ADDENDUM

(Translated from the original version in Portuguese)

Cimpor hereby makes the following addendum to the 2016 Annual Report, published on March 14. On pages 214 and 216, to the positions held by Ricardo Fonseca de Mendoça Lima were added the positions of Manager of Camargo Corrêa Cimentos Luxembourg, S.à.r.l. and of Manager of Caue Finance Limited and by Paulo Sérgio de Oliveira Diniz was added the position of Manager of Camargo Corrêa Cimentos Luxembourg, S.à.r.l..

Lisbon, March 28, 2017

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Public Company
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Share Capital : 672.000.000 Euros
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Building sustainable partnerships

ANNUAL REPORT 2016

CIMPOR

a member of InterCement

(*Translated from the original version in portuguese*)

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CIMPOR
a member of InterCement

Building sustainable partnerships

CHAPTER 1

INTRODUCTION

Building sustainable partnerships

Our Essence

TO CEMENT BULDING SUSTAINABLE PARTNERSHIPS

Based on the long-term goals established in the Strategic Plan and consolidated in our Vision 2023 – to keep Cimpor among the ten largest international cement companies and among the five most profitable and solid –, the company has developed a strategic drive to achieve this target, together with its main stakeholders (customers, professionals, suppliers, shareholders and communities).

The ensemble formed by the Mission, Vision, Values, Tagline, Strategic Map and InterCement's Attitudes, which were adopted by Cimpor, an InterCement company, since day one, follows the decisions taken to ensure the long-term continuity of the business.

The company's sustainability is made possible by continuous planning, strictness in the implementation of projects, programmes and processes and the high degree of experience and know-how of the teams, which enables the company to simplify business routes with agility and precision, whenever is necessary.

The excellence in execution and the search for continuous improvement of productivity clearly indicate the major focus placed on the delivery of results, both financial and socio-environmental.

DISTINCTION IN THE PRODUCTIVITY IMPLEMENTATION AND CONTINUOUS IMPROVEMENT ARE PARAMOUNT

MISSION

Grow and develop together with customers, employees, suppliers, shareholders and communities, steered by innovation, sustainability and operational excellence.

VISION 2023

Stand out to the customers through the level of collaboration and services provided, remaining in the top ten at all times and in the top five most solid and profitable international companies of the industry.

VALUES

RESPECT FOR PEOPLE AND THE ENVIRONMENT

Always act in a correct and fair manner in relation to its shareholders, employees, customers, suppliers, governments, communities and society in general. Operate responsibly in relation to the environment.

TRANSPARENCY

Provide clear and comprehensive information about activities, accomplishments, policies and performance, in a systematic and accessible form.

QUALITY AND INNOVATION

Assure that customers receive the highest quality possible in the execution of services or supply of products, and invest continuously in the improvement of the business and its employees.

RESPONSIBLE OPERATION

Respect the legislation of the countries and regions where the company operates; live up to the values defined herein; act with integrity and according to the universal standards of good human coexistence, without discrimination of race, gender, beliefs, religion, position or any other kind of discrimination.

FOCUS ON RESULTS

Always seek to maximise performance in order to assure business continuity, the investments made, shareholder returns and appropriate conditions for employees.

TAGLINE

“Building sustainable partnerships”

AMONG THE TOP TEN AND THE FIVE MOST SOLID AND PROFITABLE INTERNATIONAL PLAYERS

STRATEGIC MAP

A strategic map has been designed based on Vision 2023. Its key topics or dimensions underpin all the company's action plans, namely:

- Results
- Partnerships
- Processes
- People and Culture

The strategic map also establishes three pillars that should permeate the dimensions referred to above and all actions derived from them and developed on a daily basis at the company. These pillars are: Safety, Innovation and Risk Management.

INTERCEMENT ATTITUDES

In terms of organisational culture, in 2015 the Cimpor consolidated a series of desired behavioural attitudes for all its employees, regardless of their hierarchy level or country where they operate.

The ten InterCement Attitudes characterise the company's way of being and conducting its business, and are embodied by the employees in their work. This is certainly one of the factors behind the company's success, as it covers personal behaviour and the importance given by the company to its customers, employees, suppliers and communities.

Message from the Chairman of the Board of Directors

RESILIENCE IN A YEAR OF CHALLENGES

"OUR COMPANY IS COMMITTED TO ITS CUSTOMERS, EMPLOYEES, SUPPLIERS AND COMMUNITIES AND TO ALL THE ACTION TAKEN TO KEEP BUSINESS SUSTAINABILITY AT HEALTHY LEVELS."

As a whole, 2016 was a year marked by "stagnant global trade", "subdued investment" and "heightened policy uncertainty", as summarised by the World Bank in its "Global Economic Prospects", published in early 2017.

From the onset of the crisis that characterised the end of this last decade, we have experienced intense and challenging years for families, States and companies. Nevertheless, the fact is that the recovery trend recorded since 2014 was reversed in 2016: the world's most advanced economies grew 0.3 percent less than two years ago, and the same happened to the developing economies, which grew 0.9 percent less, compared to the same period.

Despite having a diversified portfolio, Cimpor has not been immune to this global trend. Therefore, when reading this report one should bear in mind the hostile context in which the company operated in 2016.

Throughout this report, two bottom lines run almost side by side. On the one hand, the challenges faced by the company, which in some cases surpassed even the most pessimistic expectations, such as the performance of the Brazilian economy that was reflected in the reduction of Cimpor's sales in its main market. On the other hand, the decisions made by the Executive Committee to mitigate the current context and which enabled cutting net operating costs by 24%.

Two actions that characterised Cimpor's activity during 2016 are, in my opinion, especially noteworthy, in particular under the current circumstances. These actions demonstrate just how necessary it is for us to have the capacity, precisely in the most difficult times, to look beyond the horizon. The first is the company's continued focus on co-processing, in other words, the use of solid waste as an alternative to fossil fuel. In this regard, an important step was taken in Souselas, with the start-up of the operation of the new drying facilities, which will increase the thermal substitution rate of this plant in Portugal, shifting from 26% to 34%. The second is the inauguration in Egypt of a new coal mill, an investment of 46 million euros that will bring significant productivity gains to the plant of Alexandria.

As a final note, I would like to give a word of appreciation to Cimpor's customers, who are no doubt our greatest assets, along with our employees, suppliers and the communities in which we operate.

Daniel Proença de Carvalho

Chairman of the Board of Directors of InterCement

Message from the Chief Executive Officer

MUCH MORE VALUE FOR OUR CUSTOMERS

"OUR COMPANY IS STRONGLY DRIVEN TOWARDS THE DELIVERY OF RESULTS. IN THIS REGARD, 2016 BROUGHT IN MANY CHALLENGES WHICH STIMULATED US TO BE EVEN MORE RESOURCEFUL AND CREATIVE IN ORDER TO ENHANCE THE PRODUCTIVITY OF EACH OF OUR UNITS."

External circumstances were rather adverse, with a significant decline of economic activity in Brazil and an unfavourable exchange rate evolution that took its toll in our international performance. Cement and Clinker Volumes Sold contracted by 14%, and Sales by 26%. Although this double trend penalized EBITDA (-33%), it was partially mitigated by the foundations laid by the company which resulted in efficiency and productivity gains, sustaining EBITDA margin at the international cement peers level.

The examples of these actions are plenty, however it is worth mentioning the restructuring of the corporate and business support areas. With our international diversified implantation the alignment of common guidelines disseminated by areas of corporate excellence is fundamental. With the achieved maturity of these areas in the performance and culture of each geography, a reduction of the support of corporate areas and the increase of the autonomy of each business unit was possible and will now enable further results without loss of central coordination.

We have also invested in increasing the productivity in Brazil, in the streamlining of the industrial operation, by expanding the focus of activity of the units that are more competitive. This effort has given rise to the improvement of our industrial indicators. I also highlight Mozambique business unit, whose main indicators reached the company's benchmarks level thanks to a strong qualification of the professionals, allowing it to reach a new level of operational excellence.

