CIMPOR
CIMENTOS DE PORTUGAL
SGPS, S.A.

Annual Report 2002

Profile of the CIMPOR Group

CIMPOR is an international cement Group – 10th in the global ranking, with an installed capacity of 21.2 million tonnes – that carries on business in eight countries. It is national leader of the Portuguese and Mozambican markets and regional leader in Spain (Galicia), Morocco (Rabat), Egypt (Alexandria) and South Africa (KwaZulu-Natal), while it also ranks 2nd and 3rd in Tunisia and Brazil respectively.

Cement constitutes the Group's core business. Concrete, Aggregates and Mortars are produced and marketed from a standpoint of vertical integration of the business, which, in consolidated terms totalled 1,317.2 million euros.

STRATEGIC VISION

As one of the leading global players in the movement designed to consolidate the industry, CIMPOR intends to continue along the path of growth and internationalisation, maintaining its independence with regard to other cement groups while retaining its decision centre in Portugal.

VALUES

— At Shareholder level – defence of their legitimate interests through the intrinsic increase of the value of the capital invested in the company and through its proper remuneration.

— At Customer level – a focus on complete satisfaction of their expectations, in keeping with ethical principles of integrity and compliance with the applicable standards.

— At Employee level – to adequately remunerate their work, to create the conditions required for professional enhancement and to ensure equitable treatment.

— At Organisation level – a constant search for Excellence, through the establishment of ambitious goals and the selection, at every level, of leaders able to assume responsibilities and to meet objectives.

— At Quality level – regard for national and international standards, particularly with regard to product Certification and to the proper working of the Quality Management System.

— At Environmental level – harmonious integration with the surrounding social and cultural milieu, based on an active policy of environmental improvements and co-operation with local communities.

— At Innovation level – pursuit of a policy of innovation and development of technologies, products and services in co-operation with the academic and scientific communities.

STRATEGY

— Consolidation of the present positions through organic growth – greater efficiency and increase of the capacity of various industrial facilities – and greater penetration in those markets in which the Group already does business – a move into cement-related businesses (e.g., ready-mix concrete and quarrying operations).

— New acquisitions, with a focus on the emerging markets in which the Group is already involved, not forgetting the necessary balance provided by a presence in consolidated, mature markets where the lesser growth potential is offset by lesser risk.

— Optimisation of operations through taking full advantage of synergies, cost cutting (energy costs in particular), increased personnel productivity and investment in R&D.

— Development of trading activity between Group companies so as to balance peaks of demand in certain markets with excess supply in other areas.

Key Financials

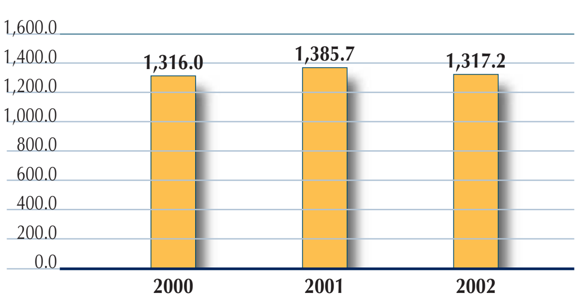
CONSOLIDATED FIGURES

	Unit	2002	2001	Var.	2000
Cement production capacity [1]	10^3 ton	21,225	18,230	16.4 %	17,770
Group sales					
Cement	10^3 ton	16,469	16,604	-0.8 %	15,968
Concrete	10^3 m^3	5,989	5,974	0.2 %	5,331
Aggregates	10^3 ton	12,883	13,885	-7.2 %	12,292
Dry Mortars	10^3 ton	418	379	10.2 %	287
Turnover	10^6 euros	1,317.2	1,385.7	-4.9 %	1,316.0
Payroll expenses	10^6 euros	152.2	149.9	1.5 %	136.7
Operating cash flow (EBITDA)	10^6 euros	511.4	504.8	1.3 %	519.3
Operating income (EBIT)	10^6 euros	283.8	269.8	5.2 %	303.0
Financial charges (net)	10^6 euros	23.3	56.3	-58.5 %	63.5
Current income	10^6 euros	260.5	213.6	22.0 %	239.5
Group net income (after Minority interests)	10^6 euros	176.6	137.8	28.1 %	152.0
Total assets	10^6 euros	3,337.9	2,929.1	14.0 %	2,837.2
Shareholders' funds	10^6 euros	949.6	1,091.1	-13.0 %	1,131.4
Minority interests	10^6 euros	88.5	111.5	-20.6 %	100,7
Net financial debt [2]	10^6 euros	1,148.9	1,057.3	8.7 %	1.047,3
Capital employed [3]	10^6 euros	2,465.5	2,442.5	0.9 %	2.400,7
Employees (Dec 31)	number	6,022	5,974	0.8 %	6,955
Turnover / Employee	10^3 euros	216.2	207.3	4.3 %	198.9
Value Added / Employee	10^3 euros	108.9	98.0	11.2 %	99.2
Net investment					
Goodwill	10^6 euros	303.4	8.4	n/a	364.0
Property, plant and equipment	10^6 euros	401.2	202.8	97.8 %	230.6
Operating CF / Turnover (EBITDA Margin)		38.8%	36.4%		39.5%
Operating income / Turnover (EBIT Margin)		21.5%	19.5%		23.0%
Return on equity (RoE)		17.3%	12.4%		14.0%
Return on capital employed (RoCE) [4]		10.1%	9.9%		11.7%
Net financial debt / Capital employed		46.6%	43.3%		43.6%
Operating income / Financial charges (net)		12.2	4.8		4.8
Market capitalisation (Dec 31)	10^6 euros	2,150.4	2,647.7	-18.8 %	3,575.0
Earnings per share [5]	euros	1.24	1.06	16.5 %	1.10
Price earnings ratio (PER)		12.9	18.5		24.1

(1) Cement production capacity using own clinker (at the year-end)
(2) Loans obtained - (Loans granted + cash & cash equivalents)
(3) Taking the gross value of Goodwill
(4) Operating income net of taxes (corrected for Amortisation of Goodwill) / Capital employed
(5) (Current income net of taxes - Minority interests) / Average number of outstanding shares

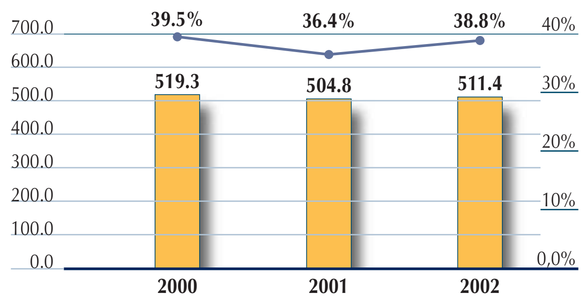
Turnover

10^6 euros



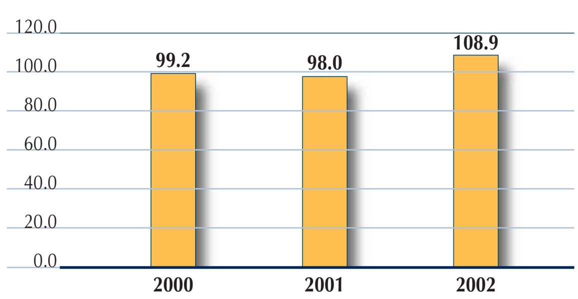
EBITDA / EBITDA Margin

10^6 euros



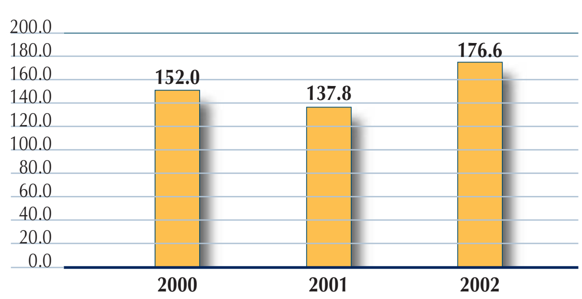
Value Added / Employee

10^3 euros



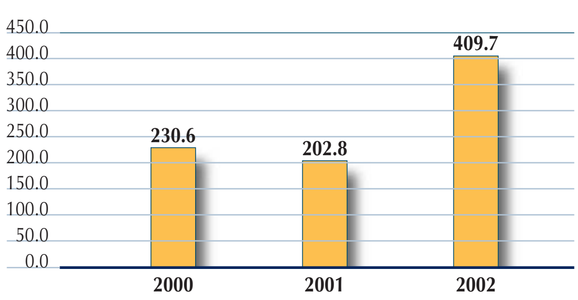
Net Income after Minority Interests

10^6 euros



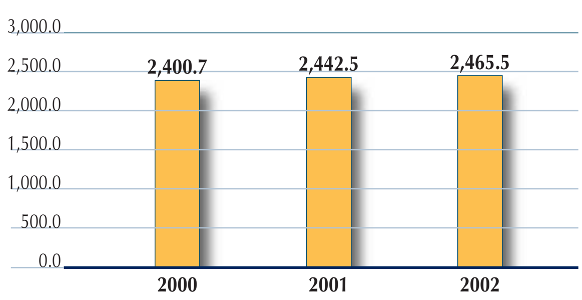
Net Investment (Technical Fixed Assets)

10^6 euros

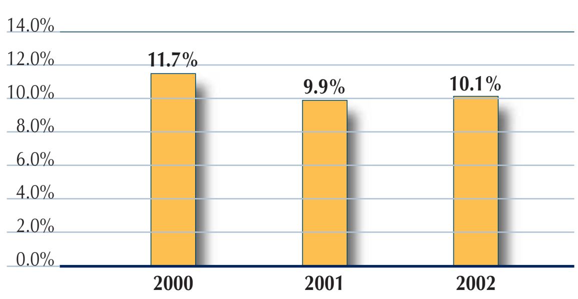


Capital Employed

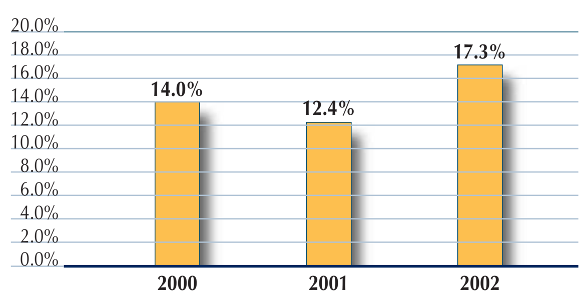
10^6 euros



Return on Capital Employed (RoCE)



Return on Equity (RoE)



Corporate Highlights in 2002

- Incorporation under Spanish law of Cimpor Inversiones, S.L., wholly owned, directly and indirectly, by the holding company, and concentration is this company of the majority control of all the Group companies headquartered in Spain, Morocco, Tunisia, Egypt, Brazil and South Africa.
- Incorporation of Cimpor Reinsurance, S.A., having its registered office in Luxembourg
- Co-operation agreement entered into with the French Lafarge Group for the industrial and technical areas.

Portugal

Increase of the Cimpor Portugal, SGPS, S.A., holding in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., to 20.02%.

Acquisition by Cimpor Betão – Indústria de Betão Pronto, S.A., of the whole of the share capital of Barbetão – Comércio e Distribuição de Betão, S.A..

Acquisition by Cecisa – Comércio Internacional, S.A., of a 35% stake in Nuno Mesquita Pires, SGPS, S.A..

Acquisition by Ciarga – Argamassas Secas, S.A., of the whole of the share capital of Celfa – Sociedade Industrial de Transformação de Gessos, S.A..

Merge of Precimpor, SGPS, S.A., into Cimpor Portugal, SGPS, S.A..

Merge of Betazul – Sociedade Industrial de Betões Preparados, S.A., Betasa – Betões das Taipas, S.A., and Norbetão – Materiais de Construção, S.A., into Cimpor Betão – Indústria de Betão Pronto, S.A..

Spain

Incorporation of Sociedad Cementos y Materiales de Construcción de Andalucia, S.A., wholly owned by Corporación Noroeste, S.A., and acquisition, by the former, of the assets of two cement factories Córdova and Niebla), a cement marketing facility (Seville) and a number of mining rights, as well as the whole of the share capital of Cementos El Monte, S.A., which owns a cement mill in the Spanish province of Huelva.

Transformation of the Oural factory kiln, with a consequent increase of its production capacity by 300 tonnes per day.

Start to the construction of a new 6,000 tonnes cement silo and start-up of a used-tire burning facility at the Oural factory

Morocco

Increase of the Group's holding in Asment de Témara, from 58.9% to 62.6%.

Quality certification obtained for the Asment de Témara factory to standard ISO 9002 (version 1994).

Start-up of the Casablanca ready-mix concrete plant, with a annual production capacity of 224,000 m^3.

Tunisia

Increase of the share capital of Ciments de Jbel Oust, from TND 49,355,100 to TND 55,205,600.

Increase of clinker production capacity by 700 tonnes per day.

Corporate Highlights in 2002

Transition of the quality certification system to standard ISO 9001 (version 2000).

Start-up of a new gypsum crushing plant.

Start-up of the new commercial, financial and stock-management modules of the new information system (J.D. Edwards).

Egypt

Acquisition from the workers by Amreyah Cement Company of 5% treasury shares.

Incorporation of Amreyah Cimpor Cement Company and start to investment in a new cement production line with an annual production capacity of 1,450,000 tonnes.

Continuation of the redimensioning and optimisation of the staff.

End of the technical assistance contract with ASEC.

Development of the project to install the infrastructures required to start using natural gas.

Confirmation of the quality certification of the factory and of the environment in accordance with standards ISO 9002 and ISO 14001, respectively.

Conclusion of the data network project and start to the studies leading to the acquisition of new management software.

Brazil

Increase of the share capital of Companhia de Cimentos do Brasil by BRL 14,458,730.52, through conversion into shares of the convertible debentures previously issued in favour of the Northeast Investment Fund (FINOR).

Acquisition by Companhia de Cimentos do Brasil, of the whole of the share capital of Cimentos Brumado, S.A., which owns a clinker mill with a nominal annual capacity of 532,000 tonnes (in the State of Bahia), cement storage and sale facilities (in that state) and fifteen ready-mix concrete plants (ten in the State of São Paulo and five in the State of Bahia)

Merge of Cimentos Brumado, S.A., into Companhia de Cimentos do Brasil.

Start to investment in the new line at Campo Formoso, with a clinker production capacity of 2,000 tonnes per day.

Mozambique

Overhaul of the crushing plant and start-up of a new cement grinding facility (Matola).

Cimbetão obtains quality certification to standard ISO 9001 (version 2000).

South Africa

Acquisition of shares, with voting rights, representing the whole of the share capital of Natal Portland Cement (Proprietary) Limited, which owns a clinker factory (Simuma), a slag grinding plant (Newcastle) and a clinker mill (Durban), with an installed annual cement production capacity of 1,040,000 tonnes.

Governing Bodies

Executive Committee

from left to right:

Jean Carlos Angulo
Luis Filipe Sequeira Martins
Pedro Maria Teixeira Duarte *(Chairman)*
Manuel de Faria Blanc
Jorge Salavessa Moura

Board of Directors

Chairman

Prof. Ricardo ManueL Simões Bayão Horta

Directors

Dr. Luís Eduardo da Silva Barbosa
Dr. Jacques Lefèvre
Eng. Jean Carlos Angulo*
Eng. Jorge Manuel Tavares Salavessa Moura*
Eng. Luís Filipe Sequeira Martins*
Dr. ManueL Luís Barata de Faria Blanc*
Dr. Pedro Maria Calaínho Teixeira Duarte*
Dr. João Salvador dos Santos Matias
Dr. Manuel Ferreira
SECILPAR, S.L., which appointed Dr. José Alfredo de Almeida Honório, to exercise the position in his own name.

* *Executive Committee*

Audit Committee

Chairman

Eng. Ricardo José Minotti da Cruz Filipe

Members

Dr. José Conceição Silva Gaspar
Freire, Loureiro & Associados - SROC, represented by Dr. Carlos Manuel Pereira Freire

Alternate Member

Dr. José Martins Rovisco

Alternate Official Auditor

Dr. António Marques Dias

General Meeting

Board of the General Meeting

Chairman

Dr. Miguel António Monteiro Galvão Teles

Deputy - Chairman

Dr. José António Cobra Ferreira

Company Secretary

Secretary

Dr. Jorge Manuel da Costa Félix Oom

Alternate

Dr. Adelino Ribeiro Duarte**

** *Deceased in the meantime*

Contents

CONSOLIDATED REPORT & ACCOUNTS FOR 2002 (CIMPOR GROUP)

	Profile of the CIMPOR Group	cover
	Key Financials	inside cover
	Corporate Highlights in 2002	1
	Governing Bodies	5
I —	**Corporate Governance**	9
1.	**Disclosure of Information**	10
	1.1. The Group's Organisation Structure	10
	1.2. Organisational Structure of the CIMPOR Holding Company	11
	1.3. CIMPOR shares on the Stock Market	13
	— 1.3.1. Stock Market Performance of the Shares	13
	— 1.3.2. Shareholder Structure	16
	— 1.3.3. Treasury Shares	17
	1.4. Dividend Distribution Policy	17
	1.5. Stock Option Plans	17
	1.6. Use of New Technologies to Divulge Information	19
	1.7. Investor Relations Office	19
2.	**Exercise of Voting Rights and Shareholder Representation**	20
3.	**Company Rules**	21
	3.1. The Company's Codes of Conduct	21
	3.2. Risk Control in the Company's Business	22
	3.3. Limits to the Exercise of Voting Rights	22
4.	**Management**	23
	4.1. Characterisation of Management	23
	4.2. Executive Committee	29
	4.3. Management Control of Company Life	30
	4.4. Other Internal Management Committees	30
	4.5. Remuneration	31
II —	**Group Activity**	33
1.	**Macroeconomic and Industry Framework**	34
	1.1. Global Economy	34
	1.2. The Economic Surroundings in Countries in Which the Group Operates	35
	— 1.2.1. Portugal	35
	— 1.2.2. Spain	36
	— 1.2.3. Morocco	36
	— 1.2.4. Tunisia	37
	— 1.2.5. Egypt	37
	— 1.2.6. Brazil	37
	— 1.2.7. Mozambique	38
	— 1.2.8. South Africa	38
	1.3. The Global Cement Industry	39
2.	**Review of Group Results**	40
	2.1. Summary of Overall Business	40
	2.2. Contributions of the Various Business Areas	44
	2.3. Group Activity by Business Area	48
	— 2.3.1. Portugal	48
	— 2.3.2. Spain	53
	— 2.3.3. Morocco	58
	— 2.3.4. Tunisia	60
	— 2.3.5. Egypt	61
	— 2.3.6. Brazil	63
	— 2.3.7. Mozambique	65

— 2.3.8. South Africa 67
— 2.3.9. Other Businesses 68

3. **Innovation & Development** 69

4. **Sustainable Development** 72
4.1. Environmental Policy 73
4.2. Investments 75
4.3. CIMPOR as a Member of the WBCSD 77
(World Business Council for Sustainable Development)
4.4. Relations with the Community 78

5. **The Group's Human Resources** 81

6. **Financial Policy and Risk Management Policy** 83
6.1. Management of Financial Debt 83
6.2. Risk-management Policy 86

7. **Information Technologies** 89

8. **Events after the Balance Sheet Date** 91

9. **The Outlook for 2003** 92

10. **Closing Remarks** 95

III — Consolidated Financial Statements 97

Balance Sheets 98
Consolidated Statements of Profit and Loss 99
Consolidated Cash Flow Statements 100
Consolidated Statements of Changes in Shareholders' Equity 101
Notes to the Consolidated Financial Statements 102

Audit Committee Report 140
Legal Certification of Accounts and Audit Report 143
Audit Report 145

IV — Additional Information 147

Main Operating Companies – Synopsis 148

REPORT & ACCOUNTS FOR 2002 (HOLDING COMPANY)

I — Management Report 164

1. **Summary of the Business** 164

2. **Legal Information** 164

3. **Events after the Balance Sheet Date** 164

4. **The Outlook for 2003** 166

5. **Proposal for the Appropriation of Profits** 166

II — Financial Statements of the Holding Company 169

Balance Sheets 170
Statements of Profit and Loss 171
Cash Flow Statements 172
Statements of Changes in Shareholders' Equity 175
Notes to the Financial Statements 176

Audit Committee Report 194
Legal Certification of Accounts and Audit Report 196
Auditor's Report 198

Consolidated Annual Report

2002

I. Corporate Governance

One of Cimpor's long standing concerns – as a company open to investment by the public and one of particular institutional importance – has been to maintain clear leadership in the field of best corporate governance and to periodically disclose its positions and the solutions it adopts in this matter to its stakeholders, the financial community, the authorities and the public in general.

This principle has been publicly recognised and one should underscore in this connection that of all the non-financial companies listed on the domestic market, Cimpor was ranked first by the CMVM in 2002 in the degree of compliance (77%) with the CMVM recommendations on corporate governance.

As in previous years, the Board of Directors is pleased to present in this report the more relevant aspects of the governance of the Company and of the group, thus complying with CMVM Regulation 7/2001.

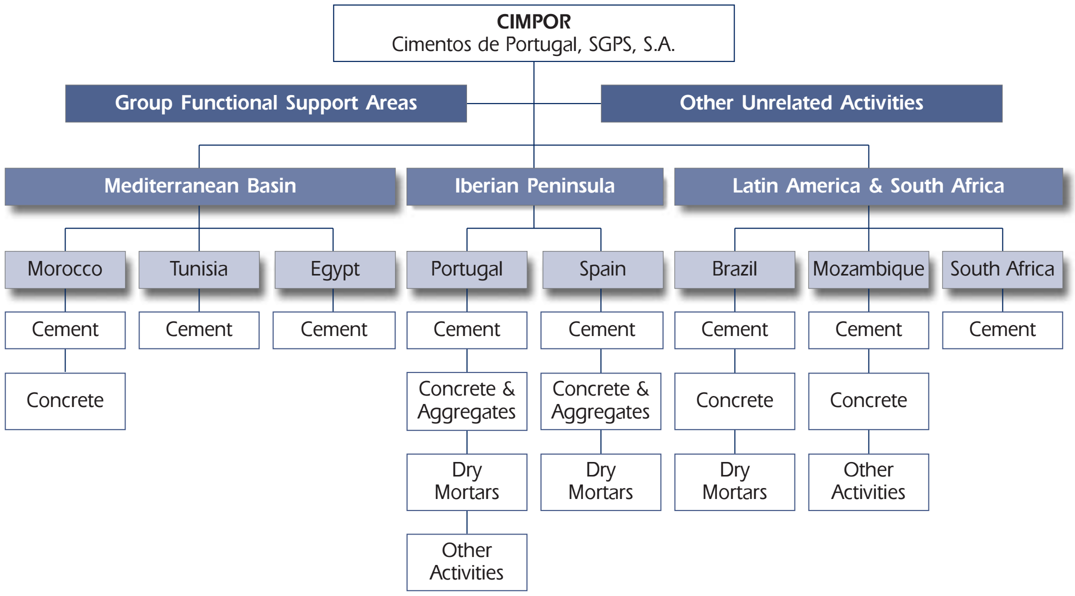
1. Disclosure of Information

1.1. The Group's Organisation Structure

In terms of its organisation the Cimpor Group is structured by Business Area, each of which corresponds to a country in which it carries on its business and they are grouped into three major regions: (i) Iberian Peninsula; (ii) Mediterranean Basin; and (iii) Latin America and South Africa. Within each Business Area the various activities carried on are organised by product, the core business being the manufacture and sale of cement.

As the Group holding company **Cimpor – Cimentos de Portugal, SGPS, S.A.**, is responsible for its strategic development, particularly with regard to the whole of its internationalisation process, and for the overall management of the various Business Areas as a whole, ensuring their co-ordination in matters to do with financial, technical, human and other resources, in keeping with the criteria and guidelines provided under the five-year Strategic Plan. This plan is revised and approved annually by the Board in accordance with the Group's major objectives.

In depth monitoring of the Business Areas is entrusted to **Cimpor Portugal, SGPS, S.A.**, with regard to the business carried on in Portugal, and by **Cimpor Inversiones, S.L.**, a sub-holding company based in Spain to act as the platform for the Group's international expansion. At the end of the year, following the restructuring of the Group's various holdings outside Portugal (with the sole exception of Mozambique), **Cimpor Inversiones, S.L.**, had majority control of all the Group companies headquartered in Spain, Morocco, Tunisia, Egypt, Brazil and South Africa.



The corporate organisation of each Business Area is, in each case, that best suited to the characteristics of the business in question and with the legal system ruling in the country in question, the purpose being to take full advantage of any synergies and of a more favourable financial and fiscal framework.

Each Business Area operates in accordance with principles of autonomous management, particularly with regard to day-to-day and operational management, within the framework of a planning and control system headed by the holding company, within the scope of which the strategic guidelines, the business and investment plans and the annual targets and budgets are defined in a participative and integrated manner, and these are periodically revised and controlled. The aim is that the management of each different Business Area should be in the hands of local personnel as well as other Group staff so as to provide multi-cultural management.

In those companies directly or indirectly controlled by **Cimpor – Cimentos de Portugal, SGPS, S.A.**, the more important decisions – i.e., those that exceed certain values or have a greater impact on profits or on the Group's strategic development – are subject to the approval of or ratification by the Board of the holding company. This is also true of decisions and actions that, when dealt with at Group level, allow significant synergies to be generated.

1.2.
Organisational Structure of the Cimpor Holding Company

To properly exercise its role **Cimpor – Cimentos de Portugal, SGPS, S.A.**, has a number of functional bodies that provide support to the management of the Group and of each Business Area, as shown in the following diagram.

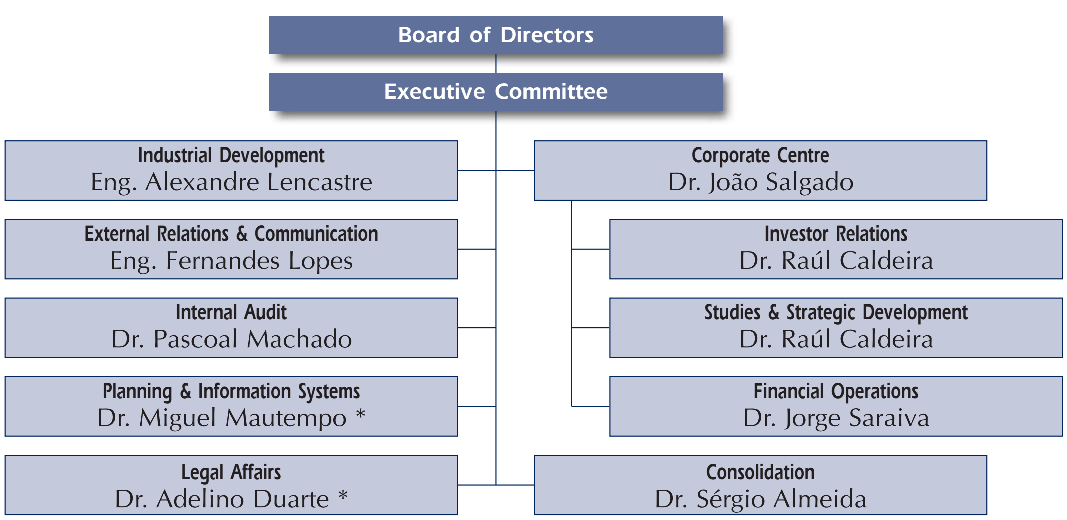
The **Corporate Centre** was created during 2002, absorbing the old Central Financial Division, and it also includes the Investor Relations Office. Its essential tasks include: (i) through the new **Studies & Strategic Development Division**, to contribute to the implementation of the Group's development strategy, dealing with procedures involving the acquisition of companies and analysing and assessing investments; (ii) through the **Investor Relations Office**, to ensure regular communication with the various parties involved in the capital market, namely shareholders, supervisory and other authorities, financial analysts and fund managers, and other collective investment entities; and (iii), within the scope of the **Financial Operations Area**, to ensure access under the best possible conditions to the financial resources required for the Group's growth and for its day-to-day running.

The **Technical and Industrial Development Centre** is responsible for providing technical and technological assistance to the Group’s various manufacturing facilities with a view to optimising their performance, with due regard for the environment. In the cement field in particular it is also charged with drawing up the annual and multi-year investment programmes, in co-operation with the other entities directly involved, and with providing support to their implementation.

The **Internal Audit Office** is responsible throughout the Group for performing and co-ordinating internal audits covering the financial, assets and operational areas, through examination and evaluation of the adequacy and effectiveness of the internal control systems and of their performance.

The **External Relations and Communications Division** implements the Groups' communications and image policies.

The **Central Planning and Information Systems Division** is charged with developing and co-ordinating the plans and budgets of the various Business Areas, and the management information systems used by the Group companies.



* Deceased in the meantime

The **Central Consolidation Division** establishes and implements the accounting policies and rules employed by the Group and co-ordinates and executes the consolidation of the accounts.

The **Legal Affairs Office** ensures regard for the law, and the coherence, security and articulation of the legal policies and procedures in all Group companies, providing them, in several areas, with advice, legal consultancy and sundry legal services, and also co-ordinating and monitoring the provision of such services by third parties.

1.3.
Cimpor shares on the Stock Market

1.3.1. Stock Market Performance of the Shares

During 2002, the domestic financial market was marked by the signature of the agreement leading to the integration of the Lisbon and Oporto Stock Exchange (BVLP) into Euronext. The result of the merge, two years earlier, of Société de Bourses Françaises (SBF), Amsterdam Exchanges (AEX) and Société de la Bourse de Valeurs Mobilières de Bruxelles, Euronext lists more than 1,500 companies and deals with nearly 10 million private investors.

On February 28, following the quarterly review of the Euronext indices, Cimpor became one of the 100 biggest companies listed on this market and came to be included in the Euronext 100 index, in which, at the end of the year, it had a weight of 0.19%, ranking 88th.

Characterisation of CIMPOR securities

SECURITIES	**CIMPOR – Cimentos de Portugal, SGPS, S.A.**
Share Trading	Euronext Lisboa
ADR Trading	Estados Unidos da América, Program 144A (1)
Futures Trading	Euronext Lisboa
Codes	LISBON TRADING: CPR
	REUTERS: CMPR.IN
	BLOOMBERG: CIMP PL
Number of shares	Total – 134,400,000 (2)
	Admitted to listing – 120,894,498 (2)
Par value of the shares	**5 euros** (2)

(1) The respective cancellation was applied for on January 14, 2003.

(2) In keeping with the deliberation of the Extraordinary General Meeting of January 31, 2002, the par value of the shares was altered in the meantime to 1 euro, and the total number of shares therefore rose to 672,000,000, of which 604,472,490 are admitted to listing.

Though negative, the performance of Cimpor's shares in 2002 was not as discouraging as the market average, affected as it was by concern as to the evolution of the global economy and of future corporate earnings, by doubts as to the reliability of the financial information provided to investors, by the high level of debt of listed companies and by the deterioration seen in the emerging markets. The Euronext 100 index was off 32.5%, while the PSI-20 index, despite a 14.1% increase during the last quarter of 2002, fell by 25.6% over the year as a whole.

Having peaked at 23.49 euros on May 10 and fallen to a low of 15.70 euros on November 5, Cimpor shares closed the year at 16.00 euros, 18.8% lower than at the end of 2001.

Contrary to the downward trend of turnover on Euronext Lisbon, a total of 34.6 million Cimpor shares were traded during 2002, 22.7% more than the previous year.

Whereas, by value, Euronext Lisbon was down by about 30%, the turnover of Cimpor shares was lower by just 6% at 686 million euros, or about 3% of the total turnover of this market, standing seventh in the respective ranking.

The dividend for the previous year began to be paid on June 12, 2002. The gross dividend of 0.70 euros per share (or a net sum of 0.6125 euros for investors resident in Portugal and 0.5775 euros for non-residents) was 2.9% higher than in 2001, providing a yield of about 3.6%. Based on total dividends paid since the shares were admitted to listing, the average annual return on Cimpor shares now stands at 13.4%.

Performance of Cimpor shares vs. Euronext 100 Index (2002)

Within the framework of investor relations, Cimpor has sought to maintain close ties with the various parties involved in the market, with a constant goal of providing the clear, accurate, objective and timely idea of the Company and its business.

This idea of disclosing high quality information, constantly updated, earned Cimpor, for the second consecutive year, the prize for the best annual report & accounts of non-financial companies awarded by the former Arthur Andersen in conjunction with the *Semanário Económico* weekly.

Corporate Highlights in 2002

February 28 – Included in the Euronext 100 index.

March 20 – Agreement closed involving the acquisition of a 32.79% stake in Natal Portland Cement Company (Proprietary) Limited (South Africa).

March 22 – Announcement of the merge of Betazul – Sociedade Industrial de Betões Preparados, S.A., Norbetão – Materiais de Construção, S.A., and Betasa – Betões das Taipas, S.A., into Cimpor Betão – Indústria de Betão Pronto, S.A..

April 12 – Publication of the 2001 profits.

April 18 – Notification by Holcim (Portugal), SGPS, S.A., that it had withdrawn the injunction proceedings to suspend and cancel the corporate decisions taken at the General Meeting concluded on July 31, 2001.

April 29 – Publication of 1st Quarter Results.

April – Agreement closed involving the acquisition of the whole of the share capital of Cimento Brumado, S.A., (Brazil) by CCB – Companhia de Cimentos do Brasil, S.A..

May 14 – Annual General Meeting

May 24 – Announcement of the increase of the holding in SEMAPA – Sociedade de Investimentos e Gestão, SGPS, S.A., to 20.02%.

June 12 – Dividend payment.

July 12 – Co-operation agreement of industrial and technical scope entered into with Lafarge.

September 17 – Conclusion of the acquisition of the 32.79% stake in Natal Portland Cement.

September 25 – Publication of the 1st Half Results.

October 19 – Announcement of the increase of the holding in Natal Portland Cement Company, from 32.79% to 98.1% (corresponding to 100% of the voting rights).

October 29 – Publication of 3rd Quarter Results.

November 8 – Announcement of the merge of Precimpor, SGPS, S.A., into Cimpor Portugal, SGPS, S.A..

November 12 – Corporación Noroeste, S.A., enters into a contract for the acquisition of the cement industry assets of Lafarge Asland, S.A., in the region of Andaluzia (Spain).

December 30 – Transfer of the control of all the Group companies headquartered in Morocco, Tunisia, Egypt and Brazil to a company incorporated under Spanish law, Cimpor Inversiones, S.L., wholly owned, directly and indirectly, by Cimpor – Cimentos de Portugal, SGPS, S.A..

December 30 – Acquisition of the cement industry assets held by Lafarge Asland, S.A., in the region of Andaluzia (Spain).

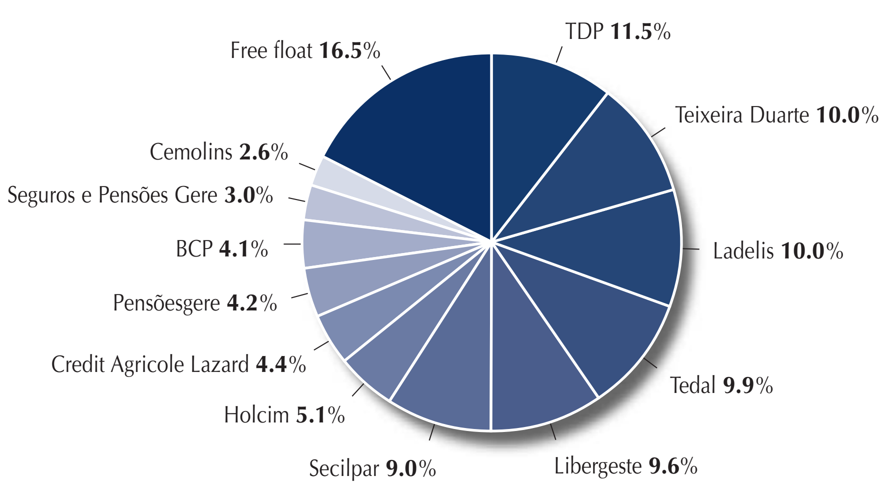
	2002	2001	2000
As at December 31:			
Share capital (10^3 euros)	672,000	672,000	672,000
Number of shares	134,400,000	134,400,000	134,400,000
Price (euros)	16.00	19.70	26.60
Market capitalisation (10^3 euros)	2,150,400	2,647,680	3,575,040
Gross dividend * (euros)	0.80	0.70	0.68
Dividend yield **	5.00 %	3.55 %	2.56%
Net income after Minority Interests (10^3 euros)	176,563	137,829	152,001
Payout ratio	60.9 %	68.3%	60.1%
Current profit net of taxes (10^3 euros)	170,336	143,300	146,320
Payout ratio	63.1%	65.7%	62.5%
Transactions			
By volume (1,000 shares)	34,611	28,205	134,631
By value (10^6 euros)	686	731	2,899
Market share	3.2%	2.4%	4.9%
Annual valuation			
Euronext 100	- 32.5%	- 19.7%	
PSI 20	- 17.6%	- 24.7%	- 13.0%
Cimpor shares	- 18.8%	- 25.9%	+ 61.2%

* In 2002: as per the proposal to be submitted to the General Meeting (for each share of a par value of 5 euros)
** Based on year-end price

1.3.2. Shareholder Structure

Breakdown of the Shareholder Structure

(Shareholdings as per notice given to the company by January 31, 2003)



1.3.3. Treasury Shares

Holding 1,047,176 treasury shares at the beginning of the year, Cimpor sold a total of 160,702 to a number of Group employees over the year, at an average price of 16.76 euros, under the stock option plans referred to in 1.5 hereunder. Having acquired in the day-to-day management of its treasury share portfolio during the year a total of 310,437 shares at an average price of 17.19 euros, Cimpor held a total of 1,196,911 treasury shares in its portfolio at the end of 2002, representing 0.89% of its share capital.

1.4.
Dividend Distribution Policy

The Board of Directors of Cimpor – Cimentos de Portugal, SGPS, S.A., intends to maintain a dividend distribution policy that takes into account: (a) the desirable stability of the payout ratio; (b) the competitiveness of the dividend yield within the context of the Portuguese market and of the international cement industry; and (c) the Group’s future investment prospects, viewed in the light of the need for financing out of shareholders’ funds and the cash-flow generating capacity of the various businesses.

The proposal for the appropriation of profits set out in this report is in keeping with the policy guidelines described earlier. The proposed dividend of 0.16 euros per share (equal to 0.80 euros per share prior to the stock split approved at the General Meeting of January 31, 2003), corresponds to about 65% of the current profit net of taxes (after minority interests) and to 60.9% of the Group's net income.

1.5.
Stock Option Plans

Within the scope of the Group's employee remuneration and incentives policy, and to ensure a close correlation between these incentives and the performance of Cimpor's shares on the capital market, the General Meeting of Cimpor – Cimentos de Portugal, SGPS, S.A., held in May 2002, approved the sale of treasury shares within the scope of the implementation of an *Employee Stock Option Plan* established by the Board of Directors for 2002 and of the *Stock Option Plan for the Group's Directors and Senior Staff*, the respective regulations having been set out by the Remuneration Committee with regard to the directors of the holding company and by the Executive Committee in other cases.

The *Employee Stock Option Plan (2002)* – for directors and senior staff of the Group companies and for employees with binding stable labour relations with Group companies headquartered in Portugal – consisted of granting each beneficiary – as decided by the

Remuneration Committee with regard to directors of the holding company, and by the Board of Directors in other cases – the right to acquire at a unit price of 17.50 euros a given number of Cimpor shares in keeping with the following rule:

$$\text{Maximum number of shares to be acquired} = \frac{\text{Basic monthly remuneration / 2}}{17.50}$$

rounded up to the nearest multiple of five or of ten shares, depending on whether the application of the said formula provided a number less or greater than 100, respectively.

Of a total of 1,888 employees entitled under the said rule to acquire a maximum of 78,945 shares, 332 exercised the option during the stipulated period (March 15 to April 15), and acquired a total of 28,555 shares on May 17, 2002.

The *Stock Option Plan for the Group's Directors and Senior Staff*, was directed at directors of the holding company that the Remuneration decided to name as beneficiaries and at those members of the Board of Directors of the subsidiaries and at other senior managers of the Group named for the purpose by the Executive Committee.

The main characteristics of this Plan are as follows:

- Every year each beneficiary is granted the right to acquire a certain number of Cimpor Shares (initial options) at a price determined by the Remuneration Committee (within thirty days of the Annual General Meeting that approved the accounts), the price not to be less than eighty-five percent of the average closing price of the sixty stock market sessions next before that date;
- For every initial option actually exercised, the beneficiary is granted the right to acquire at the same unit price during each of the following three years one new share (derived options); the shares acquired through exercising the initial option and those corresponding to the derived option constitute a series;
- The number of initial options awarded to each beneficiary is determined by the Remuneration Committee in the case of members of the Board of Directors of the Holding Company, and by the latter (or by the Executive Committee) in other cases;
- The number of derived options to be exercised each year by each beneficiary cannot, taken together, exceed the number of shares held by the beneficiary on February 28 each year, regardless of whether or not they were acquired under the Plan;
- The period during which the initial options can be exercised is determined by the Board of Directors (or Executive Committee) of the Holding Company; the derivatives options are exercised during March each year;

— The Plan and its regulations may be revoked or altered at any time, by decision of the Board of Directors (or Executive Committee) of the Holding Company, or by decision of the Remuneration Committee (within the scope of its specific responsibilities in this matter), without prejudice to the continuation of options already allocated.

A total of 35,750 initial options were granted to 113 directors and senior managers of the Group in 2002, within the scope of this Plan during the exercise period from June 27 to July 15. Of these, 100 exercised their option rights in full or in part at a unit price of 18.50 euros, totalling 30,717 shares. In this way, from 2003 up to and including 2005 a maximum of 92,151 derived options can be exercised at that price in respect of this series.

With regard to the Stock Option Plan for which the period of exercise ended on December 31, 2001, a total of 101,430 treasury shares were sold on January 3, 2002, at an average price of 16.02 in respect of an like number of options exercised during the period.

1.6.
Use of New Technologies to Divulge Information

Through its Web page at www.cimpor.pt, Cimpor provides shareholders and investors with the notice General Meetings, as well as summaries of the financial statements, communications of relevant facts and other items of interest related to the Group's business.

1.7.
Investor Relations Office

With a view to ensuring close relations with the capital market, Cimpor has had an Investor Relations Office since it was admitted to listing (1994), which is charged with keeping the financial community informed of the evolution of the Group's business and with providing support to the shareholders of Cimpor – Cimentos de Portugal, SGPS, S.A., both present and potential, in their relations with the Company.

Contact by this office with private and institutional investors, fund managers, asset managers and other collective investment bodies, analysts and others involved in the capital market is undertaken by means of presentations (live or via the Internet), meetings and replies to requests for information by phone, e-mail or traditional mail. In parallel, official communiqués, reports and accounts and the performance of the Cimpor share prices on the BVLP are published via the Cimpor site at www.cimpor.pt.

Raúl Tito Rodrigues Caldeira, head of the Investor Relations Office and of the Studies & Strategic Development Division, has also been since 1994 the representative for Relations with the Capital Market, particularly under the terms and for the purposes of the Securities Code.

Means of access to the Investor Relations Office

Address	Investor Relations Office CIMPOR – Cimentos de Portugal, SGPS, S.A. Rua Alexandre Herculano, 35 1250-009 Lisbon PORTUGAL
Personal contacts	Raúl Caldeira Filipa Mendes
Telephones	(+351) 21 311 81 00 (+351) 21 311 88 89
Fax	(+351) 21 311 88 67
e-mail	gri@cimpor.pt
Internet	www.cimpor.pt

2. Exercise of Voting Rights and Shareholder Representation

The Company has always fostered the active exercise of voting rights both by allowing shareholders to vote by mail and by stimulating their participation in General Meetings.

