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INTERIM CONSOLIDATED FINANCIAL REPORT

1st Half
2016

(translated from the original version in portuguese)

Building Sustainable Partnerships

CIMPOR - Cimentos de Portugal, SGPS, S. A.
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Public Company | Tax and Lisbon Commercial Registry Number: 500 722 900 |
Share Capital 672 000 000 Euros

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Index

Results penalized by economic adversity, constrained operations and one-off impairment in Brazil

EBITDA positively impacted by growth in Mozambique, Paraguay and Cape Verde, although not enough to offset the contraction occurred in Brazil, Portugal and Egypt, while Argentina remain the leading contributor.

Cimpor sold 12 million tons of cement and clinker on the 1stH. Consumption was down in Brazil (political-economic crisis), in Argentina (planned retraction following new government's adjustment programme), and exports (lower commodities prices).

Despite the improvement observed in average prices, Sales of 897 million euros contracted by 31% year-on-year and 11% excluding the negative exchange rate impact of 290 million euros.

EBITDA contracted 39% to 170 million euros, though initiatives on operating efficiencies and reduction in the concrete business in Brazil mitigated the slowdown and forex losses of 63 million euros.

Highlights per Business Unit:

- **Brazil** - construction sector highly affected by the exceptional political-economic instability;
- **Argentina** - leading contributor to EBITDA, though growth was offset by peso devaluation;
- **Paraguay** – 2nd Q EBITDA growth reflected rump-up completion;
- **Egypt** - higher competition while industry upgrades energy matrix;
- **Mozambique** - growth, despite political-economic instability impact on cement consumption;
- **South Africa** - commercial dynamics delivered. Maintenance stoppages curbed EBITDA;
- **Portugal** - contraction of local market; lower commodities prices affected exports;
- **Cape Verde** - market dynamics overcame previous quarter.

Net Losses of 527 million euros, reflected one-off charge of 433 million euros related to goodwill impairment in Brazil in addition to lower EBITDA and exchange losses.

Assets stood at 5,354 million euros, with rigorous disciplined CAPEX, while Net Debt amounted to 3,415 million euros influenced by BRL appreciation. Shareholders Equity attributable to Equity Holders (-171 million euros) affected by goodwill impairments recorded in Brazil.

MAIN INDICATORS						
	Jan - Jun			2nd Quarter		
(€ million)	2016	2015	Var. %	2016	2015	Var. %
Cement and Clinker Volumes (thousand ton)	11,791.7	14,044.4	-16.0	5,761.7	7,251.2	-20.5
Sales	897.3	1,302.8	-31.1	443.2	666.2	-33.5
EBITDA	170.1	279.2	-39.1	90.1	155.8	-42.2
Net Profit [1]	(526.7)	(7.0)	n.m.	(486.0)	10.2	n.m.

[1] Attributable to Shareholders

1. Operations Review

Cement and Clinker Volumes

Market constraints in Brazil, adjustment in Argentina and slowdown of exports

Cement and clinker volumes sold of 12 million tons in the first half were 16% below the same period of 2015, aggravated by lower consumption and increased competition in certain geographies observed in the 2nd quarter.

The political and economic instability in Brazil in the 1stH, impacting on unemployment, investment and government spending, ultimately retracted the construction activity, compressing cement consumption by 15%. Besides decline in demand, competition was intensified by the recent entrance of new production capacity.

In Argentina, Loma Negra reaffirmed its market leadership during a semester of expected retraction following new government's adjustment programme. In Paraguay, the operational efforts of Cimpor (rump-up of its new capacity and attraction of new clients and markets) in a rather favourable market climate allowed for a 14.7% growth in sales in the 2nd quarter.

In Portugal, consumption contracted 9%, due to the completion of two major works in the infrastructure sector in 2015 and the delays in the start-up of public works in 2016. The Portugal Business Unit also recorded a decline of 40% in exports, derived from the lack of hard currency in African markets and a less favourable context of commodity prices.

Cimpor Sales in Africa remained stable compared to the previous year. In fact, sales in Egypt fell by 12% in a stiff competition environment, although recorded growth in the other African countries. In Mozambique the company took advantage of a less competitive import business, having recorded a 2-digit growth in sales, while Cape Verde showed a sales growth of 17%, as a result of the strong vibrancy of works in the tourism sector and the local investment programme underway.

CEMENT AND CLINKER VOLUMES SOLD						
(thousand tons)	Jan - Jun			2nd Quarter		
	2016	2015	Var. %	2016	2015	Var. %
Brazil	4,288	5,379	-20.3	2,021	2,648	-23.7
Argentina	2,772	3,226	-14.1	1,364	1,710	-20.3
Paraguay	201	196	2.8	112	98	14.7
Portugal	1,523	2,367	-35.7	793	1,248	-36.4
Cape Verde	104	89	17.4	55	43	28.1
Egypt	1,560	1,769	-11.8	708	898	-21.1
Mozambique	782	664	17.8	414	372	11.2
South Africa	658	625	5.2	342	319	7.5
Sub-Total	**11,889**	**14,315**	**-16.9**	**5,810**	**7,336**	**-20.8**
Intra-Group Eliminations	-97	-271	-64.1	-48	-84	-43.2
Consolidated Total	**11,792**	**14,044**	**-16.0**	**5,762**	**7,251**	**-20.5**

Sales

Stonger commercial dynamics mitigated sales contraction and forex effects

Sales reached 897 million euros, compared to the 1,303 million recorded in the 1st H of 2015. Although the average cement price increased, Sales declined due to both the contraction of activity, and essentially, the adverse impact of forex evolutions against the euro (290 million euros).

However, the reinforcement of Cimpor commercial initiatives in the 2nd quarter mitigated the exacerbation of the sales contraction recorded in this period.

In local currency and compared to the 1st H of 2015, the positive performance of Argentina (+19%) outstood, as well as the performance of most of the operations in Africa, where Mozambique stood out growing more than 30%.

In Argentina, the buoyancy and commercial positioning of Loma Negra enabled mitigated the consumption adjustment and the depreciation of the local currency (38%) against the euro. This was also highly evident in Mozambique and South Africa, where Cimpor increased its market share notwithstanding the price adjustments in line with the inflationary pressure of its costs.

In Brazil, the atmosphere of political and economic exceptional uncertainty on the 1st H to held back the construction sector - constraining cement demand for cement in both the infrastructure and residential areas-, while the industry brought in extra new capacity, which turned to increase competition locally affecting both volumes and prices – despite the recovery trend on the latter already observed in August.

SALES						
(€ million)	Jan - Jun			2nd Quarter		
	2016	2015	Var. %	2016	2015	Var. %
Brazil	257	474	-45.8	122	228	-46.5
Argentina	269	364	-26.2	135	196	-31.0
Paraguay	23	27	-14.9	13	13	-3.1
Portugal	114	151	-24.0	61	80	-24.0
Cape Verde	17	14	26.4	9	7	32.1
Egypt	96	124	-22.5	43	63	-31.3
Mozambique	64	73	-12.8	30	41	-26.6
South Africa	49	61	-19.3	26	31	-16.5
Trading / Shipping	83	173	-52.2	35	85	-59.4
Others	22	24	-4.8	11	12	-1.1
Sub-Total	**995.2**	**1,484.7**	**-33.0**	**484.4**	**754.7**	**-35.8**
Intra-Group Eliminations	-98	-182	-46.2	-41	-89	-53.4
Consolidated Total	**897.3**	**1,302.8**	**-31.1**	**443.2**	**666.2**	**-33.5**

EBITDA

Lower fixed costs dilution and forex offset increasing efficiency initiatives.

Cimpor recorded EBITDA of 170 million euros, compared to 279 million euros of the 1st H of 2015. This outcome was especially conditioned by the adverse context in three markets – Brazil, Egypt and Portugal – and the dilution of fixed costs inherent to activity contraction, as well as by the depreciation of all the operating currencies against the euro. Excluding adverse forex impact of 63 million euros, EBITDA contraction would have been contained to 21%.

In Brazil, a stronger commercial approach together with the adjusting cost structure measures (rationalisation of the industrial network and various initiatives with impact on SG&A), though poising this business unit to benefit from the first recovery signs observed in 3rd Q, were still not enough to reverse the declining earnings observed in the 1st H.

In Egypt, EBITDA margin has already increased by 3.2 p.p. in the 2nd quarter with the on-going energy matrix optimisation process, a trend to boost from September onwards, with the start-up of the new coal mill. Even so, competition pressure pre-energy matrix optimization on the 1st H prevented EBITDA growth.

In Portugal, despite exports contraction and domestic consumption retracting to 2014 figures, operational restructuring initiatives and CO_2 permits management (benefits of 10 million euros vs. 14 million euros in the 1st half of 2015) allowed for an EBITDA higher than achieved in 2014 but still behind the one registered in 2015.

In Argentina, despite 1st H market adjustment, Loma Negra was able to mitigate the increase in costs (due to the pressure exerted by inflation), keeping the EBITDA margin stable in the semester. Loma Negra also demonstrated enhanced efficiency by increasing the generation of EBITDA in local currency by 16%.

In Paraguay, Cementos Yguazu showed a recovery in the 2nd quarter, leveraged by its successful commercial strategy. EBITDA surpassed that of the previous year (+25% against the 2nd quarter of 2015) and the EBITDA margin increased by 8 p.p. Once again, Cementos Yguazu stood out as having recorded the highest operating margin in Cimpor's portfolio (37%).

In South Africa, commercial dynamics benefits on local sales were neutralised by the increased cost of raw materials, maintenance interventions and unfavourable forex. Nevertheless, the 2nd quarter recorded an improved performance, reflected on a modest increase of the EBITDA margin.

In Mozambique, Cimentos de Moçambique reaffirmed commercial strength reinforcing its market share and reflecting simultaneously on prices the impact of the depreciations of the metical (against the US dollar) on its production cost. This allowed an EBITDA increase on the 1st H, despite the effects of the recently observed political and economic constraints.

Cimpor's EBITDA margin presented a positive evolution throughout the 1st half, having risen from 17.6% in the 1st quarter to 20.3% in the 2nd quarter. However, it was still below the EBITDA margin recorded in the same period of the previous year.

EBITDA						
(€ million)	Jan - Jun			2nd Quarter		
	2016	2015	Var. %	2016	2015	Var. %
Brazil	29.2	82.3	-64.5	12.1	41.7	-71.0
Argentina & Paraguay	70.9	95.8	-26.0	35.8	51.4	-30.4
Portugal & Cape Verde	24.3	35.6	-31.7	16.1	25.9	-37.8
Africa	43.0	58.5	-26.5	25.3	31.5	-19.8
Trading / Shipping & Others	2.8	7.1	-60.1	0.9	5.3	-83.9
Consolidated Total	**170.1**	**279.2**	**-39.1**	**90.1**	**155.8**	**-42.2**
EBITDA margin	***19.0%***	***21.4%***	***-2.5 p.p.***	***20.3%***	***23.4%***	***-3.1 p.p.***

2. Amortisations, Provisions and Impairments

One-off goodwill impairment in Brazil

Amortisations, Provisions and Impairments amounted to 528 million euros. The increase versus the 101 million euros of the same period of the previous year was essentially due to the recognition of an impairment on the goodwill of Brazil. In spite of the undeniable potential of the Brazilian market (both due to its demographic features and its evident deficiencies regarding infrastructures and housing), the impact of the current political and economic context on the outlook for the economic and financial indicators determined an accounting adjustment of 433 million euros.