We have shown progress in the upgrading of our energy matrix, which is now more flexible with a significantly stronger co-processing component. The installation of the coal mill in Egypt is also an example of our discipline of investments, for its capacity of fast return and focus on results. Financial discipline should also be stressed as an indispensable response to circumstantial adversity.

We have progressed in a crucial aspect which will benefit us in a more favourable business environment that is expected to arrive in the near future: commercial assertiveness or the focus on generating value perceived by the customer. We have reinforced our Marketing area, responsible for customising plans for each region, always focused on what is the top priority to our customers and final consumers.

Creating more perceived value opens a world of opportunities, and it is on that basis that we will endeavour to ensure that Cimpor brands are the first to be recalled where cement, concrete or aggregates are involved.

My final note celebrates the 90 years of Loma Negra, a top-of-mind brand in Argentina, a market leader that has already sold more than 160 million tonnes of cement since its foundation. Representing the commitment to the development of its country and high quality products and services, Loma Negra is a model of how we would like to be perceived by our customers in all the geographies where we are located.

Ricardo Lima

Chief Executive Officer of Cimpor

2016 Highlights

OPTIMIZE THE ENERGY MATRIX

COAL MILL IN EGYPT

Having been the biggest investment in 2016 (total of 46 million euros), the start-up of the new coal mill in September has brought in important productivity gains, preparing Egypt business unit to deal with the country's challenges of growth. With this investment, the energy matrix of this production plant will become much more flexible.

GLOBAL PROGRESS OF CO-PROCESSING

The company has shown progress in all geographies and has become a global leader in Co-processing. In 2016, Cimpor achieved an average co-processing rate of 13.6%, an increase of 3 pp versus 2015.

EXPANSION OF THERMAL SUBSTITUTION IN SOUSELAS

The start-up of operations of the new drying facilities and other improvements made in November to increase the reliability of the waste-derived fuel transport system enabled the Souselas plant of Cimpor in Portugal to expand its thermal substitution from 26% to 34%.

WASTE MANAGEMENT IN ALEXANDRIA

From mid-2016 onwards, the company led a project to obtain 450 tonnes of waste-derived fuel (WDF) per day. This WDF is co-processed in the cement kilns of the Egyptian plant. Cimpor encouraged the installation of a Portuguese partner specialised in the preparation of waste and has promoted the advantages of this process at a local urban waste collection company.

COAL MILL IN EGYPT

THERMAL SUBSTITUTION IN SOUSELAS

ANTICIPATING THE NEEDS OF OUR CUSTOMERS

LAUNCH OF PREMIUM PRODUCTS IN BRAZIL

In the process of generating value perceived by the customer, Brazil business unit invested in the relaunch of two regional cement brands: Zebu (produced at the João Pessoa plant) and Goiás (in Cezarina). The two brands were positioned as premium brands. The results were very good, not only due to the volume achieved, but also due to the customers' perception and tightening of relations with them in these regions.

NPC MOMENTS

Aimed at expanding the proposition of value perceived by the customer and strengthening South Africa business unit as a strategic partner, this business unit created NPC Moments. It is an event in which the company's principal executives meet strategic customers in order to align expectations and boost potential results.

LEVERAGING THE PAST TO BUILD THE FUTURE

90 YEARS OF LOMA NEGRA

Loma Negra is one of the historic companies of Argentina. Due to its pioneering action and commitment to national development, it is one of the companies that launched the basis of Argentinian industrialisation and helped to build the country that we know today. In Argentina, Loma Negra means quality and trustworthiness in cement and concrete.

BUILDING THE FUTURE

Mozambique business unit and the InterCement Institute assured the feasibility of the project Building the Future, aimed at productive social inclusion. With a duration of eighteen months, the project was closed at the end of 2016 with an impact on close to 40 micro-entrepreneurs of cement artefacts (blocks, tiles and cement artefacts). The action combined vocational training, management information and skills, improvement of work and safety conditions.

PREMIUM PRODUCTS IN BRAZIL

90 YEARS OF LOMA NEGRA

FINANCIAL COMPLIANCE

Anticipating a more favourable market context in 2017, along with a wider reach of the measures to enhance efficiency and alienate non strategic assets taken by Cimpor, the company and bank creditors and debenturists agreed on the postponement of the measurement of financial covenants to 31 December 2017.

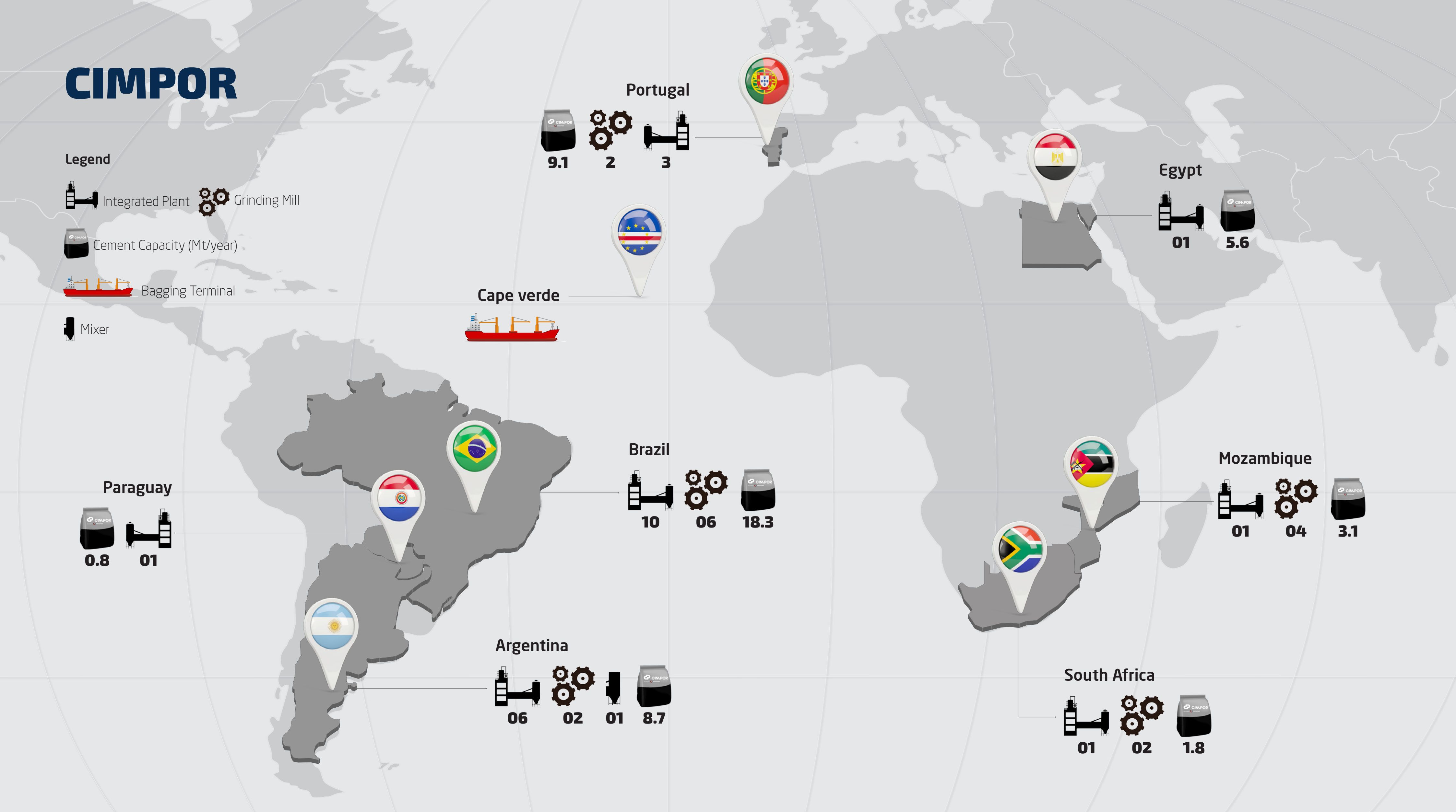
ALIENATION OF NON STRATEGIC ASSETS

In compliance with the capitalisation process under way, Cimpor divested 19% of the capital of Machadinho Participações, S.A., its subsidiary holder of a stake in the capital of the consortium operating Machadinho Hydropower Plant (Brazil), two ships (Portugal) and several equipments from the concrete business in Brazil and Mozambique.

