participated companies.

(Amounts stated in thousands of euros)

22. Taxes recoverable and taxes payable

Taxes recoverable and taxes payable at 31 December 2007 and 2006 are made up as follows:

	2007		2006	
	Current	Non-current	Current	Non-current
Taxes recoverable:				
Corporate income tax	12,575	-	14,109	-
Personal income tax	2,851	-	9,190	-
Value added tax	12,350	-	11,707	-
Social security contributions	172	-	3	-
Others	1,912	20,488	1,943	3,528
	29,860	20,488	36,952	3,528

	2007		2006	
	Current	Non-current	Current	Non-current
Taxes payable:				
Corporate income tax	18,033	-	17,392	-
Personal income tax	4,463	-	3,060	-
Value added tax	14,498	1,817	13,298	2,186
Social security contributions	4,599	-	3,299	77
Others	3,373	-	4,053	-
	44,967	1,817	41,101	2,262

In the year ended 31 December 2007, non-current recoverable taxes in the caption 'Others', include a judicial deposit in the amount of 15,891 thousand euros, made by a company in the Brazil business area, due to a judicial divergence in relation with the relevant applicable tax rate. The Board of Directors, according to previous similar processes and lawyer's opinion, believes that the resolution of it could be favorable.

(Amounts stated in thousands of euros)

23. Other current and non-current assets

Other current and non-current assets at 31 December 2007 and 2006 are made up as follows:

	2007		2006	
	Current	Non-current	Current	Non-current
Accrued interest	1,669	-	833	-
Derivative financial instruments (Note 38)	840	4,655	788	3,036
Leases	609	-	743	-
Employee benefits (Note 33)	647	-	519	-
Insurances	630	-	472	-
Other deferred costs and accrued income	2,078	-	1,417	-
	6,474	4,655	4,772	3,036

24. Deferred taxes

The changes in deferred taxes in the years ended 31 December 2007 and 2006 were as follows:

	Intangible assets	Goodwill	Tangible assets	Tax losses carried forward	Provisions for risks and charges	Cash and cash equivalents	Doubtful accounts	Inventories	Investment	Available-for-sale financial assets	Others	Total
Deferred tax assets:												
Balances at 1 January 2006	1,797	18,227	12,370	9,850	21,403	-	2,067	1,824	1,031	-	22,570	91,138
Changes in the consolidation perimeter	(2)	-	(6)	(245)	-	-	-	-	-	-	-	(253)
Exchange translation adjustments	(13)	(556)	(760)	(1,710)	(322)	-	(44)	(49)	-	-	(6)	(3,459)
Income tax (Note 13)	(422)	4,384	199	(3,014)	(5,754)	-	(321)	211	784	-	(3,219)	(7,151)
Shareholders' equity (Note 13)	-	-	-	-	1,279	-	-	-	-	-	(395)	885
Balances at 1 January 2007	1,359	22,056	11,803	4,881	16,607	-	1,702	1,986	1,815	-	18,950	81,160
Changes in the consolidation perimeter (Note 5)	-	-	-	206	1,170	-	27	-	-	-	146	1,549
Exchange translation adjustments	39	2,515	312	278	507	-	(29)	(51)	1	-	70	3,644
Income tax (Note 13)	(183)	24,450	1,888	4,432	4,649	-	484	252	(959)	-	(762)	34,251
Shareholders' equity (Note 13)	-	-	-	-	(2,003)	-	-	-	-	-	4,585	2,582
Balances at 31 December 2007	1,215	49,021	14,003	9,798	20,929	-	2,185	2,187	857	-	22,990	123,185

	Intangible assets	Goodwill	Tangible assets	Tax losses carried forward	Provisions for risks and charges	Cash and cash equivalents	Doubtful accounts	Inventories	Investment	Available-for-sale financial assets	Others	Total
Deferred tax liabilities:												
Balances at 1 January 2006	-	-	108,223	-	3,004	-	-	-	12,956	2,376	9,092	135,650
Changes in the consolidation perimeter	-	-	1	-	-	-	-	-	-	-	-	1
Exchange translation adjustments	-	-	(2,239)	-	(2)	-	-	-	-	-	(320)	(2,561)
Income tax (Note 13)	-	12,250	(5,109)	-	212	233	-	-	(456)	-	(2,342)	4,789
Shareholders' equity (Note 13)	-	-	-	-	392	-	-	-	-	(2,376)	160	(1,824)
Balances at 1 January 2007	-	12,250	100,877	-	3,606	233	-	-	12,500	-	6,589	136,055
Changes in the consolidation perimeter (Note 5)	-	-	29,816	-	-	-	-	-	-	-	128	29,945
Exchange translation adjustments	5	359	760	-	(3)	-	-	-	-	-	326	1,447
Income tax (Note 13)	130	26,492	4,789	-	67	(233)	-	-	(962)	-	369	30,652
Shareholders' equity (Note 13)	-	-	-	-	529	-	-	-	-	13	(390)	152
Balances at 31 December 2007	134	39,100	136,242	-	4,199	-	-	-	11,539	13	7,022	198,249
Carrying amount:												
As at 31 December 2006	1,359	9,806	(89,074)	4,881	13,001	(233)	1,702	1,986	(10,686)	-	12,361	(54,895)
As at 31 December 2007	1,081	9,921	(122,239)	9,798	16,731	-	2,185	2,187	(10,682)	(13)	15,968	(75,064)

(Amounts stated in thousands of euros)

The deferred tax assets are recorded directly on shareholder's equity when the situations that have originated them have similar impact, namely:

- The deferred tax assets and liabilities recorded in Reserves related to provisions, resulted from the tax effect associated to the actuarial gains and losses recorded directly in Reserves (Note 2.19.);

- The deferred tax liabilities related to Available-for-sale financial assets, resulted from its valuations to market values, which are recorded on Fair value reserve.

The caption 'Other deferred tax assets' includes essentially the temporary differences of the derivative financial instruments (Note 38). The caption 'Other deferred tax liabilities', included temporary differences resulting from the financial actualization of accounts payable.

At 31 December 2007 the Group had tax losses carried forward of 98,119 thousand euros (2006: 89,568 thousand euros) for deduction from future tax profits, a deferred tax asset of 9,798 thousand euros having been recognised (2006: 4,881 thousand euros). Deferred tax assets of 65,353 thousand euros (2006: 69,745 thousand euros) have not been recognised due to the uncertainty as to their recovery, of which 58,613 thousand euros (2006: 63,942 thousand euros) expire in 2010.

Deferred tax assets were recognized only if it is probable that future taxable profits will occur, which could be used to recover fiscal losses and temporary differences. This evaluation was performed in accordance with the companies business plans, periodically reviewed and actualized.

25. Inventories

Inventories at 31 December 2007 and 2006 are made up as follows:

	2007	2006
Raw, subsidiary and consumable materials	174,036	134,599
Work in process	40,473	33,164
Subproducts and waste	-	229
Finished and semi-finished products	19,326	14,091
Merchandise	6,896	6,261
Advances on purchases	725	655
	241,455	188,998
Accumulated inventory adjustments	(10,886)	(11,979)
	230,569	177,019

(Amounts stated in thousands of euros)

Inventory adjustments

Balance at 1 January 2006	11,159
Exchange translation adjustments	(651)
Increases	1,508
Decreases	(30)
Utilisation	(7)
Balance at 1 January 2007	11,979
Changes in the consolidation perimeter	208
Exchange translation adjustments	(419)
Increases	1,058
Decreases	(274)
Utilisation	(1,468)
Transfers	(199)
Balance at 31 December 2007	10,886

26. Accounts receivable – trade

The caption Accounts receivable – trade at 31 December 2007 and 2006 is made up as follows:

	2007	2006
Trade	329,119	272,183
Notes receivable - trade	4,950	3,403
Doubtful trade accounts receivable	46,188	41,960
Advances to suppliers	5,203	4,933
	385,460	322,478
Adjustments to accounts receivable	(61,599)	(58,683)
	323,861	263,795

(Amounts stated in thousands of euros)

Adjustments to accounts receivable - trade

During the years ended 31 December 2007 and 2006, the changes in this caption are made up as follows:

Balances at 1 January 2006	59,196
Changes in the consolidation perimeter	(614)
Exchange translation adjustments	(721)
Increases (Note 11)	6,609
Decreases (Note 8)	(5,472)
Utilisation	(315)
Balances at 1 January 2007	58,683
Changes in the consolidation perimeter (Note 5)	1,903
Exchange translation adjustments	(206)
Increases (Note 11)	7,652
Decreases (Note 8)	(4,179)
Utilisation	(2,254)
Balances at 31 December 2007	61,599

Increases and decreases in these adjustments are recognized in the statement of profit and loss in captions ‘Other operating expenses’ and ‘Other operating income’, respectively.

In the years ended 31 December 2007 and 2006, the ageing of this caption, was as follows:

	2007	2006
Undue balances	255,907	206,555
Due balances:		
up to 180 days	69,485	51,195
180 to 360 days	8,220	5,791
more than 360 days	51,849	58,938
	385,460	322,478

The book value of the accounts receivable is close to its fair value.

The Group does not have a significant concentration of credit risk, as the risk is spread over a broad range of trade and other debtors. The recognized adjustments represent the estimated loss on the accounts receivable, as a result of the credit risk analysis, after deducting the amounts covered by credit insurance and other warranties.

(Amounts stated in thousands of euros)

27. Share Capital

The Company's fully subscribed and paid up capital at 31 December 2007 consisted of 672,000,000 privatised shares, listed on Euronext Lisbon market, with a nominal value of one euro each.

The official qualifying shareholders are disclosed in appendix.

28. Treasury shares

Commercial legislation relating to treasury shares requires that a free reserve in an amount equal to the cost of treasury shares be frozen while the shares are not sold. In addition, the applicable accounting rules require that gains and losses on the sale of treasury shares be recorded in reserves.

At 31 December 2007 and 2006 Cimpor had 4,002,209 and 2,766,810 treasury shares, respectively.

The changes in treasury shares in the years ended 31 December 2007 and 2006 were as follows:

	Quantity	Value
Balance at 1 January 2006	3,867,300	(12,796)
Treasury shares sale	(1,100,490)	3,502
Balance at 1 January 2007	2,766,810	(9,294)
Treasury shares sale	(1,104,700)	3,739
Treasury shares buy	2,340,099	(14,371)
Balance at 31 December 2007	4,002,209	(19,927)

29. Currency translation adjustments

Exchange translation adjustments result from the translation to euro of the foreign currency financial statements of subsidiaries included in the consolidation. In addition, this caption includes the effect of derivative financial instruments contracted to hedge investments in foreign entities (Note 38), to the extent that they comply with the criteria defined in IAS 39, as regards formalisation and efficiency of the hedge.

(Amounts stated in thousands of euros)

The changes in this caption in the years ended 31 December 2007 and 2006 were as follows:

	Currency translation adjustments	Hedging operations	Total
Balance at 1 January 2006	222,641	(10,155)	212,486
Exchange translation adjustments	(4,732)	-	(4,732)
Hedging of financial investments	(86,480)	-	(86,480)
Balance at 1 January 2007	131,428	(10,155)	121,274
Hedging of financial investments	62,561	-	62,561
Balance at 31 December 2007	193,989	(10,155)	183,834

30. Reserves

The changes in these captions in the year ended 31 December 2007 and 2006 were as follows:

	Legal reserve	Free reserves	Fair value reserve	Hedging operations	Total
Balances at 1 January 2006	85,800	164,445	12,907	(297)	262,854
Appropriation of consolidated profit	9,400	-	-	-	9,400
Purchase/(sale) of treasury shares	-	241	-	-	241
Employee bonuses and share purchase options	-	728	-	-	728
Actuarial gain and loss on employee benefit plans	-	(2,872)	-	-	(2,872)
Adjustments in equity investments in associates and others	-	(2,987)	-	-	(2,987)
Variation in fair value of hedging financial instruments	-	-	-	1,148	1,148
Variation in fair value of available-for-sale investments	-	-	(12,907)	-	(12,907)
Balances at 1 January 2007	95,200	159,555	-	851	255,606
Appropriation of consolidated profit	11,700	-	-	-	11,700
Purchase/(sale) of treasury shares	-	476	-	-	476
Employee bonuses and share purchase options (Note 34)	-	1,047	-	-	1,047
Actuarial gain and loss on employee benefit plans (Note 33)	-	6,570	-	-	6,570
Adjustments in equity investments in associates and others	-	4,047	-	-	4,047
Variation in fair value of hedging financial instruments	-	-	-	(9,593)	(9,593)
Variation in fair value of available-for-sale investments	-	-	2,098	-	2,098
Balances at 31 December 2007	106,900	171,695	2,098	(8,742)	271,950

Commercial legislation establishes that at least 5% of annual net profit must be appropriated to a legal reserve until the reserve equals at least 20% of share capital. This reserve is not available for distribution except upon liquidation of the company, but can be used to absorb losses once the other reserves have been exhausted, or to increase capital.

(Amounts stated in thousands of euros)

31. Retained earnings

The changes in retained earnings in the years ended 31 December 2007 and 2006 were as follows:

Balances at 1 January 2006	118,392
Appropriation of consolidated profit	129,568
Adjustments in equity investments in associates and others	(365)
Employee bonuses and share purchase options	582
Balances at 1 January 2007	248,177
Appropriation of consolidated profit	136,264
Adjustments in equity investments in associates and others	(610)
Employee bonuses and share purchase options (Note 34)	678
Others	(40)
Balances at 31 December 2007	384,470

32. Minority interest

The changes in this caption in the years ended 31 December 2007 and 2006 were as follows:

Balances at 1 January 2006	65,488
Change resulting from exchange translation	(1,722)
Dividends	(3,219)
Increase in investments	66
Other changes in shareholders' equity of subsidiary companies	(249)
Results for the year attributable to minority interests	13,695
Balances at 1 January 2007	74,059
Changes in the consolidation perimeter (Note 5)	26,622
Change resulting from exchange translation	(1,619)
Dividends	(3,206)
Increase in investments	(9,999)
Employee benefits	(1)
Other changes	295
Results for the year attributable to minority interests	16,729
Balances at 31 December 2007	102,880

33. Employee benefits

Defined benefit plan

The Group has defined benefit retirement pension plans and healthcare plans, for which the liability is determined annually based on actuarial valuations made by independent entities, the cost determined by these valuations being recognised in the year.

(Amounts stated in thousands of euros)

Most of the liability for the retirement benefit plans has been transferred to pension funds managed by specialised independent entities.
The valuations as of 31 December 2007 and 2006 were made using the "Projected Unit Credit" method and were based in the following assumptions and technical bases:

	2007	2006
Actuarial technical rate		
Portugal	5.00%	4.75%
Spain	5.40%	4.75%
South Africa	9.25%	8.00%
Annual pension growth rate		
Portugal	2.25%	2.25%
Spain	2.50%	2.25%
Annual fund income rate		
Portugal	5.00%	4.75%
Spain	5.90%	4.90%
Annual salary growth rate		
Portugal	2.50%	2.50%
Spain	3.50%	3.25%
Mortality tables		
Portugal	TV88/90	TV88/90
Spain	PERMF 2000	PERMF 2000
South Africa	SA 85-90	SA 85-90
Nominal growth rate of medical costs		
Portugal		
Growth rate of medical costs	N/A	N/A
Medical infation rate	2.50%	4% till 2011, 2,5% after 2011
Growth rate of medical costs by age	1,5% till 60, 2% between 60 and 85, -1,5% after 85 years old	1,5% till 60, 2,5% between 60 and 85, -1,5% after 85 years old
South Africa	7.25%	6.00%

In accordance with the actuarial valuations the pension and healthcare benefits costs for the years ended 31 December 2007 and 2006 were as follows:

	Pension plans		Healthcare plans (Note 10)		Total	
	2007	2006	2007	2006	2007	2006
Current service cost	1,335	1,763	352	459	1,687	2,221
Interest cost	3,772	3,914	1,002	927	4,774	4,840
Curtailments/settlements	-	(3,386)	-	(4,469)	-	(7,855)
Expected return of the plans' assets	(3,667)	(4,330)	-	-	(3,667)	(4,330)
Total cost/(income) of the defined benefit plans (Note 10)	1,440	(2,040)	1,354	(3,084)	2,795	(5,123)

(Amounts stated in thousands of euros)

The changes in the amount of the defined benefit plans and fund assets in the years ended 31 December 2007 and 2006 were as follows:

	Pension plans		Healthcare plans		Total	
	2007	2006	2007	2006	2007	2006
Defined benefit liability - 1 January	88,592	91,598	20,833	21,452	109,425	113,051
Benefiits and bonuses paid	(5,528)	(5,236)	(841)	(967)	(6,369)	(6,202)
Current service cost	1,335	1,763	352	459	1,687	2,221
Curtailments/settlements (a)	-	(3,386)	-	(4,469)	-	(7,855)
Interest cost	3,772	3,914	1,002	927	4,774	4,840
Actuarial gains and losses (b)	(6,526)	(61)	(5,152)	3,730	(11,678)	3,669
Exchange differences	-	-	(99)	(299)	(99)	(299)
Defined benefit liability - 31 December	81,645	88,592	16,096	20,833	97,741	109,425
Value of the pension funds - 1 January	81,781	79,646	-	-	81,781	79,646
Contributions	2,019	3,031	-	-	2,019	3,031
Benefits and bonuses paid	(5,538)	(5,236)	-	-	(5,538)	(5,236)
Expected income of the funds' assets	3,667	4,330	-	-	3,667	4,330
Actuarial gain in income from the funds' assets (b)	(2,629)	9	-	-	(2,629)	9
Value of the pension funds - 31 December	79,300	81,781	-	-	79,300	81,781

(a) Corresponds to changes on long term benefits structures, which affect actuarial valuations of future responsibilities, for past services.