3. Financial Results and Taxes

Forex penalizes Financial Results

Financial Results were penalized by the accounting effects of the exchange rate fluctuations on Intercompany Loans, therefore with no cash implications. It is worth mentioning the impact from the depreciation of the metical on the Intercompany loans in USD from Cimentos de Moçambique of circa 40 million euros.

Tax evolutions resulted from negative Earnings Before Taxes.

4. Net Income

1st H EBITDA decrease, impairments and forex led to Net Losses

Net Income reflected lower operating income, one-off goodwill impairment and adverse forex rate impact on both operating and financial results.

INCOME STATEMENT						
(€ million)	Jan - Jun			2nd Quarter		
	2016	2015	Var. %	2016	2015	Var. %
Sales	**897.3**	**1,302.8**	**-31.1**	**443.2**	**666.2**	**-33.5**
Net Operational Cash Costs	727.1	1,023.6	-29.0	353.1	510.4	-30.8
Operational Cash Flow (EBITDA)	**170.1**	**279.2**	**-39.1**	**90.1**	**155.8**	**-42.2**
Amortisations and Provisions	527.9	100.6	424.7	483.4	51.2	844.7
Operating Income (EBIT)	**-357.7**	**178.6**	**n.m.**	**-393.3**	**104.6**	**n.m.**
Financial Results	-182.2	-166.8	9.2	-106.3	-91.5	16.2
Pre-tax Income	**-539.9**	**11.8**	**n.m.**	**-499.6**	**13.1**	**n.m.**
Income Tax	-11.5	24.6	n.m.	-12.5	6.1	n.m.
Net Income	**-528.4**	**-12.8**	**s.s.**	**-487.2**	**7.0**	**s.s.**
Attributable to:						
Shareholders	-526.7	-7.0	n.m.	-486.0	10.2	n.m.
Minority Interests	-1.7	-5.8	n.m.	-1.2	-3.3	n.m.

5. Balance Sheet

5,354 million euros Total Assets after impairments. Debt reflects forex and Free Cash Flow.

As of June 30th, Total Assets stood at 5,354 million euros, 4.3% below December 31th, 2015, impacted by the one-off charge of 503 million euros related to goodwill impairment. The assumed country risk premium used for the impairment calculation was affected by the highly political-economic instability observed in Brazil in the last twelve months preceding June 30, although at a much lower level on the closure date of this report.

The registration of this impairment turned the Shareholders Equity attributable to Equity Holders on a consolidated basis. However Shareholders Equity attributable to Equity Holders of Cimpor – Cimentos de Portugal, SGPS, S.A. amounted to 1,196 million euros.

Net Financial Debt of 3,415 million euros includes a 727 million euros short term financing from Cimpor's shareholder InterCement Austria Holding GmbH.

Between December 31st, 2015 and June 30th, 2016 Net Financial Debt increased 11% given the BRL appreciation and Free Cash Flow of the period. However when compared to June 30th, 2015 it decreased 1%.

Consolidated Balance Sheet Summary			
(€ million)	30 Jun 2016	31 Dec 2015	Var. %
Assets			
Non-current Assets	3,942	4,180	-5.7
Current Assets			
Cash and Equivalents	655	730	-10.3
Other Current Assets	757	685	10.5
Total Assets	**5,354**	**5,595**	**-4.3**
Shareholders' Equity attributable to:			
Equity Holders	(171)	268	s.s
Minority Interests	37	41	-9.1
Total Shareholders' Equity	**(134)**	**309**	**s.s.**
Liabilities			
Loans & Obligations under finance leases	4,311	4,060	6.2
Provisions & Employee benefits	130	137	-5.6
Other Liabilities	1,046	1,089	-3.9
Total Liabilities	**5,487**	**5,286**	**3.8**
Total Liabilities and Shareholders' Equity	**5,354**	**5,595**	**-4.3**

6. Free Cash Flow

EBITDA contraction constrained Free Cash Flow

As at 30 June 2016, Cash and Equivalents on FCF stood at 618 million euros, with cash requirements on the 1st H having reached 216 million euros.

Although cash used in the 1st Q of 2016 remained the same as in 2015, in the 2nd Q, unlike the previous year, Free Cash Flow was negative by 120 million euros, reflecting lower EBITDA generation and working capital requirements – the settlement of a lawsuit in Portugal and the CO_2 allowances management, namely payments referring to 2015 and receivables from sales due to divestments in 2016.

Comparing the interest paid in the 2nd Q of 2016 with the value recorded in 2015, the latter benefited from the positive effect of a derivative instrument cancellation.

	2015				2016		
€ million	Q1	Q2	H1	FY	Q1	Q2	H1
EBITDA	123	156	279	526	80	90	170
Working Capital	-122	21	-102	11	-77	-78	-155
Others	1	-3	-2	-32	-15	0	-15
Operating Activities	**2**	**173**	**175**	**504**	**-12**	**12**	**0**
Interests Paid	-73	-24	-97	-250	-51	-76	-126
Income taxes Paid	-1	-27	-28	-47	-6	-13	-19
Cash Flow before investments	**-71**	**122**	**51**	**208**	**-69**	**-76**	**-145**
CAPEX	-48	-28	-76	-109	-28	-47	-76
Assets Sales / Others	8	2	10	61	1	3	4
Free Cash Flow to the company	**-111**	**96**	**-15**	**160**	**-96**	**-120**	**-216**
Borrowings, financing and debentures	112	36	148	237	24	157	181
Repayment of borrowings, financ. and debent.	-38	-141	-179	-411	-38	-4	-42
Dividends	0	0	0	0	0	0	0
Other financing activities	37	11	49	139	-18	10	-8
Changes in cash and cash equivalents	0	2	2	126	-128	43	-85
Exchange differences	24	-26	-2	-63	-12	8	-4
Cash and cash equivalents, End of the Period	669	645	645	707	567	618	618

7. Outlook

Present scenario requires management focus to capture future growth potential

With discipline and focus, Cimpor is responding to the adverse combination of contexts in various regions that hinder medium-term visibility.

In Brazil, a country with an undeniable potential for the cement industry, recent political and economic uncertainty, leveraged by new production capacity in the sector, have penalized sales and intensified competition. Favourable political signs indicate a more favourable 2nd H, with better prospects for the economy and therefore for the cement business. Recent price increase (August) by the cement industry and Cimpor's restructuring initiatives are to result in EBITDA margin improvements.

In Argentina, the political-economic adjustment programme shall lead to a heathy increase in consumption. Following the peak observed in 2015 (election year with record sales), it is expected that 2017 sets a new record. This recovery shall impact EBITDA margin, which is already benefiting from the strong commercial dynamics of Loma Negra. The company positioning has been progressively consolidating Cimpor's activity in this geography, giving rise to its preparation for the envisaged new growth cycle.

Paraguay, despite being economically contaminated by the constraints of its neighbouring countries, continues to show prospects of growth of cement consumption. In this context, Cimpor is operationally endowed with the unique conditions to capture this local growth.

Portugal presents a mature economy, with no expectation of significant GDP fluctuations. However, at this particular moment, the domestic cement market continues to be affected by the current lack of public and private investment. Nevertheless, the ongoing restructuring process of the local operations should enable a recovery of the EBITDA margin to around 25%.

The major development of the operations in Cape Verde, essentially due to investments in tourism, shall continue to contribute positively to the EBITDA of this Business Unit.

In Egypt the outlook for cement consumption remains positive despite some macro uncertainties, leveraged by the potential of the residential and large-scale infrastructure sector (Industrial Zone in the Suez Canal, New Urban Centre, etc.). In spite of the intensification of local competition, the incisive commercial strategy of Cimpor has enabled it to keep its reference clients throughout its process of energy matrix optimization. The new coal mill, already on its commissioning phase, shall contribute directly on EBITDA margin, which is expected to rise significantly when compared to the current level.

In Mozambique, the current political and economic instability rather clouds the optimism felt with the progressive development of the local market. However, the operations improvement carried out by Cimpor, have mitigated the impacts of the surrounding uncertainty, overcoming previous year results, and preparing the company to face the increasing competition expected for 2017.

Last but not least, in South Africa, the development of the national infrastructure programme is eagerly awaited. Sales are expected to increase, in line with market growth, as a result of the successful commercial strategy that has been mitigating the effect of the entry of new production capacity in the country.

Cimpor's strategy will remain particularly driven towards increased efficiency - industrial grid optimization, across-the-board implementation of efficiency enhancement projects, seizing synergies, replicating best practices and promoting product and process development – and financial deleveraging – rigorous discipline in CAPEX, and, simultaneously pursuing opportunities to monetise non-core assets and divest minority holdings.

8. Own shares

At 30th June 2016, the share capital of CIMPOR - Cimentos de Portugal, SGPS, SA, was represented by 672,000,000 shares with a nominal value of one euro each, all of them admitted to trading on Euronext Lisbon.

On 31st December of last year, Cimpor held a portfolio of 5,906,098 of its own shares. It neither sold nor purchased shares in the first half of 2016, so the number of own shares remains unchanged at 30th June 2016.

9. H1 2016 Corporate Highlights

Date	Summary
February 24th	Publishing of 2015 Consolidated Annual financial results
March 4th	Cimpor publishes Preparatory Information for the AGM March 30th 2016
March 9th	Cimpor announces Gueber Lopes renounces to the Remuneration Committee office.
March 30th	2016 Annual General Meeting deliberated the approval of the accounts’ reporting documents regarding the financial year of 2015, providing for the non-distribution of dividends; all the remaining proposals were approved.
May 31	Presentation of 2016 First Quarter Results

10. Subsequent Events

Offer to purchase bonds

On 11 July, InterCement Participações, S.A. announced a Cash Tender Offer (“Tender Offer”) to purchase all or any of the 5.750% Senior Notes (“Notes”) due 2024 issued by its subsidiary Cimpor Financial Operations B.V.. On 8 August, InterCement communicated that it had been informed that on the closing date of the previously mentioned offer (5 August), the amount (capital) of Notes validly offered under the terms of the Tender Offer reached 83,142,000 US dollars. This amount represents 12.4% of the Notes on the market (i.e. excluding the Notes held by InterCement and its subsidiaries), all of which were acquired by InterCement, in accordance with the Tender Offer terms. Regarding the consent solicitation, InterCement did not receive the necessary consent to make certain changes to the contract that regulates these Notes. As such, the contract was not amended.

Cimpship partial alienation

On 26 July, 2016 it was sold the investment held in the company Cimpship – Transportes Marítimos, S.A. by the amount of 7.2 million euros.

11. Declaration of Conformity

(Pursuant to subparagraph c) of paragraph 1 of article 246 of the Portuguese Securities Code)

To the best of our knowledge: the information specified in paragraph a) of paragraph 1 of article 246 of the Portuguese Securities Code was drawn up in accordance with applicable accounting standards, gives a true and fair view of the assets and liabilities, financial position and results of CIMPOR - Cimentos de Portugal, SGPS, SA and the companies included in its consolidation perimeter (CIMPOR Group); and the interim management report faithfully describes the information required under paragraph 2 of the same article.