With regard to voting by correspondence, Cimpor has provided a draft ballot form via the Internet to be use in the exercise of voting rights, though it will accept any ballot paper that clearly and unmistakably expresses the will of the shareholder. For the purpose, the procedures to be adopted and the calendar to be adhered to are clearly set out in all notices of General Meetings.

With a view to stimulating shareholder participation in the General Meetings, the respective notices set out the various rules contained in law or in the articles of association concerning such participation and the exercise of voting rights. In particular (according to the new wording of the articles of association caused by the change of the par value of the shares from five euros to one euro, approved by the General Meeting held on January 31, 2003):

- Shareholders with a voting right may attend General Meetings, five hundred shares giving entitlement to one vote;
- Shareholders may take part in General Meetings and may vote by correspondence provided they hold at least five hundred shares, which must be registered in their name no later than fifteen days prior to the date of the General Meeting and remain so registered until the Meeting is closed; for the purpose, shareholders shall proved the chairman of the Board of the General Meeting with the declaration issued by the respective financial intermediary no later than eight days prior to that date;
- No shareholder, with the exception of the State or any legally equivalent entities, may cast votes in their own name or as the representative of others that exceed ten per cent of the total of the votes corresponding to the share capital.

During a period of fifteen days prior to the date of the General meeting shareholders may consult the information referred to in Article 289 of the Companies Code at the Company's registered office during business hours, a fact that is mentioned in the respective notice.

Given the present degree of concentration of Cimpor's shareholder structure the use of electronic means for voting at General Meetings has not been considered necessary, other than the mechanisms provided via the Internet for voting at General Meetings.

3. Company Rules

3.1. The Company's Codes of Conduct

In additional to legal provisos applicable to commercial companies, to public limited companies and to the securities markets, the Company's culture and practice lends emphasis to rules of good conduct in the event of conflict of interests between the members of the governing bodies and the Company and to the principal obligations arising from the duties of diligence, loyalty and confidentiality of the members of the governing bodies, particularly with regard to improper use of company property and business opportunities.

The Board of Directors has also ensured the application of these principles at all the Group companies.

In keeping with best international corporate governance practice, an Internal Consultative Committee on Corporate Governance was set up during 2002, within the scope of the Board of Directors, the purpose of which is to study, prepare and advise the latter on, rules and procedures to be adopted with a view to developing and perfecting principles and codes of conduct and corporate governance, including issues related to the internal working of the Board itself and to the prevention of conflicts of interest and discipline of information (see Point 4.4 hereunder).

The system arising from the law and from the various instruments referred to has been seen to be adequate in dealing with matters of conflicts of interest, confidentiality and incompatibility, and no need has been seen to implement other complementary instruments to discipline such measures.

3.2.
Risk Control in the Company's Business

Cimpor's organisation structure includes an Internal Audit Office charged with ensuring the adequacy and efficiency of the internal control systems in every area of the Company and the quality of the respective performance.

Management of risks of a financial, operational and asset nature is entrusted to the Corporate Centre in accordance with the policies set out in the appropriate chapter of this report.

As far as economic risks are concerned, for which no specific hedging instruments are available on the market, the Group's policy is directed at geographic diversification of its investments in enlargement, so as to balance the Group's presence in mature and in emerging markets and to allow the existence of businesses at different stages of growth and with distinct price levels. To this end, not only are the targets for possible acquisition defined bearing in mind the need for a balanced business portfolio but also the valuations of the assets to be acquired are individually carried out and incorporate risk premiums adequate to the situation of each particular country, as determined by international rating agencies.

3.3.
Limits to the Exercise of Voting Rights

As mentioned in Point 2 hereabove, Cimpor's articles of association contains a rule – that was recently reaffirmed by a large majority (65% of the votes cast) at the General Meeting held on January 31, 2003 – limiting the counting of votes which, in addition to being an important mechanism that increases shareholder democracy, is also a means to ensuring that any operations designed to acquire control must provide the body of shareholders with very ample, wide-ranging, attractive conditions.

On the one hand, Article 7.5 of the Articles of Association stipulates "no shareholder, with the exception of the State or entities deemed equivalent by law, may cast votes in its own name or in representation of others that exceed ten per cent of the total number of votes corresponding to the share capital".

Since, following the conclusion of the Cimpor privatisation process, such a provision no longer made sense, a deliberation of the General Meeting held on January 31, 2003, revoked Article 22 of the articles of association, which stipulated that "for as long as the State owns company shares subject to the regime established by Law 11/90 of April 5, deliberations involving alterations to the articles of association, mergers, splits, transformation, winding up or limitation of shareholder preference rights in share capital increases taken contrary to the express vote of the State as a shareholder shall not be considered".

No shareholder agreements between Cimpor shareholders are known to exist.

4. Management

4.1. Characterisation of Management

Under the terms of the articles of association, the Board of Directors comprises five to fifteen members, one of whom the chairman and the others directors. The Board of Directors is elected by the General Meeting, which also appoints the chairman. As do the other corporate offices, the Board of Directors has a four-year term of office.

Considering the corporate interest in instituting a statutory system for minorities to appoint a director, the General Meeting held on January 31, 2003, adopted a resolution to eliminate the applicability of the suppletive mechanism provided for in Articles 392.6 of the Companies Code – which is strictly based on a process of divergence absolutely dependent on the existence of opposition to the list voted by the majority – replacing it with an alternative system, with the following rules established in accordance with Article 392.5 of the said code:

- Regardless of whether or not votes are cast against the successful list, one of the directors must always be appointed by persons put forward in lists subscribed and presented by groups of shareholders, provided that no such group holds share representing more than 20% or less than 10% of the share capital, unless such lists are not presented;
- Should a list be presented for the purpose, this election will be held separately from and before the election of the other directors;
- A shareholder may not subscribe more than one list and each list must contain at least two names eligible to the positions to be filled;
- If lists are presented by more than one group, the voting shall involve all such lists.

The present Board of Directors elected at the General Meeting that ended on July 31st 2001 for the 2001-04 term of office comprises the following members:

– Prof. Ricardo Manuel Simões Bayão Horta – Chairman
– Luís Eduardo da Silva Barbosa
– Jacques Lefèvre
– Jean Carlos Angulo
– Jorge Manuel Tavares Salavessa Moura
– Luís Filipe Sequeira Martins
– Manuel Luís Barata de Faria Blanc
– Pedro Maria Calaínho Teixeira Duarte
– João Salvador dos Santos Matias
– Manuel Ferreira
– Secilpar, S.L., which appointed José Alfredo de Almeida Honório to exercise the position in his own name.

With regard to the directors in office, attention is drawn to the following:

a) With the exception referred to in Indent b) hereunder, all directors were proposed and elected on an individual basis by the General Meeting and they were neither proposed nor appointed as representatives of any shareholder in particular, and in this respect, they are considered independent directors;

b) At the initiative of shareholders Holderbank (Portugal) SGPS, Lda., and Secilpar, S.L., pursuant to the provisos of Article 392.6 of the Companies Code, the latter shareholder was appointed director and designated José Alfredo de Almeida Honório to carry out the respective duties, who is therefore the only non-independent director in the sense referred to in a) hereabove;

c) The Company has no controlling shareholders and there are therefore no directors linked to controlling shareholders;

d) The majority of the directors (six of a total of eleven) including the chairman of the Board of Directors, consists of non-executive directors; and

e) The others constitute the Executive Committee, to wit:

– Pedro Maria Calaínho Teixeira Duarte – Chairman
– Jean Carlos Angulo
– Jorge Manuel Tavares Salavessa Moura
– Luís Filipe Sequeira Martins
– Manuel Luís Barata de Faria Blanc.

There is therefore a majority of independent and non-executive directors in the management entity as recommended by modern international guidelines on corporate governance.

Positions held by members of the Board of Directors

As at December 31st 2002 the positions held by members of the board of directors in other companies were as follows:

Prof. Ricardo Manuel Simões Bayão Horta

Chairman of the Board of Directors of CIRES, S.A.;
Chairman of the Board of Auditors of Banco Comercial Português, S.A.;
Chairman of the Board of Auditors of Banco Comercial Português de Investimento, S.A.;
Chairman of the Board of Directors of Atlansider, SGPS, S.A..

Luís Eduardo da Silva Barbosa

Chairman of the Board of Directors of Eurovida-BNC-CGU, Companhia de Seguros de Vida, S.A.;
Chairman of the Board of Directors of ADI – Administração de Investimentos, S.A.;
Chairman of the Board of the General meeting of Bayer Portugal, S.A.;
Director of Silva & Barbosa – Consultores Internacionais de Gestão, Lda.;
President of the Humanism and Development Institute.

Jacques Lefèvre

President of the Supervisory Board of Compagnie Fives Lille;
Non-executive deputy-chairman of the Lafarge Group;
Director of Lafarge North America;
Director of Cementia Holding AG;
Director of Lafarge Asland, S.A.;
Director of Cementos Molins, S.A.;
Director of Société Nationale d'Investissements au Maroc;
Director of Hurricane Hydro Carbons, Ltd.;
Co-President of France – Philippines Business Council;
Co-President of France – Morocco Business Council.

Jean Carlos Angulo

Assistant General Manager of the Lafarge Group, in charge of Western Europe and Morocco;
Deputy-chairman of Lafarge Ciments;
Director of Lafarge Asland, S.A.;
Director of Readymix Asland, S.A.;
Deputy-chairman of Lafarge Maroc;
Director of Lafarge Adriasebina;
Director of Cementos Molins, S.A.;
President of the Syndicat Français de l'Industrie Cimentière, ATILH and Cimbéton;
Director of CEMBUREAU.

Jorge Manuel Tavares Salavessa Moura

Chairman of the Board of Directors of Cimpor Portugal, SGPS, S.A.;
Director of Cimpor Inversiones, S.L.;
Chairman of the Board of Directors of Cimpor Internacional, SGPS, S.A.;
Chairman of the Board of Directors of Cimpor Investimentos, SGPS, S.A.;

Chairman of the Board of Directors of Cimpor – Indústria de Cimentos, S.A.;
Chairman of the Board of Directors of Geofer – Produção e Comercialização de Bens e Equipamentos, S.A.;
Chairman of the Board of Directors of CECISA – Comércio Internacional, S.A.,
Chairman of the Board of Directors of Cimpor Imobiliária S.A.;
Chairman of the Board of Directors of Estabelecimentos Scial do Norte, S.A.;
Director of MECAN – Manufactura de Elementos de Casas de Construção Normalizada, Lda.;
Manager of KANDMAD – Prestação de Serviços e Comércio de Importação e Exportação, Lda.;
Chairman of the Board of Directors of SACOPOR – Sociedade de Embalagens de Sacos de Papel, S.A.;
Chairman of the Board of Directors of Cement Trading Activities – Comércio Internacional, S.A.;
Manager of Vilaje – Vigas e Lajes Pré-Esforçadas, Lda.;
Chairman of the Board of Directors of Prediana – Sociedade de Pré-Esforçados, S.A.;
Chairman of the Board of Directors of Asment de Témara, S.A.;
Chairman of the Board of Directors of Betocim, S.A.;
Director of CJO – Societé les Ciments de Jbel Ooust, S.A.;
Director of Amreyah Cement Company, S.A.E.;
Director of Amreyah Cimpor Cement Company, S.A.E..

All these companies are part of the CIMPOR Group.

Chairman of the Board of Directors of ATIC – Associação Técnica da Indústria do Cimento.

Luís Filipe Sequeira Martins

Director of Cimpor Portugal, SGPS, S.A.;
Chairman of the Board of Directors of Cimpor Cimpor Inversiones, S.L.;
Director of Cimpor Internacional, SGPS, S.A.;
Director of Cimpor Investimentos, SGPS, S.A.;
Chairman of the Board of Directors of Betão Liz, S.A.;
Chairman of the Board of Directors of Ciarga – Argamassas Secas, S.A.;
Chairman of the Board of Directors of Cimpor Betão, SGPS, S.A.;
Director of Ecoresíduos – Centro de Tratamento e Valorização de Resíduos, Lda.;
Director of MECAN – Manufactura de Elementos de Casas de Construção Normalizada, Lda.;
Director of Vermofeira – Extracção e Comércio de Areias, Lda.;
Manager of KANDMAD – Prestação de Serviços e Comércio de Importação e Exportação, Lda.;
Director of Corporación Noroeste, S.A.;
Chairman of the Board of Directors of Sociedad de Cementos y Materiales de Construcción de Andalucía, S.A.;
Director of Asment de Témara, S.A.;
Chairman of the Board of Directors of CJO – Societé les Ciments de Jbel Oust, S.A.;
Director of Amreyah Cement Company, S.A.E.;
Director of Amreyah Cimpor Cement Company, S.A.E..

All these companies are part of the CIMPOR Group.

Chairman of the Board of Directors of Ecometais – Sociedade de Tratamento e Reciclagem, S.A..

Manuel Luís Barata de Faria Blanc

Director of Cimpor Portugal, SGPS, S.A.;
Director of Cimpor Inversiones, S.L.;
Director of Cimpor Internacional, SGPS, S.A.;
Director of Cimpor Investimentos, SGPS, S.A.;
Manager of KANDMAD – Prestação de Serviços e Comércio de Importação e Exportação, Lda.;

Director of Asment de Témara, S.A.;
Director of CJO – Societé les Ciments de Jbel Ooust, S.A.;
Chairman of the Board of Directors of CEC – Cimpor Egypt for Cement, S.A.E.;
Director of Amreyah Cement Company, S.A.E.;
Director of Amreyah Cimpor Cement Company, S.A.E..
Director of Companhia de Cimentos do Brasil;
Chairman of the Board of Directors of Cimentos de Moçambique, S.A.R.L.;
Chairman of the Board of Directors of Natal Portland Cement Company (Proprietary) Limited;
Chairman of the Board of Directors of Cimpor Reinsurance, S.A.;
Director of Cimpor Finance Ltd..
Director of Penrod Investments Limited.

All these companies are part of the CIMPOR Group.

Pedro Maria Calaínho Teixeira Duarte

Director of Teixeira Duarte – Engenharia e Construções, S.A.;
Director of Teixeira Duarte – Gestão de Participação e Investimentos Imobiliários, S.A.;
Director of Teixeira Duarte – Engenharia e Construções (Macau), Lda.;
Director of TDI – Imobiliária, S.A.;
Director of EPOS – Empresa Portuguesa de Obras Subterrâneas, Lda.;
Director of F+P – Imobiliária, Lda.;
Director of Hipus – Sociedade Hípica e Turística da Bela Vista, Lda.;
Member of the Senior Board of Banco Comercial Português, S.A.;
Member of the Delegate Board of Recolte – Recolha e Eliminação de Resíduos, S.A.;
Member of the general Board of EIA – Ensino, Investigação e Administração, S.A..

João Salvador dos Santos Matias

Director of TDO, SGPS, S.A.;
Director of Tedal, SGPS, S.A.;
Director of ESTA – Gestão de Hóteis, S.A.;
Director of Bonaparte – Imóveis Comerciais e Participações, S.A.;
Director of CPE – Companhia de Parques de Estacionamento, S.A.;
Director of EVA – Sociedade Hoteleira, S.A.;
Director of Mercapetro – Produtos Petrolíferos, S.A.;
Director of Petras – Sociedade Distribuidora de Combustíveis e Gás Natural, S.A.;
Director of Petrin – Petróleos e Investimentos, S.A.;
Director of Petrobeiras – Produtos Petrolíferos das Beiras, S.A.;
Director of S. Luís de Maranhão – Gestão Imobiliária, S.A.;
Director of Sinerama – Organizações Turísticas e Hoteleiras, S.A.;
Director of SM – Companhia Portuguesa de Distribuição de Petróleos e Derivados, S.A.;
Director of Soprocine – Empreendimentos Imobiliários, S.A;
Director of SPI – Sociedade de Petróleos Independentes, S.A.;
Director of Tratado – Sociedade Imobiliária e de Gestão, S.A.;
Director of TDCIM – Concessão da Construção de Instalações, Exploração, Movimentação e Armazenagem de Cimentos, S.A.;
Director of TDGI – Tecnologia de Gestão de Imóveis, S.A.;
Director of VTD – Veículos Automóveis, S.A.;

Manuel Ferreira

Director of Mercapetro – Produtos Petrolíferos, S.A.;
Director of Petras – Sociedade Distribuidora de Combustíveis e Gás Natural, S.A.;
Director of Petrin – Petróleos e Investimentos, S.A.;
Director of Petrobeiras – Produtos Petrolíferos das Beiras, S.A.;
Director of SM – Companhia Portuguesa de Distribuição de Petróleos e Derivados, S.A.;
Director of Teixeira Duarte – Engenharia e Construções, S.A.;
Director of Teixeira Duarte – Gestão de Participação e Investimentos Imobiliários, S.A.;
Director of Teixeira Duarte, SGPS, S.A.;
Director of Tedal, SGPS, S.A.;
Director of TDE – Empreendimentos Imobiliários, S.A.;
Director of SPI – Sociedade de Petróleos Independentes, S.A.;
Director of V8 – Imobiliária, S.A.;
Sole Director of TOPSPIN – Centro Desportivo de Ténis Internacional, S.A., of TOPSPIN – Investimentos Imobiliários, S.A., and of TOPSPIN, SGPS, S.A.;
Chairman of the Board of Directors of TDO, SGPS, S.A.;
Chairman of the Board of Directors of PTG – Sociedade Gestora de Participações, S.A.;
Chairman of the Board of Directors of VTD – Veículos Automóveis, S.A.;
Chairman of the Board of Directors of Soprocine - Empreendimentos Imobiliários, S.A.;
Chairman of the Board of Directors of Tratado – Sociedade Imobiliária e de Gestão, S.A.;
Chairman of the Board of Directors of Auto Dinis de Almeida & Freitas, S.A.;
Chairman of the Board of Directors of PTG – Sociedade Gestora de Participações, S.A.;
Chairman of the Board of Directors of SEIUR – Sociedade de Empreendimentos Imobiliários e Urbanísticos, S.A.;
Chairman of the Board of Directors of EUROGTD – Sistemas de Informação, S.A.;
Chairman of the Board of Directors of EVA – Veículos Automóveis, S.A.;
Manager of Auto Garagem, Lda.;
Manager of Angoímo – Empreendimentos e Construções, Lda.;
Director of Comércio de Automóveis, Lda.;
Director of Teixeira Duarte – Engenharia e Construções (Angola), Lda.;
Director of Imoafro – Empreendimentos Imobiliários, Lda.;
Director of AFRIMO – Empreendimentos Imobiliários, Lda.;
Director of Lisboa Ténis Clube, Lda..

José Alfredo de Almeida Honório

Director of Cimianto – Gestão de Participações, S.A.;
Director of CIMO – Gestão de Participações, SGPS, S.A.;
Director of CMP – Cimentos Maceira e Pataias, S.A.;
Deputy-chairman of the Board of the general Meeting of Hidrotuela – Hidroeléctrica do Tuela, S.A.;
Director of Secil – Companhia Geral de Cal e Cimento, S.A.;
Director of Secil Investimentos, SGPS, S.A.;
Director of Secilpar, S.L.;
Director of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.;
Director of Ciminpart – Investimentos e Participações, SGPS, S.A.;
Director of Parseinges – Gestão de Investimentos, SGPS, S.A.;
Director of Seinpart – Participações, SGPS, S.A.;
Director of Secilpar, S.L.;
Managing Director of PARCIM Investments, B.V..

4.2.
Executive Committee

In 2001, the Board of Directors decided to retain the tradition of an Executive Committee, electing a committee comprising five members, on whom were delegated all the powers of day-to-day management of the Company, with the exception of those that cannot legally be delegated, as set out in Point 4.3 hereunder.

The Executive Committee – chaired by Pedro Teixeira Duarte, who is substituted by Jorge Salavessa Moura when necessary – cannot deliberate without a majority of its members being present or represented. No more than one director may be represented at any meeting. Deliberations are taken by a majority of those present. During 2002 the Executive Committee met on 33 occasions.

In addition to those matters that, pursuant to the law, constitute duties that cannot be delegated by the Board of Directors, the Executive Committee decided, on August 3, 2001, to reserve to the plenary of the Board of Directors final deliberations about any transactions, commitments, contracts, agreements and conventions to be entered into with shareholders holding 2% or more of the Cimpor share capital provided that they are deemed to be especially relevant for their nature or for the sums involved.

Without prejudice to the collegial exercise of the duties delegated on the Executive Committee, each of its members has been especially entrusted with responsibility for monitoring certain Functional Areas, as indicated hereunder:

- External Relations and Communication, Human Resources, Internal Audit and Legal Affairs – Jorge Salavessa Moura, substituted when necessary by Luís Sequeira Martins;
- Technical and Industrial Development Centre – Luís Sequeira Martins, substituted when necessary by Jorge Salavessa Moura;
- Corporate Centre, Consolidation & Planning, and Information Systems – Manuel de Faria Blanc, replaced, when necessary, by Jorge Salavessa Moura.

With regard to links to the undernoted external entities, the following distribution has been determined:

- Technical Cement Industry Association (ATIC) and other industry associations – Jorge Salavessa Moura, substituted when necessary by Luís Sequeira Martins;
- CEMBUREAU, "World Business Council for Sustainable Development" (WBCSD) and Portuguese Association of Ready-mix Concrete Companies (APEB) – Luís Sequeira Martins, substituted when necessary by Jorge Salavessa Moura;
- Securities Market Commission (CMVM), Euronext Lisbon and Audit Committee – Manuel de Faria Blanc, substituted when necessary by Jorge Salavessa Moura.

4.3.
Management Control of Company Life

As mentioned above, the Executive Committee is prevented from dealing with matters qualified as not subject to delegation by the Board of Directors under the terms of Article 407.4 of the Companies Code, to wit:

- Selection of the chairman of the Board of Directors, when applicable;
- Co-opting directors;
- Convening General Meetings;
- Annual reports and accounts;
- The posting of bond and the provision of personal or real guarantees by the Company;
- Changes to the registered office and share capital increases; and
- Company merger, split and transformation operations.

The Board of Directors must meet once a quarter, without prejudice to such other interim meetings as may be necessary. No resolution may be adopted unless the majority of its members is present or represented, and no more than one director may be represented at each meeting. During 2002 the Board of Directors largely exceeded the mandatory minimum frequency, having held 12 meetings.

The following procedures have been created to ensure that all the members of the Board of Directors are aware of the decisions taken by the Executive Committee:

a) distribution of the minutes of Executive Committee meetings to the members of the Board of Directors;

b) at Board of Directors' meetings the Executive Committee regularly summarises those aspects of its activity since the previous meeting that are considered relevant, providing the directors with such additional or complementary clarification and information as may be requested; and

c) the regulations allow directors to request the Executive Committee to provide elements of information other than during Board meetings.

4.4.
Other Internal Management Committees

As mentioned, in 2002 an internal corporate governance consultative committee was set up within the Board of Directors, charged especially with studying, preparing and advising on the adoption and revision by the Board of Directors of internal rules and procedures concerning the development and perfecting of principles and codes of conduct and corporate governance, including matters concerning the working of and the internal relationships within the Board itself, the prevention of conflicts of interests and the discipline of information.

This committee comprises directors (mostly non-executive) with no ties to shareholders with qualified holdings, and its composition is currently as follows:

– Prof. Ricardo Manuel Simões Bayão Horta

– Luís Eduardo da Silva Barbosa

– Jorge Manuel Tavares Salavessa Moura.

The committee meets when warranted, in principle at least once every half year.

4.5. Remuneration

The remuneration of the members of the Company's Board of Directors and the mode of and contributions to the complementary retirement or disability pension scheme are determined by the Remuneration Committee consisting of shareholders elected by the General Meeting. The remuneration may include a variable part established in the light of the year's results (pursuant to the terms of Article 16 of the Articles of Association the said variable part cannot exceed 1% of the net profit less the sum set aside as Legal Reserve).

The total amount of the remuneration, contributions to the complementary retirement or disability pension scheme and other incentives earned by the members of the Company's Board of Directors, as a whole, during the year to December 31st 2002 was as follows:

(expressed in euros)

	Fixed Remuneration	Variable Remuneration
Executive Directors	1,196,048.07	521,907.30
Non-executive Directors	567,372.29	1,333.76
TOTAL	**1,763,420.36**	**523,241.06**

Consolidated Annual Report
2002

II. Group Activity

1. Macroeconomic and Industry Framework

1.1. Global Economy

The global economy in 2002 did not come up to the expectations seen at the beginning of the year. The long-awaited upturn of economic growth, particularly in the European Union and United States, did not materialise; rather, there was a series of contradictory signals concerning the performance of their economies, with a significant impact on the confidence of most economic agents.

The worsening financial conditions worldwide, reflecting market volatility and the sharp falls of the equity markets throughout the year, doubts as to the reliability of company financial statements, rising unemployment and worsening political and military tensions were all determinant to the postponement of global economic recovery.

Global economic growth amounted to no more than 1.7%, with the industrialised countries growing by about 1.3% and the emerging countries by nearly 3%.

As a result of weak private consumption and GFCF, economic activity in the European Union continued the slowdown begun in 2001, with the GDP growing by less than 1%, unemployment rising to about 8.5% and consumer confidence standing at an abnormally low level.

Inflation remained under control (at around 2.2%) which opened up the way for the ECB to reduce its refi rate from 3.25% to 2.75%, though only towards the end of the year. On the budget policy side, the stimulus given to economic activity differed, given the commitment of several governments to compliance with the goals imposed by the Stability and Growth Pact.

The euro appreciated gradually against the US dollar (almost 19% over a one-year period), reflecting a significant movement of financial assets into euro-denominated placements.

In the United States, the GDP grew by some 2.7% (compared to no more than 1% the previous year), though the performance seen in the fourth quarter was far below that of previous months. Private consumption, which had driven the growth of the North American economy, was weaker than expected and did not react significantly either to the tax stimuli provided on two occasions by the Bush Administration or to the 50 b.p. cut of the Fed Funds rate, which stood at just 1.25% at the year-end.

Long-term interest rates – as in the European Union – fell sharply up to the beginning of the fourth quarter, then starting to rise as a result of a certain expectation of a consolidation of the upturn of economic activity in 2003, of the increase of political and military instability and of the recovery, albeit timid, of the equity markets.

In Japan, 2002 was again not a very encouraging year, and there were still no clear signs of a reversal of the present situation of a contracting economy. The GDP fell 0.7%, prices were down by around 0.9%, exports and investment declined, unemployment was up and consumer expectations regarding the future remained quite pessimistic.

Nor did the negative factors that conditioned the international economy in 2002 spare the economies of the emerging countries.

In Latin America, the profound crisis in Argentina, begun in 2001, was accompanied a climate of uncertainty during the whole year, caused by the proximity of the presidential elections in Brazil and by worsening social tensions in Venezuela. The Brazilian economy suffered the effect of the expectations created by the profound political changes augured by the election of Lula da Silva, with the currency falling sharply during the second half (despite the recovery seen at the end of the year) and inflation rising significantly. A far more sombre picture was seen both in Argentina and in Venezuela, countries where inflation was extremely high, accompanied by a sharp decline of the GDP and very serious social problems.

The countries of North Africa in which the Group carries on business saw modest growth, severely conditioned by the climate of uncertainty surrounding the probable deterioration of the conflicts in the Middle East.

1.2.
The Economic Surroundings in Countries in which the Group Operates

1.2.1. Portugal

During 2002 economic activity in Portugal continued to slow as in the previous year, and there may even have been a downturn of the GDP during the second half. This limited growth of the year as a whole to a maximum of 0.5%, meaning a step backwards in the process of real convergence with the European union.

Private consumption, which had been remarkably dynamic during the second half of the 90s, was to see modest growth of no more than 0.4%. The increase of unemployment to nearly 6% and large household debt, stimulated by the cycle of falling interest rates, were two factors determinant to consumer retraction.

The other components of domestic demand – which is thought to have made a negative contribution to GDP growth (a thing that had not been seen since 1993) – did not perform brilliantly either: investment was sharply lower and public consumption was severely hampered by the slippage of the budget deficit and by the priority given by the new government to meeting the targets set up by the European Union.

Despite the poor economic growth, consumer prices increased by an average of 3.6% (even so, lower than the 4.4% in 2001), accelerating somewhat, in year-on-year terms, as from May in the wake of the 2 p.p. increase of the VAT rate. By the year-end year-on-year inflation stood at 4.0%, an increase of 0.3 p.p. over the December 2001 figure.

In a year of crisis, the performance of the capital market was naturally poor: the PSI 20 fell 25.6% and, over three years, it lost more than 50%.

1.2.2. Spain

Economic growth in Spain in 2002 was close to 2.0%, which, though the lowest figure of the past six years, clearly outperformed the average of the euro area countries (less than 1%).

Despite the larger number of jobs, the growth of the active population meant that the unemployment rate did not decline much, remaining at around 11%. This continues to be one of the more negative aspects of the Spanish economy.

Investment in capital goods, which had declined by 1.2% in 2001, fell by a further 2.3%. In contrast, the civil construction sector, despite slowing somewhat, grew by around 4.5% as a result of major public investments in infrastructure and of a particularly dynamic property sector, driven by falling interest rates and by the shift of savings from the equity market to the property market.

Inflation stood at around 3.5%, clearly above the 2001 figure (2.7%), largely the result of the effect of the "rounding up" following the introduction of the euro.

1.2.3. Morocco

Growth of economic activity in Morocco in 2002 stood at about 4.5%, considerably below the figure of 6.5% the previous year. The primary sector performed best, offsetting to a certain extend the sharp downturn of tourism in the wake of the September 11 events.

Inflation stood at around 3%, driven largely by the 4.5% increase of food prices. On the other hand, exports were significantly higher (7.9%), while imports were up by less than 1%.

As far as the public accounts are concerned, revenues were considerably lower as a result of the decline of taxes collected and of the almost total absence of privatisation income. In this connection, public spending was down almost 8%, while investment fell by a similar amount.

1.2.4. Tunisia

The real growth of the Tunisian GDP in 2002 is not thought to have reached 4%, more than 1 p.p. below last time. A decisive contribution to this was made by the lower numbers of foreign tourists, the lack of rain throughout the first half and the poor performance of the exporting industries.

In compensation, emigrant remittances were sharply higher and, allied to the decline of imports, this made a significant contribution to the control of the foreign accounts.

Inflation was contained at less than 3% and the budget deficit fell from 4.3% of the GDP in 2001 to around 3.8% in 2002. On the other hand, the relative stability of the currency (depreciation of around 9% against the euro), offset by an appreciation of about 8% against the US dollar), allied to the benefits stemming from the lower interest rates on the international markets, provided a certain stability with regard to foreign debt payment conditions.

1.2.5. Egypt

The Egyptian economy in 2002 continued to be severely affected by the effects of the events of September 2001 and by considerable political instability. The downturn of the major sources of revenue (tourism and the Suez Canal), together with weak domestic demand, led to a growth rate in fiscal 2002 (July 2001 to June 2002) of no more than 0.8% in real terms.

On the other hand, the administratively fixed exchange rate – which has been eliminated in 2002 – led to a huge scarcity of strong currency on the foreign exchange market, bringing back expectations (confirmed in the meantime) of a considerable devaluation of the Egyptian pound, with all its consequences on the investment intentions both of residents and of foreign companies.

Inflation exceeded 4% and the public sector and foreign account deficits – despite the trade surplus, caused by the severe import restriction policy – were relatively large as a proportion of the GDP.

1.2.6. Brazil

The performance of the Brazilian economy in 2002 was largely conditioned by the risk aversion of the international markets during the year, further hampered by the continental dimension of the Brazilian economy, its openness to the outside world, its geographic proximity to major centres of instability (Argentina and Venezuela) and the uncertainty surrounding the presidential elections towards the end of the year.

The sharp depreciation of the currency (more than 50% against the US dollar and nearly 80% against the euro) was undoubtedly one of the main factors underlying the performance of the economic agents in 2002, generating huge pressure on monetary policy and inhibiting measures of an expansionist nature designed to stimulate the economy.

The GDP growth rate was therefore no more than 1.5%, while inflation was up from the previous year by almost 5 p.p. at 12.5%, the result of the devaluation of the real.

It should be noted, however, that, towards the end of the year, there began to appear, in addition to a clear improvement of the expectations surrounding the economic policy of the new government, several fairly positive signs regarding the coming performance of the economy. Here, the focus is on the good performance of the trade balance, the containment of public spending and the success achieved in rolling over the public debt.

1.2.7. Mozambique

Available figures on the performance of the Mozambican economy in 2002 suggest a GDP growth rate of 12% and inflation contained at around 9%, far lower than the previous year (22%).

Contrary to what was seen in previous years, the depreciation of the currency, which is crucial to the control of imported inflation, was small against the US dollar (just 2.3%) but very sharp against the South African rand (nearly 30%).

Despite the slight improvement of the current account balance, the foreign accounts as a whole deteriorated substantially as a result of the considerable reduction of inflows of capital in the form both of loans and of direct foreign investment.

1.2.8. South Africa

The GDP growth rate in South Africa, where the Group has been in business since the start of the fourth quarter of 2002, stood at around 2.7%, which, while not very high, was higher than the previous year – 2.3%.

Consumer prices, on the contrary, performed quite badly, and inflation rose from 7.8% in 2001 to nearly 14% in 2002.

During the last quarter of the year the rand started to appreciate sharply, largely as a result of the large flows of currency involving the gold-mining and diamond-mining industries, the main beneficiaries of the climate of uncertainty that gripped the international financial markets.

1.3.
The Global Cement Industry

The year under review was marked by a certain stagnation of global cement consumption, caused by the slowdown of economic growth and by the poorer performance of the construction and public works sector in most of the more developed countries. Implementation of restrictive budget policies, public investment cuts, the suspension or postponement of projects and the reduction of consumer confidence, allied to the instability of the financial markets and to the worsening political and military tensions, led to a climate of insecurity not propitious to investment in construction.

In Europe, nonetheless, there was an appreciable increase of cement consumption in the countries of the eastern half, from Estonia to Greece (with the exception id Poland) In the western part, performance was less consistent: whereas Scandinavia, Benelux, Germany, France, Switzerland, Austria and Portugal saw a downturn of consumption, Italy and Spain returned more or less significant growth. Growth of cement consumption in the European Union as a whole was similar to that of the previous year (0.3%), and prices remained stable, with the exception of Germany where, in the wake of several problems that affected the industry, priced were down more than 50%.

On the American continent, Canada performed worse than the United States, while Mexico returned to the growth interrupted in 2001. In South America as a whole consumption fell, reflecting the difficulties experienced by several countries, Argentina and Venezuela in particular.

In the Asia-Pacific region demand in Japan was quite weak, while there was sharp growth in Vietnam, Thailand and part of the Philippines. Performance was also good in China, Korea, Indonesia and Australia.

In the Middle East demand growth rates were stable, and this was also true of North Africa, though Morocco saw a particularly significant increase of consumption. In the remainder of the African continent South Africa outperformed the countries of the western half.

With regard to mergers and acquisitions in the cement industry there was a clear decline in the volume of transactions during 2002. The major groups were particularly concerned with recomposing their balance sheets and reducing debt.

In total, only an estimated 22 million tonnes were involved, compared to more than 100 million the previous year, 47 million in 2000 and 130 million in 1999.

Of the main transactions of which we are aware involve the following are underscored:

- the acquisition by Cemex of Puerto Rican Cement, for USD 289 million;

- the acquisitions by Cimpor, totalling EUR 430 million – Natal Portland Cement, in South Africa; the Brumado grinding facility in the Brazilian state of Bahia; and the cement industry assets (two factories a grinding plant and a port terminal previously owned by Lafarge Asland in the Spanish region of Andaluzia;
- the purchase by Holcim of the only white cement factory if Poland;
- the acquisition by Lafarge of a factory in China;
- the taking control by Heidelberg of Romcif (Romania) and its purchase of a factory in Russia; and
- the acquisitions by Italcementi of a factory in Virginia (USA) and of Sri Vishnu Cement (India), through its subsidiaries Essroc and Zuari Cement, respectively, for an estimated total of EUR 178 million.

The prices paid in terms of Enterprise Value (EV) per ton were clearly below those of previous years, since, contrary to what was seen previously, supply exceeded demand and some of the major cement groups were looking to divest insofar as less strategic assets were concerned, in an endeavour to realise the liquidity needed to cut their large debt.

Other factors contributing to this lesser volume of mergers and acquisitions included the reduction of cement consumption in the more developed countries and the worsening risk in several of the main emerging markets: on the one hand, buyers are reluctant to accept the additional risks; on the other, sellers are not prepared to reduce the value given to their assets.

Uncertainty as to the timing of the recovery of the world's leading economies and the increasing scarcity of attractive acquisition targets mean that the strategy of the major cement groups in the coming years will be directed at rationalisation of their manufacturing facilities.

Lastly, it should be pointed out that, through its acquisitions in 2002, Cimpor now stands tenth in the global ranking of the industry in terms of cement production capacity.

2. Review of Group Results

2.1. Summary of Overall Business

Following a period of more than a year during which it was unable to go ahead with its growth strategy, Cimpor once again undertook a process of growth and internationalisation in 2002. It acquired a company in South Africa, a grinding facility in

Brazil and three manufacturing facilities in Spain (two factories and a grinding mill), increasing its annual production capacity using its own clinker to 21.2 millions tonnes, bringing the company up to tenth place in the global ranking of cement companies.

Despite the decline of some of the markets in which the Group does business (the Portuguese market in particular), the increased competition in other markets (especially Egypt) and the sharp depreciation against the euro of the Brazilian and Egyptian currencies (more than 30% and 20% respectively, in terms of average annual exchange rates), the Consolidated Net Income after Minority Interests stood at 176.6 million euros, an increase of 28.1% over the previous year (without any contribution from the units recently acquired in Spain and with just one quarter's contribution by the South African acquisition.

The Group's Statement of Income

(million euros)

	2002	2001	Var.	2000
Turnover	1,317.2	1,385.7	- 4.9%	1,316.0
Operating Cash Costs				
Stocks sold & consumed	314.1	357.5	- 12.1%	292.7
Third-party supplies & services	356.2	385.8	- 7.7%	372.6
Payroll expenses	152.2	149.9	1.5%	136.7
Other operating Cash Costs (net)	- 16.8	- 12.3	n/a	- 5.4
TOTAL	**805.8**	**880.9**	- 8.5%	**796.7**
Operating cash flow (EBITDA)	511.4	504.8	1.3%	519.3
Depreciation & provisions				
Goodwill	59.0	48.2	22.4%	56.0
Other Depreciation	150.7	170.9	- 11.8%	144.5
Provisions	17.8	15.8	12.7%	15.9
TOTAL	**227.6**	**235.0**	- 3.1%	**216.3**
Operating income (EBIT)	283.8	269.8	5.2%	303.0
Financial Charges	- 23.3	- 56.3	58.5%	- 63.5
Current income	260.5	213.6	22.0%	239.5
Extraordinary Results	- 38.2	- 5.2	n/a	8.9
Pre-tax Income	222.3	208.4	6.7%	248.4
Income Tax	40.6	63.6	- 36.1%	89.9
Income before Minority Interests	181.6	144.8	25.5%	158.5
Minority interests	5.1	6.9	- 26.9%	6.5
Group Net Income	176.6	137.8	28.1%	152.0

Cement sales by quantity totalled 16.5 million tonnes, down 0.8% from the previous year (2.4% on a like basis). Total Group turnover amounted to 1,317.2 million euros, a reduction of 68.5 million (or 4.9%) from 2001, chiefly the result of the decline see in Portugal (down 30.3 million euros), in Egypt (down 37.6 million euros) and in Brazil (down 13.4 million euros. This was the result, in the first case, of the simultaneous effect of lower consumption and greater imports and, in the other cases, chiefly by the depreciation of their currencies (made worse in the Egyptian case by the reduction of quantities sold).

Despite this decrease of Turnover, the excellent operating performance of most Group companies allowed the Operating Cash Flow to increase slightly (1.3%) to 511.4 million euros and the EBITDA margin to rise from 36.4% in 2001 to 38.8% in 2002.

The 3.1% reduction of Depreciation and Provisions meant that Operating Income was up by 14 million euros (5.2%) and the margin on Turnover increased from 19.5% in 2001 to 21.5% in 2002.

Current Income, therefore, at more than 260 million euros, was up by around 47 million euros (or 22.0%) compared to the previous year.

There was a larger Exceptional Loss, in the sum of 33.1 million euros, as a result of goodwill written down by about 12 million euros and of various provisions set aside to cover a number of financial investments of doubtful recovery, costs related to additional income tax assessments (contested through the courts) and other contingencies and liabilities (particularly liabilities for the payment of pensions and medical assistance costs) totalling more than 60 million euros.

The reduction of Income Tax by 23 million euros (despite the increase of Pre-tax Income) was caused by the combined effect of the tax savings obtained on the loss of almost all the Group's international holdings to a new holding company set up in Spain (based on valuations by an independent entity) and of the said provisions set aside for additional Income Tax assessments.

The increase of Consolidated Net Income, after Minority Interests, by nearly 40 million euros ensured, on the other hand, an increase of Return on Equity to 17.3% (almost 5 p.p.), confirming the improvement at Group level of all the main performance indicators (see table).

Capital Employed was practically unchanged and this is also true of the financing structure. It should be pointed out, however, that total investment, including goodwill, exceeded 700 million euros and, even excluding goodwill, the investment in net terms represented over 30% of Turnover.

Economic and Financial Highlights

	2002	2001	2000
Turnover / Employee (10^3 euros)	216.2	207.3	198.9
Value Added / Employee (10^3 euros)	108.9	98.0	99.2
Payroll expenses / Turnover	11.6%	10.8%	10.4%
Margins on Turnover			
Operating cash flow (EBITDA Margin)	38.8%	36.4%	39.5%
Operating income (EBIT Margin)			
Before Amortisation of Goodwill	26.0%	23.0%	27.3%
After Amortisation of Goodwill	21.5%	19.5%	23.0%
Net Income before Minority Interests	13.8%	10.4%	12.0%
Depreciation (1) / Turnover	11.4%	12.3%	11.0%
Net Investment (2) / Turnover	30.5%	14.6%	17.5%
Stocks (3) / Turnover	10.5%	10.4%	10.0%
Working capital (net) (3) / Turnover	14.2%	14.0%	12.6%
Operating Income / Financial charges (net)	12.2	4.8	4.8
Net Financial Debt / Capital employed	46.6%	43.3%	43.6%
Return on equity (RoE)	17.3%	12.4%	14.0%
Return on capital employed (RoCE) (4)	10.1%	9.9%	11.7%

(1) Except Amortisation of Goodwill (2) In Tangible Fixed Assets (3) Average balance for the year (4) After taxes

Capital Employed (Group)

(million euros)

	2002	2001	2000
Current Assets	440.9	447.7	399.4
(Current Non-financial Liabilities)	(258.8)	(250.6)	(207.3)
Work Capital (net)	182.1	197.1	192.0
Goodwill (gross)	1,256.5	995.6	1,168.8
Property, Plant and Equipment (net)	1,300.1	1,279.7	1,054.6
Other Assets (net of Other Liabilities)	(273.1)	(29.9)	(14.7)
CAPITAL EMPLOYED	**2,465.5**	**2,442.5**	**2,400.7**
Financing Liabilities	1,520.9	1,239.1	1,243.8
(Loans Granted / Cash & Balances)	(372.0)	(181.7)	(196.5)
Net Financial debt	1,148.9	1,057.3	1,047.3
Provisions for Contingencies & Liabilities	118.7	55.8	56.7
Minority interests	88.5	111.5	100.7
Deferred Tax Liabilities (net)	(25.3)	32.9	(51.1)
Accumulated Amortisation of Goodwill	300.1	230.7	186.5
Shareholders' funds	949.6	1,091.1	1,131.4
Subtotal	2,580.5	2,579.3	2,471.5
(Assets not Assigned to Operations)	(115.0)	(136.8)	(70.8)
CAPITAL EMPLOYED	**2,465.5**	**2,442.5**	**2,400.7**

Despite this and the significant amount of dividends paid out (almost 100 million euros), net financial debt rose by little more than 90 million euros (not including the effect of the purchase of the Cordoba and Niebla factories), and continues to account for less than 50% of Capital Employed. The respective cost, together with other charges (net of other income) of a financial nature remained perfectly under control and even fell to lass than 10% of the Operating Income.