CUSTOMER FOCUS AND ENERGY MATRIX OPTIMIZATION. LAUCHING THE FOUNDATIONS FOR DELEVERAGING.

CHAPTER 2

WE ARE CIMPOR



7,734
PROFESSIONALS

PRESENCE IN 3 CONTINENTS AND 8 CONTRIES

24 MILLION TONS
of Cement and Clinker sold in 2016

TRADING - SALES OF MORE THAN 2 MILLION TONS
to more then 20 countries

40 CEMENT PRODUCTION UNITS
(23 Integrated Plants and 17 Mills)

Strategy

PRIORITY: TO CREATE VALUE FOR THE CUSTOMER

Cimpor's strategy is guided by Vision 2023, whose goal is to position the company among the 10 largest and the 5 most profitable international cement companies. To achieve this macro goal, the strategy is reviewed annually, with any necessary adjustments being made according to global and local scenarios of the geographies where the company operates.

The path created to achieve this major goal involves always acting with a strong sense of ethics, constantly investing in the improvement of processes, in innovation, in the respect for the environment and society, and above all in providing services of excellence to the customers.

In 2016, our efforts were concentrated on creating propositions of value perceived by the customer. General guidelines for team action are established at corporate level, but the action plans that must be adjusted to each country, and specifically to the different customer profiles, are decided locally. The company operates in markets of high potential growth. However, each market has particular features and, as such, requires solutions that are specifically adapted.

Thus, the excellence of Cimpor is reflected in the dedication of the local teams in knowing and serving their customers and final consumers. This is possible thanks to the autonomy in the decision of local operations, which is in line with the process of decentralisation of the executive power that began in 2015, and the crucial importance given to the establishment of good relations with its stakeholders.

From the company's perspective, offering a product of high quality and suited to the needs of its customers is laying the foundations for excellence and creation of perceived value. Nevertheless, it is necessary to systematically expand the scope of action and continuously invest in relations, offering the customers unique and positive experiences.

As part of this major process of creating perceived value for the customer, the company introduced the Customer Partners Project (there are also Supplier and Community versions). The main objective of this project is to create actions aimed at positioning Cimpor as a reference partner for its external stakeholders.

THE PATH TO ACHIEVE STRATEGIC OBJECTIVES MUST BE TRAVELED ETHICALLY

FOCUS ON EFFICIENCY AND PRODUCTIVITY

From an operating point of view, Cimpor is constantly implementing initiatives to increase its efficiency and productivity. This is evident in the permanent drive to improve response to markets and its industrial performance – enhanced flexibility of the energy matrix, kiln performance and suitability of the additive level.

The key line of investment over the past few years, indeed especially in 2016, has focused on the upgrade of the energy matrix, making it more flexible so that the operations can use the energy source with best calorific power/cost ratio, without neglecting the safeguarding of the environment. In this field, the investments in the coal mill in Egypt and in co-processing have taken the lead.

Optimising energy use, primarily via co-processing, represents a strong productivity gain as well as environmental. This optimisation reduces the carbon footprint of Cimpor and the industries whose waste is in this way eliminated correctly and reused in cement manufacture. Cimpor treats co-processing as the central pillar of its goal to achieve a cleaner production. With this process, the company also provides a unique service to the societies and economies in which it operates.

The dynamics of increasing efficiency and productivity are also due to the investment in continuous improvement and innovation. The company has consolidated internal programmes for this purpose, alongside partnerships with education establishments of unquestionable merit for action that is intended to be more focused on research and development of innovative solutions.

It is based on initiatives such as those described above that Cimpor applies Vision 2023 in its operations and different hierarchy levels, concentrating its drive to transform the macro strategy into actions and projects headed towards the ultimate goal of conquering and maintaining its position of distinction among the largest international cement companies.

As a summary, the company goal is clearly driven by the achievement of results, the aim of generating EBITDA by giving priority to the creation of perceived value for its customers, operational excellence, innovation and sustainable action from the socio-environmental point of view.

CONTINUOUS IMPROVEMENT AND INNOVATION LEAD TO AN EFFICIENCY AND PRODUCTIVITY INCREASE

IMPROVING FINANCING STRUCTURE

2016 presented major challenges in the economic scenario of the regions where Cimpor operates. The unfavourable macroeconomic environment in Brazil, the fall in the price of commodities and the adverse exchange rate evolution jeopardised the financial results. Nevertheless, the company went firmly ahead in the implementation of initiatives that, in addition to mitigating the impact of the external panorama on the overall financial result, has made it more efficient, robust, agile and ready to take on important opportunities that are expected in the near future.

In this context, EBITDA showed growing results over the successive quarters which, considering the more favourable environment forecast for the short and medium term combined with the capitalisation projects under way, enable foreseeing a financial deleveraging.

Cimpor continued to pursue its Financing Policy, designed in 2014, based on two major guidelines: the reduction of financial leveraging and debt, and the adjustment of the debt profile.

Regarding the reduction of debt, the efforts of the previous year have been continued. The company stimulated the generation of cash and followed the policy of divestment of non-strategic assets. Here, we highlight the divestment of ships (Portugal) and the holding in Machadinho Hydropower Plant (Brazil) in 2016.

Even so, the value of debt reached 3,381 million euros, 10% above the figure as at 31 December 2015, with the results for 2016 not having permitted the release of sufficient cash to meet the requirements of the deleveraging process.

Anticipating this issue, in the 4th quarter, the company agreed with the banking and debenture creditors to release the measurement testing of the level of financial leverage, at the InterCement Participações, S.A. level, at 31 December 2016. The measurement will, then be perform on the basis of December 31, 2017 consolidated financial statements figures.

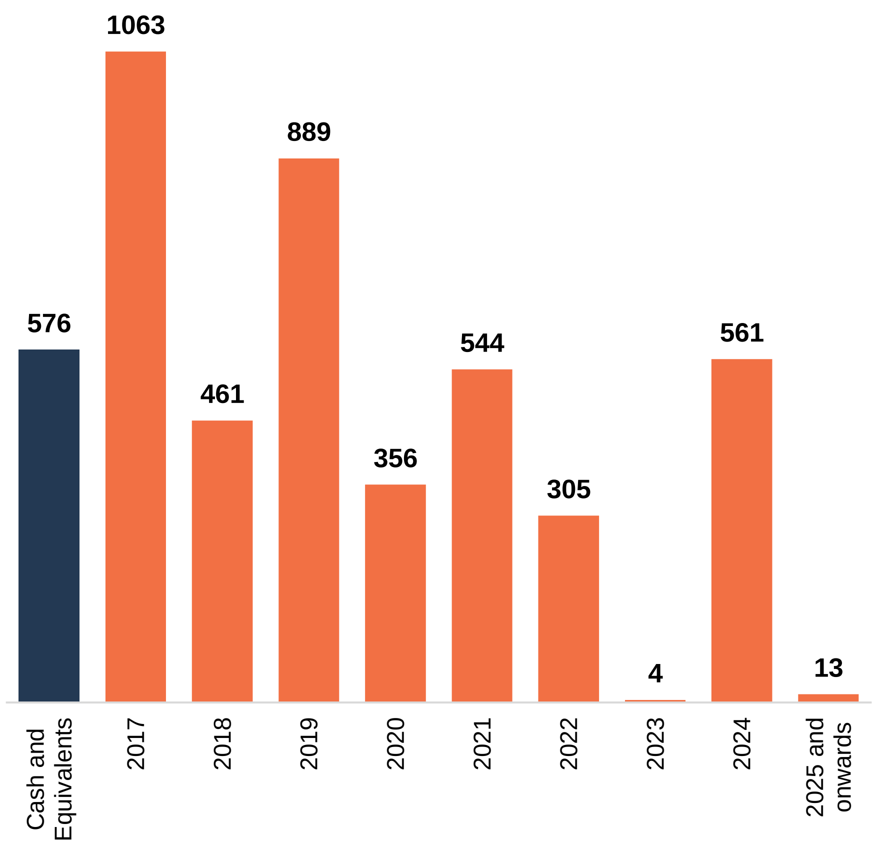
FUNDING FOLLOWS GUIDELINES DRAWN UP IN 2014