Lisbon, 31st August 2016

The Board of Directors

Daniel Proença de Carvalho

Armando Sérgio Antunes da Silva

Paulo Sérgio de Oliveira Diniz

Ricardo Fonseca de Mendonça Lima

José Édison Barros Franco

António Henrique de Pinho Cardão

António Soares Pinto Barbosa

Pedro Miguel Duarte Rebelo de Sousa

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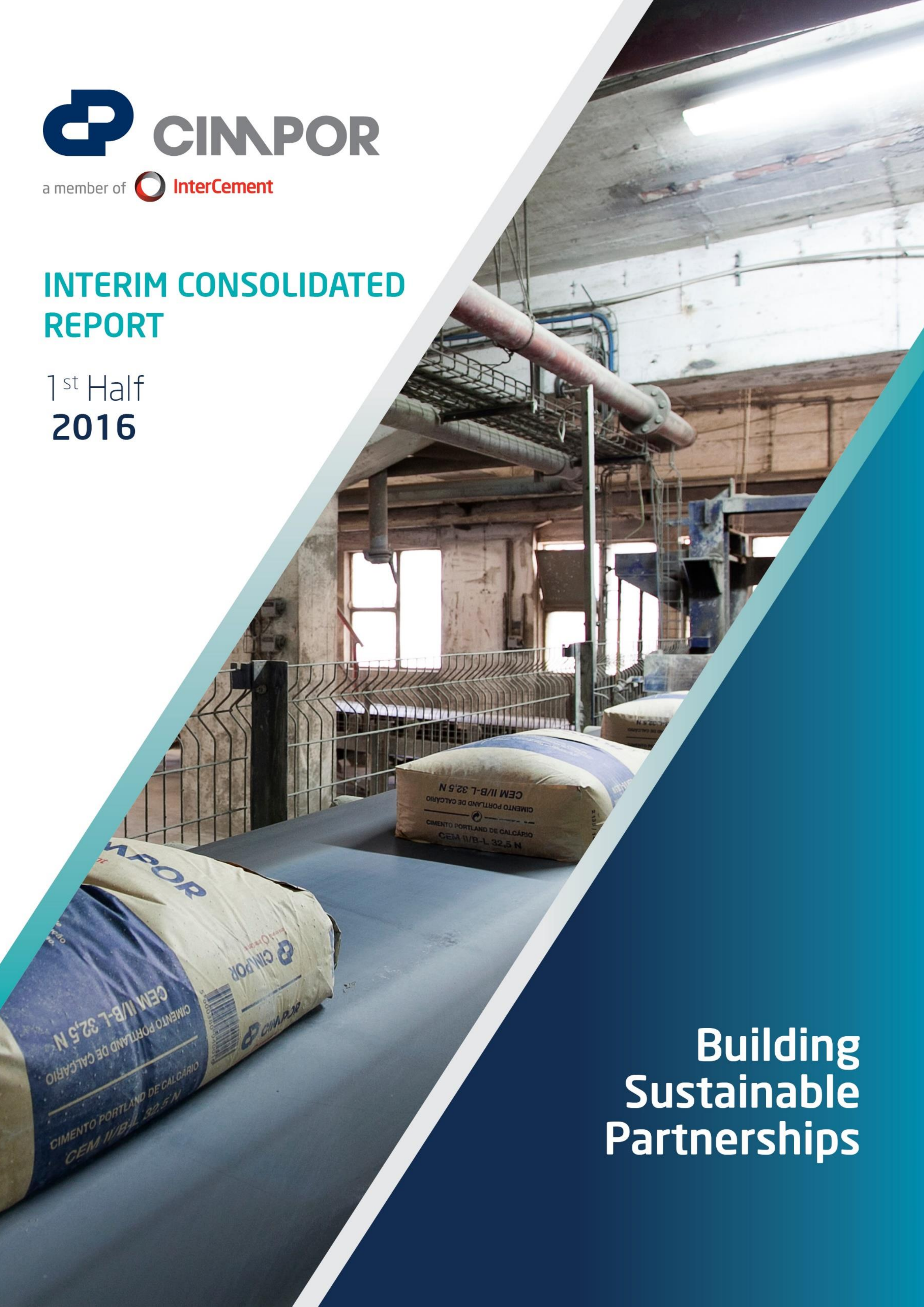
INTERIM CONSOLIDATED REPORT

1st Half
2016



Building
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Condensed Consolidated Statement

of Profit and Loss and Other Comprehensive Income for the Semesters and Quarters ended June 30, 2016 and 2015

(Amounts stated on thousand euros)

(Translation from the Portuguese original – Note 25)

	Notes	1st Semester 2016	1st Semester 2015	2nd quarter 2016	2nd quarter 2015
Operating income:					
Sales and services rendered	6	897,294	1,302,798	443,161	666,170
Other operating income		22,947	44,017	17,690	34,351
Total operating income		920,241	1,346,815	460,850	700,520
Operating expenses:					
Cost of goods sold and material used in production		(197,703)	(311,386)	(95,819)	(149,468)
Outside supplies and services		(409,515)	(559,929)	(202,445)	(289,094)
Payroll costs		(129,318)	(168,639)	(66,186)	(86,354)
Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets	6	(526,973)	(101,303)	(482,994)	(51,307)
Provisions	6 and 17	(923)	685	(399)	137
Other operating expenses		(13,556)	(27,617)	(6,311)	(19,805)
Total operating expenses		(1,277,989)	(1,168,189)	(854,154)	(595,891)
Net operating income	6	(357,748)	178,625	(393,304)	104,630
Net financial expenses	6 and 7	(182,486)	(167,913)	(106,721)	(91,596)
Share of profits of associates	6 and 7	230	715	160	243
Other investment income	6 and 7	86	363	215	(169)
Profit before income tax	6	(539,917)	11,790	(499,649)	13,108
Income tax	6 and 8	11,505	(24,624)	12,463	(6,146)
Net profit/(loss) for the period	6	(528,412)	(12,834)	(487,186)	6,961
Other comprehensive income:					
That will not be subsequently reclassified to expenses and income:					
Actuarial gain and loss on employee's responsabilities		(1,506)	1,031	(1,512)	781
That might be subsequently reclassified to espenses and income:					
Derivative financial instruments		(5,076)	16,328	(633)	15,388
Currency translation adjustments (Variation)		93,100	(114,096)	139,262	(73,105)
Results recognize directly in equity		86,518	(96,737)	137,117	(56,937)
Total comprehensive income for the period		(441,894)	(109,571)	(350,069)	(49,975)
Net profit for the period attributable to:					
Equity holders of the parent	10	(526,714)	(6,984)	(485,974)	10,214
Non-controlling interests	6	(1,698)	(5,850)	(1,212)	(3,253)
		(528,412)	(12,834)	(487,186)	6,961
Total comprehensive income for the period attributable to:					
Equity holders of the parent		(438,660)	(102,833)	(348,592)	(43,633)
Non-controlling interests		(3,234)	(6,738)	(1,477)	(6,342)
		(441,894)	(109,571)	(350,069)	(49,975)
Earnings per share of operations:					
Basic	10	(0.79)	(0.01)	(0.73)	0.02
Diluted	10	(0.79)	(0.01)	(0.73)	0.02

The accompanying notes form an integral part of the financial statements for the semester ended June 30, 2016.

Condensed Consolidated Statement
of Financial Position at June 30, 2016 and December 31, 2015

(Amounts stated on thousand euros)

(Translation from the Portuguese original – Note 25)

	Notes	June 2016	December 2015
Non-current assets:			
Goodwill	11	1,194,698	1,531,291
Intangible assets		29,299	26,867
Tangible assets	12	2,221,727	2,166,141
Investments in associates	6	7,979	10,612
Other investments		8,171	7,809
Accounts receivable-other		42,912	34,625
Taxes recoverable		32,741	27,776
Other non-current assets	19	227,045	238,895
Deferred tax assets	8	177,172	135,572
Total non-current assets		3,941,744	4,179,588
Current assets:			
Inventories		428,256	390,802
Accounts receivable-trade		174,526	163,772
Accounts receivable-other		53,591	46,754
Taxes recoverable		61,104	53,243
Cash and cash equivalents	20	655,193	730,387
Other current assets	19	31,876	30,202
		1,404,545	1,415,161
Non-current assets held for sale	12	7,245	-
Total current assets		1,411,790	1,415,161
Total assets	6	5,353,534	5,594,749
Shareholders' equity:			
Share capital	13	672,000	672,000
Treasury shares	14	(27,216)	(27,216)
Currency translation adjustments	15	(989,401)	(1,084,050)
Reserves		292,661	299,256
Retained earnings		407,620	478,849
Net profit for the period	10	(526,714)	(71,231)
Equity before non-controlling interests		(171,050)	267,609
Non-controlling interests		37,299	41,046
Total shareholders' equity	6	(133,751)	308,655
Non-current liabilities			
Deferred tax liabilities	8	425,265	418,515
Employee benefities		18,491	16,107
Provisions	17	108,043	105,545
Loans	18	3,351,451	3,942,862
Account payable - other		11,977	16,668
Taxes payable		15,018	5,222
Other non-current liabilities	19	14,868	5,843
Total non-current liabilities		3,945,114	4,510,762
Current liabilities			
Employee benefits		900	899
Provisions	17	2,271	14,912
Loans	18	959,809	117,182
Accounts payable - trade		232,254	258,609
Accounts payable - others		131,507	168,507
Taxes payable		56,849	49,955
Other current liabilities	19	158,582	165,268
Total current liabilities		1,542,171	775,332
Total liabilities	6	5,487,285	5,286,094
Total liabilities and shareholders' equity		5,353,534	5,594,749

The accompanying notes form an integral part of the financial statements for the semester ended at june 30,2016.

Condensed Consolidated Statement

of Changes in Shareholders' Equity for the Semesters ended June 30, 2016 and 2015

(Amounts stated on thousand euros)

(Translation from the Portuguese original – Note 25)

	Notes	Share capital	Treasury shares	Currency translation adjustments	Reserves	Retained earnings	Net profit	Shareholder's equity attributable to equity holders	Non-controlling interest	Shareholder's equity
Balances at December 31, 2014		672,000	(27,216)	(462,584)	267,273	451,692	27,207	928,371	50,020	978,391
Consolidated net profit for the period	6	-	-	-	-	-	(6,984)	(6,984)	(5,850)	(12,834)
Results recognized directly in equity		-	-	(113,216)	17,367	-	-	(95,849)	(888)	(96,737)
Total comprehensive income for the period		-	-	(113,216)	17,367	-	(6,984)	(102,833)	(6,738)	(109,571)
Appropriation of consolidated profit of 2014:										
Transfer to legal reserves and retained earnings		-	-	-	-	27,207	(27,207)	-	-	-
Dividends		-	-	-	-	-	-	-	(694)	(694)
Variation in financial investments and other		-	-	-	-	170	-	170	235	405
Balances at June 30, 2015	6	672,000	(27,216)	(575,800)	284,640	479,068	(6,984)	825,708	42,823	868,531
Balances at December 31, 2015		672,000	(27,216)	(1,084,050)	299,256	478,849	(71,231)	267,609	41,046	308,655
Consolidated net profit for the period	6	-	-	-	-	-	(526,714)	(526,714)	(1,698)	(528,412)
Results recognized directly in equity		-	-	94,649	(6,595)	-	-	88,054	(1,536)	86,518
Total comprehensive income for the period		-	-	94,649	(6,595)	-	(526,714)	(438,660)	(3,234)	(441,894)
Appropriation of consolidated profit of 2015:										
Transfer to legal reserves and retained earnings		-	-	-	-	(71,231)	71,231	-	-	-
Dividends		-	-	-	-	-	-	-	(512)	(512)
Variation in financial investments and other		-	-	-	-	1	-	1	-	1
Balances at June 30, 2016	6	672,000	(27,216)	(989,401)	292,661	407,620	(526,714)	(171,050)	37,299	(133,751)

The accompanying notes form an integral part of the financial statements for the semester ended at June 30, 2016.