Source & Application of Funds

(million euros)

	2002	2001	2000
Operating income *	187.1	191.0	197.0
Depreciation Charges for the Year	209.7	219.1	200.5
Provisions for the Year	17.8	15.8	15.9
Operating cash flow *	414.6	425.9	413.3
(Financial charges (net)) *	(14.9)	(40.6)	(44.7)
Other Cash Flows *	50.1	(16.5)	(1.0)
Total Cash Flow *	449.8	368.8	367.6
Purchase/(Sale) of Treasury Shares	(2.4)	11.0	25.8
Inc./(Red.) Minority Interests	(28.1)	3.9	16.8
Inc./(Red.) Net financial Debt	90.4	10.0	289.0
Variation of Deferred Taxes	(58.2)	84.0	15.7
ORIGIN OF FUNDS	**451.6**	**477.7**	**714.8**
Profit Distribution	98.7	99.8	79.1
Net Investment in Goodwill	303.4	8.4	364.0
Net Investment in Tangible Fixed Assets			
Via Acquisitions	213.5	4.3	88.9
Other	187.7	198.5	141.7
Inc./(Red.) Working capital (net)	(25.0)	5.4	57.1
Inc./(Red.) Other Assets (net Other Liabilities) **	(326.7)	161.2	(16.1)
APLICATION OF FUNDS	**451.6**	**477.7**	**714.8**

* After taxes

** Including the effect of currency fluctuations

2.2.
Contributions of the Various Business Areas

The performance figures and key indicators shown in the following tables allow an appraisal of the relative positions of the various Business Areas and of the contribution of each to the Group's overall, consolidated figures.

Compared to 2001, and in addition to the launch of the new Business Area, South Africa (with its contribution limited just to the last quarter of the year), attention is drawn to the following more significant alterations: the increase from 8.1% to 12.5% of the relative importance of Spain as far as the Group's installed capacity is concerned (cement production using own clinker), though it did not yet affect production in 2002; the reduction of the contribution of Business Area Egypt both to Turnover and to Operating Cash Flow; and the 4.4 p.p. increase of the contribution of Business Area Portugal to the Operating Cash Flow.

Business Areas – Activity in 2002

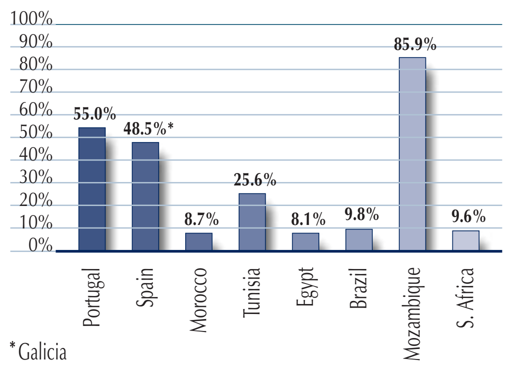
	Unit	Portugal (1)	Spain	Morocco	Tunisia	Egypt	Brazil	Mozambique	S. Africa (2)
CEMENT BUSINESS									
Installed capacity (3)	10^3 ton	6,655	2,655	855	1,560	2,390	5,450	620	1,040
Sales	10^3 ton	6,073	1,548	739	1,471	2,203	3,693	486	271
Market Share (4)		55.0%	48.5%	8.7%	25.6%	8.1%	9.8%	85.9%	9.6%
TOTAL BUSINESS									
Turnover	10^6 euros	652.8	170.2	49.3	57.6	73.8	255.4	37.7	13.5
Payroll expenses	10^6 euros	78.4	27.6	4.7	3.3	5.3	17.5	3.7	1.3
Operating Cash Flow (EBITDA)	10^6 euros	256.8	55.4	22.5	10.5	16.9	130.8	7.3	5.6
Operating profits (EBIT) (5)	10^6 euros	180.5	42.4	13.1	- 0.7	- 6.6	105.9	0.4	4.7
Net income bef. Minority Interests	10^6 euros	115.7	28.2	10.2	2.5	- 5.8	76.4	- 4.2	3.4
Employees (Dec 31)	number	1,867	720	262	241	832	1,095	572	296
Turnover / Employee	10^3 euros	344	234	190	243	79	250	65	45
Value Added / Employee	10^3 euros	176	114	105	58	24	145	19	23
EBITDA Margin		39.3%	32.5%	45.6%	18.3%	22.9%	51.2%	19.5%	41.3%
EBIT Margin		26.7%	23.6%	26.5%	neg.	neg.	40.7%	1.0%	34.5%
Return of Equity (RoE)		34.1%	20.5%	14.6%	2.6%	neg.	23.2%	neg.	68.5%
Return of Capital Employed (RoCE)		37.9%	21.7%	14.0%	neg.	neg.	25.2%	0.5%	55.6%

(1) Excluding the holding companies and unrelated businesses
(2) 4th Quarter business
(3) Cement production capacity using own clinker (at the year-end)
(4) In Spain: Share of the Galician market
(5) Before amortisation of Goodwill

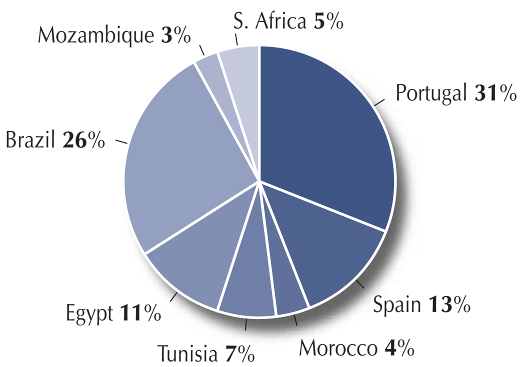
CONTRIBUTION BY THE BUSINESS AREAS TO THE GROUP IN 2002

(Charts of the Key Indicators)

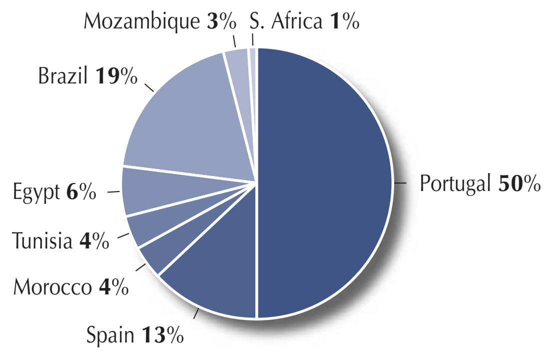
Cement Market Share



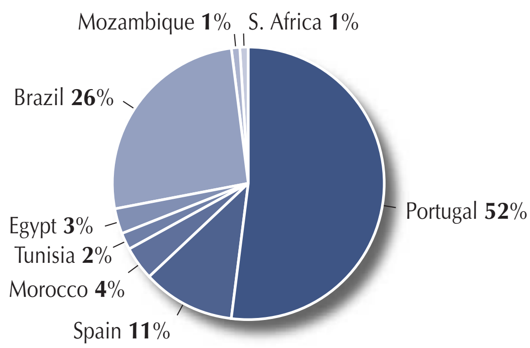
Breakdown of Installed Cement Capacity



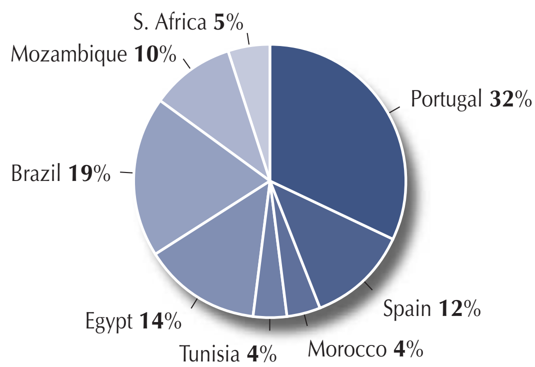
Contribution to Turnover



Contribution to Operating Cash Flow

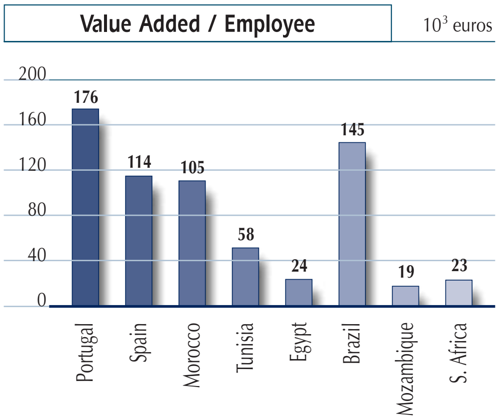


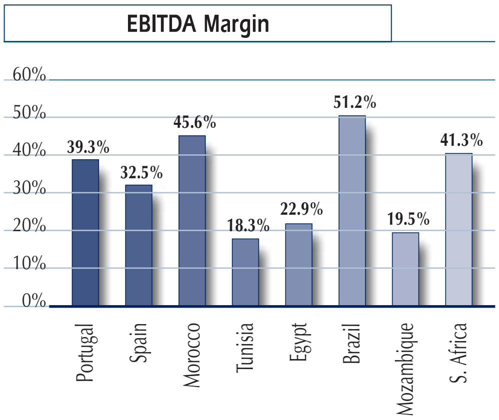
Breakdown of Employees

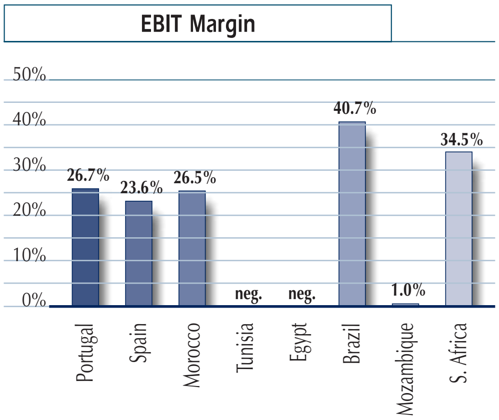


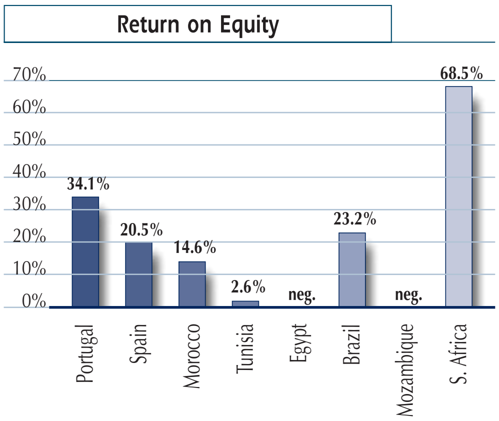
RELATIVE POSITIONS OF THE BUSINESS AREAS IN 2002

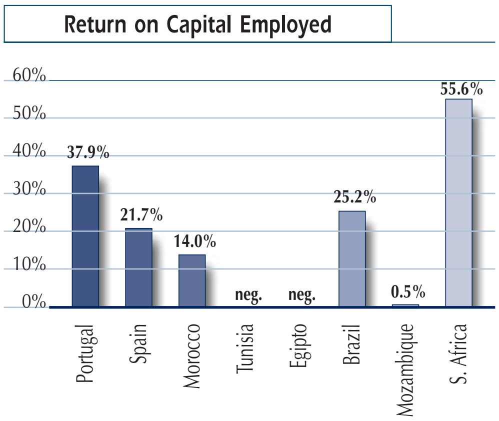
(Charts of the Key Indicators)











2.3.
Group Activity by Business Area

2.3.1. Portugal

Following seven years of uninterrupted growth in Portugal, cement consumption declined by about 2.6% as a result of the slowdown of economic activity – the effects of which were felt particularly in the civil construction industry, especially in residential construction – and of the conclusion of several large public works, no new ones having appeared.

Even so, Portugal, with a total consumption of around 11 million tonnes, is still one of the countries with the largest per capita consumption of cement (around 1,100 kg), outdistanced only by Spain and Luxembourg within the scope of Cembureau (European Cement Industry Association).

Clearly prejudicial to domestic production was the fact that cement imports were 40% higher than in 2001, achieving a market share of nearly 12%. Industry sales consequently fell by 6.4% over the year, particularly during the second half (when they were down 13%).

As far as the Cimpor Group is concerned, Portugal continued to be the country with the greatest weight: in 2002, it accounted for approximately 50% both of Turnover and of total Operating Cash Flows (excluding the holding company and non-core business).

The Group maintains its leadership of the cement and ready-mix concrete markets in Portugal, and it is also very active in the aggregates market. In its dry mortar business, a new bagging facility was inaugurated at the Maia plant and the Group also increased position in the projected plaster segment.

During 2002, Turnover totalled 653 million euros, 4.4% less than the previous year. Nevertheless, Operating Cash Flow increased from 233 million euros to 257 million (an increase of over 10%), the respective margin rising more that 5 p.p. to 39.3%. This was driven by the fact that the consumption of bought-in clinker was practically nil and by the reduction of solid fuel prices on the international market, which more than offset the increase of payroll expenses, up by around 18 million euros as a result of the need, dictated by the very negative performance of the capital markets, to increase the Cimpor Indústria Pension Fund by a like amount in addition to the normal contributions.

As a result of this improved performance, Operating Income rose from 151 million euros in 2001 to 174 million in 2002, and Consolidated Net Income for the whole of the Business Area (before minority interests) increased 22.6% to nearly 116 million euros.

During the year Cimpor Portugal, SGPS, S.A., acquired approximately 10% more of the share capital of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., bringing its holding in this company up to more than 20% (and therefore consolidates its accounts using the equity method) and sold to Corporación Noroeste its holding in the Spanish company Cementos Antequera, S.A..

In the ready-mix concrete area continuity was given to the internal restructuring begun in 2001, involving several mergers and transfers of holdings within the Group, in addition to several acquisitions from third parties.

BUSINESS AREA PORTUGAL

	Unit	2002	2001	Var.
Turnover	10^6 euros	652.8	683.1	- 4.4%
Payroll expenses	10^6 euros	78.4	66.4	18.1%
Operating cash flow (EBITDA)	10^6 euros	256.8	232.8	10.3%
Operating income (EBIT)	10^6 euros	174.3	150.7	15.7%
Net income *	10^6 euros	115.7	94.3	22.6%
Capital employed	10^6 euros	325.3	315.5	3.1%
Investment (net) in fixed assets				
Via acquisitions / disposals	10^6 euros	81.1	10.4	683.0%
Direct investment	10^6 euros	54.7	64.6	- 15.2%
Employees (Dec 31)	number	1,867	1,890	- 1.2%
Turnover / Employee	10^3 euros	344	358	- 4.1%
Value Added / Employee	10^3 euros	176	157	12.4%
EBITDA margin		39.3%	34.1%	
EBIT margin		26.7%	22.1%	
RoE		34.1%	31.7%	
RoCE		37.9%	31.0%	

* Before Minority Interests

Cement

- 3 Cement plants
- 1 Cement grinding unit
- 1 Hydraulic lime plant
- 12 Commercial terminals

Total cement and clinker sales, including exports, were 6.5% lower than in 2001 at approximately 6.1 million tonnes, providing a market share (domestic, including imports) of some 55% (2.6 p.p. less than last time).

Despite the fact that, in parallel with the overhaul of the product range, a price increase in the order of 2.5% was introduced in March, the change to the mix of products sold and the adjustments to commercial conditions during the second half meant that average selling prices were up by no more than 0.6% compared to 2001.

Thus, the Turnover of this business area amounted to 451 million, a 4.6% reduction from the previous year.

Cement

	Unit	2002	2001	Var.
Installed capacity (1)	10^3 ton	6,615	5,875	12.6%
Use of installed capacity (2)		93.9%	88.1%	
Sales	10^3 ton	6,073	6,495	- 6.5%
Market share		55.0%	57.6%	
Turnover	10^6 euros	450.8	472.5	- 4.6%
Payroll expenses	10^6 euros	49.4	40.6	21.7%
Operating cash flow (EBITDA)	10^6 euros	215.5	184.9	16.6%
Operating income (EBIT)	10^6 euros	161.8	122.1	32.5 %
Industrial Investment				
in Development	10^6 euros	14.6	22.1	- 34.1%
Current	10^6 euros	24.3	26.4	- 7.9%
Employees (Dec 31)	number	857	858	- 0.1%
Turnover / Employee	10^3 euros	517	550	- 5.9%
Value Added / Employee	10^3 euros	304	262	15.9%
EBITDA margin		47.8%	39.1%	
EBIT margin		35.9%	25.8%	

(1) Cement production using own clinker (average over the year)
(2) Cement production using own clinker / Installed capacity

Kiln 3 at the Souselas production Centre came back on stream following the investment made in increasing its production capacity in 2001. Allied to the good general performance of the manufacturing facilities, this meant that the need to buy in clinker from abroad fell by about 83%. Despite the decrease of Turnover, this caused the Operating Cash Flow to rise by 16.6%.

This was also helped by the significant reduction of solid fuel costs per tonne produced – influenced by the decrease of calorific consumption, by the higher proportion of pet coke in the mix of fuels used and by the lower prices on the international market – and by the decrease of the specific consumption of refractory materials and grinding media.

With the opposite effect, attention is drawn to the increase of some 4% of the unit cost of electricity – owing to the increased kWh price caused by the revision to the national tariff – and to the significant increase of staff costs (nearly 22%, as a result of the need, referred to above, to increase the Cimpor Indústria Pension Fund.

These less positive aspects were insufficient, however, to prevent a sharp increase of both the EBTIDA margin (from 39.1% to 47.8%) and of the EBIT margin (from 25.8% to 35.9%).

Concrete

— 67 Ready-mix concrete units

On the whole, 2002 was quite a good year for this business. Industrial ready-mix concrete production in Portugal in 2002, the penetration rate of which in terms of total cement consumption continues to rise, amounted to nearly 12 million cubic metres, up by about 9%.

Nevertheless, the appearance of new operators in the marketplace, competing fundamentally on price, meant that Group sales fell slightly, by 3.1% by volume and by 1.0% by value. As these figures show there was a slight increase of the average selling price (1.5%), largely the result of the change to the product mix, with an increase of the stronger classes of concrete.

This change naturally led to an increase of raw material consumption and, for this reason, the Operating Cash Flow was down 10% at 23.3 million euros, or 10.2% of Turnover (nearly 1 p.p. less than the previous year). Operating Income, affected by the volume of provisions set aside, was no more than 9.4 million euros, a 33% reduction from 2001.

Lending continuity to the policy designed to rationalise this business, company restructuring was implemented and a new company acquired (Barbetão – Comércio e Distribuição de Betão, S.A.).

Concrete

	Unit	2002	2001	Var.
Concrete sales	10^3 m^3	4,058	4,188	- 3.1%
Turnover	10^6 euros	227.4	229.7	- 1.0%
Payroll expenses	10^6 euros	17.1	16.5	3.4%
Operating cash flow (EBITDA)	10^6 euros	23.3	25.9	- 10.1%
Operating income (EBIT)	10^6 euros	9.4	14.0	- 33.0%
Industrial Investment				
in Development	10^6 euros	1.9	1.2	58.3%
Current	10^6 euros	8.5	9.2	- 7.2%
Employees (Dec 31)	Unidades	525	561	- 6.4%
Turnover / Employee	10^3 euros	411	411	- 0.1%
Value Added / Employee	10^3 euros	73	76	- 3.9%
EBITDA margin		10.2%	11.3%	
EBIT margin		4.1%	6.1%	

Aggregates

— 13 Aggregates production units

Despite the lack of standard indicators for the aggregates production industry in Portugal, the Mainland Portugal market in 2002 is thought to have dropped by some 9% from last year, standing at no more than 100 million tonnes.

This slowdown was also seen at Group level, where quantities sold were down by 6.6% and Turnover by 8% (the discrepancy was chiefly the result of changes to the structure of sales). Nevertheless, as a result of the optimisation of costs during the year, the Operating

Cash Flow was down just 0.8 million euros, with a resultant increase of the margin from 21.1% to 21.5%.

Here, too, the provisions set aside affected the Operating Income, causing a 33.8% reduction and a decline of the EBIT margin by 2.6 p.p..

During the third quarter of 2002 a new crushing plant came on stream in Castelo Branco and a start was made to the production of mechanical sand at Lamoso (Agrepor).

Aggregates

	Unit	2002	2001	Var.
Sales of Aggregates	10^3 ton	9,881	10,583	- 6.6%
Turnover	10^6 euros	49.7	54.2	- 8.3%
Payroll expenses	10^6 euros	5.6	5.5	1.1%
Operating cash flow (EBITDA)	10^6 euros	10.7	11.4	- 6.6%
Operating income (EBIT)	10^6 euros	3.4	5.1	- 33.8%
Industrial Investment				
in Development	10^6 euros	1.3	2.1	- 40.6%
Current	10^6 euros	3.7	2.9	26.9%
Employees (Dec 31)	number	254	261	- 2.7%
Turnover / Employee	10^3 euros	192	211	- 9.2%
Value Added / Employee	10^3 euros	63	66	- 5.0%
EBITDA margin		21.5%	21.1%	
EBIT margin		6.8%	9.5%	

Mortars and Gypsum

- 2 Mortar plants
- 1 Gypsum Plant

In 2002 Turnover of the mortars segment totalled 5.5 million euros, up about 22% over the previous year. Underlying this increase was the 18.5% growth of quantities sold as a result of the new industrial facility at Maia that came into operation, since across the country, this business was seriously affected by the downturn seen in building, particularly during the closing months of the year.

Operating Cash Flow in the sum of 0.9 million euros, and the respective margin (15.7%) fell sharply compared to 2001 owing to the increase of overheads caused by the new plant that came into operation and its as yet insufficient dilution.

The setting up of a new bagging facility was concluded at the Maia plant during 2002 and, at the year-end, the Concession of Financial Incentives contract was being formalised, to be entered into by Ciarga and IAPMEI (Small & Medium Industrial Enterprise Support Institute in the wake of the (POE-SIME) application made in respect of the investment in this new unit under the Corporate Modernisation Incentives System.

In view of the current slowdown of the construction industry, which is set to continue in 2003, a decision was taken to postpone the investment in a new mortar production line the start of which had been scheduled for 2002.

At the end of the year Ciarga acquired the whole of the share capital of Celfa – Sociedade Industrial de Gessos, S.A., a company engaged in the manufacture of plaster for the building trade, increasing its range of wall and ceiling coating products for the civil construction market.

Mortars

	Unit	2002	2001	Var.
Sales	10^3 ton	132	111	18.5%
Turnover	10^6 euros	5.5	4.5	22.2%
Payroll expenses	10^6 euros	0.8	0.5	53.4%
Operating cash flow (EBITDA)	10^6 euros	0.9	1.1	- 21.5%
Operating income (EBIT)	10^6 euros	- 1.4	- 1.1	n/a
IIndustrial Investment				
in Development	10^6 euros	4.0	4.8	- 17.5%
Current	10^6 euros	0.3	1.0	- 65.8%
Employees (Dec 31)	number	36	23	56.5%
Turnover / Employee	10^3 euros	194	246	- 21.4%
Value Added / Employee	10^3 euros	59	89	- 33.8%
EBITDA margin		15.7%	24.5%	
EBIT margin		neg.	neg.	

Other Businesses

"Other Businesses" includes companies providing support to the core businesses – such as Transviária in transport, Sacopor, in the manufacture of paper sacks for cement, lime and mortars, and Cimadjuvantes and Vermofeira in marketing adjuvants and additives, particularly for the ready-mix concrete business – and companies engaged in business related to the consumption of cement, but of a non-strategic nature, such as pre-cast concrete companies.

The 2002 Operating Cash Flow and Operating Income of these companies, taken together, amounted to 4.9 and 2.9 million euros respectively.

2.3.2. Spain

In Spain, according to the latest figures provided by *Oficemen* (the professional association of Spain's cement industry), the apparent consumption of the Spanish cement market in 2002 stood at 44.1 million tonnes an increase of 4.6% over the previous year. This growth was not even across the country: in those regions where railway lines and hydraulic infrastructures are being built growth was far higher than the average (such as Murcia, La Rioja, Catalonia and Valencia, all up by more than 8%), while others even fell, the more significant cases being the Balearic Islands, Madrid and Cantabria.

In the Galician market, where Cimpor is firmly entrenched, cement consumption totalled about 2.8 million tonnes, an increase of some 2.6% over the previous year, clearly below both the average of the Spanish market and, above all, below the growth rate seen in 2001 (nearly 8%).

BUSINESS AREA SPAIN

	Unit	2002	2001	Var.
Turnover	10^6 euros	170.2	169.3	0.5%
Payroll expenses	10^6 euros	27.6	27.6	- 0.2%
Operating cash flow (EBITDA)	10^6 euros	55.4	50.6	9.5%
Operating income (EBIT)	10^6 euros	40.2	36.9	8.9%
Net income *	10^6 euros	28.2	28.5	- 1.1%
Capital employed	10^6 euros	177.4	129.9	36.6%
Investment (net) in fixed assets				
Via acquisitions / disposals	10^6 euros	220.0	1.9	n/a
Direct investment	10^6 euros	15.4	10.8	41.9%
Employees (Dec 31)	number	720	729	- 1.2%
Turnover / Employee	10^3 euros	234	229	2.2%
Value Added / Employee	10^3 euros	114	106	7.8%
EBITDA margin		32.5%	29.9%	
EBIT margin		23.6%	21.8%	
Return on equity (RoE)		20.5%	21.4%	
Return on capital employed (RoCE)		21.7%	21.8%	

* Before Minority Interests

During the last days of the year, Corporación Noroeste which had, in the meantime, incorporated Sociedad de Cementos y Materiales de Construcción de Andalucía, S.A., acquired through the latter a number of cement industry assets in the province of Andalusia – Spain's biggest market, with an annual consumption of cement of more than 8 million tonnes – comprising two factories (Cordoba and Niebla) and a port terminal (Seville), as well as the whole of the share capital of Cementos El Monte, S.A., which has a grinding plant in the province of Huelva.

Through these acquisitions, the Group has increased its annual cement production capacity in Spain by nearly 1.1 million tonnes, (using own clinker), the increased total grinding capacity amounting to nearly 2 million tonnes.

At the end of the year, Corporación Noroeste acquired from Cimpor Portugal its 20.1% holding in Cementos Antequera, S.A., owner of a grinding plant in the Malaga province, while its transferred to Cimpor Internacional its shareholdings in Société des Ciments de Jbel Oust (Tunisia) and Cimpor Egypt for Cement (Egypt). these holdings, together with the Group's other holdings in these companies and in other companies outside Portugal, were then transferred to a new sub-holding company for the Group's international business, Cimpor Inversiones, S.L., to which Corporación Noroeste, was also to sell its holding in Companhia de Cimentos do Brasil early in 2003.

In consolidated terms Turnover generated in Spain amounted to 170.2 million euros, 0.5% up over 2001. The decline of Operating Cash Costs by more than 3% caused by the use of less third-party clinker and by the sharp reduction of fuel costs, allowed the Operating Cash Flow to rise by 9.5% – increasing the margin on Turnover to 32.5% (2.6 p.p. more than in 2001) – and causing Operating Income to rise by nearly 9% to more than 40 million euros.

Cement (Galicia)

- 2 Cement plants
- 6 Commercial terminals

The market share in Galicia in 2002 stood at about 48.5%, a little more than the previous year. Turnover – at 109 million euros – was higher than in 2001 by over 6% thanks to the increase of sales (2.1%) and of selling prices (nearly 3.1%) on the Galician market.

Cement

	Unit	2002	2001	Var.
Installed capacity (1)	10^3 ton	1,540	1,480	4.1%
Use of installed capacity (2)		99.4%	98.1%	
Sales	10^3 ton	1,548	1,516	2.1%
Market share (3)		48.5%	47.1%	
Turnover	10^6 euros	109.0	102.8	6.1%
Payroll expenses	10^6 euros	13.6	13.1	3.4%
Operating cash flow (EBITDA)	10^6 euros	50.2	44.5	12.8%
Operating income (EBIT)	10^6 euros	42.7	37.7	13.3%
Industrial Investment				
in Development	10^6 euros	4.7	7.8	- 39.2%
Current	10^6 euros	5.7	1.4	312.6%
Employees (Dec 31)	number	317	326	- 2.8%
Turnover / Employee	10^3 euros	339	310	9.3%
Value Added / Employee	10^3 euros	199	174	14.0%
EBITDA margin		46.1%	43.3%	
EBIT margin		39.2%	36.7%	

(1) Cement production using own clinker (average over the year)
(2) Cement production using own clinker / Installed capacity
(3) In Galicia

Total cement production was the same as last year (1.5 million tonnes) and the grinding capacity of both factories was almost all used. The reduction of fuel costs referred to above, allied to lesser consumption of bought-in clinker (despite the stoppage of the Oural factory while the kiln was transformed) meant that Operating Cash Costs rose by less than 1% and caused the Operating Cash Flow to increase 12.8% to over 50 million euros, bringing the respective margin up from 43.3% in 2001 to 46.1% in 2002.

Concrete

— 46 Ready-mix concrete units

As a result of increased competition (particularly in the Lugo area) and of the conclusion of major public works (Noroeste Motorway) sales of concrete in 2002 stagnated at the level of the previous year (1.6 million cubic metres), providing Turnover in the sum of 81.3 million euros (2.0% more than in 2001). The higher cement prices meant that the Operating Cash Flow fell by over 35%, while a very small operating profit was returned.

Concrete

	Unit	2002	2001	Var.
Concrete sales	10^3 m^3	1,591	1,591	0.0%
Turnover	10^6 euros	81.3	79.8	2.0%
Payroll expenses	10^6 euros	6.9	6.9	1.0%
Operating cash flow (EBITDA)	10^6 euros	2.4	3.8	- 35.4%
Operating income (EBIT)	10^6 euros	0.1	1.5	- 96.6%
Industrial Investment				
in Development	10^6 euros	1.8	1.8	0.2%
Current	10^6 euros	1.2	0.9	44.6%
Employees (Dec 31)	number	228	226	0.9%
Turnover / Employee	10^3 euros	352	347	1.4%
Value Added / Employee	10^3 euros	41	46	- 12.3%
EBITDA margin		3.0%	4.7%	
EBIT margin		0.1%	1.9%	

Aggregates

— 10 Aggregates production units

For the foregoing reasons sales of aggregates were down 9.1% from 2001, at no more than 3 million tonnes. With selling prices practically unchanged, Turnover declined by a similar amount and the Operating Cash Flow fell by some 22%, with a consequent reduction of the EBITDA margin from 23.9% to 20.5%.

Aggregates

	Unit	2002	2001	Var.
Sales of Aggregates	10^3 ton	3,002	3,302	- 9.1%
Turnover	10^6 euros	13.1	14.4	- 9.5%
Payroll expenses	10^6 euros	3.1	3.0	2.2%
Operating cash flow (EBITDA)	10^6 euros	2.7	3.4	- 22.1%
Operating income (EBIT)	10^6 euros	1.3	2.0	- 35.5%
Industrial Investment				
in Development	10^6 euros	0.0	0.0	- 100.0%
Current	10^6 euros	1.4	0.2	710.3%
Employees (Dec 31)	number	113	114	- 0.9%
Turnover / Employee	10^3 euros	117	126	- 7.2%
Value Added / Employee	10^3 euros	51	56	- 8.5%
EBITDA margin		20.5%	23.9%	
EBIT margin		10.0%	14.0%	

Dry Mortars

— 1 Dry mortar plant

Mortar sales continued the trend of growth see in recent years (though not so fast), standing at 130,000 tonnes (14.4% more than the previous year).

Mortars

	Unit	2002	2001	Var.
Sales	10^3 ton	130	114	14.4%
Turnover	10^6 euros	6.4	5.1	25.6%
Payroll expenses	10^6 euros	0.4	0.3	23.0%
Operating cash flow (EBITDA)	10^6 euros	1.8	1.3	32.6%
Operating income (EBIT)	10^6 euros	1.1	0.7	54.6%
IIndustrial Investment				
in Development	10^6 euros	0.0	0.9	- 94.7%
Current	10^6 euros	0.1	0.0	n/a
Employees (Dec 31)	number	15	13	15.4%
Turnover / Employee	10^3 euros	469	444	5.7%
Value Added / Employee	10^3 euros	158	144	10.0%
EBITDA margin		27.6%	26.1%	
EBIT margin		17.7%	14.4%	

The change of the mix, with sales in sacks up by about 62%, meant that growth of Turnover was even greater (25.6%) and that the Operating Cash Flow improved by 32.6% to 1.8 million euros.

2.3.3. Morocco

According to the figures published by the Moroccan cement industry's professional association, cement consumption during 2002 stood at about 8.5 million tonnes, an increase of 5.2% over 2001. Growth of sales at Asment de Témara was roughly the same and therefore its market share (8.7%) was also unchanged.

The year was again a good one for this business area, not only for the this sales performance but also for the ongoing improvement of profitability: the consolidated Net Income of the businesses carried on in Morocco (cement, concrete and aggregates) increased 34.4% over 2001 to more than 10 million euros.

BUSINESS AREA MOROCCO

	Unit	2002	2001	Var.
Turnover	10^6 euros	49.3	47.9	3.0%
Payroll expenses	10^6 euros	4.7	4.6	1.6%
Operating cash flow (EBITDA)	10^6 euros	22.5	21.4	5.3%
Operating income (EBIT)	10^6 euros	13.1	10.8	20.7%
Net income	10^6 euros	10.2	7.6	34.4%
Capital employed	10^6 euros	59.6	67.0	- 10.9%
Industrial Investment	10^6 euros	4.3	1.9	121.5%
Employees (Dec 31)	number	262	255	2.7%
Turnover / Employee	10^3 euros	190	177	7.2%
Value Added / Employee	10^3 euros	105	96	9.0%
EBITDA margin		45.6%	44.6%	
EBIT margin		26.5%	22.6%	
Return on equity (RoE)		14.6%	10.9%	
Return on capital employed (RoCE)		14.0%	10.6%	

Cement

— 1 Cement plant

During 2002 the growth of Turnover in this business in euros (3.1%) was slightly less than the increase of quantities sold (5.2%) given the depreciation of the dirham against the euro and the introduction of a special tax of 60 dirhams per tonne of cement at the factory gate at the beginning of the year, which strongly restricted any possibility of a price increase.

Both the Operating Cash Flow and the EBITDA margin continued their upward trend as a result of the investments made in 2000, standing at 22.2 million euros and 45.9% respectively. The increase of Operating Income was even more significant (19.1%), and the EBIT margin rose from 23.9% in 2001 to 27.6% in 2002.

Of the investments completed or in progress attention is drawn to the bagging machine that came into operation and to the work, scheduled for conclusion in 2003, involving optimisation of cement mill 1, including the installation of a third generation separator.

Cement

	Unit	2002	2001	Var.
Installed capacity (1)	10^3 ton	855	835	2.4%
Use of installed capacity (2)		95.0%	86.2%	
Sales	10^3 ton	739	703	5.2%
Market share (3)		8.7%	8.7%	
Turnover	10^6 euros	48.4	47.0	3.1%
Payroll expenses	10^6 euros	4.5	4.5	1.1%
Operating cash flow (EBITDA)	10^6 euros	22.2	21.4	3.9%
Operating income (EBIT)	10^6 euros	13.4	11.2	19.1%
Industrial Investment				
in Development	10^6 euros	0.0	0.7	- 100.0%
Current	10^6 euros	1.7	1.2	43.0%
Employees (Dec 31)	number	244	244	0.0%
Turnover / Employee	10^3 euros	197	182	8.4%
Value Added / Employee	10^3 euros	109	100	8.7%
EBITDA margin		45.9%	45.6%	
EBIT margin		27.6%	23.9%	

(1) Cement production using own clinker (average over the year)
(2) Cement production using own clinker / Installed capacity

Concrete & Aggregates

- 2 Ready-mix concrete units
- 1 Aggregates production unit

Despite the fact that the new Casablanca concrete-batching plant came into operation, though very close to the end of the year, sales of this business fell short of 28,000 cubic metres, roughly the same as the previous year. Since the quarry had really come into operation only in December 2001 sales of aggregates, however, (mostly to Asment de Témara) rose sharply to more than 200,000 tonnes.

The Turnover of Betocim (the company that carries on these two activities) was therefore up by nearly 65% over 2001, though this was still insufficient to generate an operating profit.

2.3.4. Tunisia

Domestic sales of binders (cement and hydraulic lime) totalled 5.8 million tonnes, 2.2% up over the previous year. However, the quantities sold by Ciments de Jbel Oust (CJO), which had grown by nearly 14% in 2001 – as a result of difficulties of an operational nature that prevented some of the main competitors from supplying their markets under optimum conditions – fell by 4.3%, cutting the market share by 1.7 p.p..

At the root of this reduction, in addition to the increased competition seen in 2002, was the fact that cement consumption fell by 4.8% in the region where CJO is located (the northwest of Tunisia, accounting for about 40% of the market).

On the other hand, a contrary to expectations, the government decided to postpone the liberalisation of selling prices (which, according to the commitments entered into at the time of the privatisation, should have taken place on May 31, 2002), retaining the previous scheme of approved prices and allowing them to rise by just 6%.

BUSINESS AREA TUNISIA / CEMENT

	Unit	2002	2001	Var.
Installed capacity (1)	10^3 ton	1,490	1,280	16.4%
Use of installed capacity (2)		80.6%	95.3%	
Sales	10^3 ton	1,471	1,537	- 4.3%
Market share		25.6%	27.3%	
Turnover	10^6 euros	57.6	60.1	- 4.2%
Payroll expenses	10^6 euros	3.3	3.3	2.2%
Operating cash flow (EBITDA)	10^6 euros	10.5	9.7	8.6%
Operating income (EBIT)	10^6 euros	- 0.7	- 5.7	n/a
Net income	10^6 euros	2.5	- 3.6	n/a
Capital employed	10^6 euros	119.0	124.6	- 4.5%
Industrial Investment				
in Development	10^6 euros	10.4	14.6	- 29.1%
Current	10^6 euros	2.9	3.3	- 11.5%
Employees (Dec 31)	number	241	245	- 1.6%
Turnover / Employee	10^3 euros	243	234	3.6%
Value Added / Employee	10^3 euros	58	50	15.7%
EBITDA margin		18.3%	16.1%	
EBIT margin		neg.	neg.	
Return on equity (RoE)		2.6%	neg.	
Return on capital employed (RoCE)		neg.	neg.	

(1) Cement production using own clinker (average over the year)
(2) Cement production using own clinker / Installed capacity

Cement

— 1 Cement plant

The said reduction of CJO sales was accompanied by a decline of Turnover by about 4.2% since the increase of the price in local currency was almost wiped out by the depreciation of the dinar against the euro.

The lesser weight, when compared to 2001, of bought-in clinker as a proportion of total intermediate materials consumption (despite a long-than-planned kiln stoppage), together with a reduction of fuel costs per tonne of clinker produced (following the optimisation of the firing line) meant that, despite the decline of Turnover, the Operating Cash Flow rose to about 10.5 million euros (8.6% more than in 2001). Allied to the decrease of depreciation and to the cancellation of a large volume of provisions set aside in previous years, this allowed CJO to return a profit, contrary to what had been seen in 2001.

Emphasis must also be given to the large investments that continued to be made by this Business Area, leading to the increase of its daily clinker production capacity from 3,300 to 4,000 tonnes.

2.3.5. Egypt

On the supply side the Egyptian cement market in 2002 continued to undergo major alterations, with two new operators (Misr Qena and Misr Beni Suef) coming into the market and with the start up of the new clinker production line at Alexandria Portland Cement, together increasing the installed capacity by very nearly 15%.

Contrasting with this increase – and with the consequent growth of annual cement production to around 28.3 million tonnes (10.3% more than in 2001) – consumption was up by no more than 1.8%, leading to a production surplus of nearly 1.1 million tonnes. This situation, allied to the depreciation of the Egyptian pound against the dollar, which discouraged imports (accounting for just 1% of demand), led to an increase of clinker and cement exports that, for the first time, reached a significant volume (totalling nearly 2.6 million tonnes).

Also as a result of this increase of supply and given the poor performance of consumption, fierce competition was felt in 2002, and prices, though very unstable throughout the year, maintained the downward trend begun in 2001.

Cement

— 1 Cement plant

Not only for the foregoing reasons but also for the difficulties experienced in buying in clinker during six months, the Amreyah Cement Company suffered a share decline of its sales volume for the second consecutive year (10.6% in 2002).

On the other hand, the falling selling prices in local currency and the depreciation of the latter against the euro (21% in average annual terms) led to any even greater reduction of Turnover, standing at just 73.8 million euros (33.7% less than in 2001)

Therefore, and despite the reduction of staff costs by almost 50% – in the wake of the rationalisation started the previous year that led to the departure of more than a thousand employees over the two years – the Operating Cash Flow fell to around 17 million euros (61.0% less than in 2001) generating both an Operating Loss and a Net Loss.

BUSINESS AREA EGYPT / CEMENT

	Unit	2002	2001	Var.
Installed capacity (1)	10^3 ton	2,390	2,375	0.6%
Use of installed capacity (2)		74.0%	83.4%	
Sales	10^3 ton	2,203	2,465	- 10.6%
Market share		8.1%	9.2%	
Turnover	10^6 euros	73.8	111.5	- 33.7%
Payroll expenses	10^6 euros	5.3	10.2	- 47.5%
Operating cash flow (EBITDA)	10^6 euros	16.9	43.4	- 61.0%
Operating income (EBIT)	10^6 euros	- 6.6	16.7	- 139.3%
Net income	10^6 euros	- 5.8	4.3	- 232.6%
Capital employed	10^6 euros	282.6	312.4	- 9.5%
Industrial Investment				
in Development	10^6 euros	44.3	57.7	- 23.2%
Current	10^6 euros	0.2	1.5	- 85.2%
Employees (Dec 31)	number	832	1,204	- 30.9%
Turnover / Employee	10^3 euros	79	63	26.2%
Value Added / Employee	10^3 euros	24	30	- 20.8%
EBITDA margin		22.9%	38.9%	
EBIT margin		neg.	15.0%	
Return on equity (RoE)		neg.	1.5%	
Return on capital employed (RoCE)		neg.	5.5%	

(1) Cement production using own clinker (average over the year)
(2) Cement production using own clinker / Installed capacity

In the meantime, within the scope of a company wholly owned by the Group set up for the purpose (Amreyah Cimpor Cement Company), continuity was given to the project involving setting up the new clinker production and cement grinding line, scheduled to come on stream in 2003.

At the same time, studies began in respect of several industrial investment at Amreyah Cement Company (involving equipment to be used by both companies), while plans were drawn up for the installation of the natural gas infrastructure and for the increased electricity supply required by the start up of the new line.

Emphasis is also given to the confirmation of the ISO 9002 and ISO 14001 certifications in the quality and environment areas respectively, and to the termination of the technical assistance contract that had been entered into with the Egyptian company ASEC, all operations and the respective know-how now being provided in-house.

2.3.6. Brazil

Consumption of cement in Brazil in 2002 amounted to about 37.6 million tonnes, the market having decreased somewhat for the third consecutive year.

Since all the other regions returned slight growth compared to 2001, it was the Southeast, where demand fell by around 4.7%, that was responsible for this decline, accounting as it does for some 50% of the total market.

