



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

**INTERIM CONSOLIDATED REPORT  
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

**Public Limited Company  
Head Office: Rua Alexandre Herculano, 35, 1250-009 Lisbon Portugal  
Share Capital: €672,000,000  
Tax and Lisbon Registry of Companies Registration number: 500.722.900**

**INTERIM CONSOLIDATED REPORT FOR**

**THE SIX MONTHS ENDED 30 JUNE 2007**

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

Public Limited Company  
Head Office: Rua Alexandre Herculano, 35, 1250-009 Lisbon Portugal  
Share Capital: €72,000,000  
Tax and Lisbon Registry of Companies Registration number: 500.722.900

### **INTERIM CONSOLIDATED MANAGEMENT REPORT 1<sup>ST</sup> HALF 2007**

(As provided for by Article 8.3 of the Securities Code, the financial information in this half -yearly report has not undergone an external audit or limited revision)

#### **1. Macroeconomic framework**

The global economy has been growing in 2007, not only at historically high levels but also more uniformly from a geographical point of view, as a result of growing globalization and the increase in trading between the different blocs.

While the United States economy slowed down somewhat, the emerging countries in general, and China and India in particular, continued to prove highly dynamic. The performance of the Japanese and European economies was also good, boosted by an increase in domestic demand.

In the Euro Zone, rising employment, better productivity and higher levels of household confidence have fuelled a strong sense of optimism, in spite of some fears about the effects of a more restrictive financial policy of the European Central Bank, a sudden fall in the French and Spanish real estate markets and a sudden slowdown in the United States economy.

In Portugal, economic activity continued to recover, albeit slowly, stimulated basically by the export sector. The household spending rate remained stable and investment has not yet revealed any signs of improvement. The construction sector in particular remained severely depressed, especially in the residential segment.

#### **2. Turnover**

In the first half of 2007, the CIMPOR Group's consolidated sales of cement and clinker benefited from the contribution by the new Turkey Business Area and totaled nearly 11.2 million tonnes, which is about 10.6% higher than in the first half of 2006.

With the exception of Spain and Morocco, with slight decreases in sales volume, and particularly Egypt, where scheduled shutdown of one of the three production lines (for

repairing and modernization reasons), resulted in a substantial drop in sales (13.9%), all the other Business Areas grew, thanks to growth in their local markets or, as in Portugal, an increase in exports.

### **Cement and Clinker Sales**

(Thousand tons)

<b>Business Area</b>	<b>1<sup>st</sup> Half 2007</b>	<b>1<sup>st</sup> Half 2006</b>	<b>% Change</b>
Portugal	3,127	2,865	9.1
Spain	2,059	2,120	- 2.9
Morocco	579	593	- 2.3
Tunisia	790	773	2.2
Egypt	1,330	1,545	- 13.9
Turkey	980 *	-	n.a.
Brazil	2,132	1,936	10.1
Mozambique	311	287	8.2
South Africa	648	603	7.6
Cape Verde	105	91	15.4
(Intra-Group)	(891)	(711)	-
<b>Total (consolidated)</b>	<b>11,170</b>	<b>10,102</b>	<b>10.6</b>

\* March to June

Sales of concrete (up 17.3%), aggregates (up 14.2%) and mortar (up 8.2%) also rose, in spite of a reduction in Portugal.

### **Concrete, Aggregates and Dry Mortar Sales**

<b>Product / Business Area</b>	<b>1<sup>st</sup> Half 2007</b>	<b>1<sup>st</sup> Half 2006</b>	<b>% Change</b>
<b>Concrete (1,000 m3)</b>			
Portugal	1,554	1,644	- 5.5
Spain	1,533	1,406	9.0
Turkey	353 *	-	n.a.
Brazil	426	312	36.5
Other	225	124	81.0
<b>Total</b>	<b>4 091</b>	<b>3 486</b>	<b>17,3</b>
<b>Aggregates (1,000 ton)</b>			
Portugal	3,541	3,913	- 9.5
Spain	2,647	2,207	19.9
Turkey	712 *	-	n.a.
South Africa	425	330	28.8
Other	120	71	68.6
<b>Total</b>	<b>7,444</b>	<b>6,521</b>	<b>14.2</b>
<b>Dry Mortar (1,000 ton)</b>	<b>271</b>	<b>250</b>	<b>8.2</b>

\* March to June

Consolidated turnover totaled around EUR 934 million (more 13.3% than in the first half of 2006), with a contribution of EUR 71 million (sales from March to June) from the recently acquired operations in Turkey.

**Contributions to Turnover \***

<b>Business Area</b>	<b>1<sup>st</sup> Half 2007</b>		<b>1<sup>st</sup> Half 2006</b>		<b>Change</b>	
	(EUR M)	%	(EUR M)	%	(EUR M)	%
Portugal	236.2	25.3	244.1	29.6	- 7.9	- 3.2
Spain	240.1	25.7	211.2	25.6	28.9	13.7
Morocco	39.9	4.3	33.7	4.1	6.3	18.6
Tunisia	31.9	3.4	30.8	3.7	1.2	3.8
Egypt	52.5	5.6	57.1	6.9	- 4.5	- 8.0
Turkey	70.8 **	7.6	-	-	70.8	n.a.
Brazil	148.8	15.9	131.2	15.9	17.6	13.4
Mozambique	28.1	3.0	26.2	3.2	1.8	7.0
South Africa	57.1	6.1	62.3	7.6	- 5.3	- 8.5
Cape Verde	14.2	1.5	8.7	1.1	5.6	64.4
Trading / Shipping	13.7	1.5	19.1	2.3	- 5.4	- 28.3
Other Activities	0.6	0.1	0.1	0.0	0.5	767.5
<b>Total (consolidated)</b>	<b>934.0</b>	<b>100.0</b>	<b>824.4</b>	<b>100.0</b>	<b>109.6</b>	<b>13.3</b>

\* Excluding intra-group transactions

\*\* March to June

Excluding intra-Group transactions, the most important increases took place in Spain (up 13.7%), Brazil (up 13.4%), Morocco (up 18.6%) and Cape Verde (up 64.4%), all as a result of investments made in the meantime in the concrete and/or aggregates business areas and, in Brazil and Cape Verde, of higher cement sales.

On the other hand, there were more or less accentuated decreases in the contributions made to the Group's turnover by Egypt (for the above reasons), South Africa (as a result of a sharp depreciation in the rand) and Portugal (because of a substantial fall in sales of concrete, aggregates and mortar). The same occurred in trading and shipping, due to a reduction in exports of clinker by sea.

### **3. Profits and financial position**

In spite of the substantial rise in energy costs, reflected in the case of fuel by an increase of more than 30% against last year, operating cash flow (EBITDA) generated in the last quarter reached an all-time high (EUR 156.2 million), with the inclusion of the new Turkey Business Area.

Even with the negative growth in Egypt and South Africa, where cash flow fell around 20%, the Group's consolidated operating cash flow totaled EUR 297 million, which is 6.3% higher than in the first half of 2006.

The most substantial increases occurred in Cape Verde (up 57.6%), Mozambique (up 52.4%) and Tunisia (40.2%), thanks to the extension of the Group's activity in Cape Verde to the

concrete and aggregate segments and in the other two countries, owing to the solution of some operational problems that had been affecting performance.

As a result of the growing weight of these market segments (with much lower margins than cement) in most of the countries in which the Group operates and especially the considerable rise in fuel costs, EBITDA margins only improved in Tunisia and Mozambique (by 8.6 and 6.7 p.p. respectively). Due not only to these factors but also to the inclusion of the new Turkey Business Area, where the EBITDA margin (25.6%) is still far from the Group average, consolidated EBITDA margin went down from 33.9% in the first half of 2006 to 31.8 % in the first six months of this year.

The Group's operating profit totaled EUR 217.5 million, which is 10.5 higher than in 2006.

Financial losses, totaling close to EUR 36 million grew considerably, however, this can be explained mainly by approximately EUR 15 million in non-recurring current earnings in the first half of 2006 (capital gain from the sale of a minority shareholding in Cimentos Lemona). The increase in net financial debt (as a result of the acquisitions in Turkey) and the temporary fall in market value of some derivatives (as a result of the rise in interest rates and increased market volatility) also contributed to the increase in financial losses, justifying the considerable reduction in financial profits in the second quarter.

The Group's net profit after minority interests was therefore EUR 131.7 million, which is practically identical to the same period last year. Had it not been for the aforementioned non-recurring earnings in 2006 (as opposed to only EUR 2.0 million this year), net profit would have risen more than 7%.

**Summary of Profit and Loss Statement**  
1<sup>st</sup> Half

(EUR M)	2007	2006	% Chg.
Turnover	934.0	824.4	13.3
Operating Cash Costs	637.0	545.0	16.9
EBITDA	297.0	279.4	6.3
Depreciation & Provisions	79.5	82.5	- 3.6
EBIT	217.5	196.8	10.5
Financial Income	- 35.9	- 16.5	n.a.
Pre-tax Income	181.5	180.3	0.7
Income Tax	42.9	37.6	13.9
Net Income	138.7	142.7	- 2.8
Attributable to:			
Shareholders	131.7	135.5	- 2.9
Minority Interests	7.0	7.2	- 2.4

With the acquisition of almost all the share capital of YLOAÇ (Turkey) in February, and at the end of June (with no impact on the Group's income yet), of a majority stake in New Liuyuan (China), the CIMPOR Group's net assets increased to more than EUR 4.4 billion in the first half of 2007. Also due to these acquisitions, the Group's (adjusted) net financial debt

rose by close to 72% against 31 December 2006 to the amount of EUR 1,488 million. Equity rose by more than EUR 120 million to around EUR 1,777 million at the end of the six-month period.

### Summary of the Group's Consolidated Balance Sheet

(EUR M)	30 Jun 07	31 Dec 06	% Chg.
<b>ASSETS</b>			
Non-Current Assets	3,578.6	2,866.8	24.8
Current Assets			
Cash and Cash Equivalents	222.9	489.4	- 54.5
Other Current Assets	636.0	501.6	26.8
Total Assets	4,437.5	3,857.8	15.0
<b>EQUITY</b>			
Shareholders' Equity	1,696.9	1,579.7	7.4
Minority Interests	79.7	74.1	7.6
Total Equity	1,776.6	1,653.7	7.4
<b>LIABILITIES</b>			
Loans	1,772.4	1,418.4	25.0
Provisions	191.5	185.9	3.1
Other Liabilities	697.0	599.8	16.2
Total Liabilities	2,660.9	2,204.1	20.7
Total Equity & Liabilities	4,437.5	3,857.8	15.0

#### 4. Investments

In the first half of 2007, CIMPOR Group completed the acquisition of a number of companies in Turkey and China, representing an investment of approximately EUR 570 million, increasing its overall cement production capacity, with own clinker, to close to 28 million tonnes per year.

In addition, the Group made a set of investments, some of which still in progress, totaling in this first six months almost EUR 90 million. The largest amounts were outlaid in South Africa (installation of a second clinker production line and completion of a new cement grinding plant, with storage, bagging and dispatch facilities), in Spain (increased clinker production capacity at the Córdoba and Niebla factories), in Brazil (purchase of another three concrete facilities and expansion of the Goiás plant), in Egypt (revamping of one of the production lines) and in Turkey (completion of a new cement grinding plant).