The refinancing processes of 2016 enabled improving the debt profile, primarily due to the reduction of the average cost of debt, but also due to the maintenance of a suitable liquidity level (576 million euros). This was sufficient to cover the financial commitments of the following 18 months - excluded intercompany loans with the controlling shareholder; the concentration of major refinancing only after 2019 safeguards an average debt maturity period of 4 years.

31 December, 2016

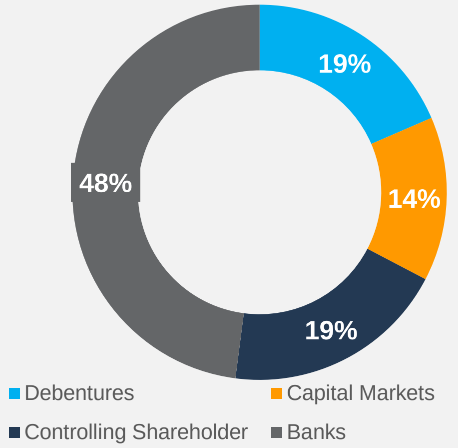
Maturities

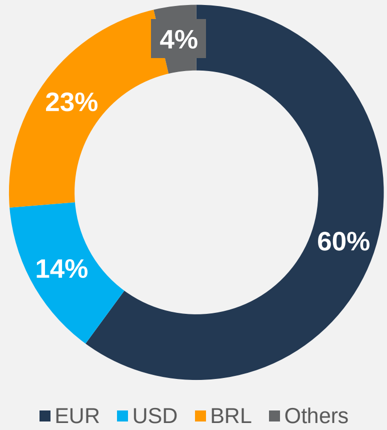
(Million euros)

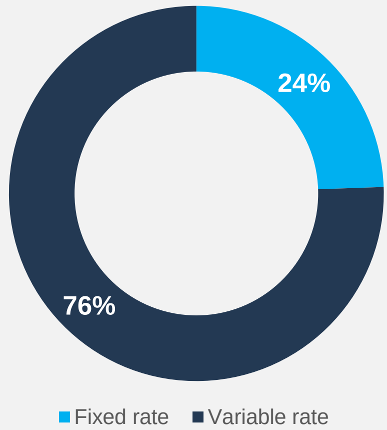


[1] 2017 and 2018 include loans with the controling shareholder (727 million euros and 42 million euros, respectively).

POLICY OF A CONTINUOUS EVALUATION OF THE OPPORTUNITIES FOR DEBT PROFILE IMPROVEMENT







Performance of Financial Indicators

REACT TO ADVERSITY BY BUILDING A FUTURE OF GROWTH

"Resilience" was the key word for 2016. The combination of adverse contexts, which is unusual in a portfolio as geographically diversified as that of Cimpor, was offset by a series of initiatives aimed at increasing the competitiveness and consolidation of the company's financial position, preparing it for the economic upturn that is expected in the regions where it operates.

COMPETITIVENESS AND FINANCIAL CONSOLIDATION – 2016 INITIATIVES

1) Completion of the process of streamlining the concrete business in Brazil and in Mozambique, targeting a positive impact to EBITDA. In other words, divestment, rental and closure of a set of concrete plants, while contractually assuring their role as distribution centres.

2) Adjustment of the industrial network to market context, by hibernating economically less efficient assets, namely a grinding mill and two kilns, in Brasil, and a third kiln in Portugal – the latter restarted in the beginning of 2017.

3) Reduction of unit variable cost by 11% (excluding the exchange rate factor), compression of fixed cost by 106 million euros and cutting of SG&A by 21%.

4) Restructuring and adjustment of headcount, dispensing circa 700 professionals, reaching a total of 7,734 professionals by the end of 2016.

5) Completion of the energy optimisation process in Egypt and CAPEX discipline.

6) Implementation of the operational Working Capital reduction programme.

7) Divestment/monetisation of non-strategic assets of a value above 80 million euros – divestment of 2 vessels (Portugal) and sold preferred shares in Machadinho Hydropower Plant (Brazil).

SET OF INITIATIVES REINFORCES FOUNDATIONS FOR VALUE CREATION

The aforementioned measures reflect a three-dimensional approach to the search for efficiency. Firstly, in commercial terms, by acting swiftly to meet competition challenges and market needs and implementing a new distribution strategy via concrete in Brazil. Secondly, in industrial terms, through the adjustment of the industrial network, the reduction of fixed and variable costs, and the evolution of the performance of cement kilns and the energy matrix. And finally, in terms of management, through the reorganisation of corporate and administrative support to the production units.

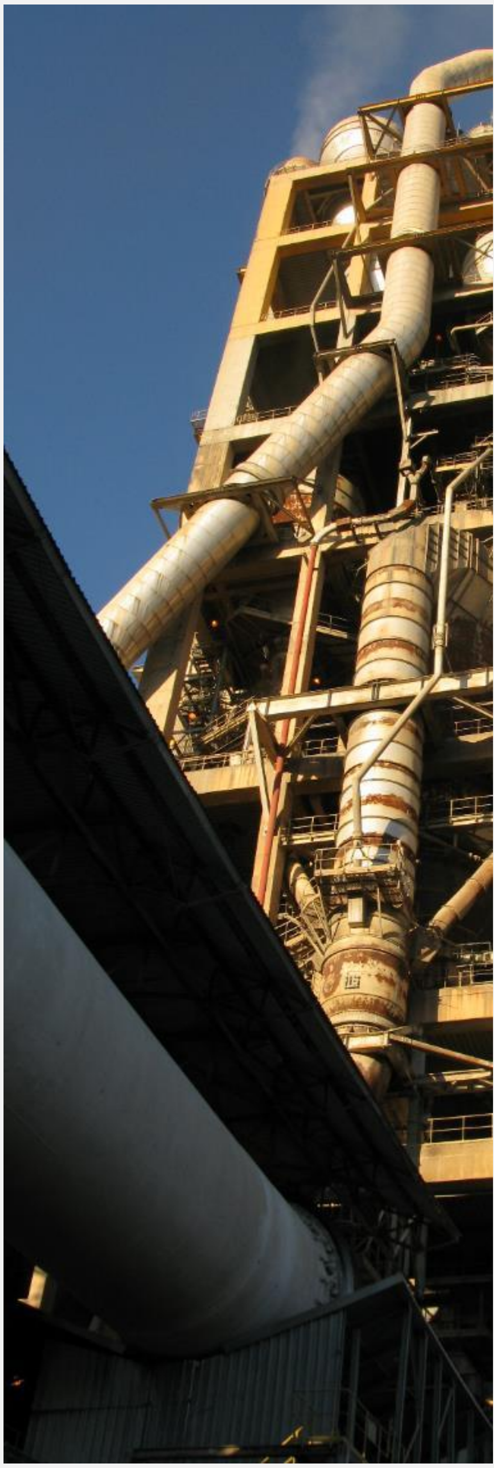
However, although great progress has been achieved by actions focused on processes of continuous improvement of efficiency, and on their dissemination within the company via the sharing of best practices (InterCement Management System (IMS)), the impact of its start-up on the financial indicators so far has been limited to mitigating the adverse trend of the evolution of results in comparison to 2015.