Group Turnover, though increasing significantly in local currency, fell by around 5% when measured in euros. In view of the depreciation of the real against the European currency (almost 33% in average annual terms), this performance must be viewed as positive.

There was a similar reduction of the Operating Cash Flow – though the respective margin rose to 51.2% - while, given the reduction both of depreciation and provisions and of financial charges, the Operating Income and the Net Income were both up.

BUSINESS AREA BRAZIL

	Unit	2002	2001	Var.
Turnover	10^6 euros	255.4	268.8	- 5.0%
Payroll expenses	10^6 euros	17.5	21.5	- 18.5%
Operating cash flow (EBITDA)	10^6 euros	130.8	137.0	- 4.5%
Operating income (EBIT)	10^6 euros	104.0	101.6	2.3%
Net income	10^6 euros	76.4	70.4	8.6%
Capital employed	10^6 euros	253.5	364.3	- 30.4%
Industrial Investment	10^6 euros	45.8	34.9	31.1%
Employees (Dec 31)	number	1,095	949	15.4%
Turnover / Employee	10^3 euros	250	266	- 5.8%
Value Added / Employee	10^3 euros	145	157	- 7.3%
EBITDA margin		51.2%	51.0%	
EBIT margin		40.7%	37.8%	
Return on equity (RoE)		23.2%	18.9%	
Return on capital employed (RoCE)		25.2%	21.4%	

Cement

- 6 Cement plants
- 2 Cement grinding units

The acquisition of the Brumado grinding plant in May allowed the Group's cement sales to increase to nearly 3.7 million tonnes (5.1% more than in 2001), increasing the market share to very nearly 10%. With the increase of average selling prices in local currency by little more than 20%, Turnover, given the said depreciation of the real, was down by about 7.5% when measures in euros.

The operating performance of the factories meant that, despite this reduction of Turnover, the Operating Cash Flow declined by no more than 4.3% (the respective margin rising from 52.8% in 2001 to 54.6% in 2002) and Operating Income even increased, bringing the EBIT margin up to 43.7% (an increase of more than 4 p.p.).

In the meantime, a start was made to setting up a new clinker production line at the Campo Formoso plant, scheduled to come on stream in May 2003.

Cement

	Unit	2002	2001	Var.
Installed capacity (1)	10^3 ton	5,450	5,450	0.0%
Use of installed capacity (2)		66.3%	70.5%	
Sales	10^3 ton	3,693	3,513	5.1%
Market share (3)		9.8%	9.2%	
Turnover	10^6 euros	240.0	259.4	- 7.5%
Payroll expenses	10^6 euros	13.8	20.2	- 32.0%
Operating cash flow (EBITDA)	10^6 euros	130.9	136.9	- 4.3%
Operating income (EBIT)	10^6 euros	104.8	102.3	2.5%
Industrial Investment				
in Development	10^6 euros	34.3	15.4	122.3%
Current	10^6 euros	10.2	17.9	- 43.3%
Employees (Dec 31)	number	880	870	1.1%
Turnover / Employee	10^3 euros	282	279	1.0%
Value Added / Employee	10^3 euros	170	169	0.5%
EBITDA margin		54.6%	52.8%	
EBIT margin		43.7%	39.5%	

(1) Cement production using own clinker (average over the year)
(2) Cement production using own clinker / Installed capacity

Concrete & Mortars

- 19 Ready-mix concrete units
- 2 Mortar plants

With the acquisition of 15 new concrete-batching plants at the end of April, with an installed capacity of about 260,000 cubic metres a year, the Group now has 19 plants in

Brazil. this allowed it to more than double the quantity of concrete sold in 2002 and to increase Turnover by nearly 90%. However the Operating Cash Flow is still negative and an Operating Loss was returned.

Despite some growth, the mortars sector is still rather insignificant and it results are close to nil (though it has provided a small cash flow).

2.3.7. Mozambique

Total cement consumption throughout Mozambique is estimated to have grown by about 14% in 2002 to 575,000 tonnes. This growth was particularly evident in the Centre region, where it approached 60%.

Despite the depreciation of the metical against the euro (more than 20% in average annual terms), Group Turnover was up 3.4% at nearly 38 million euros. The Improvements to operating activity, despite several outstanding problems, allowed not only an increase of the Operating Cash Flow by some 12% – with a consequent rise of the EBITDA margin from 18.0% in 2001 to 19.5% in 2002 – but also, and contrary to the previous year, a very small operating profit.

However, the fact that financial charges more than tripled – as a result of the high interest rates in the country and of the large debt of this Business Area – led to an increase of the losses to about 4.2 million euros (twice the figure for 2001).

BUSINESS AREA MOZAMBIQUE

	Unit	2002	2001	Var.
Turnover	10^6 euros	37.7	36.4	3.4%
Payroll expenses	10^6 euros	3.7	3.6	0.7%
Operating cash flow (EBITDA)	10^6 euros	7.3	6.6	12.1%
Operating income (EBIT)	10^6 euros	0.4	- 0.5	n/a
Net income	10^6 euros	- 4.2	- 2.1	n/a
Capital employed	10^6 euros	76.0	88.4	- 14.0%
Industrial Investment	10^6 euros	2.7	8.5	- 68.4%
Employees (Dec 31)	number	572	579	- 1.2%
Turnover / Employee	10^3 euros	65	63	3.6%
Value Added / Employee	10^3 euros	19	18	8.2%
EBITDA margin		19.5%	18.0%	
EBIT margin		1.0%	neg.	
Return on equity (RoE)		neg.	neg.	
Return on capital employed (RoCE)		0.5%	neg.	

Cement

- 1 Cement plant
- 2 Cement grinding units

Sales by Cimentos de Moçambique in 2002 amounted to 486,000 (14.8% more than the previous year), providing a market share of about 86%. Nevertheless, Turnover was up by no more than 6.6% at 34.6 million euros.

At industrial level, the company continued its efforts directed at constant technological updating, and emphasis is given, at the Matola factory, to the conclusion of the investment in a new cement grinder: Despite the problems with the working of the clinker kiln, which meant that it was stopped during almost all of the first four months, and of the persistence of several situations that continue to hamper its performance seriously (in particular the irregularity with which the haulier meets its commitments to supply coal and, in particular, limestone), the Operating Cash Flow was up 23.0% at nearly 7 million euros and the 1.2 million euro Operating Loss was turned into a small profit.

Cement

	Unit	2002	2001	Var.
Installed capacity (1)	10^3 ton	595	585	1.7%
Use of installed capacity (2)		46.1%	45.3%	
Sales	10^3 ton	486	424	14.8%
Market share (3)		85.9%	84.0%	
Turnover	10^6 euros	34.6	32.4	6.6%
Payroll expenses	10^6 euros	3.2	3.2	1.1%
Operating cash flow (EBITDA)	10^6 euros	6.9	5.6	23.0%
Operating income (EBIT)	10^6 euros	0.3	- 1.2	n/a
Industrial Investment				
in Development	10^6 euros	1.8	5.3	- 66.6%
Current	10^6 euros	0.9	3.2	- 71.3%
Employees (Dec 31)	number	473	493	- 4.1%
Turnover / Employee	10^3 euros	72	64	11.2%
Value Added / Employee	10^3 euros	21	18	20.0%
EBITDA margin		20.0%	17.3%	
EBIT margin		0.9%	neg.	

(1) Cement production using own clinker (average over the year)
(2) Cement production using own clinker / Installed capacity

Ready-mix & Precast Concrete

Ready-mix concrete production in 2002 rose by about 3.6% to nearly 53,000 cubic metres. However, the competition, allied to the increase of cement prices, meant that the

Cash Flow generated by this business was down by more than 40%, reducing the margin to 11.5% (6 p.p. less than in 2001) and Cimbetão's Operating Income by nearly 65%.

The fact is underscored that this is the first company in the industrial sector in Mozambique to obtain ISO 9001(2000 certification).

Pre-cast business is still at a very incipient stage and there was even a significant downturn of sales in 2002, while Turnover was down more than 40%. Focusing on the manufacture and sale of cement blocks – a product in which there is greater competition – and using just 15% of its installed capacity, Premap, which had managed to returned small operating profit in 2001, not only reversed this but also generated a negative Operating Cash Flow.

2.3.8. South Africa

Following a three-year period of practical stagnation, the South African cement market saw remarkable growth in 2002 (about 5%), reaching a total of 9.5 million tonnes. In the province of KwaZulu-Natal, where Natal Portland Cement (NPC), the company acquired by Cimpor in 2002, carries on its business, the increase was event greater (6.5%), the first growth seen in four years.

BUSINESS AREA SOUTH AFRICA / CEMENT

	Unit	2002 *
Installed capacity (1)	10^3 ton	1,040
Use of installed capacity (2)		92.1%
Sales	10^3 ton	271
Market share		9.6%
Turnover	10^6 euros	13.5
Payroll expenses	10^6 euros	1.3
Operating cash flow (EBITDA)	10^6 euros	5.6
Operating income (EBIT)	10^6 euros	4.7
Net income	10^6 euros	3.4
Capital employed	10^6 euros	21.0
Industrial Investment		
in Development	10^6 euros	0.4
Current	10^6 euros	0.2
Employees (Dec 31)	number	296
Turnover / Employee	10^3 euros	45
Value Added / Employee	10^3 euros	23
EBITDA margin		41.3%
EBIT margin		34.5%
Return on equity (RoE)		68.5%
Return on capital employed (RoCE)		55.6%

(1) Production capacity using own clinker (annual average)
(2) Cement production using own clinker / Installed capacity

*4th Quarter

Cement

- 1 Clinker Plant
- 1 Slag grinding unit
- 1 Cement grinding unit

NPC's sales totalled 925,000 tonnes of cement and slag in 2002, providing a market share of around 10.2% and a Turnover, in local currency nearly 11% greater than the previous year.

The figures shown in the table refer just to the business during the last quarter since only then did the costs and revenues come to be included in the Group's consolidated accounts.

A start was made in 2002 to a project designed to assess the possibility of using alternative fuels and other materials, while the conclusion of an environmental impact study is scheduled for 2003.

2.3.9. Other Businesses

Those activities that are not a part of the Group's core business lie within the scope of Cimpor Investimentos, SGPS, S.A..

This is true of property business, in which Imopar, a Mozambican company in charge of the development of the Cimpor Centre project in Maputo, continued to market the residential and office units of this undertaking, with all the difficulties inherent in the current economic and social difficulties in Mozambique. The decline of direct foreign investment and the fact that investor decisions are essentially taken from a short-term standpoint continued to mean a certain reversal of the initial marketing policy, now directed more at the rental market rather than at sales.

The Group's two "financial" companies continued to play their role as financial vehicles in 2002. Cimpor Finance Limited (Ireland), which returned a profit of US$ 7.3 million, retained its position as underwriter of the Fixed Rate Notes issued by Companhia de Cimentos do Brasil, having underwritten another 20 million euros during the year. Cimpor Financial Operations, BV (Netherlands), whose main object is to be a debt issuing vehicle on the international market, took over a loan previously taken out by another Group company, increasing its liabilities to about 870 million euros.

In the meantime, a "captive" company, Cimpor Reinsurance, was incorporated in Luxembourg. This is now the Group's self-insurance vehicle, taking over the risks of property and machinery damage and of the value of the excess in relation to the insurance placed on the international reinsurance market.

3. Innovation & Development

Though mature and stabilised, cement production has come to employ more sophisticated technologies. Over the years the Cimpor Group has acquired and developed know-how that has allowed it to advance the performance of its industrial facilities on an ongoing basis in terms of productivity, operating and environmental performance, and product quality.

Thanks to this know-how, the Group, through CEDI (Technical and Industrial Development Centre) regularly modernises and renovates its factories and those that it has acquired, introducing when warranted the most recent technological innovations and the best available techniques and practices.

With a view to intensifying this process of transferring best practice within the Group, a benchmarking methodology was developed during 2002, within the scope of the cement factories of the various Business Areas. This has allowed a comparison of their operating performance – not only internally but also externally, with other companies considered best-in-class – and will thus be a major tool in improving Group performance.

In Portugal, 2002 was marked by the conclusion of the process involving fitting bag filters to remove the dust from the six kilns in operation. Considering the current situation in the other European countries, this is an unmatched measure involving a significant investment – publicly recognises – directed at improving the quality of life of the communities neighbouring on the factories. This kind of major investment forms part of the Group's environmental policy, involving a vast number of measures included in the Contract for the Ongoing Improvement of the Environmental Performance of the Cement Industry, signed with the Portuguese government in 1999. It will finally be consolidated through the certification to standard 14001 and EMAS registration (Community Eco-management and Audit System) of the Production Centres in question.

In Tunisia, 2002 saw the conclusion of the work on increasing the clinker production capacity of the Jbel Oust factory's kiln from 3,300 to 4,000 tonnes per day, and a start way made to the changeover of the fuel used, from fuel oil to coal and pet coke.

Work went ahead in Brazil of the construction of a new cement production lie at the Campo Formoso factory. It will have an annual production capacity of 750,000 tonnes of clinker and will come into operation in 2003. In Brazil, too, in the states of Goiás and Paraíba, Cimpor obtained authorisation to burn used tires and rubber scrap in the kilns of two of its manufacturing facilities and it now has two used-tire strippers to feed the burners, replacing a part of the conventional fuel.

Work also went ahead in Egypt on the construction of a new line with an annual production capacity of 1.4 million tonnes of clinker, schedules to come on stream in 2003.

In Portugal, the group concluded a number of tests with a view to the reduction of NOx emissions from the kiln chimneys, involving the injection of water in the main burners of the kilns at Souselas and Alhandra. At the Alhandra factory fixed ammonia-injection equipment is to be installed during 2003. At Souselas several tests were also concluded (and additional process control measures were implemented) with a view to cutting SO_2 emissions, with equally encouraging results. To reduce the specific thermal energy consumption of the kilns, which also leads to a reduction of NOx emissions, tests went ahead on the introduction of mineralising agents to the burning process.

With a view to improving environmental performance and to meet the concerns of interested parties, the Group continued its efforts during 2002, designed to implement environmental management systems, particularly the work designed to allow the application ton be lodged with EMAS for registration of the Souselas, Alhandra and Loulé Production Centres. The environmental management systems were adapted and implemented in the light of the expected publication of the new version of EMAS, which took place in April 2001, which now includes the requirements of standard ISO 14001.

Group Environment Management Systems Certificates

Cement plants:	
Alhandra (Portugal)	ISO 14001 + EMAS (in progress)
Souselas (Portugal)	ISO 14001 + EMAS (in progress)
Loulé (Portugal)	ISO 14001 + EMAS (in progress)
Jbel Oust (Tunisia)	ISO 14001 (start-up in 2003)
Amreyah Cement Company (Egypt)	ISO 14001
Cimepar (Brazil)	ISO 14001 (in progress)
Simuma (South Africa)	ISO 14001 (in progress)

In a process of ongoing improvement – designed to increase the company's competitiveness and to meet the expectations of its customers, employees and shareholders – Cimpor Indústria (Portugal) has had a Total Quality System since 2001 in keeping with the EFQ model (European Foundation for Quality Management). This process, which began in Portugal on January 1999, is to be extended to the whole of the Group.

During 2002, the various Business Areas gave continuity to the process of certification of their Quality Management Systems. Following the CJO – Ciments de Jbel Oust factory (Tunisia), which had already been certified to ISO 9002 in 2000, it was the turn of the Asment de Témara factory in Morocco and of the Campo Formoso factory in Brazil to conclude this process, meaning that almost all the Group's cement plants are now being certified. At the moment, the present Quality management Systems are being adapted to meet standard ISO 9001:2000, and the three factories in Portugal, the Jbel Oust factory in Tunisia and the Simuma factory in South Africa are set to obtain certification in accordance with the new standard during the first half of 2003. By the end of the year all the Group factories in Brazil will also have completed this process.

Group Quality Management Systems Certificates (ISO 9001-2 & TQM)

Cement plants:	
Alhandra (Portugal)	ISO 9002 / TQT – EFQM
Souselas (Portugal)	ISO 9002 / TQT – EFQM
Loulé (Portugal)	ISO 9002 / TQT – EFQM
Oural (Spain)	ISO 9002
Toral de los Vados (Spain)	ISO 9002
Niebla (Spain)	ISO 9002
Cordoba (Spain)	ISO 9002
Asment de Témara (Morocco)	ISO 9002
Jbel Oust (Tunisia)	ISO 9002
Amreyah Cement Company (Egypt)	ISO 9002
Cajati (Brazil)	ISO 9002
Candiota (Brazil)	ISO 9002
Cimepar (Brazil)	ISO 9002
Atol (Brazil)	ISO 9002
Goiás (Brazil)	ISO 9002
Campo Formoso (Brazil)	ISO 9002
Simuma (South Africa)	ISO 9002
Ready-mix concrete companies:	
Cimpor Betão (Portugal)	ISO 9001
Betão Liz (Portugal)	ISO 9001
Jomatel (Portugal)	ISO 9001

In the wake of the application submitted to LNEC (National Civil Engineering Laboratory) in 2001 for certification of its products to standard NP EN 197-1, Cimpor Indústria has marketed its products bearing the EC marking as from January 1, 2002.

The Quality Management Office, in charge of the co-ordination of the activity of the Central laboratory, develops and optimises, at the request of its customers or by recommendation of the technical departments, several types of cement, particularly compound cements, to meet the various needs of the market adequately and economically. Located in Lisbon, the Central Laboratory has implemented several measures to develop and improve the Group's products, carrying out tests and gauging manufacturing methods, and it has endeavoured to obtain synergies with its counterparts in the various Business Areas responsible for adapting the respective products to the available raw materials and local market conditions.

As part of group policy, Cimpor has increased the production and marketing of compound cements in every country in which it carries on its business. Compound cements include, in addition to clinker, lesser constituents such as blast-furnace slag and fly ash from coal-fired power stations (with the exception of Tunisia and Egypt), relieving the industries in question of this waste. Widespread marketing of these cements allows, through the reduction of the clinker/cement ratio, not only a reduction of the emission of atmospheric pollutants (such as CO_2) and of fuel and raw material consumption, but also advantage to be taken of the technical and economic advantages stemming therefrom. Concrete made using these cements is considerably less porous, making it extremely suitable for use in marine environments or hydraulic works. Market factors, tradition, technical requirements or certain local rules are, in most cases, the only limitation to the Group's ability to increase even further the production and sale of cements of this type.

Inclusion of pozzolanas, both natural and artificial, into cement is also a current issue, one that is under research within the Group. In Brazil tests have been concluded involving the production of artificial pozzolanas (fired clay) and special facilities are being put up at Cajati and Cimepar for the purpose.

Another subject that continues to warrant the attention of the Cimpor Group is the recycling of construction waste and building demolition rubble for use as aggregates in concrete production and as a raw material for in clinker production. Several preliminary tests have already been conducted (particularly at Alhandra, where a project has been developed to make use of the waste generated by the demolition of silos and other buildings in an old part of the factory, following their crushing and separation).

In addition to the search for new compounds, the Group has also continued to develop tools to meet the needs of different groups of customers, in order to simplify the selection and application of its products. The customer support provided by the Group's technical and commercial services and the provision of detailed product cards and other useful information are essential to the constant monitoring that the Group intends to carry out. Additionally, the Group's site on the Internet allows the selection of suitable products for the more common applications.

4. Sustainable Development

Cimpor intends to make its mark as one of the pioneer companies in Portugal and in those countries in which it does business in the adoption of the concept of Sustainable Development, reconciling the Group's desirable economic growth with growing concerns regarding both the environment and the social responsibility of companies. Protection of the environment and consideration of issues of a social nature constitute not just one of the pillars of Cimpor's corporate culture but are also among the priorities of and fundamental conditions for the future development of the Group.

4.1. Environmental Policy

Aware of the less positive aspects that characterises its industry, Cimpor has been undertaking – and will continue to do so – several measures designed to reduce the impact of its business and, in particular, that of its factories and quarries, with a view to transforming what are legitimate environmental concerns into a strategic factor of competitiveness of the business. With its clearly proactive stance, Cimpor is at all times endeavouring to be ahead of the minimum legal requirements in this field, though never forgetting the pursuit of its profitability goals.

Underlying the Group's general strategy is the fact that its product and services development strategy and respective production methods, to be observed by all Business Areas, must take into consideration concerns of an environmental nature. Innovation in the matter of products and processes has meant that these aspects can be safeguarded right from the initial stage of implementation of the various development projects, thus avoiding the need for investment, at a later date, in measures to eliminate pollution, measures that generally involve significant increases of operating costs and, consequently of the overall price to be paid by the company and by the community.

In association with companies that have particular know-how in this field, Cimpor will continue to play a major part in increasing scientific knowledge of the impact of its activities, products and processes, both on efficient use of energy and raw materials and on the development of innovative technologies for the processing, recycling and enhancement of waste.

Another constant concern of the group is the speedy implementation by the recently acquired units of the principles guiding its environmental policy. A group such as Cimpor cannot conceive its long-term development in the various regions in which it does business without giving consideration to its involvement in aspects of an environmental and social nature. Cimpor is therefore focusing on the development of an internal benchmarking policy that will lead not only to improved operating performance but also to the transfer of experience and best environmental practice within the Group.

To date, Cimpor Indústria has acted as the launch pad for the majority of the Group's initiatives in this field, and it has sought to gradually extend the practices currently adopted in Portugal to the other Business Areas.

As mentioned in the previous chapter and with a view to improving its environmental performance and to ensuring greater openness to the concerns of interested parties, the Group continued to focus on the certification of the environmental management systems of its manufacturing facilities during 2002. In this connection emphasis is given to the work designed to allow certification to standard ISO 14001 and to the submission of application for EMAS registration of all its factories in Portugal.

In Brazil, too, the Cimepar factory has made a start to the process designed to secure its certification to standard ISO 14001, and this will also take place in Tunisia in 2003.

Major milestones of the Cimpor (Portugal) Environmental Policy

1995 Launch of the Cimpor Indústria Environmental Policy – the action principles and the strategic environmental objectives leading to EMAS registration (Community Eco-management and Audit System) were established and announced to the public.

1996 Creation of the Cimpor Indústria Environment Management System (EMS) and of its organisation structure.

1997 Cimpor becomes a member of the World Business Council for Sustainable Development (WBCSD) to understand the principles of sustainable development and to incorporate them gradually into its business strategy.

1998 Definition of a number of indicators, particularly eco-efficiency indicators, to be included in Cimpor Indústria's Environmental Report.

1999 Signature with the Portuguese government of the "Ongoing Environmental Performance Improvement Contract for the Cement Industry".

1999 Publication of the first Environmental Report (Portugal).

1999 Cimpor becomes one of the founder members of the Cement Sustainability Initiative (CSI), managed under the aegis of the WBCSD.

2001 Creation at the initiative of Cimpor and 35 other companies either Portuguese or operating in Portugal, of the Business Council for Sustainable Development (BCSD Portugal) that now forms part of the vast regional WBCSD network.

2002 Cimpor, together with another nine international companies in the cement industry, subscribes to and launches the five-year plan of action known as Our Agenda for Action, within the scope of the Cement Sustainability Initiative.

2002 Start-up of the work designed to establish and approve a set of indicators to be used in the Cimpor Group Sustainable Development Report.

2002 Monitoring CO_2 emissions of the Group factories in Portugal, in accordance with the CO_2 Protocol developed as a part of the CSI – in conjunction with the WBCSD and the World Resources Institute (WRI) – within the scope of the GHG Protocol Initiative; this work began to be extended to the Group's other factories with a view to drawing up a standard report on these emissions covering the entire Group.

In this clearly committed way, the Cimpor Group has gradually come to contribute to its own competitiveness and to a more sustainable future for the cement industry.

4.2. Investments

The Group's environmental investments (duly detailed in the Environmental Report in the case of Cimpor Indústria) have been directed at the following priority areas:

- **Economy of natural resources and rational use of energy** – through installing new equipment and ongoing adoption of electric and thermal energy consumption reduction programmes through optimisation of the grinding and burning processes, recycling waste through the use of alternative raw materials and use of fly ash from thermal power stations, as well as steel-mill slag, as cement additives. During 2002 the Alhandra factory came to make use, as a raw material, of sludge from water treatment plants. Along these lines and given the vital importance of access to natural resources to carry on its business, the Group will also endeavour, through a long-term policy directed at the management of its quarries, to keep in step with the trend of growing recycling of building waste – using it as raw material for cement manufacture or as aggregates for concrete – and even of the concrete itself and of the waste necessary to its production, separating them into their various components for subsequent re-use.

- **Reduction of CO_2 emissions** – through the construction of new, more modern and efficient production lines and through the growing development of new types of compound cements incorporating fly ash from thermal power stations, blast-furnace slag and a whole range of additives that have allowed the clinker/cement ratio to be reduced. Likewise, the increase of the rate of replacement of non-renewable fossils by secondary fuels is key goal in the reduction of CO_2 emissions, with all the inherent benefits the full potential of which has not yet been sufficiently explored in those countries in which Cimpor carries on its business. The reduction of the emission of CO_2, a greenhouse-effect gas, is surely one of the greatest challenges facing the cement industry in the coming years.

- **Reduction of solid particle emissions via the chimneys and of diffuse, scattered dust sources** – through the conclusion of the fitting of high-technology bag filters to the kilns and through removing the dust from their coolers, as well as from the various loading and unloading points for raw materials, fuel and other intermediate and end products. The construction of tanks to feed the automatic water sprinkler systems (to be connected in the future to the factories' rainwater storage networks) along the main paths used by vehicles at the quarries and within the factory grounds, the laying of paving and the erection of automatic gates at the discharge points of the clinker and raw materials complete the measures that have been implemented to reduce diffuse dust emissions. At the Alhandra factory, a special installation was created to receive bought-in clinker and the coal and pet coke discharging and handling facilities are to be shifted to another site provided with ideal handling conditions. Ongoing employee training and creation of their awareness of a number of concerns to be taken into consideration in the matter of dust emission is another pillar of this particle-emission reduction policy.

- **Reduction of SO_x and NO_x emissions via the kiln chimneys** – through a number of technical tests designed to promote the cleanliness of the gases generated by combustion, and through evolving towards better practices in terms of process technology (NOx is formed when the nitrogen in the air and in the various kinds of fuel reacts with the oxygen in the air at the high temperature – around 1,450º C – needed in the clinker kilns).
- **Limitation of equipment noise and vibration** – by setting up natural and artificial noise barriers along the factory perimeters, by insulating the grinding buildings with acoustic panels, by fitting silencers to fans and canopies to sundry equipment, and by transforming satellite coolers into grate coolers where economically justifiable.
- **Better landscaping and internal layout integration** – through planting screens of trees along the factory perimeters and creating gardens inside and outside the factories, as well as through a new architectural framework and painting schemes that can help better integration of the buildings and manufacturing facilities into their surroundings. In Portugal, quarrying is already be adapted to meet the new law on prospecting for and quarrying minerals (Decree-Law 270/2001), and work has gone ahead apace on the landscaping recovery of the quarries, involving shaping quarry benches no longer in operation, planting species suited to the soil and local climate, and the creation of conditions allowing the spontaneous re-colonisation of the land by native species. The idea is to recreate as far as possible the vegetation that used to exist in these areas, so as to attract, in the future, some of the fauna that use to exist in the region.
- **Environmental monitoring** – through setting up sundry sampling equipment integrated into the factories' Air Quality networks and through online measurers designed to provide continuous monitoring of the concentration of total particles in the atmosphere, within the factory perimeter. During 2002, about 90% of the fixed sources of emissions of the factories in Portugal came to be fitted with systems allowing continuous monitoring of atmospheric pollution. Noise maps were also drawn up during the year for the three cement factories in Portugal, and this will allow the most effective measures to be determined in minimising noise pollution.

Total investment in Portugal (Cimpor Indústria) in the environmental improvement of the factories and depots amounted to 17.4 million euros in 2002, or about 46% of the total value of industrial investment in this Business Area.

4.3.
Cimpor as a member of the WBCSD – World Business Council for Sustainable Development

Cimpor supports the concept of sustainable development as a means of dealing on an equal footing with concerns of an economic, environmental and social l nature in carrying on its business.

In 1998, the Cimpor Group joined the WBCSD – World Business Council for Sustainable Development as a part of this commitment.

Started in 1999, the project known as the CSI – Cement Sustainability Initiative is a contribution by ten of the world's leading cement manufacturers, including Cimpor, that, working under the aegis of the WBCSD, intend to advance towards sustainable development.

Though all these companies have in recent years been developing projects in this field, the Cement Sustainability Initiative constitutes an opportunity for them to confront jointly the challenges common to the entire industry and to society as a whole. Having drawn up a programme of independent research and consulted interested parties, these companies subscribed and launched a Plan of Action in July 2002, which they called Our Agenda for Action. Here, six key areas are listed dealing with progress towards a more sustainable society: Climatic Protection; Fuels and Raw Materials; Employee Health and Safety; Reduction of Emissions; Impacts at Local Level; and Internal Business Procedures.

With regard to each of these areas, for which working groups were set up, comprising industry specialists and outsiders, these companies are to develop joint projects and individual measures to be implemented in accordance with the headings of Our Agenda for Action. Emphasis is given, among others, to the CO_2 Protocol and to the directives on the use of Fuels and Raw Materials, to the evaluation of Environmental and Social Impacts and to the development of Performance Indicators (KPIs).

In 2007 the CSI is to issue an overall report on the progress of each project and it will draw up a working plan for the following five years, a document that will be preceded by an interim report in 2005.

Recognising the interest in initiatives of this sort, in keeping with the principles and goals of Sustainable Development, the United Nations, at the Johannesburg Earth Summit, classified CSI, which ranks eighth of the sections of the so-called Agenda 21, as a Type II Partnership, and included a summary of this project in the Earth Summit site (www.johannesburgsummit.org).

This initiative will continue to develop under the aegis of the WBCSD and constantly updated information of the advance of the work can be found at the site www.wbcsdcement.org.

4.4.
Relations with the Community

Aware of the need to relate with its social surroundings and of its responsibilities towards the people with whom it is in daily contact, Cimpor has been enhancing its relations with the communities surrounding its facilities in recent years, implementing a number of measures of significant importance, at national level too, in several areas:

Social Support

- Socio-economic contributions to the most varied entities and institutions (such as schools, hospitals, churches and fire brigades) in the communities surrounding the Group's factories;
- Financing (in the sum of 50,000 euros) of the restoration of the Souselas town market;
- Investments in various infrastructures designed to reduce the impact of noise and road traffic on the local communities and the visual impact of its facilities.

Dialogue with surrounding communities

- Support to the revitalisation of Bispo Island, a small, needy community with a fairly high crime record, adjacent to the João Pessoa factory in Brazil, though an ambitious project of a social nature called Community Promoting Life, providing assistance to 320 people, including children, adolescents and adults; this support involves donating land, and restoring and putting up buildings for purposes as varied as housing and schools and accommodating children; it also gave rise to co-operation with "Amazona" (an NGO involved in the prevention of AIDS and other sexually-transmitted diseases);
- Restoration, also in Brazil, of a Permanent Preservation Area (a "mangrove" area, rich in species of fauna and flora), known as Fazenda da Graça, which involved restoring a centuries old chapel and several colonial homes, the cataloguing of existing species of vegetation (with the support of biologists from the local university), the creation of nurseries for the rarer plant species and planting varied regional flora;
- In compliance with the protocol signed in Brazil by Cimpor and UNICEF, continuation of the printing of messages chosen by UNICEF on the cement and dry mortar sacks, related with the defence of the rights of children and youths ("Children ought to be at school");

- Promotion of student visits to reforestation areas around the Candiota factory in Rio Grande do Sul (Brazil), involving learning about the characteristics of local species;
- Establishing a partnership with the Brazilian army, with the help of the community, entitled "Hope Platoon Programme", designed to provide support for needier children;
- Involvement of Cimpor Brazil employees in various volunteer assignments with the local communities: campaigns to collect toys, clothing and food for children and the elderly; organisation of Christmas and Children's Day parties; provision of voluntary services in schools and in the construction and cleaning of religious institutions and municipal schools; involvement in the preparation and distribution of baskets of goods essential to the needier communities, and in organising events to collect funds for similar purposes, etc.;
- In Portugal, Cimpor Indústria holds an yearly poll on the "Impact of the Company on Society", within the scope of its EFQM Total Quality management programme, directed at the communities around its facilities; it is one of the main instruments employed by Cimpor Indústria in ascertaining the impact of its business on these communities (e.g., citizens, industrial and services companies, building contractors, suppliers, customers, fire brigades, police, shops, schools, universities, local government and parish councils, sports clubs and other public and private institutions) within a radius of 30 km, allowing the company to monitor the evolution of this impact on an ongoing basis;
- Adoption of an "Open Door" policy, promoting guided and group tours of the Production Centres to provide interested parties (i.e., schools, high schools, universities, local organisations, groups of citizens and NGOs) with a better idea of how the company carries on its day-to-day business, with a special focus on environmental and hygiene and safety aspects;
- Fostering access by the young members of the local communities to the facilities of the sports clubs created for company staff, allowing them to take regular part in activities such as gymnastics, swimming, water sports, footfall and table tennis; under this policy the swimming complex of the Alhandra Sporting Clube was completely overhauled during 2002;
- Provision of two weeks annual Summer holiday at the São Martinho do Porto Holiday Complex in Portugal for the children of company employees; the holiday complex is open throughout the year to youths from schools, collectivities and scout troops across the country for open air activities in the region;
- Meetings held between factory management and municipal and parish council officials, and with local associations, with a view to listing and solving issues of common interest;

- Holding periodic meetings between factory management and the managers of industries in the region to secure a general overview of issues of greater regional importance and to share experiences in areas as varied as vocational training, hygiene and safety, social aspects related with housing and employment, the environment and legislation of a general nature;
- Incentives for local suppliers and service providers to co-operate, involving them in the annual maintenance campaigns of the various Production Centres and in the erection work involved in the Group's industrial development projects; and
- Enabling the authorities to consult all data periodically measured and recorded by independent entities in respect of the pollutant components of the effluents of the company factories.

Support in the Field of Training Youths and Recent Graduates

- Granting remunerated training courses to undergraduates and youths living near the factories;
- Attendance at Employment Fairs, with a view to presenting the Group and the employment opportunities it provides.

Restoration of Building Heritage and Sponsorship

- Involvement in various philanthropic and sponsorship events, contributing to the restoration of several of the most important monuments of Portuguese historic and cultural heritage, such as Belém Tower (1996/97), the cloisters of the Jerónimos Monastery (1999/2001), the bells of the Mafra Convent (1993), the Madre de Deus Church (1999/2001) and the gardens surrounding the Serralves Foundation (2000/01), of which Cimpor is a Founder Member (1994);
- Sponsorship of several events of cultural interest (concerts, exhibitions and sports events) or of a technical and environmental nature (conferences and seminars), in accordance with criteria involving their proximity to the Group's facilities; and
- Support provided to several Town Council and Parish Council initiatives in areas surrounding Group factories.

Co-operation with Universities and Other Scientific Bodies

- Contributions to the scientific community, especially universities and other seats of learning, involving financial support to their programmes, post-graduate courses, specific studies and seminars.

5. The Group's Human Resources

The Internationalisation strategy and the increase of the group's installed capacity through the acquisition of new manufacturing facilities in various countries mean that Human Resource Management has become essential to the sustained corporate success that we want to achieve.

In this connection, management of the Group's Human Resources is chiefly based on the definition of policies allowing the implementation of its strategy and on practices allowing the targets to be pursued. The reorganisation of working practices, making full use of available synergies, the enlargement of the individual skills of the employees through giving them responsibility (allied to definition of objectives) and investment in training (in new technologies, conduct and the technical demands of the business) have constituted the essential bases of this management..

On the other hand, the increase of the size of the Group, with its consequent dispersal in terms of geography and language, has required of the organisation, and of Human Resource management in particular, the implementation of a policy of shifting personnel around the various countries to divulge Cimpor's values and culture and, at the same time, to provide international career opportunities and efficient use to be made of the individual skills and talents of the employees.

Number of Employees per Business Area

(31 Dec)

Number of Employees	2002	2001	Var.
Central Services	**136**	**121**	**12.4%**
Portugal	**1,867**	**1,890**	**- 1.2%**
Holding company	43	31	38.7%
Cement	857	858	- 0.1%
Concrete & Aggregates	779	822	- 5.2%
Mortars and Gypsum	36	23	56.5%
Other Businesses	152	156	- 2.6%
International Area	**4,018**	**3,961**	**1.4%**
Spain	720	729	- 1.2%
Morocco	262	255	2.7%
Tunisia	241	245	- 1.6%
Egypt	832	1,204	- 30.9%
Brazil	1,095	949	15.4%
Mozambique	572	579	- 1.2%
South Africa	296	-	negl.
Other Businesses	**1**	**2**	- 50.0%
TOTAL	**6,022**	**5,974**	**0.8%**

This policy of mobility– calling for staff in sufficient numbers and with skills in keeping with the requirements of the Group's internationalisation – has, on the other hand, contributed decisively to the sustainability of investment in the improvement and development of its human resource potential and has made full use thereof, and this is one of the more remarkable factors in the promotion of the global sharing of individual and collective know-how, which is one of the most important assets of the Cimpor group.

In December 2002, the Group had a total of 6,022 employees, two thirds of whom abroad (not counting the personnel assigned to the three production facilities acquired in Spain). With regard to the situation a year earlier, staff numbers were up by 48 (0.8%) as a result of the changes to the consolidation perimeter (inclusion of South Africa), of the acquisitions in Brazil, of the start-up of the ready-mix concrete plant in Casablanca (Morocco) and of the growth in Portugal of the production and marketing of mortars and plaster.

Also emphasised is the fact that, in addition to the centralisation implemented in Portugal in several support areas, previously dispersed among several other activities, efforts continued to be directed at rationalising the number of employees, in Egypt in particular where there was a reduction of 372 (more than 30% of the number at the end of 2001).

By activities, about two thirds are involved in the production and marketing of cement, with a slight tendency to decline, and nearly one sixth in the ready-mix concrete business. In the first of these, despite the acquisitions, the number of employees fell in 2002 by almost 3% (as a result of the rationalisation referred to above), while, in the second case, and in the wake of the purchase of fifteen batching plants in Brazil and of the start-up of the new plant in Casablanca, staff numbers were up by 12.5%. This increase was even more significant in that, during 2002, several employees in Portugal, classified as assigned to this business, were transferred to central services (and this, together with the enlargement of the administrative area in Brazil, explains the increase of the number of employees assigned to these areas.

Number of employees per Business Activity **(31 Dec)**

	2002		2001		
	Number	**%**	**Number**	**%**	**Var.**
Cement	4,047	67.2	4,169	69.8	- 2.9%
Concrete	998	16.6	887	14.8	12.5%
Aggregates	367	6.1	375	6.3	- 2.1%
Mortars and Gypsum	63	1.0	48	0.8	31.3%
Other Activities	228	3.8	222	3.7	2.7%
Central Services	319	5.3	273	4.6	16.8%
TOTAL	**6,022**	**100.0**	**5,974**	**100.0**	**0.8%**

6. Financial and Risk-management Policy

6.1. Management of Financial Debt

Management of the Group's financial debt in 2002 was chiefly directed at:

- Ensuring the financial resources required for the acquisitions completed or contracted during the year;
- Rolling over the short-debt falling due in 2002;
- Contracting financing operations in local currency in the various countries in which the Group has invested in significant amounts, thus creating natural hedging, as it were; and
- Extending the average maturity of the Group's financial debt, through new funding operations.

Two bilateral credits were therefore contracted during June under the bullet system, totalling 300 million euros, mostly underwritten by Cimpor Financial Operations BV, used to pay off short-term loans contracted by the said company during the previous year and to finance the acquisition of Natal Portland Cement (South Africa).

Two other bilateral loans were negotiated and contracted in December – one in the sum of 150 million euros, at one year and one week, and the other in the sum of 50 million euros at five years, with half-yearly repayments as from the end of the third year – mostly underwritten by Corporación Noroeste and used to pay for the acquisitions in Andalusia.

At the year-end, consolidated net financial debt stood at around 1,150 million euros (not including the effect of part of the acquisitions), an increase of little more than 90 million euros compared to the end of 2001, clearly revealing the balance achieved between generating cash flow and the sums used in current investments, in increasing production and in company acquisitions.

This balance allowed not only new funding operations to be undertaken under good conditions but also compliance with the financial covenant called for in the existing contracts and with the ratios and indicators of greater interest to Standard & Poor's, the agency that kept Cimpor's long-term rating at BBB+ and rated it as "*CreditWatch with negative implications*" as from November following the signature of the purchase contracts covering the assets acquired in Spain. In 2003, in the meantime, Standard & Poor's, following an analysis of this acquisition, confirmed its rating but withdrew the *CreditWatch* and awarded Cimpor "*Outlook Stable*".

Insofar as management of the medium- to long-term financial debt is concerned, emphasis is given to the various operations contracted in those countries in which projects are under way to increase capacity, negotiation of which began in 2001:

- In Brazil a medium- to long-term loan in the sum of 59.7 million reals to finance the current investments at the Campo Formoso factory;
- In Egypt, a seven-year bank loan in the sum of 180 million Egyptian pounds to finance the new clinker production line being built by Amreyah Cimpor Cement Company; and
- In Mozambique, the placement on the domestic market of a bond loan in the sum of 238 thousand million meticais to restructure the financial liabilities of Cimentos de Moçambique, SARL.

Despite the fact that no financing operation was carried out under the Medium Term Notes Programme that has existed since the end of 1999, it was updated during 2002 – involving a revision of all the wording of the respective contracts and the preparation of a new information memorandum, distributed to dealers and potential investors – and the said programme is therefore in a position to be used when necessary.

Insofar as short-term debt is concerned, the annual renewal of the Commercial Paper Programmes totalling 375 million euros was ensured, and the rating notation given by Companhia Portuguesa de Rating (A2 throughout the year) was maintained. These programmes, in conjunction with the cash-pooling system, also renegotiated during 2002, were the main sources of short-term financing for the companies operating in Portugal, the Cimpor holding company and Cimpor Indústria in particular.

Management of the financial vehicles located abroad – Cimpor Financial Operations BV (Netherlands) and Cimpor Finance Limited (Ireland) – went ahead as usual. The former is the main Group company dealing with placing debt on the international market, and in this connection attention is drawn to the creation in 2002 of a system of circulation of funds within the Group, allowing the allocation of the said debt to those companies needing funds to pursue their growth strategy.