#### 5. Outlook for the Group's activity

In spite of the persisting climate of recession in the construction sector in Portugal, the non recovery of cement prices in Brazil, the clear cooling down of the Spanish market and the upward trend of the euro against the currencies of most all the countries where CIMPOR Group operates, the enlargement of the Group's perimeter and the increase in sales in Brazil

and in Northern and Southern Africa should make it possible to achieve a turnover of more than EUR 1.9 billion by the end of the year.

Even if the EBITDA margin slightly falls, operating cash flow can be expected to exceed EUR 600 million, which, comparing with 2006 can represent a higher percentage increase, than the one observed in the first half of 2007.

Financial profits are bound to be much lower, due not only to the increase in debt resulting from acquisitions made in the meantime, but also to the fact that last year they benefited from substantial non-recurring earnings.

The Group's net profit at the end of 2007 can be expected to be much the same as that of 2006.

## **6. Share performance**

On 30 June 2007, the share capital of CIMPOR – Cimentos de Portugal, SGPS, S.A. was represented by 672,000,000 shares with a face value of one euro, all of which were admitted to trading at Euronext Lisbon. In the first half of this year, excluding OTC transactions, around 196.7 million CIMPOR shares were traded (75% more than in 2006 first half) to a value of nearly EUR 1.3 billion.

At the end of June, the share price was EUR 6.99, meaning a year to date appreciation of 11.1%, in spite of the dividend of EUR 0.215 per share distributed in the meantime, which corresponds to a dividend yield of 3.4% considering 2006 closing price.

On 31 December 2006, CIMPOR held 2,766,810 own shares. During the first six months of 2007, it sold 1,104,700 shares to its employees under the Employee Stock Purchase Plan approved for this year and the different alive Stock Options Plans for the Group's Directors and Personnel:

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

(1) Stock Options Plan (2004, 2005 e 2006)

(2) Stock Purchase Plan (2007)

(3) Stock Options Plan (2007)

So as to proceed with the Group's incentive policy and to meet commitments made under the Stock Options Plans, meanwhile a total of 434,982 own shares were purchased at an average price of around EUR 6.23 per share.



Date	No. of Shares	Price (EUR)
19 March	10,951	6.02
	30,000	6.04
	16,000	6.05
	10,000	6.06
20 March	14,000	6.03
	20,000	6.04
	60,000	6.05
21 March	20,000	6.16
	15,000	6.22
22 March	20,000	6.25
	20,000	6.29
	20,000	6.31
	20,000	6.33
23 March	20,000	6.34
	20,000	6.30
26 March	20,041	6.31
	20,000	6.45
	20,000	6.47
	20,000	6.48
	18,990	6.49
	20,000	6.50

At the end of June, the Group's own shares in its portfolio totaled 2,097,092, representing 0.31% of its share capital.

## **7. Most significant events (including later events)**

The following are the most important events that have occurred so far in 2007:

- The Annual General Meeting of CIMPOR – Cimentos de Portugal, SGPS, S.A. was held on 11 May, at which all the motions submitted were approved, namely:
  - Proposal for the appropriation of profits for 2006, which included a gross dividend distribution of EUR 0.215 per share;
  - Proposal to elect Luis Manuel de Faria Neiva dos Santos as Vice-Chairman of the General Meeting until the end of the current mandate (2005/2008); and
  - Proposal to amend the articles of association with a view to updating and adapting them to the latest recommendations on corporate governance and changes imposed by the new Portuguese Companies Code.
- Following these amendments to the articles of association, the AGM approved a motion to elect the following entities to the Audit Committee and as Chartered Accountant until the end of the current mandate (2005/2008):
  - Audit Committee:
    - Chairman (reappointed) –Ricardo José Minotti da Cruz Filipe
    - Members – Luís Black Freire d'Andrade and João Norton dos Reis
    - Alternate Member – Jaime de Macedo Santos Bastos
  - Chartered Accountant – Deloitte & Associados, SROC, S.A., represented by Carlos Manuel Pereira Freire (meanwhile deceased).
- Conclusion of the acquisition process, for an amount of EUR 549 million, of a set of direct and indirect participations representing around 99.68% of the share capital of the Turkish company Yibitas Lafarge Orta Anadolu Çimento Sanayi ve Ticaret A.S.

(YLOAÇ).

- Two compulsory takeover bids were launched to buy the participations held by minority shareholders in the Turkish companies Yibitas Holding A.S. (owning 49.79% of the shares in YLOAÇ, whose name was meanwhile changed to Cimpor Yibitas Çimento Sanayi ve Ticaret A.S.) and Yibitas Yozgat İşçi Birliği İnşaat Malzemeleri Ticaret ve Sanayi A.S. (a subsidiary of Cimpor Yibitas). As a result, CIMPOR Group's shareholding in Yibitas Holding A.S. went from 99.36% to 99.43% and Cimpor Yibitas's shareholding in Yibitas Yozgat from 72.92% to 77.75%, with a total investment of around EUR 5 million.
- The Group acquired 60% of the share capital of the Chinese company Shandong Liuyuan New Type Cement Development Co. Ltd. through Cimpor Chengtong Cement Corporation, Ltd. for around EUR 2 million.
- Cimpor del Ecuador, S.A. (Ecuador) was set up, 90% owned by Cimpor Inversiones, S.A., and the latter's shareholding in Socomi International CFTZ (Nigeria) was sold.
- Cimpor Inversiones, S.A. launched an unsuccessful takeover bid for the total share capital of the Egyptian cement company Misr Cement (Qena), S.A.E.
- An Administrative Proceeding for several companies in the cement sector in Brazil, including CIMPOR, was set up for possible economic violations in the cement and ready-mix concrete markets based on documents confiscated at these companies for a Preliminary Investigation. To the best of CIMPOR's knowledge, there have been no violations.
- CIMPOR Group sold to Secil – Companhia Geral de Cal e Cimento, S.A. its 42.86% shareholding in Cimentos Madeira, Lda. for EUR 6 million and bought from the same company its minority shareholdings in Betão Liz, S.A. (33.37%) and Cimentaçor – Cimentos dos Açores, Lda. (25.0%) for approximately EUR 11,649 thousand. After these last two operations and the subsequent acquisition (under Article 490 of the Portuguese Companies Code) of the shares of Betão Liz, S.A. still owned by third parties (0.19%), the Group came to own all the shares in these companies.
- The CIMPOR Group's ownership of Cement Trading Activities, S.A. increased to 100% through the purchase by Kandmad, SGPS of an 11% shareholding in the company.
- The share capital of Alempedras – Sociedade de Britas, Lda., was increased by EUR 995 thousand and this company bought a 40% shareholding in Sogesso – Sociedade de Gessos de Soure, S.A.
- Cimadjuvantes – Comercialização e Produção de Adjuvantes para Cimento, Lda. was closed and the deed dissolving and liquidating Betabeiras – Betões das Beiras, S.A. was signed.
- Corporación Noroeste de Hormigones y Áridos, S.L. sold a 28.45% shareholding in Auxiliar de Áridos, S.L. for EUR 297 thousand.

- The share capital of Société Les Ciments de Jbel Oust (Tunisia) was reduced from TND 90,082,400 to TND 82,297,400 by amortization of 77.850 shares held by Cimpor Inversiones, S.A..
- One of the production lines at Amreyah Cement Company, S.A.E. was refurbished and Cimpor Sacs Manufacture Company, S.A.E. (Egypt) went into operation (manufacture of paper sacks for cement).
- The minority shareholding in Asenpro (Egypt) owned by Amreyah Cement Company, S.A.E. was sold for EGP 3,991 thousand.
- ISO 9001 Quality Certification and ISO 14001 Environmental Management Certification were obtained/confirmed at the Egypt plants.
- Cimpor Brasil Participações, Ltda. was merged with CCB – Cimpor Cimentos do Brasil, Ltda.
- Another three concrete plants with a production capacity of around 120 thousand cubic meters per year were acquired in the São Paulo region (Brazil).
- The Group's shareholding in Cimentos de Moçambique, S.A.R.L. was increased from 71.7% to 82.5%.
- The whole shareholding owned by Cimentos de Moçambique in Premap – Prefabricados de Maputo, S.A.R.L. was sold.
- NPC–CIMPOR (Pty) Limited – held 74% by CIMPOR Group, 5.5% by a fund belonging to the company employees and 20.5% by Siyaka Cement Investment Holdings (Pty) Limited – went into operation, following the transfer to this company of all the Group's assets and liabilities associated with the production and sale of cement in South Africa, as required by South African law on black economic empowerment (BEE).
- Cabo Verde Betões e Inertes, S.A. was set up, 54% of which is owned by Cimentos de Cabo Verde, S.A., which also acquired a 55% shareholding in Betões de Cabo Verde, S.A..
- Two new cement grinding plants were completed and went into operation, one in Hasanoglan (Turkey) and the other in Simuma (South Africa), with production capacities of 700 thousand and 540 thousand tonnes per year, respectively.
- An investment in a new clinker production line in Hasanoglan (Turkey) was awarded at an estimated cost of around EUR 100 million, which will increase cement production capacity with own clinker of this Business Area by around 1 million tonnes per year (as of 2009).

Lisbon, 26 September 2007

**BOARD OF DIRECTORS**

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE FOR THE SIX MONTHS ENDED

30 JUNE 2007 AND 2006 - UNAUDITED

(Amounts stated in thousands of euros)

(Translated from the Portuguese original - Note 26)

	<u>Notes</u>	<u>30 June 2007</u>	<u>30 June 2006</u>
<b>Operating income:</b>			
Sales	6	889,769	788,804
Services rendered	6	44,199	35,593
Other operating income		21,671	20,404
Total operating income		<u>955,640</u>	<u>844,801</u>
<b>Operating expenses:</b>			
Cost of goods sold and material used in production		(240,129)	(190,501)
Changes in inventories of finished goods and work in progress		(4,700)	(7,030)
Outside supplies and services		(300,187)	(264,496)
Payroll		(101,969)	(94,678)
Depreciation and amortisation	6	(77,166)	(74,852)
Provisions and impairment losses	6 and 18	(2,360)	(7,679)
Other operating expenses		(11,670)	(8,728)
Total operating expenses		<u>(738,181)</u>	<u>(647,963)</u>
Net operating income	6	<u>217,459</u>	<u>196,837</u>
Financial expenses	6 and 7	(76,014)	(99,997)
Financial income	6 and 7	33,748	69,520
Share of results of associates	6 and 7	4,054	(1,598)
Other investment income	6 and 7	2,292	15,571
Profit before income tax		<u>181,539</u>	<u>180,333</u>
Income tax	6 and 8	(42,866)	(37,623)
Net profit for the period	6	<u><u>138,673</u></u>	<u><u>142,710</u></u>
<b>Attributable to:</b>			
Equity holders of the parent		131,682	135,548
Minority interest		6,991	7,162
		<u><u>138,673</u></u>	<u><u>142,710</u></u>
<b>Earnings per share:</b>			
Basic	10	0.20	0.20
Diluted	10	0.20	0.20

The accompanying notes form an integral part of the consolidated financial statements for the six months ended 30 June 2007.