(b) As from the date of transition to IFRS, the Group has applied the new provisions of IAS 19 – Employee benefits, in which actuarial gains and losses are recognised directly in reserves.

The difference between the present value of the benefit plan liability and the market value of the funds' assets at 31 December 2007 and 2006 is as follows:

	Pension plans		Healthcare plans		Total	
	2007	2006	2007	2006	2007	2006
Liability	81,645	88,592	16,096	20,833	97,741	109,425
Value of the pension funds - 1 January	(79,300)	(81,781)	-	-	(79,300)	(81,781)
Deficit	2,345	6,812	16,096	20,833	18,441	27,644
Liability for employee benefits:						
Current liability	1,220	2,324	841	967	2,060	3,291
Non-current liability	1,773	5,006	15,255	19,866	17,028	24,872
	2,993	7,330	16,096	20,833	19,088	28,163
Asset for employee benefits (Note 23)	(647)	(519)	-	-	(647)	(519)
Total	2,345	6,812	16,096	20,833	18,441	27,644

(Amounts stated in thousands of euros)

The main assets of the funds at 31 December 2007 and 2006 are as follows:

	2007	2006
Shares	21.7%	21.6%
Fixed rate bonds	38.2%	40.2%
Variable rate bonds	32.3%	26.2%
Real estate investment funds, hedge funds and cash	7.7%	12.0%
	100.0%	100.0%

Defined contribution plans

In the years ended 31 December 2007 and 2006 the Group incurred on costs of 1,168 thousand euros and 918 thousand euros, respectively, with defined contribution plans (Note 10).

34. Incentive plan

A *Share Purchase Plan for Employees* and a *Cimpor Share Purchase Option Plan* were approved by the Shareholders' General Meeting held on 11 May 2007.

The Board of Directors of Cimpor – Cimentos de Portugal, SGPS, S.A. decides on who is to be a beneficiary of the *Share Purchase Plan for Employees*, except for members of the Board, in which case the decision is made by the Remuneration Determination Commission.

The beneficiaries have the right to purchase shares at a price equal to seventy-five percent of the closing listed price on the transaction day, up to an overall amount not exceeding half of their gross monthly remuneration.

The entities referred to above also decide on who is to be a beneficiary of the *Cimpor Share Purchase Option Plan*, the beneficiaries being granted the right to purchase Cimpor shares (initial options) at a price not less than seventy-five percent of the average closing listed prices on the sixty Stock Exchange sessions immediately preceding that date. For each option exercised the beneficiary is given the option to acquire one share in each of the following three years (derived options) at the same price.

(Amounts stated in thousands of euros)

The options exercised and shares purchased in the years ended 31 December 2007 and 2006 under these incentive plans, as well as the derived options exercised under the earlier plans were as follows:

	2007			2006		
PLAN	Nº of exercised shares	Unit price	Date	Nº of exercised shares	Unit price	Date
Share purchase options - derived options						
- Series 2003	-	-	-	183,450	2.84	27 March
- Series 2004	249,500	3.20	14 March	253,650	3.20	27 March
- Series 2005	272,970	3.30	14 March	273,970	3.30	27 March
- Series 2006	214,830	4.05	14 March	-	-	
Shares purchased options granted	238,750	4.90	25 May	251,350	4.05	23 May
	976,050			962,420		
Shares purchased by employees	128,650	5.03	17 May	138,070	4.20	12 May
	1,104,700			1,100,490		

The changes in this liability in the years ended 31 December 2007 and 2006 were as follows:

	2007	2006
Changes in the year:		
Outstanding at the beginning of the year	1,583,050	1,585,610
Issued during the year	1,000,000	1,074,400
Exercised during the year	(976,050)	(962,420)
Lapsed during the year and not exercised	(115,750)	(114,540)
Outstanding at the end of the year	1,491,250	1,583,050
Details of options issued during the year:		
Maturity date	May 2007 March 2008, 2009, 2010	May 2006 March 2007, 2008, 2009
Exercise price (euros)	4.90	4.05
Total value exercised (thousands of euros)	4,900	4,351
Cost for the year included in personnel costs	1,096	680
Details of options exercised during the year:		
Average exercise price (euros)	3.83	3.38
Total value exercised (thousands of euros)	3,739	3,255

The fair value of the share options granted, reflected in “Payroll costs”, was calculated based on the Black-Scholes-Merton Model, and it was recognised costs of 1,726 thousand euros in 2007 (1,310 thousand euros in 2006) relating to “Equity Settled” payment plans, as follows:

	2007	2006
Share purchase option plans issued during the year	1,096	680
Share purchase option plans issued in prior years	415	438
Shares purchased by employees	215	192
Cost of the exercise (Notes 10, 30 and 31)	1,726	1,310

(Amounts stated in thousands of euros)

The following assumptions were used in the valuations as of 31 December 2007 and 2006:

	2007	2006
Price per share	6.88	5.25
Exercise price	4.90	4.05
Volatility	21.0%	24.0%
Dividend yeld	3.12% and 3.67%	3.62%

35. Provisions

In the year ended 31 December 2007 and 2006, the classification between current and non-current were as follows:

	2007	2006
Non-current provisions:		
Provisions for legal and tax risks	(102,947)	(99,722)
Environmental rehabilitation	(44,989)	(38,077)
Provision for employee benefits and others personnel provisions	(23,277)	(29,263)
Other provisions for risks and charges	(36,781)	(14,019)
	(207,993)	(181,081)
Current provisions:		
Environmental rehabilitation	(250)	(250)
Provision for employee benefits and others personnel provisions	(3,668)	(4,301)
Other provisions for risks and charges	(1,280)	(226)
	(5,199)	(4,777)
	(213,192)	(185,858)

(Amounts stated in thousands of euros)

The changes in the provisions in the years ended 31 December 2007 and 2006 were as follows:

	Provisions for legal and tax risks	Environmental rehabilitation	Provision for employee benefits and others personnel provisions	Other provisions for risks and charges	Total
Balances at 1 January 2006	93,937	37,144	36,029	15,917	183,027
Changes in the consolidation perimeter	-	-	218	(7)	211
Exchange translation adjustments	(1,272)	(742)	(315)	(194)	(2,524)
Increases	7,057	2,552	6,951	800	17,361
Decreases	-	(642)	(4,895)	(306)	(5,842)
Utilisation	-	-	(4,971)	(1,922)	(6,893)
Transfers	-	15	547	(43)	519
Balances at 1 January 2007	99,722	38,327	33,564	14,245	185,858
Changes in the consolidation perimeter (Note 5)	19	3,405	3,000	326	6,750
Exchange translation adjustments	(831)	1,299	205	520	1,192
Increases	4,062	2,843	1,911	14,396	23,213
Decreases	(86)	(1)	(5,647)	(5,025)	(10,759)
Utilisation	(30)	(616)	(6,088)	(2,219)	(8,953)
Transfers	92	(18)	-	15,818	15,891
Balances at 31 December 2007	102,947	45,239	26,946	38,061	213,192

Company´s provisions for tax risks are the result of corrections made by the authorities during inspections of the tax returns of the Company's and other Group companies. Of these, approximately 92,000 thousand euros related to the review of tax returns of Cimpor and other Portuguese companies for the years 1996 to 2004, under the regime of taxation on consolidated profit up to 2000 and under the special regime for taxations of groups of companies after that year, including an estimate for the years not yet reviewed. The Board of Directors believes that any payment of the above tax, resulting from tax assessments up to the tax year of 2001 or subsequent if influenced by operations up to that date, are the responsibility of the Government body, "Fundo de Regularização da Dívida Pública".

Although the Board of Directors believes that the above mentioned adjustments have no legal basis, confirmed by the understanding of its legal and tax consultants, the effects of the corrections in which the probability of loss can be estimated and which is qualified as possible and that, if they occurred, would result in material costs, are covered by provisions, and accordingly, on the completion of these processes no significant impact on the Group's net worth is expected.

The provision for Environmental rehabilitation represents the Group's legal or implicit obligation to rehabilitate land used for quarries. Payment of this liability depends on the period of operation and the beginning of the related work.

The other provisions for risks and charges cover specific business risks resulting from the Group's normal operations. In the financial year ended on 31 December 2007, these provisions were increased with an amount of 5,762 thousand euros (15 million Brasilian reais), corresponding to the contribution that the Group has agreed to make, in the event of an agreement with the Government of Economic Defence Council, as a result of the administrative charges brought by the Economic Law Department of the Ministry of Justice in Brazil for alleged economic violations in the cement and ready-mix concrete markets. The eventual signing of this agreement does not signify any admission of guilt or acknowledgement of illegal conduct.

(Amounts stated in thousands of euros)

The increases and decreases in the provisions in the years ended 31 December 2007 and 2006 were recorded by corresponding entry to the following accounts:

	2007	2006
Tangible assets:		
Land	406	677
Profit and loss for the year:		
Outside supplies and services	(171)	(526)
Payroll	2,449	(3,106)
Provisions	10,432	4,986
Financial expenses (Note 12)	2,409	6,553
Financial profits	(716)	-
Share of results of associates (Note 12)	242	242
Income tax (Note 13)	4,760	(1,024)
Shareholder's equity:		
Adjustment in equity investments	4	57
Free reserves	(7,362)	3,660
	12,454	11,519

The amounts recorded in reserves corresponds the amount of actuarial gains and losses related to employee benefits.

In the year ended on 31 December 2007, transfers in the caption “Other provisions for risks and charges” refer essentially to the reclassification of a balance previously classified as “Other non-current liabilities” (Note 41).

36. Loans

Loans at 31 December 2007 and 2006 are made up as follows:

	2007	2006
Non-currents liabilities:		
Bonds	855,939	885,239
Bank loans	467,993	471,536
Other loans	315	630
	1,324,247	1,357,405
Currents liabilities:		
Bonds	-	1,151
Bank loans	623,142	51,427
Other loans	340	7,678
	623,482	60,256
	1,947,729	1,417,661

(Amounts stated in thousands of euros)

Bonds

Non-convertible bonds at 31 December 2007 and 2006 are made up as follows:

Issuer	Financial instrument	Issue	Interest rate	Conditions / repayment	2007 Non-current	2006 Current	2006 Non-current
Cimpor Financial Operations B.V.	Eurobonds	27.May.04	Fixed rate of 4.50%	27.May.11	597,598	-	596,903
Cimpor Financial Operations B.V.	US Private Placement 10Y	27.June.03	Fixed rate of 4.75%	27.June.13	96,352	-	106,073
Cimpor Financial Operations B.V.	US Private Placement 12Y	27.June.03	Fixed rate of 4.90%	27.June.15	161,989	-	182,263
Cimentos de Moçambique S.A.R.L.	Bonds	13.Dec.04	TAM + 5.25%	(i)	-	1,151	-
					855,939	1,151	885,239

(i) Early payment.

The above US Private Placements are designated as fair value liabilities through profit and loss, as a result of applying the transitional provisions of IAS 39, in the year ended in 31 December 2005.

The variations in fair value incorporated in the book value of the "US Private Placements" at 31 December 2007 amounted to 86,783 thousand euros (56,374 thousand euros in 31 December 2006), included a positive impact in the year in the amount of 10,500 thousand euros, by the effect of the spread credit increase in debt valorisation.

Bank loans

Bank loans at 31 December 2007 and 2006 are made up as follows:

Type	Currency	Interest rate	Non-current 2007	Non-current 2006
Bilateral	EUR	Euribor + 0.275%	280,000	-
Bilateral	EUR	Euribor + 0.275%	-	392,500
EIB Loan	EUR	EIB basic rate	46,667	53,334
Bilateral	EGP	Caibor + 1.125%	-	8,702
Bilateral	BRL	Several	13,043	16,636
Bilateral	EUR	Several	126,676	364
Bilateral	CVE	Several	49	-
Bilateral	CNY	Several	930	-
Bilateral	PEN	Several	628	-
			467,993	471,536

(Amounts stated in thousands of euros)

Type	Currency	Interest rate	Current	
			2007	2006
EIB Loan	EUR	EIB Basic Rate	6,666	6,666
Bilateral	EGP	Caibor + 1.125%	-	4,351
Bilateral	EUR	Euribor + 1.1%	-	3,125
Bilaterals	BRL	Several	3,215	3,722
Bilaterals	EUR	Euribor + 0.275%	392,500	-
Bilaterals	MAD	Several	6,458	2,798
Bilateral	ZAR	Several	43	-
Bilaterals	CNY	Several	20,756	-
Bilaterals	PEN	Several	7,203	-
Commercial paper	EUR	Several	160,000	-
Overdrafts	TRY	Several	648	-
Overdrafts	MAD	Several	-	3,020
Overdrafts	ZAR	Several	667	153
Overdrafts	EUR	Several	18,875	21,782
Overdrafts	CVE	Several	611	-
Overdrafts	MZM	Several	169	-
Others	EUR	Several	5,331	5,810
			623,142	51,427

The non-current portion of loans at 31 December 2007 and 2006 is repayable as follows:

Ano	2007	2006
2008	-	407,945
2009	74,902	15,445
2010	166,028	15,445
2011	700,263	603,570
2012	103,666	9,666
2012 and following years	279,388	305,334
	1,324,247	1,357,405

(Amounts stated in thousands of euros)

The loans at 31 December 2007 and 2006 are stated in the following currencies:

	2007		2006	
Currency	Currency	Euros	Currency	Euros
EUR	-	1,618,871	-	1,070,363
USD	404,000	274,438	404,000	306,765
EGP	-	-	98,181	13,053
MZM	5,888	169	39,675	1,151
BRL	42,213	16,259	57,243	20,358
ZAR	7,125	710	1,410	153
MAD	73,654	6,458	64,563	5,818
CVE	72,637	659	-	-
TRY	1,112	648	-	-
CNY	233,176	21,686	-	-
PEN	35,131	7,831	-	-
		1,947,729		1,417,661

The foreign currency loans bear interest at market rates and were translated to euros at the rates of exchange on the balance sheet date.

Rating

The larger bilateral loan (Euribor + 0.275%) establish that the spread must be indexed to the Standard & Poor's rating, therefore reflecting the assessment of risk of these operations.

Control of the subsidiary companies

With exception of bilateral loan of 280,000 thousand euros contracted in the end of 2007, the majority of the loan operations of the operating and sub-holding companies do not establish the need for Cimpor – Cimentos de Portugal, SGPS, S.A. to maintain 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.

The comfort letters provided by the Parent company and other subsidiary companies at 31 December 2007 and 2006 totalled 331,753 and 125,313 thousand euros, respectively.