There follows a table summarising the main financial transactions recorded under the Group's consolidated liabilities:

Financial Debt as at December 31, 2002 **(excluding Overdrafts, Current Account Facilities and Cash Pooling)**

Financing	Currency	Amount (10^3)	Start	Maturity	Interest rate
CIMPOR HOLDING COMPANY					
Commercial paper	EUR	66,000.00	Sundry	Sundry	Euribor + 0.25%
Bank Loan	EUR	12,500.00	Jun-02	Jun-05	Euribor + 0.675%
Bank Loan	EUR	5,000.00	Jun-02	Jun-05	Euribor + 0.60%
Bank Loan	EUR	1,246.99	Nov-99	Nov-04	Euribor + 0.33%
Subsidised Loan	EUR	748.20	Oct-02	Jul-06	–
Bank Loan	EUR	5,000.00	Dec-02	Jan-04	Euribor + 0.75%
Bank Loan	USD	10,981.27	Jun-97	Mar-03	Libor + 0.75%
TOTAL	**EUR**	**100,966.51**			

Financing	Currency	Amount (10^3)	Start	Maturity	Interest rate
CIMPOR, BV					
Syndicated Loan	EUR	135,000.00	Jun-01	Jun-03	Euribor + 0.40%
Bank Loan	EUR	113,500.00	Jun-02	Jun-05	Euribor + 0.675%
Bank Loan	EUR	45,000.00	Jun-02	Jun-05	Euribor + 0.60%
Syndicated Loan	EUR	334,484.00	Jun-00	Jun-05	Euribor + 0.40%
Bank Loan	EUR	124,000.00	Jun-02	Jun-05	Euribor + 0.675%
Syndicated Loan	USD	125,000.00	Jun-00	Jun-05	Libor + 0.40%
TOTAL	**EUR**	**871,179.19**			

PORTUGAL

Financing	Currency	Amount (10^3)	Start	Maturity	Interest rate
CIMPOR INDUSTRIA					
Commercial paper	EUR	40,000.00	Sundry	Sundry	Euribor + 0.25%
Subsidised Loan	EUR	8,861.98	Oct-01	Oct-07	–
TOTAL	**EUR**	**48,861.98**			
OTHER COMPANIES					
Sundry	EUR	6,371.40	Sundry	Sundry	Sundry
Sundry	USD	115.57			
TOTAL	**EUR**	**6,481.61**			

SPAIN

Financing	Currency	Amount (10^3)	Start	Maturity	Interest rate
CORPORACIÓN NOROESTE					
Syndicated Loan	EUR	138,032.04	Jun-00	Jun-05	Euribor + 0.40%
Bank Loan	EUR	48,000.00	Dec-02	Dec-07	Euribor + 0.50%
Bank Loan	EUR	145,000.00	Dec-02	Jan-04	Euribor + 0.75%
TOTAL	**EUR**	**331,032.04**			
OTHER COMPANIES					
Sundry	EUR	2,313.29	May-01	May-06	Euribor + 0.75%
TOTAL	**EUR**	**2,313.29**			
TOTAL SPAIN	**EUR**	**333,345.33**			

BRAZIL

Financing	Currency	Amount (10^3)	Start	Maturity	Interest rate
COMP. CIMENTOS DO BRASIL					
Industrial investment	BRL	37,602.48	Sundry	Sundry	Sundry
Fomentar Tax Benefit	BRL	9,303.38	Sundry	Sundry	2.40%
TOTAL	**EUR**	**12,634.92**			
OTHER COMPANIES					
Sundry	BRL	4,178.87	Sundry	Sundry	Sundry
TOTAL	**EUR**	**1,125.65**			
TOTAL BRAZIL	**EUR**	**13,760.57**			

EGYPT

Financing	Currency	Amount (10^3)	Start	Maturity	Interest rate
AMREYAH					
Bank Loan	EGP	130,000.00	Dec-02	Jun-08	Caibor + 1.125%
Bank Loan	EGP	6,939.00	Jun-88	Jun-05	9.50%
Bank Loan	EGP	15,444.00	Jun-89	Jun-05	10.00%
Bank Loan	EGP	158.00	Jun-90	Jun-05	11.70%
TOTAL	**EUR**	**31,416.13**			
OTHER COMPANIES					
Sundry	EGP	7,500.00	Mar-02	Mar-03	CIB Base Rate
TOTAL	**EUR**	**1,544.64**			
TOTAL EGYPT	**EUR**	**32,960.77**			

MOZAMBIQUE

Financing	Currency	Amount (10^3)	Start	Maturity	Interest rate
CIMENTOS DE MOÇAMBIQUE					
Bank Loan	USD	18,500.00	Sep-00	Sep-05	2.38%
Bank Loan	MZM	43,665,588.00	Oct-94	Oct-04	11.45%
Bond Loan	MZM	238,000,000.00	Jun-02	Dec-06	34.33%
TOTAL	**EUR**	**29,297.01**			
OTHER COMPANIES					
Sundry	USD	15,485.35	Sundry	Sundry	Sundry
TOTAL	**EUR**	**14,766.24**			
TOTAL MOZAMBIQUE	**EUR**	**44,063.25**			

TOTAL	**EUR**	**1,451,619.21**			

6.2.
Risk-management Policy

The previous Management Reports of the Cimpor Group have clearly shown the basic principles of the hedging policy covering risks of a financial and balance-sheet nature that could affect the good performance of the Group companies.

Financial Risk Management

In financial risk management the principles used in previous years continued to be employed, namely: priority for those risks impacting on profits; a search for natural hedging solutions through contracting financial debt locally; minimum cover of 50% of the potential alteration of the value of monetary assets; full cover of short-term flows in foreign currency; and cover of the interest-rate risks inherent in financial debt-management.

Nevertheless, the large degree of uncertainty – reflected in great market volatility – that marked the international economy in 2002, in addition to the postponement of the recovery of the world's leading economies and to the persistence of localised centres of tension with significant effects on the value of the currency in some of the countries in which Cimpor trades (Brazil and Egypt in particular), meant that this policy had to be reviewed.

Without prejudice to the priority given to the risks capable of affecting the Group's net income, it was therefore decided that exchange-rate risks with a potential impact on the book value of consolidated shareholders' equity should also be hedged more actively and permanently.

To this end, a first hedging transaction was carried out in respect of the currency risk underlying the investment in Brazil, covering about half the Group's shareholders' equity implicitly denominated in reals, designed to protect the value of the said investment from the devaluation that, in the second half in particular, affected the Brazilian currency.

This concern for the hedging of risks that could affect the Consolidated Balance Sheet will be pursued in the future through taking more or less stable hedging positions, depending on the perception of the risk in each particular case, of the differing valuation of these positions over time and of the need for dynamic management of the hedging to take advantage of best market opportunities.

Of the financial-risk hedging operations that had commonly been employed in previous years, the following warrant emphasis:

Within the scope of exchange-rate risks:

- Cover of the servicing of the debt of the Brazilian company CCB to Cimpor Finance Limited (Ireland), which, at the end of the year, stood at about 5 million dollars, or approximately 22% of the total liabilities falling due in 2003;
- Taking advantage of the volatility of domestic interest rates of the dollar during the closing weeks of 2002 and of CCB's cash surpluses at the time, a decision was taken to make several local placements in dollars (totalling 10 million) to be used to service the debt to Cimpor Finance, thus increasing (to around two thirds of the total) the currency hedging of the said liabilities falling due in 2003;
- Contracting – in mid June, within the scope of a new Floating Rate Note programme set up in the sum of 20 million euros, issued by CCB and underwritten by Cimpor Finance – of a cross-currency swap for reals, designed to fully eliminate the currency risk in the said transaction;
- Cover of the risk inherent in the payment, in rands, of 32.8% of the share capital of the Natal Portland Cement.

Within the scope of interest-rate risks:

- Continuation of the dynamic management of the derivatives portfolio (covering around 30% of the Group's financial debt), to maintain a comfortable level of hedging in terms of the cash flows / market value ratio;
- Contracting at the end of the year a supplementary transaction in the sum of 50 million euros (in respect of part of the loans taken out in the wake of the acquisitions in Spain), involving the purchase of a fixed-rate swap, taking advantage of a favourable market opportunity.

Balance Sheet Risk Management

At the end of 2001, in the wake of the September 11 events, the major companies involved in the renegotiation of the various insurance policies included in the Group's global cover demanded unbearable increases of the respective premiums to continue to maintain the cover, accompanied by a significant reduction of the actual cover provided.

This obliged the Group to review its policy of management of operating and balance sheet risks – in respect of property damage and loss of profits cover placed on the international market leading it to opt for several alternatives involving a significant increase of self-cover and placing with the international insurers just the major risks (through the establishment of larger excesses).

In this connection, Cimpor Reinsurance was set up at the beginning of the year – a captive reinsurance company wholly owned by the Cimpor Group – having its registered office in Luxembourg which came to take over directly the risks of property damage and damage to machinery, with an indemnity limit of five million euros. Above this figure the cover of property damage and loss of profit was placed on the international reinsurance market.

The establishment of the captive reinsurer within the Cimpor Group is a considerable step forward in the rationalisation of property-risk management, designed to minimise costs, understood as the sum of all costs necessary to avoid or reduce the economic consequences of the risk. The captive reinsurer will also generate financial benefits as a result of the placement of the premiums that it receives from the various Business Areas and from the possibility of setting up a system of circulation of funds through loans granted by the captive reinsurer to group companies.

In addition to the insurance of the excess of property damage and loss of profit, global third-party liability cover was also placed with international insurance companies, in both cases with limits to indemnity equal to those of the previous year, while continuing to provide the same cover level for all operations carried on in the various countries.

The global third-party liability cover of the Group's directors and managers was also renegotiated, with an adjustment of some of the covers, and this kept the increase of premiums at a reasonable level.

Given the specifics of the differing legislation in the various Business Areas and of the worker's employment contract conditions, insurance of a personal nature, motor insurance and other sundry cover continued to be placed with local insurers.

At the level of the holding company, efforts continued to be directed at optimising the programme of management of risks of an operational and balance sheet nature, including identification of those material, technical and human resources subject to risk, analysis and evaluation of the degree of exposure to which each corporate resource is exposed, valuation of foreseeable losses in the case of accident and ponderation of the various alternatives considered best suited to the cover of the risks from time to time.

7. Information technologies

Activity of the Information Systems Area in 2002 was particularly important and wide-ranging with regard both to the evolution of the physical characteristics of the installed hardware, involving updating the infrastructure, equipment and communications, and to the logical and functional aspects of the information systems. The services covered by this Area covered some 80 companies in Portugal and Spain, involving about 1,500 work stations, 60 servers and 30 LANs.

The activity of the Information Systems Logic Area was essentially focused on the implementation of new SAP projects, either through the roll-out to new Group companies of solutions already installed in other companies or through the introduction of new functions from a standpoint of taking advantage of synergies and improvement opportunities. The following are some of the more important projects and activities:

- Upgrade of the SAP R/3 to release 4.6C, covering all Group companies in Portugal and Spain. Training courses were given at the same time to all key users and end users. At the same time, all SAP documentation was revised, updated and harmonised so as to improve the support provided to users of the system and so ensure its proper, efficient use.
- With a view to minimising the risks inherent in the manual introduction of data into the system, to the automation of logistic flows, to the standardisation of the Group's coding and to the simplification of the consolidation of accounts, a project was launched known as "Intercompany Process Diagnosis", following which a start was made to the implementation of a prototype; the next stage will involve the roll-out of this prototype to all those companies with inter-group relations;
- In keeping with the strategy established for the Information Systems Area, which calls for the use of the SAP R/3 as the group's ERP (to ensure the consistency and real-time integration of the operations of all the companies forming the Group), the SAP project was launched and started up in the Azores and Madeira;

- In the wake of the SISO project introduced by the Personnel Division of Cimpor Indústria within the scope of its accident and occupational sickness prevention policy involving the areas of health, hygiene and safety, the SAP EH&S (Environment, Health and Security) module was introduced;
- Start-up of Stage II of the SIPET (Integrated Planning, Despatch and Transport System), involving the development and implementation of the specifications completed in 2001, and launch of the "Total Self Service" project which, in conjunction with the former, will allow the automation in the cement business of the entire system of shipments to customers, arrivals of raw materials and transfer of products to supply the depots.

In this area, attention is also called to the ambitious training programme for the Group's in-house consultants, involving their attendance of SAP courses and academies, in which 14 persons attended a total of 15 training courses..

Considerable activity was also carried out by the Systems, Infrastructure and Communications Management Area, with a focus on the following work:

- Renovation of the infrastructure of the Head Office and Prior Velho buildings in Lisbon and of the Corporación Noroeste building in Vigo (Spain), involving alterations to the type of network from *Token Ring* (16 MB) to *Fast Ethernet* (100 MB) at work station level and from *ATM* (155 MB) to *Gigabit* (1,000 MB) in the server connection;
- Alteration of the type of network from *Token Ring* to *Fast Ethernet*, at the Loulé, Oural and Toral de los Vados Production Centres;
- Creation of a redundant backbone to provide a link, in cases of necessity, to the alternative data centre;
- Start to the implementation of a Disaster Recovery programme to ensure that any discontinuity in the working of the system caused by serious accident will not impact on the organisation;
- Creation of a communications infrastructure allowing the transformation of fixed-mobile connections into mobile-mobile, bringing about major cost reductions at all the Group's facilities connected to the respective VPN (Virtual Private Network);
- Implementation of new antivirus distribution and automatic updating software (*Epolicy*) by the various hubs of the network;
- Installation of a *Citrix* solution, which, in addition to allowing optimised access to the central systems, reducing traffic on the network and in communications, has allowed authorised users to access all central applications via the Internet;
- Installation of a WAN platform (*Wide Area Network*) to manage the network, allowing real-time verification of the state of the respective hubs and of the performance of the network;

- Addition to the WAN of a number of new locations in Portugal (Madeira and Azores) and Spain (Cordoba and Niebla);
- Upgrade of the security systems (*Firewall*, *ISA Server* and *Mail Relay*);
- Definition and implementation (in progress) of a SAP R/3 database archive strategy;
- Co-operation in the development of the Quality Management System implemented at Cimpor Indústria (NP EN ISO 9001:2000), through the use of electronic tools;
- Implementation of SAP R/3 at the industrial facilities acquired in Spain;
- Conclusion of the installation of the structured cabling at the Alexandria factory (Egypt); and
- Conclusion of the implementation of the "JD Edward's" ERP at Ciments de Jbel Oust (Tunisia).

8. Events after the Balance Sheet Date

Special attention is drawn to the following events that took place or are still under way after the end of 2002 :

- At the request of the Board of Directors, notice of a General Meeting of Shareholders was given on December 20, 2002, the meeting having taken place on January 31, 2003, to deliberate on the alteration of the Articles of Association, under the following terms:

  a) Modification of Articles 4 and 7;
  b) Addition of a new Article 12-A;
  c) Modification of Article 14.2;
  d) Modification of Article 18.2;
  e) Elimination of Chapter VI – Transitory Provisions, and suppression of Article 22 from the Articles of Association.

At the request of shareholder SECILPAR, S.L., made in good time, and pursuant to Article 378 of the Companies Code, the following items were added to the Agenda of the said General Meeting:

Item two: To deliberate on the revocation of numbers 5 to 8, 10, 12-b) and 13 of Article 7 and of Article 8 of the Articles of Association.

Item three: To deliberate on the addition of a new Article 10-A to the present Articles of Association.

Item four: To deliberate on the alteration of number 4 and the addition of numbers 5 and 6 to Articles 12 of the present Articles of Association.

Item five: To deliberate on the addition of three new numbers to the body of Article 13 of the present Articles of Association.

Item six: To deliberate on the addition of a number 3 to Article 15 of the present Articles of Association.

Item seven: To deliberate on the addition of a new Section V and of an Article 19-A to the present Articles of Association.

The proposed changes to the Company's Articles of Association presented by the Board of Directors and included in Item one of the agenda were all approved, while those presented by shareholder SECILPAR, S.L., within the scope of the other items of the Agenda were not.

In the wake of the deliberations take at the said General Meeting, the deed of alteration of the par value of the shares and of the number of shares issued was executed, and all the alterations to the Articles of Association have been registered at the Registry of Companies.

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

— A new company was set up under Egyptian law during January 2003, called Cement Services Company, S.A.E., its object to carry out studies and to provide services of every nature (namely, of a technical, financial, economic, commercial and administrative nature), having a share capital of EGP 2,500,000, broken down as follows:

  CIMPOR – Cimentos de Portugal, SGPS, S.A. (45%);

  AMREYAH CEMENT COMPANY, S.A.E. (45%); and

  CIMPOR EGYPT FOR CEMENT, S.A.E. (10%).

— On February 7, Cimentos de Moçambique, S.A.R.L., increased its share capital from 680 billion meticais to 1,000 billion meticais, through the issue at par of 32 million new shares each of a par value of 10,000 meticais. In the wake of this increase, reserved to shareholders, Cimpor Internacional came to hold about 65.4% of the share capital of Cimentos de Moçambique.

9. The Outlook for 2003

The outlook for 2003 is one of a recovery of the economy based on the continuation of expansionist monetary policies, on the greater ability of companies to absorb the shocks of recession and on moderation of inflationary pressures. Nevertheless, the persistence of major risks – especially the prolonging of the of political and military tensions, the uncertainty surrounding the evolution of the emerging markets, the negative wealth effect linked to the decline of the equity markets and the lack of confidence of the economic agents – still causes a great deal of doubt as to the proximity and sustainability of the recovery.

Portugal

Given the present status of the economy and in view of the lack of clear signs of any upturn in the civil construction and public works sector, the Group's production and sales – of cement, concrete and aggregates – will be hard to maintain. On the other hand, the market share of the domestic cement manufacturers is likely to continue to be under pressure by imports, with consequences on the amount of business, though in Cimpor's case this will be substantially attenuated by the increase of its exports, clinker in particular, to supply the facilities acquired in Spain at the end of 2002.

Under these circumstances, the great challenge will be the continuation of the reduction of operating cash costs in every stage of the chain of value, the aim being to maintain the margin on sales and, consequently, the Group's very considerable profitability.

In the manufacture and marketing of mortars, despite the limitations brought about by the slowdown of the economy in general and of the construction industry in particular, the market can be expected to grow as a result of the increased rate of penetration of this product.

Spain

The outlook for Spain is one of slowing construction, mainly in the residential sector, while investment in infrastructure is set to continue at a good rate. Overall, just a marginal increase of cement consumption can be expected.

The inclusion of the Cordoba and Niebla factories and of the Huelva grinding plan into the Corporación Noroeste consolidation perimeter in 2002 will, however, lead to a significant increase of Turnover generated in Spain and to an estimated 50% increase of its contribution to Group profits.

Morocco

The growth prospects for the Moroccan economy and the major investments in infrastructure to be launched, as well as the major incentives to the tourism industry (aimed at the renovation of hotels in particular) and to the construction industry (through financial and tax incentives to home purchases and through the implementation of social housing programme, the restructuring of ill-equipped neighbourhoods and the eradication of slums) provide a foresight of a fairly good year for this Business Area.

Tunisia

In addition to the uncertainty surrounding the evolution of selling prices given the postponement of their liberalisation by the Tunisian government, 2003 is likely to be marked by a significant increase of the competition as a result of the conclusion of major projects involving the optimisation and/or enlargement of the production capacities of some of the main operators, and no great improvement of the profitability of this Business Area is therefore to be expected.

Egypt

Cement consumption can be expected to stabilise and no great changes on the supply side are on the horizon (other than the impact on the market of the recent increase of annual capacity by nearly 1 million tonnes implemented by the Egyptian company Helwan), and therefore the results of this Business Area are largely dependant on the availability of own and bought-in clinker and on selling prices.

Brazil

The performance of the construction industry in 2003 will depend largely on the climate of stability (or of uncertainty) that will affect the situation of the Brazilian economy, its possible subjection to major external shocks and the housing policy that comes to be implemented by the government. War must be waged on the acute shortage of housing in the country, despite the difficulties stemming from the fact that a large part of the potential demand involves people of lesser means and with less access to credit.

In any case, the impact of the results of this Business Area of the overall profitability of the Group will depend on the evolution of the exchange rate of the Brazilian currency, which, following the sharp depreciation seen in 2002 and given the growing credibility of the economic policies implemented by the new government, is likely to be much more stable and there may well be some recovery to the value of the real.

Mozambique

The market is expected to grow at double-digit rates in 2003, driving the sales of Cimentos de Moçambique, further helped by the reduction of imports from South Africa, the competitiveness of which has been severely hampered by the recent appreciation of the rand.

Having solved the problems of an operational nature that occurred during 2002, there are good expectations surrounding access to new reserves of raw materials and to more regular supplies. A large part of the difficulties of a financial nature that have affected the company's profitability have now been solved. Taken together, these factors mean that a significant improvement to its results can be expected in 2003, and that a profit may even be returned.

South Africa

Market growth in South Africa and in the province of KwaZulu-Natal in particular, allied to the appreciation of the South African currency, provides prospects of a major contribution by this Business Area to the Group's consolidated net income.

10. Closing Remarks

Lastly, the Board of Directors would like to express its most sincere condolences on the death in 2003 of Adelino Ribeiro Duarte and Miguel da Fonseca Santos Mautempo, respectively head of the Legal Affairs Office and of the Central Planning and Information Systems Division of the holding company, both of whom, over a period of many years, had worked for Cimpor and had always performed their duties with unquestionable merit, skill and dedication

Lisbon, April 23, 2003

Board of Directors

Prof. Ricardo Manuel Simões Bayão Horta

Luís Eduardo da Silva Barbosa

Jean Carlos Angulo

Luís Filipe Sequeira Martins

Pedro Maria Calaínho Teixeira Duarte

Manuel Ferreira

Jacques Lefèvre

Jorge Manuel Tavares Salavessa Moura

Manuel Luís Barata de Faria Blanc

João Salvador dos Santos Matias

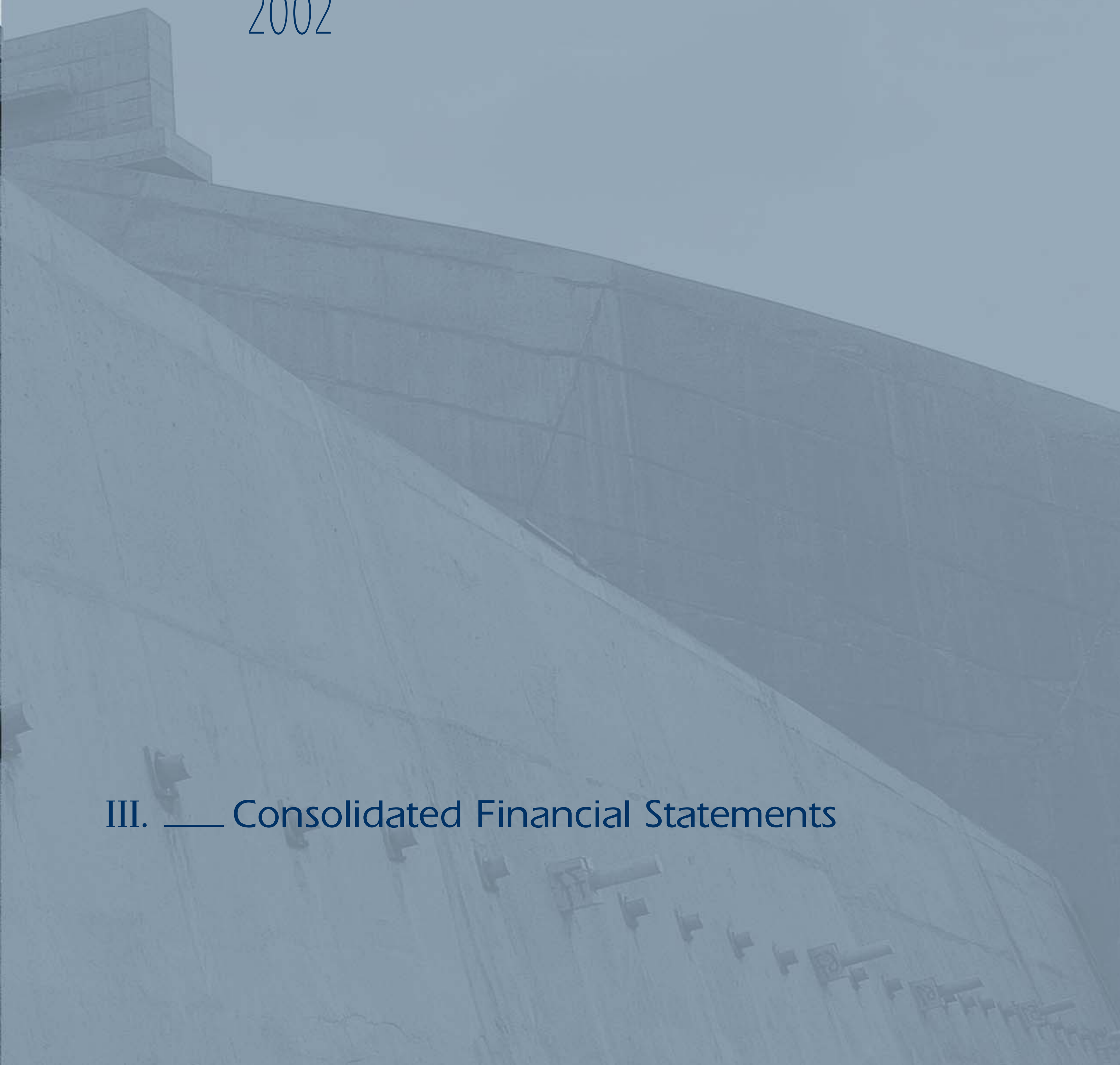
José Alfredo de Almeida Honório,
appointed by SECILPAR, S.L.

Pursuant to the terms of Article 65.3 of the Companies Code, it is hereby declared that José de Almeida Honório, appointed to the position of director in his own name by Secilpar, S.L., Sociedad Unipersonal, having voted against the management report and having presented a minority vote declaration, also stated that he refused his signature for lack of information and for disagreement with the content of Article 4 of Chapter I of the Consolidated Report and Accounts for 2002.

CIMPOR

Consolidated Annual Report

2002



III. Consolidated Financial Statements

Consolidated Balance Sheets
as of 31 December 2002 and 2001

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

(Amounts stated in thousands of euros)

	Notes	2002	2001
Current assets:			
Cash and cash equivalents		47,096	71,502
Short-term investments, net	4	324,683	110,097
Accounts receivable-trade, net	5	195,503	211,016
Accounts receivable-other, net	6	103,647	75,651
Inventories, net	7	134,945	147,330
Deferred taxes	18	142,051	103,084
Prepaid expenses and other current assets		1,832	8,191
TOTAL CURRENT ASSETS		949,757	726,871
Investments, net	8	116,774	126,043
Fixed assets, net	9	1,300,131	1,279,691
Intangible assets, net	10	962,535	772,797
Other non-current assets, net	6	8,662	23,703
TOTAL ASSETS		3,337,859	2,929,105
Current liabilities:			
Short term debt	11	552,377	570,640
Accounts payable-trade	12	123,503	144,787
Accounts payable-other	13	295,078	54,995
Accrued expenses	14	59,680	44,457
Taxes payable	15	36,697	42,625
Deferred taxes	18	116,765	136,002
Deferred income		7,565	4,445
Provision for other risks and costs	16	118,733	55,808
TOTAL CURRENT LIABILITIES		1,310,398	1,053,759
Medium and long-term debt	11	968,565	668,444
Other non-current liabilities	17	20,869	4,364
TOTAL LIABILITIES		2,299,832	1,726,567
Minority interest	19	88,450	111,462
Shareholders' equity:			
Share capital	20	672,000	672,000
Own shares	20	(19,245)	(16,799)
Revaluation reserves	20	73,587	93,720
Legal reserve	20	58,300	51,400
Cumulative foreign currency translation adjustments	20	(353,603)	(136,489)
Other reserves and retained earnings		341,975	289,415
Net income for the year		176,563	137,829
TOTAL SHAREHOLDERS' EQUITY		949,577	1,091,076
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,337,859	2,929,105

The accompanying notes form an integral part of these financial statements

Consolidated Statements of Profit and Loss

for the years ended 31 December 2002 and 2001

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

(Amounts stated in thousands of euros)

	Notes	2002	2001
Operating revenues:			
Sales and services rendered	21	1,317,206	1,385,672
Other revenues		30,519	19,826
TOTAL OPERATING REVENUES		1,347,725	1,405,498
Operating costs and expenses:			
Cost of inventories used in production or sold		(314,127)	(357,535)
Operating expenses		(356,202)	(385,754)
Payroll expenses	22	(152,241)	(149,922)
Depreciation and amortisation		(209,718)	(219,125)
Provisions		(17,843)	(15,830)
Other operating expenses		(13,748)	(7,508)
TOTAL OPERATING COSTS AND EXPENSES		(1,063,879)	(1,135,674)
Operating income		283,846	269,824
Financial expenses, net	23	(23,330)	(56,265)
Extraordinary expenses, net	24	(38,233)	(5,176)
Income before income tax		222,283	208,383
Provision for income taxes	18	(40,646)	(63,616)
Income before minority interest		181,637	144,767
Income applicable to minority interest, net	19	(5,074)	(6,938)
NET INCOME FOR THE YEAR		176,563	137,829
Earnings per share		1.32	1.03

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

Consolidated Cash Flow Statements

for the years ended 31 December 2002 and 2001

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

(Amounts stated in thousands of euros)

	2002	2001
Operating activities:		
Receipts from customers	1,330,465	1,361,561
Payments to suppliers	(661,115)	(721,027)
Payments to employees	(170,910)	(154,591)
Cash generated from operations	498,440	485,943
Payments relating to income taxes	(16,886)	(84,320)
Other	(7,669)	7,610
Cash flow before extraordinary items	473,885	409,233
Receipts relating to extraordinary items	12,191	1,310
Payments relating to extraordinary items	(7,925)	(5,268)
Net cash from operating activities (1)	478,151	405,275
Investing activities:		
Receipts relating to:		
Acquisition of subsidiaries	541	-
Financial investments	1,064	12,240
Property, plant and equipment	26,309	15,947
Intangible assets	30	212
State grants for investment	42	1,186
Interest and related income	44,602	24,970
Dividends	3,309	1,179
Other	2,214	2,034
TOTAL RECEIPTS	78,111	57,768
Payments relating to:		
Acquisition of subsidiaries	(275,997)	(5,252)
Financial investments	(5,167)	(68,549)
Property, plant and equipment	(182,592)	(198,801)
Intangible assets	(13,568)	(3,129)
Other	(860)	(6,587)
TOTAL PAYMENTS	(478,184)	(282,318)
Net cash used in investing activities (2)	(400,073)	(224,550)
Financial activities:		
Receipts relating to:		
Loans obtained	776,411	536,854
Own shares sold	2,712	10,963
TOTAL RECEIPTS	779,123	547,817
Payments relating to:		
Loans	(486,144)	(556,830)
Interest and related expenses	(76,840)	(63,313)
Dividends	(86,808)	(91,474)
Income tax on dividends	(6,579)	(6,945)
Own shares purchases	(5,336)	-
Other	-	(446)
TOTAL PAYMENTS	(661,707)	(719,008)
Net cash from (used in) financing activities (3)	117,416	(171,191)
Net change in cash and cash equivalents (4) = (1)+(2)+(3)	195,494	9,534
Net exchange rate effect	(32,166)	(15,273)
Net cash and cash equivalents - beginning of period	181,599	187,338
Net cash and cash equivalents - end of period	344,927	181,599
Detail of cash and equivalent:		
Cash	4,092	527
Bank deposits	43,004	70,975
Short-term investments and cash equivalents (gross)	325,871	110,097
Cash, bank deposits and treasury applications as stated in balance sheet	372,967	181,599
Other treasury elements:		
Bank overdrafts	(28,040)	-
Net cash from operating activities	344,927	181,599

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

Consolidated Statements of Changes in Shareholders' Equity

for the years ended 31 December 2002 and 2001

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

(Amounts stated in thousands of euros)

	Share capital	Own shares	Revaluation reserves	Legal reserve	Currency translation adjustments	Other reserves and retained earnings	Net income	Total
BALANCES AS OF 31 DECEMBER 2001	672,000	(16,799)	93,720	51,400	(136,489)	289,415	137,829	1,091,076
Earnings allocated to reserves	-	-	-	6,900	-	32,226	(39,126)	-
Dividends paid	-	-	-	-	-	-	(93,387)	(93,387)
Distribution of profits to employees	-	-	-	-	-	-	(5,316)	(5,316)
Acquisiton/sales of own shares	-	(2,624)	-	-	-	89	-	(2,535)
Other adjustments	-	178	(20,133)	-	-	20,245	-	290
Currency translation adjustments	-	-	-	-	(217,114)	-	-	(217,114)
Net income for the year	-	-	-	-	-	-	176,563	176,563
BALANCES AS OF 31 DECEMBER 2002	672,000	(19,245)	73,587	58,300	(353,603)	341,975	176,563	949,577

The accompanying notes form an integral part of these financial statements

Notes to the Consolidated Financial Statements
for the years ended 31 December 2002 and 2001

(Translated and reformatted from the Portuguese original – Note 30) – Amounts stated in thousands of euros

1. Introduction

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

In the year ended 31 December 2002 Cimpor reorganised its corporate structure, having incorporated Cimpor Inversiones, S.L., a Spanish company, to which it transferred its investments in the companies operating in Spain, Morocco, Tunisia, Egypt and Brazil. This holding company to the international area acquired also a South Africa company (Note 2).

The objective of the reorganisation was to concentrate, in a single entity, all the investments in foreigner operating companies, allowing for a more coordinated management of those investments, promoting their integration in a common business culture and increasing the benefits of the operating synergies and better allocation of resources.

After the above mentioned reorganisation Cimpor's investments came to be owned by the following sub-holding companies: (i) Cimpor Portugal, SGPS, S.A., which holds the investments in companies producing cement, ready mix concrete, pre-cast parts and related activities in Portugal; (ii) Cimpor Inversiones S.L., which holds the investments in companies operating in foreign countries (except for Mozambique); (iii) Cimpor Internacional, SGPS, S.A., which holds the investments in companies operating in Mozambique; and, (iv) Cimpor Investimentos, SGPS, S.A., which holds the investments in operating companies outside of the cement industry.

2. Basis of presentation

The attached consolidated financial statements have been prepared from the accounting records of Cimpor and its subsidiary companies listed below. The financial statements include certain adjustments and reclassifications in order to conform them to the Group's accounting policies. The consolidated financial statements are stated in thousands of euros and, except for the adoption of the International Accounting Standard nº 25, were prepared in accordance with generally accepted accounting principles in Portugal ("Portuguese GAAP") which may be different from generally accepted accounting principles in other countries. The attached financial statements also include certain reclassifications in order to conform more closely to the form and content of financial statements presented in international financial markets.

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

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

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

Name	Full name/headquarters	Effective participation
Holding and Sub-Holdings		
CIMPOR SGPS	CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	–
CIMPOR PORTUGAL	CIMPOR PORTUGAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIMPOR INTERNACIONAL	CIMPOR INTERNACIONAL, SGPS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIMPOR INVESTIMENTOS	CIMPOR INVESTIMENTOS, S.G.P.S., SA. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIMPOR INVERSIONES	CIMPOR INVERSIONES, S.L. Calle Brasil, 56 36204 Vigo	100.00
Cement Area		
Portugal		
CIMPOR INDÚSTRIA	CIMPOR – INDÚSTRIA DE CIMENTOS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
SCIAL	ESTABELECIMENTOS SCIAL DO NORTE, S.A. Av. Américo Duarte – S.Pedro Fins – Maia 4449 - 909 Ermesinde	100.00
CECISA	CECISA - COMÉRCIO INTERNACIONAL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CTA	CEMENT TRADING ACTIVITIES - COMÉRCIO INTERNACIONAL, S.A. Rua Alexandre Herculano, 35 1250 – 009 Lisbon	89.00
CIMENTAÇOR	CIMENTAÇOR - CIMENTOS DOS AÇORES, Lda. Canada das Murtas, Pico da Pedra, Ribeira Grande 9500 - 618 Ponta Delgada	75.00
Ready Mix Concrete and Agregates Area		
Portugal		
CIMPOR BETÃO SGPS	CIMPOR BETÃO - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIMPOR BETÃO	CIMPOR BETÃO - INDÚSTRIA DE BETÃO PRONTO, S.A. Av. Almirante Gago Coutinho, Portela de Sintra 2710 - 418 Sintra	100.00
BETAÇOR	BETAÇOR - FABRICO DE BETÃO E ARTEFACTOS DE DE CIMENTO, S.A. Rua dos Pastos – Beljardim 9760 - 511 Praia da Victória	75.00

Name	Full name/headquarters	Effective participation
AGREPOR	AGREPOR-AGREG. E EXTRACÇÃO DE INERTES, S.A. Sangardão – Furadouro 3150 - 999 Condeixa-a-Nova	100.00
JOFERBETÃO	JOFERBETÃO, Lda. Mirouços – Sítio da Capa Rota São Pedro de Penaferrin 2710 Sintra	97.00
JOMATEL	JOMATEL - EMPRESA DE MATERIAIS DE CONSTRUÇÃO, S.A. Tapada da Quinta de Cima – Est. de Albarraque – Linhó 2714 Sintra	90.00
BETABEIRAS	BETABEIRAS - BETÕES DA BEIRA, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	89.00
FENOP	FENOP - BETÃO PRONTO, S.A. Quinta dos Caldinhos, Flôr da Mata 2840 Seixal	88.20
BETÃO LIZ	BETÃO LIZ, S.A. R Qtª Paizinho – Edifício Bepor, Bloco 1–2º 2795 - 632 Carnaxide	66.44
SOPAB	SOPAB - SOCIEDADE DE EXPLORAÇÃO DE AREIAS E BRITAS, Lda. Lugar do Campo Grande – Esmoriz 3885-530 Esmoriz	66.44
VERMOFEIRA	VERMOFEIRA - EXTRACÇÃO E COMÉRCIO AREIAS, Lda. R Qtª Paizinho – Edifício Bepor, Bloco 1–2º- 2795 - 632 Carnaxide	50.00
JOBRITA	JOBRITA - INDÚSTRIAS EXTRACTIVAS, S.A. R. Vaz Monteiro, 192 – R/c Esq 2580 - 505 Carregado	66.44
FORNECEDORA	FORNECEDORA DE BRITAS DO CARREGADO, S.A. Rua Vaz Monteiro, 192 – R/C Esq. 2580 - 505 Carregado	66.44
M.C.D.	M.C.D. - MATERIAIS CONSTRUÇÃO DRAGADOS E BETÃO PRONTO, S.A. Travessa do Alecrim, 1 – 2º 1200 - 019 Lisbon	66.44
BETOURÉM	BETOURÉM - INDÚSTRIA E COMÉRCIO DE BETÃO, Lda. Barroca Branca, Areias Gondemaria, Ourém	89.00
BETRANS	BETRANS - SOCIEDADE PRODUTORA E DISTRIBUIDORA DE BETÃO TRANSMONTANO, S.A. Zona Industrial das Cantarias, Lt 189/190 5300 - 212 Bragança	50.00
BETANTEROS	BETANTEROS - SOCIEDADE DE FABRICO E COMERCIALIZAÇÃO DE BETÕES, S.A. S. Fraústo – Estrada de Braga, Km 164,5 5400 - 283 Chaves	50.00
IBERA	IBERA - INDÚSTRIA DE BETÃO DA REGIÃO ALENTEJO, S.A. Qtª da Madeira, Estrada Nac. 114, km 85 7000 - 505 Évora	50.00
BETEJO	BETEJO - SOCIEDADE DE BETÕES, S.A. Av. Do Bocage, nº 21, 8º Esqº 2830 Barreiro	50.00

Name	Full name/headquarters	Effective participation
BEPRONOR	BEPRONOR - SOCIEDADE DE BETÃO PRONTO DO NORDESTE, S.A. R. Alexandre Herculano, 35 1250 - 009 Lisbon	50.00
BARBETÃO	BARBETÃO – COMÉRCIO E DISTRIBUIÇÃO DE BETÃO, S.A. Matas, Gamelinhas, Apartado 219 3780 - 401 Avelãs de Cima, Anadia	100.00

Precast Area
Portugal

VILAJE	VILAJE - VIGAS E LAJES PRÉ-ESFORÇADAS, Lda. Feiteira – Seixezelo - V. N. Gaia 4415 - 556 Grijó	100.00
PREDIANA	PREDIANA - SOCIEDADE DE PRÉ-ESFORÇADOS, S.A. Zona Industrial de Adua 7050 Montemor-o-Novo	100.00
GEOFER	GEOFER - PRODUÇÃO E COMERCIALIZAÇÃO DE BENS E EQUIPAMENTOS, S.A. Rua Alexandre Herculano, 35 1250-009 Lisbon	100.00
PRECADAR	PRECADAR - PONTES E VIADUTOS PRÉ - FABRICADOS, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	100.00

Other Related Activities
Portugal

SACOPOR	SACOPOR - SOCIEDADE DE EMBALAGENS E SACOS DE PAPEL, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
CIARGA	CIARGA - ARGAMASSAS SECAS, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
TRANSVIÁRIA	TRANSVIÁRIA - GESTÃO DE TRANSPORTES, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
T.P.A.	T.P.A. - TRANSPORTES STº. ANDRÉ, Lda. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
TRATER	TRATER - EMPRESA DE TRANSPORTES E GESTÃO, S.A. Edifício Ulisses, R/C Esq. – Almoinha – Castelo 2970 - 135 Sesimbra	100.00
ALEMPEDRAS	ALEMPEDRAS - SOCIEDADE DE BRITAS, Lda. Casal da Luz – Bairro – Óbidos 2510 Óbidos	100.00
CIMADJUVANTES	CIMADJUVANTES - COMERCIALIZAÇÃO E PRODUÇÃO ADJUVANTES PARA CIMENTO, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	100.00
CELFA	CELFA – SOCIEDADE INDUSTRIAL DE TRANSFORMAÇÃO DE GESSOS, S.A. Zona Industrial de Soure, Lt. 26 e 27 3130 – 551 Soure	100.00
KANDMAD	KANDMAD – PRESTAÇÃO DE SERVIÇOS E COMÉRCIO DE IMPORTAÇÃO E EXPORTAÇÃO, Lda. Av. Arriaga, 77, Edifício Marina Fórum, 1º sala 103, Sé 9000 – 060 Funchal	99.93

Name	Full name/headquarters	Effective participation

International Area
Spain

Name	Full name/headquarters	Effective participation
CORPORACIÓN NOROESTE	CORPORACIÓN NOROESTE, S.A. Brazil, 56 36 204 Vigo	99.51
C.N. HORMIGONES Y ARIDOS	CORPORACION NOROESTE DE HORMIGONES Y ARIDOS, S.L. Brazil, 56 36 204 Vigo	99.51
ANDALUCIA	SOCIEDAD DE CEMENTOS Y MATERIALES DE CONSTRUCCÍON DE ANDALUCIA, S.A. Av. De la agrupacíon de Córdoba, 15 14 014 Cordoba	99.51
CEMENTOS EL MONTE	CEMENTOS EL MONTE, S.A. 21810 – Palos de la Frontera (Huelva) Puerto Exterior de Huelva Muelle Ingeniero Juan Gonzalo s/n	99.51
CEMENTOS NOROESTE	CEMENTOS NOROESTE, S.L. Brasil, 56 36 204 Vigo	99.51
SERMACONSA	SERVICIOS Y MATERIALES PARA LA CONSTRUCCIÓN, S.A. Brasil, 56 36 204 Vigo	99.51
MORTEROS NOROESTE	MORTEROS NOROESTE, S.L. Brazil, 56 36 204 Vigo	99.51
HORMIGONES HÉRCULES	HORMIGONES HÉRCULES, S.L. Polígono Industrial – El Prado – 40 – Mérida 06800 – Badajoz	99.51
HORMIGONES MIÑO	HORMIGONES MIÑO, S.L. Brazil, 56 36 204 Vigo	99.49
CEMENTOS COSMOS	CEMENTOS COSMOS, S.A. Brazil, 56 36 204 Vigo	99.23
PREBETONG GALICIA	PREBETONG GALICIA, S.A. Brazil, 56 36 204 Vigo	98.39
CANTERAS PREBETONG	CANTERAS PREBETONG, S.L. Brazil, 56 36 204 Vigo	98,39
BOMTRAHOR	BOMBEO Y TRANSPORTE DE HORMIGON, S.A. Brazil, 56 36 204 Vigo	90.29
PREBETONG LUGO	PREBETONG LUGO, S.A. Av. Benigno Rivera s/n Polígno Industrial del Ceao 27 003 Lugo	74.10
HORMIGONES MARIÑA	HORMIGONES MARIÑA, S.L. Carretera Santander – Ferrol. Lugar de Camba Município de Xove 27 870 Lugo	69.77
HORMINGONES LA BARCA	HORMIGONES Y ARIDOS LA BARCA, S.A. Calle La Barca, nº 14 36 002 Pontevedra	49.76