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

CONSOLIDATED BALANCE SHEETS FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND DECEMBER 2006 - (UNAUDITED)

(Amounts stated in thousands of euros)

(Translated from the Portuguese original - Note 26)

	Notes	30 June 2007	31 December 2006
<b>Non-current assets:</b>			
Goodwill	11	1,373,896	909,971
Intangible assets		11,360	10,720
Tangible assets	12	1,693,310	1,541,774
Investments in associates	13	200,845	156,955
Other financial investments	14	167,341	153,338
Accounts receivable-other		8,366	6,307
Taxes recoverable		19,707	3,528
Other non-current assets		3,416	3,036
Deferred taxes	15	100,352	81,159
Total non-current assets		<u>3,578,593</u>	<u>2,866,789</u>
<b>Current assets:</b>			
Inventories		215,874	177,019
Accounts receivable-trade		362,638	263,795
Accounts receivable-other		27,285	19,043
Taxes recoverable		23,978	36,952
Cash and cash equivalents	21	222,905	489,441
Other current assets		6,263	4,772
Total current assets		<u>858,943</u>	<u>991,022</u>
Total assets	6	<u>4,437,536</u>	<u>3,857,811</u>
<b>Shareholders' equity:</b>			
Share capital	16	672,000	672,000
Treasury shares	17	(8,269)	(9,294)
Currency translation adjustments		198,667	121,274
Reserves		318,224	255,606
Retained earnings		384,574	248,177
Net income for the period	10	131,682	291,915
Equity before minority interest		<u>1,696,878</u>	<u>1,579,677</u>
Minority interest		79,716	74,059
Total shareholders' equity		<u>1,776,595</u>	<u>1,653,736</u>
<b>Non-current liabilities:</b>			
Deferred taxes	15	158,904	136,055
Employee benefits	18	24,172	24,872
Provisions	18	165,821	156,209
Loans	19	1,028,005	1,357,405
Obligations under finance leases		832	290
Accounts payable-others		24,322	19,841
Taxes payable		1,768	2,262
Other non-current liabilities		172,479	152,542
Total non-current liabilities		<u>1,576,303</u>	<u>1,849,476</u>
<b>Current liabilities:</b>			
Employee benefits	18	46	3,291
Provisions	18	1,498	1,486
Current liabilities-trade		186,344	149,556
Accounts payable-others		61,224	49,928
Taxes payable		54,073	41,101
Loans	19	743,110	60,256
Obligations under finance leases		455	457
Other current liabilities		37,887	48,525
Total current liabilities		<u>1,084,638</u>	<u>354,599</u>
Total liabilities		<u>2,660,941</u>	<u>2,204,076</u>
Total liabilities and shareholders' equity		<u>4,437,536</u>	<u>3,857,811</u>

The accompanying notes form an integral part of the consolidated financial statements for the six months ended 30 June 2007.

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

CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND 2006 - UNAUDITED

(Amounts stated in thousands of euros)

(Translated from the Portuguese original - Note 26)

	Notes	30 June 2007	30 June 2006
<b>Operating activities:</b>			
Receipts from clients		1,046,755	919,877
Payments to suppliers		(625,220)	(480,346)
Payments to employees		(99,097)	(84,862)
<b>Cash flows generated by operations</b>		<b>322,438</b>	<b>354,669</b>
Income tax recovered/(paid)		(27,470)	(31,386)
Other payments relating to operating activities		(82,252)	(79,696)
<b>Cash flows from operating activities (1)</b>		<b>212,717</b>	<b>243,587</b>
<b>Investing activities:</b>			
<b>Receipts relating to:</b>			
Changes in consolidation perimeter	4	6,167	698
Investments		690	69,552
Tangible assets		2,492	5,575
Intangible assets		-	9
Investment subsidies		-	347
Interest and similar income		13,871	14,949
Dividends		1,281	1,351
Others		10,320	7
		<b>34,821</b>	<b>92,488</b>
<b>Payments relating to:</b>			
Changes in consolidation perimeter	4	(520,309)	(17,544)
Investments	21	(14,711)	(8,808)
Tangible assets		(106,694)	(62,289)
Intangible assets		(449)	(4)
Others		(477)	(9,984)
		<b>(642,640)</b>	<b>(98,629)</b>
<b>Cash flows from investing activities (2)</b>		<b>(607,819)</b>	<b>(6,141)</b>
<b>Financing activities:</b>			
<b>Receipts relating to:</b>			
Loans obtained	21	462,297	204
Sale of treasury shares	17	4,053	3,550
Others		-	99
		<b>466,349</b>	<b>3,853</b>
<b>Payments relating to:</b>			
Loans obtained	21	(112,470)	(12,211)
Interest and similar costs		(55,197)	(59,409)
Dividends	9	(143,951)	(127,190)
Purchase of treasury shares	17	(2,713)	-
Others		(5,260)	(3,631)
		<b>(319,590)</b>	<b>(202,441)</b>
<b>Cash flows from financing activities (3)</b>		<b>146,759</b>	<b>(198,588)</b>
<b>Variation in cash and cash equivalents (4) = (1) + (2) + (3)</b>		<b>(248,344)</b>	<b>38,858</b>
<b>Effect of currency translation and other non monetary transactions</b>		<b>860</b>	<b>(6,742)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	21	<b>464,486</b>	<b>408,196</b>
<b>Cash and cash equivalents at the end of the period</b>	21	<b>217,002</b>	<b>440,312</b>

The accompanying notes form an integral part of the consolidated financial statements for the six months ended 30 June 2007.

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

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND 2006 - UNAUDITED

(Amounts stated in thousands of euros)

(Translated from the Portuguese original - Note 26)

	<u>30 June 2007</u>	<u>30 June 2006</u>
Variation in fair value of cash flow hedging financial instruments	(1,208)	821
Variation in fair value of available-for-sale financial assets	2,415	-
Actuarial gain and loss on employee benefit plans	3,756	(2,153)
Variation in currency translation adjustments	77,468	(79,075)
Adjustments in investments in associates	44,397	(663)
Net income recognised directly in shareholders' equity	<u>126,828</u>	<u>(81,070)</u>
Transfers:		
Transfer from shareholders' equity to gain and losses of variation in fair value of available-for-sale financial assets	-	(12,907)
Consolidated net profit for the period	138,673	142,710
Total recognised income and expense for the period	<u>265,501</u>	<u>48,733</u>
Attributable to:		
Equity holders of the parent	258,435	42,504
Minority interest	<u>7,066</u>	<u>6,229</u>
	<u>265,501</u>	<u>48,733</u>

The accompanying notes form an integral part of the consolidated financial statements for the six months ended 30 June 2007.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND 2006 - UNAUDITED

(Amounts stated in thousands of euros)

(Translated from the Portuguese original - Note 26)

	Share capital	Treasury shares	Currency translation adjustments	Reserves	Retained earnings	Net income	Shareholders' equity attributable to equity holders	Minority interest	Total shareholders' equity
Balances at 1 January 2006	672,000	(12,796)	212,486	262,855	118,392	266,159	1,519,097	65,488	1,584,585
Variation in fair value of cash flow hedging financial instruments	-	-	-	821	-	-	821	-	821
Actuarial gain and loss on employee benefit plans	-	-	-	(2,153)	-	-	(2,153)	-	(2,153)
Variation in currency translation adjustments	-	-	(77,930)	-	-	-	(77,930)	(1,145)	(79,075)
Adjustments in investments in associates	-	-	-	109	(984)	-	(875)	212	(663)
Net income recognised directly in shareholders' equity	-	-	(77,930)	(1,223)	(984)	-	(80,136)	(933)	(81,070)
Transfer from shareholders' equity to gain and losses of variation in fair value of available-for-sale financial assets	-	-	-	(12,907)	-	-	(12,907)	-	(12,907)
Consolidated net profit for the period	-	-	-	-	-	135,548	135,548	7,162	142,710
Total recognised income and expense for the period	-	-	(77,930)	(14,129)	(984)	135,548	42,505	6,229	48,733
Appropriation of consolidated profit of 2005:									
Transfer to legal reserves and retained earnings	-	-	-	9,400	129,568	(138,968)	-	-	-
Dividends	-	-	-	-	-	(127,191)	(127,191)	(3,250)	(130,441)
Purchase / (sale) of treasury shares	-	3,502	-	241	-	-	3,743	-	3,743
Share purchase options	-	-	-	(387)	1,242	-	855	-	855
Others	-	-	-	-	-	-	-	(8)	(8)
Balances at 30 June 2006	672,000	(9,294)	134,556	257,979	248,218	135,548	1,439,007	68,459	1,507,466
Balances at 1 January 2007	672,000	(9,294)	121,274	255,606	248,177	291,915	1,579,677	74,059	1,653,736
Variation in fair value of hedging financial instruments	-	-	-	(1,208)	-	-	(1,208)	-	(1,208)
Variation in fair value of available-for-sale financial assets	-	-	-	2,415	-	-	2,415	-	2,415
Actuarial gain and loss on employee benefit plans	-	-	-	3,756	-	-	3,756	1	3,756
Variation in currency translation adjustments	-	-	77,394	-	-	-	77,394	74	77,468
Adjustments in investments in associates	-	-	-	45,232	(835)	-	44,397	-	44,397
Net income recognised directly in shareholders' equity	-	-	77,394	50,195	(835)	-	126,753	75	126,828
Consolidated net profit for the period	-	-	-	-	-	131,682	131,682	6,991	138,673
Total recognised income and expense for the period	-	-	77,394	50,195	(835)	131,682	258,436	7,066	265,501
Appropriation of consolidated profit of 2006:									
Transfer to legal reserves and retained earnings	-	-	-	11,700	136,264	(147,964)	-	-	-
Dividends	-	-	-	-	-	(143,951)	(143,951)	(2,186)	(146,136)
Purchase / (sale) of treasury shares	-	1,025	-	648	-	-	1,673	-	1,673
Share purchase options	-	-	-	75	1,009	-	1,084	-	1,084
Others	-	-	-	-	(40)	-	(40)	778	738
Balances at 30 June 2007	672,000	(8,269)	198,667	318,224	384,574	131,682	1,696,878	79,716	1,776,595

The accompanying notes form an integral part of the consolidated financial statements for the six months ended 30 June 2007.



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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED**

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese– Note 26)

#### **1. Introduction**

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

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

The Cimpor Group’s investments are held essentially through two sub-holding companies; (i) Cimpor Portugal, SGPS, S.A., which holds the investments in companies dedicated to the production of cement, mortar, concrete parts and related activities in Portugal; and (ii) Cimpor Inversões, S.A., which holds the investments in companies operating abroad.

#### **2. Basis of presentation**

The accompanying financial statements were prepared in accordance with IAS 34 – Interim Financial Reporting, according to the historical cost convention, except as regards financial instruments.

#### **3. Significant accounting policies**

The accounting policies adopted are consistent with the financial statements for the year ended 31 December 2006.

#### **4. Changes in the companies included in the consolidation**

The more significant changes in the six months ended 30 June 2007, in the companies included in the consolidation were as follows:

##### Purchases:

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

- In Turkey, the purchase of several direct and indirect participations representing 99,68% of the share capital of Yibitas Lafarge Orta Anadolu Cimento Sanayi ve Ticaret A.S. (YLOAÇ).

-In China, the purchase by the Group subsidiary Cimpor Chengtong Cement Corporation, Ltd. (CIMPOR CHENG TONG), of 60% of Shandong Liuyuan New Type Cement Development Company, Ltd. (NEW LIUYUAN) and the purchase of the totality of the share capital of Sea-

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese– Note 26)

Land Mining, whose principal asset is a 71,03% participation in Suzhou Nanda Cement Company, Ltd. (NANDA).

-In Cape Verde, the purchase of 55% of share capital of Betões de Cabo Verde, S.A.

