

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

INTERIM CONSOLIDATED REPORT

1ST HALF 2003

Public Limited Company
Head Office: Rua Alexandre Herculano, 35, 1250-009 Lisbon Portugal
Share Capital: €672,000,000
VAT N^o: P500 722 900
Lisbon Registry of Companies Registration N^o 731

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**INTERIM CONSOLIDATED MANAGEMENT REPORT
1ST HALF 2003**

1. Macroeconomic Background

During the whole of the first half of 2003 the growth of the economy of the euro area – affected by weak private consumption, lower investment, higher unemployment and falling foreign demand – was practically nil, clearly differing from the situation in the USA where the annual growth rate of the GDP rose from 1.4% in the first quarter to 3.1% in the second.

In the world's biggest economy, the recovery of the equity markets, the prospects of long-term continuation of attractive financing conditions and the increase of confidence of the economic agents have started to bring about clear signs of an upswing of activity. Should this scenario be confirmed, the Euroland economy should benefit from an increase of foreign demand, further helped by the recent appreciation of the dollar against the euro, which, with the expected increase of private consumption, will open up the way to gradual, albeit slight, recovery during the second half of the year.

The GDP has fallen during three consecutive quarters in Portugal, and construction has been one of the industries most affected. Nevertheless, some indicators suggest that an improvement of economic conditions could well be seen towards the end of the year.

2. Sales and Turnover

During the first half of 2003 cement and clinker sales by the Cimpor Group totalled more than 8.9 million tonnes, an increase of 10.3% compared to the same period last year. The new facilities acquired in South Africa and in the Spanish region of Andalusia made a decisive contribution to this performance, since without them and excluding the sales made by the Group factories in Portugal and Galicia to these new facilities, sales would have fallen by nearly 680,000 tonnes (8.4%).

While the markets performed well in Spain and South Africa, and in Morocco and Mozambique in particular – the latter having seen growth rates of 11% and 25% respectively – cement consumption experienced more or less significant decreases in the other countries in which the Group operates, especially in Portugal (down 17.7%) and Brazil (down 9.6%).

Cement and Clinker Sales
(thousand tonnes)

Business Area	1 st Half 2003	1 st Half 2002	Var. %
Portugal	2 860	3 190	(10.4)
Spain	1 743	747	133.5
Morocco	394	344	14.7
Tunisia	757	793	(4.5)
Egypt	1 095	1 145	(4.3)
Brazil	1 571	1 700	(7.6)
Mozambique	271	198	36.9
South Africa	478	-	-
Consolidated Total	8 937	8 099	10.3

Sales of concrete and aggregates were also considerably lower (8.0% and 12.3% respectively), solely as a result of the crisis on the Portuguese market, since all the other Business Areas saw growth to some extent. Mortar sales also improved, even in Portugal, the increase totalling about 3%.

Sales of Concrete, Aggregates and Mortars

Product / Business Area	1 st Half 2003	1 st Half 2002	Var. %
Concrete (1 000 m ³)			
Portugal	1 750	2 140	(18.2)
Spain	817	757	7.9
Other business areas	208	119	74.8
Total	2 775	3 016	(8.0)
Aggregates (1 000 tonnes)			
Portugal	4 362	5 223	(16.5)
Spain	1 524	1 485	2.6
Total	5 885	6 707	(12.3)
Mortars (1 000 tonnes)	218	211	3.1

Consolidated Group turnover during this first half of 2003 stood at 654 million euros, down 35 million (or 5.1%) compared to first half of 2002, despite the enlargement of the consolidation perimeter.

In Portugal alone, as a result of the market situation referred to above and despite the significant contribution made by sales to the new units acquired in Spain, turnover was down by nearly 55 million euros. Consequently, the contribution of this Business Area to total consolidated turnover fell from over 50% in the first half of 2002 to 45% in the first six months of this year.

The reductions seen in Tunisia, Egypt and Brazil were largely the result of the combined effect of the decline of these markets and of the sharp appreciation of the euro against their currencies. In terms of average exchange rates during the period under review when compared with the first half of 2002, this appreciation amount to 11.8%, 49.3% and 61.6% respectively. In Brazil, had there been no exchange-rate variation, turnover would have

amounted to 65 million euros, or 23% more than the figure for the first six months of last year.

Contribution to Turnover
(euro million)

Business Area	1 st Half 2003		1 st Half 2002		Variation	
	Value	%	Value	%	Value	%
Portugal	294.1	45.0	348.7	50.6	(54.6)	(15.7)
Spain	140.3	21.4	83.3	12.1	57.0	68.3
Morocco	26.2	4.0	23.3	3.4	2.9	12.2
Tunisia	27.4	4.2	31.1	4.5	(3.7)	(12.0)
Egypt	25.5	3.9	41.4	6.0	(15.8)	(38.3)
Brazil	106.3	16.2	139.9	20.3	(33.6)	(24.0)
Mozambique	18.1	2.8	16.2	2.4	1.9	11.7
South Africa	30.2	4.6	-	-	30.2	-
Other Business *	(13.9)	-	5.4	0.8	(19.3)	n.s.
Consolidated Total	654.3	100.0	689.5	100.0	(35.2)	(5.1)

* Excluding the value of transactions between Business Areas

Emphasis is given to the performance of Morocco and Mozambique where, despite the fact that their currencies also depreciated against the euro, particularly in the case of the latter, turnover was sharply higher, even when measured in European currency terms.

South Africa also performed excellently and now accounts for over 4% of the Group's consolidated turnover. As a result of the enlargement of its consolidation perimeter, Spain is now Cimpor's second biggest Business Area in terms of turnover.

3. Investments

During the first half of the year the Group's investments in tangible and intangible fixed assets totalled 78.2 million euros. The larger investments were made in Portugal (16.2 million, mainly spent on environmental protection and improvement, and on the acquisition and construction of port facilities for the storage of clinker and cement for export), Egypt and Brazil (31.7 million and 13.3 million euros respectively, mainly directed at the construction of new production lines).

4. Profits

The decline of turnover caused by the decrease of activity, leading to a lesser dilution of overheads, led to a reduction of about 27 million euros both in operating cash flow and in operating profits. Compared to the first six months of last year the respective margins fell from 39.8% to 37.8% and from 23.6% to 20.8% respectively.

For the reasons stated earlier the reduction of operating cash flow was particularly significant in Portugal, standing at 37 million euros (down 25.7%), the respective margin having dropped by almost 5 p.p., not only for the said reasons but also for the lesser added value on clinker sales.

With the exception of Portugal and Spain, all Business Areas increased their EBITDA margins, especially Tunisia and Mozambique, where the figures are now very close to the Group average. The slight reduction seen in Spain is easily explained by the lower cement selling prices seen in Andalusia (compared to Galicia) and, above all, by the fact that the new facilities acquired in the region do not have sufficient clinker production capacity and have to buy in clinker from third parties or from other Group factories.

Operating Cash Flow (EBITDA)
(euro million)

Business Area	1 st Half 2003		1 st Half 2002		Variation	
	Value	Margin	Value	Margin	Value	%
Portugal	107.1	36.4 %	144.0	41.3 %	(36.9)	(25.7)
Spain	41.1	29.3 %	26.2	31.4 %	15.0	57.3
Morocco	11.2	42.9 %	9.9	42.3 %	1.3	13.7
Tunisia	6.5	23.8 %	5.6	18.0 %	0.9	15.9
Egypt	7.7	30.0 %	11.1	26.8 %	(3.4)	(30.8)
Brazil	56.1	52.8 %	73.6	52.6 %	(17.5)	(23.8)
Mozambique	4.7	25.9 %	1.6	10.0 %	3.1	188.7
South Africa	13.0	43.0 %	-	-	13.0	n.s.
Other business	(0.1)	-	2.3	-	(2.4)	n.s.
Total	247.3	37.8 %	274.3	39.8 %	(27.0)	(9.9)

The reduction of the operating cash flow in Business Areas of Egypt and Brazil was solely the result of the depreciation of their currencies against the euro. Had there been no depreciation, the cash flows of both these Business Areas would have increased, particularly in Brazil where, in local currency, the cash flow was up by more than 20%.

Contrary to what was seen in the first half of 2002, when there was a need to set aside or increase a number of provisions, this year it proved possible to write back some excesses. Added to a major cancellation of costs in respect of previous years, this meant that financial charges and extraordinary items, taken together, improved from a negative figure of about 16.4 million euros to practically zero.

This performance, allied to the reduction of income tax, meant that the consolidated net profit after minority interests rose slightly (1.5%) from the figure for the first half of 2002, to stand at 90.3 million euros.

Breakdown of Consolidated Profits
(euro million)

	1 st Half 2003	1 st Half 2002	Var. %
Turnover	654.3	689.5	(5.1)
Operating cash costs	407.0	415.2	(2.0)
Operating cash flow	247.3	274.3	(9.9)
Depreciation & provisions	111.0	111.4	(0.4)
Operating profit	136.3	162.9	(16.3)
Financial charges	(17.1)	(7.5)	n.s.
Extraordinary profit/(loss)	16.9	(9.0)	n.s.
Income tax	41.8	54.8	(23.7)
Minority interests	4.0	2.7	50.3
Group net profit	90.3	89.0	1.5

5. Financial Situation

The Group's financial structure is practically unchanged when compared to the end of last year. Despite the large dividend paid out and the depreciation of the Egyptian pound, the self-financing ratio increased from 28.4% as at December 31, 2002, to 28.6% as at June 30, 2003.

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

	30 Jun 2003		31 Dec 2002	
	Value	%	Value	%
NET ASSETS				
Fixed assets	2 275.7	71.3	2 379.4	71.3
Current assets	783.7	24.5	814.5	24.4
Accruals & deferrals	133.8	4.2	143.9	4.3
Total	3 193.1	100.0	3 337.9	100.0
SHAREHOLDERS' EQUITY	913.1	28.6	949.6	28.4
Minority interests	82.0	2.6	88.5	2.6
LIABILITIES	2 198.0	68.8	2 299.8	68.9
Total	3 193.1	100.0	3 337.9	100.0

6. The Outlook for the Group's Business

In Portugal, the recent slowdown of the rate of decline of new building permits provides prospects of a clear improvement, seen already in May in June, to the trend of lower cement consumption. Over the year as a whole cement consumption is likely to be about 13% down (contrasting with the decline of almost 18% seen in the first half).

This outlook, allied to the increase of average selling prices in Egypt, to the recent depreciation of the euro against the currencies of most of the countries in which the Group does business and to the expected continuation of the good performance of the Spain,

Morocco, South Africa and Mozambique Business Areas, suggests that at the year-end both the operating cash flow and the pre-tax profit could outperform the figures returned by the Group in 2002.