Name	Full name/headquarters	Effective participation
ARICOSA	ARIDOS DE LA CORUÑA, S.A. Candame 15 142 Arteixo La Coruña	49.19
CANPESA	CANTEIRA DO PENEDO, S.A. Reina, 1 – 3º 27 001 Lugo	37.04
Morocco		
ASMENT DE TÉMARA	ASMENT DE TEMARA AIN Attig – Route de Casablanca Témara	62.60
BETOCIM	BETOCIM, S.A.S. Ain Attig – Route de Casablanca Témara	100.00
Tunisia		
C.J.O.	SOCIÉTÉ DES CIMENTS DE JBEL OUST 3, Rue de Touraine, Cité Jardins 1002 Tunis – Belvédère, Tunisie	100.00
Brazil		
C.C.B.	COMPANHIA DE CIMENTOS DO BRASIL, S.A. Avª Maria Coelho Aguiar, 215 – Bloco E – 8º J. São Luís – São Paulo/SP – Brazil	98.34
ATOL	COMPANHIA DE CIMENTO ATOL, S.A. Fazenda S. Sebastião Alagoas-S. Miguel dos Campos	100.00
CIMEPAR	COMPANHIA PARAIBA DE CIMENTO PORTLAND, S.A. Fazenda da Graça – Ilha de Bispo-Cidade João Pessoa Paraiba – Brazil	100.00
C.B.	CIMPOR BRASIL, Lda. Av. Mª Coelho Aguiar, 215 Bl E – 8º J. São Luís – São Paulo/SP – Brazil	100.00
Mozambique		
CIM. MOÇAMBIQUE	CIMENTOS DE MOÇAMBIQUE, S.A.R.L. Av. Fernão de Magalhães, 34 – 2º, nº1 Maputo – Caixa Postal 270	51.00
CIMBETÃO	CIMPOR BETÃO MOÇAMBIQUE, S.A.R.L. Estrada de Lingamo Matola	99.05
PREMAP	PREFABRICADOS DE MAPUTO, S.A.R.L. Avª 24 de Julho, 2096, 4º Andar Maputo	81.19
Egypt		
AMREYAH	AMREYAH CEMENT COMPANY El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	96.19

Name	Full name/headquarters	Effective participation
CEC	CIMPOR EGYPT FOR CEMENT El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	100.00
AMREYAH CIMPOR	AMREYAH CIMPOR CEMENT COMPANY, S.A.E. El Gharbaneyat – Borg El Arab City P.O. Box 21511 Alexandria	97.14

South Africa

Name	Full name/headquarters	Effective participation
NPC	NATAL PORTLAND CEMENT COMPANY (PTY) LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	99.80
DCL	DURBAN CEMENT LTD. 199 Coedmore Road Bellair 4094 Durban South Africa	99.80
SRT	THE SIMUMA REHABILITATION TRUST 1 Wedgelink Road Bryanstone South Africa	99.80
NPC - CELL “A7”	NATAL PORTLAND CEMENT (PTY) – CELL “A7” 5 th Floor Sa Eagle House 70 Fox Street Johannesburg South Africa	99.80

Unrelated Activities

Name	Full name/headquarters	Effective participation
CIMPOR FINANCE	CIMPOR FINANCE LIMITED IFSC House, Custom House Quincy – Dublin 1	100.00
CIMPOR B.V.	CIMPOR FINANCIAL OPERATIONS, B.V. Drentestraat, 24 1083 HR Amesterdam	100.00
PENROD	PENROD INVESTMENTS LIMITED Suite 9.4.1.B – Europort – Gibraltar	100.00
CIMPOR IMOBILIÁRIA	CIMPOR IMOBILIÁRIA, S.A. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	100.00
MECAN	MECAN - MANUFACTURA DE ELEMENTOS DE CASAS DE CONSTRUÇÃO NORMALIZADA, Lda. Rua Alexandre Herculano, 35 1250 – 009 Lisbon	100.00
RETONOBA	RETONOBA, S.A. Brazil, 56 36 204 Vigo	100.00
FIVACAR	97 2000 FIVACAR, S.L. Calle Serrano, 91 Madrid	100,00
99 SHIP	99 SHIP, S.A. Calle Serrano, 91 Madrid	100.00
SILOS GALICIA	SILOS GALICIA, S.A. Calle Montero Rios, 30 – 1º 36201 Vigo	84.00

Name	Full name/headquarters	Effective participation
CIMPOR REINSURANCE	CIMPOR REINSURANCE, S.A. – SOCIÉTÉ ANONYME DE REASSURANCE 65, Avenue de la Gare L 1611 - Luxemburg	100.00

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

Name	Full name/headquarters	Effective participation
Other Related Activities		
Mozambique		
C.C. MOÇAMBIQUE	COMPANHIA DOS CIMENTOS DE MOÇAMBIQUE, S.A.	86.02
IMOPAR	IMOPAR-IMOBILIÁRIA DE MOÇAMBIQUE, S.A.R.L. Avª 24 de Julho, 2096, 4º Andar Maputo	95.00

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

Name	Full name/headquarters	Effective participation
Cement Area		
Portugal		
SEMAPA	SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A. Avenida Fontes Pereira de Melo, 14 – 10º 1069-107 Lisbon	20.02
CIMENTOS MADEIRA	CIMENTOS MADEIRA, Lda. Estrada Monumental, 433 – São Martinho 9000-236 Funchal	42.86
Other Related Activities		
Portugal		
PRESCOR	PRESCOR - PRODUÇÃO DE ESCÓRIAS MOÍDAS, Lda. Aldeia de Paio Pires – Paio Pires 2840 Seixal	35.00
SCORECO	SCORECO - VALORIZAÇÃO DE RESÍDUOS, Lda. Av. Severiano Falcão, 8 – Edifício Cimpor 2685 - 378 Prior Velho	25.00
NUNO MESQUITA PIRES	NUNO MESQUITA PIRES, SGPS, S.A. Av. Luísa Todi, 1 – 1º 2900 – 459 Setúbal	35.08

Name	Full name/headquarters	Effective participation

International Area
Spain

CEMENTOS ANTEQUERA	CEMENTOS ANTEQUERA, S.A. Carretera del Polvorín km 2, margem izquierdo 29 540 Bobadilla, Estacíon. Malaga	20.00

Unrelated Activities

KEEFERS	KEEFERS FINANCE, S.A. Pasea Estate, Road Town-P.O.Box 3149 – Portola British Virgin Island	34.71
CORTEZO	CORTEZO, N.V. P.O.Box 6050, Curaçao Netherlands Antilles	30.00

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

BETO MADEIRA	BETO MADEIRA - BETÕES E BRITAS DA MADEIRA,S.A. Fundoa de Cima – S.Roque 9000 - 801 Funchal	42.86
BRIMADE	BRIMADE - SOCIEDADE DE BRITAS DA MADEIRA, S.A. Fundoa de Cima – S. Roque 9000 - 801 Funchal	42.86
MADEBRITAS	MADEBRITAS - SOCIEDADE DE BRITAS DA MADEIRA, Lda. Fundoa de Cima – S.Roque 9000 - 801 Funchal	21.86
PROMADEIRA	PROMADEIRA - SOCIEDADE TÉC. DE CONSTRUÇÃO DA ILHA DA MADEIRA, Lda. Sítio da Cancela, São Gonçalo 9050 - 299 Funchal	42.86
SANIMAR – MADEIRA	SANIMAR - MADEIRA, SOCIEDADE DE MATERIAIS DE CONSTRUÇÃO, Lda. Sítio da Cancela, São Gonçalo 9050 - 299 Funchal	42.86

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

Name	Full name/headquarters	Effective participation

International Area
Spain

HORMIGONES CELANOVA	HORMIGONES MIRANDA CELANOVA, S.A. Crta. de Casasoá, km. 0,1 – La Caseta - Celanova Orense	39.35

International Area
Egypt

ERMCC	EXPRESS READY MIX CONCRETE COMPANY 23, Talat Harb ST. - Cairo	28.86

Name	Full name/headquarters	Effective participation
Unrelated Activities		
ETG	ETG - EMPRESA DE TRANSPORTES E GESTÃO, S.A. Rua Corpo Santo, nº 6 – 2º 1200 Lisbon	44.90
SGS	SGS - INDÚSTRIAS DE MADEIRA, S.A. Pico do Cardo – S. António 9000 Funchal	35.00

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

Name	Full name/headquarters	Effective participation
Other Related Activities		
Portugal		
ECORESÍDUOS	ECORESÍDUOS - CENTRO DE TRATAMENTO E VALORIZAÇÃO DE RESÍDUOS, Lda. Rua Alexandre Herculano, 35 1250 - 009 Lisbon	50.00

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

Name	Full name/headquarters	Effective participation
Ready Mix Concrete and Agregates Area		
Portugal		
CEVALOR	CEVALOR - CENTRO TECNOLÓGICO PARA APROVEITAMENTO E VALORIZAÇÃO DE ROCHAS ORNAMENTAIS E INDUSTRIAIS Estrada Nacional 4, Km 158 7150 - 208 Lisboa	10.00
Other Related Activities		
Portugal		
ECOMETAIS	SOCIEDADE DE TRATAMENTO E RECICLAGEM, S.A. Av. Siderurgia Nacional, nº 1, Edifício S.N. 2840 Seixal	2.50

Name	Full name/headquarters	Effective participation
International Area		
Spain		
AMINSA	APLICACIONES MINERALES, S.A. Ayto. de Valle de Oca, Camino Fuente Herrero, s/n 09 258 Cuevacardiel – Burgos	11.94
CEMENTOS LEMONA (a)	CEMENTOS LEMONA, S.A. Alameda de Urquijo, 10 – 2º 48 008 Bilbao	19.21
CEMENTOS PORTLAND (a)	CEMENTOS PORTLAND, S.A Pamplona	0.95
International Area		
Egypt		
UCF	UNITED COMPANY FOR FOUNDRIES 20, EL – Gazayer Street Now Naadi - Cairo	13.47
ASCOM	ASCOM 26, Road 265 New Maadi - Cairo	9.62
ASEMPRO	ASEMPRO 5, Street 260 New Maadi - Cairo	9.62
Unrelated Activities		
NEFELE	COMPANHIA INDUSTRIAL DE SIENITOS NEFELÍNICOS, S.A. Serro da Cabeça Alta - Apartado 45 8101 Loulé Codex	10.00

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

During the year ended 31 December 2002, certain changes occurred in the composition of companies included in the consolidation, resulting mainly from the acquisition of Cimento Brumado in Brazil, NPC – Natal Portland Cement, in South Africa, the acquisition of certain cement assets in Córdova, Niebla and Seville (together referred to as “Andaluzia”), Cementos El Monte and an additional acquisition of 9.42% of Semapa’s share capital. The impact of these acquisitions on the balance sheet captions as of 31 December 2002, was as follows:

	Increases/decreases
Intangible assets	290
Property, plant and equipment	213,545
Investments	(19,309)
Inventories	13,120
Accounts receivable	11,744
Current liabilities	(26,602)
Provision for risks and costs	(1,042)
Minority interest	(4)
	191,742
Goodwill	302,365
Gain on investments	(430)
Accounts payable to suppliers of fixed assets	(218,221)
Net amount paid	275,456
Cash and equivalents	5,769
NET IMPACT	499,446

3. Summary of significant accounting policies

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

Intangible assets

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

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

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

Property, plant and equipment

Property, plant and equipment is stated at cost, which includes acquisition expenses, or, in the case of for certain fixed assets acquired up to 31 December 1992, at restated value computed in accordance with the revaluation criteria established by the applicable Portuguese legislation. Gains and losses on the disposal of fixed assets are recorded as extraordinary items.

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

	Years
Buildings and other constructions	10 – 50
Basic equipment	7 – 16
Transportation equipment	4 – 8
Tools and dies	2 – 8
Administrative equipment	2 – 14
Other tangible fixed assets	2 – 10

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

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

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

Finance leases

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

Inventories

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

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

Provisions

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

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

Foreign currency transactions and balances

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

— Exchange differences arising on the translation of medium and long term foreign currency inter-group balances which, in practice, correspond to an extension of investments;

— Exchange differences arising on financial operations hedging exchange risk on foreign currency investments, as established in International Accounting Standard (IAS) 21, provided that they comply with the efficiency criteria established in IAS 39.

Translation of financial statements

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

— Assets and liabilities: exchange rates prevailing at the balance sheet date;

— Profit and loss statement: average exchange rates for the period;

— Share capital, reserves and retained earnings: historical exchange rates; and

— Cash flow statement: period average exchange rates for cash flows were these rates are close to the effective exchange rates; in the remaining cash flows, the exchange rate of the day of the operation.

The effect of translation differences is recorded in shareholders’ equity under the specific caption “Cumulative foreign currency translation adjustments”. When investments in subsidiaries are sold, the related cumulative foreign currency translation adjustment is transferred to the statement of profit and loss , as established in IAS nº 21.

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

— Fixed assets and shareholders’ equity balances are maintained in US Dollars at historical rates of exchange;

— Monetary assets and liabilities are translated at current exchange rates, the exchange differences being recognised as financial income or expenses for the period.

Negotiable securities

Negotiable securities are stated at market value.

Retirement pension benefits

Certain subsidiary companies have assumed responsibilities for the payment of pension complements to those paid by the Portuguese Social Security, under two different schemes: a defined benefit plan and a deferred contribution plan. The related liabilities are recorded in accordance with Portuguese Accounting Directive nº 19.

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

Medical benefits

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

Specific provisions to cover this liability are recorded in accordance with the criteria established by Portuguese Accounting Directive nº 19.

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

Income tax

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

The income tax provision is computed in accordance with Portuguese Accounting Directive nº 28, whereby consideration is given to timing differences between accounting and taxable income.

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

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

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

Revaluation reserve

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

Environmental reinstatement of land used for quarries

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

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

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

Accrual basis

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

Current classification

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

4. Negotiable securities

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

5. Accounts receivable – trade, net

This caption consists of:

	2002	2001
Accounts receivable from costumers	187,629	204,014
Notes receivable	1,754	3,901
Doubtful accounts receivable	42,049	42,659
Advances to suppliers	3,365	1,480
	234,797	252,054
Less: Provision for doubtful accounts receivable	(39,294)	(41,038)
	195,503	211,016

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

6. Other accounts receivable and other non-current assets

These captions consists of:

	2002	2001
Accounts receivable – other, net:		
Accounts receivable from:		
Associated companies	377	619
Other	1,623	645
Accounts receivable from public entities	54,759	54,064
Other receivables	47,422	20,937
	104,181	76,265
Less: Provision for doubtful accounts receivable	(534)	(614)
	103,647	75,651

	2002	2001
Other non-current assets, net:		
Doubtful accounts receivable	13,054	12,041
Accounts receivable from associated companies	14,557	16,867
Accounts receivable from public entities	1,896	2,250
Other receivables	5,597	5,374
	35,104	36,532
Less: Provision for doubtful accounts receivable	(26,442)	(12,829)
	8,662	23,703

Accounts receivable from public entities at 31 December 2002 are made up as follows:

Value added tax	42,095
Income tax	12,264
Withholding tax	1,509
Other	787
	56,655

7. Inventories

This caption consists of:

	2002			2001		
	Cost	Provisions	Net	Cost	Provisions	Net
Raw materials and consumables	92,059	(7,255)	84,804	118,506	(15,969)	102,537
Work in progress	30,654	(1,066)	29,588	24,985	(748)	24,237
Sub-products and waste	60	(15)	45	56	(18)	38
Semi-finished and finished products	16,867	(1,183)	15,684	12,543	(2,285)	10,258
Merchandise	6,783	(2,422)	4,361	11,322	(1,841)	9,481
Advances	463	-	463	779	-	779
	146,886	(11,941)	134,945	168,191	(20,861)	147,330

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

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

8. Investments, net

This caption consists of:

	2002			2001
	Gross book value	Provisions	Net book value	Net book value
Affiliated companies	54,125	-	54,125	11,317
Other investments	58,313	4,054	54,259	99,581
Securities and other investments	13,310	5,179	8,131	14,646
Loans granted	596	337	259	138
Advances	-	-	-	361
TOTAL	126,344	9,570	116,774	126,043

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

9. Property, plant and equipment, net

This caption comprises:

	2002	2001
COST:		
Land and natural resources	212,775	215,746
Buildings and other constructions	1,095,976	1,127,471
Basic equipment	2,631,994	2,576,528
Transportation equipment	72,873	77,288
Tools and dies	6,918	6,903
Administrative equipment	42,593	42,063
Containers	134	134
Other	8,391	6,347
Fixed assets in progress	103,832	111,664
Advances	47,684	21,482
	4,223,170	4,185,626
ACCUMULATED DEPRECIATION:		
Land and natural resources	(30,441)	(28,846)
Buildings and other constructions	(777,395)	(772,048)
Basic equipment	(2,010,704)	(2,003,030)
Transportation equipment	(61,001)	(61,832)
Tools and dies	(5,378)	(5,020)
Administrative equipment	(32,010)	(30,447)
Containers	(116)	(116)
Other	(5,994)	(4,596)
	(2.923,039)	(2,905,935)
NET BOOK VALUE:		
Land and natural resources	182,334	186,900
Buildings and other constructions	318,581	355,423
Basic equipment	621,290	573,498
Transportation equipment	11,872	15,456
Tools and dies	1,540	1,883
Administrative equipment	10,583	11,616
Containers	18	18
Other	2,397	1,751
Fixed assets in progress	103,832	111,664
Advances	47,684	21,482
	1,300,131	1,279,691

Depreciation of property, plant and equipment charged to operations during the year ended 31 December 2002 amounted to 147,136 thousand euros.

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

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

	Historical costs	Revaluation	Revalued amounts
Land and natural resources	165,257	17,077	182,334
Buildings and other constructions	258,823	59,758	318,581
Basic equipment	620,342	948	621,290
Transportation equipment	11,872	-	11,872
Tools and dies	1,540	-	1,540
Administrative equipment	10,552	31	10,583
Containers	18	-	18
Other	2,397	-	2,397
TOTAL	1,070,801	77,814	1,148,615

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

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

10. Intangible Assets, net

This caption comprises the following:

	2002	2001
COST:		
Start up costs	8,225	5,352
Research and development cost	27,070	27,064
Industrial property and other rights	7,112	7,948
Intangible assets in progress	81	595
Goodwill on acquisitions	1,256,458	995,634
	1,298,946	1,036,593
ACCUMULATED AMORTISATION:		
Start up costs	(6,412)	(2,987)
Research and development cost	(26,634)	(26,695)
Industrial property and other rights	(3,242)	(3,421)
Goodwill on acquisitions	(300,123)	(230,693)
	(336,411)	(263,796)
NET BOOK VALUE:		
Start up costs	1,813	2,365
Research and development cost	436	369
Industrial property and other rights	3,870	4,527
Intangible assets in progress	81	595
Goodwill on acquisitions	956,335	764,941
	962,535	772,797

Amortisation of intangible assets charged to operations during the year ended 31 December 2002 amounted to 62,582 thousands euros.

During the year ended 31 December 2002, the Company recorded, as an extraordinary expense, extraordinary amortisation of goodwill of 12,131 thousand euros, relating to the Morocco business area (Note 24).

The movement in the caption "Goodwill" in the year ended 31 December 2002, was as follows:

Movement/subsidiaries	Goodwill
BEGINNING BALANCE	995,634
INCREASES:	
Cimento Brumado	82,892
Cementos Antequera	4,817
Semapa	73,337
Nuno Mesquita Pires (NMP)	3,210
Natal Portland Cement (NPC)	104,234
Soc.Cementos Y Materiales Construccíón de Andaluzia	17,594
Cementos El Monte	14,493
Barbetão	1.584
Celfa	387
Asment de Temara	752
Silos Galicia	286
	303,586
DECREASES:	
Acquisition differences recorded in CCB (includes Brumado)	(37,281)
Reversal of fully amortised goodwill	(829)
Amreyah	(4,468)
Macrobetão	(182)
	(42,762)
ENDING BALANCE	1,256,458

The increases in the year ended 31 December 2002 are detailed in Note 2, except for the increases in Asment de Témara (acquisition of an additional participation of 3.68% for 3,380 thousand euros) and Silos Galícia (acquisition of an additional 9% in a capital increase not subscribed for by the minority shareholders, in the amount of 568 thousand euros).

The decreases correspond to a decrease in goodwill in CCB (due to exchange devaluation), reversal of fully amortised goodwill, the effect of acquiring an additional participation of 5% in Amreyah for 6,735 thousand euros (which generated negative goodwill) and the sale of the investment in Macrobetão.

11. Loans

This caption consists of:

	2002		2001	
	Short-term	Long-term	Short-term	Long-term
Bank loans	552,072	949,085	561,356	659,284
Bonds	–	9,849	7,721	–
Other loans	305	9,631	1,563	9,160
	552,377	968,565	570,640	668,444

The short - term bank loans include:

Type	Currency	Interest rate	Amount
Syndicated Loan	EUR	Euribor + 0,4%	189,006
Syndicated Loan	EUR	Euribor + 0,4%	135,000
Commercial paper	EUR	Euribor + 0,25%	106,000
Syndicated Loan	USD	Libor + 0,4%	47,678
Investments	EUR	Euribor + 0,4%	15,014
Investments	USD	Libor + 6m +	10,471
Investments	USD	0,75%	5,722
Overdrafts		Libor + 0,1%	28,040
Others			15,141
			552,072

The long – term bank loans include:

Type	Currency	Interest rate	Amount
Syndicated loan	EUR	Euribor + 0,40%	283,510
Syndicated loan	USD	Libor + 0,40%	71,517
Investments	EUR	Euribor + 0,675%	250,000
Investments	EUR	Euribor + 0,60%	50,000
Investments	EUR	Euribor + 0,50%	48,000
Investments	EUR	Euribor + 0,75%	150,000
Investments	EGP	Caibor + 1,125%	26,774
Investments	USD	Libor + 1%	11,919
Investments	EUR	Euribor 3m+	11,543
Other		0,25%	45,822
			949,085

At 31 December 2002, the medium and long-term portion of the loans was repayable as follows:

2004	409,355
2005	453,693
2006	37,509
2007	43,005
2008	12,502
2009	12,501
	968,565

The principal financial conditions of the loans at 31 December 2002 were as follows:

Rating

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

Control of the subsidiary companies

The majority of contracts for loans obtained by the operating or sub-holding companies do not establish the need for CIMPOR – Cimentos de Portugal, SGPS, S.A. to have 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.

At 31 December 2002 the comfort letters provided by the holding company totalled 224,087 thousand euros.

Financial Covenants

The loan contracts also established commitments for the company to maintain certain financial ratios at previously agreed levels.

The principal loans at 31 December 2002 include commitments to maintain the following financial ratios:

— Net debt / EBITDA

— EBITDA / (Financial expenses – Financial income)

— Net debt / Permanent capital

At 31 December 2002 these ratios were within the commitments established.

Negative pledge

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

Cross Default

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

12. Accounts payable - trade

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

	2002	2001
Advances for sales	1,770	1,510
Accounts payable to suppliers	99,272	119,419
Notes payable	20,604	23,250
Advances from customers	1,857	608
	123,503	144,787

13. Accounts payable - other

This caption consists of:

	2002	2001
Accounts payable to related companies	548	679
Suppliers of fixed assets	277,141	35,637
Other creditors	17,389	18,679
	295,078	54,995

14. Accrued expenses

Accrued expenses include 26,201 thousand euros, relating to retirement pension benefit liabilities. This amount represents the difference between the market value of the plan's assets and the present value of the past service liability (Note 26) in accordance with Portuguese Accounting Directive nº 19. The remaining balance of this caption consists of other accrued expenses to be paied.

15. Taxes payable

This caption consists of:

Value added tax	15,718
Income tax	9,292
Withholding tax	6,757
Social security contributions	2,675
Others	2,255
	36,697

16. Movement in the provisions

During the year ended 31 December 2002, the movement in the provision account balances, was as follows:

	Opening balance	Changes in subsidiaries	Exchange differences	Increase	Decreases	Transfers	Ending balance
Provision for treasury applications	-	-	-	1,187	-	-	1,187
Provisions for doubtful accounts receivable	54,481	46	(1,576)	15,387	(8,007)	5,939	66,270
Provisions for risks and costs	55,808	1,042	(8,522)	99,279	(19,378)	(9,496)	118,733
Provision for inventories	20,861	454	(930)	2,213	(5,951)	(4,706)	11,941
Provision for investments	8,770	(1,572)	(339)	4,236	(1,525)	-	9,570
	139,920	(30)	(11,367)	122,302	(34,861)	(8,263)	207,701

At 31 December 2002, provisions for risks and costs were made up as follows:

Tax contingencies	66,425
Liability for pension benefits	11,703
Other provisions for risks and costs	40,605
	118,733

The increase in provisions was recorded as follows:

Provisions	17,843
Extraordinary items	61,504
Income tax (Note 18)	39,965
Payroll costs	831
Provision for investments	1,837
Other	322
	122,302

17. Other non-current liabilities

This caption consists of:

	2002	2001
Suppliers of fixed assets	18,447	2,225
Other	2,422	2,139
	20,869	4,364

18. Income tax

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

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

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

As a result of a review made by the tax authorities of the corporate income tax returns for the years 1996 to 1998, corrections were made to the taxes paid, the most significant item being the increase in depreciation resulting from the revaluation of property, plant and equipment. The Board of Directors, based on technical opinions of its consultants, believes that the above mentioned corrections have no legal grounds and, accordingly, they have been legally contested.

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

In order to recognise this contingency, the Company recorded, in the year ended 31 December 2002, an amount of 55,902 thousand euros, of which 39,965 thousand euros (Note 16), corresponding to the additional tax assessment, was recorded under the caption "Income tax" (including an estimate for the years 1999 and 2000 not yet reviewed), and the balance, corresponding to other corrections and interest, was recorded by charge to the extraordinary items caption "Increase in amortisation and provisions" (Note 24).

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

Reconciliation of the income tax provision at the statutory Portuguese income tax rate, for the year ended 31 December 2002, and the effective income tax rate, is as follows:

	Tax base	Income tax
Income before income tax	222,283	
Permanent differences	103,310	
Loss on sale of investments	(300,382)	
	25,211	
Normal charge		
Tax benefits, rates differences and other		8,320
Tax contingencies		(16,335)
Corrections to deferred taxes		39,965
Adjustments to prior year provisions		545
Charge for the period		8,151
		40,646

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

The charge for the year is made up as follows:

Current income tax	31,895
Deferred tax for the year ended 31 December 2002	(39,910)
Adjustments	8,151
Deferred taxes	545
Tax provision	39,965
Income tax for the year	40,646

The movement in deferred taxes in the year ended 31 December 2002 is as follows:

	Opening balance	Net income	Changes in group companies	Shareholders' equity	Closing balance
Deferred tax assets:					
Revaluations and adjustments to property, plant and equipment	65,950	(2,635)	7	(8,974)	54,348
Provision for doubtful accounts receivable	4,521	3,819	-	(2)	8,338
Provisions for risks and costs	5,442	3,818	-	(674)	8,586
Provision for inventories	4,243	(1,047)	-	(161)	3,035
Other provisions	1,985	1,309	(519)	(15)	2,760
Others	6,056	3,911	29	1,477	11,473
Tax losses carried forward	14,887	27,273	-	11,351	53,511
	103,084	36,448	(483)	3,002	142,051
Deferred tax liabilities:	126,040	(8,356)	3,790	(18,648)	102,826
Revaluations and adjustments to property, plant and equipment	7,352	2,646	-	-	9,998
Investments	2,787	(1,825)	-	-	962
Reinvestment of capital gains	(177)	4,619	-	(1,463)	2,979
	136,002	(2,916)	3,790	(20,111)	116,765
Net deferred tax	(32,918)	39,364	(4,273)	23,113	25,286

19. Minority interests

This caption consists of:

	Equity	Profit and loss
Cimpor Internacional Group	43	36
Cimentaçor Group	2,485	1,121
Cimpor Betão Group	17,437	2,039
Corporación Noroeste Group	11,767	(436)
Cement Trading Activities	397	(227)
Cimentos de Moçambique	20,734	(2,176)
Premap	16	(49)
Asment de Temara	25,497	3,964
Companhia de Cimentos Brasil	2,338	926
Amreyah Cement Company	7,736	(124)
	88,450	5,074

Minority interest reflected on the balance sheet as of 31 December 2002 and statement of profit and loss for the year then ended, corresponds to third party participation in the equity and results of the above mentioned Group companies.

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

20. Share capital and reserves

At 31 December 2002, Cimpor's fully subscribed and paid up share capital was represented by 134 million shares with a nominal value of five euros each.

At 31 December 2002, the last known capital structure of the Company was as follows:

	%	Number of shares
Teixeira Duarte, SGPS, S.A. (a)	31.45	42,263,318
Financiére Lafarge, S.A.	9.99	13,433,100
Holcim (Portugal), SGPS, Lda.	9.84	13,227,185
Cartera Lusitania, S.A.	9.65	12,964,708
Secil – Companhia Geral de Cal e Cimento, S.A.	9.00	12,091,940
Banco Comercial Português, S.A.	4.51	6,068,007
Pensõesgere – Sociedade Gestora de Fundos de Pensões, S.A.	4.19	5,633,587
Seguros e Pensões Gere, SGPS, S.A.	3.01	4,040,847
Cementos Molins, S.A.	2.64	3,548,931
Bank of New York (Credit Agricole Lazard Financial Products Bank)	1.99	2,680,000
Others	13.73	18,448,377
	100.0	134,400,000

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

Revaluation reserve

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

Legal reserve

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

The movement in treasury stock corresponds to the sale 160,702 shares to several employees of the Group, under share acquisition and share option plans, and generated an increase of 89 thousand euros in other reserves. During the year ended 31 December 2002, 310,437 shares were purchased for a total price of 5,336 thousand euros. At the end of the year the Company had 1,196,911 shares of treasury stock.

The decrease in the balance of the caption "Currency translation adjustments" results from the effect of exchange devaluations arising during the year ended 31 December 2002 on the translation, to euros, of the financial statements of subsidiaries operating in other countries.

21. Segment reporting

The Group operates in several geographical areas. The main information at 31 December 2002 for each of these locations is as follows:

	Portugal	Spain	Brazil	Egypt	Tunisia	Morocco	Others	Eliminations	Consolidated
REVENUES									
External sales	654,214	176,158	255,367	73,849	57,592	49,300	50,726	-	1,317,206
Inter segmental sales	17,688	1,803	-	-	-	-	3,390	(22,881)	-
Total revenue	671,902	177,961	255,367	73,849	57,592	49,300	54,116	(22,881)	1,317,206
External operational results	163,772	40,531	79,151	(14,769)	(2,419)	13,212	4,366	-	283,844
Inter segmental operational results	14,802	(1,832)	(6,797)	(294)	(1,903)	(3,061)	(915)	-	-
Total operational results	178,574	38,699	72,354	(15,063)	(4,322)	10,151	3,451	-	283,844
External financial results	13,541	(18,222)	(1,120)	46	(982)	639	(20,992)	-	(27,090)
Inter segmental financial results	(14,986)	(4,149)	(2,977)	-	-	-	22,112	-	-
Total financial results	(1,445)	(22,371)	(4,097)	46	(982)	639	1,120	-	(27,090)
Share of associates net profit	3,547	214	-	-	-	-	-	-	3,761
Income taxes	(7,393)	147	(26,715)	3,227	(2,359)	(5,227)	(2,326)	-	(40,646)
Profit – Ordinary activities	173,282	16,687	41,543	(11,790)	(7,663)	5,563	2,247	-	219,869
Extraordinary item	(50,633)	14,114	4,589	(2,465)	6,498	(10,403)	68	-	(38,232)
Inter segmental extraordinary results	194,965	-	-	-	-	-	-	(194,965)	-
Total extraordinary results	144,332	14,114	4,589	(2,465)	6,498	(10,403)	68	(194,965)	(38,232)
Minority interest	2,944	(447)	926	(124)	-	3,957	(2,182)	-	5,074
Net Profit	314,670	31,248	45,206	(14,131)	(1,165)	(8,797)	4,497	(194,965)	176,563
OTHER INFORMATIONS:									
Segment assets	808,461	663,476	841,523	487,372	193,115	92,485	251,427	-	3,337,859
Inter segment assets	1,283,890	216,199	-	1,313	-	63	929,296	(2,430,761)	-
Investments in associates (Equity)	52,555	1,569	-	-	-	-	-	-	54,124
Segment liabilities	436,642	649,374	69,260	130,643	40,852	19,739	953,322	-	2,299,832
Inter segment liabilities	900,719	868,828	49,856	406,871	4,335	865	4,322	(2,235,796)	-
Fixed capital expenditure	144,225	358,375	146,515	46,201	13,346	12,094	6,099	-	726,855
Amortisation	74,089	14,798	56,230	30,703	13,094	11,857	8,947	-	209,718
Other non-cash expenses	9,720	2,528	857	1,277	1,742	491	1,228	-	17,843

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

Following is a break-down of the main information as of 31 December 2002 by business segment:

Business segment	Sales	Total assets	Fixed capital expenditure
Cement	1,038,921	2,803,268	690,639
Ready-mix and pre-cast concrete	255,135	160,450	23,502
Others	23,150	374,141	12,714
	1,317,206	3,337,859	726,855

22. Payroll expenses

This caption consists of:

	2002	2001
Salaries	93,890	96,756
Social charges:		
Pensions	18,325	10,369
Other	40,026	42,797
	152,241	149,922

The average number of employees of the companies included in the consolidation (Note 2) at 31 December 2002 was as follows:

	2002	2001
Holding company– Central services	139	136
Portugal		
Cement activity	872	860
Ready-mix concrete	553	558
Other activities	475	488
International	4,052	4,634
Other activities	1	7
	6,092	6,683

23. Financial expenses, net

This caption consists of:

	2002	2001
INCOME:		
Foreign exchange gain	20,138	23,395
Interest income	19,527	14,273
Gain on the sale of treasury applications	12,197	9,106
Gain in associated companies	4,475	1,240
Gain in participations	2,909	1,367
Other financial income	9,289	3,084
	68,535	52,465
EXPENSES:		
Interest expense	60,206	63,475
Foreign exchange loss	14,083	32,224
Cash discounts allowed	3,192	3,736
Provision for investments	1,837	1,716
Other financial expenses	12,547	7,579
	91,865	108,730
NET FINANCIAL EXPENSES	(23,330)	(56,265)

24. Extraordinary items, net

This caption consist of:

	2002	2001
EXTRAORDINARY INCOME:		
Decrease in amortisation and provisions	35,083	26,260
Capital gains	9,771	4,356
Other extraordinary income	16,341	6,974
	61,195	37,590
EXTRAORDINARY EXPENSES:		
Increase in amortisation and provisions	73,635	13,630
Corrections relating to prior years	3,242	774
Capital losses	1,012	1,449
Uncollectable debts	1,003	3,162
Other extraordinary expenses	20,536	23,751
	99,428	42,766
NET EXTRAORDINARY ITEMS	(38,233)	(5,176)

The increase in amortisation and provisions is due essentially to: (i) extraordinary amortisation of goodwill (Note 10); (ii) recording of a provision for investments and doubtful balances receivable in the Mozambique business area; (iii) recording of provisions for tax contingencies; and (iv) increase in the provision for medical benefits and pensions.

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

25. Guarantees

At 31 December 2002 the Group companies had bank guarantees given to third parties totalling approximately 83,356 thousand euros.

26. Commitments

Some of the Group companies have financial commitments under contracts to acquire tangible fixed assets, of which 8,396 thousand euros is for the Portuguese business area and 43,766 thousand euros is for the Egyptian business area.

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

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

Cimpor Indústria – Pension Fund

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

— Employees hired prior to 31 December 1998 are covered by the defined benefit non contributory plan (unless they opted, up to 31 December 2002, for the other plan);

— Employees hired after 1 January 1999 are covered by a defined contribution plan with the possibility of the participants contributing.

The liability resulting from the above mentioned benefit plans was transferred to the CIMPOR Pension Fund, which is managed by a specialised independent entity, the amount of the liability being determined half yearly based on actuarial studies made by independent experts (the most recent study available is as of 31 December 2002).

The Projected Unit Credit method and the following technical and actuarial bases were used in the actuarial studies made as of 31 December 2002 and 2001:

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

In addition, the following demographic assumptions were used as of 31 December 2002 and 2001:

Mortality table	TV 73/77
Disability table	EKV80

In accordance with the actuarial studies the pension costs for the years ended 31 December 2002 and 2001, were as follows:

	2002	2001
Current service costs	637	666
Interest expense on liabilities	3,255	3,269
Actual return on fund's assets	1,658	1,056
Actuarial gains and losses related to past services	11,237	4,213
	16,787	9,204

As mentioned previously, the liability for payment of the above mentioned social benefits was transferred to an autonomous pension fund to which the Company (and indirectly the associated companies with employees covered) makes regular cash contributions. At 31 December 2002 and 2001 the difference between the present value of the past service liability and market value of the fund's assets was as follows:

	2002	2001
Retired employees:	61,924	51,934
Present value of pensions under payment		
Active employees:	14,865	14,575
Present value of past service liability	76,789	66,509
Market value of fund's assets	51,177	53,048
Unfunded liability	25,612	13,461

The unfunded liability of 25,612 thousand euros at 31 December 2002 is reflected in a specific "Accrued expenses" caption (Note 14).

In the year ended 31 December 2002 costs of 423 thousand euros relating to the defined contribution plan liability were recorded.

Cimpor Indústria – Medical benefits (Healthcare services)

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

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

In the year ended 31 December 2002 a study was made using actuarial methods, based on the existing statistical data, to determine the amount of the liability.

The study was made using the following assumptions and technical bases:

Interest rate	5.00%
Discount rate	5.00%
Nominal rate of increase in healthcare costs	5.00%
Normal retirement age	65 years
Average family:	
Employees	2
Non employees	2
Cost per capita	285 euros

At 31 December 2002 there was a provision of 10,815 thousand euros in the caption "Provisions for other risks and costs" (Notes 16 and 24), made up as follows:

- Present value of past service liability of retired personnel, amounting 5,527 thousand euros;
- Present value of past service liability of current personnel at 1 January 2002, in the amount of 4,457 thousand euros;
- Cost of services rendered in the year ended 31 December 2002, relating to the following:

Current service cost	231
Interest cost	520
Actuarial gains and losses	456
	1,207
Benefits paid during the year	(376)
	831

Liability for supplementary pensions and other benefits in other companies

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

The overall situation of these plans at 31 December 2002 is as follows:

Present value of the projected liability	3,117
Unfunded liability	1,478
Cost for the year	284

The unfunded liability is recorded in the captions "Provisions for other risks and costs" and "Accruals and deferrals" in the amounts of 888 thousand euros and 590 thousand euros, respectively.

27. Stock options plan

The Annual General Meeting held in May 2002, approved the implementation of two separate option plans for the acquisition of the Company's shares; one for the members of the Board of Directors of CIMPOR – Cimentos de Portugal, SGPS, S.A. and one for the members of the Board of Directors and managers of the subsidiary companies.

The procedures for granting the stock options are explained in the Consolidated Director's Report.

28. Financial instruments

Under the risk management policy of the Cimpor Group, explained in the Consolidated Directors' Report, at 31 December 2002 a series of derivative financial instruments had been contracted to hedge the risk of variation in interest and exchange rates.

The Group contracts these types of instrument after analysing the risks affecting its portfolio of assets and liabilities and verifying which of the instruments in the market is most adequate to hedge these risks.

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

Interest rate risks

At 31 December 2002 the Group had the following interest rate derivative contracts with financial institutions, with the objective of controlling the level of its future financial costs, giving preference to structures with a fixed rate component.

Amount	Type of operation	% coverage	Maturity	Objective
EUR 150,000,000 EUR 100,000,000	Range Accrual	53%	2005	Partial coverage of Tranche B of the Syndicated Loan
EUR 150,000,000	Range Accrual	-53%	2005	Reversal of the partial coverage of Tranche B of the Syndicated Loan
EUR 100,000,000				Reversal of the partial coverage of Tranche B of the Syndicated Loan
EUR 250,000,000	Swaption	53%	2009	New partial coverage of Tranche B of the Syndicated Loan
EUR 250,000,000	Floor salo over 10Y USD CMS	53%	2009	New partial coverage of Tranche B of the Syndicated Loan
USD 125,000,000	Range Barrier w/ KI exchange	100%	2005	Total coverage of Tranche A of the Syndicated Loan
EUR 50,000,000	Lowered Coupon Swap	100%	2007 and 2009	Total coverage of the BNP Paribas Loan to purchase Andaluzia

Exchange rate risks

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

Amount	Type of operation	% coverage	Maturity	Objective
USD 25,000,000	Long EUR Put/USD Call	20%	29-Jun-03	Exchange rate hedge
USD 25,000,000	Short EUR Call/USD Put	20%	29-Jun-03	Exchange rate hedge
USD 25,000,000	Long EUR Call/USD Put	20%	29-Jul-03	Exchange rate hedge
USD 25,000,000	Short EUR Call/USD Put	20%	29-Jul-03	Exchange rate hedge
USD 25,000,000	Short EUR Call/USD Put	20%	27-Jan-04	Exchange rate hedge
USD 25,000,000	Short EUR Call/USD Put	20%	27-Jul-04	Exchange rate hedge
USD 25,000,000	Short EUR Call/USD Put	20%	27-Jan-05	Exchange rate hedge
USD 25,000,000	Short EUR Call/USD Put	20%	27-Jul-05	Exchange rate hedge
EUR 20,000,000	Cross-Currency Swap	100%	Jun-05	Principal and interest hedge relating to 5th FRN granted by CFL
USD 5,340,278	Purchase of USD/Sale of BRL in Swap	23%	02-May-03	Payment of principal and interest to CFL in 2003

The fair value of the derivative financial instruments at 31 December 2002, was as follows:

Financial instruments hedging risks:	
Interest rate	(34,369)
Exchange rate	(2,319)

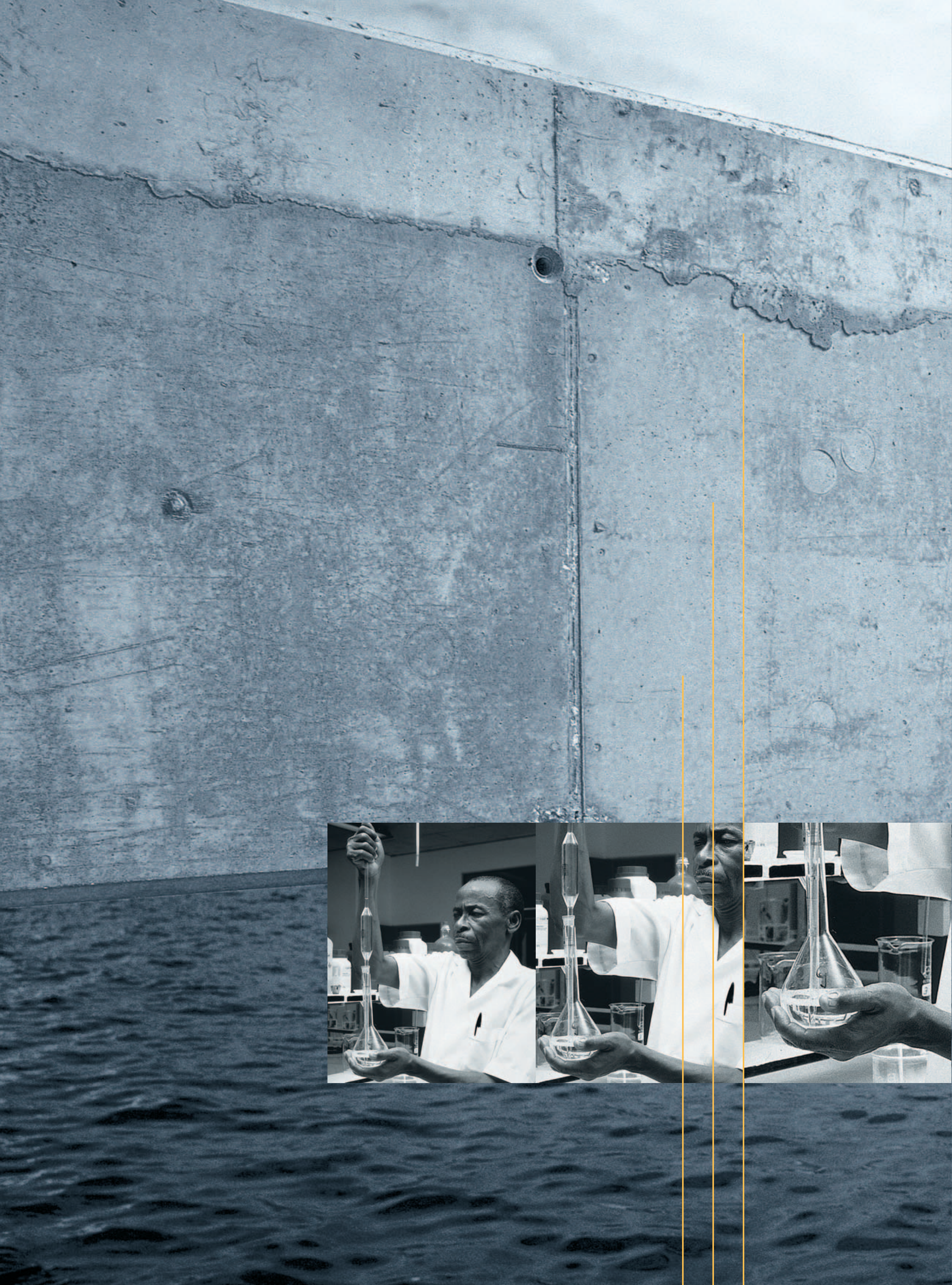
The effects of the instruments in which the contracted conditions are fixed, and so enable their values to be determined, have been recorded.