#### Sales:

- In Portugal, the sale of the participation in share capital of Cimentos Madeira, Lda.. (42,86%)

- In Spain, the sale of the financial participation in Auxiliar de Áridos, S.L..

- In Mozambique, the sale of the participation in share capital of Premap - Prefabricados de Maputo, S.A.R.L.

The impact of these changes in the financial statements at 30 June was as follows:

Captions	Portugal	Turkey	China	Cape Verde	Subtotal of acquisitions	Portugal	Spain	Mozambique	Subtotal of sales	Total
<b>Non current assets:</b>										
Intangible assets	-	847	155	-	1,002	-	-	-	-	1,002
Tangible assets (Note 12)	-	80,020	44,505	1,123	125,649	-	-	(273)	(273)	125,376
Investments in associates (Note 13)	795	-	-	-	795	(4,575)	(94)	-	(4,669)	(3,874)
Other financial investments	-	202	-	-	202	-	-	-	-	202
Accounts receivable - other	-	84	-	-	84	-	-	-	-	84
Total non-current assets	795	81,154	44,661	1,123	127,732	(4,575)	(94)	(273)	(4,942)	122,790
<b>Current assets:</b>										
Inventories	-	19,927	4,534	44	24,505	-	-	(73)	(73)	24,431
Accounts receivable - trade	-	26,974	3,686	702	31,361	-	-	(81)	(81)	31,280
Accounts receivable - other	-	10,298	2,298	55	12,651	-	-	(2)	(2)	12,649
Taxes recoverable	-	2,825	16	-	2,841	-	-	-	-	2,841
Other current assets	-	816	74	11	901	-	-	(6)	(6)	895
Total current assets	-	60,840	10,607	812	72,259	-	-	(163)	(163)	72,097
Total assets	795	141,994	55,268	1,935	199,991	(4,575)	(94)	(436)	(5,105)	194,887
<b>Non current liabilities:</b>										
Deferred tax liabilities (Note 15)	-	(2,904)	-	-	(2,904)	-	-	-	-	(2,904)
Provisions for risks and charges (Note 18)	-	(3,011)	-	-	(3,011)	-	-	-	-	(3,011)
Loans	-	-	(23,181)	(448)	(23,629)	-	-	-	-	(23,629)
Accounts payable - other	-	-	(2,772)	-	(2,772)	-	-	-	-	(2,772)
Total non-current liabilities	-	(5,915)	(25,953)	(448)	(32,317)	-	-	-	-	(32,317)
<b>Current liabilities:</b>										
Current liabilities - trade	-	(15,393)	(6,091)	(678)	(22,161)	-	-	324	324	(21,837)
Accounts payable - other	-	(2,318)	(33)	(523)	(2,875)	-	-	33	33	(2,841)
Taxes payable	-	(1,893)	(112)	(45)	(2,049)	-	-	12	12	(2,037)
Loans	-	(761)	(15,085)	-	(15,846)	-	-	-	-	(15,846)
Other current liabilities	-	(2,408)	(649)	-	(3,057)	-	-	45	45	(3,012)
Total current liabilities	-	(22,772)	(21,970)	(1,246)	(45,988)	-	-	415	415	(45,573)
Total liabilities	-	(28,687)	(47,923)	(1,694)	(78,304)	-	-	415	415	(77,890)
<b>Minority interest</b>	-	(8,564)	(7,008)	(132)	(15,704)	-	-	(148)	(148)	(15,852)
<b>Net amount</b>	795	104,743	337	109	105,983	(4,575)	(94)	(169)	(4,838)	101,145
Goodwill (Note 11 and 13)	205	413,292	1,548	261	415,306	-	-	(37)	(37)	415,270
Adjustments in investments in associates	-	-	-	-	-	-	40	-	40	40
Capital (gain) / loss	-	-	-	-	-	(1,425)	(243)	38	(1,630)	(1,630)
Accounts payable - other	-	-	(980)	-	(980)	-	297	-	297	(683)
Net amount paid / (received)	1,000	518,035	904	370	520,309	(6,000)	-	(167)	(6,167)	514,142
Cash and cash equivalents	-	31,107	76	46	31,228	-	-	(10)	(10)	31,219
<b>Net assets acquired / (sold)</b>	1,000	549,142	1,961	416	552,518	(6,000)	(297)	(177)	(6,474)	546,044

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese– Note 26)

The impact in the consolidated statement of profit and loss for the six months ended 30 June, as result of the above referred acquisitions, was as follows:

Captions	Turkey	Cape Verde	Total
Operating income	79,017	914	79,932
Operating expenses	62,953	886	63,839
Net operating income	16,064	29	16,093
Net financial income	311	(5)	305
Profit before income tax	16,375	23	16,398
Income tax	(4,242)	-	(4,242)
Net profit for the year	12,133	23	12,156
Attributable to:			
Equity holders of the parent	10,767	12	10,780
Minority interest	1,366	11	1,376

## 5. Exchange rates used

The exchange rates used to translate, to euros, the foreign currency assets and liabilities at 30 June 2007 and 31 December 2006, as well as the results for the six months ended 30 June 2007 and 2006 were as follows:

Currency	Segment	Closing exchange rate			Average exchange rate		
		2007	2006	Var.%	2007	2006	Var.%
USD	Others	1.3505	1.317	2.5	1.32948	1.2297	8.1
MAD	Morocco	11.1811	11.1354	0.4	11.2512	11.1426	1.0
BRL	Brazil	2.6024	2.8118	(7.4)	2.72443	2.6975	1.0
TND	Tunisia	1.7521	1.7078	2.6	1.75315	1.6590	5.7
MZM	Others	35,190.0	34,470.0	2.1	34,455.1	32,677.9	5.4
CVE	Others	110.265	110.265	-	110.265	110.265	-
EGP	Egypt	7.6877	7.5217	2.2	7.70167	7.1540	7.7
ZAR	South Africa	9.5531	9.2124	3.7	9.53929	7.7669	22.8
HKD	Others	10.5569	10.2409	3.1	10.38791	-	s.s.
TRY	Turkey	1.774	-	s.s.	1.82832 *	-	s.s.
CNY	China	10.2747	-	s.s.	10.25904 **	-	s.s.

\* Average exchange rate from 1 March to 30 June 2007.

\*\* Average exchange rate from 1 June to 30 June 2007.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese– Note 26)

#### 6. Segment reporting

The main profit and loss information, by geographical segment, for the six months ended 30 June 2007 and 2006, is as follows:

##### 2007

	Portugal	Spain	Brazil	Egypt	Tunisia	Morocco	South Africa	China	Turkey	Others	Unallocated	Eliminations	Consolidated
<b>Sales and services rendered:</b>													
External sales	236,215	240,100	148,816	52,541	31,944	39,918	57,063	-	70,816	42,298	14,256	-	933,969
Inter segment sales	44,606	948	-	3,459	-	-	778	-	-	-	44,378	(94,169)	-
<b>Total</b>	<b>280,821</b>	<b>241,049</b>	<b>148,816</b>	<b>56,000</b>	<b>31,944</b>	<b>39,918</b>	<b>57,842</b>	<b>-</b>	<b>70,816</b>	<b>42,298</b>	<b>58,633</b>	<b>(94,169)</b>	<b>933,969</b>
<b>Operating results</b>	<b>62,999</b>	<b>58,502</b>	<b>17,878</b>	<b>19,585</b>	<b>5,719</b>	<b>14,473</b>	<b>14,971</b>	<b>(13)</b>	<b>16,064</b>	<b>7,122</b>	<b>160</b>	<b>-</b>	<b>217,459</b>
Financial expenses													(76,014)
Financial income													33,748
Share of results of associates													4,054
Other investment income													2,292
Profit before income tax													181,539
Income tax													(42,866)
<b>Net profit for the period</b>													<b>138,673</b>

##### Other information:

	Portugal	Spain	Brazil	Egypt	Tunisia	Morocco	South Africa	China	Turkey	Others	Unallocated	Consolidated
Fixed capital expenditure	9,295	15,966	15,570	13,841	883	3,408	17,140	44,888	89,129	5,472	213	215,807
Depreciation and amortisation	25,901	16,346	14,201	5,317	4,849	2,850	4,368	-	1,471	757	1,106	77,166
Provisions and impairment losses	(11)	225	-	713	(19)	13	-	-	564	-	875	2,360

##### 2006

	Portugal	Spain	Brazil	Egypt	Tunisia	Morocco	South Africa	China	Turkey	Others	Unallocated	Consolidated
<b>Sales and services rendered:</b>												
External sales	244,069	211,242	131,175	57,080	30,767	33,664	62,347	34,896	19,157	-	-	824,397
Inter segment sales	29,885	1,914	543	6,175	-	1,820	-	-	47,389	(87,726)	-	-
<b>Total</b>	<b>273,954</b>	<b>213,156</b>	<b>131,717</b>	<b>63,254</b>	<b>30,767</b>	<b>35,484</b>	<b>62,347</b>	<b>34,896</b>	<b>66,547</b>	<b>(87,726)</b>	<b>-</b>	<b>824,397</b>
<b>Operating results</b>	<b>62,424</b>	<b>54,050</b>	<b>17,877</b>	<b>24,210</b>	<b>2,503</b>	<b>12,128</b>	<b>20,156</b>	<b>4,436</b>	<b>(946)</b>	<b>-</b>	<b>-</b>	<b>196,837</b>
Financial expenses												(99,997)
Financial income												69,520
Share of results of associates												(1,598)
Other investment income												15,571
Profit before income tax												180,333
Income tax												(37,623)
<b>Net profit for the period</b>												<b>142,710</b>

##### Other information:

	Portugal	Spain	Brazil	Egypt	Tunisia	Morocco	South Africa	Others	Unallocated	Consolidated
Fixed capital expenditure	13,410	14,999	15,013	1,222	1,490	2,070	18,411	3,354	158	70,128
Depreciation and amortisation	25,062	15,928	13,418	5,978	5,023	3,817	3,827	697	1,102	74,852
Provisions	1,637	-	-	2,032	-	3	9	-	3,997	7,679

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED**

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese– Note 26)

Following is a break-down of the information for the six months ended 30 June 2007 and 2006, by business segment:

#### **2007**

	<u>Sales and services rendered</u>	<u>Net assets</u>	<u>Fixed capital expenditure</u>
Cement	650,010	3,489,570	200,997
Ready-mix and pre-cast concrete	247,837	434,721	10,951
Others	36,122	513,245	3,860
	<u>933,969</u>	<u>4,437,536</u>	<u>215,807</u>

#### **2006**

	<u>Sales and services rendered</u>	<u>Net assets</u>	<u>Fixed capital expenditure</u>
Cement	585,247	2,924,835	49,142
Ready-mix and pre-cast concrete	204,278	361,545	18,165
Others	34,871	413,278	2,821
	<u>824,397</u>	<u>3,699,658</u>	<u>70,128</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese– Note 26)

#### 7. Net financial expenses

Net financial expenses for the six months ended 30 June 2007 and 2006 are made up as follows:

	2007	2006
<b>Financial expenses:</b>		
Interest expense:		
Derivative financial instruments	12,313	16,703
Others	43,064	33,507
Foreign exchange loss:		
Derivative financial instruments	8,507	34,062
Others	3,060	5,443
Other financial expenses	9,070	10,283
	<u>76,014</u>	<u>99,997</u>
<b>Financial income:</b>		
Interest income:		
Derivative financial instruments	7,202	20,350
Others	13,771	15,151
Foreign exchange gain:		
Derivative financial instruments	8,507	29,621
Others	2,296	2,856
Gain on the sale of other financial assets	267	28
Other financial income	1,705	1,514
	<u>33,748</u>	<u>69,520</u>
<b>Share of results of associates:</b>		
Loss in associated companies (Note 18) (a)	(129)	(2,077)
Gain in associated companies (Note 13) (a)	4,183	479
	<u>4,054</u>	<u>(1,598)</u>
<b>Investment income:</b>		
Dividends	557	221
Gains/(losses) on the sale of investments (b)	1,734	15,351
	<u>2,292</u>	<u>15,571</u>

a) The gain and loss in associated companies includes the effect of applying the equity method to investments in associated companies at 30 June 2007, in the amount of 3,812 thousand euros (Note 13 and 18), and the gain on the sale of the financial participation in Auxiliar de Áridos, in the amount of 242 thousand euros.

b) Gains and losses on the sale of investments for the six months ended 30 June 2007 includes, essentially, the gain on the sale of the financial participation in Cimentos Madeira, in the amount of 1,425 thousand euros. At 30 June 2006 gains and losses on the sale of investments refers to the gain on the sale of the financial participation in Cimentos Lemona.