7. Stock Market Performance of Cimpor Shares

Taking into account the change of the par value of the whole of the shares representing the share capital of Cimpor – Cimentos de Portugal, SGPS, S.A., from five euros to one euro undertaken at the Central de Valores Mobiliários on April 11, 2003, in the wake of the resolution adopted at the General Meeting held on January 31, 2003, the equivalent of about 32.8 million Cimpor shares (of the new par value) were traded on Euronext Lisbon during the first six months of the year. At the end of the period under review the shares were quoted at 3.31 euros, up around 3.4% since December 31, 2002 (in contrast with the slight rise of just 0.3% of the PSI 20 index over the same period).

At the end of last year, Cimpor – Cimentos de Portugal, SGPS, S.A., held 1,196,911 treasury shares of a par value of five euros. Taking into account the stock split in the meantime, this corresponds to 5,984,555 shares of a par value of one euro. During the first six months of this year, before the stock split, the Company acquired – within the scope of day-to-day management and in keeping with a decision taken by the Board of Directors to buy back from employees shares previously attributed to them – a total of 142,886 shares at an average price of 16.72 euros. During the period, it sold to the Cimpor – Indústria de Cimentos, S.A., Pension Fund a block of 185,000 shares of a par value of five euros at a price of 16.15 euros each. Under the Employee Stock Option Plan approved in the meantime, the Company also sold to various employees the equivalent of 242,610 shares of a par value of one euro at an average price of 3.02 euros. Therefore, at the end of the first half, Cimpor held a total of 5,531,375 treasury shares corresponding to about 0.82% of its share capital.

8. Significant Events (including subsequent events)

8.1. A General Meeting of shareholders was held on January 31, 2003, with the following agenda:

- Item 1: To deliberate on the alteration of the memorandum of association, under the following terms:
 - a) alteration of Articles 4 and 7;
 - b) addition of a new article, 12-A;
 - c) alteration of Article 14 N° 2;
 - d) alteration of Article 18 N° 2;
 - e) elimination of Chapter VI – Transitory Provisions, and suppression of Article 22.
- Item 2: To deliberate on the revocation of N°s 5 to 8, 10, 12-b) and 13 of Article 7 and Article 8 of the present memorandum of association
- Item 3: To deliberate on the addition of a new article, 10-A, to the present memorandum of association.
- Item 4: To deliberate on the alteration of N° 4 from Article 12 of the present memorandum of association and on the addition of N°s 5 and 6 thereto.
- Item 5: To deliberate on the addition of three new numbers to the body of

- Article 13 of the present memorandum of association.
- Item 6: To deliberate on the addition of a N° 3 to Article 15 of the present memorandum of association.
- Item 7: To deliberate on the addition of a new Section V to Chapter III and of an Article 19-A to the present memorandum of association.

The proposals concerning the alteration of the memorandum of association presented by the Board of Directors included in Item one of the Agenda were all approved, while the proposals submitted by shareholder Secilpar, S.L., within the scope of the other items of the agenda (added thereto at its request), were not.

In the wake of the resolutions adopted at the said General Meeting, the deed of alteration of the par value and number of the shares was executed and all the alterations made to the memorandum of association were lodged with the Registry of Companies.

On April 11 last, in the wake of these events, Cimpor registered the stock split at the Central de Valores Mobiliários – its share capital now represented by 672,000,000 shares each of a par value of one euro – attributing to each shareholder five new shares for each share (of a par value of five euros) previously held.

- 8.2. A new company was set up under Egyptian law during January 2003, called Cement Services Company, S.A.E., its object being the provision of services of every kind (particularly of a technical, economic, commercial and administrative nature), having a share capital of EGP 250,000, split between the following companies:
- CIMPOR – Cimentos de Portugal, SGPS, S.A. (45%);
 - Amreyah Cement Company, S.A.E. (45%); and
 - Cimpor Egypt for Cement, S.A.E. (10%).
- 8.3. On February 7, 2003, Cimentos de Moçambique, S.A.R.L., increased its share capital from 680 billion meticals to 1,000 billion meticals through the issue at par of 32 million new share each of a par value of 10,000 meticals. Following this increase, reserved to shareholders, Cimpor Internacional now holds 65.4% of the share capital of Cimentos de Moçambique.
- 8.4. The Company's Annual General Meeting was held on May 14, 2003, all the proposals submitted by the Board of Directors having been approved, particularly the proposal for the distribution of profit for 2002, calling for the payment of a dividend of 0.16 euros per share.

Also approved, under the item of the agenda dealing with the general appraisal of the management and supervision of the Company, were the proposals to dismiss Secilpar, S.L., and the person appointed by it to exercise in his own name the position of director, and the votes of confidence in all the other corporate officers.

On May 16, 2003, Secilpar, S.L., lodged injunction proceedings with a view to the suspension of the deliberations of the said General Meeting regarding the lack of trust in and the dismissal of the said company from the position of director of Cimpor, which proceedings were contested by the latter.

- 8.5. On May 16, 2003, Cimpor closed a contract with a view to the subscription of 145,000,000 shares representing 58% of the share capital of the Nigerian company Socomi International CFTZ, whose business involved the import, export, marketing, grinding and bagging of cement.
- 8.6. New financing operations were contracted during June with a view to repaying a part of the debt fallen due and to extend the debt maturity profile, the total value amounting to 645 million euros: a five-year syndicated loan in the sum of 300 million euros with a 50 b.p. spread over the Euribor rate; and two US Private Placements, one in the sum of 150 million dollars at ten years at a rate of 4.75% and the other in the sum of 254 million dollars at twelve years at a rate of 4.90%.
- 8.7. On July 28, 2003, the Spanish company Hormigones Hércules, S.L., belonging to the Cimpor Group, acquired a quarry and seven ready-mixed concrete plants in the region of Andalusia, with annual sales of around 450,000 tonnes of aggregates and 500,000 cubic metres of concrete respectively.
- 8.8. A general meeting of shareholders was held on July 31, 2003, at which:
- a) as a precaution (bearing in mind the possibility that it might be considered that Secilpar, S.L., at some time held the position of director of Cimpor), the deliberation taken at the general meeting of May 14, 2003, was reiterated, and it was renewed for the possibility (which is seen as non-existent) that it might be considered that the said deliberation could involve some invalidity, thus replacing it with full legal effect;
 - b) a deliberation was taken to consider null and void the supposed appointment of the natural person indicated by Secilpar, S.L., to exercise in his own name the position of director of Cimpor or any other appointment made by the said company and, in any case, as a precaution (for the possibility of it being considered that such an appointment produced any effect at any time), to dismiss the said natural person from that position; and
 - c) under the rules set out in Article 12-A of the memorandum of association, Vicente Arias Mosquera was elected to the position of director of Cimpor.
- 8.9. On August 27, 2003, Cimpor was cited to contest the injunction proceedings lodged by Secilpar, S.L., calling for the suspension of the corporate deliberations taken at the General Meeting held on July 31, which it has done.

Lisbon, September 22, 2003

THE BOARD OF DIRECTORS

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

CONSOLIDATED BALANCE SHEETS AS OF JUNE 2003 AND DECEMBER 2002

(Amounts stated in thousands of euros)

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

	<u>Notes</u>	<u>June 2003</u>	<u>December 2002</u>
Current assets:			
Cash and cash equivalents		116.526	47.096
Short-term investments, net	4	225.265	324.683
Accounts receivable-trade, net	5	221.944	195.503
Accounts receivable-other, net	6	82.130	103.647
Inventories, net	7	130.759	134.945
Deferred taxes	18	126.716	142.051
Prepaid expenses and other current assets		7.044	1.832
Total current assets		<u>910.384</u>	<u>949.757</u>
Investments, net	8	110.626	116.774
Fixed assets, net	9	1.231.427	1.300.131
Intangible assets, net	10	933.654	962.535
Other non-current assets, net	6	7.038	8.662
Total assets		<u><u>3.193.129</u></u>	<u><u>3.337.859</u></u>
Current liabilities:			
Short term debt	11	423.751	552.377
Accounts payable-trade	12	132.825	123.503
Accounts payable-other	13	46.300	295.078
Accrued costs	14	32.524	59.680
Taxes payable	15	44.306	36.697
Deferred taxes	18	98.849	116.765
Deferred income		7.083	7.565
Provision for other risks and costs	16	117.975	118.733
Total current liabilities		<u>903.613</u>	<u>1.310.398</u>
Medium and long-term debt	11	1.262.834	968.565
Other non-current liabilities	17	31.597	20.869
Total liabilities		<u>2.198.044</u>	<u>2.299.832</u>
Minority interest	19	82.031	88.450
Shareholders' equity:			
Share capital	20	672.000	672.000
Own shares	20	(18.011)	(19.245)
Revaluation reserves	20	68.943	73.587
Legal reserve	20	67.200	58.300
Cumulative foreign currency translation adjustments	20	(370.791)	(353.603)
Other reserves and retained earnings		403.451	341.975
Net income for the year		90.262	176.563
Total shareholders' equity		<u>913.054</u>	<u>949.577</u>
Total liabilities and shareholders' equity		<u><u>3.193.129</u></u>	<u><u>3.337.859</u></u>

The accompanying notes form an integral part of these financial statements.

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED

JUNE 2003 AND JUNE 2002

(Amounts stated in thousands of euros)

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

	<u>Notes</u>	<u>June 2003</u>	<u>June 2002</u>
Operating revenues:			
Sales and services rendered	21	654.267	689.511
Other revenues and costs		(1.962)	8.730
Total operating revenues		<u>652.305</u>	<u>698.241</u>
Operating costs and expenses:			
Cost of inventories used in production or sold		(147.923)	(159.850)
Operating expenses		(176.406)	(183.237)
Payroll expenses	22	(77.621)	(75.395)
Depreciation and amortisation		(103.865)	(106.519)
Provisions		(7.095)	(4.909)
Other operating expenses		(3.084)	(5.463)
Total operating costs and expenses		<u>(515.994)</u>	<u>(535.372)</u>
Operating income		<u>136.311</u>	<u>162.869</u>
Financial expenses, net	23	(17.085)	(7.460)
Extraordinary income, net	24	16.881	(8.950)
Income before income tax		<u>136.107</u>	<u>146.458</u>
Provision for income taxes	18	(41.820)	(54.826)
Income before minority interest		94.287	91.633
Income applicable to minority interest, net	19	(4.025)	(2.678)
Net income for the year		<u><u>90.262</u></u>	<u><u>88.955</u></u>

The accompanying notes form an integral part of these financial statements.

