CIMPOR

Cajati Plant – Brazil

Consolidated Financial Release 2011

(Translated from the original version in Portuguese language)

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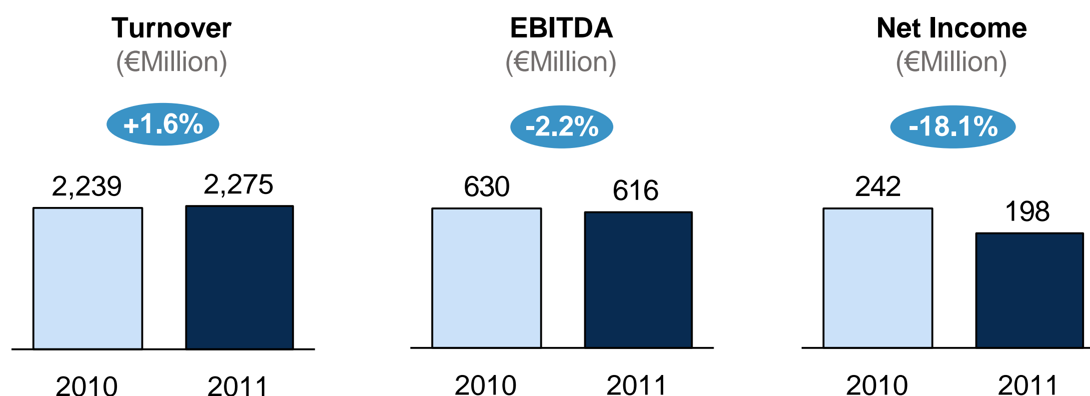
Emerging markets and costs reduction protect CIMPOR



- Diversification and presence in emerging markets support €616 Million EBITDA (2.2% down on 2010, and 2nd best ever), resisting Iberia economic contraction and difficulties rising from the political situation in Egypt.

- Turnover rises 1.6% in 2011 reaching €2.3 Billion driven by favourable cement prices in most markets.

- "BEST" cost cutting programme results exceed €40 Million offsetting the general increase of most production costs, namely fuel and electricity.

- In a year in which most countries improved their performance, Brazil continues being the main contributor to growth albeit recoveries in Mozambique, Turkey and China, led EBITDA yoy growth percentages, offsetting significant drops in Portugal and Egypt.

- Significant depreciations of the Turkish lira and the Egyptian pound were the main drivers for the negative exchange rate impact on 2011 results.

- Impairments in Spain, tax provisions in Brazil and the increase in financial charges (essentially spreads) impacted Net Income, which fell 18.1% to €198.1 Million.

- Standard & Poor's officially decoupled Cimpor from Portugal sovereign risk, reaffirming its investment grade credit rating.

- Financial strength supports same payout - €0.166 dividend per share.

Key Figures

				4th Quarter		
	2011	2010	% Chg.	2011	2010	% Chg.
Cement and Clinker Sales (M tons)	27.5	28.3	-2.7	6.7	7.0	-3.1
Turnover (€ Million)	2,275.3	2,239.4	1.6	534.3	558.4	-4.3
EBITDA (€ Million)	616.0	629.8	-2.2	136.8	154.7	-11.6
Net Income (€ Million) [1]	198.1	241.8	-18.1	17.3	71.4	-75.7
	31st December, 2011			31st December, 2010		
Net Financial Debt/EBITDA	2.63			2.48		

[1] Attributable to shareholders

1. Operating Activities

The last quarter of 2011 was marked by increased international uncertainty mainly as a result of the Euro Zone sovereign debt crisis.

Overall the year was characterised by an increased difference in the rate of economic growth in developed and in emerging countries, even if some emerging economies saw their rate of growth drop off slightly.

Thus, in a year in which significant adversity was faced in two of the traditionally most profitable countries for the company (Portugal and Egypt), recovery or growth in other emerging markets (Brazil, Mozambique, Turkey and China) alongside cost cutting programmes and initiatives protected Cimpor and provided a €616.0 Million EBITDA, containing its drop to just 2.2%.