Condensed Consolidated Statement
of Cash Flows for the Semesters and Quarters ended June 30, 2016 and 2015

(Amounts stated on thousand euros)

(Translation from the Portuguese original – Note 25)

	Notes	1st Semester 2016	1st Semester 2015	2nd quarter 2016	2nd quarter 2015
Operating activities					
Cash Flows from operating activities (1)		(18,924)	147,698	(743)	146,220
Investing activities					
Receipts relating to:					
Financial investments		12,647	50,366	12,224	12,207
Tangible assets		1,627	8,614	995	728
Interest and similar income		3,370	4,112	656	2,079
Dividends		869	1,506	727	1,356
Others		-	1	-	1
		18,513	64,598	14,602	16,371
Payments relating to:					
Financial investments		(17,702)	-	(758)	-
Tangible assets		(75,394)	(73,441)	(47,113)	(26,132)
Intagible assets		(174)	(2,891)	(77)	(2,049)
Others		-	-	35	-
		(93,270)	(76,332)	(47,913)	(28,182)
Cash flow from investing activities (2)		(74,758)	(11,733)	(33,310)	(11,811)
Financing activities:					
Receipts relating to:					
Loans obtained	20	181,429	147,605	157,453	35,566
Others		-	40,066	-	39,838
		181,429	187,671	157,453	75,404
Payments related to:					
Loans obtained	20	(42,034)	(178,888)	(3,687)	(140,819)
Interest and similar costs		(129,441)	(140,620)	(76,159)	(66,041)
Others		(1,199)	(2,060)	(162)	(1,156)
		(172,674)	(321,567)	(80,008)	(208,016)
Cash flows from financing activities (3)		8,755	(133,896)	77,445	(132,612)
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		(84,926)	2,069	43,392	1,797
Effect of currency translation and other non monetary transactions		(4,183)	(1,790)	8,194	(26,062)
Cash and cash equivalents at the beginning of the period		707,198	644,573	566,503	669,116
Cash and cash equivalents at the end of the period	20	618,089	644,851	618,089	644,851

The accompanying notes form na integral part of the financial statements for the semester ended at June 30, 2016.

Notes to the consolidated financial statements

At June 30, 2016

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese – Note 25)

INDEX

Notes to the consolidated financial statements

At June 30, 2016

(Amounts stated in thousands of euros)
(Translation of notes originally issued in Portuguese – Note 25)

1. Introductory note

Cimpor - Cimentos de Portugal, SGPS, S.A. ("Cimpor" or 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 which, in June 30, 2016 held operations in 8 countries: Portugal, Egypt, Paraguay, Brazil, Mozambique, South Africa, Argentina and Cape Verde (the "Cimpor Group" or "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 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, concrete, aggregates, mortar, and related activities in Portugal; and (ii) Cimpor Trading e Inversiones, S.A., which holds the investments in companies operating abroad.

2. Basis of presentation

The accompanying financial statements as of June 30, 2016 were prepared in accordance with IAS 34 – Interim Financial Reporting on a going concern basis from the books and accounting records of the companies included in the consolidation, restated in the consolidation process to the International Financial Reporting Standards as endorsed by the European Union, effective for the year beginning January 1, 2016, for the interim financial reporting.

3. Summary of significant accounting policies

The accounting policies adopted are consistent with those considered in the consolidated financial statements for the year ended as of December 31, 2015 and disclosed in the corresponding notes, except in respect of the standards and interpretations entering into force on or after January 1, 2016, the adoption of which had not a significant impact on the Group's results or financial position.

4. Changes in the consolidation perimeter

In the semesters ended June 30, 2016 and 2015 there were no changes in the consolidation perimeter of the Group.

5. Exchange rates used

The exchange rates used to translate, to euros, the foreign currency assets and liabilities at June 30, 2016 and December 31, 2015, as well the results for the semesters ended at June 30, 2016 and 2015 were as follows:

		Closing exchange rate (EUR / Currency)			Average exchange rate (EUR / Currency)		
Currency		June 2016	December 2015	Var.% (a)	June 2016	June 2015	Var.% (a)
USD	US Dollar	1.1033	1.0885	(1.3)	1.1151	1.1148	(0.0)
BRL	Brazilian Real	3.5414	4.2504	20.0	4.1121	3.3084	(19.5)
MZN	Mozambique Metical	69.7675	50.6181	(27.4)	58.4694	38.8297	(33.6)
CVE	Cape Verde Escudo	110.265	110.265	-	110.265	110.265	-
EGP	Egyptian Pound	9.7964	8.5230	(13.0)	9.7111	8.4429	(13.1)
ZAR	South African Rand	16.2898	16.9339	4.0	17.2085	13.2877	(22.8)
ARS	Argentinian Peso	16.5938	14.1941	(14.5)	15.8992	9.8442	(38.1)
PYG	Paraguayan Guaraní	6,176.23	6,328.51	2.5	6,373.31	5,476.66	(14.1)

a) The variation is calculated using the exchange rate converting local currency to euros.

6. Operating segments

The main profit and loss information for the semesters ended June 30, 2016 and 2015, of the several operating segments, being those, the geographical areas where Group operates, is as follows:

	June 2016				June 2015			
	Sales and services rendered			Operating results	Sales and services rendered			Operating results
	External sales	Inter segment sales	Total		External sales	Inter segment sales	Total	
Operating segments:								
Brazil	256,902	288	257,190	(439,606)	474,350	-	474,350	43,235
Argentina and Paraguay	292,083	-	292,083	46,732	391,397	-	391,397	68,611
Portugal and Cape Verde	97,008	34,208	131,216	7,645	99,585	64,329	163,915	16,760
Egypt	95,901	-	95,901	10,606	123,674	-	123,674	21,112
Mozambique	64,020	-	64,020	9,245	73,444	-	73,444	7,829
South Africa	47,884	1,454	49,338	11,494	59,113	2,054	61,167	14,268
Total	853,798	35,950	889,748	(353,884)	1,221,564	66,384	1,287,947	171,814
Unallocated (a)	43,496	61,685	105,181	(3,863)	81,234	115,373	196,607	6,812
Eliminations	-	(97,635)	(97,635)	-	-	(181,757)	(181,757)	-
	897,294	**-**	**897,294**	**(357,748)**	**1,302,798**	**-**	**1,302,798**	**178,625**
Net financial expenses				(182,486)				(167,913)
Share of results of associates				230				715
Other investment income				86				363
Result before income tax				(539,917)				11,790
Income tax				11,505				(24,624)
Net result for the period				**(528,412)**				**(12,834)**

(a) This caption include; (i) assets and liabilities of companies not attributable to specific segments and, (ii) intra-group eliminations between segments.

In the semester ended June 30, 2016, Operating results in the segment “Portugal and Cape Verde” are positively influenced by a net gain of €9,753 thousand (€14,087 thousand in the semester ended June 30, 2015), as a result of the sale of 2,250,000 of CO_2 emissions allowances (3,400,000 of allowances in the semester ended June 30, 2015).

Note also that, in this semester was also contracted the purchase of 2,940,000 of CO_2 emissions allowances, by the amount of €22,296 thousand (of which, 2,750,000 were contracted in 2015 by the amount of €21,156). In April 2016, 2,927,472 licenses were returned, relating to emissions in the year 2015.

It should also be notice that, as a result of restructuring processes in progress in Group, especially in the Brazilian business area, in the semester ended June 30, 2016, nonrecurring costs with indemnities amounted to €4,600 thousand (around €4,200 thousand in the semester ended June 30, 2015).

The above net result includes the full amount of the segments, without considering the following amounts attributable to non-controlling interests:

	June 2016	June 2015
Operating segments:		
Argentina and Paraguay	1,969	(4,468)
Portugal and Cape Verde	145	93
Egypt	16	78
Mozambique	(4,206)	(1,572)
South Africa	377	622
Unallocated	-	(603)
	(1,698)	(5,850)

Other information:

	June 2016			June 2015		
	Fixed capital expenditure	Depreciation, amortisation and impairment losses a)	Provisions	Fixed capital expenditure	Depreciation, amortisation and impairment losses a)	Provisions
Operating segments:						
Brazil	15,363	468,644	130	44,311	39,024	-
Argentina and Paraguay	21,811	23,872	269	31,064	26,746	468
Portugal and Cape Verde	2,204	17,464	(816)	1,540	18,816	5
Egypt	18,490	5,929	321	5,152	6,101	62
Mozambique	3,154	3,210	-	7,218	4,150	-
South Africa	1,729	2,184	1	3,320	4,974	1
Unallocated	695	5,670	1,018	1,660	1,492	(1,221)
	63,445	526,973	923	94,265	101,303	(685)

(a) The impairment losses, when it occurs, respects to impairment losses on goodwill, tangible and intangible assets. In the semester ended June 30, 2016, in the Brazilian business area, impairment losses were recorded, in goodwill in the amount of BRL 1,782,163 thousand (€433,393 thousand), and in tangible assets unallocated to operating segments, in the amount of about €4,300 thousand (Notes 11 and 12).

In addition, assets and liabilities, by reportable segment, reconciled to the total consolidated amounts as at June 30, 2016 and December 31, 2015, are as follows:

	June 2016			December 2015		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	2,884,512	1,621,614	1,262,898	2,828,031	1,329,138	1,498,893
Argentina and Paraguay	857,487	510,888	346,599	935,899	489,177	446,722
Portugal and Cape Verde	408,445	386,247	22,198	460,215	440,800	19,415
Egypt	340,037	128,103	211,934	371,601	91,285	280,317
Mozambique	200,175	175,767	24,408	236,697	177,823	58,874
South Africa	228,128	100,138	127,990	232,215	108,230	123,985
	4,918,784	2,922,758	1,996,026	5,064,659	2,636,453	2,428,206
Unallocated	1,008,048	3,145,804	(2,137,756)	1,084,151	3,214,315	(2,130,164)
Eliminations	(581,278)	(581,278)	-	(564,674)	(564,674)	-
Investments in associates and joint-ventures	7,979	-	7,979	10,612	-	10,612
Consolidated total	**5,353,534**	**5,487,285**	**(133,751)**	**5,594,749**	**5,286,094**	**308,655**

7. Net financial expenses

Net financial expenses for the semesters ended June 30, 2016 and 2015 were as follows:

	June 2016	June 2015
Financial expenses:		
Interest expense	124,991	136,579
Foreign exchange loss (a)	110,004	107,232
Changes in fair-value:		
Trading derivative financial instruments (b)	-	6,077
	-	6,077
Other financial expenses (c)	33,205	22,216
	268,200	272,104
Financial income:		
Interest income	15,101	18,141
Foreign exchange gain (a)	58,706	54,105
Changes in fair-value:		
Trading derivative financial instruments (b)	-	24,055
	-	24,055
Other financial income (c)	11,907	7,890
	85,714	104,191
Net financial expenses	(182,486)	(167,913)
Share of profits of associates:		
From equity method (Note 19):		
Loss in associated companies	-	(15)
Gain in associated companies	230	730
	230	715
Other investment income:		
Gains/(Losses) on investments	86	363
	86	363

(a) In the semester ended June 30, 2016, the exchange differences are mainly influenced by the effect of the devaluation of functional currencies in Group against USD in the conversion of financial liabilities registered in that currencies.

In the semester ended June 30, 2015, the unfavourable and favourable exchange differences were influenced by the effect of the valuation of USD against Euro in assets and liabilities registered in that currency. As a result of contracting interest rate hedging derivative financial instruments of EUR against the USD of the debts settled in this last currency, negative exchange differences of €120,000 thousand were compensated.