Financial covenants

In the larger financial operations the loan contracts also contain financial covenants for certain financial ratios to be maintained at previously agreed levels.

(Amounts stated in thousands of euros)

The financial ratios are:

- Net debt / EBITDA
- EBITDA / (Financial expenses – Financial income)

At 31 December 2007 and 2006 these ratios were within the commitments established.

Negative pledge

The majority of the financing 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 the referred financial instruments.

37. Obligations under leases

Finance leases

The minimum lease payments as at 31 December 2007 and 2006, resulting from finance lease liabilities, are as follows:

	2007		2006	
	Present value	Future value	Present value	Future value
Up to 1 year	1,946	1,987	457	491
From 1 to 5 years	6,305	6,543	290	314

Operating leases

The Cimpor Group’s current operating lease contracts relate essentially to transport and office equipment.

Future commitments under the current operating lease contracts are as follows (minimum lease payments):

(Amounts stated in thousands of euros)

	Future value	
	2007	2006
Up to 1 year	4,481	4,625
From 1 to 5 years	6,276	6,431
More than 5 years	61	90

Total operating lease costs recognised in the consolidated statement of profit and loss for the year ended 31 December 2007 amounted to 4,891 thousand euros (4,712 thousand euros in 2006).

38. Derivative financial instruments

Under the risk management policy of the Cimpor Group (Note 39), a range of derivative financial instruments have been contracted at 31 December 2007 and 2006 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 operations 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 their market value and sensitivity of the projected cash flows and market value to changes in key variables, with the aim of assessing their financial effect.

The recognition of financial instruments and their classification as hedging or trading instruments, is based on the provisions of IAS 39.

Hedge accounting is applicable to financial derivative instruments that are effective as regards the elimination of variations in the fair value or cash flows of the underlying assets/liabilities. The effectiveness of such operations is verified on a regular quarterly basis. Hedge accounting covers three types of operations:

- Fair value hedging
- Cash flow hedging
- Hedging of net investments in foreign entities

Fair value hedging instruments are financial derivative instruments that hedge exchange rate and/or interest rate risk. Changes in the fair value of such instruments are reflected in the statement of profit and loss. The underlying asset/liability is also valued at fair value as regards the part corresponding to the risk that is being hedged, the respective changes being reflected in the statement of profit and loss.

Cash flow hedging instruments are financial derivative instruments that hedge the exchange rate risk on future purchases and sales of certain assets as well as cash flows subject to interest rate risk. The effective part of the changes in fair value of the cash flow hedging instruments is recognised in shareholders' equity, while the non effective part is reflected immediately in the statement of profit and loss.

(Amounts stated in thousands of euros)

Instruments hedging net investment in foreign entities are exchange rate financial derivative instruments that hedge the effect, on shareholders' equity, of the risks on translation of the financial statements of foreign entities. Changes in the fair value of these hedging operations are recorded in the shareholders' equity "Currency translation adjustments" until the hedged investment is sold or liquidated.

Instruments held for trading purposes are financial derivative instruments contracted in accordance with the Group's risk management policies but where hedge accounting is not applicable, because they were not formally designated for that purpose or because they are not effective hedging instruments in accordance with the requirements of IAS 39.

Fair value of derivative financial instruments

The fair value of derivative financial instruments at 31 December 2007 and 2006 is as follows:

	Other assets (Note 23)				Other liabilities (Note 41)			
	Current asset		Non-current assets		Current asset		Non-current assets	
	2007	2006	2007	2006	2007	2006	2007	2006
Fair value hedges								
Exchange and interest rate swaps	-	-	4,655	2,623	365	-	354	-
Cash flow hedges								
Interest rate swaps	-	788	-	413	2,610	-	10,954	-
Trading								
Exchange and interest rate derivatives	-	-	-	-	6,833	3,501	86,414	72,383
Interest rate derivatives	840	-	-	-	715	902	64,371	55,926
	840	788	4,655	3,036	10,523	4,404	162,093	128,309

Some derivatives, although in compliance with the Group's risk management policies as regards the management of financial market volatility risks, do not qualify for hedge accounting, and so are classified as trading instruments.

(Amounts stated in thousands of euros)

The following schedule shows the operations at 31 December 2007 and 2006 that qualify as fair value and cash flow hedging instruments:

Type of hedge	Notional	Type of Operation	Maturity	Financial purpose	Fair value 2007	Fair value 2006
Fair value	EUR 22,325,000	Cross-Currency Swap	Oct. 2012	Principal and interest hedge on Intercompany Loan from C. Inversiones to NPC - CIMPOR	4,418	2,623
Fair value	EUR 7,000,000	Cross-Currency Swap	Oct. 2013	Principal and interest hedge on Intercompany Loan from C. Inversiones to NPC - CIMPOR	151	-
Fair value	EUR 5,000,000	Cross-Currency Swap	Oct. 2013	Principal and interest hedge on Intercompany Loan from C. Finance to NPC - CIMPOR	86	-
Fair value	EUR 50,000,000	Fixed Rate	Jun. 2008	Hedge of 15% of the 332,5 MM EUR bilateral loan from Totta	-	139
Fair value	EUR 5,000,000	Fixed Rate	Jun. 2008	Hedge of 15% of the 332,5 MM EUR bilateral loan from Totta	-	1,063
Fair value	EUR 75,000,000	Interest Rate Swap	May 2011	Hedge of 12.5% of the interests on Intercompany Loan from C. Inversiones to Cimpor BV regarding the Eurobond payment	(570)	-
Fair value	EUR 75,000,000	Interest Rate Swap	May 2011	Hedge of 12.5% of the interests on Intercompany Loan from C. Inversiones to Cimpor BV regarding the Eurobond payment	(149)	-
Cash-Flow	BRL 388,586,800	Fixed Rate	Dec. 2011	Hedge of 100% of the interest on the Note of Austria Republic on Cimpor Cimentos do Brasil	(13,564)	-
					(9,628)	3,824

In addition, the portfolio of derivative financial instruments at 31 December 2007 and 2006 that do not qualify as hedging instruments is made up as follows:

Face Value	Type of Operation	Maturity	Economic purpose	Fair value 2007	Fair value 2006
USD 150,000,000	Cross-Currency Swap	Jun. 2013	Hedge of 100% of the principal and interest 10Y tranche of the US Private Placements	(30,146)	(23,402)
USD 254,000,000	Cross-Currency Swap	Jun. 2015	Hedge of 100% of the principal and interest 12Y tranche of the US Private Placements	(63,101)	(52,483)
EUR 50,000,000	Fixed rate	Dec. 2009	Hedge of 53% of the EUR tranche of the 2000-2005 Syndicated Loan liquidated on 30 June 2004 and subsequently allocated to reduce exposure to the variable rate of the Group's overall debt portfolio	(14,611)	(12,719)
EUR 100,000,000	Conditioned Swap rate	Dec. 2009			
EUR 50,000,000	Fixed rate with option for variable rate	Dec. 2009	Hedge of 15% of the 392,5 MM EUR bilateral loan from Totta	(208)	(535)
EUR 216,723,549	Conditioned variable rate	Jun. 2015	Hedge of 100% of part of the floating cross-currency swap hedging the 12Y of the US Private Placement	(49,048)	(43,574)
EUR 150,000,000	Floor sale over Spread 10y USD CMS - 2y USD CMS	Jun. 2015			
EUR 50,000,000	Short Term Straddle Swap	Dec. 2009	Hedge of 15% of the 392,5 MM EUR bilateral loan from Totta	(379)	-
				(157,493)	(132,712)

39. Financial risk management

General principles

During its normal business activities, the Group is exposed to a variety of financial risks, which can be grouped in the following categories:

- Interest-rate risk
- Exchange-rate risk
- Liquidity risk
- Credit risk

The management of these risks, which arise from the unpredictability of financial markets, requires prudent application of rules and methods approved by the Executive Committee, with the final purpose of minimising the potential effects on the Group's profits of these markets' behaviour.

On principle, the Group does not take speculative positions and so the sole aim of all operations carried out in this management is to control existing risks to which the Group is unavoidably exposed. Hedging the interest-rate risk and exchange-rate risk normally means contracting financial derivatives on the over-the-counter market involving a limited number of counterparties with high ratings.

The Financial Operations Department at Corporate Centre is responsible for managing financial risks, which includes identifying, assessing and hedging them, under the guidance of the Executive Committee, particularly the Director in charge (whose approval is required prior to any operation).

Interest-rate risk

The Group's exposure to interest-rate risk arises from the fact that its balance sheet includes financial assets and liabilities that have been contracted at fixed and variable interest rates. In the former case, the Group runs the risk of variation in the fair value of these assets and liabilities, in that any change in market rates involves a (positive or negative) opportunity cost. In the latter case, this same change has a direct impact on interest paid or received, resulting in changes in cash flow.

In order to hedge this type of risk, in accordance with the Group's expectations of market rates, forward rate agreements or preferably interest-rate swaps are normally contracted.

In 2007, as almost all the Group's financial debt was denominated in euros and there were perspectives of the euro interest rate going down, it was decided to take a more aggressive position in the variable rate component. Therefore, considering existing hedges, the weight of this component in the total debt went from around 45% at the close of 2006 to around 57% on 31 December 2007.

Exchange-rate risk

The Group's internationalization forces it to be exposed to the exchange-rate risk of the currencies of different countries, particularly Brazil, Egypt, South Africa and Turkey due to the large amount of capital invested there.

(Amounts stated in thousands of euros)

The exchange effects of including local financial statements in the Group's consolidated accounts can be mitigated by hedging the amount of net investments in those countries (using forwards or other financial instruments). However, the Group has not done this systematically, as it considers that the cost of these operations is generally too high in relation to the risks in question.

When we do hedge the exchange-rate risk, we normally use forward contracts and standard exchange options generally maturing in under one year.

The Group only carries out exchange-rate operations to cover existing or contracted positions. This is the case of some future cash flows in foreign currency that, due to the degree of uncertainty associated with them, are often hedged.

Almost all financing contracted by the Group is denominated in the consolidation currency (euros). In the particular case of "US Private Placements" issued in 2003, when the Group decided to turn to the American market to diversify its sources of finance and take advantage of the better conditions offered by this market, it contracted two cross-currency swaps converting fixed-rate US-dollar (USD) loans into variable-rate loans in euros. Both the loans and the derivatives are being reported at their fair value with a direct impact on the profit and loss account (Note 38).

On 31 December 2007 and 2006, not considering the effect of these cross-currency swaps, our main debt instruments were denominated in the following currencies:

	2007	2006
EUR	84%	77%
USD	13%	20%
Outras	3%	3%
	100%	100%

Considering this effect, 97% of our debt was denominated in euros on both dates.

<u>Liquidity risk</u>

Liquidity-risk management means maintaining an appropriate level of available cash and contracting credit limits that not only ensure the normal pursuit of the Group's activities but also meet the needs of any acquisition operations.

Liquidity risk is monitored through a cash budget, which is reviewed at regular intervals. The Group has a strong, stable rating (BBB) and access to short-term lines of credit and keeps its MTN and commercial paper programmes up to date and can therefore operate quickly on the capital market whenever necessary.

In particular, the Group maintains committed backup lines with some banks, which can be used to meet occasional cash needs, thereby reducing the liquidity risk.

On 31 December 2007 and 2006, credit lines obtained but not used, excluding commercial paper which is not underwritten, totalled around EUR 285 million and EUR 243 million, respectively.

Credit risk

The Group endeavours to limit its exposure to credit risk of bank accounts and other cash investments and derivatives contracted from financial institutions by carefully selecting counterparties, taking into the account their rating and the nature and maturity of operations.

On the basis of the information currently available, no losses due to default by counterparties are expected.

In its derivatives portfolio, the Group follows a policy of diversifying counterparties, with the exception of its portfolio of interest-rate derivatives that do not qualify as hedges. It is concentrated to a large extent in one firm (JP Morgan) to facilitate operations. In any case, as this portfolio consists mainly of swaps with sold options, it is JP Morgan and not the Group that actually runs the counterparty risk, as the valuation of the positions in question is always negative or zero.

The three swaps in the other component of our interest-rate derivatives portfolio (classified as hedge accounting) have different counterparties, due to our care not to increase commercial involvement with JP Morgan.

The live operations in our interest-rate swaps portfolio have two different counterparties. The exchange-risk hedge swaps for US market are contracted with Citibank and the cross-currency swaps hedging the financial risk of loans granted to NPC (South Africa) by Cimpor Inversiones were negotiated with Standard Bank (a local bank).

Sensitivity analyses

a) Interest rate

Exposure to interest-rate risk results in variability of the Group's financial profits or losses.

The results of a sensitivity analysis of exposure as at 31 December 2007 and 2006 were as follows: with all other assumptions remaining constant, a parallel alteration of +/- 1% in the interest-rate curve would represent approximately a 10 million euros and 6 million euros increase / decrease in financial costs (before tax), for the financial years ended on 31 December 2007 and 2006 respectively, considering the effect of existing hedge instruments. In 2007, the impact of volatility rose, due to a larger percentage of variable-interest instruments in the debt profile comparatively to 2006.

b) Exchange rates

In the debt and financial derivatives component, risks are substantially hedged by symmetrical positions and as such results do not vary significantly. Exchange-risk exposure in other financial instruments is a result of the Group's normal activity and the impact on results arising from fluctuations in exchange rates is minimal.

(Amounts stated in thousands of euros)

40. Accounts payable - others

Accounts payable – others at 31 December 2007 and 2006 are made up as follows:

	2007		2006	
	Current	Non-current	Current	Non-current
Participated and participant companies	-	-	111	-
Other shareholders	7,708	519	6,433	191
Suppliers of fixed assets	42,486	18,997	26,221	19,616
Other creditors	23,142	1,299	17,162	34
	73,336	20,814	49,928	19,841

"Other creditors" include amounts payable to several entities on transactions not related to the Group's core operations.

41. Other current and non-current liabilities

These captions at 31 December 2007 and 2006 are made up as follows:

	2006		2005	
	Current	Non-current	Current	Non-current
Accrued interest	18,855	-	17,808	-
Increased tax assessment (a)	-	-	-	17,672
Accrued payroll	18,339	-	16,689	-
Derivative financial instruments (Nota 38)	10,523	162,093	4,404	128,309
Investment subsidies	-	7,054	-	6,561
CO2 emission rights (Note 11) (b)	-	-	23	-
Other accrued costs and deferred income	13,225	-	9,601	-
	60,942	169,147	48,525	152,542

a) Tax legislation in Brazil includes taxes based on income generated in each period. One of the subsidiaries in Brazil is questioning, in the courts, the rate of those taxes as well as the basis on which it is calculated. The increased tax assessment corresponds to the amount claimed by the Brazilian tax authorities, which is being questioned by the subsidiary. In the year ended 31 December 2007, the revealed amount was transferred to the caption 'Other provisions for risks and charges' (Note 35).

(b) In transposing European Union and Council Directive 2003/87/CE to internal legal orders, lists of the installations of participants in the trading of emissions and the respective emission licences granted for the 2005 to 2007 period and 2008 to 2012 have been approved by the Portuguese and Spanish governments.

(Amounts stated in thousands of euros)

Eight manufacturing plants of Group companies, four in Portugal (Fábrica de Cal Hidráulica do Cabo Mondego and Alhandra, Loulé and Souselas Production Centres) and four in Spain (Oural, Toral de los Vados, Córdoba and Niebla Production Centres) received licences corresponding to emissions rights of 4,015,279 tons and 1,773,890 tons of CO_2, per annum (2005 to 2007) and 4,053,897 tons and 2,025,769 tons of CO_2 (2008 to 2012), respectively.

In the year ended 31 December 2007, were estimated emissions in these manufacturing plants of 5,732,387 tons of CO_2, still subject to external validation, possessing the Group emission licences that exceeds, with a reasonable security margin, the referred estimated emissions.