Iberia and Cape Verde

Despite exports, Portugal feels the effects of the economic context...

Cement consumption in Portugal and Spain, facing investment programmes and construction contraction, in both cases saw very significant drops (around 15% in Portugal and 17% in Spain, according to the latest estimates).

Key Figures (Iberia and Cape Verde)

				4th Quarter		
	2011	2010	% Chg.	2011	2010	% Chg.
Portugal						
Cement and Clinker Sales (Th. tons)	3,700	4,557	-18.8	803	945	-15.0
Turnover (€ Million)	378.2	438.1	-13.7	81.9	97.3	-15.8
EBITDA (€ Million)	99.4	138.0	-28.0	12.8	28.1	-54.4
Spain						
Cement and Clinker Sales (Th. tons)	2,397	2.856	-16.1	510	623	-18.1
Turnover (€ Million)	249.8	272.5	-8.3	54.0	59.3	-9.0
EBITDA (€ Million)	34.6	32.5	6.4	8.6	9.0	-4.7
Cape Verde						
Cement and Clinker Sales (Th. tons)	227	234	-3.0	45	49	-8.7
Turnover (€ Million)	32.1	31.1	3.3	6.3	6.8	-7.1
EBITDA (€ Million)	4.1	3.7	11.0	0.4	0.7	-48.2

Additionally, in Portugal (despite an increase in cement exports to other countries – increased Trading activities) there was a drop of around 25% of total exports mainly due to a reduced need for clinker in Egypt. Measures implemented to adjust to the current economic context, including cost cutting programme initiatives such as the use of alternative fuel and optimising

logistic costs were not enough to offset the downturn in the market and a fuel price hike (of over 20%), driving EBITDA down by 28.0% in 2011.

In Spain, despite an even greater drop in cement consumption than in Portugal, leasing a milling facility in Antequera (Malaga province) allowed Cimpor's domestic sales to fall less than the market. Although exports were also lower than in 2010, the favourable change in sales prices and several cost cutting measures made it possible to offset high fuel and electricity prices, and increase EBITDA by 6.4%.

It is also worth noting that both in Portugal and in Spain, the drop in demand was minimised by the sale of CO2 licenses, although limitedly due to a drop in their market price, particularly at the end of 2011.

In Cape Verde, a slight drop in cement sales was more than offset by price improvements and by a notable rise in aggregate sales, with EBITDA rising 11% against previous year.

Brazil

The main growth driver…

Despite a slowdown in the 2011 economic growth rate, the variety of structural programmes that have been launched over the last few years by the Brazilian government, such as the “Growth Acceleration Programme” (“Programa de Aceleração do Crescimento”) and the “My House My Life Project” (“Projeto Minha Casa Minha Vida”), have supported a rise in cement demand, which is estimated at around 7%. Thus, because of its economic vigour and the size of the group’s presence in that market, Brazil continued to be the main growth driver in Cimpor’s portfolio. Cement and clinker sales rose 5.6% and concrete sales by almost 14% against 2010. The favourable progress of cement prices, improved industrial performance leveraged by cost cutting programme initiatives and the increased contribution of the concrete business were decisive in the over 10% increase year-on-year in EBITDA.

Key Figures (Brazil)

				4th Quarter		
	2011	**2010**	**% Chg.**	**2011**	**2010**	**% Chg.**
Brazil						
Cement and Clinker Sales (Th. tons)	5,626	5,327	5.6	1,366	1,363	0.2
Turnover (€ Million)	688.9	609.2	13.1	162.9	164.0	-0.6
EBITDA (€ Million)	210.1	190.9	10.1	44.4	47.5	-6.6

Mediterranean Rim

Morocco and Tunisia stable. Drop in Egypt partially offset by turnaround in Turkey…

Key Figures (Mediterranean Rim)