(b) These captions are composed by fair value variation of trading derivative financial instruments, contracted to cover exchange and interest rate risks, which weren't qualified for hedge accounting.

(c) In Other financial income and expenses, are included income and costs related to the financial adjustments of assets and liabilities, including the effect of the financial adjustment of provisions (Note 17), prompt payment discounts granted and obtained and the costs related to commissions, guarantees and other bank charges in general. In the semesters ended June 30, 2016 and 2015, this caption is also influenced by the repurchase of Notes issued by Cimpor Financial Operations, B.V. with a nominal value of USD 25,236 thousand and USD 20,650 thousand, respectively, which has generated a financial income in the amount of €7,145 thousand and €3,104 thousand, respectively (Note 18).

8. Income tax

The Group companies are taxed, when possible, under group's special income tax schemes allowed by tax legislation from each jurisdiction in which the Group operates.

Tax on income relating to the other geographic segments is calculated at respective rates in force, as follows:

	June 2016	June 2015
Portugal	22.5%	22.5%
Brazil	34.0%	34.0%
Mozambique	32.0%	32.0%
South Africa	28.0%	28.0%
Egypt	22.5%	30.0%
Argentina	35.0%	35.0%
Paraguay	10.0%	10.0%
Austria	25.0%	25.0%
Spain	28.0%	28.0%
Others	21%-25,5%	21%-25%

Income tax expense for the semesters ended June 30, 2016 and 2015 is as follows:

	June 2016	June 2015
Current tax	32,502	34,790
Deferred tax	(44,468)	(10,550)
Increases/(Decreases) in tax provisions (Note 17)	460	384
Charge/(Income) for the period	(11,505)	24,624

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 Group in the semesters ended June 30, 2016 and 2015, without considering the losses (around €30 million and €36 million, respectively) of entities with debt on which the corresponding tax effects were not recognized since at present there are no projections that enable them to be expected to be recovered, is as follows:

	June 2016	June 2015
Profit before income tax	(539,917)	11,790
Profit from financial entities	30,456	35,861
Adjusted profit for income tax reconciliation	(509,461)	47,651
Tax rate applicable in Portugal	22.50%	22.50%
Theorical income tax	(114,629)	10,721
Impairment losses	97,513	-
Adjustments on deferred taxes	(3,972)	(1,227)
Tax rate differences	(10,670)	6,299
Other	20,252	8,829
Charge / (Income) for the period	(11,505)	24,624

The change in the caption tax rate differences reflect the grater (positive or negative) contribution of taxable results in jurisdictions with higher tax rates.

In “Other” are included the costs associated with the taxation of dividends, as well as the effect of prior year tax adjustments. In the semester ended June 30, 2016, also includes the registration of a tax income charge of around €12 million, related to additional tax assessments made by tax authority to one of our companies in Egypt, referring to the years 2000 to 2004. The Board of Directors has judicially appealed and, supported by the counsellors opinion, understands that the tax authorities have no grounds regarding the maintenance of the substantial of those assessments.

However, the alternative found to avoid penalties, was to formalize a staged payment agreement until 2021, which does not imply the recognition of the reasons that led to such assessments, not even prevent the maintenance of the judicial proceedings to enforce that the reason is on the side of the company, and which expressly provides for the compensation of those values, now agreed to be paid, after the judicial decision in favour of the company, moment that the settled amounts will be recognized in the assets of that company (Note 16).

The changes in deferred taxes in the semesters ended June 30, 2016 and 2015 were as follows:

Deferred tax assets:	
Balances at December 31, 2014	119,712
Currency translation adjustments	(4,984)
Income tax	5,200
Shareholders' equity	(1,209)
Balances at June 30, 2015	118,719
Balances at December 31, 2015	135,572
Currency translation adjustments	14,303
Income tax	25,026
Shareholders' equity	2,271
Balances at June 30, 2016	177,172
Deferred tax liabilities:	
Balances at December 31, 2014	539,054
Currency translation adjustments	(18,078)
Income tax	(5,350)
Shareholders' equity	1,104
Balances at June 30, 2015	516,730
Balances at December 31, 2015	418,515
Currency translation adjustments	25,439
Income tax	(19,442)
Shareholders' equity	753
Balances at June 30, 2016	425,265
Carrying amount at June 30, 2015	(398,011)
Carrying amount at June 30, 2016	(248,093)

The deferred tax assets are recorded directly on shareholders' equity when the situations that have originated them have similar impact.

9. Dividends

In the Shareholders' General Meeting held on February 24, 2016 it was proposed not to distribute dividends for the year 2015. The same decision was taken in the Shareholders' General Meeting held on March 25, 2015 for the year 2014.

10. Earnings per share

Basic and diluted earnings per share for the semesters and quarters ended June 30, 2016 and 2015 were computed as follows:

	1st Semester		2nd quarter	
	2016	2015	2016	2015
Basic earnings per share:				
Net profit considered in the computation of basic earnings per share	(526,714)	(6,984)	(485,974)	10,214
Weighted average number of ordinary shares used to calculate the basic earnings per share (thousands) (a)	666,094	666,094	666,094	666,094
	(0.79)	(0.01)	(0.73)	0.02

(a) The average number of shares is weighted by the average number of treasury shares in each of the corresponding financial period.

By the fact there were no dilution effects during the semesters and quarters ended June 30, 2016 and 2015, basic and diluted earnings per share are equal.

11. Goodwill

The changes in goodwill and related accumulated impairment losses in the semesters ended June 30, 2016 and 2015 were as follows:

Gross assets:	
Balances at December 31, 2014	1,953,467
Currency translation adjustments	(85,771)
Balances at June 30, 2015	1,867,696
Balances at December 31, 2015	1,549,292
Currency translation adjustments	166,644
Balances at June 30, 2016	1,715,935
Accumulated impairment losses:	
Balances at December 31, 2014	18,001
Balances at June 30, 2015	18,001
Balances at December 31, 2015	18,001
Changes in the consolidation perimeter	69,844
Currency translation adjustments	433,393
Balances at June 30, 2016	521,238
Carrying amount:	
As at June 30, 2015	1,849,696
As at June 30, 2016	1,194,698

Impairment on assets

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segments.

Attending to business model and considering the financial statement structure adopted for management purposes, goodwill is attributed generally to each operating segment, due to the existence of synergies between the units of each segment in a perspective of vertical integration of business.

The recoverable value of each group of cash-generating units is compared, in the tests performed, with the respective recognized value of assets and liabilities (“book value”). An impairment loss is only recognized when the book value exceeds the higher of the value in use and transaction value, based on cash flow projections under medium and long term business plans approved by the Board of Directors, plus perpetuity.

Changes in scenario which led to the recognition of impairments in Brazil

In the semester ended June 30, 2016, it was performed an impairment test only in the Brazilian business area, due to the deterioration of the economic and political scene of the country, as a result, impairments were recorded in the amount of €503 million (BRL 1,782,163 thousand), entirely affected to Goodwill.

According to the International Monetary Fund (IMF), although in 2015 already having registered a strong recession, the Brazilian economy must closed the year 2016 with the second worst performance in the world. For this year the projection points to a "shrink" of 3.5% in Gross Domestic Product (GDP) of the country – only better than the contraction of 6% expected for Venezuela.

In May, rating agency Fitch returned to drop credit rating in Brazil, following the trend already pointed by other two major rating agencies (Moody's and Standard & Poor's). The rating, reduced from BB+ to BB, suffered the second reduction by the same agency within six months. Staying two steps below investment grade, the agency also maintained a negative perspective, indicating that new reductions can be made.

In this macroeconomic context of the country, the cement market follows a downward trend as compared to 2015, with reduction rates of 15% per annum in the first semester. The situation is made even worse by the increase of industry’s idleness, due to the entry into operation of new plants, which in a competitive environment led to reductions in average prices of 10%, when compared to the same period of 2015.

Cash Flow projections

Based on the context described above, the Group has revised assumptions underlying to the determination of recoverable amount of liquid assets in the Brazilian business area, considering the estimate of cash flows for a period of five years, on the basis of an operational plan approved by the Board of Directors. That basis includes, among other, a set of estimates related to market growth, market share, investments and costs.

In general, the plan was projected by applying growth rates for the market, considering that the demand for building materials decreased due to the financial and economic crisis, reinforced by political instability.

It is assumed a recovery in demand, as a result of the recovery of the political and economic crisis, however to levels still below pre-crisis levels.

The projected sales volumes are based on the assumption of the capacity usage and market shares according to historical levels.

Concerning to variable costs, it was assumed an evolution in line with the sales development, being expected an improvement in gross margin, leading to a partial improvement in operating margins through savings achieved by cost reduction programs and initiatives for price recovery.

Determination of discount rate

Discount rates are calculated for each cash generating unit based on relevant local risk-free rate adjusted by the country risk premium, among other parameters. For impairment test in the Brazilian business area, performed in the first semester of 2016, the group has reviewed the discount rates applied, raising the measure of country risk, in line with the reduction of the Brazilian credit rating attributed by the international rating agencies, despite the conviction in the economic recovery of the country in the medium term.

The determination of the value in use was based on discounted cash flows calculated in local currency, using the corresponding WACC and perpetuities rates, as follows:

		June 2016			December 2015		
Segments	Currency	Goodwill	"WACC" rate	Long term growth rate	Goodwill	"WACC" rate	Long term growth rate
Brazil	EUR	891,169	11.3%	0.0%	1,191,842	10.4%	0.0%

The Group examined the impact of a 50 basis points change in update rates and in the EBITDA margin which resulted in the following impacts:

	+50 BP	-50 BP
"WACC" rate	(155,595)	180,438
EBITDA margin	80,132	(78,969)

12. Tangible assets

The changes in tangible assets and corresponding accumulated depreciation and impairment losses in the semesters ended June 30, 2016 and 2015 were 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 December 31, 2014	618,707	980,439	2,905,372	125,572	37,815	10,213	7,128	219,357	136,975	5,041,579
Currency translation adjustments	(15,503)	(27,127)	(64,001)	(2,545)	(358)	38	(164)	(12,457)	6,307	(115,810)
Additions	9,803	39	9,037	848	167	48	1,586	54,891	16,338	92,757
Sales	(215)	(278)	(1,992)	(218)	(61)	(13)	(867)	(335)	-	(3,978)
Transfers	3,525	5,042	18,832	8,267	482	242	330	(34,919)	(2,937)	(1,137)
Balances at June 30, 2015	616,317	958,116	2,867,248	131,923	38,045	10,528	8,013	226,537	156,684	5,013,411
Balances at December 31, 2015	546,653	841,515	2,586,312	108,850	35,540	10,325	6,018	258,583	30,990	4,424,787
Currency translation adjustments	9,201	47,351	70,559	28	(466)	(430)	(407)	27,221	2,003	155,060
Additions	9,493	58	1,558	27	123	-	90	50,231	1,243	62,823
Sales	(16)	(63)	(3,659)	(601)	(126)	(6)	(35)	(2)	-	(4,509)
Write-offs	(32)	-	-	-	-	-	-	(51)	-	(83)
Transfers	1,060	10,886	9,928	(35,378)	76	160	299	(27,866)	(2,800)	(43,635)
Balances at June 30, 2016	566,359	899,747	2,664,698	72,927	35,147	10,049	5,965	308,116	31,436	4,594,443
Accumulated depreciation and impairment losses:										
Balances at December 31, 2014	74,333	422,936	1,690,943	59,690	31,897	8,470	3,753	-	-	2,292,021
Currency translation adjustments	(1,262)	(6,505)	(23,889)	(1,400)	(210)	50	(40)	-	-	(33,257)
Increases	8,799	16,668	65,496	5,436	922	213	744	-	-	98,277
Decreases	(119)	(39)	(1,783)	(146)	(61)	(13)	(2)	-	-	(2,162)
Transfers	(39)	(34)	(580)	(536)	(3)	-	(169)	-	-	(1,361)
Balances at June 30, 2015	81,711	433,025	1,730,187	63,044	32,544	8,720	4,286	-	-	2,353,518
Balances at December 31, 2015	88,640	417,070	1,640,123	66,110	30,981	8,666	4,322	2,733	-	2,258,646
Currency translation adjustments	1,569	16,672	39,897	884	(324)	(359)	(127)	-	-	58,213
Increases	14,296	15,781	49,489	9,811	635	174	775	-	-	90,961
Decreases	(16)	-	(2,197)	(309)	(106)	(6)	(8)	-	-	(2,642)
Transfers	(50)	(608)	(2,060)	(29,540)	(57)	-	(144)	-	-	(32,461)
Balances at June 30, 2016	104,438	448,915	1,725,251	46,957	31,129	8,476	4,817	2,733	-	2,372,717
Carrying amount:										
As at June 30, 2015	534,606	525,091	1,137,061	68,880	5,501	1,808	3,727	226,537	156,684	2,659,893
As at June 30, 2016	461,921	450,831	939,448	25,970	4,018	1,573	1,148	305,383	31,436	2,221,727