42. Accounts payable - trade

The caption Accounts payable – trade at 31 December 2007 and 2006 is made up as follows:

	2007	2006
Trade	145,371	101,823
Suppliers - invoices for approval	11,422	12,770
Notes payable - trade	36,297	32,847
Advances from clients	3,153	2,117
	196,243	149,556

(Amounts stated in thousands of euros)

43. Financial assets and liabilities according to IAS39

The accounting policies in accordance with IAS 39 to financial instruments were applied to following items:

2007	Credits and accounts receivable	Available-for-sale financial assets	Held to maturity investments	Other financial assets	Assets and liabilities at fair value through profit and loss	Total
Assets:						
Cash and cash equivalents	540,250	-	-	-	-	540,250
Accounts receivable-trade	323,861	-	-	-	-	323,861
Other investments	-	14,644	149,669	-	-	164,314
Other non-current accounts receivable	11,880	-	-	-	-	11,880
Other current accounts receivable	22,800	-	-	-	-	22,800
Other non-current assets	-	-	-	-	4,655	4,655
Other current assets	3,916	-	-	-	840	4,756
Current accrued income	1,717	-	-	-	-	1,717
Total assets	904,425	14,644	149,669	-	5,495	1,074,234
Liabilities:						
Non-current loans	-	-	-	1,065,906	258,341	1,324,247
Current loans	-	-	-	623,481	-	623,481
Current liabilities-trade	-	-	-	196,243	-	196,243
Other non-current accounts payable	-	-	-	20,814	-	20,814
Other current accounts payable	-	-	-	73,336	-	73,336
Other non-current liabilities	-	-	-	7,409	161,739	169,147
Other current liabilities	-	-	-	3,971	10,158	14,129
Current acrrued costs	-	-	-	46,813	-	46,813
Total liabilities	-	-	-	2,037,973	430,238	2,468,211

2006	Credits and accounts receivable	Available-for-sale financial assets	Held to maturity investments	Other financial assets	Assets and liabilities at fair value through profit and loss	Total
Assets:						
Cash and cash equivalents	489,441	-	-	-	-	489,441
Accounts receivable-trade	263,795	-	-	-	-	263,795
Other investments	-	153,338	-	-	-	153,338
Other non-current accounts receivable	6,307	-	-	-	-	6,307
Other current accounts receivable	19,043	-	-	-	-	19,043
Other non-current assets	-	-	-	-	3,036	3,036
Other current assets	2,682	-	-	-	788	3,470
Current accrued income	1,302	-	-	-	-	1,302
Total assets	782,570	153,338	-	-	3,824	939,732
Liabilities:						
Non-current loans	-	-	-	1,069,069	288,336	1,357,405
Current loans	-	-	-	60,256	-	60,256
Current liabilities-trade	-	-	-	149,556	-	149,556
Other non-current accounts payable	-	-	-	19,841	-	19,841
Other current accounts payable	-	-	-	49,928	-	49,928
Other non-current liabilities	-	-	-	6,561	128,309	134,870
Non-current accrued costs				17,672	-	17,672
Other current liabilities	-	-	-	1,008	4,404	5,412
Current accrued costs	-	-	-	43,113	-	43,113
Total liabilities	-	-	-	1,417,004	421,049	1,838,053

(Amounts stated in thousands of euros)

44. Notes to the consolidated cash flow statements

Cash and cash equivalents

Cash and cash equivalents at 31 December 2007 and 2006 is made up as follows:

	2007	2006
Cash	444	474
Bank deposits	392,022	318,514
Marketable securities	147,783	170,452
	540,250	489,441
Bank overdrafts (Note 36)	(20,970)	(24,955)
	519,280	464,486

The caption "Cash and cash equivalents" includes cash, deposits repayable on demand, treasury applications and term deposits maturing in less that three months with insignificant risk of change in value. Bank overdrafts includes amounts drawn from current accounts with financial institutions.

In the year ended 31 December 2007, bank deposits includes the amounts of two Escrow Accounts, as part of the acquisition process of the Indian company Shree Digvijay Cement Company Limited, in the amounts of 1,201,681 thousand of INR (equivalent to 20,708 thousand euros according to the end of 31 December 2007 exchange rate) and 55,937 thousand euros.

Receivements / payments relating to loans

The more significant cash flows occurred in the year ended 31 December 2007, respects to Caixa Geral de Depósitos commercial paper emission, in the amount of 160 millions of euros, to a bilateral loan contract of 280 millions of euros and to the use of several credit lines to the acquisition of the Turkish assets in the amount of 158 millions of euros.

Payments relating to investments

Payments related to financial investments, occurred in the year ended 31 December 2007, corresponds essencially to minority investment acquisition in share capital of Betão Liz, S.A. (33.37%) and Cimentaçor, Lda. (25%), in the amount of 11,650 thousand euros and the increase (10.77%) in share capital of Cimentos de Moçambique, S.A.R.L., in the amount of 4,483 thousand euros.

(Amounts stated in thousands of euros)

45. Related parties

Transactions and balances between Cimpor – Cimentos de Portugal, SGPS, S.A. and Group companies were eliminated in the consolidation process and so are not disclosed in this note.

Balances and transactions between the Group and associated, related, jointly controlled companies and individuals with significant voting power with their own are detailed below.

2007

	Receivables		Payables		Transactions			
Related Parties	Trade	Other debtors	Suppliers of fixed assets	Supply of fixed assets	Supply of fixed assets	External supplies and services	Inventories purchases	Sales and services rendered
Associates	1,623	83	213	-	-	2,350	1,266	7,430
Others	9,774	66	816	18,883	608	1,389	2,012	59,909
	11,396	150	1,029	18,883	608	3,740	3,279	67,339

2006

	Receivables		Payables		Transactions			
Related Parties	Trade	Other debtors	Suppliers of fixed assets	Supply of fixed assets	Supply of fixed assets	External supplies and services	Inventories purchases	Sales and services rendered
Associates	513	892	465	-	-	2,198	1,024	4,408
Others	6,488	233	50	17,339	289	2,015	2,245	46,777
	7,001	1,125	515	17,339	289	4,213	3,269	51,186

The terms and conditions of the transactions between the Group companies and related parties are substantially similar to those contracted, accepted and practiced in similar operations with independent entities.

The caption “External supplies and services” include the costs with the Contract of Industrial and Technical Cooperation signed with Lafarge S.A., which invoices on the years ended 31 December 2007 and 2006 amounted to 1,150 thousand euros per year. This contract was signed, in 12 July 2002 and had two addendums, the last one in April 2005, end on 31 March 2009.

Operations between related parties also include acquisitions, of which, in the year ended 31 December 2007, we detach:

- Acquisition of 50% of Yibitas Lafarge Orta Anadolu Cimento Sanayi ve Ticaret A.S., to Group Lafarge, now called Cimpor Yibitas Çimento Sanayi ve Ticaret A.S. (Note 4), by the amount of approximately 266.5 millions of euros;

(Amounts stated in thousands of euros)

- Contract signed at the end of 2007 between Cimpor - Indústria de Cimento, S.A., and C+PA - Cimento e Produtos Associados, S.A., where the second part promised to sell and first part to acquired, or nominate who acquires, the total share capital of Teporset - Terminal Portuário de Setúbal, S.A., by the amount of 500 thousand euros.

Benefits of the members of the Company's corporate boards and executive seniors

Benefits of the members of the Company's corporate boards and executive seniors in the years ended 31 December 2007 and 2006 were as follows:

	2007	2006
Board of directors	4,772	4,066
Senior executives	6,433	5,539
	11,205	9,605
Short-term benefits	9,795	8,543
Post employment benefits	275	260
Share bases payments	1,135	802
	11,205	9,605

46. Contingent liabilities, guarantees and commitments

Contingent liabilities

In the normal course of its business the Group is involved in several legal processes and complaints relating to its products and services as well as of an environmental nature, labour processes and regulatory. Considering the nature the legal processes and the provisions made up, the expected outcome is not expected to have a significant impact on the Group's operations, financial position or results of operations.

Guarantees

At 31 December 2007 the Group companies had guarantees totalling 138,475 thousand euros given to third parties. Of these, 28,319 thousand euros correspond to guarantees given to the tax authorities to cover additional tax assessments for the years 1990 to 2003, the liability being provided for under the caption Provisions for legal and tax risks (Note 35).

(Amounts stated in thousands of euros)

At 31 December 2007 and 2006 the companies included in the consolidation perimeter had the following bank guarantees given to third parties:

	2007	2006
Guarantees given:		
For tax processes in progress	28,319	22,820
Bank union	54,214	60,000
To suppliers	41,593	37,974
Others	14,349	68,720
	138,475	189,515

Other commitments

In the normal course of its business the Group assumes commitments relating essentially to the acquisition of equipment, under its investment operations in progress and for the purchase and sale of investments, associated companies and subsidiaries.

On 1 April 2005 NPC agreed to sell 26% of the capital of S. C. Stone (Note 4) to the National Africans Women Alliance (NAWA). As of 31 December 2007, this transaction was not recognised because the significant risks and benefits relating to that investment were not been transferred to the buyer. In accordance with the terms agreed there are no losses to be recognised as a result of the transaction.

At 31 December 2007 the Group had commitments relating to contracts to purchase tangible fixed assets and inventories as well for operating on third parties installations, totalling 70,473 thousand euros, the more significant amounts being 21,882 thousand euros relating to the Portugal business area, 19,099 thousand euros relating to the Spain business area, 11,484 thousand euros relating to the Morocco business area and 10,451 thousand euros relating to the Egypt business area.

In the year ended 31 December 2007, Cimpor signed a binding agreement with Grasim Industries Ltd., subject to several precedent conditions, for the acquisition of 53,64% of the share capital of Shree Digvilay Cement Company Limited (Shree Digvijay), a company listed on the Bombay stock exchange, assuming simultaneously the obligation of, immediately after and as legally settled, launching a tender offer for an additional 20% of the share capital of this company.

In accordance with the Commercial Company Code ("Código das Sociedades Comerciais"), the parent company Cimpor – Cimentos de Portugal, SGPS, S.A. is jointly responsible for the obligations of its subsidiaries.

47. Subsequent events

The following significant events took place after the end of the 2007 financial year:

- Conclusion of the process of acquisition by Cimpor Inversiones, S.A. of a set of shareholdings corresponding to 73.63% of the share capital of the Indian company Shree Digvijay Cement Company Limited, listed on the Bombay Stock Exchange, for the sum of approximately 70 million euros.
- Start of the process of recovering hazardous industrial waste as a fuel at Souselas plant (Portugal).
- Exercise of the option by Cecisa – Comércio Internacional, S.A. to buy 80% of the equity capital of Cecime – Cimentos, S.A..
- Liquidation and winding up of Betrans – Sociedade Produtora e Distribuidora de Betão Transmontano, S.A..
- Establishment of the company Áridos Cosmos, S.L., fully owned by the Firmes y Hormigones Sani, S.L. company, and whose aggregates production and sales business was taken over by the former.
- Establishment of the company Occidental de Áridos, S.L. and it acquires the assets of the Hormigones Hércules, S.L. company assigned to the aggregates production and sales business.
- Corporación Noroeste de Hormigones e Áridos, S.L. sells an equity holding of 10% of the capital of the Firmes y Hormigones Sani, S.L. company.
- Acquisition, through the Spanish subsidiaries Hormigones Hercules, S.L. and Occidental de Hormigones, S.L. of three concrete plants (two in the region of Seville and one in Huelva) and of all the shares representing the share capital of the Arenor Hormigones, S.L.U. company (owner of three more concrete plants, also in the region of Seville), for the sum of 15.5 million euros.
- Acquisition, through the Spanish subsidiary Occidental de Áridos, S.L. of a 75% holding in the share capital of the Arenor Áridos, S.L.U. company which operates a set of quarries on leased out land in the region of Seville, with an annual production of around 2.5 million tonnes of aggregates, for the sum of 24.45 million euros. The remaining 25% stake was subject to a preliminary purchase contract, with a three year execution period, in the value of 8.15 million euros.
- Acquisition, likewise through the Spanish subsidiary Occidental de Áridos, S.L. of all the shares representative of the share capital of the Urgón y Trituración, S.L. company which operates a quarry in the region of Córdoba, with an annual production of around 350 000 tonnes of aggregates, for the sum of 4.37 million euros.
- Acquisition, through Occidental de Hormigones, S.L. of all the shares representative of the share capital of the Urgón, S.A. company which owns two concrete plants the region of Córdoba, for the sum of 1.86 million euros.

- Signature of a contract to buy new cement grinding equipment for the Asment de Témara plant (Morocco).
- Reduction of the share capital of Société Les Ciments de Jbel Oust (Tunísia) from TND 87,423,000 to TND 81,572,500 through the amortization of 58,505 shares held by Cimpor Inversiones, S.A..
- Announcement of the project to extend the plant of Société Les Ciments de Jbel Oust (Tunisia) through the two-phase construction of one new clinker production line with a nominal capacity of 2,000 tonnes/day.
- Renewal of the quality management system (ISO 9001:2000) and environmental management (ISO 14001:2004) certifications of AMCC and ACCC (Egypt).
- Announcement of the project to construct one new clinker production line with a capacity of 1,500 tonnes/day, at the Dondo plant (Mozambique), complemented by new grinding and bagging facilities.
- Transfer of the assets of the Sterkspruit Concrete company to the Concrete Mix (Pty) Ltd. company. (South Africa), in order the concentrate all the Group’s concrete business in the latter company.
- Announcement of the work to construct the first clinker production line at Shanting (5,000 tonnes/day) and new cement grinding equipment (one million tonnes/year) at Huaian (China).

48. Financial statements approval

The financial statements for the year ended 31 December 2007 were approved by the Board of Directors on 17 April 2008. However, they are still subject to approval by the Shareholders’ General Meeting in accordance with commercial legislation in force in Portugal, set to 9 May 2008.

49. Note added for translation

These consolidated financial statements are a translation of financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

Qualifying Shareholdings [1]

(Translated from the Portuguese original)

SHAREHOLDERS	No. of Shares	Share Capital % [2]
Teixeira Duarte, SGPS, S.A. [3]	**137 943 645**	**20.53%**
Through members of its board of directors and audit committee	84 255	0.01%
Through Teixeira Duarte – Engenharia e Construções, S.A., which it controls	137 690 451	20.49%
On its own account	35 988 245	5.36%
Through members of its board of directors and audit committee	572 120	0.09%
Through Teixeira Duarte – Sociedade Gestora de Participações e Investimentos Imobiliários, S.A., which it fully controls	101 130 086	15.05%
Through Tedal, SGPS, S.A., which it fully controls	67 206 400	10.00%
On its own account	67 205 000	10.00%
Through members of its board of directors and audit committee	1 400	0.00%
Through TDCIM, SGPS, S.A., which it fully controls	33 923 686	5.05%
Through members of the board of directors and audit committee of TDG, SGPS, S.A., in which it has a direct shareholding	168 939	0.03%
Manuel Fino, SGPS, S.A.	**136 141 580**	**20.26%**
On its own account	500	0.00%
Through Limar, Limited and Jevon, Limited, which it fully controls	136 141 080	20.26%
Through Investifino – Investimentos e Participações, SGPS, S.A. [4], controled by Limar, Limited and participated by Jevon, Limited	136 141 080	20.26%
On its own account	136 140 000	20.26%
Through members of its board of directors and audit committee	1 080	0.00%
Lafarge, S.A.	**115 989 135**	**17.26%**
Through members of its board of directors and audit committee	2 940	0.00%
Through Société Financiére Immobiliére et Mobiliére, SAS (Sofimo), which it controls	115 986 195	17.26%
Through Lafarge Cementos, S.A., which it controls	84 911 195	12.64%
Through members of its board of directors and audit committee	3 490	0.00%
Through Ladelis, SGPS, Lda., which it controls	84 907 705	12.64%
Through Financiére Lafarge, SAS, which it controls	31 075 000	4.62%
Banco Comercial Português, S.A. (BCP) and BCP Pension Fund	**67 474 186**	**10.04%**
Banco Comercial Português, S.A. and entities related to it [5]	274 186	0.04%
Banco Comercial Português, S.A.	500	0.00%
Banco Millennium BCP Investimento, S.A.	261 586	0.04%
Fundação Banco Comercial Português	12 100	0.00%
Fundo de Pensões do Banco Comercial Português, S.A.	67 200 000	10.00%
Bipadosa, S.A.	**31 870 986**	**4.74%**
Through Metalúrgica Galaica, S.A., which it fully owns	31 870 986	4.74%
Through Atlansider, SGPS, S.A., 50% owned by LAF 98, S.L., which it fully owns	31 870 986	4.74%
On its own account	31 453 576	4.68%
Through members of its board of directors and audit committee	105 110	0.02%
Through Megasa – Comércio de Produtos Siderúrgicos, Lda., which it fully owns	312 300	0.05%
Through Atlansider, SGPS, S.A., of which it owns 50% [6]	31 870 986	4.74%
On its own account	31 453 576	4.68%
Through members of its board of directors and audit committee	105 110	0.02%
Through Megasa – Comércio de Produtos Siderúrgicos, Lda., which it fully owns	312 300	0.05%

(1) As per notifications according to article 447 of the Portuguese Companies Code and official qualifying shareholdings announcements received by the company until December 31, 2007.