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#### 8. Income tax

Income tax expense for the six months ended 30 June 2007 and 2006 is made up as follows:

	<u>2007</u>	<u>2006</u>
Current tax	38,852	32,265
Deferred tax (Note 15)	2,789	5,046
Tax contingencies (Note 18)	334	365
Other adjustments related to current tax	892	(52)
Income tax for the period	<u>42,866</u>	<u>37,623</u>

The Company and the majority of its subsidiaries in Portugal are subject to Corporate Income Tax, currently at the rate of 25%, plus a Municipal surcharge up to a maximum of 1.5%, totalling 26.5%.

Tax on income relating to the other geographic segments is calculated at respective rates in force.

Temporary differences between the book value of assets and liabilities and their corresponding value for tax purposes are recognised in accordance with IAS 12 – Income taxes.

The income tax charge for the six months ended 30 June 2007 and 2006 in relation to profit before income tax is as follows:

	<u>2007</u>		<u>2006</u>	
	<u>Tax base</u>	<u>Income tax</u>	<u>Tax base</u>	<u>Income tax</u>
Profit before income tax	181,539		180,333	
Permanent differences:				
Equity method (Note 7)	(4,054)		1,598	
Non taxable results	(18,955)		(13,558)	
Other deductions (a)	<u>(6,082)</u>		<u>(8,949)</u>	
	152,448		159,424	
Normal charge (26.5%)		40,399		43,842
Tax benefits		-		(6,469)
Rate differences and others		1,242		(63)
Tax contingencies (Note 18)		334		365
Other adjustments related to current tax		892		(52)
Charge for the period		<u>42,866</u>		<u>37,623</u>

(a) Other deductions include amortisations of goodwill accepted for tax purposes and non deductible provisions.

In addition to the income tax charge for the period, in the six months ended 30 June 2007 and 2006, deferred taxes of 707 thousand euros and 2,970 thousand euros were, respectively, recorded directly in reserves. (Note 15).

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#### 9. Dividends

In the six months ended 30 June 2007 a dividend of 21.5 cents per share (19 cents per share in 2006), totalling 143,951 thousand euros (127,191 thousand euros in 2006), was paid as decided by the Shareholders' Annual General Meeting held on 11 May 2007.

#### 10. Earnings per Share

Basic and diluted earnings per share for the six months ended 30 June 2007 and 2006 were computed as follows:

	<u>2007</u>	<u>2006</u>
<b>Basic earnings per share</b>		
Net income considered in the computation of basic earnings per share	131,682	135,548
Weighted average number of ordinary shares used to calculate the basic earnings per share (thousands)	669,557	668,737
Basic earnings per share	<u>0.20</u>	<u>0.20</u>
<b>Diluted earnings per share</b>		
Net income considered in the computation of basic earnings per share	131,682	135,548
Weighted average number of ordinary shares used to calculate the basic earnings per share (thousands)	669,557	668,737
Effect of the options granted under the Share Option Plan (thousands)	1,491	1,590
Weighted average number of ordinary shares used to calculate the diluted earnings per share (thousands)	<u>671,048</u>	<u>670,326</u>
Diluted earnings per share	<u>0.20</u>	<u>0.20</u>



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#### 11. Goodwill

The changes in goodwill and related impairment losses in the six months ended 30 June 2007 and 2006, were as follows:

	Portugal	Spain	Brazil	Egypt	Tunisia	Morocco	South Africa	China	Turkey	Cape Verde	Others	Total
<b>Gross assets:</b>												
Balances at 1 January 2006	22,325	65,089	548,077	85,121	71,546	27,254	136,014	-	-	7,721	1,532	964,679
Changes in the consolidation perimeter	-	-	-	-	-	-	2,681	-	-	-	-	2,681
Exchange translation adjustments	-	-	(5,163)	(6,356)	-	-	(25,918)	-	-	-	(112)	(37,549)
Additions	-	-	-	-	-	-	-	-	-	-	40	40
Balances at 30 June 2006	<u>22,325</u>	<u>65,089</u>	<u>542,915</u>	<u>78,765</u>	<u>71,546</u>	<u>27,254</u>	<u>112,776</u>	<u>-</u>	<u>-</u>	<u>7,721</u>	<u>1,460</u>	<u>929,851</u>
Balances at 1 January 2007	22,325	74,427	540,613	76,614	71,546	27,254	112,438	-	-	8,742	1,409	935,368
Changes in the consolidation perimeter (Note 4)	-	-	-	-	-	-	-	1,548	413,292	261	(37)	415,064
Exchange translation adjustments	-	-	33,685	(1,654)	-	-	(4,010)	-	19,243	-	(94)	47,170
Additions	219	-	-	-	-	-	-	-	-	-	1,471	1,690
Balances at 30 June 2007	<u>22,544</u>	<u>74,427</u>	<u>574,298</u>	<u>74,960</u>	<u>71,546</u>	<u>27,254</u>	<u>108,428</u>	<u>1,548</u>	<u>432,536</u>	<u>9,003</u>	<u>2,750</u>	<u>1,399,293</u>
<b>Accumulated impairment losses:</b>												
Balances at 1 January 2006	-	-	-	-	-	24,031	-	-	-	-	-	24,031
Increases	601	-	-	-	-	-	-	-	-	-	-	601
Balances at 30 June 2006	<u>601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,632</u>
Balances at 1 January 2007	601	765	-	-	-	24,031	-	-	-	-	-	25,397
Balances at 30 June 2007	<u>601</u>	<u>765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,397</u>
<b>Carrying amount:</b>												
As at 30 June 2006	<u>21,724</u>	<u>65,089</u>	<u>542,915</u>	<u>78,765</u>	<u>71,546</u>	<u>3,223</u>	<u>112,776</u>	<u>-</u>	<u>-</u>	<u>7,721</u>	<u>1,460</u>	<u>905,219</u>
As at 30 June 2007	<u>21,944</u>	<u>73,662</u>	<u>574,298</u>	<u>74,960</u>	<u>71,546</u>	<u>3,223</u>	<u>108,428</u>	<u>1,548</u>	<u>432,536</u>	<u>9,003</u>	<u>2,750</u>	<u>1,373,896</u>

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment.

The impairment tests are made based on the discounted cash flow of each of the affected business segments, based on the most recent financial projections approved by the respective Boards of Directors.

At 30 June 2007, the attribution of the purchase value to the net assets of the acquired companies, indicated in the note 4, is not concluded. As a result of that process the amounts of goodwill may be subject to changes.

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#### 12. Tangible assets

The changes in tangible assets and corresponding depreciation in the six months ended 30 June 2007 and 2006 were as follows:

	Land	Buildings and other constructions	Basic equipment	Transportation equipment	Administrative equipment	Tools and dies	Other tangible assets	Tangible assets in progress	Advance to suppliers of tangible assets	Total
<b>Gross assets:</b>										
Balances at 1 January 2006	287,237	568,683	2,507,133	89,591	52,410	7,582	10,146	64,533	31,618	3,618,933
Changes in the consolidation perimeter	7,210	(2,559)	2,659	924	24	1	-	-	-	8,259
Exchange translation adjustments	(3,827)	(3,973)	(75,536)	(1,853)	(1,106)	(151)	(56)	(5,121)	(4,627)	(96,251)
Additions	1,110	563	4,445	744	138	9	237	46,380	6,501	60,126
Sales	(264)	(154)	(6,968)	(2,207)	(109)	(33)	(116)	(16)	-	(9,867)
Write-offs	-	(47)	(1)	(140)	(22)	-	-	-	-	(209)
Transfers	11	5,704	11,324	1,745	285	56	51	(15,331)	(4,158)	(314)
Balances at 30 June 2006	<u>291,477</u>	<u>568,217</u>	<u>2,443,056</u>	<u>88,804</u>	<u>51,619</u>	<u>7,463</u>	<u>10,261</u>	<u>90,444</u>	<u>29,334</u>	<u>3,580,676</u>
Balances at 1 January 2007	292,696	586,681	2,491,266	90,707	52,476	7,787	11,516	111,924	7,557	3,652,611
Changes in the consolidation perimeter (Note 4)	16,633	45,876	172,547	11,266	4,750	736	2,466	19,651	4,192	278,117
Exchange translation adjustments	4,520	5,834	24,938	1,573	488	(10)	89	1,296	238	38,965
Additions	1,916	1,199	19,172	1,851	277	321	90	62,346	1,921	89,092
Sales	(533)	(1,617)	(8,659)	(1,365)	(172)	(42)	(67)	(43)	(14)	(12,513)
Write-offs	-	(11)	(38)	(831)	(18)	-	-	-	-	(898)
Transfers	120	4,411	28,300	1,813	(2,414)	31	-	(25,259)	(7,007)	(5)
Balances at 30 June 2007	<u>315,353</u>	<u>642,372</u>	<u>2,727,526</u>	<u>105,013</u>	<u>55,387</u>	<u>8,822</u>	<u>14,095</u>	<u>169,916</u>	<u>6,887</u>	<u>4,045,370</u>
<b>Accumulated depreciation and impairment losses:</b>										
Balances at 1 January 2006	33,996	257,040	1,647,852	59,373	40,737	6,489	5,907	-	-	2,051,394
Changes in the consolidation perimeter	-	(2,618)	1,407	124	18	-	-	-	-	(1,069)
Exchange translation adjustments	(144)	(1,421)	(57,759)	(1,300)	(640)	(122)	(38)	-	-	(61,425)
Increases	1,821	11,493	55,463	2,843	1,602	238	458	-	-	73,917
Decreases	-	-	(4,282)	(2,048)	(104)	(28)	(50)	-	-	(6,511)
Write-offs	-	(15)	(1)	(140)	(22)	-	-	-	-	(177)
Transfers	(17)	(107)	153	1	(6)	-	9	-	-	32
Balances at 30 June 2006	<u>35,655</u>	<u>264,371</u>	<u>1,642,833</u>	<u>58,852</u>	<u>41,585</u>	<u>6,578</u>	<u>6,285</u>	<u>-</u>	<u>-</u>	<u>2,056,161</u>
Balances at 1 January 2007	37,460	285,301	1,672,817	59,456	42,240	6,786	6,778	-	-	2,110,837
Changes in the consolidation perimeter (Note 4)	4,048	21,368	112,252	8,555	3,799	649	2,070	-	-	152,741
Exchange translation adjustments	366	3,866	17,011	921	509	1	81	-	-	22,756
Increases	2,799	13,564	54,286	3,338	1,600	210	531	-	-	76,328
Decreases	-	(380)	(7,956)	(1,173)	(152)	(40)	(16)	-	-	(9,718)
Write-offs	-	(5)	(25)	(831)	(17)	-	-	-	-	(878)
Transfers	-	-	(45)	16	23	-	-	-	-	(6)
Balances at 30 June 2007	<u>44,673</u>	<u>323,714</u>	<u>1,848,340</u>	<u>70,281</u>	<u>48,002</u>	<u>7,606</u>	<u>9,444</u>	<u>-</u>	<u>-</u>	<u>2,352,060</u>
<b>Carrying amount:</b>										
As at 30 June 2006	<u>255,822</u>	<u>303,846</u>	<u>800,223</u>	<u>29,952</u>	<u>10,034</u>	<u>885</u>	<u>3,976</u>	<u>90,444</u>	<u>29,334</u>	<u>1,524,515</u>
As at 30 June 2007	<u>270,680</u>	<u>318,657</u>	<u>879,187</u>	<u>34,731</u>	<u>7,385</u>	<u>1,216</u>	<u>4,651</u>	<u>169,916</u>	<u>6,887</u>	<u>1,693,310</u>