				4th Quarter		
	2011	2010	% Chg.	2011	2010	% Chg.
Morocco						
Cement and Clinker Sales (Th. tons)	1,209	1,135	6.5	295	256	15.1
Turnover (€ Million)	99.7	94.5	5.5	24.1	21.4	12.8
EBITDA (€ Million)	40.9	41.6	-1.6	11.7	8.6	36.0
Tunisia						
Cement and Clinker Sales (Th. tons)	1,738	1,737	0.1	417	414	0.7
Turnover (€ Million)	83.6	78.0	7.1	20.0	19.2	4.2
EBITDA (€ Million)	23.8	23.3	2.5	5.6	5.4	4.2
Egypt						
Cement and Clinker Sales (Th. tons)	3,226	3,657	-11.8	805	796	1.1
Turnover (€ Million)	165.6	226.6	-26.9	38.5	47.3	-18.6
EBITDA (€ Million)	50.0	86.9	-42.5	9.6	18.2	-47.1
Turkey						
Cement and Clinker Sales (Th. tons)	3,034	2,884	5.2	717	753	-4.8
Turnover (€ Million)	165.6	154.5	7.2	38.5	44.0	-12.4
EBITDA (€ Million)	31.3	22.0	42.4	7.4	4.8	56.7

In Morocco Cimpor benefited from demand growth as cement sales rose 6.5% against 2010. However, as a new operator entered the market it was impossible for cement prices to rise in line with cost increases, particularly fuel, which, along third-party clinker usage led to a 1.6% fall in EBITDA year-on-year.

In Tunisia, despite demand falling against 2010 as a result of social and political events, Cimpor managed to prevent these events from having a significant impact in its industrial operation and even increased its sales within the domestic market by around 1% (taking exports in account sales were unchanged form the previous year) and in 2011 was the country's market leader. As a result of an increase in cement sales in the domestic market, of extraordinary growth in the aggregates business (sales rose four-fold against 2010 when production began only in the mid of the year) and despite significant rises of fuel and staff costs, Cimpor's EBITDA in Tunisia rose 2.5% against the previous year.

In Egypt, Cimpor's operations were considerably affected by social and political events sparked off at the beginning of 2011 by the "Arab Spring." These events not only had an impact on the drop, albeit slight, in demand for cement in the country, but also led to a stoppage at the plant for several days in February and in May, to extraordinary staff cost increases, significant

exploration fees increases and a lack of fuel for clinker production, particularly in the last quarter, which led to the need to purchase some clinker from third parties. It should also be mentioned that in 2011 some additional capacity was added to the market, which had a negative effect not only on Cimpor's market share but especially on the average sales price, which fell against the previous year. Thus, despite some additional clinker exports whilst there was no fuel shortage, Cimpor's sales in Egypt fell 11.8% compared to 2010. As a result of the factors described above and with the added negative impact of more than 10% average depreciation of the Egyptian pound against the euro, EBITDA fell 42.5% against 2010 levels.

In 2011 the Turkish economy posted notable growth and construction was one of the driving forces behind this phenomenon. Domestic cement demand is estimated to have risen by 14% and Cimpor sales (in the Central Anatolia and Black Sea regions) are estimated to have risen at the same rate. The cement price also improved significantly, which helped to offset the very significant increase in some costs, such as fuel costs which rose by over 30%. Thus, despite a heavy depreciation of the Turkish lira (almost 17% on average), the very favourable economic climate and the measures put in place to improve profitability in Turkey resulted in year-on-year EBITDA growth of 42.4%.

Southern Africa

Slight growth in South Africa and extraordinary improvement in Mozambique…

Key Indicators (Southern Africa)

				4th Quarter		
	2011	**2010**	**% Chg.**	**2011**	**2010**	**% Chg.**
South Africa						
Cement and Clinker Sales (Th. tons)	1,230	1,152	6.8	293	266	10.3
Turnover (€ Million)	148.7	144.8	2.7	33.8	33.2	1.9
EBITDA (€ Million)	59.7	58.9	1.3	14.4	12.8	12.7
Mozambique						
Cement and Clinker Sales (Th. tons)	976	884	10.4	274	232	17.9
Turnover (€ Million)	114.6	88.1	30.2	33.6	22.5	49.5
EBITDA (€ Million)	23.6	11.4	106.5	9.4	3.8	150.6

