MATERIAL EVENT

(ADDENDUM)

IMPACT FROM THE TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

CIMPOR – Cimentos de Portugal, SGPS, S.A., hereby publishes an addendum to the impact from the transition to International Financial Reporting Standards (IFRS) disclosed yesterday. The correction, marked in blue, was made on the Consolidated Statement of Profit and Loss for the year ended 31 December, 2004 (Proform) and does not interfere with the Net Income for the year.

1. INTRODUCTION

According to laws in force, companies quoted on EU stock exchanges must apply International Financial Reporting Standards (IFRS) when preparing their consolidated financial statements for fiscal years starting after 1 January 2005.

Consequently and for comparative purposes, the 2004 consolidated financial statements must be adjusted to reflect the new standards.

For statutory purposes, the individual financial statements of CIMPOR – Cimentos de Portugal, SGPS, S.A. (CIMPOR) will continue to be prepared according to the accounting standards generally accepted in Portugal (PGAAP).

2. LIMITATIONS AND CONSIDERATIONS

The reported financial information – not audited – was prepared based on CIMPOR's understanding of the current version of international accounting standards and of their respective interpretations (IAS – International Accounting Standards, IFRS – International Financial Reporting Standards, interpretations disclosed by SIC – Standing Interpretations Committee and IFRIC – International Financial Reporting Interpretations Committee), hereinafter designated overall as IFRS.

This information aims to disclose the main reclassifications and adjustments performed by the CIMPOR Group in its transition to the IFRS, but it does not intend to comprise a full set of financial statements in accordance with the said IFRS. The information must also be viewed as preliminary since it was prepared according to accounting policies compliant with the IFRS in force on 31 December 2004 which may be altered until the date on which the first complete set of financial statements are reported according to the IFRS.

Additionally, to this date, the information related to transition impacts for IFRS financial statements in some affiliated companies is not available and, consequently, the effects related to the equity method in the respective valuation.

3. MAIN IMPACTS OF APPLYING THE IFRS

3.1. RULES APPLIED IN THE TRANSITION

As stipulated in IFRS1, CIMPOR prepared an opening balance sheet on the transition date – 1 January 2004 – in accordance with the IFRS.

As a general principle, IFRS1 stipulates that CIMPOR's accounting policies, in accordance with the IFRS in force, must be applied retrospectively and that the corresponding adjustments on the transition date must be recorded in Retained Results.

Among the various exceptions to that principle, set forth in IFRS1, the most significant exceptions applied by CIMPOR were as follows:

- **Business combinations and Goodwill**

  CIMPOR decided to apply IFRS 3, with effects spanning back to 1 January 1999. Consequently, Goodwill amortisation after that date was annulled and the respective amounts, in the various applicable cases since then, were subject to annual impairment tests.

  Additionally, differences in negative consolidation (Badwill) on the transition date were recognised in Retained earnings.

- **The effects of changes in foreign exchange rates**

  Currency exchange differences generated in the meantime were regarded as null on the transition date and therefore, any previous differences prior to the transition will be excluded when determining gains or losses resulting from any posterior disposals of the operating units in question. On the other hand, Goodwill generated in corporate concentration processes after the IFRS 3 was applied was denominated in the currency of the acquired entities and, consequently, subject to exchange rate fluctuations.

- **Tangible fixed assets**

  Although CIMPOR applied the cost value as the valuation criteria for its tangible fixed assets, on the transition date CIMPOR re-valuated some of the said assets related with the cement business, whereby that new amount is now called a deemed cost.

3.2. MAIN ACCOUNTING POLICY DIFFERENCES

- **Intangible assets**

  Portuguese accounting standards allow companies to capitalise some expenses that, according to the International Financial Reporting Standards, must be immediately recognised as costs in the year. This aspect is applicable, in particular, to expenses associated with capital increase processes, quality certification projects or environmental impact studies which, according to criteria set forth in IAS 38, cannot be recognised as assets. On the transition date, the amounts for those items, net of accumulated amortisation, that do not meet the recognition criteria of IAS 38 were annulled and compensated by an entry in Retained earnings.

- **Depreciation policy for tangible fixed assets**

  Some of the assets previously depreciated by decreasing depreciation method will be depreciated by the linear method. Moreover, contrary to annual depreciation allocations in the year when the assets were acquired or placed in operation, the respective depreciation will start at the beginning of the month in which they are ready for use.

- **Costs of recovering quarries**

  CIMPOR has a policy of progressively recovering space freed by quarries. It enters these costs in the respective year of expenditure and sets up provisions whenever the respective funds are thought to be insufficient for the said recovery.

  According to IFRIC 1, total recovery costs must be added to the asset’s value, compensated by setting up a provision (periodically updated), and recognised by depreciating the asset in question.

- **Minority interests**

  According to IAS1 – Presentation of Financial Statements, Minority interests will be presented as part of Shareholder’s equity.

- **Employee bonuses and share purchase options plans**

  After approval at the General Meeting, Bonuses paid as distributed results have been recorded as negative variation in Shareholder’s equity in the year in which they are actually paid. According to IAS19, these bonuses must now be recognised as results in the year in which the respective services were rendered.

  According to Portugal’s accounting standards, results arising from share purchase option plans (since CIMPOR has a portfolio of own shares sufficient to meet those plans) have been recorded in a Reserve heading. Within the terms of IFRS 2, liabilities arising from options allocated prior to the transition date, but not yet carried out on that date, must be revaluated at their fair value by a corresponding entry in Retained earnings. The Options after this period will be entered at their fair value as costs in the year.

- **Extraordinary costs and income**

  Since International Financial Reporting Standards do not cover extraordinary results, the respective application, although not having any impact on assets in this regard, will affect the manner in which the year’s results are presented.