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

CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003 AND 2002

(Amounts stated in thousands of euros)

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

	Notes	June 2003	June 2002
		<u> </u>	<u> </u>
Operating activities:			
Receipts from customers		640,758	673,442
Payments to suppliers		(326,459)	(339,007)
Payments to employees		(93,218)	(90,741)
Cash generated from operations		<u>221,081</u>	<u>243,694</u>
Payments relating to income taxes		(11,872)	(21,675)
Other		1,394	2,446
Cash flow before extraordinary items		<u>210,603</u>	<u>224,465</u>
Receipts relating to extraordinary items		975	4,347
Payments relating to extraordinary items		(1,299)	(2,715)
Net cash from operating activities (1)		<u>210,279</u>	<u>226,097</u>
Investing activities:			
Receipts relating to:			
Acquisition of subsidiaries		-	-
Financial investments		9,084	232
Property, plant and equipment		5,944	18,241
Intangible assets		5	3
State grants for investment		408	6
Interest and related income		25,001	39,269
Dividends		1,952	2,043
Other		7,681	341
Total receipts		<u>50,075</u>	<u>60,135</u>
Payments relating to:			
Acquisition of subsidiaries	(1)	(220,400)	(152,379)
Financial investments		(846)	(3,079)
Property, plant and equipment		(82,093)	(88,018)
Intangible assets		(2,613)	(544)
Other		(3,719)	(82)
Total payments		<u>(309,671)</u>	<u>(244,102)</u>
Net cash used in investing activities (2)		<u>(259,596)</u>	<u>(183,967)</u>
Financial activities:			
Receipts relating to:			
Loans obtained		977,650	206,706
Own shares sold		3,686	2,161
Other		-	4,246
Total receipts		<u>981,336</u>	<u>213,113</u>
Payments relating to:			
Loans		(814,112)	(221,241)
Interest and related expenses		(67,017)	(45,901)
Dividends		(104,174)	(86,808)
Income tax on dividends		-	-
Own shares purchases		(2,389)	-
Other		-	-
Total payments		<u>(987,692)</u>	<u>(353,950)</u>
Net cash from (used in) financing activities (3)		<u>(6,357)</u>	<u>(140,837)</u>
Net change in cash and cash equivalents (4) = (1)+(2)+(3)		(55,674)	(98,707)
Net exchange rate effect		2,669	(29,732)
Net cash and cash equivalents - beginning of period		344,926	181,598
Net cash and cash equivalents - end of period		<u>291,922</u>	<u>53,159</u>

The accompanying notes form an integral part of these financial statements.

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

CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003 AND 2002
(continued)

(Amounts stated in thousands of euros)

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

1. The amount of 220,400 Thousand euros relates to payment of the assets acquired in 2002 in Cordoba, Niebla e Seville (“Andalusia”).

2. Detail of cash and equivalent:

	<u>June 2003</u>	<u>June 2002</u>
Cash	641	1,450
Bank deposits	115,886	34,341
Short-term investments and cash equivalents (gross)	<u>225,265</u>	<u>60,199</u>
Cash, bank deposits and treasury applications as stated in balance sheet	341,792	95,990
Other treasury elements:		
Bank overdrafts	<u>(49,870)</u>	<u>(42,831)</u>
Net cash from operating activities	<u>291,922</u>	<u>53,159</u>

3. As at 30 June 2003, there were approximately 236,2 millions euros of bank facilities not used.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 2003

(Amounts stated in thousands of euros)

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

	Share capital	Own shares	Revaluation reserves	Legal reserve	Currency translation adjustments	Other reserves and retained earnings	Net income	Total
Balances as of 31 December 2002	672.000	(19.245)	73.587	58.300	(353.603)	341.975	176.563	949.577
Earnings allocated to reserves	-	-	-	8.900	-	58.493	(67.393)	-
Dividends paid	-	-	-	-	-	857	(107.520)	(106.663)
Distribution of profits to employees	-	-	-	-	-	-	(1.650)	(1.650)
Acquisition/sales of own shares	-	1.234	-	-	-	35	-	1.269
Other adjustments	-	-	(4.644)	-	-	2.091	-	(2.553)
Currency translation adjustments	-	-	-	-	(17.188)	-	-	(17.188)
Net income for the year	-	-	-	-	-	-	90.262	90.262
Balances as of June 2003	<u>672.000</u>	<u>(18.011)</u>	<u>68.943</u>	<u>67.200</u>	<u>(370.791)</u>	<u>403.451</u>	<u>90.262</u>	<u>913.054</u>

The accompanying notes form an integral part of these financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

1. Introduction

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

Following the reorganisation activities occurred in 2002, the Group interests are distributed between the following sub-holding companies: (i) Cimpor Portugal, SGPS, S.A., which holds the investments in companies producing cement, ready mix concrete, pre-cast parts and related activities in Portugal; (ii) Cimpor Inversiones S.L., which holds the investments in companies operating in foreign countries (except for Mozambique); (iii) Cimpor Internacional, SGPS, S.A., which holds the investments in companies operating in Mozambique; and, (iv) Cimpor Investimentos, SGPS, S.A., which holds the investments in operating companies outside of the cement industry.

2. Basis of presentation

The attached consolidated financial statements have been prepared from the accounting records of Cimpor and its subsidiary companies listed below. The financial statements include certain adjustments and reclassifications in order to conform them to the Group’s accounting policies. The consolidated financial statements are stated in thousands of euros and, except for the adoption of the International Accounting Standard n° 25, were prepared in accordance with generally accepted accounting principles in Portugal (“Portuguese GAAP”) which may be different from generally accepted accounting principles in other countries. The attached financial statements also include certain reclassifications in order to conform more closely to the form and content of financial statements presented in international financial markets.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

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

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

Name	Full name/headquarters	Effective participation
HOLDING AND SUB-HOLDINGS		
CIMPOR SGPS	CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	-
CIMPOR PORTUGAL	CIMPOR PORTUGAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
CIMPOR INTERNACIONAL	CIMPOR INTERNACIONAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
CIMPOR INVESTIMENTOS	CIMPOR INVESTIMENTOS, S.G.P.S., SA. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
CIMPOR INVERSIONES	CIMPOR INVERSIONES, S.L. Calle Brasil, 56 36204 Vigo	100,00
CEMENT AREA (Portugal)		
CIMPOR INDÚSTRIA	CIMPOR – INDÚSTRIA DE CIMENTOS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
SCIAL	ESTABELECIMENTOS SCIAL DO NORTE, S.A. Av. Américo Duarte – S.Pedro Fins – Maia 4449 - 909 Ermesinde	100,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
CECISA	CECISA - COMÉRCIO INTERNACIONAL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
CTA	CEMENT TRADING ACTIVITIES - COMÉRCIO INTERNACIONAL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	89,00
CIMENTAÇOR	CIMENTAÇOR - CIMENTOS DOS AÇORES, Lda. Canada das Murtas, Pico da pedra, Ribeira Grande 9500 - 618 Ponta Delgada	75,00
READY MIX CONCRETE AND AGREGATES AREA (Portugal)		
CIMPOR BETÃO SGPS	CIMPOR BETÃO - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
CIMPOR BETÃO	CIMPOR BETÃO - INDÚSTRIA DE BETÃO PRONTO, S.A. Av. Almirante Gago Coutinho, Portela de Sintra 2710 - 418 Sintra	100,00
BETAÇOR	BETAÇOR - FABRICO DE BETÃO E ARTEFACTOS DE CIMENTO, S.A. Rua dos Pastos – Beljardim 9760 - 511 Praia da Victória	75,00
AGREPOR	AGREPOR-AGREG. E EXTRACÇÃO DE INERTES, S.A. Sangardão – Furadouro 3150 - 999 Condeixa-a-Nova	100,00
JOFERBETÃO	JOFERBETÃO, Lda. Mirouços – Sítio da Capa Rota São Pedro de Penaferrin 2710 Sintra	97,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
JOMATEL	JOMATEL - EMPRESA DE MATERIAIS DE CONSTRUÇÃO, S.A. Tapada da Quinta de Cima – Est. de Albarraque – Linhó 2714 Sintra	90,00
BETABEIRAS	BETABEIRAS - BETÕES DA BEIRA, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	89,00
FENOP	FENOP - BETÃO PRONTO, S.A. Quinta dos Caldinhos, Flôr da Mata 2840 Seixal	88,20
BETÃO LIZ	BETÃO LIZ, S.A. R Qtª Paizinho – Edifício Bepor, Bloco 1–2º 2795 - 632 Carnaxide	66,44
SOPAB	SOPAB - SOCIEDADE DE EXPLORAÇÃO DE AREIAS E BRITAS, Lda. Lugar do Campo Grande – Esmoriz 3885-530 Esmoriz	66,44
VERMOFEIRA	VERMOFEIRA - EXTRACÇÃO E COMÉRCIO AREIAS, Lda. R Qtª Paizinho – Edifício Bepor, Bloco 1–2º- 2795 - 632 Carnaxide	50,00
JOBRIITA	JOBRIITA - INDÚSTRIAS EXTRACTIVAS, S.A. R. Vaz Monteiro, 192 – R/c Esq 2580 - 505 Carregado	66,44
FORNECEDORA	FORNECEDORA DE BRITAS DO CARREGADO, S.A. Rua Vaz Monteiro, 192 – R/C Esq. 2580 - 505 Carregado	66,44
M.C.D.	M.C.D. - MATERIAIS CONSTRUÇÃO DRAGADOS E BETÃO PRONTO, S.A. Travessa do Alecrim, 1 – 2º 1200 - 019 Lisbon	66,44