Tangible assets in progress and advances to suppliers of tangible assets in the six months ended 30 June 2007 include the construction and improvement of installations and equipment of the cement sector of several production units, essentially in the South Africa, Brazil, Spain, Turkey and Portugal business areas.

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#### 13. Investments in associates

The changes in investments in associates in the six months ended 30 June 2007 and 2006, were as follows:

	Investment	Goodwill	Total
Balances at 1 January 2006	164,425	40,530	204,955
Changes in the consolidation perimeter	-	4,195	4,195
Equity method effect:			
On profit	(1,598)	-	(1,598)
On shareholders' equity	(50)	-	(50)
Dividends received	(964)	-	(964)
Acquisitions and increases	74	-	74
Sales and write-offs	(4)	-	(4)
Transfers (a)	(39,967)	(25,714)	(65,681)
Balances at 30 June 2006	<u>121,917</u>	<u>19,011</u>	<u>140,928</u>
Balances at 1 January 2007	142,139	14,816	156,955
Changes in the consolidation perimeter (Note 4)	(3,874)	205	(3,669)
Equity method effect:			
On profit (Note 7)	3,940	-	3,940
On shareholders' equity	44,401	-	44,401
Dividends received	(1,085)	-	(1,085)
Acquisitions and increases	302	-	302
Balances at 30 June 2007	<u>185,823</u>	<u>15,022</u>	<u>200,845</u>

(a) During the six months ended 30 June 2006 Cimpor transferred the investment in Nova Cimangola, S.A. to the caption “Available-for-sale non-current assets”. This investment was sold before the year end.

#### 14. Other financial investments

This caption includes: (i) the financial assets held up to maturity, the most relevant is the investment on a variable rate debt instrument issued by Republic of Austria, in the amount of 150,283 thousand euros, and (ii) the available-for-sale financial assets, stated at fair value or at cost adjusted for estimated impairment losses, when there is no market value quoted and their value can not be reliably determined.

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#### 15. Deferred taxes

The changes in deferred taxes in the six months ended 30 June 2007 and 2006 were as follows:

	Intangible assets	Goodwill	Tangible assets	Tax losses carried forward	Provisions for risks and charges	Cash and cash equivalents	Doubtful accounts	Inventories	Investment	Available-for-sale financial assets	Others	Total
<b>Deferred tax assets:</b>												
Balances at 1 January 2006	1,797	18,227	12,370	9,850	21,403	-	2,067	1,824	1,031	-	22,570	91,138
Changes in the consolidation perimeter	-	-	(6)	-	-	-	-	-	-	-	-	(6)
Exchange translation adjustments	(10)	(146)	(457)	(1,738)	(336)	-	(44)	(38)	-	-	2,782	13
Income tax (Note 8)	(235)	(3,210)	(2,045)	(5,937)	1,907	-	(24)	(8)	227	-	(1,866)	(11,192)
Shareholders' equity (Note 8)	-	-	-	-	817	-	-	-	-	-	(36)	781
Balances at 30 June 2006	1,552	14,871	9,861	2,175	23,791	-	1,998	1,778	1,258	-	23,450	80,733
Balances at 1 January 2007	1,359	22,056	11,803	4,881	16,607	-	1,702	1,986	1,815	-	18,950	81,159
Exchange translation adjustments	41	2,133	427	422	433	-	(9)	(12)	1	-	34	3,471
Income tax (Note 8)	(15)	7,641	198	4,089	2,648	-	13	(23)	(724)	-	2,596	16,422
Shareholders' equity (Note 8)	-	-	-	-	(1,354)	-	-	-	-	-	-	(701)
Balances at 30 June 2007	1,386	31,829	12,427	9,392	18,333	-	1,707	1,952	1,091	-	22,234	100,352
<b>Deferred tax liabilities:</b>												
Balances at 1 January 2006	-	-	108,223	-	3,004	-	-	-	12,956	2,376	9,092	135,650
Changes in the consolidation perimeter	-	-	4	-	-	-	-	-	-	-	-	4
Exchange translation adjustments	-	-	(1,963)	-	-	-	-	-	-	-	2,953	989
Income tax (Note 8)	-	-	(2,175)	-	(174)	-	-	-	-	-	(3,798)	(6,147)
Shareholders' equity (Note 8)	-	-	-	-	-	-	-	-	-	(2,376)	187	(2,189)
Balances at 30 June 2006	-	-	104,089	-	2,830	-	-	-	12,956	-	8,433	128,308
Balances at 1 January 2007	-	12,250	100,877	-	3,606	233	-	-	12,500	-	6,589	136,055
Changes in the consolidation perimeter (Note 4)	-	-	2,904	-	-	-	-	-	-	-	-	2,904
Exchange translation adjustments	-	499	(150)	-	(1)	-	-	-	-	-	381	728
Income tax (Note 8)	-	18,295	(66)	-	287	(233)	-	-	-	-	929	19,211
Shareholders' equity (Note 8)	-	-	-	-	-	-	-	-	-	2	5	7
Balances at 30 June 2007	-	31,043	103,564	-	3,891	-	-	-	12,500	2	7,903	158,904

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

The caption Other deferred tax assets includes essentially the effect of recording derivative financial instruments.

#### 16. Share Capital

The Company's fully subscribed and paid up capital at 30 June 2007 consisted of 672,000,000 shares, listed with a nominal value of one euro each, quoted at Euronext Lisbon.

#### 17. Treasury shares

Commercial legislation relating to treasury shares requires that a free reserve in an amount equal to the cost of treasury shares be frozen while the shares are not sold. In addition, the applicable accounting rules require that gains and losses on the sale of treasury shares be recorded in reserves.

At 30 June 2007 and 2006 Cimpor had 2,097,092 and 2,766,810 treasury shares, respectively.

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The changes in treasury shares in the six months ended 30 June 2007 and 2006 were as follows:

	Quantity	Value
Balances at 1 January 2006	3,867,300	(12,796)
Treasury shares sale	(1,100,490)	3,502
Balances at 30 June 2006	<u>2,766,810</u>	<u>(9,294)</u>
Balances at 1 January 2007	2,766,810	(9,294)
Treasury shares purchase	434,982	(2,713)
Treasury shares sale	(1,104,700)	3,739
Balances at 30 June 2007	<u>2,097,092</u>	<u>(8,269)</u>

## 18. Provisions and accumulated impairment losses

The changes in the provisions in the six months ended 30 June 2007 and 2006 were as follows:

	Provisions for legal and tax risks	Environmental rehabilitation	Provision for employee benefits	Indemnities and other employees matters	Legal processes	Other provisions for risks and charges	Total
Balances at 1 January 2006	93,937	37,144	33,404	2,624	2,104	13,813	183,027
Changes in the consolidation perimeter	-	-	-	-	(7)	-	(7)
Exchange translation adjustments	(986)	(495)	(312)	(130)	(1)	(16)	(1,939)
Increases	5,207	874	4,621	2,546	36	2,736	16,021
Decreases	-	(237)	-	(47)	-	(147)	(431)
Utilisation	-	(71)	-	(301)	-	(683)	(1,055)
Transfers	-	-	-	1,659	(1,612)	(46)	-
Balances at 30 June 2006	<u>98,158</u>	<u>37,216</u>	<u>37,714</u>	<u>6,351</u>	<u>520</u>	<u>15,657</u>	<u>195,616</u>
Balances at 1 January 2007	99,722	38,327	28,163	5,401	2,007	12,237	185,858
Changes in the consolidation perimeter (Note 4)	-	288	-	2,470	237	16	3,011
Exchange translation adjustments	(249)	1,174	(43)	153	(15)	16	1,036
Increases	3,355	1,474	677	461	1,008	1,495	8,470
Decreases	-	(95)	(4,533)	(31)	(313)	(14)	(4,986)
Utilisation	-	(123)	(46)	(982)	(23)	(678)	(1,853)
Balances at 30 June 2007	<u>102,827</u>	<u>41,046</u>	<u>24,218</u>	<u>7,471</u>	<u>2,901</u>	<u>13,073</u>	<u>191,537</u>

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The increases and decreases in the provisions in the six months ended 30 June 2007 and 2006 were recorded by corresponding entry to the following accounts:

	<u>2007</u>	<u>2006</u>
Tangible assets:		
Land	391	9
Profit and loss for the period:		
Outside supplies and services	(76)	(592)
Other operating expenses	2	-
Payroll	1,357	7,167
Provisions	2,360	7,679
Financial expenses	4,093	834
Share of results of associates (Note 7)	129	129
Income tax (Note 8)	334	365
Shareholder's equity:		
Adjustment in equity investments	4	-
Free reserves	(5,111)	-
	<u>3,484</u>	<u>15,590</u>

## 19. Loans

Loans at 30 June 2007 and 31 December 2006 are made up as follows:

	<u>2007</u>	<u>2006</u>
<b>Non-current liabilities:</b>		
Bonds	871,625	885,239
Bank loans	155,749	471,536
Other loans	630	630
	<u>1,028,005</u>	<u>1,357,405</u>
<b>Current liabilities:</b>		
Bonds	-	1,151
Bank loans	740,305	51,427
Other loans	2,805	7,678
	<u>743,110</u>	<u>60,256</u>
	<u>1,771,114</u>	<u>1,417,661</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese– Note 26)

#### Bonds

Non-convertible bonds at 30 June 2007 and 31 December 2006 are made up as follows:

Issuer	Financial instrument	Issue	Interest rate	Conditions / repayment	2007		2006	
					Current	Non- current	Current	Non- current
Cimpor Financial Operations B.V.	Eurobonds	27 May 2004	Fixed rate of 4.50%	27 May 2011	-	597,254	-	596,903
Cimpor Financial Operations B.V.	US Private Placement 10Y	27 June 2003	Fixed rate of 4.75%	27 June 2013	-	101,517	-	106,073
Cimpor Financial Operations B.V.	US Private Placement 12Y	27 June 2003	Fixed rate of 4.90%	27 June 2015	-	172,854	-	182,263
Cimentos de Moçambique S.A.R.L.	Bonds	13 December 2004	TAM + 5.25%	(1)	-	-	1,151	-
					-	871,625	1,151	885,239

(1) Early paid.