Following two years of decreased cement sales (2009 and 2010) in 2011 Cimpor increased its sales in South Africa. Although, according to the latest estimates, domestic demand increased by just over 3%, our cement sales, including some exports, increased by 6.8% on the previous year. Even with a slight drop in the sales price, volume increased enough to offset significant price rises in fuel and especially electricity, and EBITDA rose 1.3% as compared to 2010.

In 2011 Cimpor significantly increased the volume and profitability of its operations in Mozambique. In a market that continues to poste notable growth rates, an improvement in

industrial performance, as a result of the investment and rehabilitation programme launched in 2010, made it possible to increase clinker production by over 30% and thus substantially reduce imports. In this way, and driven by positive price performance (with some drops in the second half of the year due to increased pressure from imports and the launch of a new operator on the market) and because of the appreciation of the metical, EBITDA more than doubled in relation to the previous year, growing 106.5%.

Asia

Despite a less positive 4th quarter, China doubles its EBITDA...

Despite the end of the year being affected by operating problems and by a drop in cement prices against the previous months due to increased supply and a cooling off of demand in areas in which the Group is present, 2011 was overall a very positive year for Cimpor's operations in China. The reason behind the two-fold increase in EBITDA – which rose from just €8.9 Million in 2010 to almost €18 Million in 2011 (+100.9%) – is a substantial rise in sales price based on more favourable market conditions since the end of 2010 and a number of management measures implemented by Cimpor with a view to strengthening control of operations and improving their efficiency.

Key Figures (Asia)

				4th Quarter		
	2011	2010	% Chg.	2011	2010	% Chg.
China						
Cement and Clinker Sales (Th. tons)	3,893	4,105	-5.1	1,097	1,185	-7.4
Turnover (€ Million)	127.6	106.1	20.3	35.5	39.7	-10.7
EBITDA (€ Million)	17.9	8.9	100.9	-3.2	11.3	n.s.
India						
Cement and Clinker Sales (Th. tons)	927	949	-2.4	242	286	-15.3
Turnover (€ Million)	50.8	48.2	5.5	12.7	13.1	-2.9
EBITDA (€ Million)	3.4	4.3	-21.9	0.8	0.5	70.3

In India, despite the country economic growth, Cimpor activity in 2011 was affected by strong supply pressure in the area where the company is present (Gujarat), which prevented sales from rising against the previous year. The price, although it oscillated throughout the year, overall performed positively on average compared to 2010, but was not enough to offset significant rises in the price of the main production factors, notably fuel and electricity, which rose by more than 20%. With an average annual depreciation of the rupee of almost 8%, EBITDA generated in India dropped 21.9% compared to the figure for the previous year.

2. Global Performance

Sales

Cimpor Consolidated cement and clinker sales in 2011 totalled 27.5 million tons, falling 2.7% against the 28.3 million tons sold in 2010. Emerging markets (including export destinations) are increasing their weight in Cimpor portfolio and now account for 82% of the total or 3 p.p. more than in the previous year.

The significant rise posted in Brazil and Turkey, and, to a lesser extent (in absolute terms for the Group), in Mozambique, in South Africa and in Morocco, were not enough to offset drops seen in China, in Spain, in Egypt and, particularly in Portugal, where there was a fall of 18.8% against 2010 (around 850,000 tons).