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
BETOURÉM	BETOURÉM - INDÚSTRIA E COMÉRCIO DE BETÃO, Lda. Barroca Branca, Areias Gondemaria, Ourém	89,00
BETRANS	BETRANS - SOCIEDADE PRODUTORA E DISTRIBUIDORA DE BETÃO TRANSMONTANO, S.A. Zona Industrial das Cantarias, Lt 189/190 5300 - 212 Bragança	50,00
BETANTEROS	BETANTEROS - SOCIEDADE DE FABRICO E COMERCIALIZAÇÃO DE BETÕES, S.A. S. Fraústo – Estrada de Braga, Km 164,5 5400 - 283 Chaves	50,00
IBERA	IBERA - INDÚSTRIA DE BETÃO DA REGIÃO ALENTEJO, S.A. Qtª da Madeira, Estrada Nac. 114, km 85 7000 - 505 Évora	50,00
BETEJO	BETEJO - SOCIEDADE DE BETÕES, S.A. Av. Do Bocage, nº 21, 8º Esqº 2830 Barreiro	50,00
BEPRONOR	BEPRONOR - SOCIEDADE DE BETÃO PRONTO DO NORDESTE, S.A. R. Alexandre Herculano, 35 1250 - 009 Lisbon	50,00
BARBETÃO	BARBETÃO – COMÉRCIO E DISTRIBUIÇÃO DE BETÃO, S.A. Matas, Gamelinhas, Apartado 219 3780 - 401 Avelãs de Cima, Anadia	100,00
PRECAST AREA (Portugal)		
VILAJE	VILAJE - VIGAS E LAGES PRÉ-ESFORÇADAS, Lda. Feiteira – Seixezelo - V. N. Gaia 4415 - 556 Grijó	100,00
PREDIANA	PREDIANA - SOCIEDADE DE PRÉ-ESFORÇADOS, S.A. Zona Industrial de Adua 7050 Montemor-o-Novo	100,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
GEOFER	GEOFER - PRODUÇÃO E COMERCIALIZAÇÃO DE BENS E EQUIPAMENTOS, S.A. Rua Alexandre Herculano, 35 1250-009 Lisbon	100,00
PRECADAR	PRECADAR - PONTES E VIADUTOS PRÉ - FABRICADOS, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	100,00
OTHER RELATED ACTIVITIES (Portugal)		
SACOPOR	SACOPOR - SOCIEDADE DE EMBALAGENS E SACOS DE PAPEL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
CIARGA	CIARGA - ARGAMASSAS SECAS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
TRANSVIÁRIA	TRANSVIÁRIA - GESTÃO DE TRANSPORTES, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
T.P.A.	T.P.A. - TRANSPORTES STº. ANDRÉ, Lda. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100,00
TRATER	TRATER - EMPRESA DE TRANSPORTES E GESTÃO, S.A. Edifício Ulisses, R/C Esq. – Almoinha – Castelo 2970 - 135 Sesimbra	100,00
ALEMPEDRAS	ALEMPEDRAS - SOCIEDADE DE BRITAS, Lda. Casal da Luz – Bairro – Óbidos 2510 Óbidos	100,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
CIMADJUVANTES	CIMADJUVANTES - COMERCIALIZAÇÃO E PRODUÇÃO ADJUVANTES PARA CIMENTO, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	100,00
CELFA	CELFA – SOCIEDADE INDUSTRIAL DE TRANSFORMAÇÃO DE GESSOS, S.A. Zona Industrial de Soure, Lt. 26 e 27 3130 – 551 Soure	100,00
KANDMAD	KANDMAD – PRESTAÇÃO DE SERVIÇOS E COMÉRCIO DE IMPORTAÇÃO E EXPORTAÇÃO, LDA. Av. Arriaga, 77, Edifício Marina Fórum, 1º sala 103, Sé 9000 – 060 Funchal	99,93
INTERNATIONAL AREA		
SPAIN		
CORPORACIÓN NOROESTE	CORPORACIÓN NOROESTE, S.A. Brasil, 56 36 204 Vigo	99,51
C.N. HORMIGONES Y ARIDOS	CORPORACION NOROESTE DE HORMIGONES Y ARIDOS, S.L. Brasil, 56 36 204 Vigo	99,51
ANDALUCIA	SOCIEDAD DE CEMENTOS Y MATERIALES DE CONSTRUCCIÓN DE ANDALUCIA, S.A. Av. De la agrupación de Córdoba, 15 14 014 Cordoba	99,51
CEMENTOS EL MONTE	CEMENTOS EL MONTE, S.A. 21810 – Palos de la Frontera (Huelva) Puerto Exterior de Huelva Muelle Ingeniero Juan Gonzalo s/n	99,51

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
CEMENTOS NOROESTE	CEMENTOS NOROESTE, S.L. Brasil, 56 36 204 Vigo	99,51
SERMACONSA	SERVICIOS Y MATERIALES PARA LA CONSTRUCCIÓN, S.A. Brasil, 56 36 204 Vigo	99,51
MORTEROS NOROESTE	MORTEROS NOROESTE, S.L. Brasil, 56 36 204 Vigo	99,51
HORMIGONES HÉRCULES	HORMIGONES HÉRCULES, S.L. Polígono Industrial – El Prado – 40 – Mérida 06800 – Badajoz	99,51
HORMIGONES MIÑO	HORMIGONES MIÑO, S.L. Brasil, 56 36 204 Vigo	99,49
CEMENTOS COSMOS	CEMENTOS COSMOS, S.A. Brasil, 56 36 204 Vigo	99,23
PREBETONG GALICIA	PREBETONG GALICIA, S.A. Brasil, 56 36 204 Vigo	98,39
CANTERAS PREBETONG	CANTERAS PREBETONG, S.L. Brasil, 56 36 204 Vigo	98,39
BOMTRAHOR	BOMBEO Y TRANSPORTE DE HORMIGON, S.A. Brasil, 56 36 204 Vigo	90,29

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
PREBETONG LUGO	PREBETONG LUGO, S.A. Av. Benigno Rivera s/n Polígno Industrial del Ceao 27 003 Lugo	74,10
HORMIGONES MARIÑA	HORMIGONES MARIÑA, S.L. Carretera Santander – Ferrol. Lugar de Camba Município de Xove 27 870 Lugo	69,77
HORMINGONES LA BARCA	HORMIGONES Y ARIDOS LA BARCA, S.A. Calle La Barca, nº 14 36 002 Pontevedra	49,76
ARICOSA	ARIDOS DE LA CORUÑA, S.A. Candame 15 142 Arteixo La Coruña	49,19
CANPESA	CANTEIRA DO PENEDO, S.A. Reina, 1 – 3º 27 001 Lugo	37,04
MOROCCO		
ASMENT DE TÉMARA	ASMENT DE TEMARA AIN Attig – Route de Casablanca Témara	62,60
BETOCIM	BETOCIM, S.A. Ain Attig – Route de Casablanca Témara	100,00
TUNISIA		
C.J.O.	SOCIÉTÉ DES CIMENTS DE JBEL OUST 3, Rue de Touraine, Cité Jardins 1002 Tunis – Belvédère, Tunisie	100,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
BRAZIL		
C.C.B.	COMPANHIA DE CIMENTOS DO BRASIL, S.A. Avª Maria Coelho Aguiar, 215 – Bloco E – 8º J. São Luís – São Paulo/SP – Brazil	99,63
ATOL	COMPANHIA DE CIMENTO ATOL, S.A. Fazenda S. Sebastião Alagoas-S. Miguel dos Campos	100,00
CIMEPAR	COMPANHIA PARAIBA DE CIMENTO PORTLAND, S.A. Fazenda da Graça – Ilha de Bispo-Cidade João Pessoa Paraiba – Brazil	100,00
C.B.	CIMPOR BRASIL, Lda. Av. Mª Coelho Aguiar, 215 B1 E – 8º J. São Luís – São Paulo/SP – Brazil	100,00
MOZAMBIQUE		
CIM. MOÇAMBIQUE	CIMENTOS DE MOÇAMBIQUE, S.A.R.L. Av. Fernão de Magalhães, 34 – 2º, nº1 Maputo – Caixa Postal 270	65,41
CIMBETÃO	CIMPOR BETÃO MOÇAMBIQUE, S.A.R.L. Estrada de Lingamo Matola	99,05
PREMAP	PREFABRICADOS DE MAPUTO, S.A.R.L. Avª 24 de Julho, 2096, 4º Andar Maputo	81,19
EGYPT		
AMREYAH	AMREYAH CEMENT COMPANY El Gharbaneyat – Borg El Arab City P.º Box 21511 Alexandria	96,19
CEC	CIMPOR EGYPT FOR CEMENT El Gharbaneyat – Borg El Arab City P.º Box 21511 Alexandria	100,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
AMREYAH CIMPOR	AMREYAH CIMPOR CEMENT COMPANY, S.A.E. El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	97,14
SOUTH AFRICA		
NPC	NATAL PORTLAND CEMENT COMPANY (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	99,80
DCL	DURBAN CEMENT LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	99,80
SRT	THE SIMUMA REHABILITATION TRUST 1 Wedgelink Road Bryanstone South Africa	99,80
NPC - CELL "A7"	NATAL PORTLAND CEMENT (PTY) – CELL "A7" 5 th Floor Sa Eagle House 70 Fox Street Johannesburg South Africa	99,80
UNRELATED ACTIVITIES		
CIMPOR FINANCE	CIMPOR FINANCE LIMITED IFSC House, Custom House Quincy – Dublin 1	100,00
CIMPOR B.V.	CIMPOR FINANCIAL OPERATIONS, B.V. Drentestraat, 24 1083 HR Amesterdam	100,00
PENROD	PENROD INVESTMENTS LIMITED Suite 9.4.1.B – Europort – Gibraltar	100,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
CIMPOR IMOBILIÁRIA	CIMPOR IMOBILIÁRIA, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisboa	100,00
MECAN	MECAN - MANUFATURA DE ELEMENTOS DE CASAS DE CONSTRUÇÃO NORMALIZADA, Lda. Rua Alexandre Herculano, 35 1250 – 009 Lisboa	100,00
RETONOBA	RETONOBA, S.A. Brasil, 56 36 204 Vigo	100,00
FIVACAR	97 2000 FIVACAR, S.L. Calle Serrano, 91 Madrid	100,00
99 SHIP	99 SHIP, S.A. Calle Serrano, 91 Madrid	100,00
SILOS GALICIA	SILOS GALICIA, S.A. Calle Montero Rios, 30 – 1º 36201 Vigo	84,00
CIMPOR REINSURANCE	CIMPOR REINSURANCE, S.A. – SOCIÉTÉ ANONYME DE REASSURANCE 65, Avenue de la Gare L 1611 - Luxemburgo	100,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

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

Name	Full name/headquarters	Effective participation
OTHER RELATED ACTIVITIES		
MOZAMBIQUE		
C.C. MOÇAMBIQUE	COMPANHIA DOS CIMENTOS DE MOÇAMBIQUE, S.A.	86,02
IMOPAR	IMOPAR-IMOBILIÁRIA DE MOÇAMBIQUE, S.A.R.L. Avª 24 de Julho, 2096, 4º Andar Maputo	95,00

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

Name	Full name/headquarters	Effective participation
CEMENT AREA (Portugal)		
SEMAPA	SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A. Avenida Fontes Pereira de Melo, 14 – 10º 1069-107 Lisbon	20,02
CIMENTOS MADEIRA	CIMENTOS MADEIRA, Lda. Estrada Monumental, 433 – São Martinho 9000-236 Funchal	42,86
OTHER RELATED ACTIVITIES (Portugal)		
PRESCOR	PRESCOR - PRODUÇÃO DE ESCÓRIAS MOÍDAS, Lda. Aldeia de Paio Pires – Paio Pires 2840 Seixal	35,00
SCORECO	SCORECO - VALORIZAÇÃO DE RESÍDUOS, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	25,00
NUNO MESQUITA PIRES	NUNO MESQUITA PIRES, SGPS, S.A. Av. Luísa Todi, 1 – 1º	25,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

2900 – 459 Setúbal

Name	Full name/headquarters	Effective participation
INTERNATIONAL AREA - SPAIN		
CEMENTOS ANTEQUERA	CEMENTOS ANTEQUERA, S.A. Carretera del Polvorín km 2, margem izquierdo 29 540 Bobadilla, Estación. Malaga	20,00
UNRELATED ACTIVITIES		
KEEFERS	KEEFERS FINANCE, S.A. Pasea Estate, Road Town-P.O.Box 3149 – Portola British Virgin Island	34,71
CORTEZO	CORTEZO, N.V. P.O.Box 6050, Curaçao Netherlands Antilles	30,00

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

Name	Full name/headquarters	Effective participation
BETO MADEIRA	BETO MADEIRA - BETÕES E BRITAS DA MADEIRA, S.A. Fundoa de Cima – S.Roque 9000 - 801 Funchal	42,86
BRIMADE	BRIMADE - SOCIEDADE DE BRITAS DA MADEIRA, S.A. Fundoa de Cima – S. Roque 9000 - 801 Funchal	42,86
MADEBRITAS	MADEBRITAS - SOCIEDADE DE BRITAS DA MADEIRA, Lda. Fundoa de Cima – S.Roque 9000 - 801 Funchal	21,86