The changes in fair value incorporated in the book value of the US Private Placements at 30 June 2007 amounted to 70,338 thousand euros.

#### Bank loans

Bank loans at 30 June 2007 and 31 December 2006 are made up as follows:

Type	Currency	Interest rate	Non-current	
			2007	2006
Bilateral	EUR	Euribor + 0.275%	-	392,500
EIB Loan	EUR	EIB Basic rate	50,000	53,334
Bilateral	EGP	Caibor + 1.125%	-	8,702
Bilaterals	BRL	Several	17,035	16,636
Bilaterals	EUR	Several	65,124	364
Bilaterals	CVE	Several	409	-
Bilaterals	CNY	Several	23,181	-
			155,749	471,536

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

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Type	Currency	Interest rate	Current	
			2007	2006
EIB Loan	EUR	EIB Basic rate	6,666	6,666
Bilateral	EGP	Caibor + 1.125%	-	4,351
Bilateral	EGP	11.30%	517	-
Bilateral	EUR	Euribor + 1.1%	-	3,125
Bilaterals	BRL	Several	3,793	3,722
Bilaterals	EUR	Euribor + 0.275%	392,500	-
Bilateral	MAD	TMP BDT 5a+1.5%	2,896	2,798
Bilaterals	ZAR	Several	328	-
Bilaterals	CVE	Several	2,653	-
Bilaterals	CNY	Several	13,820	-
Bilaterals	TRY	Several	443	-
Bilaterals	EUR	Several	100,788	-
Commercial paper	EUR	Several	210,000	-
Overdrafts	MAD	Several	4,057	3,020
Overdrafts	ZAR	Several	261	153
Overdrafts	EUR	Several	1,584	21,782
Others	MAD	Several	-	5,810
			<u>740,305</u>	<u>51,427</u>

The non-current portion of loans at 30 June 2007 and 31 December 2006 is repayable as follows:

Year	2007	2006
2008	42,057	407,945
2009	36,522	15,445
2010	38,343	15,445
2011	610,040	603,570
2011 and following years	301,043	315,000
	<u>1,028,005</u>	<u>1,357,405</u>



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

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The loans at 30 June 2007 and 31 December 2006 are expressed in the following currencies:

Currency	2007		2006	
	Currency	Euros	Currency	Euros
EUR	-	1,401,302	-	1,070,383
USD	404,000	299,155	404,000	306,765
EGP	3,972	517	98,181	13,053
MZM	-	-	39,675	1,151
BRL	54,202	20,827	57,243	20,358
ZAR	5,617	588	1,410	153
MAD	77,743	6,953	64,563	5,798
CVE	337,715	3,063	-	-
TKY	772	443	-	-
CNY	393,169	38,266	-	-
		<u>1,771,114</u>		<u>1,417,661</u>

The foreign currency loans bear interest at market rates and were translated to euros at the exchange rate on the balance sheet date.

#### **Rating**

The larger bilateral loan (Euribor + 0.275%) establish that the spread must be indexed to the Standard & Poor's rating, therefore reflecting the assessment of risk of these operations.

#### **Control of the subsidiary companies**

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

The comfort letters provided by the Parent company and other subsidiary companies at 30 June 2007 and at 31 December 2006 totalled, approximately, 292,000 and 185,000 thousand euros, respectively.

#### **Financial covenants**

In the larger financial operations the loan contracts also contain financial covenants for certain financial ratios to be maintained at previously agreed levels.

The financial ratios are:

- Net debt / EBITDA
- EBITDA / (Financial expenses – Financial income)

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED**

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At 30 June 2007 and 31 December 2006 these ratios were within the commitments established.

#### **Negative pledge**

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

#### **Cross default**

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

## **20. Derivative financial instruments**

Under the risk management policy of the Cimpor Group, a range of derivative financial instruments have been contracted at 30 June 2007 and 31 December 2006 to hedge interest and exchange rate risk.

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

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

The recognition of financial instruments and their classification as hedging or trading instruments, is based on the provisions of IAS 39.

Hedge accounting is applicable to financial derivative instruments that are effective as regards the elimination of variations in the fair value or cash flows of the underlying assets/liabilities. The effectiveness of such operations is verified on a regular quarterly basis. Hedge accounting covers two types of operations:

- Fair value hedging
- Cash flow hedging

Fair value hedging instruments are financial derivative instruments that hedge exchange rate and/or interest rate risk. Changes in the fair value of such instruments are reflected in the statement of profit and loss. The underlying asset/liability is also valued at fair value as regards the part corresponding to the risk that is being hedged, the respective changes being reflected in the statement of profit and loss.

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

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Cash flow hedging instruments are financial derivative instruments that hedge the exchange rate risk on future purchases and sales of certain assets as well as cash flows subject to interest rate risk. The effective part of the changes in fair value of the cash flow hedging instruments is recognised in shareholders' equity, while the non effective part is reflected immediately in the statement of profit and loss.

Instruments held for trading purposes are financial derivative instruments contracted in accordance with the Group's risk management policies but where hedge accounting is not applicable, because they were not formally designated for that purpose or because they are not effective hedging instruments in accordance with the requirements of IAS 39.

#### Fair value of derivative financial instruments

The fair value of derivative financial instruments at 30 June 2007 and 31 December 2006 were as follows:

	Other assets				Other liabilities			
	Current		Non-current		Current		Non-current	
	2007	2006	2007	2006	2007	2006	2007	2006
Fair value hedges								
Exchange and interest rate swaps	-	-	3,416	2,623	-	-	157	-
Cash flow hedges								
Interest rate swaps	1,237	788	-	413	641	-	1,436	-
Trading								
Exchange and interest rate derivatives	-	-	-	-	6,231	3,501	82,628	72,383
Interest rate derivatives	54	-	-	-	1,368	902	62,175	55,926
	<u>1,291</u>	<u>788</u>	<u>3,416</u>	<u>3,036</u>	<u>8,240</u>	<u>4,404</u>	<u>146,397</u>	<u>128,309</u>

Some derivatives, although in compliance with the Group's risk management policies as regards the management of financial market volatility risks, do not qualify for hedge accounting, and so are classified as trading instruments.

The following schedule shows the operations at 30 June 2007 that qualify as fair value and cash flow hedging instruments:

Type of hedge	Notional	Type of operation	Maturity	Financial purpose	MtM
Fair value	EUR 22.325.000	Cross-Currency Swap	Oct.12	Principal and interest hedge on intercompany loan from C. Inversiones to NPC - CIMPOR	3,416
Fair value	EUR 7.000.000	Cross-Currency Swap	Oct.13	Principal and interest hedge on intercompany loan from C. Inversiones to NPC - CIMPOR	(157)
Cash-Flow	EUR 50.000.000	Fixed rate	Jun.08	Hedge of 15% of the 332.5 MM EUR bilateral loan from Totta	317
Cash-Flow	EUR 50.000.000	Fixed rate	Jun.08	Hedge of 15% of the 332.5 MM EUR bilateral loan from Totta	921
Cash-Flow	BRL 388.586.800	Fixed rate	Dec.11	Hedge of 100% of the interest of the issuer note Republic of Austria held in Cimpor Cimentos do Brasil	(2,078)
					<u>2,418</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED

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In addition, the portfolio of derivative financial instruments at 30 June 2007 that do not qualify as hedging instruments is made up as follows:

Notional	Type of operation	Maturity	Financial purpose	MtM
USD 150.000.000	Cross-Currency Swap	Jun.13	Hedge of 100% of the principle and interest 10Y tranche of the US Private Placements	(27,899)
USD 254.000.000	Cross-Currency Swap	Jun.15	Hedge of 100% of the principle and interest 12Y tranche of the US Private Placements	(60,959)
EUR 150.000.000	Variable rate	Dec.09	Hedge of 53% of the EUR tranche of the 2000-2005 Syndicated Loan liquidated on 30 June 2004 and subsequently allocated to reduce exposure to the variable rate of the Group's overall debt portfolio	(12,284)
EUR 100.000.000	Conditioned interest rate swap	Dec.09		
EUR 50.000.000	Fixed rate with option for variable rate	Dec.09	Hedge of 15% of the 332.5 MM EUR bilateral loan from Totta	(629)
EUR 216.723.549	Conditioned variable rate	Jun.15	Hedge of 100% of part of the floating cross-currency swap hedging the 12Y tranche of the US Private Placement	(50,575)
EUR 150.000.000	Floor sale over Spread 10Y US CMS - 2Y US CMS	Jun.15		
				<u>(152,348)</u>

## 21. Notes to the consolidated cash flow statements

### Cash and cash equivalents

Cash and cash equivalents at 30 June 2007 and 31 December 2006 is made up as follows:

	2007	2006
Cash	620	474
Bank deposits	162,445	318,514
Marketable securities	59,840	170,452
	<u>222,905</u>	<u>489,441</u>
Bank overdrafts (Note 19)	(5,902)	(24,955)
	<u>217,002</u>	<u>464,486</u>

The caption cash and cash equivalents includes cash, deposits repayable on demand, treasury applications and term deposits maturing in less than three months with insignificant risk of change in value. Bank overdrafts includes amounts drawn from current accounts with financial institutions.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED**

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#### **Receipts / Payments relating to loans**

Receipts and payments relating to loans in the six months ended 30 June 2007, relates, mainly, to the emission of commercial paper from Caixa Geral de Depósitos, amounting 210 million euros and to the utilisation of several credit lines to acquisition of Turkey business, in the amount of 158 million euros.

#### **Payments relating to investments**

Payments relating to investments in the six months ended 30 June 2007, relates, essentially, to the acquisition of the minority participations of the share capital of Betão Liz, S.A. (33,37%) and Cimentaçor, Lda. (25%) , amounting 11,650 thousand euros and to the increase of the participation (10,77%) in the share capital of Cimentos de Moçambique, S.A.R.L., in the amount of 4,483 thousand euros.

## **22. Related parties**

Transactions and balances between Cimpor – Cimentos de Portugal, SGPS, S.A. and Group companies were eliminated in the consolidation process and so are not disclosed in this note. At 30 June 2007, the balances and transactions between the Group and associated companies and with other related parties, relate to the normal operational activities, and no exceptional transaction relevant for disclosure occurred.

## **23. Contingent liabilities, guarantees and commitments**

### Contingent liabilities

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

As a result of the reviews performed by the tax authorities to the Company and its subsidiaries previous years income tax returns, several corrections were proposed to the tax amounts calculated by the Company. Even though the majority of the corrections made were contested, the Company has the procedure of, based on the understanding of its tax consultants, evaluate the nature of the corrections and to record in a prudent manner the potential risks associated.

The Board of Directors believes that, at 30 June 2007, the recorded provisions (Note 18) , are sufficient to face those risks.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED**

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#### Guarantees

At 30 June 2007 the Group companies had guarantees totalling 73,823 thousand euros given to third parties. Of these, 22,229 thousand euros correspond to guarantees given to the tax authorities to cover additional tax assessments for the years 1990 to 2003, the liability being provided for under the caption Provisions for legal and tax risks (Note 18).