Cement and Clinker Sales (Th. tons)

				4th Quarter		
	2011	2010	% Chg.	2011	2010	% Chg.
Portugal	3,700	4,557	-18.8	803	945	-15.0
Spain	2,397	2,856	-16.1	510	623	-18.1
Morocco	1,209	1,135	6.5	295	256	15.1
Tunisia	1,738	1,737	0.1	417	414	0.7
Egypt	3,226	3,657	-11.8	805	796	1.1
Turkey	3,034	2,884	5.2	717	753	-4.8
Brazil	5,626	5,327	5.6	1,366	1,363	0.2
Mozambique	976	884	10.4	274	232	17.9
South Africa	1,230	1,152	6.8	293	266	10.3
China	3,893	4,105	-5.1	1,097	1,185	-7.4
India	927	949	-2.4	242	286	-15.3
Cape Verde	227	234	-3.0	45	49	-8.7
Intra-group	-667	-1,208	n.s.	-128	-218	n.s.
Consolidated	**27,515**	**28,269**	**-2.7**	**6,738**	**6,951**	**-3.1**

In the concrete business, in 2011 Cimpor sold around 6.8 million cubic metres, or 1.0% more than in the previous year. In global terms there were significant increases seen in Brazil (+13.7%) and in Turkey (+7.8%), which offset a drop in sales in Portugal (-12.4%). It is also worth noting that, in Spain, despite an extremely unfavourable economic climate (estimates point to the overall market contracting by around 17%), it was possible to increase sales on the previous year (+1.1%) essentially because of increases seen in the southern regions (Extremadura and Andalucía) as a result of supplying concrete to some sections of railway lines and solar power plants.

In terms of aggregates Cimpor increased its sales in 2011 to 13.1 million tons, or 2.5% more than in 2010. In this business Tunisia's performance should be highlighted as in its first full year of business (in 2010 operations began at the end of the 1st half) sales rose from 264,000 tons in 2010 to almost 1.1 million tons in 2011 (+315.5%). This also happened in Cape Verde (+191.6%), due to supplying some substantial construction projects, and in Brazil (+271.8%), as a result of opening a new quarry in Cezarina in September 2010, sales rose substantially compared to the previous year. The abovementioned increases thus offset drops seen mainly in Portugal (-13.4%) and in Spain (-7.7%)

The mortars business sold 438,000 tons in 2011, or 7.6% less than in 2010. The decrease was due to a drop in sales in Portugal (-15.3%) and in Spain (-12.7%), which was lessened by a slight increase in business in Brazil (+0.5%).

Sales of Concrete, Aggregates and Mortars (Th. m^3)			
Concrete (Th. m^3)	**2011**	**2010**	**% Chg.**
Portugal	1,805	2,061	-12.4
Spain	1,412	1,396	1.1
Turkey	1,173	1,088	7.8
Brazil	1,708	1,502	13.7
Others	689	673	2.3
Total Concrete	**6,786**	**6,721**	**1.0**
Aggregates (Th. ton)	**2011**	**2010**	**% Chg.**
Portugal	4,893	5,651	-13.4
Spain	3,903	4,228	-7.7
Turkey	1,741	1,719	1.3
Tunisia	1,098	264	315.5
Others	1,435	888	61.6
Total Aggregates	**13,071**	**12,751**	**2.5**
Mortars (Th. ton)	**2011**	**2010**	**% Chg.**
Portugal	103	122	-15.3
Spain	125	143	-12.7
Brazil	210	209	0.5
Total Mortars	**438**	**474**	**-7.6**

Turnover

Cimpor's consolidated turnover in 2011 totalled €2,275.3 Million, thus growing 1.6% against the previous year. Despite the decrease in cement and clinker sales analysed above and the depreciation of most local currencies against the euro, the increase in sales of concrete and aggregates and, above all, good sales price performance in most countries were at the root of this figure. It should also be noted that Cimpor Turnover in 2011 fell in just three of the countries in which it is present (Portugal, Spain and Egypt), precisely those that were most affected by the year's contingencies (Euro Zone crisis and the "Arab Spring").