In the semester ended June 30, 2016, in Transportation equipment transfers is included the reclassification of the ships owned by Cimpship – Transportes Marítimos, S.A. to the caption “Non-current assets held for sale” in the liquid amount of €7,873 thousand. This company was alienated on July 26, 2016 by the amount of €7,245 thousand. The impairment losses related to those assets ascends to about €4,300 thousand (Note 6).

Tangible assets in progress and advance to suppliers of tangible assets, in the semester ended June 30, 2016, include the construction and improvement of installations and equipment of the cement sector of several production units, essentially in the Brazil, Egypt and Argentina business areas.

13. Share capital

The Company’s fully subscribed and paid up capital at June 30, 2016 and December 31, 2015, consisted of 672,000,000 shares, listed on Euronext Lisbon market, with a nominal value of one euro each.

14. Treasury shares

At June 30, 2016 and December 31, 2015 Cimpor had 5,906,098 treasury shares.

Commercial legislation relating to treasury shares requires that a free reserve equal to the cost of those treasury shares be unavailable 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.

15. Currency translation adjustments

The changes in this caption in the semesters ended June 30, 2016 and 2015, are a result of converting financial statements of Group entities into euros, with the following functional currencies:

	Egyptian Pound	Brazilian Real	Mozambique Metical	South African Rand	Argentinian Peso	Others	Total
Balances at December 31, 2014	(46,455)	(2,796)	(5,832)	(117,035)	(292,627)	2,160	(462,584)
Currency translation adjustments	5,917	(123,246)	(3,278)	5,397	2,115	(121)	(113,216)
Balances at June 30, 2015	(40,538)	(126,042)	(9,110)	(111,638)	(290,511)	2,039	(575,800)
Balances at December 31, 2015	(40,395)	(428,663)	(19,163)	(145,405)	(452,019)	1,596	(1,084,050)
Currency translation adjustments	(36,824)	194,925	(10,356)	4,809	(57,433)	(472)	94,649
Balances at June 30, 2016	(77,219)	(233,738)	(29,519)	(140,597)	(509,452)	1,124	(989,401)

16. Contingent liabilities, guarantees and commitments

Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its products and services as well as of an environmental nature, labour cases and regulatory. Considering the nature of the legal cases and the provisions recorded, the expected outcome is to not have a significant impact on the Group's operations, financial position or operations results.

In June 30, 2016, the Group has an exposure of €850 million (€659 million in December 31, 2015), being €12 million of contingencies related to personnel (€8 million in December 31, 2015), €609 million of tax contingencies (€459 million in December 31, 2015), €229 million of civil contingencies and administrative processes of other natures (€192 million in December 31, 2015), whose likelihood of loss was considered possible, according to the opinion of legal counsel.

When compared to what was reported on December 31, 2015, and the facts occurred in the semester, to highlight:

In Brazil, under the process brought by the Administrative Council for Economic Defence ("CADE"), the preliminary injunction requested by CADE was appealed, in order to invalidate the validity of the suspensions of all penalties initially imposed to the Group, declared judicially on October 22, 2015, until merits of the case judgement. Therefore, the real guarantees presented by the Group remain valid.

Still regarding Brazil, concerning to tax contingencies, to be noted, their increase in about €66,900 thousand, as a result of several tax inspections under PIS/COFINS and ICMS taxes.

In Egypt, as a result of a tax inspection, one of our company was subject to an additional tax assessment on income for the year 2008 in the amount of EGP 104 million (€10.5 million). Adding to this assessment interests and penalties of about EGP 88 million (€9 million).

In Spain, tax authorities have notified the company in relation to settlement agreements for the years 2009 to 2011, remaining ongoing the inspection for the year 2012, not existing relevant developments when compared to what was previously reported.

Contingent assets

In the year ended December 31, 2015, it was mentioned a contingent liability for a tax dispute related to tax assessments that were made to a company in Egypt, referring to the years 2000 to 2004, which were subject to a judicial appeal.

At the end of the first quarter of 2016, to avoid penalties, a staged payment agreement until 2021 of those taxes was signed with the competent tax authorities. Because the conditions of such agreement do not meet the conditions for such payments being recognized as an asset of the company, until the court decision becomes effective, in this semester a tax charge corresponding to the total responsibility inherent to the agreement, amounting to around €12 million (Note 8) has been already recognized.

Guarantees

At June 30, 2016 and December 31, 2015, Group companies had requested guarantees totalling €493,719 thousand euros and €446,813 thousand, respectively, given to third parties, are as follows:

	June 2016	December 2015
Guarantees given:		
For tax processes in progress	334,579	284,963
Financing entities	121,898	124,036
To suppliers	3,324	3,444
Other	33,918	34,370
	493,719	446,813

Regarding guarantees given for tax processes in progress, the increase is essentially related to new guarantees given for tax processes in progress under PIS/COFINS and ICMS taxes in Brazil.

Other commitments

In the normal course of its business, the Group assumes commitments related essentially to the acquisition of equipment, under its investment operations in progress and for the purchase and sale of investments.

As of June 30, 2016 and December 31, 2015, there are commitments related to contracts for the acquisition of tangible fixed assets and stocks as well as for the operation of facilities located on the property of third parties, as follows:

	June 2016	December 2015
Business area:		
Argentina	64,782	74,633
Brazil	50,780	65,115
Mozambique	26,427	25,791
Portugal	24,043	22,851
Egypt	12,943	10,383
South Africa	660	19
	179,636	198,791

Additionally, at June 30, 2016 and December 31, 2015, future commitments under the current operating lease contracts, relating essentially to transport and office equipment, were as follows:

	June 2016	December 2015
Up to 1 year	1,385	2,866
From 1 to 5 years	2,476	8,449
More than 5 years	-	5,664
Total	3,862	16,979

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.

17. Provisions

At June 30, 2016 and December 31, 2015, the classification of provisions was as follows:

	June 2016	December 2015
Non-current provisions:		
Provisions for tax risks	35,624	35,235
Provisions for environmental rehabilitation	38,436	36,612
Provisions for employees	27,006	25,114
Other provisions for risks and charges	6,977	8,583
	108,043	105,545
Current provisions:		
Provisions for employees	2,271	4,060
Other provisions for risks and charges	-	10,852
	2,271	14,912
	110,314	120,457

The changes in the provisions in the semesters ended June 30, 2016 and 2015 were as follows:

	Provisions for tax risks	Environmental rehabilitation	Provisions for employees	Other provisions for risks and charges	Total
Balances at December 31, 2014	39,219	43,117	34,449	9,961	126,746
Currency translation adjustments	(236)	(1,402)	(762)	184	(2,215)
Increases	823	510	2,385	1,757	5,475
Decreases	-	(372)	(212)	(1,221)	(1,806)
Utilisations	-	(117)	(2,002)	(1,225)	(3,344)
Transfers	(89)	-	(129)	217	-
Balances at June 30, 2015	39,717	41,736	33,729	9,674	124,856
Balances at December 31, 2015	35,235	36,612	29,174	19,435	120,457
Currency translation adjustments	(123)	1,566	1,563	(1,089)	1,916
Increases	1,764	588	644	1,387	4,382
Decreases	(625)	-	(117)	(1,097)	(1,838)
Utilisations	(626)	(330)	(1,988)	(11,659)	(14,603)
Balances at June 30, 2016	35,624	38,436	29,277	6,977	110,314

The increases and decreases in the provisions in the semesters ended June 30, 2016 and 2015 were recorded by corresponding entry to the following accounts:

	June 2016	June 2015
Net result for the period:		
Operating costs	6	15
Payroll costs	17	407
Operating Income	(182)	(2)
Provisions	923	(685)
Financial expenses	1,319	3,551
Income tax (Note 8)	460	384
	2,544	3,670

The caption financial expenses include the financial actualizations of the provision for environmental rehabilitation.

18. Loans

Loans at June 30, 2016 and December 31, 2015 were as follows:

	June 2016	December 2015
Non-currents liabilities:		
Notes	1,287,611	1,262,123
Bank loans	2,021,997	1,911,997
Other loans	41,843	768,743
	3,351,451	3,942,862
Currents liabilities:		
Notes	70,594	-
Bank loans	162,206	116,967
Other loans	727,009	215
	959,809	117,182
	4,311,260	4,060,044

<u>Notes</u>

Non-convertible Notes at June 30, 2016 and December 31, 2015 were as follows:

							June 2016		December 2015
Business unit	Financial instrument	Currency	Emission date	Coupon (b)	Final maturity		Current	Non-current	Non-current
Brazil	Debênture - Brazil (a)	BRL	Mar.12	Floating rate indexed to CDI	Apr.22		70,594	352,143	352,116
Brazil	Debênture - Brazil	BRL	Aug.12	Floating rate indexed to CDI	Aug.22		-	338,189	281,694
Holdings and Financial Vehicles	Senior Notes (a) (c)	USD	Jul.14	5.75%	Jul.24		-	597,280	628,312
							70,594	1,287,611	1,262,123

(a) Guaranteed by controlling entities of the Company;

(b) The contractual variable rates include spreads till 15% over the index;

(c) On July 17, 2014, Cimpor Financial Operations, B.V. (Cimpor B.V.), issued Senior Notes ("Notes") in the amount of USD 750 million, with a payment maturity of 10 years. The Notes were launched with coupon of 5.75% per annum and are listed on the Singapure Stock Exchange. Following this operation, shorter maturity debt were paid in advance. In the semester ended June 30, 2016, the Group purchased Notes in the nominal value of USD 25,236 thousand, for an average price of 68%, in the amount of €16 million (Note 20), which resulted in the recognition of a gain in the amount of €7,145 thousand (Note 7). In the semester ended June 30, 2016, the Group holds Notes in the nominal value of USD 79,526 thousand (€72,080 thousand).