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

Name	Full name/headquarters	Effective participation
PROMADEIRA	PROMADEIRA - SOCIEDADE TÉCN. DE CONSTRUÇÃO DA ILHA DA MADEIRA, Lda. Sítio da Cancela, São Gonçalo 9050 - 299 Funchal	42,86
SANIMAR – MADEIRA	SANIMAR - MADEIRA, SOCIEDADE DE MATERIAIS DE CONSTRUÇÃO, Lda. Sítio da Cancela, São Gonçalo 9050 - 299 Funchal	42,86

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

Name	Full name/headquarters	Effective participation
INTERNATIONAL AREA - SPAIN		
HORMIGONES CELANOVA	HORMIGONES MIRANDA CELANOVA, S.A. Crta. de Casasoá, km. 0,1 – La Caseta - Celanova Orense	39,35
INTERNATIONAL AREA - EGYPT		
ERMCC	EXPRESS READY MIX CONCRETE COMPANY 23, Talat Harb ST. - Cairo	28,86
UNRELATED ACTIVITIES		
ETG	ETG - EMPRESA DE TRANSPORTES E GESTÃO, S.A. Rua Corpo Santo, nº 6 – 2º 1200 Lisboa	44,90
SGS	SGS - INDÚSTRIAS DE MADEIRA, S.A. Pico do Cardo – S. António 9000 Funchal	35,00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

The following subsidiary company was consolidated in accordance with the proportional method as its management is exercised jointly with the other shareholder:

Name	Full name/headquarters	Effective participation
OTHER RELATED ACTIVITIES (Portugal)		
ECORESÍDUOS	ECORESÍDUOS - CENTRO DE TRATAMENTO E VALORIZAÇÃO DE RESÍDUOS, Lda. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	50,00

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

Name	Full name/headquarters	Effective participation
READY MIX CONCRETE AND AGREGATES AREA (Portugal)		
CEVALOR	CEVALOR - CENTRO TECNOLÓGICO PARA APROVEITAMENTO E VALORIZAÇÃO DE ROCHAS ORNAMENTAIS E INDUSTRIAIS Estrada Nacional 4, Km 158 7150 - 208 Lisboa	10,00
OTHER RELATED ACTIVITIES (Portugal)		
ECOMETAIS	SOCIEDADE DE TRATAMENTO E RECICLAGEM, S.A. Av. Siderurgia Nacional, nº 1, Edifício S.N. 2840 Seixal	2,50
INTERNATIONAL AREA - SPAIN		
AMINSA	APLICACIONES MINERALES, S.A. Ayto. de Valle de Oca, Camino Fuente Herrero, s/n 09 258 Cueva Cardiel – Burgos	11,94
CEMENTOS LEMONA (a)	CEMENTOS LEMONA, S.A. Alameda de Urquijo, 10 – 2º 48 008 Bilbao	19,21
CEMENTOS PORTLAND (a)	CEMENTOS PORTLAND, S.A Pamplona	0,36

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Name	Full name/headquarters	Effective participation
INTERNATIONAL AREA - EGYPT		
UCF	United Company For Foundries 20, EL – Gazayer Street Now Naadi - Cairo	13,47
ASCOM	ASCOM 26, Road 265 New Maadi - Cairo	9,62
ASEMPRO	ASEMPRO 5, Street 260 New Maadi - Cairo	9,62
UNRELATED ACTIVITIES		
NEFELE	COMPANHIA INDUSTRIAL DE SIENITOS NEFELÍNICOS, S.A. Serro da Cabeça Alta - Apartado 45 8101 Loulé Codex	10,00

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

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3. Summary of significant accounting policies

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

Intangible assets

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

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

Research and development costs related to expenditure on specific projects with economic value, which are amortised on a straight-line basis over three years.

Property, plant and equipment

Property, plant and equipment is stated at cost, which includes acquisition expenses, or, in the case of for certain fixed assets acquired up to 30 June 1993, at restated value computed in accordance with the revaluation criteria established by the applicable Portuguese legislation. Gains and losses on the disposal of fixed assets are recorded as extraordinary items.

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

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

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

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

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

Finance leases

Fixed assets acquired under long-term lease contracts, as well the corresponding liability, are recorded as capital leases. Under this method, the cost of the fixed assets is recorded in assets, the corresponding liability is recorded in liabilities and the interest included in the lease instalments and depreciation of the assets, calculated as described above, are recorded as an expense in the year to which they relate.

Inventories

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

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

Provisions

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

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

Foreign currency transactions and balances

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

- Exchange differences arising on the translation of medium and long term foreign currency inter-group balances which, in practice, correspond to an extension of investments;
- Exchange differences arising on financial operations hedging exchange risk on foreign currency investments, as established in International Accounting Standard (IAS) 21, provided that they comply with the efficiency criteria established in IAS 39.

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Translation of financial statements

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

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

The effect of translation differences is recorded in shareholders' equity under the specific caption "Cumulative foreign currency translation adjustments". When investments in subsidiaries are sold, the related cumulative foreign currency translation adjustment is transferred to the statement of profit and loss, as established in IAS n° 21.

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

- Fixed assets and shareholders' equity balances are maintained in US Dollars at historical rates of exchange;
- Monetary assets and liabilities are translated at current exchange rates, the exchange differences being recognised as financial income or expenses for the period.

Negotiable securities

Negotiable securities are stated at market value.

Retirement pension benefits

Certain subsidiary companies have assumed responsibilities for the payment of pension complements to those paid by the Portuguese Social Security, under two different schemes: a defined benefit plan and a defined contribution plan. The related liabilities are recorded in accordance with Portuguese Accounting Directive n° 19.

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

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Medical benefits

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

Specific provisions to cover this liability are recorded in accordance with the criteria established by Portuguese Accounting Directive n° 19.

The actuarially determined liability for healthcare costs to be provided as from the retirement age of employees is recorded in the balance sheet caption “Provisions for risks and costs”.

Income tax

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

The income tax provision is computed in accordance with Portuguese Accounting Directive n° 28, whereby consideration is given to timing differences between accounting and taxable income.

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

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

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

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Revaluation reserve

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

Environmental reinstatement of land used for quarries

In accordance with legislation in force in Portugal, land used for quarries must be environmentally reinstated.

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

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

Accrual basis

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

Current classification

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

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4. Negotiable securities

Negotiable securities include money market funds and other liquid investments that are readily convertible to cash with an original maturity of three months or less. These investments are considered as cash equivalents for cash flow purposes.

5. Accounts receivable – trade, net

This caption consists of:

	June 2003	December 2002
Accounts receivable from costumers	216,777	187,629
Notes receivable	1,931	1,754
Doubtful accounts receivable	42,417	42,049
Advances to suppliers	828	3,365
	<u>261,953</u>	<u>234,797</u>
Less: Provision for doubtful accounts receivable	<u>(40,009)</u>	<u>(39,294)</u>
	<u>221,944</u>	<u>195,503</u>

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

6. Other accounts receivable and other non-current assets

These captions consists of:

	June 2003	December 2002
Accounts receivable – other, net:		
Accounts receivable from:		
Associated companies	173	377
Other	460	1,623
Accounts receivable from public entities	51,285	54,759
Other receivables	30,750	47,422
	<u>82,668</u>	<u>104,181</u>
Less: Provision for doubtful accounts receivable	<u>(538)</u>	<u>(534)</u>
	<u>82,130</u>	<u>103,647</u>

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	June 2003	December 2002
Other non-current assets, net:		
Doubtful accounts receivable	13,218	13,054
Accounts receivable from associated companies	8,281	14,557
Accounts receivable from public entities	2,300	1,896
Other receivables	3,968	5,597
	<u>27,767</u>	<u>35,104</u>
Less: Provision for doubtful accounts receivable	<u>(20,729)</u>	<u>(26,442)</u>
	<u>7,038</u>	<u>8,662</u>

Accounts receivable from public entities at 30 June 2003 are made up as follows:

Value added tax	39,197
Income tax	8,854
Withholding tax	1,612
Social security contributions	1
Other	3,921
	<u>53,585</u>

7. Inventories

This caption consists of:

	June 2003			December 2002		
	Cost	Provisions	Net	Cost	Provisions	Net
Raw materials and consumables	89,438	(5,980)	83,458	92,059	(7,255)	84,804
Work in progress	29,795	(1,039)	28,756	30,654	(1,066)	29,588
Sub-products and waste	27	(15)	12	60	(15)	45
Semi-finished and finished products	10,230	(1,224)	9,006	16,867	(1,183)	15,684
Merchandise	9,605	(2,224)	7,381	6,783	(2,422)	4,361
Advances	2,146	-	2,146	463	-	463
	<u>141,241</u>	<u>(10,482)</u>	<u>130,759</u>	<u>146,886</u>	<u>(11,941)</u>	<u>134,945</u>

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

Cement held at factories and not yet packed is included in work in progress.

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8. Investments, net

This caption consists of:

	June 2003		December 2002	
	Gross book value	Provisions	Net book value	Net book value
Affiliated companies	51,573	-	51,573	54,125
Other investments	55,101	3,960	51,141	54,259
Securities and other investments	12,819	5,169	7,650	8,131
Loans granted	642	380	262	259
Advances	-	-	-	-
Total	<u>120,135</u>	<u>9,509</u>	<u>110,626</u>	<u>116,774</u>

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

The detail of the investments in affiliated companies is the following:

	Acquisition costs	Goodwill	Gains and losses in associated companies	Other reserves and retained earnings	Financial investments	Provisions for risks and costs (Note 16)
Cimentos Madeira	748	-	617	3,360	4,725	-
Semapa	116,880	(73,337)	1,633	(1,308)	43,868	-
Cimentos Antequera	6,161	(4,817)	86	213	1,643	-
Others	<u>4,764</u>	<u>(2,288)</u>	<u>(6)</u>	<u>(1,298)</u>	<u>1,337</u>	<u>(165)</u>
Total	<u>128,553</u>	<u>(80,442)</u>	<u>2,330</u>	<u>967</u>	<u>51,573</u>	<u>(165)</u>

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9. Property, plant and equipment, net

This caption comprises:

	June 2003	December 2002
Cost:		
Land and natural resources	207,743	212,775
Buildings and other constructions	1,084,382	1,095,976
Basic equipment	2,564,127	2,631,994
Transportation equipment	70,311	72,873
Tools and dies	6,752	6,918
Administrative equipment	43,533	42,593
Containers	134	134
Other	8,077	8,391
Fixed assets in progress	163,027	103,832
Advances	23,325	47,684
	<u>4,171,411</u>	<u>4,223,170</u>
Accumulated depreciation:		
Land and natural resources	(31,720)	(30,441)
Buildings and other constructions	(783,519)	(777,395)
Basic equipment	(2,019,582)	(2,010,704)
Transportation equipment	(59,978)	(61,001)
Tools and dies	(5,508)	(5,378)
Administrative equipment	(33,795)	(32,010)
Containers	(116)	(116)
Other	(5,766)	(5,994)
	<u>(2.939.984)</u>	<u>(2.923,039)</u>
Net book value:		
Land and natural resources	176,023	182,334
Buildings and other constructions	300,863	318,581
Basic equipment	544,545	621,290
Transportation equipment	10,333	11,872
Tools and dies	1,244	1,540
Administrative equipment	9,738	10,583
Containers	18	18
Other	2,311	2,397
Fixed assets in progress	163,027	103,832
Advances	23,325	47,684
	<u>1,231,427</u>	<u>1,300,131</u>

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Depreciation of property, plant and equipment charged to operations during the six months ended 30 June 2003 amounted to 69,407 thousand euros.