Turnover (€ Million)

				4th Quarter		
	2011	**2010**	**% Chg.**	**2011**	**2010**	**% Chg.**
Portugal	378.2	438.1	-13.7	81.9	97.3	-15.8
Spain	249.8	272.5	-8.3	54.0	59.3	-9.0
Morocco	99.7	94.5	5.5	24.1	21.4	12.8
Tunisia	83.6	78.0	7.1	20.0	19.2	4.2
Egypt	165.6	226.6	-26.9	38.5	47.3	-18.6
Turkey	165.6	154.5	7.2	38.5	44.0	-12.4
Brazil	688.9	609.2	13.1	162.9	164.0	-0.6
Mozambique	114.6	88.1	30.2	33.6	22.5	49.5
South Africa	148.7	144.8	2.7	33.8	33.2	1.9
China	127.6	106.1	20.3	35.5	39.7	-10.7
India	50.8	48.2	5.5	12.7	13.1	-2.9
Cape Verde	32.1	31.1	3.3	6.3	6.8	-7.1
Trading / Shipping	205.8	147.9	39.1	55.9	49.7	12.4
Others (1)	-235.8	-200.1	n.s.	-63.5	-59.2	n.s.
Consolidated	**2,275.3**	**2,239.4**	**1.6**	**534.3**	**558.4**	**-4.3**

(1) Includes Intra-Group eliminations

EBITDA

Cimpor's EBITDA in 2011 totalled €616.0 Million, dropping 2.2% against 2010.

In the last quarter of the year essentially because of the downturn in the Portuguese market, the full capacity in Brazil (due to scheduled kiln stoppages) which prevented sales from totally meeting demand and the cooling in China operations, EBITDA totalled just €136.8 Million, or 11.6% less than in the same period of the previous year.

In terms of currency translations, depreciation of the main currencies of the countries in which the group is present, notably depreciation of the Egyptian pound (-10.3%) and the Turkish lira (-16.8%), had a negative impact of more than €10 Million on EBITDA in 2011. That is to say that if currency effects were removed EBITDA in 2011 would have been practically identical to that of the previous year.

The favourable performance of cement prices in the majority of the countries and several efficiency initiatives under the "BEST" cost cutting programme – with results of more than €40 Million per year in savings - were essential to offset the significant rises affecting most production factors, notably fuel and electricity (+16% and +8%, on average for the group). The cost cutting measures included the improvement of specific consumptions (thermal and electric) or optimisation of fixed and logistical costs and increased use of alternative fuel and centralised procurement. Despite these measures, the EBITDA margin fell by around 1 p.p. to 27.1%.

EBITDA (€ Million)

				4th Quarter		
	2011	**2010**	**% Chg.**	**2011**	**2010**	**% Chg.**
Portugal	99.4	138.0	-28.0	12.8	28.1	-54.4
Spain	34.6	32.5	6.4	8.6	9.0	-4.7
Morocco	40.9	41.6	-1.6	11.7	8.6	36.0
Tunisia	23.8	23.3	2.5	5.6	5.4	4.2
Egypt	50.0	86.9	-42.5	9.6	18.2	-47.1
Turkey	31.3	22.0	42.4	7.4	4.8	56.7
Brazil	210.1	190.9	10.1	44.4	47.5	-6.6
Mozambique	23.6	11.4	106.5	9.4	3.8	150.6
South Africa	59.7	58.9	1.3	14.4	12.8	12.7
China	17.9	8.9	100.9	-3.2	11.3	n.s.
India	3.4	4.3	-21.9	0.8	0.5	70.3
Cape Verde	4.1	3.7	11.0	0.4	0.7	-48.2
Trading / Shipping	11.8	9.7	21.8	4.3	0.1	n.s.
Others	5.4	-2.2	n.s.	10.5	4.1	153.3
Consolidated	**616.0**	**629.8**	**-2.2**	**136.8**	**154.7**	**-11.6**
EBITDA Margin	**27.1%**	**28.1%**		**25.6%**	**27.7%**	

In most of the countries EBITDA performance was positive, most notably the rises already mentioned in Brazil, Mozambique, Turkey and China. These rises were, in most cases, the result of significant economic vigour (mainly in Brazil, Turkey and China) alongside a substantial improvement in performance (particularly in Mozambique and China) based on several management measures that have been implemented. However, the impact of the bailout programme in Portugal and the "Arab Spring" resulting in drops in EBITDA of almost 30% in Portugal and of more than 40% in Egypt ended up cancelling out additional results achieved in the remaining countries. The influence of these events was so significant that, excluding contributions from Iberia and Egypt, EBITDA would have grown of 15% against 2010.