2016 PERFORMANCE

Cement and clinker sales reached 24 million tonnes, standing 14% below the figure recorded in the previous year (despite the increased activity in the 2nd half of 2016). The contraction of the Brazilian market was determinant, while the Argentinian market corresponded to the expected adjustment, and exports from Portugal reflected the effect of the drop in the price of commodities on the purchasing power of its African customers.

Income Statement			
(€ million)	Jan - Dec		
	2016	2015	Var. %
Sales	**1,842.8**	**2,492.7**	**-26.1**
Net Operational Cash Costs	1,490.2	1,967.0	-24.2
Operating Cash Flow (EBITDA) [1]	**352.6**	**525.7**	**-32.9**
Depreciations, amort. & impairments	781.5	212.4	267.9
Operating Income (EBIT)	**-428.9**	**313.3**	**n.m.**
Financial Results	-370.7	-406.1	-8.7
Pre-tax Income	**-799.6**	**-92.8**	n.m.
Income Tax	-13.6	-12.4	n.m.
Net Results	**-785.9**	**-80.4**	**n.m.**
Attributable to:			
Shareholders	-787.6	-71.2	n.m.
Minority Interests	1.7	-9.1	n.m.

Notwithstanding the strengthening of commercial dynamics, sales were penalised by the adverse exchange rate and the reduction of the contribution of the concrete and aggregates business – in view of the recent sale of assets. Furthermore, the adjustment of the average price of cement (10% in local currency) in a context of cost inflation was not enough



BRAZILIAN CONTEXT AND EXCHANGE RATES DETERMINE 2016 RESULTS

[1] EBITDA: Operating Results plus Amortizations and Impairments on Tangible Fixed Assets and Goodwill.

to offset the 26.1% decline of Sales in 2016. Excluding the exchange rate effect, sales contraction would have been limited to 9.5%.

The EBITDA margin stood at 19.1%, benefiting from the package of initiatives to increase efficiency referred to above – notwithstanding the implementation costs associated (47 million euros) -, but reflecting the reduction of the activity level and the inflation of costs.

Although EBITDA recorded a contraction of 33% in absolute terms (17% - excluding the exchange rate effect), it recovered along the year of 2016. Disregarding the non-recurrent costs following the efficiency increase initiaves 47 million euros – mostly launched on the 4th quarter -, there was a trend of improved results quarter-on-quarter. Under the same criteria full year EBITDA would have reached 400 million euros.

The evolution of amortisation, provisions and impairments was marked by the identification of impairments in goodwill (Brazil –584 million euros). Financial results reduced 9% following a less aggravated impact from exchange rates differences.

Net income attributable to shareholders continued on negative ground: 788 million euros strongly influenced by the previously mentioned impairments in goodwill.

Free Cash Flow

(million euros)	2015 Year	2016 1H	2016 2H	2016 Year
Adjusted EBITDA [1]	553	174	226	400
Working Capital	11	-155	63	-92
Others	-60	-19	-62	-81
Operating Activities	**504**	**0**	**227**	**228**
Interests Paid	-250	-126	-131	-258
Income taxes Paid	-47	-19	-19	-38
Cash Flow before investments	**208**	**-145**	**77**	**-68**
CAPEX	-109	-76	-42	-117
Assets Sales / Others	61	4	87	91
Free Cash Flow to the company	**160**	**-216**	**123**	**-94**
Borrowings, financing and debentures	237	181	56	238
debent.	-411	-42	-248	-290
Other financing activities	139	-8	-12	-20
Changes in cash and cash equiv.	126	-85	-81	-166
Exchange differences	-63	-4	-10	-14
Cash and cash equiv., EoP	707	618	-91	527

The available cash flow recorded in the 4th quarter (140 million euros), revealing the sale of a stake of the minority participation on the Machadinho Hydropower Plant positevly influenced the total amount for 2016, reaffirming the favourable evolution registered throughout the year. Nevertheless the performance of the FCF (-94 million euros) stood below the one recorded in 2015.

[1] Adjusted EBITDA: adjustment consists of non-recurring costs

2016 SECOND HALF IMPROVEMENT INSUFFICIENT TO MEET 2015 FULL YEAR FIGURES

The slowdown of activity vs. 2015 was evident both in the evolution of EBITDA and working capital.

In terms of CAPEX, it is once again evident that the discipline imposed on its management was reflected in a 7% increase in this item, notwithstanding the completion of the coal mill in Egypt.

Lastly, note should be made of the positive contribution of the divestment of assets, namely in Portugal and in Brazil, for circa 90 million euros, essencially for the alienation of the two vessels and an indirect stake in Machadinho hydropower plant.

Consolidated Balance Sheet Summary			
(million euros)	31 Dec 2016	31 Dec 2015	Var. %
Assets			
Non-current Assets	3,723	4,180	-10.9%
Current Assets			
Cash and Equivalents	576	730	-21.1%
Other Current Assets	678	685	-1.0%
Total Assets	**4,977**	**5,595**	**-11.0%**
Shareholders' Equity attributable to:			
Equity Holders	(446)	268	n.m.
Minority Interests	37	41	-10.8%
Total Shareholders' Equity	**(409)**	**309**	**n.m.**
Non-current Liabilities			
Loans & Ob. under finance leases	3,132	3,943	-20.6%
Provisions & Employee benefits	111	122	-8.8%
Other Non-current Liabilities	479	446	7.2%
Current Liabilities			
Loans & Ob. under finance leases	1,063	117	807.1%
Provisions & Employee benefits	4	16	-73.5%
Other Current Liabilities	597	642	-7.0%
Total Liabilities	**5,386**	**5,286**	**1.9%**
Total Liab. & Sharehold. Equity	**4,977**	**5,595**	**-11.0%**

As at 31 December 2016, Total Assets amounted to 4,977 million euros, 11% below the figure recorded at 31 December 2015, primarily due to the accounting of impairment in the goodwill of Brazil (650 million euros). This effect was key in the evolution to a negative consolidated Shareholders equity of 409 million euros, nonetheless on the individual balance sheet the Shareholders equity is superior to 1,195 million euros.

Net Debt stood at 3,381 million euros, 10% above the closing amount for 2015. This evolution was penalised by the unusual business contraction and by the effect of exchange fluctuations.

EXPECTATIONS OF A MORE FAVORABLE ENVIRONMENT IN 2017 COUPLED WITH CAPITALIZATION INITIATIVES PAVE THE WAY FOR DELEVERAGING

MANAGEMENT FOCUSED ON RESULTS EXCELLENCE AND POTENCIAL

INTELLIGENT TOOLS STIMULATE INTERNAL BENCHMARKING

Although the financial results indicate a rather unfavourable period for business faced in 2016 in the countries where Cimpor operates, the company achieved good measures of success in its operational internal indicators. This was possible thanks to the processes of continuous improvement implemented over the last few years, which include the permanent monitoring of the global management system, IMS (InterCement Management System).

The company also monitors the operational performance of various areas using its Business Intelligence tool, InterIntelligence. With this tool, managers can obtain indicators on sales, equipment performance and sustainability (such as pollutant emissions, energy and water consumption, among others).

In the technical area, the Book of Indicators is also used. This tool enables continuous real time comparison between all the company's units, analysing productivity (kilns, mills, labour, etc.) and sustainability, monitoring more than 100 indicators.

We also highlight the incremental implementation from 2015 onwards of the Lean Office, aimed at optimising administrative processes by making them more efficient, with fewer stages and, consequently, more simple.