(2) With voting rights.

(3)Qualifying shareholding disclosed as officially communicated to the company (including shares owned by members of the board of directors and audit committee of Teixeira Duarte – Engenharia e Construções, S.A. and TDG, SGPS, S.A., as considered by the Portuguese Securities and Exchange Commission (CMVM)).

(4) Company fully controlled by Manuel Fino, SGPS, S.A..

(5) As foreseen in article 20 of the Portuguese Securities Code.

(6) Shares only imputed once in the calculation of the position of Metalúrgica Galaica, S.A..

CIMPOR shares held by members of the Governing Bodies

Board of Directors and Audit Committee

SHAREHOLDERS	Shares	Nº of Shares 31-12-06	Nº of Shares 31-12-07	2007 Trading Acquisitions	Sales	Prices	Date
Ricardo Manuel Simões Bayão Horta	Cimpor	102 380		1 980		5.03	17-May-07
			104 360				
Luis Eduardo da Silva Barbosa	Cimpor	3 100		340		5.03	17-May-07
			3 440				
Jacques Lefèvre	Cimpor	2 600		340		5.03	17-May-07
			2 940				
Jean Carlos Angulo	Cimpor	2 500		990		5.03	17-May-07
			3 490				
Jorge Manuel Tavares Salavessa Moura	Cimpor	124 000					
				34 000		3.20	14-Mar-07
				40 000		3.30	14-Mar-07
				40 000		4.05	14-Mar-07
					91 500	6.25	28-Mar-07
				1 780		5.03	17-May-07
				40 000		4.90	25-May-07
					32 500	7.10	29-May-07
				1000		5.65	25-Sept-07
			156 780				
Luís Filipe Sequeira Martins	Cimpor	94 020					
				27 000		3.20	14-Mar-07
				31 000		3.30	14-Mar-07
					12 394	6.68	16-Apr-07
					1 570	6.67	16-Apr-07
					6 036	6.66	16-Apr-07
				1 680		5.03	17-May-07
				20 000		4.90	25-May-07
					23 700	7.15	30-May-07
					50 000	7.21	17-July-07
			80 000				
Manuel Luís Barata de Faria Blanc	Cimpor	236 420					
				27 000		3.20	14-Mar-07
				31 000		3.30	14-Mar-07
				25 000		4.05	14-Mar-07
				1 680		5.03	17-May-07
				25 000		4.90	25-May-07
					15 500	7.38	4-June-07
			330 600				
Pedro Maria Calaínho Teixeira Duarte	Cimpor	379 140					
				40 000		3.20	14-Mar-07
				44 000		3.30	14-Mar-07
				40 000		4.05	14-Mar-07
				1 830		5.03	17-May-07
				50 000		4.90	25-May-07
			554 970				
Vicente Arias Mosquera	Cimpor	1 480		340		5.03	17-May-07
			1 820				
José Manuel Baptista Fino	Cimpor	330		340		5.03	17-May-07
			670				
José Enrique Freire Arteta	Cimpor	410		340		5.03	17-May-07
			750				
Jaime de Macedo Santos Bastos	Cimpor		26 650 (1)				

Notes:

(1) Unchanged position since the beginning of his mandate, on May 11, 2007.

Companies under Article 447, no. 2 d) of the Portuguese Commercial Code

Acquisition and Sale of Shares:

	Nº of Shares 31-12-2006	Nº of Shares 31-12-07	Acquisitions	Sales	Price	Date
Teixeira Duarte Engenharia e Construções, S.A. (1)	42 500 000					
				44 300	6.18	26-Jan-07
				55 700	6.18	29-Jan-07
				50 000	6.20	30-Jan-07
				50 000	6.24	31-Jan-07
				50 000	6.28	1-Feb-07
				50 000	6.30	2-Feb-07
				50 000	6.29	5-Feb-07
				50 000	6.32	6-Feb-07
				50 000	6.43	13-Feb-07
				50 000	6.41	14-Feb-07
				60 702	6.09	20-Mar-07
				139 298	6.16	21-Mar-07
				50 000	6.30	22-Mar-07
				50 000	6.32	23-Mar-07
				7 500	6.30	29-Mar-07
				37 359	6.33	2-Apr-07
				17 500	6.30	2-Apr-07
				42 500	6.40	4-Apr-07
				12 641	6.35	4-Apr-07
				17 500	6.43	5-Apr-07
				65 000	7.43	11-Apr-07
				55 000	6.11	7-Nov-07
				641 000	6.20	12-Nov-07
				54 000	6.17	13-Nov-07
				20 000	6.10	22-Nov-07
				1 000 000	6.23	7-Dec-07
				730 000	6.22	7-Dec-07
				839 233	6.29	10-Dec-07
				657 770	6.30	11-Dec-07
				60 767	6.29	11-Dec-07
				1 056 991	6.27	12-Dec-07
				343 009	6.23	13-Dec-07
				53 985	6.20	27-Dec-07
		35 988 245				
Atlansider, SGPS, S.A. (2)	19 632 290					
			110 000		5.90	5-Mar-07
			23 076		5.97	6-Mar-07
			34 331		6.00	14-Mar-07
			30 000		6.00	15-Mar-07
			56 718		6.00	16-Mar-07
			600 000		6.43	11-Sept-07
			300 000		6.29	12-Sept-07
			50 000		6.15	13-Sept-07
			158 000		6.06	14-Sept-07
			912 500		5.99	17-Sept-07
			300 000		5.98	17-Sept-07
			166 504		5.96	18-Sept-07
			50 000		5.96	18-Sept-07
			60 000		6.01	20-Sept-07
			169 555		5.99	20-Sept-07
			1 050 000		6.01	21-Sept-07
			183 476		5.99	21-Sept-07
			200 000		5.93	24-Sept-07
			80 000		5.92	24-Sept-07
			730 000		5.71	25-Sept-07
			95 000		5.68	25-Sept-07
			70 000		5.66	26-Sept-07
			600 000		5.65	26-Sept-07
			250 000		5.85	27-Sept-07
			20 000		5.83	27-Sept-07
			250 000		5.82	28-Sept-07
			50 000		5.82	28-Sept-07
			250 000		5.93	1-Oct-07
			60 000		6.13	3-Oct-07
			55 000		6.21	4-Oct-07
			100 000		6.28	9-Oct-07
			100 000		6.33	10-Oct-07

	Nº of Shares 31-12-2006	Nº of Shares 31-12-07	Acquisitions	Sales	Price	Date
			100 000		6.31	11-Oct-07

			92 820		6.23	12-Oct-07
			47 000		6.23	12-Oct-07
			100 000		6.25	15-Oct-07
			70 000		6.24	15-Oct-07
			800 000		6.14	16-Oct-07
			50 000		6.12	16-Oct-07
			100 000		6.18	17-Oct-07
			30 000		6.17	17-Oct-07
			100 000		6.24	18-Oct-07
			50 000		6.22	18-Oct-07
			100.000		6.18	19-Oct-07
			50 000		6.16	19-Oct-07
			100 000		5.98	22-Oct-07
			200 000		5.97	22-Oct-07
			100 000		6.00	23-Oct-07
			88 591		5.97	23-Oct-07
			100 000		6.02	24-Oct-07
			60 000		6.01	24-Oct-07
			100 000		6.03	25-Oct-07
			20 000		6.02	25-Oct-07
			100 000		6.07	26-Oct-07
			58 061		6.27	29-Oct-07
			100 000		6.26	30-Oct-07
			5 000		6.25	30-Oct-07
			50 000		6.25	31-Oct-07
			85 654		6.24	31-Oct-07
			100 000		6.20	1-Nov-07
			50 000		6.16	1-Nov-07
			230 000		6.10	2-Nov-07
			110 000		6.07	2-Nov-07
			100 000		6.04	5-Nov-07
			200 000		6.03	5-Nov-07
			100 000		6.03	6-Nov-07
			200 000		6.03	6-Nov-07
			50 000		6.07	7-Nov-07
			100 000		6.06	7-Nov-07
			100 000		6.04	8-Nov-07
			100 000		6.03	8-Nov-07
			100 000		6.03	9-Nov-07
			260 000		6.03	9-Nov-07
		31 453 576				
Megasa – Comércio de Produtos Siderúrgicos, Lda. (3)	312 300					
		312 300				
Investifino – Investimentos e Participações, SGPS, S.A. (4)	127 825 000					
			2 000 000		6.13	2-Sept-07
			5 000 000		6.04	9-Nov-07
			564 512		6.03	22-Nov-07
			275 488		6.06	23-Nov-07
			440 000		6.03	28-Nov-07
			15 000		6.09	18-Dec-07
			20 000		6.13	21-Dec-07
		136 140 000				
Caxalp, SGPS, Lda. (5)	362 000					
			91 500		6.25	28-Mar-2007
			32 500		6.90	24-May-2007
				50 000	7.35	4-June-2007
			10 000		6.95	6-June-2007
			10 000		6.94	6-June-2007
			10 000		6.93	6-June-2007
			10 000		6.91	7-June-2007
			10 000		6.90	7-June-2007
			25 000		5.66	26-Sept-07
			10 000		5.67	26-Sept-07
			5 000		5.68	26-Sept-07
		526 000				

Encumbrance of Shares:

	Nº of Shares 31-12-2006	Nº of Shares 31-12-07
Teixeira Duarte Engenharia e Construções, S.A. (1)	33 042 230	33 042 230
Investifino - Investimentos e Participações, SGPS, S.A.(4)	125 282 000	125 282 000

Notes:

(1) Pedro Maria Calaínho Teixeira Duarte, as a member of the Board of Directors.
(2) Ricardo Bayão Horta and José Enrique Freire Arteta, as members of the Board of Directors.
(3) José Enrique Freire Arteta, as manager.
(4) José Manuel Baptista Fino, as a member of the Board of Directors.
(5) Jorge Manuel Tavares Salavessa Moura, as managing partner.

REPORT AND OPINION OF THE AUDIT BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2007

(Translation of a report originally issued in Portuguese)

To the Shareholders,

As required by law and the articles of association of CIMPOR – Cimentos de Portugal, SGPS, S.A. (the Company) and in accordance with our mandate, the Audit Board hereby submits its report on activities and issues its opinion on the consolidated financial statements for 2007, which have been submitted to us for scrutiny by the Board of Directors.

1. Work of the Audit Board

The Audit Board accompanied the activity and business of the Company and its main subsidiaries by examining accounting documents and records, reading the minutes of meetings of the Board of Directors and its Executive Committee and viewing and analysing other documents in order to assess compliance with the law and articles of association. The Audit Board also performed tests and other validation and checking procedures in as much detail as it saw fit.

As part of its work, the Audit Board remained in regular contact with the Executive Committee of the Board of Directors and with the Company's different departments and obtained all necessary information and clarifications.

As required by the articles of association, the Audit Board held monthly meetings, along with other occasional meetings whenever the circumstances imposed, independently of the work done by each of its members in the analysis of documents provided and monitoring of the work of the Company and its subsidiaries with regard to its financial situation and the progress of operations by geographical region and business area.

The Audit Board also accompanied the preparation of the consolidated financial statements and checked the consolidation perimeter.

We examined the reports and opinions of the supervisory bodies of the companies falling within the consolidation perimeter in Portugal, as required by law and the articles of association. For the companies based abroad, we examined the reports of their auditors describing how their audits were conducted and their conclusions.

2. Consolidated Annual Report

In its Annual Report, the Board of Directors describes the company's operations in 2007 and, in addition to this information, relates the most important recent events and highlights those constituting the company's main milestones last year.

The Cimpor Group's consolidated turnover grew significantly and, although operating costs rose slightly more in terms of percentage, the net profit for the year was higher than that of 2006.

This is due essentially to Cimpor's expansion strategy and its growing internationalisation, with substantial increases in Turkey, Egypt and Cape Verde and a promising presence in China, India and Peru.

In this way, Cimpor hopes to minimise the expected reduction in the Portuguese and Spanish markets, which have reached natural maturity and have so far made the largest contribution to the Group's revenue, by investing wisely in new markets with high growth potential. This growth is clearly demonstrated by the maps of the different geographical business segments.

However, it is also this recent presence in these new geographical areas that, along with the rise in interest rates and energy and raw-material prices, that explains the greater growth in operating costs mentioned above.

The Group's expansion has also resulted in higher indebtedness, though this has not in any way affected its rating, which remains at a comfortable level.

The Group's market capitalisation suffered the effects of global financial instability, which remains a source of concern and had fallen by 4.6% by the end of the year.

However, in the opinion of the Board of Directors of Cimpor, the prospects for 2008 are encouraging, in spite of the turbulence that is particularly affecting industrialised economies. We therefore hope that this year will be generally positive for the Group.

Finally, we would like to mention the ongoing improvement in the company's organisation, its growing rationalisation by geographical area and its pursuit of an active policy of sustainable development. The Cimpor Group continues to be characterised by harmonious corporate growth in a correct understanding of the true meaning of "globalisation".

3. Consolidated Financial Statements

As part of its duties, the Audit Board analysed the consolidated financial statements, which consist of the consolidated balance sheet as at 31 December 2007, the consolidated profit and loss account, the consolidated statement of recognised income and expense, the consolidated cash flow statement and their respective notes, as prepared by the Board of Directors. In our analysis, we noted that the accounting standards used in their preparation were in compliance with the International Financial Reporting Standards as adopted by the European Union and with the law and articles of association.

4. Conclusions

The Audit Board has viewed the Legal Certification of Accounts and Audit Report on the consolidated accounts issued by the statutory auditor, with which it agrees.

In the performance of our duties, we did not detect any aspects violating the law or the articles of association or significantly affecting a true, appropriate picture of the financial situation of the profits and cash flows of the companies included in the consolidation.

The Audit Board wishes to thank the Board of Directors in general and its Executive Committee in particular, the different heads of department and other Company personnel with whom it has had the opportunity to come into contact.

Our thanks also go to João Norton dos Reis, who was a member of the Audit Board in 2007 and who for strictly personal reasons, was obliged to resign from the position to which he had been elected. He was therefore replaced by the substitute member, Jaime de Macedo Santos Bastos, who has signed this report.

Finally, we would like to express our deep sorrow on the death of Carlos Pereira Freire, whose work with the Audit Board of Cimpor in his capacity as statutory auditor was always an example of great dedication and professionalism.

In view of the above, the Audit Board issues the following:

5. Opinion

The Consolidated Annual Report, the consolidated balance sheet, consolidated profit and loss accounts, the consolidated statement of recognised income and expense, the consolidated cash flow statement and their respective notes for the financial year of 2007 are in accordance with the applicable accounting standards and requirements of the law and articles of association and can therefore be approved at the General Meeting of Shareholders.

Lisbon, 21 April 2008

Ricardo José Minotti da Cruz-Filipe
Chairman

Luís Black Freire d'Andrade
Member

Jaime de Macedo Santos Bastos
Member

TRANSLATED FROM THE PORTUGUESE ORIGINAL

DECLARATION

(pursuant to Article 245 no.1 c) of the Portuguese Securities' Code)

As far as we are aware: the information set forth in Article 245 no.1) c) of the Portuguese Securities' Code was drawn up in conformity with applicable accounting standards, providing an accurate and appropriate image of the assets and liabilities, the financial situation and the profits of CIMPOR – Cimentos de Portugal, SGPS, S.A. and the companies included in the consolidation perimeter (CIMPOR Group); the report of the directors faithfully provides an account of the evolution of the business, the performance and the position of the CIMPOR Group and it contains a description of the main risks and uncertainties that face it.