3. Depreciation and Provisions

In 2011 Depreciations and Provisions totalled €243.2 Million, rising 10.2% on the previous year. This increase is basically explained by recording impairments of the non-cement business in Spain (€10 Million) resulting from the continued restructuring that began in previous years in order to adapt operating capacity to the downturn in the market and by an increase in tax-related cases Provisions in Brazil (around €8 Million).

4. Financial Results and Taxes

In 2011 Cimpor's Financial Results were negative by €80.9 Million, which compares unfavourably with the figure for the previous year by about €20 Million.

The worsening of Financial Results, excluding the effects of non-recurring operations, is mainly the result of the increased funding costs of the Group, particularly due to the increased spreads borne.

Cimpor was not immune to the worsening of financing conditions currently affecting Southern Europe. All the debt contracted in the last quarter of 2010 refinancing (with a reduced impact on the previous year's results) impacted results in the current year. Alongside this, the new debt instruments contracted in 2011 have substantially higher credit spreads than those previously in Cimpor's Balance Sheet, which explains the rise in net interests. The replacement of the very low cost debt contracted in 2007 and 2008 is, therefore, the main explanation for the rise in financial costs. The increase was partly minimised by the improvement of financial earnings of interest on large amounts of cash and deposits held by the Group. Most notable amongst these financial earnings are those from the Group's top companies and Brazil (€13.4 and €4.8 Million, respectively).

Income Tax totalled €85.7 Million in 2011, 11.4% less than in 2010. Thus, the rise in Income Tax rate of 1.6 p.p. is essentially the result of increasing results in jurisdictions with higher tax rates. Additionally in the 4th quarter of 2011 the concentration of funds at the top of the Group implied higher payment of taxes at source, while a number of deferred tax adjustments were also carried out.

Income Statement (€ Million)

				4th Quarter		
	2011	2010	%Chg.	2011	2010	% Chg.
Turnover	**2,275.3**	**2,239.4**	**1.6**	**534.3**	**558.4**	**-4.3**
Net Operating Cash Costs	1,659.3	1,609.6	3.1	397.5	403.6	-1.5
EBITDA	**616.0**	**629.8**	**-2.2**	**136.8**	**154.7**	**-11.6**
Amortizations and Provisions	243.2	220.7	10.2	69.4	44.3	56.6
Operating Income (EBIT)	**372.8**	**409.1**	**-8.9**	**67.4**	**110.4**	**-39.0**
Financial Results	-80.9	-60.6	n.s.	-31.8	-12.6	n.s.
Pre-tax Income	**291.9**	**348.5**	**-16.2**	**35.6**	**97.8**	**-63.6**
Income Tax	85.7	96.8	-11.4	20.6	21.4	-3.7
Net Income	**206.1**	**251.7**	**-18.1**	**15.0**	**76.4**	**-80.4**
Attributable to:						
- Shareholders	198.1	241.8	-18.1	17.3	71.4	-75.7
- Minority Interests	8.0	9.9	-19.0	-2.4	5.0	-147.0

As a result of these extraordinary charges Net Income attributable to Shareholders, fell 18.1% in 2011 to €198.1 Million.

5. Balance Sheet

At 31st December 2011, Cimpor's Net Assets were €5,237 Million, a decrease of 2.7% against 31st December 2010, mainly due to the depreciation against the euro of the majority of currencies in which Cimpor holds its assets.