Lisbon, 24 May 2005

The Board of Directors

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

CONSOLIDATED BALANCE SHEETS AS OF 01 JANUARY 2004 (PROFORM)

(Amounts stated in thousands of Euros)

	POC	Adjustments	IFRS
Non-current assets:			
Intangible assets	7.046	(3.709)	3.337
Fixed assets	1.193.557	212.802	1.406.359
Investments	92.680	(1.954)	90.726
Goodwill	884.873	(33.655)	851.218
Available for sale investments	59.226	-	59.226
Deferred taxes	105.132	(22.796)	82.335
Other non-current assets	39.131	(785)	38.347
Total non-current assets	**2.381.645**	**149.903**	**2.531.548**
Current assets:			
Inventories	135.327	-	135.327
Accounts receivable-trade	218.229	-	218.229
Cash and cash equivalents	292.735	-	292.735
Other current assets	61.236	(1.842)	59.394
Total current assets	**707.527**	**(1.842)**	**705.684**
Total assets	**3.089.172**	**148.060**	**3.237.232**
Equity:			
Share capital	672.000	-	672.000
Own shares	(17.403)	-	(17.403)
Other reserves and retained earnings	120.106	105.979	226.085
Net income for the year	185.883	-	185.883
Attributable to shareholders	**960.586**	**105.979**	**1.066.565**
Minority interest	78.329	(16.817)	61.512
Total equity	**1.038.915**	**89.162**	**1.128.077**
Non-current liabilities:			
Long-term debt	1.197.811	-	1.197.811
Provisions	122.511	28.816	151.327
Other non-current liabilities	50.425	(1.843)	48.582
Deferred taxes	82.430	31.745	114.175
Total non-current liabilities	**1.453.177**	**58.718**	**1.511.895**
Current liabilities:			
Accounts payable-trade	131.309	-	131.309
Short-term debt	333.601	-	333.601
Provisions	5.438	(1.669)	3.769
Other current liabilities	126.731	1.850	128.581
Total current liabilities	**597.079**	**181**	**597.260**
Total liabilities and equity	**3.089.172**	**148.060**	**3.237.232**

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

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2004 (PROFORM)

(Amounts stated in thousands of Euros)

	December		
	POC	Adjustments	IFRS
Non-current assets:			
Intangible assets	18.300	(4.078)	14.222
Fixed assets	1.217.543	233.482	1.451.026
Investments	193.104	(7.494)	185.610
Goodwill	872.870	39.626	912.496
Available for sale investments	52.334	-	52.334
Deferred taxes	121.772	(20.340)	101.433
Other non-current assets	9.496	(5.284)	4.212
Total non-current assets	**2.485.420**	**235.912**	**2.721.332**
Current assets:			
Inventories	153.111	-	153.111
Accounts receivable-trade	232.533	-	232.533
Cash and cash equivalents	239.455	-	239.455
Other current assets	63.963	(1.749)	62.214
Total current assets	**689.061**	**(1.749)**	**687.312**
Total assets	**3.174.481**	**234.163**	**3.408.644**
Equity:			
Share capital	672.000	-	672.000
Own shares	(15.534)	-	(15.534)
Other reserves and retained earnings	127.977	119.913	247.890
Net income for the year	185.909	68.994	254.903
Attributable to shareholders	**970.352**	**188.906**	**1.159.259**
Minority interest	76.315	(12.918)	63.397
Total equity	**1.046.668**	**175.988**	**1.222.656**
Non-current liabilities:			
Long-term debt	1.312.772	(4.499)	1.308.273
Provisions	134.396	26.526	160.922
Other non-current liabilities	175.443	(661)	174.782
Deferred taxes	69.584	42.717	112.301
Total non-current liabilities	**1.692.195**	**64.083**	**1.756.277**
Current liabilities:			
Accounts payable-trade	146.176	-	146.176
Short-term debt	156.287	-	156.287
Provisions	10.603	(8.407)	2.196
Other current liabilities	122.554	2.500	125.054
Total current liabilities	**435.619**	**(5.907)**	**429.712**
Total liabilities and equity	**3.174.481**	**234.163**	**3.408.644**

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 DECEMBER 2004 (PROFORM)

(Amounts stated in thousands of Euros)

	POC	Adjustments	IFRS
Operating revenue:			
Sales and services rendered	1.365.612	-	1.365.612
Suplementary Income	11.611	-	11.611
Other revenue and costs	1.687	10.252	11.938
Total operating revenue	1.378.909	10.252	1.389.161
Operating costs and expenses:			
Cost of inventories and expenses	(319.197)	(181)	(319.378)
Production fluctuation	(2.785)	-	(2.785)
Operating expenses	(435.104)	(2.924)	(438.028)
Payroll expenses	(155.176)	(7.252)	(162.428)
Depreciation and amortisation	(198.414)	82.995	(115.419)
Provisions and impairment	(12.079)	(103)	(12.182)
Other operating expenses	(7.978)	(8.584)	(16.562)
Total operating costs and expenses	(1.130.733)	63.952	(1.066.781)
Net operating income	248.176	74.204	322.380
Financial costs	(137.303)	(1.294)	(138.597)
Financial income	91.418	360	91.778
Income related to affiliated companies	38.351	-	38.351
Income related to investments	1.049	-	1.049
Financial results	(6.486)	(933)	(7.419)
Extraordinary items	(5.775)	5.775	-
Income before income tax	235.916	79.046	314.961
Provision for income tax	(45.481)	(6.912)	(52.393)
Net income for the year	190.434	72.134	262.568
Atributable to:			
Shareholders	185.909	68.994	254.903
Minority	4.525	3.140	7.665