Lisbon, 21 April 2008

THE AUDIT COMMITTEE

(Unreadable signatures)

Ricardo José Minotti da Cruz Filipe
(President)

Luís Black Freire d'Andrade
(Member)

Jaime de Macedo Santos Bastos
(Member)

STATUTORY AUDITOR'S REPORT AND AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese)

Introduction

1. In compliance with the applicable legislation we hereby present our Legal Certification of Accounts and Auditors' Report on the consolidated financial information contained in the Directors' Report and the accompanying consolidated financial statements of Cimpor – Cimentos de Portugal, SGPS, S.A. ("the Company") for the year ended 31 December 2007, which comprise the consolidated balance sheet as of 31 December 2007, that presents a total of 4,833,968 thousand Euros and shareholders' equity of 1,899,281 thousand Euros, including a net profit of 304,073 thousand Euros, the consolidated statements of profit and loss, of recognised income and expense and cash flows for the year then ended and the corresponding notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated financial statements which present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union ("IAS/IFRS") and that is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate systems of internal control; and (iv) the disclosure of any significant facts that have influenced the operations of the companies included in the consolidation, their financial position or results of operations.

3. Our responsibility is to examine the financial information contained in the accounting documents referred to above, including verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the Auditing Standards ("Normas Técnicas e Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. The examination included verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. The examination also included verifying the consolidation procedures, the application of the equity method and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used, their uniform application and their disclosure, taking into consideration the circumstances, verifying of the applicability of the going concern concept, assessing the adequacy of the overall presentation of the consolidated financial statements and assessing, in all material respects, the consolidated financial information is complete, true, timely, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors' Report is consistent with the other consolidated accounting documents. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Cimpor – Cimentos de Portugal, SGPS, S.A. as of 31 December 2007 and the consolidated results of its operations and its consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the information included therein is, in terms of the definitions contained in the auditing standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

Lisbon, 18 April 2008

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DELOITTE & ASSOCIADOS, SROC S.A.
Represented by João Luís Falua Costa da Silva

(INDIVIDUAL)

REPORT AND ACCOUNTS

2007

I

REPORT

The Annual Report on the consolidated business activity of CIMPOR – Cimentos de Portugal, SGPS, S.A. appropriately covers all aspects related to the corporate governance and to the development of the different business activities of the Group's companies. We therefore recommend the reading of this report to Shareholders seeking information on these matters.

1. Summary of the Business

The Company's individual turnover is exclusively derived from providing management services to the Group's companies. The turnover in 2007 was identical to that of 2006 - 4.9 million euros. Operating expenses before depreciation and provisions, however, rose by nearly 13% to exceed 12.3 million euros.

Gains in group companies and associates (reported through the equity method) are, given the nature of the Company's business operations, its main source of earnings. These increased to a net value of more than 250 million euros in 2007, which represents a 4.9% rise on the 2006 figure.

This increase, combined, in particular, with the decrease to provisions by around 5.7 million euros and the achievement of an extraordinary income of almost 3.9 million euros, permitted the net income for the financial year to increase by around 7.8% to 251.3 million euros.

2. Statutory Information

The following information is provided in compliance with current legal requirements:

- No payments to Social Security are outstanding;

- CIMPOR held 2,766,810 own shares in portfolio at the start of 2007. It sold a total of 1,104,700 shares to its employees during the first half of the year, at an average price in the region of 3.97 euros, under the stock purchase and stock option plans referred to in chapter 1, section 1.6, of the consolidated annual report, as illustrated in the following table:

Date	No. Shares	Price (EUR)	Note
14 March	249,500	3.20	(1)
14 March	272,970	3.30	(1)
14 March	214,830	4.05	(1)
17 May	128,650	5.03	(2)
25 May	238,750	4.90	(3)

(1) Stock Option Plans (2004, 2005 and 2006)
(2) Stock Purchase Plan (2007)
(3) Stock Option Plan (2007)

A total of 2,340,099 shares were acquired during 2007 at an average unit price of 6.14 euros, with the intention of securing the ongoing nature of the Group's incentive policy and to meet commitments under the referred to stock purchase and option plans.

Date	No. Shares	Price (EUR)	Date	No. Shares	Price (EUR)
19 March	10,951	6.02	14 September	10,612	6.05
	30,000	6.04		21,228	6.06
	16,000	6.05		49,903	6.07
	10,000	6.06		30,000	6.08
20 March	14,000	6.03		10,000	6.09
	20,000	6.04		25,000	6.10
	60,000	6.05		1,289	6.11
21 March	20,000	6.16		36,157	6.12
	15,000	6.22		31,168	6.13
22 March	20,000	6.25		25,000	6.14
	20,000	6.29	17 September	57,693	5.93
	20,000	6.31		11,500	5.94
	20,000	6.33		55,000	5.95
	20,000	6.34		45,000	5.96
23 March	20,000	6.30		105,000	5.97
	20,041	6.31		58,000	5.98
26 March	20,000	6.45		61,000	5.99
	20,000	6.47		71,562	6.00
	20,000	6.48		25,000	6.01
	18,990	6.49	18 September	5,000	5.89
	20,000	6.50		11,581	5.90
11 September	70,780	6.25		1,145	5.91
	20,000	6.26		10,000	5.92
	30,000	6.27		26,834	5.93
	30,000	6.28		10,000	5.95
	63,000	6.29		25,000	5.97
	93,142	6.30		11,000	5.99
13 September	23,194	6.12		10,000	6.01
	41,105	6.16		1,561	6.03
	86,407	6.17		15,000	6.04
	60,636	6.18		15,000	6.05
	33,090	6.19		10,000	6.06
	98,007	6.20	19 September	5,000	6.19
	30,000	6.21		10,200	6.20
	21,450	6.22		10,748	6.21
	11,029	6.23		24,000	6.22
	30,198	6.25		46,000	6.23
14 September	10,000	5.98		43,124	6.25
	15,228	5.99		24,000	6.26
	14,546	6.01		20,000	6.27
	10,000	6.03		13,000	6.28
	15,000	6.04		20,000	6.29

As a result, the number of own shares held in portfolio at the end of 2007 was 4,002,209, which is equivalent to 0.6% of the Company's share capital.

- No other business between the Company and its directors occurred in 2007, besides the sale of own shares in the ambit of the stock purchase and stock option plans referred to in chapter 1, sections 1.6 and 4.4, of the consolidated annual report.

3. Post Balance Sheet Events

Following the close of the 2007 financial year, no further events besides those already described in the consolidated report of the CIMPOR Group deserve special mention.

4. Outlook for 2008

The outlook for 2008 is one of some optimism in almost all business areas, based on the probable evolution of cement consumption in the different markets in which the Group operates and expectations regarding the behaviour of cement sale prices. Spain and Turkey are the foreseeable exceptions, due to the strong slowdown in the real estate market of the former and the excess installed capacity existing in the latter market. The integration of the recently acquired Indian company, the conclusion of the new clinker production line in South Africa, the normalisation of operations in Egypt and the recovery of sale prices in Brazil are the factors that should have the greatest impact on the increase to the Group's turnover and/or its operating margins.

5. Proposed Appropriation of Profits

The net individual profit for 2007, as stated in the financial statements, was 251,283,986.84 euros.

The following appropriation of the net profit is proposed, in accordance with the parameters set down in the Articles of Association and the dividend policy detailed in the Group's consolidated report:

- The allocation of 12,565,000.00 euros, equivalent to 5% of the net profits, to reinforce the legal reserve;
- The allocation of a maximum of 3,000,000.00 euros for the payment of bonuses to the directors and other personnel in the employ of CIMPOR - Cimentos de Portugal, SGPS, S.A. at the end of December 2007;
- The payment of a gross dividend of 0.230 euros per share to shareholders;
- The allocation of the remaining balance to the retained earnings account.

Lisbon, 17 April 2008

THE BOARD OF DIRECTORS

Ricardo Manuel Simões Bayão Horta

Luís Eduardo da Silva Barbosa

Jacques Lefèvre

Jean Carlos Angulo

Jorge Manuel Tavares Salavessa Moura

Luís Filipe Sequeira Martins

Manuel Luís Barata de Faria Blanc

Pedro Maria Calaínho Teixeira Duarte

Vicente Árias Mosquera

José Manuel Baptista Fino

José Enrique Freire Arteta

II

ACCOUNTING DOCUMENTS OF THE HOLDING COMPANY

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

BALANCE SHEETS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original - Note 26)

	Notes	2007	2006
Non-current assets:			
Investments, net	5	1,407,219	1,267,049
Fixed assets, net	6	6,487	6,508
Intangible assets, net		720	-
Other non-current assets, net	4	7	7
Deferred tax	13	304	333
Total non-current assets		1,414,735	1,273,897
Current assets:			
Cash and cash equivalents		857	130,252
Accounts receivable-trade, net	3	24	24
Accounts receivable-other, net	3	23,829	33,055
Prepaid expenses and other current assets	10	500	56,034
Total current assets		25,209	219,364
Total assets		1,439,944	1,493,261
Non-current liabilities:			
Loans	7	-	5,000
Deferred tax	13	287	301
Total non-current liabilities		287	5,301
Current liabilities:			
Loans	7	5,000	21,782
Accounts payable-trade	8	692	408
Accounts payable-other	8	327	108,139
Accrued expenses	9	1,309	56,914
Taxes payable	11	3,522	9,151
Provision for other risks and costs	12	91,961	91,558
Total current liabilities		102,811	287,952
Total liabilities		103,098	293,252
Shareholders' equity:			
Share capital	16	672,000	672,000
Treasury shares	16	(19,927)	(9,295)
Revaluation reserve	16	1,811	1,853
Legal reserve	16	106,900	95,200
Adjustment in equity investments, other reserves and retained earnings	16	324,777	207,080
Net profit for the year	16	251,284	233,171
Total shareholders' equity		1,336,845	1,200,010
Total liabilities and shareholders' equity		1,439,944	1,493,261

The accompanying notes form an integral part of the financial statements for the year ended 31 December 2007.

The Board of Directors

Ricardo Manuel Simões Bayão Horta

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Vicente Arias Mosquera

José Manuel Baptista Fino

José Enrique Freire Arteta

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

STATEMENTS OF PROFIT AND LOSS FOR THE FOR THE YEARS ENDED

31 DECEMBER 2007 AND 2006

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original - Note 26)

	Notes	2007	2006
Operating income:			
Sales and services rendered	17	4,894	4,879
Other operating income		1,330	1,473
Reversal of amortisations and adjustments		298	156
Total operating income		6,522	6,508
Operating expenses:			
Outside supplies and services		(4,413)	(4,015)
Payroll costs	18	(7,828)	(6,833)
Depreciation and amortisation		(418)	(242)
Provisions	12	(1,700)	(7,371)
Other operating expenses		(81)	(87)
Total operating expenses		(14,440)	(18,549)
Operating loss		(7,918)	(12,041)
Financial income, net	19	251,386	238,273
Extraordinary items, net	20	3,888	(13)
Income before income tax		247,356	226,218
Income tax	13	3,928	6,952
Net profit for the year		251,284	233,171

The accompanying notes form an integral part of the financial statements for the year ended 31 December 2007.

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original - Note 26)

	Share capital	Treasury shares	Revaluation reserve	Legal reserve	Adjustment in equity investments	Other reserves and retained earnings	Net income for the period	Total
Balances at 31 December 2005	672,000	(12,796)	1,895	85,800	196,007	35,921	187,718	1,166,545
Earnings allocated to reserves	-	-	-	9,400	-	47,888	(57,288)	-
Dividends	-	-	-	-	-	490	(127,680)	(127,190)
Distribution of profits to employees	-	-	-	-	-	-	(2,750)	(2,750)
Purchase/(sale) of treasury shares	-	3,501	-	-	-	241	-	3,742
Other adjustments	-	-	(42)	-	14,908	(88,374)	-	(73,508)
Net profit for the year	-	-	-	-	-	-	233,171	233,171
Balances at 31 December 2006	672,000	(9,295)	1,853	95,200	210,914	(3,834)	233,171	1,200,010
Earnings allocated to reserves	-	-	-	11,700	-	73,991	(85,691)	-
Dividends	-	-	-	-	-	529	(144,480)	(143,951)
Distribution of profits to employees	-	-	-	-	-	-	(3,000)	(3,000)
Purchase/(sale) of treasury shares	-	(10,632)	-	-	-	476	-	(10,156)
Other adjustments	-	-	(42)	-	139,227	(96,527)	-	42,658
Net profit for the year	-	-	-	-	-	-	251,284	251,284
Balances at 31 December 2007	672,000	(19,926)	1,811	106,900	350,142	(25,365)	251,284	1,336,845

The accompanying notes form an integral part of the financial statements for the year ended 31 December 2007.

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

CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original – Note 26)

	Notes	2007	2006
Operating activities:			
Receipts from clients		117	144
Payments to suppliers		(4,631)	(4,596)
Payments to employees		(10,505)	(10,024)
Cash flow generated by operations		(15,020)	(14,476)
Income tax recovered / (paid)		6,475	15,177
Other receipts relating to operating activities		7,215	6,052
Cash flow before extraordinary items		(1,330)	6,753
Receipts relating to extraordinary items		-	1
Payments relating to extraordinary items		(56)	(50)
Cash flow from operating activities (1)		(1,386)	6,703
Investing activities:			
Receipts relating to:			
Investments	1	7,900	-
Property, plant and equipment		-	11
Interest and similar income		2,990	3,646
Dividends	2	145,248	124,770
Loans to Group companies	3	112,000	-
		268,138	128,427
Payments relating to:			
Investments		-	(6)
Property, plant and equipment		(964)	(68)
Loans to Group companies	3	(109,500)	-
		(110,464)	(74)
Cash flow from investing activities (2)		157,673	128,353
Financing activities:			
Receipts relating to:			
Loans obtained		-	21,782
Sale of treasury shares		4,227	3,835
Loans from Group companies		-	108,900
		4,227	134,517
Payments relating to:			
Loans obtained		(21,782)	(249)
Interest and similar costs		(1,892)	(322)
Dividends		(143,951)	(127,191)
Purchase of treasury shares		(14,371)	-
Loans from Group companies	4	(107,900)	(12,500)
		(289,895)	(140,263)
Cash flow from financing activities (3)		(285,668)	(5,746)
Change in cash and cash equivalents (4) = (1)+(2)+(3)		(129,381)	129,310
Cash and cash equivalents at the beginning of the year		130,252	916
Effect of currency translation		(14)	26
Cash and cash equivalents at the end of the year		857	130,252

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The accompanying notes form an integral part of the financial statements for year ended 31 December 2007.

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

CASH FLOW STATEMENTS (continued)

(Amounts stated in thousands of euros)

(Translated and reformatted from the Portuguese original – Note 26)

1. Receipts relating to investments

	Amounts received
Kandmad, Lda	7,900

2. Dividends received

	Amounts received
Cimpor Portugal, SGPS, S.A.	55,000
Cimpor Inversiones, S.L.	90,248
	145,248

3. Loans to Group companies

	Amounts paid during the year	Amounts received during the year
Cimpor - Indústria de Cimentos, S.A.	109,500	112,000

4. Loans from Group companies

	Amounts paid during the year
Cimpor Internacional, SGPS, S.A.	54,300
Cimpor Investimentos, SGPS, S. A.	53,600
	107,900

5. Other information

a) The caption 'Income tax recovered/ (paid), includes the receipts payments related to the special regime for taxation of group companies.

b) Cimpor – Cimentos de Portugal, SGPS, S.A. supports financially its subsidiary companies, being those effects reflected on the Company's financial statements.

The accompanying notes form an integral part of the financial statements for year ended 31 December 2007.

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, Tunisia, Egypt, Turkey, Brazil, Peru, Mozambique, South Africa, China and Cape Verde (“the Cimpor Group”).

The Company’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; and (ii) Cimpor Inversiones, S.L., which holds the investments in companies with head offices abroad.

2. Summary of significant accounting policies

The accompanying financial statements were prepared as a going concern basis from the Company’s accounting records.