In order to meet demand growth in emerging markets Cimpor approved significant investments, especially to boost capacity, but also to improve efficiency. Net operating investment in 2011 totalled €294.5 Million, or circa 80% more than the amount invested in the previous year. The enhanced investment amount was intended to increase production capacity in markets with the greatest potential for growth. Examples of this are the acquisition of 100% of CINAC and the new cement mill in Matola, in Mozambique as well as expansion and revamping at Cezarina and at Campo Formoso, in Brazil. Investments related to improving operating efficiency are also noteworthy, such as the installation of electricity production by recovering heat from gas emissions from the production process (Waste Heat Recovery - WHR) in India, and the logistics optimization such as the replacement of the “Niebla” ship (sold in 2010) with the “Temara”, which is better adapted to current needs.

At 31st December, 2011 Cimpor Net Financial Debt stood at €1,623 Million, rising by around €61 Million against the same date in 2010. The rise in debt is mainly explained by increased investments, and the Net Debt/EBITDA ratio reached 2.63x, well below contractual- covenants.

Consolidated Balance Sheet Summary (€ Million)			
	31st December, 2011	31st December, 2010	% Chg.
Assets			
Non-current Assets	3,866.6	3.937.5	-1.8
Current Assets			
Cash and its Equivalents	610.4	659.7	-7.5
Other Current Assets	760.0	787.7	-3.5
Total Assets	**5,237.0**	**5,384.9**	**-2.7**
Equity attributable to:			
Shareholders	1,982.9	2,132.8	-7.0
Minority Interests	101.5	97.4	4.1
Total Equity	**2,084.3**	**2,230.2**	**-6.5**
Liabilities			
Loans	2,207.8	2,194.1	0.6
Provisions	225.3	195.2	15.4
Other Liabilities	719.6	765.3	-6.0
Total Liabilities	**3,152.7**	**3,154.6**	**-0.1**
Equity and Liabilities	**5,237.0**	**5,384.9**	**-2.7**

In 2011 *Standard & Poor's* reaffirmed its rating of Cimpor, improving its position in the sector ranking. In fact S&P recognised the credit benefits of the Group's portfolio, explicitly decoupling its risk from the Portuguese Republic.

Ahead of a possible downgrade of Spanish banks Cimpor converted part of its credit lines contracted in Spain into bilateral loans in order to prevent any doubts emerging on the robustness of those instruments. The negative impact of carrying costs on financial costs was considered necessary to keep controlled the liquidity risk, thus safeguard the credit rating.

As well as drawing the €320 Million *forward start facility* of contracted as part of the Autumn 2010 refinancing, in 2011 total loans of €300 Million were raised from non-Portuguese counterparts at the top of the Group, including, besides the above mentioned Spanish banks medium-term loans with, a €100 Million four-year bullet loan from a Brazilian bank and a long term Private Placement operation on the US market, increasing the nominal value of the transaction carried out in December 2010 from US$200 Million to US$240 Million.

The company continues to preserve its high liquidity level, considered essential to keep its *investment grade* status in the currently turbulent financial market climate. Thus, at the end of 2011 Cimpor had Cash and Deposits of €610 Million and available and totally guaranteed lines of credit at the top of the Group of €385 Million, totalling a liquidity of €995 Million.

At 31st December 2011, the average maturity of financial responsibilities at the top of the Group was of almost three years. This was strongly influenced by the closure of the European bond market, which made impossible to replace, at acceptable prices, the bond issue repaid last May. This led Cimpor to raise bank debt with a substantially lower maturity than what can usually be achieved in capital market transactions.
As Cimpor is keeping its European Medium Term Notes Programme updated, as soon as market conditions are appropriate, a bond issue will considerably improve the average duration of the company's financial liabilities.

6. Dividend Proposal

In the current difficult financial market conditions and taking into account projected investments it is considered appropriate to continue with conservative financial management. Thus, given the development of Net Income and cash-flow, the Board of Directors, in line with the policy approved and implemented in the last few years, intends to propose to the Annual General Meeting to maintain the *pay out*, thus reducing the gross dividend payment to €0.166 per share, 19% lower than the gross dividend for 2010. This amount corresponds to a dividend yield of 3.1% against the share price at 31st December, 2011 and 3.3% against the share price at the end of the last trading day (27th February 2012).