Property, plant and equipment has been revalued, in accordance with Decree Laws 126/77, 219/82, 399-G/84, 118-B/86, 111/88, 49/91, 264/92 and 22/92 using price indices established by that legislation.

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

	<u>Historical costs</u>	<u>Revaluation</u>	<u>Revalued amounts</u>
Land and natural resources	159,200	16,823	176,023
Buildings and other constructions	245,384	55,479	300,863
Basic equipment	543,709	836	544,545
Transportation equipment	10,333	0	10,333
Tools and dies	1,244	0	1,244
Administrative equipment	9,707	31	9,738
Containers	18	0	18
Other	2,310	0	2,310
Total	<u>971,905</u>	<u>73,169</u>	<u>1,045,074</u>

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

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

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10. Intangible Assets, net

This caption comprises the following:

	June 2003	December 2002
Cost:		
Start up costs	10,195	8,225
Research and development cost	17,153	27,070
Industrial property and other rights	8,172	7,112
Intangible assets in progress	299	81
Goodwill on acquisitions	<u>1,259,471</u>	<u>1,256,458</u>
	<u>1,295,290</u>	<u>1,298,946</u>
Accumulated amortisation:		
Start up costs	(7,471)	(6,412)
Research and development cost	(16,700)	(26,634)
Industrial property and other rights	(4,018)	(3,242)
Goodwill on acquisitions	<u>(333,447)</u>	<u>(300,123)</u>
	<u>(361,636)</u>	<u>(336,411)</u>
Net book value:		
Start up costs	2,724	1,813
Research and development cost	453	436
Industrial property and other rights	4,154	3,870
Intangible assets in progress	299	81
Goodwill on acquisitions	<u>926,024</u>	<u>956,335</u>
	<u>933,654</u>	<u>962,535</u>

Amortisation of intangible assets charged to operations during the six months ended 30 June 2003 amounted to 34,437 thousands euros.

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The movement in the caption “Goodwill” for the six months ended 30 June 2003, was as follows:

Movement/subsidiaries	Goodwill
Beginning balance	1,256,458
Increases:	
<i>Companhia Cimentos Brasil (CCB)</i>	5,989
<i>Natal Portland Cement (NPC)</i>	323
<i>Cimentos El Monte</i>	107
	6,419
Decreases:	
<i>Cimentos Moçambique (negative “Goodwill”)</i>	(2,484)
<i>Nuno Mesquita Pires (NMP)</i>	(922)
	(3,406)
Ending balance	1,259,471

The increase in the goodwill of CCB is due to: (i) The effect of the Brazilian Real valuation in the goodwill booked in the local company financial statements (5,315 thousands euros), mainly related with the Brumado investment in 2002; and (ii) the acquisition of an additional participation of 1,23%. The increases in the goodwill of N.P.C and Cimentos El Monte are the result of corrections to the acquisitions costs.

The negative goodwill of Cimentos Moçambique results from the acquisition of an additional participation of 14,41%, on a consequence of a Capital increase not subscribed for by the minority shareholders, which cost amounted to 11,664 thousands of euros. The reduction in the N.M.P goodwill is due to the sale of 10,08% of that participation, by 1,580 thousands euros.

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11. Loans

This caption consists of:

	June 2003		December 2002	
	<u>Short-term</u>	<u>Long-term</u>	<u>Short-term</u>	<u>Long-term</u>
Bank loans and Private Placements	423,563	1,244,402	552,072	949,085
Bonds	-	8,926	-	9,849
Other	188	9,506	305	9,631
	<u>423,751</u>	<u>1,262,834</u>	<u>552,377</u>	<u>968,565</u>

The short - term bank loans include:

<u>Type</u>	<u>Currency</u>	<u>Interest rate</u>	<u>Amount</u>
Syndicated Loan	EUR	Euribor + 0,4%	189,006
Commercial Paper*	EUR	Euribor + 0,25%	112,000
Overdrafts	EUR	-	49,870
Syndicated Loan	USD	Libor + 0,4%	43,756
Investments	USD	Libor + 0,75%	9,610
Investments	BRL	Several	2,123
Others	-	-	17,198
			<u>423,563</u>

* There are two 150 million euro Commercial Paper Programs established separately by Cimpor Indústria, S.A. and Cimpor – Cimentos de Portugal, SGPS, S.A. Both Programs are annually renewed, with maturities of, respectively, February and April 2008.

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The medium and long – term bank loans and Private Placements include:

Type	Currency	Interest rate	Amount
Syndicated Loan	EUR	Euribor + 0,50%	300,000
Investments	EUR	Euribor + 0,675%	250,000
U.S. Private Placements	USD	4,90%	216,724
Syndicated Loan	EUR	Euribor + 0,40%	189,006
U.S. Private Placements	USD	4,75%	127,986
Investments	EUR	Euribor + 0,60%	50,000
Syndicated Loan	USD	Libor + 0,40%	43,756
Investments	EGP	Caibor + 1,125%	26,188
Investments	BRL	Several	15,025
Investments	EUR	Euribor + 0,575%	3,125
Others			22,592
			<u>1,244,402</u>

At 30 June 2003, the repayment schedule of the medium and long-term debt was as follows:

2004	261,616
2005	309,868
2006	138,292
2007	135,179
2008	66,585
2009 ...	351,294
	<u>1,262,834</u>

The main financial constraints on loans at 30 June 2003 were as follows:

Rating

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

Control of the subsidiary companies

The majority of the loans obtained by the operating or sub-holding companies do not require the need for CIMPOR – Cimentos de Portugal, SGPS, S.A. to have the majority control of those companies. However, the comfort letters issued by the Holding usually include non-selling commitment of its direct or indirect control of those companies.

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At 30 June 2003 the comfort letters issued by the Holding company and other sub-holdings companies totalled 241,376 thousand euros.

Financial Covenants

The loan agreements also establish the commitments for the company to comply with certain financial ratios.

At 30 June 2003 the company had to comply with the following financial ratios:

- Net Debt / EBITDA
- EBITDA / (Financial Expenses – Financial Income)

The debt instruments maturing in 2005 also have a commitment related to Net Debt / Capitalization.

At 30 June 2003 the financial covenants were within the commitment established.

Negative pledge

The majority of the financial instruments have *Negative Pledge* clauses. The larger loans (over 50 million euros) usually establish a minimum level of contingencies over assets, which must not be exceeded without prior notice to the financial institutions and Notes investors.

Cross Default

Cross default clauses, which are also widely used in loan agreements, are also present on the majority of financial debt instruments of the CIMPOR Group.

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12. Accounts payable - trade

The following amounts are payable to third parties within the period of one year:

	June 2003	December 2002
Advances for sales	3,623	1,770
Accounts payable to suppliers	103,017	99,272
Notes payable	24,965	20,604
Advances from customers	1,220	1,857
	<u>132,825</u>	<u>123,503</u>

13. Accounts payable - other

This caption consists of:

	June 2003	December 2002
Accounts payable to related companies	273	548
Suppliers of fixed assets	20,178	277,141
Other creditors	25,849	17,389
	<u>46,300</u>	<u>295,078</u>

14. Accrued costs

In this caption are several accrued costs including salaries (7,575 thousands euros), financial expenses (5,156 thousands euros), fixed assets depreciations (4,560 thousands euros), pensions fund (4,038 thousands euros) and other sundry costs.

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15. Taxes payable

This caption consists of:

Value added tax	19,914
Income tax	10,543
Withholding tax	6,177
Social security contributions	3,188
Others	4,484
	<u>44,306</u>

16. Movement in the provisions

During the year ended 30 June 2003, the movement in the provision account balances, was as follows:

	<u>Opening balance</u>	<u>Exchange differences</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending balance</u>
Provision for treasury applications	1,187	-	-	-	3,211	4,398
Provisions for doubtful accounts receivable	66,270	(323)	2,020	(3,467)	(3,224)	61,276
Provisions for risks and costs	118,733	(3,178)	6,095	(3,737)	62	117,975
Provision for inventories	11,941	(671)	149	(937)	-	10,482
Provision for investments	9,570	13	20	(94)	-	9,509
	<u>207,701</u>	<u>(4,159)</u>	<u>8,284</u>	<u>(8,235)</u>	<u>49</u>	<u>203,640</u>

At 30 June 2003, provisions for risks and costs were made up as follows:

Tax contingencies	64,818
Liability for pension benefits	12,175
Other provisions for risks and costs	40,982
	<u>117,975</u>

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The increase in provisions was recorded as follows:

Provisions	7,095
Extraordinary items	31
Income tax (Note 18)	651
Payroll costs	409
Provision for investments	20
Other	78
	<u>8,284</u>

17. Other non-current liabilities

This caption consists of:

	June 2003	December 2002
Suppliers of fixed assets	31,103	18,447
Other	494	2,422
	<u>31,597</u>	<u>20,869</u>

18. Income tax

Cimpor – Cimentos de Portugal, SGPS, S.A. and the Portuguese subsidiaries are subject to corporate income tax at a rate of 30% and municipal surtax of 10%. Gains and losses in associated companies recorded under the equity method are not relevant for tax purposes. The same applies to dividends received from subsidiary and associated companies.

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

In accordance with current legislation the tax returns of the Company and its subsidiaries are subject to review and correction by the tax authorities during a period of four years and, for Social Security, during a period of five years (ten years up to 2001, inclusive), except where there are tax losses, tax benefits have been granted or inspections, claims or appeals are in progress, in which case the periods can be extended or suspended. Consequently the tax returns of the company and its subsidiaries for the years 1999 to 2002 are still subject to review.

As a result of a review made by the tax authorities of the corporate income tax returns for the years 1996 to 1998, corrections were made to the taxes paid, the most significant item being the increase in depreciation resulting from the revaluation of property, plant and equipment.

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The Board of Directors, based on technical opinions of its consultants, believes that the above mentioned corrections have no legal grounds and, accordingly, they have been legally contested.

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

The contingency of these situations are provided for in the captions Provisions for risks and costs.