These financial statements are stated in thousands of euros and 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 accompanying 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.

These financial statements refer to the company on an individual non-consolidated basis, investments being recorded in accordance with the equity method as described below.

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

Investments

Investments in group and associated companies are recorded using the equity method of accounting. Such investments being initially recorded at cost which is then increased or reduced to the amount corresponding to the proportion owned of the book value of the equity of these companies as of the date of acquisition of the investment or the date the equity method was first applied.

Whenever necessary in order to conform the financial statements of group and associated companies to the Group's accounting policies, adjustments and reclassifications are made to them.

In accordance with the equity method of accounting, investments are adjusted by the amount corresponding to the Company's share in the net results of the group companies, by corresponding entry to the statement of profit and loss for the year (Note 19), and by other changes in the equity of subsidiary companies, by corresponding entry to the caption "Adjustments in equity investments" (Note 16). In addition, dividends received from these companies are recorded as decreases in the value of the investments.

Other investments are stated at cost less, when applicable, adjustments for estimated losses on realisation, except quoted securities measured at fair value, in accordance with the requirements of IAS 39 – Financial instruments: Recognition and Measurement.

Goodwill

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 resulting from increases in previous investments are amortised on a straight-line basis over the remaining useful live period defined on the first acquisition. Goodwill is capitalised and amortised on a straight-line basis over its estimated realisation period, which varies from five to twenty years.

Intangible assets

This caption consists in the acquired right of an aircraft fraction. Depreciation is provided on a straight-line basis over five years.

Property, plant and equipment

Property, plant and equipment is stated at cost, which includes acquisition expenses or, in the case of certain fixed assets acquired up to 31 December 1992, at restated value computed in accordance with the revaluation criteria established by the applicable Portuguese legislation.

Depreciation is provided on a straight-line basis over the estimated useful lives which correspond to the following estimated average useful lives:

	Years
Buildings and other constructions	10 - 50
Basic equipment	7 - 16
Transportation equipment	4 - 5
Administrative equipment	3 - 14

Provisions and adjustments

The provisions and adjustments are stated at the amount considered necessary to cover potential risks in the collection of overdue accounts receivable balances.

Other provisions and adjustments are recorded at the amounts considered necessary to cover estimated losses.

Foreign currency transactions and balances

Foreign currency assets and liabilities for which there is no fixed exchange rate 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 "Adjustments in equity investments":

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

- Exchange differences arising on financial operations hedging exchange risk on foreign currency investments, as established in IAS 21 – The effects of changes in foreign exchange rates, provided that they comply with the efficiency criteria established in IAS 39.

Cash and cash equivalents

Cash represents immediately available funds and cash equivalents include liquid investments readily convertible to cash with an original maturity of three months or less.

Retirement benefits

Certain subsidiary companies have assumed the responsibility for paying additional pensions to those paid by the Portuguese Social Security, under two different schemes: a defined benefit plan and a defined contribution plan. The related liabilities are recorded in accordance with Portuguese Accounting Directive 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 benefit 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 differences to be recorded in the balance sheet. The costs incurred in the year are recorded as payroll costs, based on the actuarial data.

Healthcare benefits

Certain subsidiary companies have supplementary healthcare benefits for their employees to those provided by the Public Social Security. The liabilities and costs resulting from these benefits are recorded in a similar manner to the retirement pension liabilities and costs referred to above.

Specific provisions to cover these liabilities are recorded in accordance with the criteria established by Portuguese Accounting Directive 19.

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

The effects of those accounting records on these subsidiary companies are reflected on the Company's financial statements by the application of the equity method.

Additionally, the Company has at its service, employees with contractual bond with Cimpor – Indústria de Cimentos, S.A. ("Cimpor Indústria"), which are beneficiary of retirement and healthcare benefits. The corresponding costs are supported by the Company and recorded as Payroll costs.

Income tax

Tax on income for the period is calculated based on the taxable results and takes into consideration deferred taxation.

The Cimpor Group has adopted the tax consolidation regime presently in force in Portugal since 2001. In accordance with this regime the provision for income tax is determined based on the estimated consolidated taxable profit of all the companies covered by this 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 profits, computed in accordance with the tax legislation, at the applicable tax rates.

Deferred tax assets and liabilities are calculated and assessed periodically attending to the temporary differences between the assets and liabilities book values and the corresponding values valid for tax purposes, using the rates expected to be in force when the temporary differences reverse and are not subject to discounting.

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits will exist to use them. A reappraisal of the temporary 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.

Revaluation reserve

Amounts recorded in this caption, resulting from the net increase in property, plant and equipment through revaluations made in accordance with the defined criteria, are transferred to retained earnings when realised through sale, write-off or depreciation of the related items. In general these amounts are not available for distribution and can only be used to increase share capital or to cover losses incurred up to the end of the period to which the revaluation relates.

Accruals basis

The company 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.

Current classification

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

Derivative financial instruments and hedge accounting

The Group has the policy of resorting to financial derivative instruments to hedge the financial risks to which it is exposed as a result of changes in interest rates and exchange rates.

In this respect the Group does not contract derivative financial instruments for speculation purposes.

The Group contract financial derivative instruments in accordance with internal policies set and approved by the Board of Directors.

Financial derivative instruments are measured at fair value. The method of recognising this depends on the nature and purpose of the transaction.

Hedge accounting

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

Changes in the fair value of derivative instruments designated as fair value hedges are recognised as financial income or expense for the period, together with changes in the fair value of the asset or liability subject to the risk.

(Amounts stated in thousands of euros)

Changes in the fair value of derivative financial instruments designated as cash flow hedging instruments are recorded in the caption 'Other reserves' as regards their effective component and in financial income or expense for the period as regards their non effective component. The amounts recorded under 'Other reserves' are transferred to the statement of profit and loss in the period in which the effect on the item covered is also reflected in the statement of profit and loss.

Changes in the value of derivative financial instruments hedging net investments in a foreign entity, are recorded in the caption Adjustment in equity investments as regards their effective component. The non effective component of such variations is recognised immediately as financial income or expense for the period. If the hedging instrument is not a derivative, the corresponding variations resulting from changes in the exchange rate are included in the caption Adjustment in equity investments.

Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with the requirements of IAS 39.

Trading instruments

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

3. Accounts receivable, net

This caption consists of:

	2007	2006
Accounts receivable from affiliated companies (Note 14)	22,342	30,943
Accounts receivable from public entities	1,365	1,365
Other receivables	145	771
	23,853	33,078

(Amounts stated in thousands of euros)

4. Other non-current assets, net

This caption consists of:

	2007	2006
Doubtful accounts receivable	3,214	3,898
Other receivables	615	615
	3,829	4,513
Adjustments for doubtful accounts receivable (Note 15)	(3,822)	(4,506)
	7	7

The Company classifies, as doubtful, specific overdue accounts receivable balances from customers. As these balances, together with other balances classified under the caption other receivables are not fully collectible, the Company records an adjustment for doubtful accounts receivable to cover the estimated loss on their realisation.

5. Investments, net

This caption consists of :

	2007	2006
Affiliated companies:		
Cimpor Inversiones, S.A.	820,531	810,321
Cimpor Portugal, SGPS, S.A.	571,413	437,151
Cimpor Reinsurance, S.A.	10,138	8,881
Kandmad, SGPS, Lda	-	6,879
Cimpor Financial Operations, B.V.	3,725	3,229
Cimpor Tec - Engenharia e Serviços Técnicos de Apoio ao Grupo, S.A.	1,220	429
Cement Services Company, S.A.E.	114	81
Cimpor Egypt For Cement (EGP)	5	4
Cimpor Ybitas Cimento A.S.	-	-
Yibitas Holding, A.S.	-	-
	1,407,145	1,266,975
Securities and other investments:		
Companhia de Cimentos de Moçambique, S.A.	4,050	4,050
Others	74	74
	4,124	4,124
Adjustments for investments	(4,051)	(4,051)
	1,407,219	1,267,049

(Amounts stated in thousands of euros)

The investments in affiliated companies are recorded in accordance with the equity method of accounting after any adjustment or reclassification to conform the affiliated companies financial statements with the Company's accounting policies. Other participations are stated at cost less, when applicable, adjustments for estimated losses on realisation.

Application of the equity method to investments in affiliated companies at 31 December 2007 had the following impact:

	Profit in group companies (Note 19)	Adjustment in equity investments (Note 16)	Dividends	Total
Cement Services Company	40	(7)	-	33
Cimpor Financial Operations, B.V.	496	-	-	496
Cimpor Inversiones, S.A.	129,413	(28,955)	(90,248)	10,210
Cimpor Portugal, SGPS, S.A.	118,058	71,205	(55,000)	134,262
Cimpor Reinsurance, S.A.	1,257	-	-	1,257
Cimpor Tec, S.A.	791	-	-	791
Kandmad, SGPS, Lda.	-	415	-	415
	250,054	42,658	(145,248)	147,464

The adjustments in equity investments relating to Cimpor Portugal and to Cimpor Inversiones include: (i) the effect of adopting the provisions of IAS 39; and (ii) the effect of translating the foreign currency financial statements of affiliated companies.

The reduction in investments in the amount of 7,295 thousands euros concerns to the sale of 85% of the share capital of Kandmad, SGPS, Lda., by 7,900 thousands euros to Cimpor Portugal, SGPS, S.A. with a gain of 606 thousand euros.

(Amounts stated in thousands of euros)

6. Property, plant and equipment, net

This caption comprises the following, at net book value:

Cost:	2007	2006
Land	2,409	2,409
Buildings and other constructions	8,947	8,845
Basic equipment	3,095	3,095
Transportation equipment	383	279
Administrative equipment	5,346	5,357
Fixed assets in progress	-	8
	20,181	19,993
Accumulated depreciation:		
Buildings and other constructions	(5,341)	(5,161)
Basic equipment	(3,064)	(3,058)
Transportation equipment	(262)	(229)
Administrative equipment	(5,027)	(5,038)
	(13,694)	(13,484)
Net book values:		
Land	2,409	2,409
Buildings and other constructions	3,606	3,684
Basic equipment	31	37
Transportation equipment	121	51
Administrative equipment	319	319
Fixed assets in progress	-	8
	6,487	6,508

Property, plant and equipment has been revaluated in accordance with Decree Laws 126/77, 219/82, 399-G/84, 118-B/86, 111/88, 49/91, 22/92 and 264/92, and Law 36/91, using price indices established by those legislations.

(Amounts stated in thousands of euros)

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

	Historical cost	Revaluation	Revalued amounts
Land	359	2,050	2,409
Buildings and other constructions	914	2,692	3,606
Basic equipment	31	-	31
Transportation equipment	121	-	121
Administrative equipment	299	20	319
	1,724	4,762	6,487

A portion (40%) of the additional depreciation arising from the revaluations is not deductible for income tax purposes, originating a deferred tax liability of 287 thousand euros (Note 13).

7. Loans

This caption consists of:

	2007		2006	
	Current	Non-current	Current	Non-current
Bank loans	5,000	-	21,782	5,000

8. Accounts payable

This caption consists of:

	2007	2006
Accounts payable to related companies (Note 14)	296	108,116
Accounts payable to suppliers	695	408
Other creditors	28	23
	1,019	108,547

(Amounts stated in thousands of euros)

9. Accrued expenses

This caption consists of:

	2007	2006
Derivative instruments (Note 24)	208	55,627
Vacation pay and vacation bonus	986	912
Interest payable	8	249
Other	107	126
	1,309	56,914

10. Prepaid expenses and other current assets

This caption consists of:

	2007	2006
Derivative instruments (Note 14 and 24)	208	55,627
Insurance	29	100
Interests receivable	3	85
Other	259	223
	500	56,034

11. Taxes payable

This caption consists of:

	2007	2006
Income tax	3,232	8,902
Withholding tax	108	94
Value added tax	87	74
Social Security contributions	94	81
	3,522	9,151

The income tax payable is the result of the special regime for taxation of groups of companies that Cimpor Group is subject.

(Amounts stated in thousands of euros)

12. Movement in the provisions

During the year ended 31 December 2007, the movement in the provision account balances, was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Provisions for other risks and costs:				
Tax contingencies	87,887	4,044	-	91,930
Other risks and costs	3,672	-	(3,641)	31
	91,558	4,044	(3,641)	91,961

The increase in the provision for tax contingencies was recorded by corresponding entry to the following captions:

Provisions	1,700
Tax contingencies	2,344
	4,044

13. Income tax

The Company is subject to Corporate Income Tax (CIT) at the rate of 25%, and municipal surcharge up to 1,5%, which sums a total tax rate of 26,5%. Gains and losses in associated companies recorded under the equity method are not relevant for tax purposes. The same applies to dividends received from affiliated companies.

As from 2001, the Company and its over 90% held Portuguese subsidiaries are subject to the special regime for taxation of groups of companies (*RETGS*). This regime consists of applying the CIT rate to the consolidated taxable results of the companies included in the special regime plus the municipal surcharge, and excluding dividends distributed between those companies. The Company is also subject to autonomous taxation over certain expenses mentioned in article 81 of the CIT Code.

In accordance with current legislation, the Company's tax returns are subject to reviews performed by the tax authorities for a period of four years (for Social Security purposes five years), except if there are tax losses computed, tax benefits granted or tax audits, claims or appeals in progress, in which cases the periods can be extended or suspended. At the date of this report, the Company's tax returns were reviewed by the tax authorities up to the tax year of 2004, and the tax audit for 2005 is in course.

(Amounts stated in thousands of euros)

As a result of the reviews performed by the tax authorities to the CIT returns for the years of 1996 to 2004, additional adjustments were made to the assessment basis and to tax, determined under the tax consolidation regimes, being the most significant adjustments from the increase of depreciations resulting from the revaluation of property, plant and equipment. The Board of Directors believes, based on the understanding of its tax consultants, that the above mentioned adjustments have no legal basis and therefore they have been legally claimed.

The Board of Directors believes that the recorded provisions reflect, prudently, the potential risks associated with the probability that the adjustments may result in future payments, including an estimate for the years not yet audited.

In addition, the Board of Directors believes that any payment of the above tax, resulting from tax assessments up to the tax year of 2001 or subsequent if influenced by operations up to that date, are the responsibility of the Government body, "Fundo de Regularização da Dívida Pública".

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

Reconciliation of the provision for income tax at the statutory Portuguese income tax rate, for the year ended 31 December 2007 and the effective income tax rate, was as follows:

	Tax base	Income tax
Income before income tax	247,356	
Temporary differences	(60)	
Permanent differences	(255,562)	
	(8,266)	
Normal charge		(2,190)
Autonomous taxation		22
		(2,169)
Deferred tax on temporary differences reversed in the period		16
Tax contingencies (Note 12)		2,344
Prior year adjustments		62
Adjustments to the consolidated Group's tax and others		(4,181)
Charge for the period		(3,928)

Permanent differences include mainly elimination of the effect of applying the equity method.