Bank loans

Bank loans as at June 30, 2016 and December 31, 2015 were as follows:

							June 2016		December 2015	
Business unit	Type	Currency	Interest rate (b)	Contract date	Maturity		Current	Non-Current	Current	Non-Current
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	May/12	Jan/22	(a)	-	449,322	-	455,333
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/12	Feb/22	(a)	-	304,217	-	303,805
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/14	Aug/19	(a)	6,037	53,988	-	59,953
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	Feb/14	Aug/19	(a)	19,733	175,668	-	197,803
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/14	Aug/21	(a)	-	60,025	-	59,953
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	Feb/14	Aug/21	(a)	-	195,398	-	197,800
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	Feb/14	Aug/21	(a)	-	214,342	-	216,886
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	May/14	May/19		-	44,841	-	45,374
Holdings and Financial Vehicles (*)	Bilateral	EUR	Fixed rate	Dec/14	Dec/18		-	22,705	-	22,394
Company	Commercial paper	EUR	Floating rate	Mar/15	Mar/18	(a)	-	50,000	-	50,000
Argentina and Paraguay	Bilaterals	ARS	Floating rates indexed to Badlar	Several	Several		53,154	44,321	18,204	45,949
Argentina and Paraguay	Bilaterals	USD	Floating rates indexed to US Libor	Several	Several		9,052	85,708	57,437	2,525
Brazil	Bilaterals	BRL	Fixed and floating rates	Several	Several		12,882	152,390	10,837	62,752
Argentina and Paraguay	Bilaterals	USD	Fixed and floating rates	Several	Several		13,940	62,757	18,723	70,675
Argentina and Paraguay	Bilaterals	PYG	Fixed rates	Oct/15	Feb/16		13,880	-	8,968	-
South Africa	Bilateral	ZAR	Floating rate indexed to Jibar	Dec/13	Dec/18		12,278	24,555	-	35,432
Portugal and Cape Verde	Bilaterals	EUR	Fixed and floating rates	Several	Several	(a)	-	75,000	-	75,000
Mozambique	Bilaterals	MZN	Floating rates indexed to BT 3M	Several	Several		1,024	4,095	1,467	7,055
Egypt	Bilaterals	EGP	Floating rates indexed to Corridor	Several	Several		20,228	2,665	1,331	3,310
							162,206	2,021,997	116,967	1,911,997

(*) Referring to the companies included in the Holdings, business and corporate support and trading segment.

(a) Guaranteed by controlling entities of the Company;

(b) For the major funding the variable rates contracted, both in dollars and euros consider spreads between 2.5% and 3.5%.

Other loans

Other loans obtained correspond, essentially to debts from Cimpor Trading e Inversiones and Austria Equity Participations GmbH to Austria Holding GmbH, as follows:

							June 2016		December 2015
Business unit	Financial instrument	Currency	Emission date	Coupon	Final maturity		Current	Non-current	Non-current
Holdings and Financial Vehicles	Intercompany Loan	EUR	Feb.13	Floating rate indexed to Euribor	Feb.18		-	41,843	41,843
Holdings and Financial Vehicles	Intercompany Loan	EUR	Dec.12	Fixed rate	Apr.17		381,900	-	381,900
Holdings and Financial Vehicles	Intercompany Loan	EUR	Feb.14	Fixed rate	Apr.17		345,000	-	345,000
							726,900	41,843	768,743

In this caption are also included financial leasings.

The non-current portion of loans at June 30, 2016 and December 31, 2015 is repayable as follows:

Year	June 2016	December 2015
2017 (6 months)	133,847	961,974
2018	451,398	340,449
2019	890,892	843,854
2020	373,043	355,577
Following years	1,502,271	1,441,007
	3,351,451	3,942,862

The loans at June 30, 2015 and December 31, 2015 are stated in the following currencies:

	June 2016		After Hedging	December 2015		After Hedging
Currency	Currency	Euros	Euros	Currency	Euros	Euros
USD	2,061,025	1,868,040	584,450	2,058,220	1,890,866	591,485
BRL	3,280,035	926,197	926,197	3,006,731	707,400	707,400
EUR	-	1,340,825	2,624,415	-	1,340,063	2,639,444
ARS	1,617,469	97,475	97,475	910,591	64,153	64,153
MZN	357,100	5,118	5,118	431,373	8,522	8,522
EGP	224,264	22,893	22,893	39,550	4,640	4,640
PYG	85,724,600	13,880	13,880	56,754,600	8,968	8,968
ZAR	600,000	36,833	36,833	600,000	35,432	35,432
		4,311,260	4,311,260		4,060,044	4,060,044

Due to the existence of derivative financial instruments exchange rate hedging, of total loans in dollars, €584 million (€591 million in December 31, 2015) are exposed to foreign exchange risk, which, considering the cash in USD in the amount of €393 million (€238 million in December 31, 2015), reduces the net exposure to that currency to around €191 million (€353 million in December 31, 2015). The net exposure of debt in euros, considering the financial derivative instruments, is lower in about €207 million (€225 million in December 31, 2015).

19. Derivative financial instruments

Fair value of derivative financial instruments

The fair value of derivative financial instruments at June 30, 2016 and December 31, 2015 was as follows:

	Other assets				Other liabilities			
	Current		Non-current		Current		Non-current	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Fair value:								
Exchange rate forwards	-	-	-	-	2,354	-	-	-
Cash flow:								
Interest rate and cross currency swaps	20,265	24,770	227,045	238,895	3,010	2,501	10,157	4,602
	20,265	24,770	227,045	238,895	5,365	2,501	10,157	4,602

These captions are included in the condensed consolidated statement of financial position as other assets and liabilities, current and non-current.

The following schedule shows the fair value of the derivatives financial instruments at June 30, 2016 and December 31, 2015:

					Fair value	
Type of hedge	Notional	Type of Operation	Maturity	Financial purpose	June 2016	December 2015
Fair value	USD 50,000,000	NDF	Jan/17	Exchange risk hedging	(2,354)	-
Cash-flow	USD 200,000,000	Cross Currency Swap	Jul/24	Swich a USD loan into EUR loan	45,164	45,281
Cash-flow	USD 100,000,000	Cross Currency Swap	Jul/24	Swich a USD loan into EUR loan	19,957	19,566
Cash-flow	USD 50,000,000	Cross Currency Swap	Jul/24	Swich a USD loan into EUR loan	11,254	11,059
Cash-flow	USD 150,000,000	Cross Currency Swap	Jul/24	Swich a USD loan into EUR loan	32,268	32,581
Cash-flow	USD 217,500,000	Cross Currency Swap	Feb/19	Swich a USD loan into EUR loan	23,407	25,434
Cash-flow	USD 217,500,000	Cross Currency Swap	Feb/19	Swich a USD loan into EUR loan	35,274	38,045
Cash-flow	USD 500,000,000	Cross Currency Swap	Jan/22	Swich a USD loan into EUR loan	79,986	85,676
Cash-flow	EUR 379,218,809	Interest Rate Swap	Jan/22	Swich to fixed interest rate	(13,168)	(7,103)
Cash-flow	USD 49,000,000	Foreign Exchange Future	May/16	Swich a USD loan into ARS loan	-	6,022
					231,788	256,561

20. Notes to the consolidated cash flow statements

Cash and cash equivalents presented in the consolidated cash flow statement at June 30, 2016 and 2015 were as follows:

	June 2016	June 2015
Cash	181	304
Bank deposits immediately available	348,893	355,031
Term bank deposits	149,691	150,882
Marketable securities	119,323	138,634
	618,089	644,851

The caption "Cash and cash equivalents" comprises cash, deposits repayable on demand, treasury applications, government Notes, deposit certificates and term deposits maturing in less than three months with insignificant risk of change in value.

The caption cash and cash equivalents in the consolidated statement of financial position at June 30, 2016 and 2015 includes, in addition, the amounts of €37,104 thousand and €27,908 thousand, respectively, corresponding to exclusive funds that do not fully comply with the requirements necessary for them to be recognized as cash and cash equivalents in the Statement of cash flows.

In the semester ended June 30, 2016, the caption exclusive funds received and other investments, concerns to the above mentioned exclusive funds redemption.

In the semesters ended June 30, 2016 and 2015, Cash and cash equivalents in the financial statements, are expressed in the following currencies:

	June 2016		June 2015	
Currency	Currency	Euros	Currency	Euros
USD	433,450	392,864	227,822	204,272
BRL	482,410	136,220	512,631	148,146
EUR	57,396	57,396	132,559	132,559
ARS	134,721	8,119	108,776	10,730
MZN	2,329,621	33,391	453,557	10,702
EGP	55,501	5,665	1,077,064	126,560
PYG	13,770,920	2,230	6,203,134	1,075
ZAR	248,379	15,248	471,949	34,848
CVE	447,761	4,061	426,472	3,868
		655,193		672,759

In the semester ended June 30, 2016, "Receipts and Payments of Loans" are justified, essentially, by: i) In the Argentinian business area two new financing contracts with Banco Provincia de Buenos Aires and ICBC Dubai, in the amounts of ARS 150 million and ARS 50 million, respectively; ii) in the Brazilian business area a financing contract with HSBC in the amount of BRL 300 million; iii) the repurchase of Notes issued in the amount of €16 million (Note 18).

In the semester ended June 30, 2015, "Receipts and Payments of Loans" are justified, essentially, by: i) in the Portuguese business area, a new contract with Citibank in the amount of €50 million, and a financing in the amount of €25 million with BBVA; ii) the issuance of commercial paper by the Company in the amount of €50 million; iii) a partially pre-amortization in Cimpor BV, in USD 120 million, Bradesco's financing, initially taken in the amount of USD 200 million; iv) repurchase of Notes issued in the amount of €16 million (Note 18).

21. Related parties

Transactions and balances between Group companies consolidated by the full consolidation method were eliminated in the consolidation process and so are not disclosed in this note. The balances and transactions between the Group and associated companies and with other related parties fall within normal operational activities, being worth of mention the debt to InterCement Áustria Holding Gmbh, in the amount of about €770 million, concerning to three loans and accrued interest to that company, already existed in December 31, 2015 (Note 18). The financial charges, in the semester ended June 30, 2016, arising from these financing of approximately €8 million (€11 million in the semester ended June 30, 2015).

In Other non-current assets is also included a loan receivable with InterCement Áustria Holding Gmbh in the amount of USD 10 million, with a maturity of up to two years and similar conditions to those above mentioned.

22. Financial assets and liabilities in accordance with IAS 39

In its operations the Cimpor Group is exposed to a variety of financial risks which can affect its financial position and results which, depending on their nature, can be grouped into the following categories:

- Interest rate risk;
- Exchange rate risk;
- Liquidity risk;
- Credit risk;
- Counterparty risk.

Financial risk is understood to be the probability of obtaining different results from those expected, be they positive or negative, materially and unexpectedly changing the Group's equity value.

Management of the above risks - resulting mainly from the unpredictability of the financial markets – requires strict application of a set of rules and methodologies approved by the Executive Commission, the ultimate objective of which is to minimize their potential negative impact on the

Group's performance. With this objective in mind, all management is guided based on two essential concerns:

- Decrease, whenever possible, of fluctuations in the results and cash flows subject to situations of risk;
- Limit deviations in relation to projected results, through strict financial planning, based on multi-annual budgets.