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

Reconciliation of the income tax provision at the statutory Portuguese income tax rate, for the six months ended 30 June 2003, and the effective income tax rate, is as follows:

	Tax base	Income tax
Income before income tax	136,107	
Permanent differences	<u>30,764</u>	
	<u>166,871</u>	
Normal charge		55,068
Tax benefits, rates differences and others		<u>(13,248)</u>
Charge for the period		<u>41,820</u>

Permanent differences include mainly the amortisation of goodwill, the impact of using the equity method to record investments and the variation in provisions for tax contingencies.

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The charge for the six months is made up as follows:

Current income tax	14,796
Deferred tax for the year ended 30 June 2003	26,512
Adjustments	<u>512</u>
Income tax for the period	<u><u>41,820</u></u>

The movement in deferred taxes for the six months ended 30 June 2003 is as follows:

	<u>Opening balance</u>	<u>Net income</u>	<u>Shareholders' equity</u>	<u>Closing balance</u>
Deferred tax assets:				
Revaluations and adjustments to property, plant and equipment	54,348	(793)	1,159	54,714
Provision for doubtful accounts receivable	8,338	(1,907)	(3)	6,428
Provisions for risks and costs	8,586	223	(318)	8,491
Provision for inventories	3,035	(309)	(197)	2,529
Other provisions	2,760	1,085	(6)	3,839
Others	11,473	(6,545)	362	5,290
Tax losses carried forward	<u>53,511</u>	<u>(21,176)</u>	<u>13,090</u>	<u>45,425</u>
	<u>142,051</u>	<u>(29,422)</u>	<u>14,087</u>	<u>126,716</u>
Deferred tax liabilities:				
Revaluations and adjustments to property, plant and equipment	102,826	(4,173)	(15,666)	82,987
Investments	9,998	1,181	-	11,179
Reinvestment of capital gains	962	(169)	-	793
	<u>2,979</u>	<u>251</u>	<u>660</u>	<u>3,890</u>
	<u>116,765</u>	<u>(2,910)</u>	<u>(15,006)</u>	<u>98,849</u>
Net deferred tax	<u><u>25,286</u></u>	<u><u>(26,512)</u></u>	<u><u>29,093</u></u>	<u><u>27,867</u></u>

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19. Minority interests

This caption consists of:

	<u>Equity</u>	<u>Profit and loss</u>
Cimpor Internacional Group	40	(1)
Cimentaçor Group	1,835	209
Cimpor Betão Group	17,860	976
Corporación Noroeste Group	11,205	71
Cement Trading Activities	904	506
Cimentos de Moçambique	17,802	321
Premap	31	16
Asment de Temara	26,320	1,935
Companhia de Cimentos Brasil	878	49
Amreyah Cement Company	5,156	(57)
	<u>82,031</u>	<u>4,025</u>

Minority interest reflected on the balance sheet as of 30 June 2003 and statement of profit and loss for the six months then ended, corresponds to third party participation in the equity and results of the above mentioned Group companies.

Where subsidiaries have negative shareholders' equity, no minority interests are allocated.

20. Share capital and reserves

At 30 June 2003, Cimpor's fully subscribed and paid up share capital was represented by 672 million shares with a nominal value of one euro each.

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At 30 June 2003, the last known capital structure of the Company was as follows:

	%	Number of shares
Teixeira Duarte, SGPS, S.A. (a) (b)	32.08	215,570,230
Fundo de Pensões do Banco Comercial Português	10.00	67,200,000
Lafarge (a)	9.99	67,166,120
Cartera Lusitania, S.A. (a)	9.62	64,623,890
Secil – Companhia Geral de Cal e Cimento, S.A. (a)	9.00	60,484,000
Holcim, Ltd (a)	5.09	34,224,995
Credit Agricole Lazard Financial Products Bank (a)	4.36	29,332,295
Cementos Molins, S.A. (a)	2,64	17,747,065
Others	-	115,651,405
	<u>100.00</u>	<u>672,000,000</u>

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

(b) Including TDP, SGPS, S.A. as requested by “Comissão do Mercado de Valores Mobiliários”.

Revaluation reserve

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

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Legal reserve

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

The movement in own shares corresponds to the sale of 185,000 shares (with nominal value of five euros) to Cimpor – Indústria de Cimentos, S.A. Pension Fund and 242,610 shares (with nominal value of one euro) to several employees of the Group, by the total amount of 3,721 thousands euros (with a profit of 35 thousands euros booked in the captions “Other reserves and retained earnings), and also the purchase of 142,886 shares. At the end of the year the Company had 5,531,375 shares of treasury stock.

The decrease in the balance of the caption “Currency translation adjustments” results from the effect of exchange devaluations arising during the six months ended 30 June 2003 on the translation, to euros, of the financial statements of subsidiaries operating in other countries.

21. Segment reporting

The Group operates in several geographical areas. The main information at 30 June 2003 for each of these locations is as follows:

	Portugal	Spain	Brazil	South Africa	Tunisia	Morocco	Egypt	Others	Eliminations	Consolidated
Revenues										
External sales	277,671	142,915	106,298	30,168	27,392	26,152	25,540	18,131	-	654,267
Inter segmental sales	18,538	257	-	-	-	-	-	3,046	(21,841)	-
Total revenue	296,209	143,172	106,298	30,168	27,392	26,152	25,540	21,177	(21,841)	654,267
External operational results	49,865	40,405	30,217	8,363	1,481	7,972	(4,692)	2,700	-	136,311
Inter segmental operational results	16,500	(15,617)	-	(109)	(996)	(714)	(252)	1,188	-	-
Total operational results	66,365	24,788	30,217	8,254	485	7,258	(4,944)	3,888	-	136,311
External financial results	9,323	(14,425)	(3,918)	658	(266)	(45)	(2,294)	(8,448)	-	(19,415)
Inter segmental financial results	(124)	(8,857)	(1,630)	-	-	-	-	10,611	-	-
Total financial results	9,199	(23,282)	(5,548)	658	(266)	(45)	(2,294)	2,163	-	(19,415)
Share of associates net profit	2,243	87	-	-	-	-	-	-	-	2,330
Income taxes	(34,363)	3,901	(7,409)	(3,389)	848	(2,117)	943	(234)	-	(41,820)
Profit – Ordinary activities	43,444	5,494	17,260	5,523	1,067	5,096	(6,295)	5,817	-	77,406
Extraordinary item	14,279	1,856	211	24	631	(225)	251	(146)	-	16,881
Inter segmental extraordinary results	-	-	-	-	-	-	-	-	-	-
Total extraordinary results	14,279	1,856	211	24	631	(225)	251	(146)	-	16,881
Minority interest	1,691	71	49	-	-	1,935	(57)	336	-	4,025
Net Profit	56,032	7,279	17,422	5,547	1,698	2,936	(5,987)	5,335	-	90,262
OTHER INFORMATION:										
Segment assets	783,353	586,762	879,721	153,572	189,126	92,714	408,228	99,653	-	3,193,129
Inter segment assets	794,849	(87,014)	-	266	-	63	391	475,425	(1,183,980)	-
Investments in associates (Equity)	49,919	1,654	-	-	-	-	-	-	-	51,573
Segment liabilities	397,687	1,068,146	78,874	20,945	38,053	18,164	117,063	459,112	-	2,198,044
Inter segment liabilities	(703,613)	(415,394)	(29,642)	-	835	(148)	(33,374)	(2,644)	(1,183,980)	-
Fixed capital expenditure	16,248	9,465	13,316	696	4,069	1,880	31,676	847	-	78,197
Amortisation	33,635	15,469	25,528	4,576	5,913	3,948	12,135	2,661	-	103,865
Other non-cash expenses	4,289	1,098	369	150	108	-	481	600	-	7,095

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

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Following is a break-down of the main information as of 30 June 2003 by business segment:

Business segment

	Sales	Total assets	Fixed capital expenditure
	<u> </u>	<u> </u>	<u> </u>
Cement	474,002	2,433,801	72,364
Ready-mix and pre-cast concrete	161,545	261,070	3,229
Others	18,720	498,258	2,604
	<u>654,267</u>	<u>3,193,129</u>	<u>78,197</u>

22. Payroll expenses

This caption consists of:

	June 2003	June 2002
	<u> </u>	<u> </u>
Salaries	53,935	47,627
Social charges:		
Pensions	1,793	7,497
Other	21,893	20,271
	<u>77,621</u>	<u>75,395</u>

The average number of employees of the companies included in the consolidation (Note 2) was as follows:

	June 2003	June 2002
	<u> </u>	<u> </u>
Holding company– Central services	137	121
Portugal		
Cement activity	845	869
Ready-mix concrete	503	550
Other activities	477	472
International	4,068	3,845
Other activities	-	2
	<u>6,030</u>	<u>5,859</u>

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23. Financial expenses, net

This caption consists of:

	June 2003	June 2002
Income:		
Foreign exchange gain	13,239	9,768
Interest income	13,787	12,589
Gain on the sale of treasury applications	5,420	13,814
Gain in associated companies	2,409	672
Gain in participations	1,952	1,855
Other financial income	8,541	5,255
	<u>45,348</u>	<u>43,953</u>
Expenses:		
Interest expense	36,135	30,852
Foreign exchange loss	16,997	13,393
Cash discounts allowed	1,479	1,631
Provision for investments	-	
Other financial expenses	7,822	5,537
	<u>62,433</u>	<u>51,413</u>
Net financial expenses	<u>(17,085)</u>	<u>(7,460)</u>

24. Extraordinary items, net

This caption consist of:

	June 2003	June 2002
Extraordinary income:		
Decrease in amortisation and provisions	5,530	11,996
Capital gains	2,597	7,199
Other extraordinary income	14,412	8,752
	<u>22,539</u>	<u>27,947</u>
Extraordinary expenses:		
Increase in amortisation and provisions	31	24,856
Corrections relating to prior years	347	546
Capital losses	442	692
Uncollectable debts	205	397
Other extraordinary expenses	4,633	10,406
	<u>5,658</u>	<u>36,897</u>
Net extraordinary items	<u>16,881</u>	<u>(8,950)</u>

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Included in other extraordinary income, is the correction to the retirement pension benefit liability, as referred in Note 26.

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

25. Guarantees

At 30 June 2003 the Group companies had bank guarantees given to third parties totalling approximately 92,613 thousand euros.

26. Commitments

Some of the Group companies have financial commitments under contracts to acquire tangible fixed assets, of which 8,396 thousand euros for the Portuguese business area, 11,266 thousand euros for the Tunisian business area, 3,099 thousand euros for the Brazilian business area and 29,324 thousand euros for the Egyptian business area.

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

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

Cimpor Indústria – Pension Fund

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

- Employees hired prior to 31 December 1998 are covered by the defined benefit non contributory plan (unless they have opted, up to 31 December 2002, for the other plan);
- Employees hired after 1 January 1999 are covered by a defined contribution plan with the possibility of the participants contributing.

The liability resulting from the above mentioned benefit plans was transferred to the CIMPOR Pension Fund, which is managed by a specialised independent entity, the amount of the liability being determined half yearly based on actuarial studies made by independent experts (the most recent study available is as of 30 June 2003).