29. Subsequent events

The more significant events that occurred after 31 December 2002 are described in the Director's Report.

30. Note added for translation

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



CIMPOR

Consolidated Annual Report
2002

Audit Committee Report
Legal Certification of Accounts and Audit Report
Audit Report

AUDIT COMMITTEE REPORT & OPINION
on the 2002 Consolidated Accounts

(Translation of a report originally issued in Portuguese – Note 30)

To the Members of Cimpor – Cimentos de Portugal, SGPS, S.A.,

Pursuant to the law and in compliance with the provisions of the articles of association of Cimpor – Cimentos de Portugal, SGPS, S.A., ("Company") and with our mandate, the Audit Committee is pleased to present its report on its work and to issue its opinion on the consolidated financial statements in respect of 2002, submitted by the Board of Directors to the Committee for appraisal.

1 — Activity of the Audit Committee

The Audit Committee monitored the Company's activity and business and those of its main subsidiaries, especially through an appraisal of the documents, accounting records and minutes of the meetings of the Board of Directors and of the Executive Committee, and through consultation and analysis of other documentation, with a view to assessing compliance with the provisions of the law and of the articles of association. The Audit Committee also carried out tests and other procedures in such depth as it deemed necessary under the circumstances.

Within the scope of its activities, the Audit Committee kept in regular contact with the Executive Committee of the Board of Directors and with the Company's various services, having obtained such information and clarification as were deemed necessary.

In accordance with statutory provisions, the Audit Committee held monthly meetings, having also held other episodic meetings when circumstances so warranted, independently of the work carried out by each of its members within the scope of the analysis of the documentation provided and of monitoring the financial situation, with particular emphasis on the evolution of the operations by geographic market and by business area.

We found that the consolidation perimeter and/or the exclusions were determined in keeping with the requirements of Decree-Law 238/91 of July 2, and that in essential aspects the rules governing the consolidation of accounts set out in the said decree-law were appropriately applied.

With regard to the companies included in the consolidation perimeter located in Portugal, we appraised the respective reports and opinions issued by their supervisory boards in keeping with the legal and statutory provisions applicable to them. With regard to those companies headquartered abroad, we appraised the reports of their auditors on the manner in which the respective audits were performed and the respective conclusions.

2 — Consolidated Management report

The Management Report, for which the Board of Directors is responsible, addresses in detail the more relevant events of 2002 and the main events subsequent thereto relevant to an understanding of the current situation of the Company and its subsidiaries ("Cimpor Group") in keeping with the requirements of the Companies Code.

The business of the Cimpor Group, in which the production and marketing of cement plays an outstanding role, is now carried on at domestic and international level in eight countries, in which, in many cases, it is the national or regional leader.

The evolution of the group has been marked by corporate growth, achieved through the internationalisation of its operations, in step with the increasing trend towards globalisation and towards bigger companies seen in this sector of activity.

The Management Report shows improvement of several indicators of an economic and financial nature, especially regarding production capacity, turnover and return on equity. In step with the market trend, which worsened during the second half of 2002, stock market capitalisation performed badly in 2002.

With regard to the prospects for 2003, the Board of Directors has expressed some uncertainty as to the ability to maintain the levels of activity, taking into account the global economic scenario, particularly with regard to the civil construction and public works sector.

3 — Consolidated Financial Statements

Within the scope of its duties the Audit Committee reviewed the consolidated financial statements, which include the consolidated balance sheet as at December 31, 2002, the consolidated statements of income by nature and by function of expense, the cash-flow statement and the respective notes drawn up by the Board of Directors. In this review, we noted that the accounting principles used in their preparation were in keeping with those generally used in Portugal and that legal and statutory requirements had been met.

4 — Conclusions

The Audit Committee took cognisance of the of the Report issued by the Official Auditor under the terms of Article 451 and 452 of the Companies Code and of the Legal Certification of Accounts and Audit Report on the Consolidated Accounts issued by the said Auditor, with which it is in agreement.

In carrying out our duties, we found nothing that infringed legal or statutory requirements or materially affected the true and fair image of the financial situation, of the results and of the cash flows of the companies included in the consolidation.

The Audit Committee also expresses its gratitude for their co-operation to the Board of Directors, its Executive Committee in particular, and to the senior staff and other employees of the Company with whom it contacted. It also expresses it regret in respect of the decease of Adelino Duarte and Miguel Mautempo, whose services provided to the Cimpor Group, and their co-operation with this Committee in particular, have, in recent years, been a constant example of dedication and professionalism.

In view of the foregoing, the Audit Committee issues the following:

Opinion

The Consolidated Management Report, the Consolidated Balance Sheet, the Consolidated Statements of Income by nature and by function of expense, the Consolidated Cash-flow Statement and the corresponding Notes to the Accounts for 2002 are in accordance with applicable accounting, legal and statutory provisions and are in a position to be approved at the Annual General Meeting.

Lisbon, April 24th 2003

Ricardo José Minotti da Cruz Filipe
Chairman

Freire, Loureiro e Associados – SROC
represented by Carlos Pereira Freire
Member

José da Conceição da Silva Gaspar
Member

LEGAL CERTIFICATION OF ACCOUNTS AND AUDIT REPORT
Consolidated Financial Statements

(Translation of a report originally issued in Portuguese – Note 30)

Introduction

1 — In compliance with the applicable legislation we hereby present our Legal Certification of Accounts and Audit Report on the consolidated financial information contained in the Directors' Report and the accompanying consolidated financial statements of Cimpor – Cimentos de Portugal, SGPS, S.A. ("the Company") for the year ended 31 December 2002, which comprise the consolidated balance sheet as of 31 December 2002, that reflects a total of 3,337,859 thousand Euros and shareholders' equity of 949,577 thousand Euros, including net profit of 176,563 thousand Euros, the consolidated statements of profit and loss by nature and by functions and the consolidated statement of cash flows for the year then ended and the corresponding notes.

Responsibilities

2 — The Company's Board of Directors is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the Company and its subsidiaries, the results of their operations and their cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) adopting adequate accounting policies and criteria and the maintenance of appropriate systems of internal control; (iv) informing any significant facts that have influenced its operations, financial position or results of operations of the companies included in the consolidation.

3 — Our responsibility is to examine the financial information contained in the documents of account referred to above, including verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issuing a professional and independent report based on our work.

Scope

4 — Our examination was performed in accordance with the Technical Review/Audit Standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Such an examination includes verifying, on a test basis, evidence

supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Company's Board of Directors, used in their preparation. Such an examination also includes, verification of the consolidation procedures, application of the equity method and verification that the financial statements of the companies included in the consolidation have been examined, assessing the adequacy of the accounting principles used, their uniform application and their disclosure, taking into consideration the circumstances, verification of the applicability of the going concern concept, verification of the adequacy of the overall presentation of the consolidated financial statements; and assessment that, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors' Report is consistent with the other consolidated documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5 — In our opinion, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Cimpor – Cimentos de Portugal, SGPS, S.A. as of 31 December 2002, the consolidated results of its operations and its consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal, which, and the information included therein is, in terms of the definitions included in the technical standards and review recommendations referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Lisbon, April 24, 2003

Freire, Loureiro e Associados – SROC
represented by Carlos Pereira Freire

AUDIT REPORT
Consolidated Accounts

(Translation of a report originally issued in Portuguese – Note 30)

To the Shareholders and Board of Directors of
Cimpor – Cimentos de Portugal, SGPS, S.A.

1 — We have audited the accompanying consolidated financial statements of Cimpor – Cimentos de Portugal, SGPS, S.A. ("the Company"), which comprise the consolidated balance sheet as of 31 December 2002, the consolidated statements of profit and loss and cash flows for the year then ended and the accompanying notes. These consolidated financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 — Our audit was performed in accordance with generally accepted auditing standards in Portugal, which require that the audit be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. An audit includes verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on criteria defined by the Board of Directors, used in their preparation. An audit also includes verifying the adequacy of the accounting principles used and their disclosure taking into consideration the circumstances, verifying the applicability of the going concern concept as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3 — In our opinion, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Cimpor – Cimentos de Portugal, SGPS, S.A. as of 31 December 2002 and the consolidated results of its operations and its consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal.

Lisbon, April 24, 2003

Deloitte &Touche

CIMPOR

Consolidated Annual Report

2002

IV. Additional Information

Main Operating Companies – Synopsis

Portugal

Cimpor-Indústria de Cimentos, S.A.

Registered Office
Rua Alexandre Herculano, 35
1250-009 LISBON
Telef: 21 311 81 00
Fax. 21 356 13 81
VAT N.°: 500 782 946

Board of Directors
Jorge Manuel Tavares Salavessa Moura – *Chairman*
José Augusto Brás Chaves
José Leonel da Silva Neto

Contact
José Leonel da Silva Neto
E-mail – SNeto@cimpor.pt

Field of Activity
Production, distribution and marketing of cement and other hydraulic binders and their derivatives, and related businesses, namely the manufacture distribution and sale of hydraulic lime, paper sacks, aggregates and concrete, cement products and other building materials, research and the provision of services.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	144,084
Financial debt	40,000
Capital employed	34,051
Fixed assets	170,106
Current assets	4,626
Turnover	436,812
Operating income	157,966
Net income	97,803

Cimentaçor– Cimentos dos Açores, Lda.

Registered Office
Canada das Murtas
Pico da Pedra
RIBEIRA GRANDE
Telef: 29 620 17 30
Fax: 29 620 17 48
VAT N.°: 512 017 360

Management
José Manuel Henriques Guerreiro Nunes
José Esteves de Melo Campos
Luís Filipe Henriques Bonina

Contact
Luís Filipe Henriques Bonina
E-mail – LBonina@cimpor.pt

Field of Activity
Reception of cement, clinker and gypsum, and grinding, storing, bagging and distributing cement in the Azores Autonomous Region.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	9,484
Financial debt	290
Capital employed	7,382
Fixed assets	5,960
Current assets	5,792
Turnover	30,921
Operating income	4,995
Net income	4,453

Portugal

Cimpor Betão -Indústria de Betão Pronto, S.A.

Registered Office

Av. Almirante Gago Coutinho
Portela de Sintra
2710-418 SINTRA
Telef:21 910 55 40
Fax: 21 924 38 56
VAT N.°: 503 095 850

Board of Directors

Ernesto Loureiro Campos – *Chairman*
José Augusto Brás Chaves
Armindo Oliveira das Neves
Alfredo Manuel Ramos Vaz da Silva
Jorge Manuel Afonso Esteves dos Reis

Contact

Joaquim Manuel Batista Lino
E-mail – Jlino@cimpor.pt

Field of Activity

Manufacture and marketing of ready-mix concrete.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	27,136
Financial debt	1,720
Capital employed	26,785
Fixed assets	12,810
Current assets	32,080
Turnover	94,417
Operating income	6,288
Net income	6,137

Betão Liz, S.A.

Registered Office

Rua Quinta do Paizinho
Edifício Bepor
Bloco 2 - 1º Esq.
2795-632 CARNAXIDE
Telef: 21 424 75 00
Fax. 21 424 75 99
VAT N.°: 500 045 267

Board of Directors

Luís Filipe Sequeira Martins – *Chairman*
Ernesto Loureiro Campos
José Augusto Brás Chaves
Joaquim Dias Cardoso
Gonçalo Allen Serras Pereira

Contact

Jorge Manuel A. Esteves dos Reis
E-mail – JEReis@cimpor.pt

Field of Activity

Manufacture and marketing of ready-mix concrete.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	37,867
Financial debt	0
Capital employed	22,953
Fixed assets	11,656
Current assets	23,421
Turnover	83,295
Operating income	4,716
Net income	4,176

Portugal

Jomatel-Empresa de Materiais de Construção, S.A.

Registered Office
Tapada da Quinta de Cima
Estrada de Albarraque
Linhó
2710-297 SINTRA
Telef.: 21 923 90 00
Fax: 21 923 90 29
VAT N.°: 500 153 469

Board of Directors
Ernesto Loureiro Campos – *Chairman*
João Fernando Simões Mouro
José Augusto Brás Chaves

Contact
João Fernando Simões Mouro
E-mail – Jmouro@cimpor.pt

Field of Activity
Manufacture and marketing of ready-mix concrete.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	9,348
Financial debt	0
Capital employed	7,210
Fixed assets	4,083
Current assets	8,112
Turnover	25,359
Operating income	1,031
Net income	926

Fornecedora de Britas do Carregado, S.A.

Registered Office
Rua Vaz Monteiro, 192 R/c Esq.
2580-505 CARREGADO
Telef: 26 385 84 00
Fax. 26 385 84 19
VAT N.°: 500 118 213

Board of Directors
Ernesto Loureiro Campos – *Chairman*
Armindo Oliveira das Neves
António Lacerda de Faria
Gonçalo Allen Serras Pereira
Rui Nobre Rodrigues

Contact
Joaquim Bento Gonçalves
E-mail – Jbgoncalves@cimpor.pt

Field of Activity
Quarrying, production of aggregates, sand and other building materials.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	5,686
Financial debt	993
Capital employed	7,720
Fixed assets	5,863
Current assets	6,275
Turnover	19,470
Operating income	1,071
Net income	948

Portugal

Agrepor Agregados Extracção de Inertes, S.A.

Registered Office

Sangardão, Furadouro
Apartado 11
3151-999 CONDEIXA-A-NOVA
Telef.: 23 994 96 20
Fax. 23 994 91 09
VAT N.°: 501 755 098

Board of Directors

Ernesto Loureiro Campos – *Chairman*
Armindo Oliveira das Neves
António Lacerda de Faria
José Augusto Brás Chaves
Pedro Manuel de Freitas Pires Marques

Contact

António Lacerda de Faria
E-mail – Lfaria@cimpor.pt

Field of Activity

Quarrying and aggregates marketing.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	10,867
Financial debt	0
Capital employed	18,080
Fixed assets	13,837
Current assets	11,099
Turnover	30,271
Operating income	3,207
Net income	2,747

Ciarga – Argamassas Secas, S.A.

Registered Office

Rua Alexandre Herculano, 35
1250-009 LISBON
Telef: 21 311 81 00
Fax. 21 356 13 81
VAT N.°: 503 418 706

Board of Directors

José Augusto Brás Chaves – *Chairman*
José António Sócrates da Costa Mota Martins
Pedro Manuel de Freitas Pires Marques

Contact

Pedro Manuel de Freitas Pires Marques
E-mail – Pmmarques@cimpor.pt

Field of Activity

Production, distribution and marketing of dry mortars and distribution of equipment used in the application of these products.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	3,273
Financial debt	4,687
Capital employed	12,645
Fixed assets	11,863
Current assets	3,555
Turnover	5,515
Operating income	-1,406
Net income	-1,096

Portugal

Sacopor – Sociedade de Embalagens e Sacos de Papel, S.A.

Registered Office

Rua Alexandre Herculano, 35
1250-009 LISBON
Telef: 21 311 81 00
Fax. 21 356 13 81
VAT N.°: 502 642 459

Board of Directors

Jorge Manuel Tavares Salavessa Moura – *Chairman*
José Leonel da Silva Neto
José Manuel Henriques Guerreiro Nunes

Contact

José Carlos Costa Azevedo
E-mail – Cazevedo@cimpor.pt

Field of Activity

Production and marketing of paper sacks and packaging.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	3,740
Financial debt	0
Capital employed	3,660
Fixed assets	1,931
Current assets	5,988
Turnover	12,925
Operating income	3,047
Net income	2,104

Transviária – Gestão de Transportes, S.A.

Registered Office

Rua Alexandre Herculano, 35
1250-009 LISBON
Telef: 21 940 86 00
Fax. 21 940 87 33
VAT N.°: 502 868 791

Board of Directors

José Leonel da Silva Neto – *Chairman*
José Augusto Brás Chaves
José António Sócrates da Costa Mota Martins

Contact

Rui Manuel Ranito dos Santos
E-mail – RSantos@cimpor.pt

Field of Activity

Goods transport, and vehicle and transport equipment hiring.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	921
Financial debt	0
Capital employed	353
Fixed assets	1,063
Current assets	3,898
Turnover	19,194
Operating income	291
Net income	220

Spain

Cementos Cosmos, S.A.

Registered Office

C/Brasil, 56
36 204 VIGO
Telef: 34 986 26 90 00
Fax. 34 986 48 32 57
VAT N.°: A-28.013.704

Board of Directors

Corporación Noroeste, S.A., represented by:

Ângelo Rocha Soares Gomes – *Chairman*
Angel Longarela Pena – *Managing Director*
Antonio Vega Guerrero – *Director*
Manuel Gómez Alvarez – *Director*

Contact

Angel Longarela Pena
E-mail – Alongarela@corponor.es

Field of Activity

Production, distribution and marketing of cement and other hydraulic binders and their derivatives, and related businesses, namely the manufacture distribution and sale of hydraulic lime, aggregates and concrete, cement products and other building materials, research and the provision of services.

Key Financials in 2002 (thousand of euros)

Shareholders' funds	87,558
Financial debt	1,247
Capital employed	78,678
Fixed assets	67,488
Current assets	26,249
Turnover	105,427
Operating income	41,646
Net income	37,718

Prebetong Galicia, S.A.

Registered Office

C/Brasil, 56
36 204 VIGO
Telef: 34 986 26 90 00
Fax. 34 986 48 32 57
VAT N.°: A-36.605.616

Board of Directors

Corporación Noroeste, S.A., represented by:

Ângelo Rocha Soares Gomes – *Chairman*
Julio César Paredes Seoane – *Managing Director*
Manuel Gómez Alvarez – *Director*
Antonio Vega Guerrero – *Director*
Angel Longarela Pena – *Director*

Contact

Julio César Paredes Seoane
E-mail – jparedes@corponor.es

Field of Activity

Manufacture and marketing of ready-mix concrete.

Key Financials in 2002 (thousand of euros)

Shareholders' funds	14,519
Financial debt	96
Capital employed	14,687
Fixed assets	6,620
Current assets	12,691
Turnover	29,998
Operating income	1,036
Net income	1,958

Spain

Hormigones Miño, S.L.

Registered Office
C/Brasil, 56
36 204 VIGO
Telef: 34 986 26 90 00
Fax. 34 986 48 32 57
VAT N.°: B-27.021.401

Board of Directors

— Cementos Cosmos, S.A., represented by:
Antonio Vega Guerrero – *Chairman*

— Corporación Noroeste de Hormigones y Aridos, S.L., represented by:
Julio César Paredes Seoane – *Managing Director*

— Corporación Noroeste, S.A., represented by:
Manuel Gómez Alvarez – *Director*

Contact
Julio César Paredes Seoane
E-mail – Jparedes@corponor.es

Field of Activity
Manaufacture & marketing of ready-mix concrete and cement derivatives in general

Key Financials in 2002	(thousand of euros)
Shareholders' funds	13,281
Financial debt	112
Capital employed	13,203
Fixed assets	7,974
Current assets	9,487
Turnover	22,606
Operating income	-276
Net income	-102

Prebetong Lugo, S.A.

Registered Office
Avenida Benigno Rivera s/n
Poligono del Ceao
27 003 LUGO
Telef:34 982 20 91 21
Fax. 34 982 20 92 72
VAT N.°: A-27.003.250

Board of Directors

— Corporación Noroeste, S.A., represented by:
Antonio Vega Guerrero – *Chairman*

— Prebetong Galicia, S.A., represented by:
Manuel Gómez Alvarez – *Managing Director*

— Cementos Cosmos, S.A., represented by:
Julio Paredes – *Director*
Rafael Serrano García – *Director*

— Sermaconsa, represented by:
Ângelo Rocha Soares Gomes – *Chairman*

Contact
Manuel Gómez Alvarez
E-mail –- Mgomez@corponor.es

Field of Activity
Manaufacture & marketing of ready-mix concrete, mortars and their derivatives.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	7,961
Financial debt	70
Capital employed	7,946
Fixed assets	4,064
Current assets	5,506
Turnover	10,924
Operating income	262
Net income	623

Spain

Canteras Prebetong, S.L.

Registered Office
C/Brasil, 56
36 204 VIGO
Telef: 34 986 26 90 00
Fax. 34 986 48 32 57
VAT N.°: B-36.816.163

Board of Directors
Ângelo Rocha Soares Gomes – *Chairman*
Manuel Gómez Alvarez – *Managing Director*
Angel Longarela Pena – *Director*
Antonio Vega Guerrero – *Director*

Contact
Manuel Gómez Alvarez
E-mail – Mgomez@corponor.es

Field of Activity
Quarrying and marketing limestone, granite & similar rock.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	4,832
Financial debt	13
Capital employed	1,698
Fixed assets	1,956
Current assets	1,079
Turnover	4,459
Operating income	424
Net income	413

Morteros Noroeste, S.L.

Registered Office
C/Brasil, 56
36 204 VIGO
Telef: 34 986 26 90 00
Fax. 34 986 48 32 57
VAT N.°: B-36.877.926

Joint General Directors
— Corporación Noroeste, S.A., represented by:
Ângelo Rocha Soares Gomes – *Joint Managing Director*

— Cementos Cosmos, S.A., representada por:
Angel Longarela Pena – *Joint Managing Director*

Contact
Angel Longarela Pena
E-mail – Alongarela@corponor.es

Field of Activity
Manufacture & marketing of mortars and their derivatives.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	4,945
Financial debt	68
Capital employed	4,065
Fixed assets	3,298
Current assets	1,681
Turnover	6,415
Operating income	1,136
Net income	1,173

Spain

Cementos de Andalucia, S.A.

Registered Office

Agrupación Córdoba,15
14014 Córdoba
Telef: 34 957 013 000
Fax. 34 957 262 628
VAT N.°: ESA14635387

Board of Directors

Luís Filipe Sequeira Martins – *Chairman*
Eduardo Guedes Duarte – *Managing Director*
José Augusto Brás Chaves – *Vogal*
António Vega Guerrero – *Director*
José Leonel da Silva Neto – *Director*
Ângelo Rocha Soares Gomes – *Director*

Contact

Eduardo Guedes Duarte
E-mail – Eduarte@cimpor.pt

Field of Activity

Cement manufacture and marketing.

Cementos El Monte, S.A.

Registered Office

Muelle Ingeniero Juan Gonzalo, s/n
21810 Palos de la Frontera – Huelva
Telef: 34 959 369 320
Fax. 34 959 369 837
VAT N.°: ESA21292271

Board of Directors

José Augusto Brás Chaves – *Chairman*
Eduardo Guedes Duarte – *Managing Director*
Fernando Gonzalez Marañon – *Director*

Contact

Eduardo Guedes Duarte
E-mail – Eduarte@cimpor.pt

Field of Activity

Grinding clinker for cement production and marketing.

Morocco

Asment de Temara, S.A.

Registered Office

Route Principale de Casablanca
AIN ATTIG
TEMARA
MARROCOS
Telef: 212 37 74 07 77
Fax. 212 37 74 15 70
VAT N.°:03 375 420

Board of Directors

Jorge Manuel Tavares Salavessa Moura – *Chairman*
Manuel Luís Barata de Faria Blanc
Álvaro João Serra Nazaré
Brahim Laraqui – *Director – General Manager*

— CIMPOR INVERSIONES, S.L., represented by:
Luís Filipe Sequeira Martins

— La Société des Ciments Français, represented by:
Mohamed Chaibi

— PROCIMAR, represented by:
Jean-Paul Méric

Contact

Álvaro João Serra Nazaré
E-mail – SNazare@cimpor.pt

Field of Activity

Production, distribution and marketing of cement and other hydraulic binders and their derivatives, and related businesses, namely the manufacture distribution and sale of hydraulic lime, aggregates and concrete, cement products and other building materials, research and the provision of services.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	67,776
Financial debt	1,689
Capital employed	54,376
Fixed assets	52,639
Current assets	15,577
Turnover	48,427
Operating income	13,367
Net income	10,598

Tunisia

C.J.O. – Société des Ciments de Jbel Oust

Registered Office

3, Rue de Touraine – Cité Jardins
Le Belvédère
Tunis 1002
TUNÍSIA
Telef: 216 1 841 732
Fax. 216 1 783 094

Board of Directors

Luís Filipe Sequeira Martins – *Chairman*
Jorge Manuel Tavares Salavessa Moura
Manuel Luís Barata de Faria Blanc
Álvaro João Serra Nazaré
Eduardo Guedes Duarte
Abelkader N'Ciri – *Director – General Manager*

Contact

Álvaro João Serra Nazaré
E-mail – SNazare@cimpor.pt

Field of Activity

Production, distribution and marketing of cement and other hydraulic binders and their derivatives, and related businesses, namely the manufacture distribution and sale of hydraulic lime, aggregates and concrete, cement products and other building materials, research and the provision of services.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	90,918
Financial debt	3,551
Capital employed	95,826
Fixed assets	113,669
Current assets	22,424
Turnover	57,592
Operating income	-688
Net income	2,469

Egypt

Amreyah Cement Company, S.A.E.

Registered Office

El Gharbaneyat – Borg el Arab
ALEXANDRIA
EGIPTO
Telef.: 203 374 12 70
Fax: 203 374 12 75

Board of Directors

Luís Filipe Sequeira Martins – *Chairman*

— PENROD, represented by:
Jorge Manuel Tavares Salavessa Moura
Álvaro João Serra Nazaré
José António Teixeira de Freitas
Alexandre Garcês Lencastre

— CIMPOR INVERSIONES, S.L., represented by:
Manuel Luís Barata de Faria Blanc
Eduardo Guedes Duarte

Contact

Álvaro João Serra Nazaré
E-mail – SNazare@cimpor.pt

Field of Activity

Production of all types of cement and of clinker and other building materials, marketing, transport and sale of this production and of any other raw materials in the Arab Republic of Egypt or abroad.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	203,155
Financial debt	31,434
Capital employed	151,563
Fixed assets	213,337
Current assets	20,322
Turnover	73,849
Operating income	-6,709
Net income	-5,812

Brazil

Companhia de Cimentos do Brasil

Registered Office

Avª. Maria Coelho Aguiar, 215 - Bloco E, 8º andar
Jardim São Luiz – CEP 05805-000
São Paulo
BRASIL
Telef: 55 11 3741 35 81
Fax. 55 11 3741 32 95
CNPJ: 10.919.934/0001-85

Board of Directors

Eliezer Batista da Silva – *Chairman*
Raphael Hermeto de Almeida Magalhães – *Deputy - chairman*
Fernando dos Santos Plaza – *Director*
Manuel Luís Barata de Faria Blanc – *Director*

Management

Fernando dos Santos Plaza – *Superintending Manager*
Luiz Carlos Romero Fernandes – *Manager for Investor Relations*
João Pedro Neto de Avelar Ghira – *Manager*
José Abel Pinheiro Caldas de Oliveira – *Manager*

Contact

Fernando dos Santos Plaza
E-mail – fernando.plaza@cimpor.com.br

Field of Activity

Manufacture and marketing of concrete, cement, mortars, lime, limestone products of any nature, their sub.products and any related items, fibro-cement articles and building materials; processing, manufacturing and marketing minerals; concrete manufacture and provision of concreting services; management of own assets, provision of management consultancy services; holdings in other companies domestic and foreign.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	133,881
Financial debt	13,032
Capital employed	147,701
Fixed assets	141,834
Current assets	43,877
Turnover	183,007
Operating income	68,522
Net income	37,251

Brazil

Companhia Paraíba de Cimento Portland - CIMEPAR

Registered Office
Fazenda da Graça, s/n
Ilha do Bispo
Cidade de João Pessoa
CEP 58011–290
Estado de Paraíba
BRASIL
Telf: 55 83 241 12 99
Fax: 55 83 241 62 67
CNPJ: 10.804.300/0001-87

Management
Fernando dos Santos Plaza – *Chairman*
Luiz Carlos Romero Fernandes – *Director*
João Pedro Neto de Avelar Ghira – *Manager*
José Abel Pinheiro Caldas de Oliveira – *Manager*

Contact
Fernando dos Santos Plaza
E-mail – fernando.plaza@cimpor.com.br

Field of Activity
Manufacture and marketing of cement, lime and their sub-products: mining & vegetation operations required for the purpose & pertinent thereto; agricultural activities; import & export business; and participation in other companies in the capacity of partner or shareholder.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	76,092
Financial debt	0
Capital employed	33,056
Fixed assets	34,704
Current assets	4,687
Turnover	44,209
Operating income	22,890
Net income	27,080

Companhia de Cimento ATOL

Registered Office
Fazenda São Sebastião, s/n
Município de São Miguel dos Campos
Estado de Alagoas
CEP 57240-000
BRASIL
Telef: 55 82 271 12 05
Fax. 55 82 271 16 70
CNPJ: 09.934.407/0001-60

Management
Fernando dos Santos Plaza – *Chairman*
Luiz Carlos Romero Fernandes – *Manager*
João Pedro Neto de Avelar Ghira – *Manager*
José Abel Pinheiro Caldas de Oliveira – *Manager*

Contact
Fernando dos Santos Plaza
E-mail – fernando.plaza@cimpor.com.br

Field of Activity
Mining in general, processing of limestone, clay kaolin and related items, manufacture and marketing of cement of any type, importing & exporting whatever is required to appropriate to its business, and holdings in other companies, whatever their object or location, at home or abroad.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	59,422
Financial debt	733
Capital employed	19,859
Fixed assets	23,050
Current assets	5,850
Turnover	28,152
Operating income	12,549
Net income	10,156

Mozambique

Cimentos de Moçambique, S.A.R.L.

Registered Office
Avª. Fernão Magalhães, 34-2º, nº1
MAPUTO
Telef: 258 1 307 440
Fax. 258 1 307 458

Board of Directors
Manuel Luís Barata de Faria Blanc – *Chairman*
Luiz Carlos Romero Fernandes
António Moreira dos Santos Andrade
Francisco Ilídio da Rocha Diniz
Piet Klaus Strauss
Vitória Dias Diogo
Rosário Bernardo Francisco Fernandes

Contact
Francisco Ilídio da Rocha Diniz
E-mail – IDiniz@mz.cimpor.com

Field of Activity
Production, distribution and marketing of cement and other hydraulic binders and their derivatives, and related businesses, namely the manufacture distribution and sale of hydraulic lime, aggregates and concrete, cement products and other building materials, research and the provision of services.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	42,314
Financial debt	29,982
Capital employed	74,191
Fixed assets	63,388
Current assets	16,595
Turnover	34,577
Operating income	296
Net income	-4,441

South Africa

NPC – Natal Portland Cement (Pty), Lda.

Registered Office
199 Coedmore Road, Bellair
Durban
South Africa
Telef.: 20 399 12 70
Fax: 20 399 12 75
VAT N.°: 1960/001051/07

Board of Directors
Manuel Luís Barata de Faria Blanc – *Chairman*
Luiz Carlos Romero Fernandes
Fernando dos Santos Plaza
António Moreira dos Santos Andrade
Piet Klaus Strauss

Contact
Piet Klaus Strauss
E-mail – Pieter.strauss@npc-eagle.co.za

Field of Activity
Production of all types of cement and of clinker, slag and other building materials, marketing, transport and sale of this production and of any other raw materials in the Republic of South Africa or abroad.

Key Financials in 2002	(thousand of euros)
Shareholders' funds	22,289
Financial debt	8,318
Capital employed	21,037
Fixed assets	20,925
Current assets	7,352
Turnover	13,499
Operating income	4,664
Net income	3,368

CIMPOR

Annual Report

2002

I. Holding Company

MANAGEMENT REPORT

The Management Report on the consolidated business of Cimpor – Cimentos de Portugal, SGPS, S.A., makes ample reference to every aspect not only of the governance of the Company but also of the evolution of the sundry businesses carried on by the various Group companies, and we would therefore refer shareholders to it for an understanding of those matters.

1.
Summary of the Business

The Company's turnover in individual terms was generated solely by the provision of management services to Group companies and, in 2002 it amounted to approximately 11.3 million euros (9.9% more than the previous year).

Net income for the year totalled 176.6 million euros, exceeding the 2001 figure by 28.1%

2.
Legal Information

In keeping with the law the following information is provided:

- There is no overdue debt to Social Security;
- At the beginning of the year Cimpor held 1,047,176 treasury shares, having sold to various Group employees during the year at total of 160,702 shares at an average price of 16.76 euros, under an *Employee Stock Option Plan* established by the Board of Directors for 2002 and under the *Cimpor Directors and Senior Staff Stock Option Plan*, governed by the Remuneration Committee. Having acquired during the year in the routine management of its treasury share portfolio a total of 310,437 shares at an average price of 17.19 euros, Cimpor held a total of 1,196,911 treasury shares at the end of 2002, representing 0.89% of its share capital.
- There were no transactions between the Company and its directors.

3.
Events after the Balance Sheet Date

Special attention is drawn to the following events that took place after the end of 2002:

- At the request of the Board of Directors, notice of a General Meeting of Shareholders was given on December 20, 2002, the meeting having taken place on January 31, 2003, to deliberate on the alteration of the Articles of Association, under the following terms:

a) Modification of Articles 4 and 7;
b) Addition of a new Article 12-A;
c) Modification of Article 14.2;
d) Modification of Article 18.2;
e) Elimination of Chapter VI – Transitory Provisions, and suppression of Article 22 from the Articles of Association.

At the request of shareholder SECILPAR, S.L., made in good time, and pursuant to Article 378 of the Companies Code, the following items were added to the Agenda of the said General Meeting:

Item two:	To deliberate on the revocation of numbers 5 to 8, 10, 12-b) and 13 of Article 7 and of Article 8 of the Articles of Association.
Item three:	To deliberate on the addition of a new Article 10-A to the present Articles of Association.
Item four:	To deliberate on the alteration of number 4 and the addition of numbers 5 and 6 to Articles 12 of the present Articles of Association.
Item five:	To deliberate on the addition of three new numbers to the body of Article 13 of the present Articles of Association.
Item six:	To deliberate on the addition of a number 3 to Article 15 of the present Articles of Association.
Item seven:	To deliberate on the addition of a new Section V and of an Article 19-A to the present Articles of Association.

The proposed changes to the Company's Articles of Association presented by the Board of Directors and included in Item one of the agenda were all approved, while those presented by shareholders SECILPAR, S.L., within the scope of the other items of the Agenda were not.

In the wake of the deliberations take at the said General Meeting, the deed of alteration of the par value of the shares and of the number of shares issued was executed, and all the alterations to the Articles of Association have been registered at the Registry of Companies.

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

— A new company was set up under Egyptian law during January 2003, called CEMENT SERVICES COMPANY, S.A.E., its object to carry out studies and to provide services of every nature (namely, of a technical, financial, economic, commercial and administrative nature), having a share capital of EGP 2,500,000, broken down as follows:

- CIMPOR – Cimentos de Portugal, SGPS, S.A. (45%);
- AMREYAH CEMENT COMPANY, S.A.E. (45%); and
- CIMPOR EGYPT FOR CEMENT, S.A.E. (10%).

- On February 7, Cimentos de Moçambique, S.A.R.L., increased its share capital from 680 billion meticais to 1,000 billion meticais, through the issue at par of 32 million new shares each of a par value of 10,000 meticais. In the wake of this increase, reserved to shareholders, Cimpor Internacional came to hold about 65.4% of the share capital of Cimentos de Moçambique.

4.
The Outlook for 2003

Despite the fact that the expectations for the Portuguese market suggest a decline of activity, Cimpor's international role and the acquisitions made during 2002 allow 2003 to be viewed with a certain optimism.

5.
Proposal for the Appropriation of Profits

As stated in the financial statements the net income for 2002 amounted to 176,563,152.48 euros.

With due regard for the parameters established by the articles of association and in accordance with the dividends distribution policy announced earlier, the following appropriation is proposed for the said balance:

- an amount of 8,900,000 euros, corresponding to 5% of net income, for reinforcement of Legal reserve;
- a total of 107,520,000.00 euros to be distributed among shareholders, providing a dividend of 0.16 euros per share (14.3% more than last year considering the stock split in the meantime);
- maintaining the criteria applied in previous years and as provided for in Article 20.d) of the articles of association, the sum of 1,650,000 euros for bonuses to the staff in the service of Cimpor – Cimentos de Portugal, SGPS, S.A., at the end of December.
- the remainder to Retained earnings.

To sum up, and making reference to the various indents of Article 20 of the Articles of Association:

	(euros)
Legal reserve (Indent c))	8,900,000.00
Remuneration & bonuses (Indent d))	1,650,000.00
Dividends	107,520,000.00
Retained earnings	58,493,152.48
TOTAL	176,563,152.48

Lisbon, April 23, 2003

Board of Directors

Prof. Ricardo Manuel Simões Bayão Horta

Luís Eduardo da Silva Barbosa

Jean Carlos Angulo

Luís Filipe Sequeira Martins

Pedro Maria Calaínho Teixeira Duarte

Manuel Ferreira

Jacques Lefèvre

Jorge Manuel Tavares Salavessa Moura

Manuel Luís Barata de Faria Blanc

João Salvador dos Santos Matias

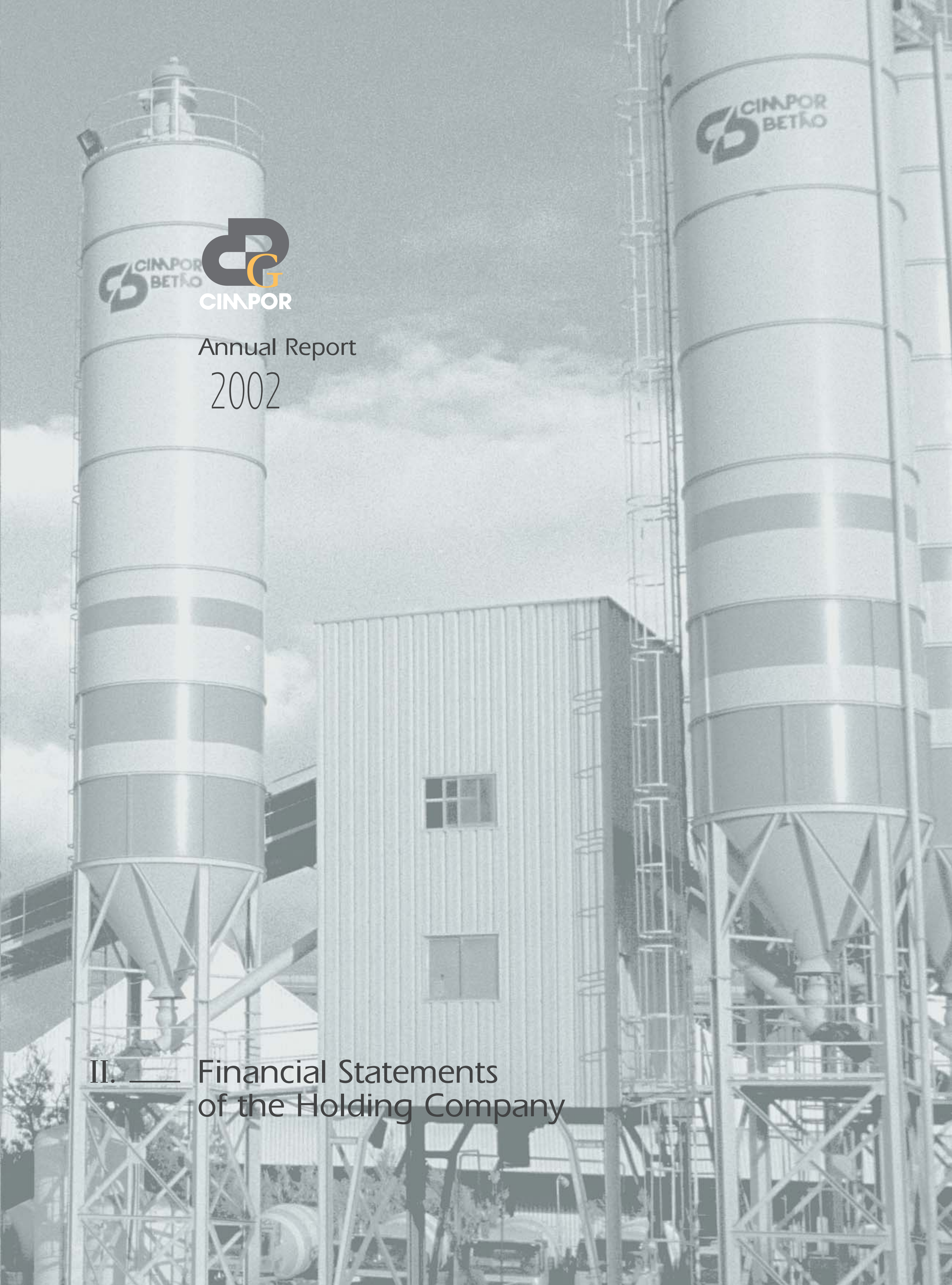
José Alfredo de Almeida Honório,
appointed by SECILPAR, S.L.

Pursuant to the terms of Article 65.3 of the Companies Code, it is hereby declared that José de Almeida Honório, appointed to the position of director in his own name by Secilpar, S.L., Sociedad Unipersonal, having voted against the management report and having presented a minority vote declaration, also stated that he refused his signature for lack of information and for disagreement with the content of Article 4 of Chapter I of the Consolidated Report and Accounts for 2002.