In short, this set of tools enables mapping performance by unit, with indicators that can be compared, opening the way for the sharing of best practices and the establishment of internal benchmarks.

Continuous improvement is made possible because behind all processes and actions there are highly qualified employees who are constantly developing skills in line with the business needs and organisational strategy. In order to sustain high level training on an ongoing basis, the company launched in mid-2016 the InterCement Academy.

INTELLIGENCE TOOLS ARE KEY TO ACHIEVE BENCHMARKING

SUM-UP PER REGION

Cement and Clinker Volumes Sold (thousand tons)	Jan - Dec 2016	2015	Var. %
Brazil	8,514	10,528	-19.1
Argentina	5,893	6,572	-10.3
Paraguay	464	398	16.4
Portugal	2,990	4,427	-32.5
Cape Verde	197	167	17.6
Egypt	3,190	3,384	-5.7
Mozambique	1,653	1,585	4.3
South Africa	1,424	1,438	-1.0
Sub-Total	**24,323**	**28,499**	**-14.7**
Intra-Group Eliminations	-266	-380	-30.0
Consolidated Total	**24,058**	**28,119**	**-14.4**

Sales [1] (€ million)	Jan - Dec 2016	2015	Var. %
Brazil	525	814	-35.6
Argentina & Paraguay	645	817	-21.1
Portugal & Cape Verde	260	318	-18.1
Africa	412	509	-19.1
Trading / Shipping & Others	211	348	-39.4
Sub-Total	**2,052.1**	**2,805.9**	**-26.9**
Intra-Group Eliminations	-209	-313	-33.2
Consolidated Total	**1,842.8**	**2,492.7**	**-26.1**

EBITDA (€ million)	Jan - Dec 2016	2015	Var. %
Brazil	59.7	173.8	-65.6
Argentina & Paraguay	163.3	200.9	-18.7
Portugal & Cape Verde	37.1	31.2	18.9
Africa	85.8	110.2	-22.1
Trading / Shipping & Others	6.6	9.5	n.m.
Consolidated Total	**352.6**	**525.7**	**-32.9**

EBITDA Margin (%)	Jan - Dec 2016	2015	Var. pp
Brazil	11.4%	21.4%	-10.0
Argentina & Paraguay	25.3%	24.6%	0.7
Portugal & Cape Verde	14.3%	9.8%	4.4
Africa	20.8%	21.6%	-0.8
Trading / Shipping & Others	3.1%	2.7%	0.4
Consolidated Total	**19.1%**	**21.1%**	**-2.0**

BRAZIL AFFECTED BY ADVERSE CONDITIONS. OPERATING PROFITABILITY OF ARGENTINA AND PARAGUAY STAND OUT.

[1] For a simplified reading, this information is presented in aggregate form, being disclosed according to the corresponding segments adopted by the management of the company on the Financial Statements (note 7).

BRAZIL

The economic scenario for 2016, with special impact on the reduction of investment and on unemployment, led to greater idleness of the cement industrial capacity in Brazil. In view of this, Cimpor followed its adjustment plan underpinned by a reinforcement of its commercial dynamics (innovating in products and services), by a rationalisation of the industrial assets combined with a plan to increase productivity, and by a new strategic approach to the concrete business (with rental and divestment of units, while keeping supply contracts).

This rationalisation of assets concentrated production in more competitive units, expanding their sphere of action somewhat, while others temporarily suspended their activity. However, all due care has been taken to assure maintenance, so that these units are always ready to be reactivated. Throughout the year a positive evolution in the performance of kilns and mills could be observed, as always aimed to sustainably operate at levels close to their nominal capacity.

Even so, the contraction of Cimpor's activity in Brazil and the price constraint in a more competitive environment, plus the non-recurrent costs associated with the implementation of efficiency initiatives (25 million euros) ended up affecting both the generated EBITDA and the associated operating margin.Excluding non-recurrent costs EBITDA would have reached 85 million euros.


BRAZIL

ARGENTINA AND PARAGUAY

ARGENTINA

During a year of adjustment to the economic relaunch, Cimpor's performance enabled it to sustain its operational profitability.

The Argentinian economic restructuring led to an exchange rate correction of 28% in late 2015 and consequent inflation, which, nevertheless, was accompanied throughout the year by a climate of recovery of the observed erosion.

Cement consumption corresponded to the expectations of adjustment after the record achieved in 2015, being 10% lower than in the previous year. Notwithstanding, the recovery observed in the 2nd half of the year allows foreseeing a trend of growth, which should mean that the level of 2015 may return in 2017.

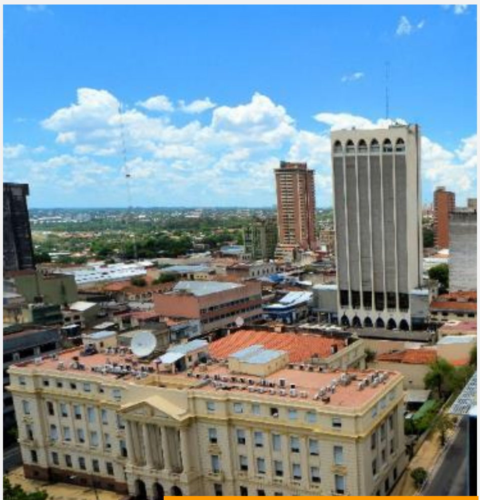
In spite of the scenario described above, the initiatives regarding the market and increased efficiency of this business unit have enabled overcoming the inflation of production costs, also affected by the withdrawal of energy cost subsidies. Thus, the EBITDA margin surpassed 24%, standing slightly above the level observed in 2015.


ARGENTINA

PARAGUAY

The successful commercial strategy that led to sales growth above market performance clearly illustrates that honouring our commitment to customers generates value. In 2016, with the new integrated plant working at full capacity, EBITDA margin rose again, even surpassing the foreseen theoretical productivity of its equipment, thus reaffirming Cimpor's internal benchmark.

Combined EBITDA from Argentina and Paraguay, reached 163 million euros, hardly affected by currency depreciations against the euro, but reavealing a 27% increase in local currency. Desregarding non-recurrent costs rising from efficiency increasing innitiatives the contribution from these two units would have reached 170 million euros.


PARAGUAI

EGYPT

The cost control initiatives have enabled Cimpor to improve its EBITDA margin despite the local competitiveness and the exchange rate depreciation of the Egyptian pound at the end of 2016, following the agreements with the IMF and the liberalisation of the exchange rate policy.

In 2016, the start of operation of the coal mill was especially relevant in Egypt. It was an initiative incorporated in the plan to enhance the flexibility of the energy matrix of this business unit. Since last August, Cimpor's production plant in Egypt can choose between coal, pet coke and alternative fuels to produce clinker, and may dispense the use of gas and fuel oil.

The investment in the coal mill enabled reducing its variable costs. It also had a positive influence over the operation's capacity in meeting local demand and increased the EBITDA margin to levels above 30% by the 4th quarter.


EGYPT

SOUTH AFRICA

Cimpor's commercial response to local competitive pressure was determinant in 2016, as were all operational efforts to overcome the disastrous floods in the Durban region and pontual industrial constraints.

In terms of operation, we highlight the co-processing level of 18% of one of the kilns of the Simuma plant, through the use of whole tyres. This result was not only due to the sharing of the existing co-processing technology at the company, but also due to the search for and stimulation of partners to supply waste.