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The Projected Unit Credit method and the following technical and actuarial bases were used in the actuarial studies made as of 30 June 2003:

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

In addition, the following demographic assumptions were used as of 30 June 2003:

Mortality table	TV 73/77
Disability table	EKV80

In accordance with the actuarial studies the pension costs for the years ended 30 June 2003, were as follows:

	<u>June 2003</u>
Current service costs	305
Interest expense on liabilities	1,933
Actual return on fund's assets	(2,334)
Actuarial gains and losses related to past services	(10,572)
	<u>(10,668)</u>

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The amount of the actuarial gains and losses related to past services, is influenced by a correction to the appraisal of the retired employees pension benefit liabilities.

As mentioned previously, the liability for payment of the above mentioned social benefits was transferred to an autonomous pension fund to which the Company (and indirectly the associated companies with employees covered) makes regular cash contributions. At 30 June 2003 the difference between the present value of the past service liability and market value of the fund's assets was as follows:

	<u>June 2003</u>
Retired employees:	
Present value of pensions under payment	50,218
Active employees:	
Present value of past service liability	<u>16,033</u>
	66,251
Market value of fund's assets	<u>63,017</u>
Unfunded liability	<u><u>3,234</u></u>

The unfunded liability of 3,234 thousand euros at 30 June 2003 is reflected in a specific "Accrued costs" caption (Note 14).

In the six months ended 30 June 2003 costs of 322 thousand euros relating to liabilities of the defined contribution plan were recorded.

Cimpor Indústria – Medical benefits (Healthcare services)

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

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

The amount of this liability is updated every six months based on an actuarial study made by independent experts.

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At 30 June 2003 the study was made using the following assumptions and technical bases:

Interest rate	5.00%
Discount rate	5.00%
Nominal rate of increase in healthcare costs	5.00%
Normal retirement age	65 years
Average family:	
Employees	2
Non employees	2
Cost per capita	300 euros

At 30 June 2003 there was a provision of 11,224 thousand euros in the caption “Provisions for other risks and costs” (Notes 16 and 24), made up as follows:

- Present value of past service liability of retired personnel, amounting 5,890 thousand euros;
- Present value of past service liability of current personnel, in the amount of 5,334 thousand euros;

The evolution of the liability, since 31 December 2002, relates to the following:

Current service cost	127
Interest cost	268
Actuarial gains and losses	224
	<hr/>
	619
Benefits paid during the year	(210)
	<hr/>
	409
	<hr/> <hr/>

Liability for supplementary pensions and other benefits in other companies

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

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The overall situation of these plans at 30 June 2003 is as follows:

Present value of the projected liability	3,405
Unfunded liability	1,754
Cost for the year	227

The unfunded liability is recorded in the captions “Provisions for other risks and costs” and “Accruals and deferrals” in the amounts of 950 thousand euros and 804 thousand euros, respectively.

27. Incentives Plans

The Company has in force an *Employee Stocks Acquisition Plan* and a *Stock Options Plan*.

Within the scope of the implementation of the mentioned *Employee Stocks Acquisition Plan*, the yearly General Assembly, held in 14th May 2003, approved the sale of own shares, regarding the Group’s Members of Board of Directors and Employees.

The Board of Directors of CIMPOR – Cimentos de Portugal, SGPS, S.A., grants the assignment to the beneficiaries of the mentioned Plan, excepting to the Members of the Board of Directors themselves whose attribution is determined by the Remuneration Committee.

Each beneficiary is granted the right of acquiring shares, at a price equal to eighty-five percent of the closing price value of the dealing operation day, until a maximum amount not exceeding half of his monthly illiquid base remuneration.

According with this Plan, shares sold during the semester ending 30th June 2003, are ruled on Note 20 and on Management Report of the Consolidated Activity.

The yearly General Assembly also approved the alienation of own shares, regarding the implementation of the *Cimpor Stock Options Plan*. This Plan, whose assignments to beneficiaries is also attributed by the same members of the before mentioned Plan, grants to beneficiaries the right of acquiring Cimpor shares (initial options), at a price not lower than eighty-five percent of the average closing price of the sixty stock market sessions next before that date. For every option exercised, the beneficiary is granted to acquire one new option, at the same price (derived options), in each one of the next three years.

With regard to this Plan, the first options were attributed, on 31 July 2003, being exercised 194,310 at a unit price of 2,84 euros, and 66,500 of them exercised by Members of the Board of Directors.

Cimpor has a Company shares portfolio, on 30 June 2003, which is enough to accomplish the responsibilities concerning the referred Incentives Plans.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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

28. Financial instruments

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

The Group contracts this type of instruments after assessing the risks incurred by its assets and liabilities' portfolio and verifying which instruments available in the market are more adequate to hedge those risks.

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

Interest rate risks

At 30 June 2003 the Group had the following interest rate derivative contracts with financial institutions, with the objective of controlling the level of its future financial costs, prevailing structures with hybrid fixed rates:

	Amount	Type of operation	Maturity	Purpose
1	EUR 250,000,000	Short Floor on 10Y USD CMS	2009	Hedge of 53% of the EUR tranche of the Syndicated Loan 2000-2005
2	EUR 250,000,000	Fixed rate with short put swaption	2009	
3	USD 125,000,000	Fixed rate with short option on 6M USD Libor	2005	Hedge of 100% of the EUR tranche of the Syndicated Loan 2000-2005
4	USD 75,000,000	Short Call Swaption	Swaption – 15 Jul 03 underlying – 17 Jul 2013	Partial purchase of the Swaption from operation 2 above
5	USD 75,000,000	Short Call Swaption	Swaption – 29 Jul 03 underlying – 31 Jul 2013	Partial purchase of the Swaption from operation 2 above
6	USD 125,000,000	Short Call Swaption	Swaption – 15 Jul 03 underlying – 17 Jul 2013	Partial purchase of the Swaption from operation 2 above
7	USD 125,000,000	Short Call Swaption	Swaption – 29 Jul 03 underlying – 31 Jul 2013	Partial purchase of the Swaption from operation 2 above
8	USD 125,000,000	Short Put Swaption	Swaption – 16 Set 03 underlying – 18 Set 2013	Partial purchase of the Swaption from operation 2 above
9	USD 125,000,000	Short Put Swaption	Swaption – 30 Set 03 underlying – 2 Out 2013	Partial purchase of the Swaption from operation 2 above
10	EUR 50,000,000	Fixed rate with short option on 6M USD Libor	2009	Hedge of 100% of the Syndicated Loan 2003-2008
11	EUR 216,723,549	Short Option on the spread 12 M Euribor and 12 M USD Libor	2015	Hedge of 100% of the 12-Y US Private Placement

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Exchange rate risks

There were also the following operations to hedge exchange rate risks relating to the Group's foreign currency debt service and financial flows:

	Amount	Type of operation	% Coverage	Maturity	Purpose
1	EUR 1,522,843	Short EUR/ZAR Put Option	9%	15-Dez-03	Hedge of NPC Flows
	EUR 761,421	Long EUR/ZAR Call Option	4%	15-Dez-03	
2	EUR 9,259,259	Long EUR/ZAR Call Option	58,0%	19-Dez-03	Hedge of NPC Flows
	EUR 10,000,000	Short EUR/ZAR Put Option	58,0%	19-Dez-03	
	-EUR 11,764,706	Short EUR/ZAR Call Option	-58%	19-Dez-03	
3	EUR 7,441,807	Long EUR/ZAR NDF	37,5%	29-Set-03	NPC Capital Hedge
4	EUR 36,036,036	Long EUR/BRL NDF	16,0%	31-Dez-04	CCB Capital Hedge
5	EUR 2.500.000	Long EUR/TND NDF	50%	07-Jul-03	Partial Hedge of Fixed Asset supplies in Tunisia
6	USD 150,000,000	Cross-Currency Swap EUR/USD	100%	27-Jun-13	Hedge of principal and interests from 10Y US Private Placement
7	USD 254,000,000	Cross-Currency Swap EUR/USD	100%	27-Jun-15	Hedge of FX risk on principal and interests from 12Y US Private Placement
8	EUR 20,000,000	Cross-Currency Swap EUR/BRL	100%	17-Jun-05	Hedge of FX risk on principal and interests from the 5 ^o FRN issued by CCB

The fair value of the derivative financial instruments at 30 June 2003, was as follows:

Derivative financial instruments for hedging:

Interest rate	(55,282)
Exchange rate	335

The accruals of the effects possible to be determined as at 30 June 2003 were accounted for.

29. Subsequent events

The more significant events that occurred after 30 June 2003 are described in the Director's Report.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

(Amounts stated in thousand of euros)

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30. Note added for translation

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

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

Introduction

1. For the purposes of article 246 of the Securities Market Code (Código dos Valores Mobiliários) we hereby present our limited review report on the consolidated information of Cimpor – Cimentos de Portugal, SGPS, S.A. (“the Company”) for the half year ended 30 June 2003 included in the: Directors’ Report, consolidated balance sheet that reflects a total of 3,193,129 thousand Euros and shareholders’ equity of 913,054 thousand Euros, including net profit of 90,262 thousand Euros and consolidated statements of profit and loss by nature and consolidated statement of cash flows for the half year then ended and corresponding notes.
2. The amounts in the financial statements, as well as that of the additional information, are in accordance with the accounting records of the Company and subsidiaries included in the consolidation.

Responsibilities

3. The Company’s Board of Directors is responsible for: (i) the preparation of consolidated financial information that presents a true and fair view of the financial position of the companies included in the consolidation and the results of their operations; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption adequate accounting policies and criteria; (iv) the maintenance of an appropriate system of internal control; and (v) informing any significant facts that have influenced their operations, financial position or results.
4. Our responsibility is to verify the financial information contained in the documents of account referred to above, namely if, in all material respects, it is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent moderate assurance report on that information based on our work.

Scope

5. Our work had the objective of obtaining moderate assurance about whether the financial information referred to above is exempt from significant distortions. Our work, which was performed based on the Technical Review/Audit Standards (“Normas Técnicas e as Directrizes de Revisão/Auditoria”) issued by the Portuguese Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”), was planned in accordance with that objective and consisted principally of enquiries and analytical procedures to review: (i) the reliability of the disclosures included in the financial information; (ii) the adequacy of the accounting policies adopted, taking into consideration the circumstances and their consistent application; (iii) the applicability, or otherwise, of the going concern concept; (iv) the presentation of the financial information; and (v) if, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code.
6. Our work also included verifying the consistency of the consolidated financial information included in the Directors’ Report with the remaining documents referred to above.
7. We believe that our work provides a reasonable basis for issuing this limited review report on the half year information.

Opinion

8. Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the half year ended 30 June 2003 is not exempt from significant distortions that affect its conformity with generally accepted accounting principles in Portugal and that, in accordance with the definitions included in the standards referred to above, it is not complete, true, up-to-date, clear, objective and licit.

Lisbon, 23 September 2003

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