CIMPOR

Annual Report 2002

II. Financial Statements of the Holding Company



Balance Sheets
as of 31 December 2002 and 2001

(Translated and reformatted from the Portuguese original – Note 25)

(Amounts stated in thousands of euros)

	Notes	2002	2001
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents		1,345	682
Accounts receivable, net	3	750,074	55,099
Deferred taxes	13	53,078	2,431
Other current assets		1,340	368
TOTAL CURRENT ASSETS		805,837	58,580
Investments, net	5	1,104,606	1,858,549
Fixed assets, net	6	7,445	7,945
Intangible assets, net	7	-	25
Other non-current assets, net	4	125,256	7,584
TOTAL ASSETS		2,043,144	1,932,683
Current liabilities:			
Short-term debt	8	948,290	120,805
Accounts payable	9	45,346	678,302
Accrued expenses	10	14,663	3,710
Taxes Payable	11	967	5,420
Deferred taxes	13	444	460
Provisions for other risks and costs	12	59,985	31,663
TOTAL CURRENT LIABILITIES		1,069,695	840,360
Medium and long-term debt	8	23,124	1,247
Other non-current liabilities		748	-
TOTAL LIABILITIES		1,093,567	841,607
Shareholders' equity:			
Share capital	15	672,000	672,000
Own shares	15	(19,245)	(16,799)
Revaluation reserve	15	2,022	2,064
Legal reserve	15	58,300	51,400
Adjustment in equity investments	15	(109,511)	34,414
Other reserves and retained earnings	15	169,448	210,168
Net income for the year	15	176,563	137,829
TOTAL SHAREHOLDERS' EQUITY		949,577	1,091,076
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,043,144	1,932,683

The accompanying notes form an integral part of these financial statements

Statements of Profit and Loss

for the years ended 31 December 2002 and 2001

(Translated and reformatted from the Portuguese original – Note 25)

(Amounts stated in thousands of euros)

	Notes	2002	2001
Operating revenues:			
Sales and services rendered	16	11.344	10.322
Other revenues		1.858	534
TOTAL OPERATING REVENUES		13.202	10.856
Operating costs and expenses:			
Operating expenses		(7.104)	(4.822)
Payroll expenses	17	(10.837)	(10.865)
Depreciation and amortisation		(492)	(668)
Other operating expenses		(546)	(222)
TOTAL OPERATING COSTS AND EXPENSES		(18.979)	(16.577)
Operating loss		(5.777)	(5.721)
Financial gains, net	18	42.788	113.554
Extraordinary gains, net	19	89.365	252
Income before income tax		126.376	108.085
Provision for income taxes	13	50.187	29.744
NET INCOME FOR THE YEAR		176.563	137.829
Earnings per share		1,32	1,03

The accompanying notes form an integral part of these financial statements

Cash Flow Statements

for the years ended 31 December 2002 and 2001

(Translated and reformatted from the Portuguese original – Note 25)

(Amounts stated in thousands of euros)

		2002	2001
Operating activities:			
Receipts from customers		117	160
Payments to suppliers		(6,412)	(4,793)
Payments to employees		(12,399)	(11,696)
Cash generated from operations		(18,694)	(16,329)
Receipts relating to income taxes		30,491	11,321
Other		12,326	9,928
Cash flow before extraordinary items		24,123	4,920
Receipts relating to extraordinary items		60	82
Payments relating to extraordinary items		(245)	(81)
Net cash from operating activities (1)		23,938	4,921
Investing activities:			
Receipts relating to:			
Financial investments	1	108,820	67,828
Property, plant and equipment		10	77
Interest and related income		18,765	5,622
Dividends	2	102,352	147,269
TOTAL RECEIPTS		229,947	220,796
Payments relating to:			
Financial investments	3	(598,715)	(2,330)
Property, plant and equipment		(50)	(281)
TOTAL PAYMENTS		(598,765)	(2,611)
Net cash used in investing activities (2)		(368,818)	218,185
Financial activities:			
Receipts relating to:			
Loans obtained	4	1,042,236	326,148
Own shares sold		2,712	10,968
Other	5	205,805	8,500
TOTAL RECEIPTS		1,250,753	345,616
Payments relating to:			
Loans	4	(198,995)	(333,702)
Interest and related expenses		(40,910)	(50,732)
Dividends		(86,808)	(83,663)
Income tax on dividends		(6,579)	(6,946)
Own shares purchases		(5,336)	-
Other	5	(566,582)	(93,300)
TOTAL PAYMENTS		(905,210)	(568,343)
Net cash from (used in) financing activities (3)		345,543	(222,727)
Net change in cash and cash equivalents (4) = (1)+(2)+(3)		663	379
Net cash and cash equivalents - beginning of period		682	303
Net cash and cash equivalents - end of period		1,345	682

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

Cash Flow Statements (continued)
for the years ended 31 December 2002 and 2001

(Translated and reformatted from the Portuguese original – Note 25)

1. Receipts relating to financial investments

a) Repayment of investments:

	Open balances	Amounts received
Kandmad - Prestação de Serviços e Comércio, S.A.		
Additional paid in capital	-	62,050
Cimpor Finance, Limited		
Additional paid in capital	39,167	20,770
Cimpor Egypt for Cement		
Repayment of investments	406,864	721
		83,541

b) Sale of affiliated companies and other investments:

	Total amount	Amounts received
Cimpor Brasil, Lda.	10,410	10,410
Amreyah Cimpor Cement Company	7,813	7,813
Companhia de Cimentos do Brasil, S.A.R.	290,149	5,149
Sociétè des Ciments de Jbel Oust	90,725	1,478
Companhia de Cimento Atol, S. A.	308,400	400
Cimpor Egypt for Cement	28	28
		25,279
		108,820

2. Dividends received

	Amounts received
Cimpor Portugal, SGPS, S.A.	80,000
Corporación Noroeste	17,836
Cimpor Finance, Limited	3,461
Cimpor Investimentos, SGPS, S.A.	1,055
	102,352

3. Payments relating to financial investments

a) Additional paid in capital:

	Open balances	Amounts paid
Cimpor Portugal, SGPS, S.A.	-	(62,050)
Corporación Noroeste	54,000	(34,048)
Cimpor Finance, Limited	39,167	(7,740)
Cimpor Investimentos, SGPS, S.A.	3,099	(796)
		(104,634)

b) Acquisitions of affiliated companies and other investments:

	Total amount	Amounts paid
Companhia de Cimento Atol, S. A.		
Pagto. da dívida registada em fornecedores de imobilizado	-	(367,315)
Cimpor Inversiones, S.L.		
Constituição e aumento de capital	297,500	(125,134)
Cimpor Reinsurance, S. A.		
Realização de capital	1,164	(1,164)
Amreyah Cimpor Cement Company		
Constituição e aumento de capital	433	(433)
Cement Services Company S.A.E.		
Constituição do capital	24	(24)
Cimpor Egypt for Cement		
Subscrição de capital	8	(8)
Kandmad - Prestação de Serviços e Comércio, S.A.		
Aquisição de capital	4	(4)
		(494,081)
		(598,715)

4. Loans

	Currency	Loans obtained during the year	Loans paid during the year
CGD - Commercial paper	EUR	156,650	196,150
DBI - Commercial paper	EUR	752,000	-
DBI - Commercial paper	USD	127,838	-
BTM	EUR	5,000	-
BPI	USD	-	-
BPI	EUR	-	624
Other loans	EUR	748	-
Bank overdrafts	EUR	-	2,221
		1,042,236	198,995

5. Loans to affiliated companies

	Amounts received during the year
Corporación Noroeste	120,000
Cimpor Internacional, SGPS, S.A.	39,800
Cimpor Investimentos, SGPS, S.A.	37,100
Cimpor Portugal, SGPS, S. A.	6,000
Cement Trading Activities, S. A.	2,000
Kandmad - Prestação de Serviços e Comércio, S. A.	905
	205,805

	Amounts paid during the year
Cimpor Financial Operations, B.V.	291,278
Cimpor Inversiones, S.L.	119,900
Corporación Noroeste	100,000
Cimpor Internacional, SGPS, S.A.	34,800
Cimpor Investimentos, SGPS, S.A.	15,700
Cement Trading Activities, S. A.	4,000
Kandmad - Prestação de Serviços e Comércio, S. A.	904
	566,582

Statements of Changes in Shareholders' Equity

for the years ended 31 December 2002 and 2001

(Translated and reformatted from the Portuguese original – Note 25)

(Amounts stated in thousands of euros)

	Share capital	Own shares	Revaluation reserves	Legal reserve	Adjustment in equity investments	Other reserves and retained earnings	Net income	Total
BALANCES AS OF 31 DECEMBER 2001	672,000	(16,799)	2,064	51,400	34,414	210,168	137,829	1,091,076
Earnings allocated to reserves	-	-	-	6,900	-	35,499	(42,399)	-
Dividends paid	-	-	-	-	-	-	(94,080)	(94,080)
Distribution of profits to employees	-	-	-	-	-	-	(1,350)	(1,350)
Acquisiton/sales of own shares	-	(2,624)	-	-	-	(89)	-	(2,713)
Other adjustments	-	178	(42)	-	(143,925)	(76,130)	-	(219,919)
Net income for the year	-	-	-	-	-	-	176,563	176,563
BALANCES AS OF 31 DECEMBER 2002	672,000	(19,245)	2,022	58,300	(109,511)	169,448	176,563	949,577

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements
for the years ended 31 December 2002 and 2001

(Translated and reformatted from the Portuguese original – Note 25) -- Amounts stated in thousands of euros

1. Introduction

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

In the year ended 31 December 2002 Cimpor reorganised its corporate structure, having incorporated Cimpor Inversiones, S.L., a Spanish company, to which it transferred its investments in the companies operating in Spain, Morocco, Tunisia, Egypt and Brazil. This holding company of the Group’s international investments also acquired a South African company.

The objective of the reorganisation was to concentrate, in a single entity, all the investments in foreign operating companies, allowing for a more coordinated management of those companies, promoting their integration in a common business culture, increasing the benefits of the operating synergies and enabling resources to be better allocated.

After the above mentioned reorganization, Cimpor’s investments came to be owned by the following subholding companies: (i) Cimpor Portugal, SGPS, S.A., which holds the investments in companies producing cement, ready-mix concrete, pre-cast parts and related activities in Portugal; (ii) Cimpor Inversiones S.L., which holds the investments in companies operating in foreign countries (except for Mozambique); (iii) Cimpor Internacional, SGPS, S.A., which holds the investments in companies operating in Mozambique; and, (iv) Cimpor Investimentos, SGPS, S.A., which holds the investments in operating companies outside of the cement industry.

2. Summary of significant accounting policies

The attached financial statements were prepared in a going concern basis from the Company’s accounting records.

The financial statements are stated in thousands of euros and were prepared in accordance with generally accepted accounting principles in Portugal ("Portuguese GAAP"), which may be different from generally accepted accounting principles in other countries. The attached financial statements also include certain reclassifications in order to conform more closely to the form and content of financial statements presented in international financial markets.

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

These financial statements refer to the company on an individual non-consolidated basis, investments being recorded in accordance with the equity method as described below.

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

Investments

Investments in group and associated companies are recorded using the equity method of accounting, such investments being initially recorded at cost which is then increased or reduced to the amount corresponding to the proportion owned of the book equity of these companies as of the date of acquisition of the investment or the date the equity method was first applied.

Whenever necessary in order to conform the financial statements of group and associated companies to the Group's accounting policies, adjustments and reclassifications are made to them.

In accordance with the equity method of accounting, investments are adjusted by the amount corresponding to the Company's share in the net results of the group companies, by corresponding entry to the statement of profit and loss for the year, and by other variations in the equity of subsidiary companies, by corresponding entry to the caption "Adjustments in equity investments". In addition, dividends received from these companies are recorded as deductions from the investments.

Other investments are stated at cost less, when applicable, a provision for estimated losses on realisation.

Goodwill

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

Intangible assets

This caption consists primarily of research and development costs.

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

Property, plant and equipment

Property, plant and equipment is stated at cost, which includes acquisition expenses or, in the case of certain fixed assets acquired up to 31 December 1992, at restated value computed in accordance with the revaluation criteria established by the applicable Portuguese legislation. Gains and losses on the disposal of fixed assets are recorded as extraordinary items.

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

	Years
Buildings and other constructions	10 – 50
Basic equipment	7 – 16
Transportation equipment	4 – 5
Administrative equipment	3 – 14

Provisions

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

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

Foreign currency transactions and balances

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

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

Cash and cash equivalents

Cash represents immediately available funds and cash equivalents include liquid investments readily convertible to cash with an original maturity of three months or less.

Retirement pension benefits

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

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

Health benefits

Certain subsidiary companies have supplementary health benefits for their employees to those provided by the Public Social Security. The liabilities and costs resulting from these benefits are recorded in a similar manner to the retirement pension liabilities and costs referred to above.

Specific provisions to cover these liabilities are recorded in accordance with the criteria established by Portuguese Accounting Directive 19.

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

Income tax

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

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

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

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

Revaluation reserve

Amounts recorded in this caption, resulting from the net increase in fixed assets through revaluations made in accordance with the defined criteria, are transferred to retained earnings when realised through sale, disposal or depreciation of the related items. In general terms, these amounts are not available for distribution since can only be used to increase share capital or to cover losses incurred up to the end of the period to which the revaluation relates.

Accrual basis

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

Current classification

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

3. Accounts receivable, net

This caption consists of:

	2002	2001
Accounts receivable from affiliated companies (Note 14)	747,725	11,783
Accounts receivable from public entities	1,070	42,925
Other receivables	1,279	391
	750,074	55,099

Accounts receivable from affiliated companies include 682,247 thousand euros receivable from Cimpor Inversiones, due to the sale of the investments referred to in Note 5.

4. Other non-current assets, net

This caption consists of:

	2002	2001
Accounts receivable from affiliated companies (Note 14)	124,831	6,868
Doubtful accounts receivable	6,731	6,970
Other receivables	1,036	1,611
	132,598	15,449
Less: Provision for doubtful accounts receivable (Note 12)	(7,342)	(7,865)
	125,256	7,584

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

5. Investments, net

This caption consists of :

	2002	2001
Affiliated companies:		
Cimpor Internacional, SGPS, S.A.	96,563	24,802
Cimpor Investimentos, SGPS, S.A.	80,543	78,068
Cimpor Portugal, SGPS, S.A.	348,068	324,823
Cimpor Finance Limited	50,473	68,918
Cimpor Financial Operations, B.V.	832	-
Cement Trading Activities – Comércio Internacional, S.A.	1,442	1,629
Kandmad - Prestação de Serviços, Comércio, Importação e Exportação, Lda.	6,824	-
Cimpor Reinsurance, S.A.	2,365	-
Cimpor Inversiones, S.L.	110,535	-
Cement Services Company	24	-
Corporacion Noroeste, S.A. (a)	-	50,125
Companhia de Cimentos do Brasil, S.A. (a)	-	255,140
Cimpor Brasil (a)	-	4,559
Sociéte les Ciments de Jbel Oust, S.A. (a)	-	134,807
Companhia de Cimento Atol (a)	-	430,723
	697,669	1,373,594
Loans to affiliated companies	406,864	484,882
Securities and other investments:		
Companhia de Cimentos de Moçambique, S.A.	4,050	4,050
Other	74	74
	4,124	4,124
Less: provisions (Note 12)	(4,051)	(4,051)
	1,104,606	1,858,549

The investments in affiliated companies are recorded in accordance with the equity method of accounting. Other participations are stated at cost less, when applicable, a provision for estimated loss or realisation.

Loans to affiliated companies are recorded at their nominal value.

(a) As explained in the Introductory Note, in reorganising the structure of its investments, in 2002 the Company sold to Cimpor Inversiones its investments in Companhia de Cimentos do Brasil, Cimpor Brasil, Companhia de Cimentos Atol, Corporación Noroeste, Sociétè de Ciments de Jbel Oust and Cimpor Egypt for Cement.

As a result of this sale the results of the companies sold were reflected, by application of the equity method, in the financial statements of Cimpor Inversiones. In addition, the gain of 105,128 thousand euros on the sale was deducted from the investment in Cimpor Inversiones (Notes 18 and 19).

Application of the equity to investments in affiliated companies had the following effect:

	Profit/(loss) (Note 18)	Adjustment in equity investments (Note 15)	Dividends	Provisions increase/(decrease) (Note 12)	Total
Cimpor Inversiones, S.L.	(72,122)	(173,238)	(17,836)	20,374	(242,822)
Cimpor Finance Limited	3,843	(8,032)	(3,461)	-	(7,650)
Cimpor Reinsurance, S.A.	1,202	-	-	-	1,202
Cimpor Portugal, SGPS, S.A.	105,059	(1,813)	(80,000)	-	23,246
Cimpor Investimentos, SGPS, S.A.	4,926	(1,397)	(1,055)	-	2,474
Cimpor Internacional, SGPS, S.A.	20,534	17,179	-	-	37,713
Kandmad - Prest. Serv. e Com. de Imp. e Exp., Lda.	573	6,247	-	-	6,820
Cimpor Egypt for Cement	(707)	-	-	2,909	2,202
Cimpor Financial Operations, B.V.	(671)	4,204	-	(3,497)	36
Cement Trading Activities - Comércio Internacional, S.A.	(1.035)	848	-	-	(187)
	61,602	(156,002)	(102,352)	19,786	(176,966)

The amount of 17,836 thousand euros corresponds to dividends received from Corporación Noroeste.

Loans to affiliated companies corresponds to an amount receivable from CEC expressed in US dollars, which is considered an extension to the investment. The exchange adjustment amounting to 77,298 thousand euros was reflected in the caption “Adjustment in equity investments”.

6. Property, plant and equipment, net

This caption comprises the following, at net book value:

	2002	2001
COST:		
Land and natural resources	2,409	2,409
Buildings and other constructions	8,658	8,658
Basic equipment	5,211	5,212
Transportation equipment	688	745
Administrative equipment	5,601	5,791
Fixed assets in progress	76	69
	22,643	22,884
ACCUMULATED DEPRECIATION:		
Buildings and other constructions	(4,521)	(4,369)
Basic equipment	(4,999)	(4,939)
Transportation equipment	(567)	(455)
Administrative equipment	(5,111)	(5,176)
	(15,198)	(14,939)
NET BOOK VALUES:		
Land and natural resources	2,409	2,409
Buildings and other constructions	4,137	4,289
Basic equipment	212	273
Transportation equipment	121	290
Administrative equipment	490	615
Fixed assets in progress	76	69
	7,445	7,945

Property, plant and equipment has been revalued, in accordance with Decree Laws 126/77, 219/82, 399-G/84, 118-B/86, 111/88, 36/91, 49/91, 22/92 and 264/92 using price indices established by that legislation.

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

	Historical cost	Revaluation	Revalued amounts
Land and natural resources	359	2,050	2,409
Buildings and other constructions	807	3,330	4,137
Basic equipment	200	12	212
Transportation equipment	121	-	121
Administrative equipment	470	20	490
	1,957	5,412	7,369

A portion (40%) of the additional depreciation arising from the revaluations is not deductible for income tax purposes (Note 13).

7. Intangible assets, net

This caption comprises the following:

	2002	2001
COST:		
Start-up costs	156	156
Research and development costs	12,801	12,801
	12,957	12,957
ACCUMULATED AMORTISATION:		
Start-up costs	(156)	(156)
Research and development costs	(12,801)	(12,776)
	(12,957)	(12,932)
NET BOOK VALUE:		
Start-up costs	-	-
Research and development costs	-	25
	-	25

8. Loans

This caption consists of:

	2002		2001	
	Short-term	Long-term	Short-term	Long-term
Bank loans	948,290	23,124	120,805	1,247

The long-term bank loans include:

Loan	Interest rate	Currency	Amount
Bank loan	Euribor + 0.675%	EUR	12,500
Bank loan	Euribor + 0.6%	EUR	5,000
Bank loan	Euribor + 0.75%	EUR	5,000
Bank loan	Euribor + 0.325%	EUR	624
			23,124

At 31 December 2002, the medium and long-term portion of the loans was repayable as follows:

2004	5,624
2005	17,500
	23,124

The short-term bank loans include:

Loan	Interest rate	Currency	Amount
Commercial paper	Euribor + 0.25%	EUR	66,000
Commercial paper	Euribor + 0.54%	EUR	293,500
Commercial paper	Euribor + 0.675%	EUR	124,000
Commercial paper	Euribor + 0.4%	EUR	334,500
Commercial paper	Libor + 0.4%	USD	119,195
Bank loan	Libor + 0.75%	USD	10,471
Bank loan	Euribor + 0.325%	EUR	624
			948,290

The last four above mentioned issues of commercial paper, totalling 871,195 thousand euros, were placed directly with Cimpor Financial Operations BV.

9. Accounts payable

This caption consists of:

	2002	2001
Accounts payable to related companies	44,339	309,504
Accounts payable to suppliers	903	334
Suppliers of fixed assets	7	368,017
Other creditors	97	447
	45,346	678,302

10. Accrued expenses

This caption consists of:

	2002	2001
Vacation pay and bonuses	1,241	1,158
Accrued interest	9,212	2,551
Accounts payable relating to financial operations	3,628	-
Professional fees	375	-
Other	207	1
	14,663	3,710

11. Taxes payable

This caption consists of:

Withholding tax	137
Value added tax	697
Social Security contributions	133
	967

12. Movement in the provisions

During the year ended 31 December 2002, the movement in the provision account balances, was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Provisions for doubtful accounts receivable	7,865	-	(523)	7,342
Provisions for other risks and costs:				
Tax contingencies	-	55,902	-	55,902
Other risks and costs	31,663	12	(27,592)	4,083
Provision for investments	4,051	-	-	4,051
	43,579	55,914	(28,115)	71,378

The provisions for other risks and costs include 2,909 thousand euros resulting from application of the equity method, and reflects the Company's liability in the case of investments in companies with negative equity (Cimpor Egypt for Cement).

The decrease in provisions results from application of the equity method to affiliated companies in which their negative equity was reduced, by corresponding credit to extraordinary income (Note 19), and reductions in the provisions for several amounts receivable from third parties.

The increase in provisions in 2002 was recorded by corresponding entry to the following captions:

Provision for income tax (Note 13)	39,965
Increase in amortisation and provisions (Note 19)	15,949
	55,914

13. Income tax

The Company is subject to corporate income tax at the rate of 30%, and municipal surcharge of 10%. Gains and losses in associated companies recorded under the equity method are not relevant for tax purposes. The same applies to dividends received from affiliated companies.

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

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

As a result of a review made by the tax authorities of the corporate income tax returns for the years 1996 to 1998, corrections were made to the taxes paid, the most significant item being the increase in depreciation resulting from the revaluation of tangible fixed assets. The Board of Directors believes, based on technical opinions of its consultants, that the above mentioned corrections have no legal grounds and, accordingly, they have been legally contested.

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

In order to recognise this contingency, in the year ended 31 December 2002 the Company recorded 55,902 thousand euros, of which 39,965 thousand euros (Note 12), corresponding to the additional tax assessment, was recorded under the caption "Income tax" (including an estimate for the years 1999 and 2000 not yet assessed) and the balance, corresponding to other corrections and interest, was recorded by charge to the extraordinary items caption "Increase in amortisation and provisions" (Note 19).

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

Reconciliation of the provision for income tax at the statutory Portuguese income tax rate, for the year ended 31 December 2002 and the effective income tax rate, is as follows:

	Tax base	Income tax
Profit before income tax	126,376	
Permanent differences	(44,191)	
Loss on the sale of investments	(363,659)	
	(281,474)	
Normal charge		(92,886)
Deductions from taxable income		17
Adjustments, corrections and others		5,992
Tax contingencies		39,965
Adjustment for current consolidated income tax		(3,275)
Charge for the period		(50,187)

The normal tax charge includes a deferred tax credit of 38,155 thousand euros, relating to tax losses carried forward.

The remaining 54,731 thousand euros added to the adjustment of current consolidated income tax, 3,275 thousand euros corresponds to current tax for the period, and is reflected as an amount receivable from Group companies (Note 14).

Permanent differences include mainly elimination of the effect of applying the equity method and amortisation of goodwill.

The movement in deferred taxes in the year ended 31 December 2002 is as follows:

		Increase/(decrease)		
	Beginning balance	Net profit	Shareholders' equity	Ending balance
Deferred tax assets:				
Non deductible provisions	2,431	(109)	-	2,322
Tax losses carried forward	-	38,248	12,508	50,756
	2,431	38,139	12,508	53,078
Deferred tax liabilities:				
Revaluations	460	(16)	-	444
	1,971	38,155	12,508	52,634

The deferred tax asset of 12,508 thousand euros was recorded by corresponding credit to the equity caption "Adjustment in equity investments" in the year ended 31 December 2002 (Note 15), and results from exchange losses arising on the translation of medium and long term intra-group foreign currency balances which, in practice, correspond to an extension of the investments.

14. Related parties

The principal balances at 31 December 2002 and transactions in the year then ended with Group companies are as follows:

	Accounts receivable		Account payable		Transactions	
	Group companies	Loans granted	Group companies	Loans obtained	Services rendered	Other revenue
Amreyah Cement Company, S.A.E.	6	-	-	-	-	-
Asment de Témara, S.A.	433	-	-	-	433	-
Companhia de Cimentos do Brasil	144	-	-	-	-	-
Cimpor Betão - Indústria Betão Pronto, S.A.	286	-	-	-	949	1
Cimpor Brasil, Lda	5	-	-	-	-	4
Cimpor Financial Operations, B.V.	-	-	-	-	-	5
Cimpor Egypt for Cement, S.A.E.	11	-	-	-	-	-
Cimpor Finance Limited	54	-	-	-	-	-
Cimpor Imobiliária, S.A.	9	-	-	-	-	18
Cimpor Indústria Cimentos, S.A.	1,513	-	439	-	8,900	1,242
Cimpor Internacional, SGPS, S.A.	6,877	-	-	-	60	4
Cimpor Inversiones, SL	682,283	119,900	-	-	-	36
Cimpor Investimentos, SGPS, S.A.	3	-	-	17,900	30	-
Cimpor Portugal, SGPS, S.A.	58,994	-	-	6,000	972	511
Corporación Noroeste, S.A.	16	-	-	20,000	-	21
CTA - Comércio In., S.A.	-	2,000	-	-	-	-
Imopar, SARL	12	-	-	-	-	-
Premap - Préfabricados de Maputo, SARL	7	-	-	-	-	-
Other companies	3	-	-	-	-	3
	750,656	121,900	439	43,900	11,344	1,845

The balance receivable of Cimpor Portugal, SGPS, S.A. includes 58,006 thousand euros relating to corporate income tax of the companies taxed under the special regime for taxation of groups of companies (Note 13), which is to be settled in 2003.

15. Share capital and reserves

At 31 December 2002, Cimpor's fully subscribed and paid up share capital was consisted of 134 million shares with a nominal value of five euros each.

At 31 December 2002, the last known capital structure of the Company was as follows:

	%	Number of shares
Teixeira Duarte, SGPS, S.A. (a)	31.45	42,263,318
Financiére Lafarge, S.A.	9.99	13,433,100
Holcim (Portugal), SGPS, Lda.	9.84	13,227,185
Cartera Lusitania, S.A.	9.65	12,964,708
Secil – Companhia Geral de Cal e Cimento, S.A.	9.00	12,091,940
Banco Comercial Português, S.A.	4.51	6,068,007
Pensõesgere – Sociedade Gestora de Fundos de Pensões, S.A.	4.19	5,633,587
Seguros e Pensões Gere, SGPS, S.A.	3.01	4,040,847
Cementos Molins, S.A.	2.64	3,548,931
Bank of New York (Credit Agricole Lazard Financial Products Bank)	1.99	2,680,000
Others	13.73	18,448,377
	100.0	134,400,000

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

Revaluation reserve

This caption results from the revaluation of property, plant and equipment in accordance with the applicable legislation (Note 6). In accordance with current legislation and the accounting practices followed in Portugal this reserve can only be used, when realised, to cover losses or to increase share capital.

Legal reserve

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

The movement in treasury stock corresponds to the sale 160,702 shares to employees of the Group, under share acquisition and share option plans, and generated an increase of 89 thousand euros in other reserves. During the year ended 31 December 2002, 310,437 shares were purchased for a total price of 5,336 thousand euros. At the end of the year the Company had 1,196,911 shares of treasury stock.

The net profit for 2001 was appropriated as follows, in accordance with a decision of the Shareholders' Annual General Meeting held on 14 May 2002:

Dividends	94,080
Employees' bonus	1,350
Retained earnings	35,499
Legal reserve	6,900
	137,829

The decrease in the balance of the caption "Adjustments in equity investments" results from applying the equity method to the investments in affiliated companies with foreign currency financial statements, due to exchange devaluations arising during the year ended 31 December 2002.

16. Sales and services rendered

Sales and services rendered for the years ended 31 December 2002 and 2001 result from contracts to render administrative services entered into with affiliated companies.

17. Payroll expenses

This caption consists of:

	2002	2001
Salaries	7,115	7,468
Social charges:		
Pensions	120	148
Others	3,602	3,249
	10,837	10,865

18. Financial income, net

This caption consists of:

	2002	2001
Income:		
Gain in group companies (Note 5)	136,136	179,218
Foreign exchange gain	16,809	11,551
Interest income	16,535	3,801
Other financial income	3	-
	169,483	194,570
Expenses:		
Loss in group companies (Note 5)	74,534	29,786
Interest expense	45,313	43,704
Foreign exchange loss	5,565	5,601
Other financial expenses	1,283	1,925
	126,695	81,016
Net financial income	42,788	113,554

19. Extraordinary income, net

This caption consist of:

	2002	2001
Extraordinary income:		
Gain on the disposal of fixed assets	223,040	27
Decrease in amortisation and provisions (Note 12)	523	739
Other extraordinary income	63	232
	223,626	998
Extraordinary expenses:		
Loss on the disposal of fixed assets	117,929	86
Increase in amortisation and provisions (Note 12)	15,949	-
Donations	245	80
Other extraordinary expenses	138	580
	134,261	746
Net extraordinary income	89,365	252

The gain and loss on the disposal of fixed assets corresponds essentially to the net gain and loss on the sale of investments to Cimpor Inversiones (Note 5).

As Cimpor Inversiones is a fully owned subsidiary of the Company (directly and indirectly owned through Cimpor Internacional), the net gain of 105,128 thousand euros on the sales was eliminated through application of the equity method (Notes 5 and 18).

20. Guarantees

At 31 December 2002 the Company had outstanding letters of guarantee and bank guarantees given to third parties in the amount of 68,777 thousand of euros.

21. Commitments

Retirement pension benefits and medical benefits

As explained in Note 2, some group companies have complementary retirement and health care regimes for their employees. The liability under these regimes is reflected in the financial statements as of 31 December 2002, through application of the corresponding accounting standards.

The past service liability relating to current and retired employees as of 31 December 2002 amounted to 90,720 thousand euros, of which 52,816 thousand euros were covered by pension funds established for the purpose.

The unfunded amount of 37,904 thousand euros is reflected as a liability by the respective companies.

The cost of retirement pensions and healthcare for the year ended 31 December 2002 amounted to 18,205 thousand euros.

The full amount of this is reflected in the Company's financial statements through valuation of the investments in accordance with the equity method.

Other commitments - investments

Some of the Group companies have financial commitments under contracts to acquire tangible fixed assets, of which 8,396 thousand euros is for the Portuguese business area and 43,766 thousand euros for the Egyptian business area.

All financial commitments, including discounted bills, are recorded in the appropriate balance sheet accounts.

According to Portuguese Commercial Company Law, Cimpor – Cimentos de Portugal, SGPS, S.A. is responsible for all the obligations of its fully controlled subsidiaries.

At 31 December 2002 all fixed assets were covered by insurance policies.

Other commitments – comfort letters

Comfort letters relating to group companies, given to third parties, are as follows:

Corporación Noroeste, S.A.	44,041
Cimentos de Moçambique, S.A.R.L.	23,272
Ciarga – Argamassas Secas, S.A.	7,494
Companhia de Cimentos do Brasil	63,406
Societé les Ciments de Jbel Oust, S.A.	8,095
Companhia de Cimentos Atol	1,192
Amreyah Cement Company, S.A.E.	46,339
Amreyah Cimpor Cement, S.A.E.	24,888
Cimpor Egypt Cement, S.A.E.	1,545

22. Stock option plans

The Shareholders' Annual General Meeting held in May 2002, approved implementation of two separate option plans to acquire shares in the Company, one for the members of the Board of Directors of CIMPOR – Cimentos de Portugal, SGPS, S.A. and one for the members of the Boards of Directors and managers of subsidiary companies.

The procedures for granting the stock options are explained in the Consolidated Directors' Report.

23. Financial instruments

Under the risk management policy of the Cimpor Group, explained in the Consolidated Directors' Report, at 31 December 2002 a series of derivative financial instruments had been contracted to hedge the risk of variation in interest and exchange rates.

The Group contracts these types of instrument after analysing the risks affecting its portfolio of assets and liabilities and verifying which of the instruments in the market is most adequate to hedge these risks.

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

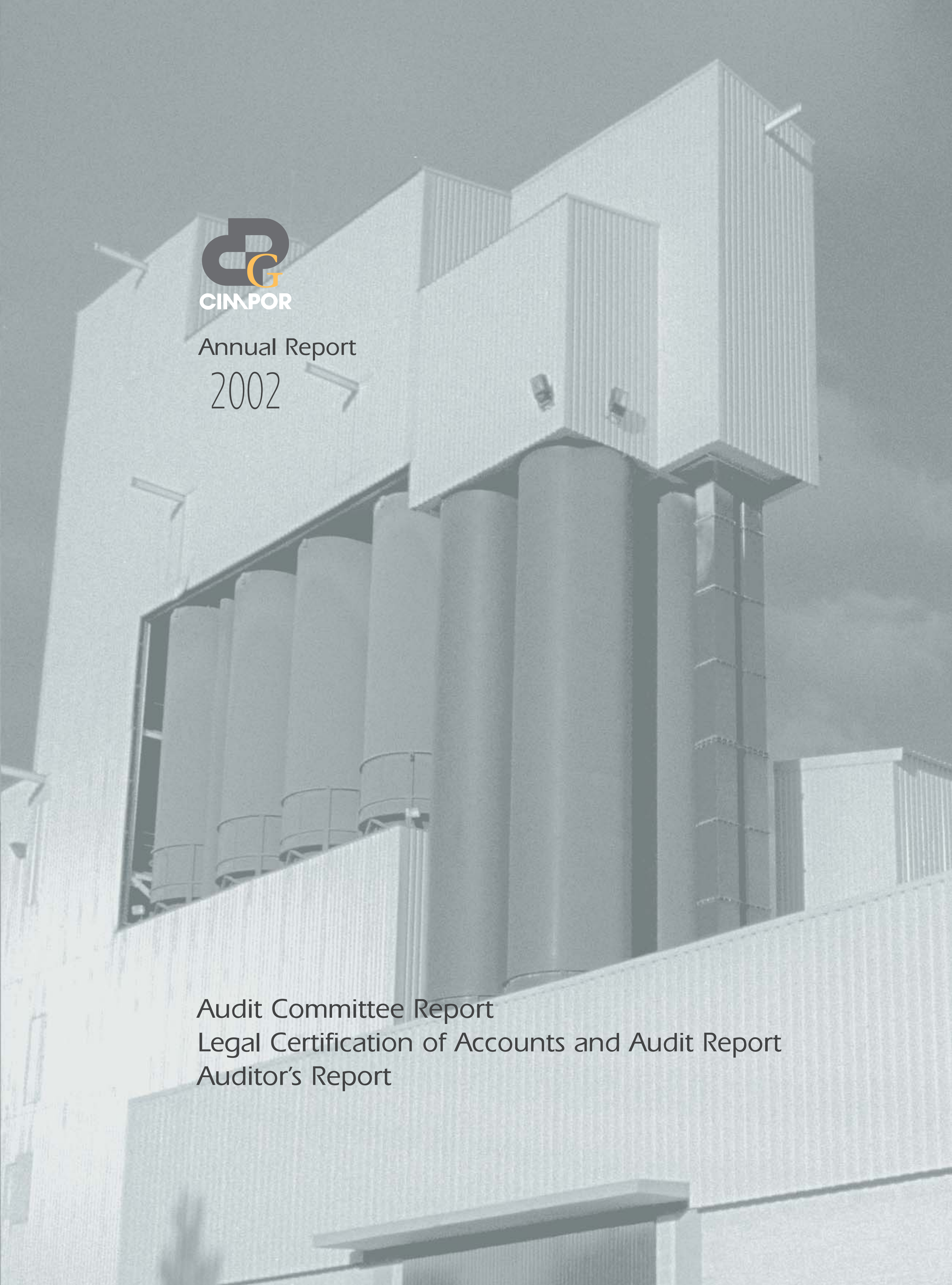
Identification of the instruments contracted by the Group, their objectives and respective fair values are shown in Note 28 to the consolidated financial statements.

24. Subsequent events

The more significant events that occurred after 31 December 2002 are described in the Directors' Report.

25. Note added for translation

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



CIMPOR

Annual Report 2002

Audit Committee Report
Legal Certification of Accounts and Audit Report
Auditor's Report

AUDIT COMMITTEE REPORT & OPINION
on the 2002 Individual Accounts

(Translation of a report originally issued in Portuguese – Note 25)

To the Members of Cimpor – Cimentos de Portugal, SGPS, S.A.,

Pursuant to the law and in compliance with the provisions of the articles of association of Cimpor – Cimentos de Portugal, SGPS, S.A., ("Company") and with our mandate, the Audit Committee is pleased to present its report on its work and to issue its opinion on the financial statements in respect of 2002, submitted the Committee for appraisal by the Board of Directors

The Audit Committee monitored the Company's activity and business, especially through appraisal of the documents, accounting records, supporting documentation and minutes of the meetings of the Board of Directors and of the Executive Committee, and through consultation and analysis of other documentation, with a view to assessing compliance with the provisions of the law and of the articles of association. The Audit Committee also carried out tests and other procedures in such depth as it deemed necessary under the circumstances, having kept in contact with the Board of Directors and other senior management and having asked for and obtained such explanations and information as were considered necessary.

Within the scope of our duties we analysed the Director's Management Report, having concluded that is meets legal requirements. We likewise reviewed the accounts for the year ended December 31, 2002, which include the balance sheet, the statements of income by function and by nature of expense, the cash-flow statements and the corresponding notes to the accounts drawn up by the Board of Directors, particularly with regard to the accounting principles used in their preparation and their compliance with those generally accepted in Portugal, as well as to observance of legal and statutory requirements.

The proposal for the appropriation of profit presented by the Board of Directors is in keeping with the applicable legal and statutory provisions and shows the amount available for distribution.

The Audit Committee took cognisance of the Report issued by the Official Auditor under the terms of Article 451.2 of the Companies Code and of the Legal Certification of Accounts and Audit Report, with which it is in agreement.

We are therefore of the opinion that the aforesaid financial statements and the proposal for the appropriation of profits comply with accounting, legal and statutory provisions and are in a position to be approved by the shareholders.

The Audit Committee is pleased to express its recognition to the Board of Directors and other employees of Cimpor – Cimentos de Portugal, SGPS, S.A., for all their co-operation. It would also like to express its condolences on the decease of Mr Adelino Duarte and of Mr Miguel Mautempo, whose services to the Group and, in particular whose co-operation with this committee in recent years was always an example of dedication and professionalism.

Lisbon, April 24th 2003

Ricardo José Minotti da Cruz Filipe
Chairman

Freire, Loureiro e Associados – SROC
represented by Carlos Pereira Freire
Member

José da Conceição da Silva Gaspar
Member

LEGAL CERTIFICATION OF ACCOUNTS AND AUDIT REPORT
on the 2002 Individual Accounts

(Translation of a report originally issued in Portuguese – Note 25)

Introduction

1 — In compliance with the applicable legislation, we hereby present our Legal Certification of Accounts and Audit Report on the information contained in the Directors' Report and the accompanying financial statements of Cimpor – Cimentos de Portugal, SGPS, S.A ("the Company") for the year ended 31 December 2002, which comprise the balance sheet as of 31 December 2002, that reflects a total of 2,043,144 thousand Euros and shareholders' equity of 949,577 thousand Euros, including net profit of 176,563 thousand Euros, the statements of profit and loss by nature and by functions and the statement of cash flows for the year then ended and the corresponding notes.

Responsibilities

2 — The Company's Board of Directors is responsible for: (i) the preparation of financial statements that present a true and fair view of the financial position of the Company, the results of its operations and its cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) adopting adequate accounting policies and criteria and the maintenance of appropriate internal control systems; (iv) informing any significant facts that have influenced its operations, financial position or results of operations.

3 — Our responsibility is to examine the financial information contained in the documents of account referred to above, including verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issuing a professional and independent report based on our work.

Scope

4 — Our examination was performed in accordance with the Technical Review/Audit Standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. Such an examination includes verifying, on a test basis, evidence supporting

the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Company's Board of Directors, used in their preparation. Such an examination also includes: assessing the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances, verification of the applicability of the going concern concept, assessing the adequacy of the overall presentation of the financial statements, and assessing that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the information included in the Directors' Report is consistent with the other documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5 — In our opinion, the financial statements referred to in paragraph 1 above, present fairly, for the purposes referred to in paragraph 6 below, in all material respects, the financial position of Cimpor – Cimentos de Portugal, SGPS, S.A as of 31 December 2002 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal, and the financial information contained therein is, in terms of the definitions included in the technical review recommendations referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Emphasis

6 — The accompanying financial statements refer to the Company on an individual non-consolidated basis and were prepared for approval and publication in term of current legislation. Although the investments are recorded by the equity method, under which the net results and equity include the net results and equity of the subsidiary and associated companies, the accompanying financial statements do not reflected the effect of a full consolidation of assets, liabilities and income, which will be reflected in separate consolidated financial statements, which include increases in assets and liabilities (excluding minority interests) of, approximately, 1,295,000 thousand Euros and Euro 1,206,000 thousand Euros, respectively, and increase in income of, approximately, 1,071,001 thousand Euros.

Lisbon, April 24, 2003

Freire, Loureiro e Associados – SROC
represented by Carlos Pereira Freire

AUDITOR'S REPORT
on the 2002 Individual Accounts

(Translation of a report originally issued in Portuguese – Note 25)

To the Shareholders and Board of Directors of
Cimpor – Cimentos de Portugal, SGPS, S.A.

1 — We have audited the accompanying financial statements of Cimpor – Cimentos de Portugal, SGPS, S.A. ("the Company"), which comprise the balance sheet as of 31 December 2002, the statements of profit and loss and cash flows for the year then ended and the accompanying notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 — Our audit was performed in accordance with generally accepted auditing standards in Portugal, which require that the audit be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. An audit includes verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on criteria defined by the Board of Directors, used in their preparation. An audit also includes verifying the adequacy of the accounting principles used and their disclosure taking into consideration the circumstances, verifying the applicability of the going concern concept as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3 — In our opinion, the financial statements referred to in paragraph 1 above, present fairly, for the purposes referred to in paragraph 4 below, in all material respects, the financial position of Cimpor – Cimentos de Portugal, SGPS, S.A. as of 31 December 2002 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal.

4 — The accompanying financial statements refer to the Company on an individual non-consolidated basis and were prepared for approval and publication in term of current legislation. Although the investments are recorded by the equity method, under which the net results and equity include the net results and equity of the subsidiary and associated companies, the accompanying financial statements do not reflected the effect of a full

consolidation of assets, liabilities and income, which will be reflected in separate consolidated financial statements, which include increases in assets and liabilities (excluding minority interests) of, approximately, 1,295,000 thousand Euros and Euro 1,206,000 thousand Euros, respectively, and increase in income of, approximately, 1,071,001 thousand Euros.

Lisbon, April 24, 2003

Deloitte &Touche

Design / Production – Via Coloris, Design de Comunicação, Lda., Lisbon

CIMPOR – CIMENTOS DE PORTUGAL, SGPS, S.A.
Public Company
Rua Alexandre Herculano, 35
1250-009 Lisboa

www.cimpor.pt