SOUTH AFRICA

MOZAMBIQUE

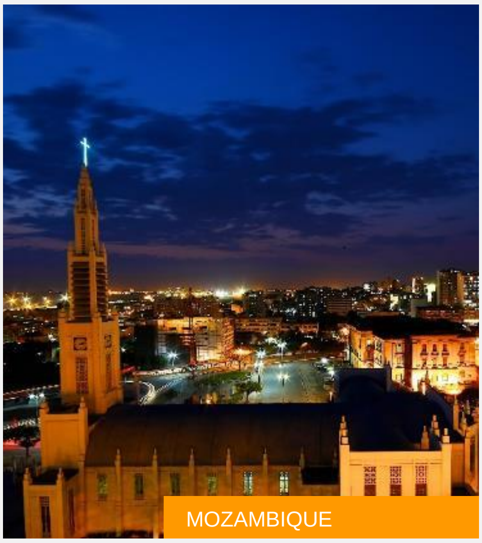
The challenges posed by the political and economic scenario in Mozambique included the progressive exchange rate depreciation of the metical.

Even so, despite the fall in consumption by approximately 5% observed in the market, the progress of Cimpor's commercial strategy and the relieving of import pressure led to a sales growth of 4%.

At the same time, the increased efficiency (clearly evident in the performance of the mills) and the capacity to offset the effect of inflation on production costs enabled an increase of the EBITDA margin of 0.8 p.p. However, this improvement did not result in the increase of the contribution of EBITDA to euros, due to the exchange rate depreciation of around 40%.

The operational improvement is a direct result of Cimpor's commitment to enhance all the productivity indicators of this business unit. It is an effort that started at the end of 2014 with the implementation of the Mutirão Project, which allows the industrial, commercial and logistics staff to systematise an action plan to improve operational performance. This action plan goes together with a technical training plan for the staff.

Egypt, South Africa and Mozambique units contributed with 86 million euros to consolidated EBITDA, considerably affected by adverse currencies against the euro but in line with 2015 local currency figures. Excluding non recurring costs these countries would have post 92 million euros. [1]

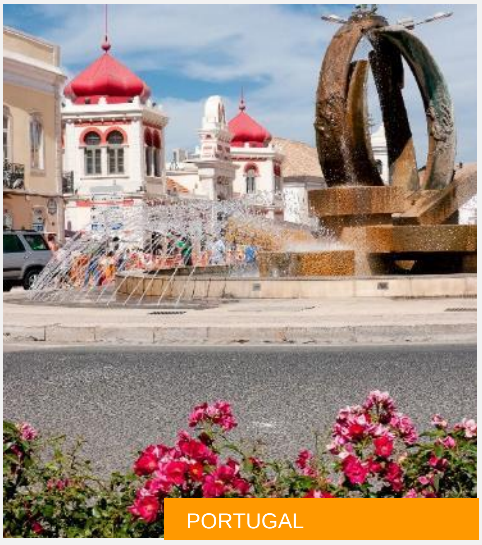


MOZAMBIQUE

PORTUGAL AND CAPE VERDE

PORTUGAL

The initiatives to increase operating efficiency (including the suspension of activity of the Loulé kiln) have brought EBITDA margin up in relation to the previous year, thus mitigating the slowdown of the domestic market and exports – approximately 44% as a result of the dependence of international clients on the price of commodities.



PORTUGAL

Cimpor has been giving more and more priority to co-processing across all its geographies. In Portugal, Cimpor is proud of the substitution rate of 50% at which one of the kilns of the Alhandra plant is currently operating. The plant is using, or rather totally eliminating, shredded tyres, waste-derived fuel (commonly known as WDF) and fluff (light WDF).

CAPE VERDE

The economic growth supported by foreign investment, in particular in boosting construction for the tourist sector, enabled strengthening the contribution of this business unit.

The combined contribution from Portugal and Cape Verde to EBITDA reached 37 million euros, though excluding non-recurrent costs these would have amounted to 42 million euros.

CAPE VERDE

[1] For a simplified reading, this information is presented in aggregate form, being disclosed according to the corresponding segments adopted by the management of the company on the Financial Statements (note 7). Non-recurring effects total EUR 1 million, EUR 4 million and EUR 1 million, respectively, for Egypt, Mozambique and South Africa.

Corporate Governance

FULL COMPLIANCE WITH GOOD PRACTICES OF GOVERNANCE AND CONTROL

Focused on improving controls and processes, and aimed at giving greater autonomy to local decision-making in the eight countries where the company operates, Cimpor has been developing its own governance model.

Therefor, in the beginning of 2016, Cimpor reinforced its governance by decentralization. Six technical committees support the Executive Committee: Ethics and Compliance; Safety, Health and Environment; Human Resources; Efficiency and Productivity; Information Technology; Finance and Investments.

At a local level, each unit also has its own Management Committee, led by the local General Manager, and supported by two technical committees: Sustainability and Health, and Safety and Environment.

CONSOLIDATION OF CORPORATE GUIDELINES AND AUTONOMY ALLOW GREATER AGILITY

MONITOR COMPLIANCE

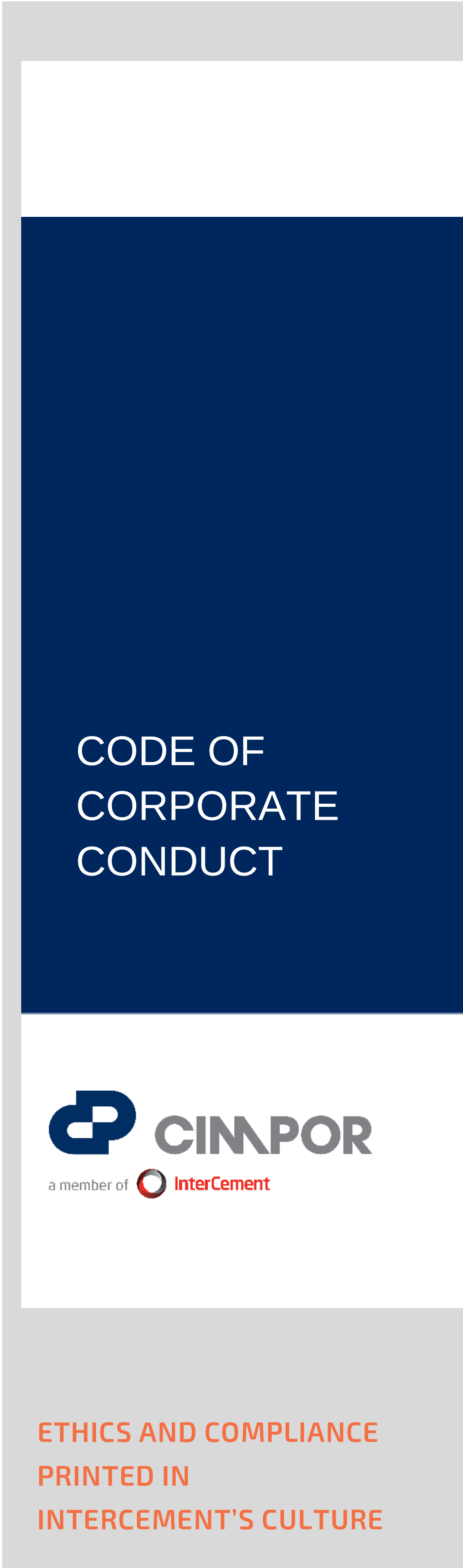
The concept of compliance encompasses the practices and disciplines adopted in order to comply with laws, regulations and control policies. Although this is a topic that has currently received great attention by companies worldwide, Cimpor has been concerned with disseminating the concept and practices related to control at all hierarchy levels.

TThe company's Code of Conduct adopted is directed at all its employees,as its main objective is to regulate relations with suppliers, customers, public authorities and other stakeholders.

In 2015, the company, toghether with InterCement, implemented its Corporate Compliance Policy in order to assure its shareholders and directors that local laws and regulations are being respected. This Policy describes the pillars of the internal compliance process (prevention, detection and response) and delineates the company's risk management. Cimpor also has a Corporate Anti-Corruption Standard and a Corporate Standard for Relations with the Competition (Antitrust). All these policies can be consulted on the corporate website of InterCement, especially the one dedicated to Compliance, at http://compliance.intercement.com/conduta.php.