At June 30, 2016 and December 31, 2015, accounting policies for financial instruments established in IAS 39 were applied by the Group to the following items:

2016	Loans granted and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Financial assets and liabilities at fair value	Total
Assets:					
Cash and cash equivalents	518,962	-	-	136,231	655,193
Accounts receivable-trade	174,526	-	-	-	174,526
Other investments	-	5,381	-	2,790	8,171
Other non-current accounts receivable	42,912	-	-	-	42,912
Other current accounts receivable	53,591	-	-	-	53,591
Other non-current assets	-	-	-	227,045	227,045
Other current assets	1,390	-	-	20,265	21,655
Total assets	791,381	5,381	-	386,331	1,183,094
Liabilities:					
Non-current loans	-	-	3,351,451	-	3,351,451
Current loans	-	-	959,809	-	959,809
Current accounts payables-trade	-	-	232,254	-	232,254
Other non-current accounts payable	-	-	11,977	-	11,977
Other current accounts payable	-	-	131,507	-	131,507
Other non-current liabilities	-	-	4,691	10,157	14,849
Other current liabilities	-	-	153,217	5,365	158,582
Total liabilities	-	-	4,844,906	15,522	4,860,428

2015	Loans granted and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Financial assets and liabilities at fair value	Total
Assets:					
Cash and cash equivalents	711,460	-	-	18,927	730,387
Accounts receivable-trade	163,772	-	-	-	163,772
Other investments	-	5,448	-	2,361	7,809
Other non-current accounts receivable	34,625	-	-	-	34,625
Other current accounts receivable	46,754	-	-	-	46,754
Other non-current assets	-	-	-	238,895	238,895
Other current assets	1,452	-	-	24,770	26,222
Total assets	958,063	5,448	-	284,953	1,248,464
Liabilities:					
Non-current loans	-	-	3,942,862	-	3,942,862
Current loans	-	-	117,182	-	117,182
Current accounts payables-trade	-	-	258,609	-	258,609
Other non-current accounts payable	-	-	16,668	-	16,668
Other current accounts payable	-	-	168,507	-	168,507
Other non-current liabilities	-	-	1,219	4,602	5,821
Other current liabilities	-	-	162,767	2,501	165,268
Total liabilities	-	-	4,667,815	7,103	4,674,918

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at June 30, 2016, grouped into levels based on the degree to which the fair value is observable:

- Level 1: the fair value of financial instruments is based on quoted prices in active markets as of the date of the statement of financial position;
- Level 2: the fair value of financial instruments is not based on quoted prices in active markets, but rather on valuation models;
- Level 3: the fair value of financial instruments is not based on quoted prices in active markets, but rather on valuation models, the main inputs of which are not observable in the market.

Category	Item	Level 1	Level 2	Level 3
Assets:				
Financial assets available for sale	Investment fund	715	-	-
Financial assets at fair value	Cash and cash equivalents	136,231	-	-
Financial assets at fair value	Financial derivative instruments	-	247,310	-
Financial assets at fair value	Other investments	2,790	-	-
Liabilities:				
Financial liabilities at fair value	Financial instruments derivatives	-	15,522	-

Estimated fair value – assets and liabilities not measured at fair value

Measurement of fair value of derivatives financial instruments is based on criteria extracted from external database agencies, and the results obtained faced with the corresponding evaluations made by counterparties.

Except as regards non-current loans the majority of financial assets and liabilities mature in the short term and so their fair value is considered to be the same as their book values.

Regarding loans and Notes, as shown in Note 18, in general, the long term maturities, are contracted at variable interest rates, with margins there are estimate to be close to those that possibly could be contracted in June 30, 2016. Consequently, it is understood that the corresponding book value (amortized cost) does not differ significantly from their corresponding market value, except for the fixed interest rate loans contracted in the Brazilian, Argentinian and Paraguayan business areas and for the Senior Notes issued by Cimpor B.V., the effect of their valuation to fair value in relation to their book value reported in June 30, 2016 and December 31, 2015, respectively, being as follows:

	2016	2015
Fair-Value	1,341,493	1,187,446
Accounting Value	1,495,966	1,399,226

23. Subsequent events

On July 11, InterCement Participações, S.A. (“InterCement”) has announced a Cash Tender Offer (“Tender Offer”) for the acquisition of all 5.750% Senior Notes due to 2024 (“Notes”) issued by its subsidiary Cimpor Financial Operations B.V..

On August 8, InterCement has announced that on the closure date of the referred offer (August 5), the amount (capital) of the Notes, validly offered under the Tender Offer, amounted to USD 83,142,000, corresponding to 12.4% of the Notes in market (except the Notes held by InterCement and its subsidiaries), having, all of these been acquired by InterCement under the Tender Offer. Concerning to the request for consent to introduce changes in the contract which regulate the Notes related to this offer, InterCement did not obtained the necessary consent. As a result, there has not been carried out any change to the contract.

On July 26, 2016 it was sold the investment held in the company Cimpship – Transportes Marítimos, S.A. by the amount of €7,245 thousand.

24. Financial statements approval

These financial statements for the semester ended June 30, 2016 were approved by the Board of Directors on August 31, 2016.

25. 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)

Shareholders	No. of Shares	% of Share Capital (2)	% of Voting Rights (3)
Camargo Corrêa Group	**632,933,437**	**94.19%**	**94.19%**
Rosana Camargo de Arruda Botelho,Renata de Camargo Nascimento and Regina de Camargo Pires Oliveira Dias who, jointly, directly control the company RRRPN - Empreendimentos e Participações, S.A. and individually, respectively, the companies (a) RCABON Empreendimentos e Participações, S.A. and RCABPN Empreendimentos e Participações, S.A.; (b) RCNON Empreendimentos e Participações, S.A. e RCNPN Empreendimentos e Participações, S.A.; and (c) RCPODON Empreendimentos e Participações, S.A. and RCPODPN Empreendimentos e Participações, S.A..	632,933,437	94.19%	94.19%
Throuth the companies RRRPN Empreendimentos e Participações, S.A., RCABON Empreendimentos e Participações, S.A., RCABPN Empreendimentos e Participações, S.A., RCNON Empreendimentos e Participações, S.A., RCNPN Empreendimentos e Participações, S.A., RCPODON Empreendimentos e Participações, S.A. and RCPODPN Empreendimentos e Participações, S.A..	632,933,437	94.19%	94.19%
Through the jointly and directly controlled company, Participações Morro Vermelho, S.A.	632,933,437	94.19%	94.19%
Through the company Camargo Corrêa, S.A. which it fully controls	632,933,437	94.19%	94.19%
Through the company Camargo Corrêa Cimentos Luxembourg, S.à.r.l. which it fully controls	131,353,069	19.55%	94.19%
Through the company InterCement Participações S.A. controlled	501,580,368	74.64%	94.19%
Through InterCement Austria Holding GmbH which it fully controls	501,580,368	74.64%	94.19%
It is imputable to InterCement Austria Holding GmbH, according to the CMVM understanding following the launch of the Public Offer by the former over the total share capital of Cimpor, the sum of the voting rights of the following:			
Participations held by itself	501,580,368	74.64%	74.64%
Camargo Corrêa Cimentos Luxembourg, S.à.r.l. (company of the Camargo Corrêa Group, as above mentioned)	131,353,069	19.55%	19.55%

(1) As per official qualifying shareholdings announcements and other information received by the company

(2) With voting rights

(3) The calculation basis includes the number of own shares, i.e. all the shares with voting rights, with the suspension of the respective exercise being of noconsequence to the calculations (according to the criteria of paragraph b), no. 3 of the article 16 of the Portuguese Securities Code)

INFORMATION REQUIRED BY LEGISLATION

As set forth in article 447º of the Portuguese Commercial Code and CMVM's (Portuguese Securities Commission) Regulation no. 5/2008, herein is specified Cimpor shares final positions on June 30, 2016, relating to members of the Board of Directors, Audit Committee, Management and entities closely related to the aforementioned parties. Below the transactions in the first half of 2016:

Shares

Members of Board of Directors and Audit Committee

			Transactions in the first half of 2016			
Shareholders	No. of Shares 31-12-2015	No. of Shares 30-06-2016	Acquisitions	Disposals	Price €	Date
Daniel Proença de Carvalho	1	1				
António Soares Pinto Barbosa	1,780	4,237	2,457	-	1.009	18.01.2016

Companies closely related to Board Members

			Transactions in the first half of 2016			
Shareholders	No. of Shares 31-12-2015	No. of Shares 30-06-2016	Acquisitions	Disposals	Price €	Date
Camargo Corrêa Cimentos Luxembourg, S.à.r.l (1)	131,353,069	131,353,069				

(1) As José Édison Barros Franco, related thereto, is also a member of the Board of Directors of Cimpor.

LIMITED REVIEW REPORT

(Translation of a report originally issued in Portuguese – in the case of discrepancies, the original version in Portuguese prevails)

Introduction

1. We have performed a limited review of the accompanying consolidated condensed financial statements of Cimpor – Cimentos de Portugal, SGPS, S.A. ("Company") and its subsidiaries ("Group"), which comprise the condensed consolidated statement of financial position as of 30 June 2016 (that presents a total of 5,353,534 thousand euros and a negative shareholder's equity of 133,751 thousand euros, including a consolidated net loss attributable to the shareholders of 526,714 thousand euros), the consolidated condensed statements of profit and loss and other comprehensive income, of changes in shareholders' equity and of cash flows for the six months period then ended and the corresponding condensed notes.

Board of Directors' Responsibilities

2. The Company's Board of Directors is responsible for the preparation of consolidated condensed financial statements that present a true and fair view of the financial position of the Company and the companies included in the consolidation, the consolidated results and comprehensive income of their operations, the changes in their consolidated shareholders' equity and their consolidated cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union for the purposes of interim financial reporting (IAS 34) and for the design and the maintenance of appropriate systems of internal control in order to allow the preparation of consolidated financial statement exempt of material misstatements errors due to fraud or error.

Auditor's Responsibilities

3. Our responsibility is to express a conclusion on the attached condensed consolidated financial statements. Our work was performed in accordance with international standards on financial statements limited review and the technical and ethical standards and guidelines of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that our work is performed in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements as a whole, are not prepared in all material aspects in accordance with International Financial Reporting Standards as endorsed by the European Union for the purposes of interim financial reporting (IAS 34).

4. A limited review is a limited assurance reliability work. The procedures that we have performed consist mainly in inquiries and analytical procedures and assessment of the evidence obtained.

5. A limited review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA). Consequently, we do not express an audit opinion on the condensed consolidated financial statements.

Conclusion

6. Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements did not present a true and fair view, in all material respects, of the consolidated financial position of Cimpor – Cimentos de Portugal, SGPS, S.A. and its subsidiaries as of 30 June of 2016 and their financial performance and cash flows for the six months period then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union for the purposes of interim financial reporting (IAS 34).

Emphasis of matter

7. Without modifying our conclusion, we draw attention to the following aspects:

   During the six months period ended 30 June 2016 the consolidated net loss attributable to the shareholders amounts to 526,714 thousand Euros, which, as indicated in Notes 6 and 11, includes the recognition of impairment losses on goodwill related to the Brazilian operations amounting to approximately 434,000 thousand Euros. In addition, as of that date, the cumulative currency translation adjustments in the consolidated statement of financial position, resulting from the translation into Euros of foreign subsidiaries' financial statements with a different functional currency was negative by approximately 989,000 thousand Euros (1,084,000 thousand Euros at 31 December 2015). Consequently, as of 30 June 2016, the equity attributable to the shareholders in the consolidated financial statements of the Company is negative by approximately 171,000 thousand Euros. Additionally, current liabilities, which include loans granted by the shareholder Intercement Austria Holding GmbH in the amount of 726,900 thousand euros, exceed current assets by approximately 130,000 thousand Euros. Consequently, the adoption of the going concern principle in the preparation of the accompanying consolidated condensed financial statements depends on the success of future operations and the continuing financial support of its majority shareholder.

Lisbon, 31 August 2016

Deloitte & Associados, SROC S.A.
Represented by Carlos Alberto Ferreira da Cruz