(Amounts stated in thousands of euros)

The movement in deferred taxes in the year ended 31 December 2007 is as follows:

	Beginning balance	Reversal	Ending balance
Deferred tax assets:			
Adjustments for doubtful debts	313	(20)	293
Provision for other risks and costs	20	(9)	11
	333	(29)	304
Deferred tax liabilities:			
Revaluation of tangible fixed assets (Note 6)	301	(13)	287

14. Related parties

The principal balances and transactions in the year ended 31 December 2007 with Group companies are as follows:

	Balances				Transactions				
	Group companies, accounts receivable (Note 3)	Accounts payable	Deferal and accruals (Note 10)	Group companies, accounts payable (Note 8)	Financial loss (Note 19)	Financial income (Note 19)	Services rendered (Note 17)	Other income	Outside supplies and serviçes
Agrepor Agregados, S.A.	86	-	-	-	-	-	-	73	3
Alempedras, Sociedade de Britas, Lda.	2	-	-	-	-	-	-	2	-
Betaçor-Fab. Bet. Artef. Cimento, S.A.	3	-	-	-	-	-	-	3	-
Betão Liz, S.A.	77	-	-	11	-	-	-	77	-
Cecisa - Comércio Internacional, S.A.	17	-	-	-	-	-	-	17	-
Cement Trading Activities, S.A.	7	-	-	-	-	-	-	-	-
Ciarga - Argamassas Secas, S.A.	27	-	-	-	-	-	-	27	-
Cimentaçor - Cimentos dos Açores, Lda.	46	-	-	-	-	-	-	46	-
Cimpor - Indústria Cimentos, S.A.	9,794	-	7	233	-	1,535	4,650	20	1
Cimpor Betão -Indústria Betão Pronto, S.A.	420	-	-	8	-	-	-	421	-
Cimpor Finance Limited	38	-	-	-	-	-	-	-	-
Cimpor Imobiliária, S.A.	12	-	18	-	-	-	-	12	-
Cimpor Internacional, SGPS, S.A.	247	-	-	-	88	-	60	-	-
Cimpor Inversiones, S.A.	3	-	208	-	1,841	2,107	154	1	-
Cimpor Investimentos, SGPS, S.A.	111	-	-	-	87	-	30	-	-
Cimpor Portugal, SGPS, S.A.	11,133	-	-	-	-	-	-	1	3
Cimpor - Serviços Apoio à Gestão Empresas, S.A.	129	327	-	-	-	-	-	525	1,631
Cimpor Tec, S.A.	-	-	-	44	-	-	-	4	40
CTA - Comércio Internacional, S.A.	-	-	-	-	-	-	-	7	-
Geofer - Prod.Com.de Bens Equip., S.A.	18	-	-	-	-	-	-	18	-
Ibera, S.A.	5	-	-	-	-	-	-	5	-
Imopar, SARL	9	-	-	-	-	-	-	-	-
Jomatel - Emp. Mat. Construção, S.A.	22	-	-	-	-	-	-	22	-
Sacopor - Soc Emb e Sacos de Papel, S.A.	31	-	-	-	-	-	-	31	-
Scanang SGPS, Unipessoal, Lda	88	-	-	-	-	-	-	4	-
Scanang Trading Activities	2	-	-	-	-	-	-	-	-
Transviária - Gestão de Transpores, S.A.	15	-	-	-	-	-	-	15	-
	22,342	327	233	296	2,015	3,642	4,894	1,330	1,678

The balance receivable from Cimpor Portugal, SGPS is due to tax income according to the special regime for taxation of groups of companies.

The balance receivable from Cimpor Indústria de Cimentos, S.A. includes 9,000 thousand euros relating to treasury support, which earns interest at normal market rates.

(Amounts stated in thousands of euros)

15. Movements occurred in the caption of asset adjustments

During the year ended 31 December 2007, the movement in adjustments, was as follows:

	Beginning balance	Utilisation	Reversal	Ending balance
Adjustments for:				
Doubtful accounts receivable	3,895	(386)	(298)	3,212
Other debtors/ shareholders	611	-	-	611
	4,506	(386)	(298)	3,822

16. Share capital and reserves

At 31 December 2007, Cimpor's fully subscribed and paid up share capital consisted of 672 million shares with a nominal value of one euro each.

The last known capital structure of the Company, as per notifications of official qualifying shareholders received by the company until 31 December 2007, was as follows (Includes shares owned by its related companies and its corporate board members):

	%	Number of shares
Teixeira Duarte, SGPS, S.A.	20.53	137,943,645
Manuel Fino, SGPS, S.A.	20.26	136,141,580
Lafarge, S.A.	17.26	115,989,135
Banco Comercial Português, S.A. (BCP) and BCP Pension fund	10.04	67,474,186
Bipadosa, S.A.	4.74	31,870,986
Others	27.17	182,580,468
	100.00	672,000,000

<u>Revaluation reserve</u>

This caption results from the revaluation of property, plant and equipment in accordance with the applicable legislation (Note 6). 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.

(Amounts stated in thousands of euros)

Legal reserve

In accordance with current legislation the Company must appropriate, to the legal reserve, at least 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.

Adjustments in equity investments

This caption, in the year ended 31 December 2007, relate mainly to: (i) transfer from "Retained earnings" to "Adjustments in equity investments" of the results not distributed by subsidiary companies recorded in accordance with the equity method; (ii) adjustment of investments resulting from changes in the equity of subsidiary companies (Note 5).

Net income application

The net profit for 2006 was appropriated as follows, in accordance with a decision of the Shareholders' Annual General Meeting held on 11 May 2007:

Dividends	144,480
Employees' bonus	3,000
Retained earnings	73,991
Legal reserve	11,700
	233,171

Undistributed dividends attributed to own shares, in the amount of 529 thousand euros, are included on the caption "Other reserves and retained earnings".

Treasury shares

Commercial legislation relating to treasury shares requires the existence of a free reserve equal to the amount of the cost of such shares, which is not available for distribution while the shares are not sold. In addition, the applicable accounting rules require gains and losses on the sale of own shares to be recorded in reserves.

The movement in treasury shares, in the year ended 31 December 2007, corresponds to: (i) the sale of 1,104,700 shares to several employees of the Group (Note 23) for a total of 4,386 thousand euros, which resulted in an increase of 476 thousand euros in Other reserves; (ii) the acquisition of 2,340,099 shares in several market operations, in March and September 2007, by a total amount of 14,371 thousand euros.

At 31 December 2007 Cimpor held 4,002,209 treasury shares (Note 23).

(Amounts stated in thousands of euros)

17. Services rendered

Services rendered for the year ended 31 December 2007 result from contracts to render management and administrative services entered into with affiliated companies (Note 14).

18. Payroll costs

This caption consists of:

	2007	2006
Salaries	5,781	5,292
Social charges:		
Pensions	133	130
Others	1,914	1,411
	7,828	6,833

19. Financial income, net

This caption consists of:

	2007	2006
Income:		
Interest income	10,221	22,342
Gains in Group companies (Note 5)	250,054	241,817
Foreign exchange gains	4	5
	260,279	264,164
Expenses:		
Interest expenses	8,780	22,299
Losses in Group companies (Note 5)	-	3,376
Foreign exchange losses	21	29
Other financial expenses	92	187
	8,893	25,891
Net financial income	251,386	238,273

(Amounts stated in thousands of euros)

20. Extraordinary items, net

This caption consists of:

	2007	2006
Extraordinary income:		
Debt recovery	16	15
Gains on the sale of fixed assets	609	-
Provision decreases (Note 12)	3,641	-
Prior year adjustments	35	2
Other extraordinary income	31	179
	4,331	196
Extraordinary expenses:		
Donations	62	72
Uncollectible debts	199	3
Loss on the disposal of fixed assets	-	2
Other extraordinary expenses	182	133
	443	209
Net extraordinary items	3,888	(13)

The caption Other extraordinary expenses is exclusively related to compensations, paid to employees, due to the end of the respective contracts.

The caption Gain on the sale of fixed assets includes 606 thousand euros, related to gain on the sale of 85% of the share capital of Kandmad, SGPS, Lda..

21. Guarantees

At 31 December 2007 the Company had guarantees given to third parties totalling 81,612 thousand of euros. These guarantees were given to the tax authorities, to cover the additional tax assessments received, which responsibility is considered on the caption of tax contingencies on Provisions for other risks and costs (Note 12), and to bank entities.

22. Commitments

Retirement pension benefits and medical benefits

As explained in Note 2, some Group companies have supplementary retirement and healthcare plans for their employees. The liability under these plans is reflected in the financial statements as of 31 December 2007 in accordance with the applicable accounting standards.

In the year ended 31 December 2007, Group liabilities with active and retired employees past services, ascend to 97,741 thousand euros, of which 79,300 thousand euros are financed by pension funds, being the remaining in the amount of 18,441 thousand euros, registered in liabilities.

As a result of applying the equity method of accounting, the effect of these plans is reflected in the Company's financial statements in the captions financial income, net, and investments.

Other commitments – investments and services

At 31 December 2007 some of the Group companies had commitments relating to contracts to purchase tangible fixed assets and inventories as well for operating on third parties installations of 70,473 thousand euros, the most significant amounts being 21,882 thousand euros relating to the Portugal business area, 19,099 thousand euros relating to the Spain business area, 11,484 thousand euros relating to the Morocco business area and 10,451 thousand euros relating to the Egypt business area.

On 1 February 2005 a contract to render administrative, financial, accounting and human resources services was entered into between the Company and Cimpor – Serviços de Apoio à Gestão de Empresas, S.A.. The contract involves an annual commitment of 1,624 thousand euros.

In accordance with Portuguese Commercial Company Code ("Código das Sociedades Comerciais"), the company Cimpor – Cimentos de Portugal, SGPS, S.A. is jointly responsible for the obligations of its subsidiaries.

(Amounts stated in thousands of euros)

Other commitments – comfort letters

Comfort letters relating to group companies, given to third parties, are as follows:

Cimpor Inversiones, S.A.	61,712
Corporacion Noroeste, S.A.	75,129
Amreyah Cimpor Cement Company, S.A.E.	469
Cimpor Cimentos do Brasil, Ltda	5,466
Cimentos de Moçambique, S.A.R.L.	2,483
	145,258

23. Stock option plans

At the Shareholders' General Meeting held on 11 May 2007 an *Employee Stock Acquisition Plan* and a *Cimpor Shares Stock Option Plan* were approved.

The Board of Directors of CIMPOR – Cimentos de Portugal, SGPS, S.A., is responsible for granting the benefits under these plans, other than to its own members, in which case the benefits are granted by the Remuneration Committee.

The beneficiaries of *Employee Stock Acquisition Plan* are granted with the right to acquire shares at a price equal to seventy-five percent of the closing price on the day the transaction is carried out, up to the amount that does not exceed half of his/her monthly gross base remuneration.

The beneficiaries of the *Cimpor Shares Stock Option Plan* are granted with the right to acquire Cimpor shares (initial options), at a price not lower than seventy-five percent of the average of the closing prices on the sixty stock market sessions preceding that date. For each option exercised, the beneficiary is granted the option to acquire one new share (derivative options), at the same price, in each of the following three years.

The options exercised during the year ended 31 December 2007 were as follows:

PLAN	Number of Shares	Unit price	Date
Stock Option Plan - derivative options - series 2004	249,500	3.20	14 March
Stock Option Plan - derivative options - series 2005	272,970	3.30	14 March
Stock Option Plan - derivative options - series 2006	214,830	4.05	14 March
Stock Option Plan - initial options - series 2007	238,750	4.90	25 May
Employee Stock Acquisition Plan - year 2007	128,650	5.03	17 May
	1,104,700		

As at 31 December 2007, the Company held sufficient treasury stock to face the responsibilities inherent to the above mentioned stock options plans.

24. Financial instruments

In accordance with Cimpor Group's risk management policies, Cimpor Holding contracts financial derivative instruments with the objective of minimizing the risks to variations of interest and exchange rates, to which is exposed through its affiliated Cimpor Inversiones.

For the effect, Cimpor Holding and Cimpor Inversiones signed, in the end of 2005, a contract in accordance with ISDA's regulations (International Swaps and Derivatives Association), which regulates the operations of derivative instruments contracted among both parties. In this sense, the existent hedging positions between Cimpor Holding and the formal parts (financial institutions) are replicated to Cimpor Inversiones, which becomes the holder of rights and obligations related to contracted positions. As such, assets/liabilities accounted in Cimpor Holding, are the reflex of symmetrical positions in Cimpor Inversiones.

The transfer process of the derivative instruments to Cimpor Inversiones was concluded at the end of 2007 and Cimpor Holding ceased to be a formal part of contracted operations.

Cimpor's Financial Operations Area is still responsible for the coordination of the Group's risk management policies, after analyzing the Group's assets and liabilities risks. The main difference between this and the previous model consists in the fact that the Company is no longer the formal part of the contracted operations, being those contracted directly by Cimpor Inversiones.

These instruments are subject to previous approval by the Executive Committee and are permanently monitored by that Financial Operations Area. Several indicators relating to these 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 objective of assessing their financial effect.

Fair value of financial instruments

In the year ended 31 December 2007, the Company remains the formal part in an interest rate derivative contract, designated as a trading instrument since it does not comply with all the requirements of IAS 39 to qualify for hedge accounting.

25. Subsequent events

The most significant events that occurred after 31 December 2007 are described in the Directors' Report.

26. Note added for translation

The accompanying financial statements are a reformatted translation of financial statements originally issued in Portuguese 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.

REPORT AND OPINION OF THE AUDIT BOARD ON THE NON-CONSOLIDATED FINANCIAL STATEMENTS FOR 2007

(Translation of a report originally issued in Portuguese)

To the Shareholders,

As required by law and the articles of association of CIMPOR – Cimentos de Portugal, SGPS, S.A. (the Company) and in accordance with our mandate, the Audit Board hereby submits its opinion on the financial statements for 2007, which had been submitted to us for scrutiny by the Board of Directors.

The Audit Board accompanied the activity and business of the Company by examining documents and accounting records, review the minutes of meetings of the Board of Directors and Executive Committee and analysing other documents in order to assess compliance with the law and articles of association. The Audit Board also performed tests and other procedures in as much detail as it saw fit. The Audit Board remained in contact with the Board of Directors and with other directors and obtained all necessary information and clarifications whenever requested.

As part of our duties, we examined the Annual Report of the Board of Directors and concluded that it is in compliance with legal requirements. We also analysed the accounts of the financial year ended on 31 December 2007, which consists of the balance sheet, profit and loss accounts by nature and function, cash flow statement and their respective notes, as prepared by the Board of Directors, with regard to the accounting standards used in their preparation and respect for the law and articles of association.

The proposal for the appropriation of profit submitted by the Board of Directors complies with applicable legislation and the articles of association.

The Audit Board has viewed the Legal Certification of Accounts and Audit Report on the consolidated accounts issued by the statutory auditor, with which it agrees.

We are therefore of the opinion that the above accounting documents and the proposal for the appropriation of results are in accordance with the applicable accounting standards and requirements of the law and articles of association and can therefore be approved by the shareholders

The Audit Board wishes to thank the Board of Directors and other personnel of CIMPOR – Cimentos de Portugal, SGPS, S.A., for their cooperation.

Lisbon, 21 April 2008

Ricardo José Minotti da Cruz-Filipe
Chairman

Luís Black Freire d'Andrade
Member

Jaime de Macedo Santos Bastos
Member

LEGAL CERTIFICATION OF ACCOUNTS AND AUDITORS' REPORT

(Translation of a report originally issued in Portuguese)

Introduction

1. In compliance with the applicable legislation, we hereby present our Legal Certification of Accounts and Auditors' Report on the financial information contained in the Directors' Report and the accompanying financial statements of Cimpor – Cimentos de Portugal, SGPS, S.A. ("the Company") for the year ended 31 December 2007, which comprise the balance sheet as of 31 December 2007, that presents a total of 1,439,944 thousand Euros and shareholders' equity of 1,336,845 thousand Euros, including a net profit of 251,284 thousand Euros, the statements of profit and loss by nature and by functions and the statement of cash flows for the year then ended and the corresponding notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of financial statements which present a true and fair view of the financial position of the Company, the results of its operations and its cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles and that is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and maintenance of an appropriate system of internal control; and (iv) the disclosure of any significant facts that have influenced the Company's operations, financial position or results of operations.

3. Our responsibility is to examine the financial information contained in the accounting documents referred to above, including verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the Auditing Standards (“Normas Técnicas e Directrizes de Revisão/Auditoria”) issued by the Portuguese Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. The examination included verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. The examination also included assessing the adequacy of the accounting policies used and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept; assessing the adequacy of the overall presentation of the financial statements, and assessing if, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also included verifying that the information included in the Directors’ Report is consistent with the other accounting documents. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the financial statements referred to in paragraph 1 above, present fairly, in all material respects, for the purposes referred to in paragraph 6 below, the financial position of Cimpor – Cimentos de Portugal, SGPS, S.A as of 31 December 2007 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal and the financial information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

Emphasis

6. The financial statements mentioned in paragraph 1 above relate to the Company’s separate operations and have been prepared in accordance with generally accepted accounting principles in Portugal for approval and publication according to the legislation in force. As mentioned in Note 3 to the financial statements, equity holdings in subsidiaries and associates are accounted for by the equity method. As required by law, the Company has prepared for separate publication consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Lisbon, 18 April 2008

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by João Luís Falua Costa da Silva