At 30 June 2007 and 31 December 2006 the companies included in the consolidation had the following bank guarantees given to third parties:

	<u>2007</u>	<u>2006</u>
Guarantees given:		
For tax processes in progress	22,229	22,820
To suppliers	37,848	37,974
Others	<u>13,746</u>	<u>68,720</u>
	<u><u>73,823</u></u>	<u><u>129,515</u></u>

#### Other commitments

During the six months ended 30 June 2007 it did not occur any significant changes to the commitments reported on 31 December 2006.

#### **24. Subsequent events**

The most significant events which occurred after 30 June 2007 are described in the Directors' Consolidated Report.

#### **25. Financial statements approval**

The financial statements for the six months ended 30 June 2007 were approved by the Board of Directors on 26 September 2007.

#### **26. Note added for translation**

These consolidated financial statements are a translation of financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 – UNAUDITED (Translation of notes originally issued in Portuguese– Note 26)

### Qualifying Shareholdings <sup>(1)</sup>

Shareholders	No. of Shares	Share Capital %	Voting Rights % <sup>(2)</sup>
<b>Teixeira Duarte, SGPS,S.A.</b>	<b>135,473,319</b>	<b>20.16%</b>	<b>20.22%</b>
Through members of its board of directors and audit committee	166,755	0.02%	0.02%
Through Teixeira Duarte - Engenharia e Construções, S.A., which it controls	135,227,625	20.12%	20.19%
On its own account	41,500,000	6.18%	6.19%
Through members of its board of directors and audit committee	737,625	0.11%	0.11%
Through Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A., which it fully controls	92,990,000	13.84%	13.88%
Through Tedal, SGPS, S.A., which it fully controls	67,205,000	10.00%	10.03%
Through TDCIM, SGPS, S.A., which it fully controls	25,785,000	3.84%	3.85%
Through members of the board of directors and audit committee of TDG, SGPS, S.A., in which it has a direct shareholding	78,939	0.01%	0.01%
<b>Manuel Fino, SGPS, S.A.</b>	<b>127,825,670</b>	<b>19.02%</b>	<b>19.08%</b>
Through Someria Enterprises, Inc., which it fully controls	127,825,670	19.02%	19.08%
Through Investifino - Investimentos e Participações, SGPS. S.A., which it controls. <sup>(3)</sup>	127,825,670	19.02%	19.08%
On its own account	127,825,000	19.02%	19.08%
Through members of its board of directors and audit committee	670	0.00%	0.00%
<b>Credit Suisse Group</b>	<b>85,538,586</b>	<b>12.73%</b>	<b>12.77%</b>
Through Credit Suisse First Boston International, under the direct control of Credit Suisse, which, in turn, belongs to the above mentioned group <sup>(4)</sup>	76,399,370	11.37%	11.40%
Through Credit Suisse First Boston (Europe) Limited, under the direct control of Credit Suisse First Boston (UK) (International Holdings), which, in turn, belongs to the above mentioned group <sup>(5)</sup>	9,128,253	1.36%	1.36%
Through Credit Suisse First Boston LLC, under the direct control of Credit Suisse First Boston (USA) Inc., which, in turn, belongs to the above mentioned group	10,963	0.00%	0.00%
<b>Lafarge</b>	<b>84,908,825</b>	<b>12.64%</b>	<b>12.67%</b>
Through members of its board of directors and audit committee	1,120	0.00%	0.00%
Through Ladelis, SGPS, Lda., controlled by Lafarge Cimentos, S.A., which it controls	84,907,705	12.64%	12.67%
<b>Banco Comercial Português, S.A. (BCP) and BCP Pension Fund</b>	<b>64,474,186</b>	<b>10.04%</b>	<b>10.07%</b>
Banco Comercial Português, S.A. and entities related to it <sup>(6)</sup>	274,186	0.04%	0.04%
Banco Comercial Português, S.A.	500	0.00%	0.00%
Banco Millennium BCP Investimento, S.A.	261,586	0.04%	0.04%
Fundação Banco Comercial Português	12,100	0.00%	0.00%
Fundo de Pensões do Banco Comercial Português, S.A.	67,200,000	10.00%	10.03%
<b>Bipadosa, S.A.</b>	<b>20,303,525</b>	<b>3.02%</b>	<b>3.03%</b>
Through Metalúrgica Galaica, S.A., which it fully owns	20,303,525	3.02%	3.03%
Through Atlansider, SGPS, S.A., 50% owned by LAF 98, S.L., which it fully owns	20,303,525	3.02%	3.03%
On its own account	19,886,415	2.96%	2.97%
Through members of its board of directors and audit committee	105,110	0.02%	0.02%
Through Megasa - Comércio de Produtos Siderúrgicos, Lda., which it fully owns	312,000	0.05%	0.05%
Through Atlansider, SGPS, S.A., of which it owns 50% <sup>(7)</sup>	20,303,525	3.02%	3.03%
On its own account	19,886,415	2.96%	2.97%
Through members of its board of directors and audit committee	105,110	0.02%	0.02%
Through Megasa - Comércio de Produtos Siderúrgicos, Lda., which it fully owns	312,000	0.05%	0.05%
<b>Caixa Geral de Depósitos, S.A. (CGD) and CGD Pension Fund</b>	<b>13,977,706</b>	<b>2.08%</b>	<b>2.09%</b>
Caixa Geral de Depósitos, S.A.	13,700,706	2.04%	2.05%
On its own account	13,322,548	1.98%	1.99%
Through Caixa Seguros, SGPS, S.A., which it fully owns	378,158	0.06%	0.06%
Through Companhia de Seguros Fidelidade Mundial, S.A., which it fully owns	370,403	0.06%	0.06%
Through Império Bonança – Companhia de Seguros, S.A., fully owned by Império Bonança, SGPS, S.A. which it controls	7,755	0.00%	0.00%
Fundo de Pensões da Caixa Geral de Depósitos, S.A.	277,000	0.04%	0.04%

(1) As per notifications according to article 447 of the Portuguese Companies Code and official qualifying shareholdings announcements received by the company until June 30, 2007.

(2) Considering 2,097,092 own shares as at June 30, 2007.

(3) Company fully controlled by Manuel Fino, SGPS, S.A..

(4) Includes 11,482,758 shares that may come from the conversion of bonds.

(5) Includes 3,195,632 shares that may come from the conversion of bonds.

(6) As foreseen in article 20 of the Portuguese Securities Code.

(7) Shares only imputed once in the calculation of the position of Metalúrgica Galaica, S.A..

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## CIMPOR shares held by members of the Governing Bodies

As forseen in article 447 of the Portuguese Comercial Code

Shareholders	Shares	N.º of Shares 31-12-06	N.º of shares 30-06-07	2007 Trading			Date
				Acquisitions	Sales	Prices	
Ricardo Manuel Simões Bayão Horta	Cimpor	102,380	104,360	1,980		5.03	17-May-07
Luis Eduardo da Silva Barbosa	Cimpor	3,100	3,440	340		5.03	17-May-07
Jacques Lefèvre	Cimpor	2,600	2,940	340		5.03	17-May-07
Jean Carlos Ângulo	Cimpor	2,500	3,490	990		5.03	17-May-07
Jorge Manuel Tavares Salavessa Moura	Cimpor	124,000	155,780	34,000 40,000 40,000 1,780 40,000	91,500	3.20 3.30 4.05 6.25 5.03 4.90 7.10	14-Mar-07 14-Mar-07 14-Mar-07 28-Mar-07 17-May-07 25-May-07 29-May-07
Luis Filipe Sequeira Martins	Cimpor	94,020	130,000	27,000 31,000 1,680 20,000	12,394 1,570 6,036 23,700	3.20 3.30 6.68 6.67 6.66 5.03 4.90 7.15	14-Mar-07 14-Mar-07 16-Apr-07 16-Apr-07 16-Apr-07 17-May-07 25-May-07 30-May-07
Manuel Luis Barata de Faria Blanc	Cimpor	236,420	330,600	27,000 31,000 25,000 1,680 25,000	15,500	3.20 3.30 4.05 5.03 4.90 7.38	14-Mar-07 14-Mar-07 14-Mar-07 17-May-07 25-May-07 04-Jun-07
Pedro Maria Calainho Teixeira Duarte	Cimpor	379,140	554,970	40,000 44,000 40,000 1,830 50,000		3.20 3.30 4.05 5.03 4.90	14-Mar-07 14-Mar-07 14-Mar-07 17-May-07 25-May-07
Vicente Arias Mosquera	Cimpor	1,480	1,820	340		5.03	17-May-07
José Manuel Baptista Fino	Cimpor	330	670	340		5.03	17-May-07
José Enrique Freire Arteta	Cimpor	410	750	340		5.03	17-May-07



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## Companies under Article 447, no. 2d) of the Portuguese Commercial Code

### Acquisition and sale of shares:

	Nº. of Shares 31-12-2006	Nº. of Shares 30-06-07	Acquisitions	Sales	Price	Date
Teixeira Duarte Engenharia e Construções, S.A. (1)	42,500,000					
				44,300	6.18	26-Jan-07
				55,700	6.18	29-Jan-07
				50,000	6.20	30-Jan-07
				50,000	6.24	31-Jan-07
				50,000	6.28	1-Feb-07
				50,000	6.30	2-Feb-07
				50,000	6.29	5-Feb-07
				50,000	6.32	6-Feb-07
				50,000	6.43	13-Feb-07
				50,000	6.41	14-Feb-07
				60,702	6.09	20-Mar-07
				139,298	6.16	21-Mar-07
				50,000	6.30	22-Mar-07
				50,000	6.32	23-Mar-07
				7,500	6.30	29-Mar-07
				17,500	6.30	2-Apr-07
				37,359	6.33	2-Apr-07
				12,641	6.35	4-Apr-07
				42,500	6.40	4-Apr-07
				17,500	6.43	5-Apr-07
				65,000	7.43	11-Apr-07
		41,500,000				
Atlansider, SGPS, S.A. (2)	19,632,290					
			110,000		5.90	5-Mar-07
			23,076		5.97	6-Mar-07
			34,331		6.00	14-Mar-07
			30,000		6.00	15-Mar-07
			56,718		6.00	16-Mar-07
		19,886,415				
Megasa - Comércio de Produtos Siderúrgicos, Lda. (3)	312,000					
		312,000				
Investifino - Investimentos e Participações, SGPS, S.A. (4)	127,825,000					
		127,825,000				
Caxalp, SGPS, Lda. (5)	362,000					
			91,500		6.25	29-Mar-2007
			32,500		6.90	24-May-2007
				50,000	7.35	4-Jun-2007
			10,000		6.95	6-Jun-2007
			10,000		6.94	6-Jun-2007
			10,000		6.93	6-Jun-2007
			10,000		6.91	7-Jun-2007
			10,000		6.90	7-Jun-2007
		486,000				

### Encumbrance of shares:

	Nº. of shares 31-12-2006	Nº. of shares 30-06-07
Teixeira Duarte Engenharia e Construções, S.A. (1)	33,042,230	33,042,230
Investifino - Investimentos e Participações, SGPS, S.A.(4)	125,282,000	125,282,000

#### Notes:

- (1) Pedro Maria Calaiinho Teixeira Duarte, as a member of the Board of Directors.
- (2) Ricardo Bayão Horta, and José Enrique Freire Arteta, as members of the Board of Directors.
- (3) José Enrique Freire Arteta, as manager.
- (4) José Manuel Baptista Fino, as a member of the Board of Directors.
- (5) Jorge Manuel Tavares Salavessa Moura, as managing partner.