In addition to being endowed with these fairly consolidated guidelines and policies, Cimpor dedicates great effort in the training of its employees on this topic. In 2016, 100% of the managers were once again trained on compliance issues, within a process of continuous and annual refresher training. The internal maturity of the concept also places the company at quite another level in this regard. Since the end of 2016, the company has been interested in receiving an external audit on Compliance for possible ISO certification (global standard published at the end of 2014).

All whistle-blowing on deviations of conduct are received by the Ethics Line, a communication channel created by Cimpor specifically for communications of this nature. It is available to all interested persons, both internal and external, by telephone and e-mail in all the countries where the company has business units. The service is operated by specialised and independent companies. The indicator on analysis, treatment and response is 100%. The Ethics Line is available at the website www.cimpor.com .


CODE OF CORPORATE CONDUCT

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ETHICS AND COMPLIANCE PRINTED IN INTERCEMENT'S CULTURE

RISK MANAGEMENT

In challenging years for the business environment, such as 2015 and 2016 indeed were, the company is prepared to mitigate adversities thanks to various mechanisms, particularly risk management and control systems, which are absolutely essential in the agility of the company's response to its surrounding context. At Cimpor, this management gained particular robustness in 2014, when a major corporate effort led to the design of the Risk Matrix, which was completed after re-appraisal of the most relevant factors of business and process risks.

It was on this basis that the Corporate Policies on Risk Management and Crisis Management were launched. Since then, these tools have been invaluable in the identification and assessment of the scenarios and factors that might affect the company's results, and have also helped in the preparation of proposals for contingency action to mitigate negative repercussions.

The methodology adopted by Cimpor includes the identification of Business Risks as those which, if materialised, would significantly affect EBITDA, market share, the main debt covenants, business continuity, reputation and image. These risks are continuously monitored by the Executive Committee.

On a different note, Process Risks are those associated to operational and support activities that, if materialised, would affect operational activities. These risks are monitored within the compliance process.

Risk management is coordinated by the area of Risk Management, Compliance and Audit, and has a specific structure in each business unit.

MAPPING AND RISK MANAGEMENT BY CORPORATE AND LOCAL TEAMS

SAFETY

ALWAYS ASSUMED AS A NON-NEGOTIABLE VALUE

Concerning safety, Cimpor does not accept any goal other than zero accidents. The investment and continuous updating required to achieve this threshold is more consistently focused on activities related to active preventive care and safe behaviour.

Active preventive care, which was the topic addressed at the Internal Week on Accident Prevention (SIPAT) 2016 at all the production units, stressed the message of a virtuous cycle: I take care of myself, I take care of others and allow others to take care of me. In this way, there is a clear involvement of everyone during the development of their tasks.

The second stage of the safe behaviour programme was initiated in 2016, under the motto "safe behaviour and understood leadership", seeking to further reinforce the necessary commitment of everyone to safe attitudes, primarily of the leaders who will influence the teams and show exemplary behaviour. The processes of critical activities were also reviewed and analysed, and proactive Health, Safety and Environment indicators were implanted, with a view to achieving a level of excellence of change of culture towards safety.

The company's corporate slogan is, in itself, indicative of the value of safety: "either we do it safe, or we don't do it", which assures the employee the prerogative to refuse to carry out any action or task that he or she considers being risky.

INTERCEMENT FOCUSED ON "ZERO ACCIDENT" POLICY

Our Culture

DISSEMINATE THE VALUE PROPOSITION

People are the most important foundations for the company's development. Especially in the latest years Cimpor, following InterCement guidelines started to build a unique organisational culture, focused on respect for and valorisation of cultural differences, on the sharing of knowledge, on the certain choice of meritocracy, on the continuous search for the establishment of sustainable partnerships and respecting the principle that Cimpor's employees are true business partners. The culture proposal continued to evolve, with the InterCement Attitudes having been adopted in 2015.

In 2016, based on the consolidation of these Attitudes, Cimpor advanced towards a new challenge: preparing an Employee Value Proposition (PVE), which shall be implemented throughout 2017. This is an action that will detail in a more incisive and direct manner what the company has to offer and what differentiates it from others in the market. The challenge is to generate the perception on the company's commitment to values, diversity, ethics and opportunities for improvement and development for the employees.

The employee value proposition is illustrative of the company's needs and also represents an answer to the desires and expectations indicated in the working climate survey conducted in 2015 (which will be conducted again in 2017).

The care taken to respond to the positioning portrayed in the working climate survey is indeed another important factor that shows the attention given by the company to the continuous improvement of the internal environment combined with the goal to deliver better results. Likewise, another example of this was the launch of the InterCement Academy, whose pilot project was implemented at the Brazilian plant, in the 1st quarter of 2016. Now established in Brazil, Argentina and Portugal, the Academy should reach other geographies during 2017. In short, the Academy's primary goals are: to develop through face-to-face or online training the skills of the employees for business needs in line with the organisational strategy; to stimulate self-development and sharing of knowledge; and to contribute significantly to the company's results.

TO NURTURE WHAT THE COMPANY HAS TO OFFER DISTINGUISHES IT

90 Years of Loma Negra

SYNONYMOUS WITH CEMENT IN ARGENTINA

More than 160 million tonnes of cement have been sold by Loma Negra, a leading brand in Argentina, over the course of its 90 years, celebrated in 2016. Not only is the brand synonymous with cement, but it is thought that over half the constructions in the country have been made with this company's products.

Its founder, Alfredo Fortabat, was an entrepreneur who, back in 1926, already knew that the company's longevity would also depend on a major cultural and social transformation of his country. From the very beginning, he invested in innovation, quality products and providing services of excellence, in the belief that in this way he would be contributing to national development.

The visionary Fortabat also understood that it was necessary to invest in people in order to assure the success of his enterprise. Thus, while the construction works were under way for his first factory, in Olavarría, he developed a neighbourhood with infrastructures such as a school, sports grounds, medical clinic and various stores, as this was where his future employees would find their homes. The first factory was inaugurated there on 5 August 1926, with installed cement capacity of 110 thousand tonnes/year.

As time progressed, Loma Negra expanded its business with more facilities, built or bought, in various regions of the country: Catamarca, San Juan, Zapala, Barker, Sierras Bayas, L'Amalí, LomaSer and Ramallo, in addition to the concrete plants under the Lomax brand. Nowadays, its total installed cement capacity is 8.7 million tonnes/year, with 6 integrated factories, 2 mills and 1 mixer.

In 2005, Loma Negra became part of the InterCement group, and integrated Cimpor in 2012. Nevertheless, Loma Negra's international vocation has not changed its deep concern for the local community that was formally instituted in the creation of the Loma Negra Foundation in 2016.

MORE THAN HALF OF THE CONSTRUCTIONS IN ARGENTINA WERE ALREADY MADE WITH LOMA NEGRA PRODUCTS

10 YEARS OF THE LOMA NEGRA FOUNDATION

A new institution responsible for private social investment of Cimpor was created in Argentina in 2016. Albeit with a different focus, this institution continues the work started by the Fortabat Foundation, created by the founders of Loma Negra in 1976.

The Loma Negra Foundation primarily invests in projects related to education, capacity-building, entry of young people into the labour market and inclusive productive business. The social action methodology reflects the InterCement Institution.

In a year of so many celebrations for Argentina business unit, with the 90th anniversary of Loma Negra and 10th anniversary of the Foundation with the same name, we also highlight the 40 years of dedication of Osvaldo Schutz to the company.

A MAJOR VALUE

Born in Buenos Aires, Osvaldo was a corporate director, with four post-graduations (two of them at Harvard Business School, in the United States) and an enormous knowledge of sales management and the company's business processes. In addition to his numerous professional qualities, he was also considered to be of an exemplary character by employees, suppliers and customers of Cimpor.

In the same year that Osvaldo marked his four decades of dedication to the company, he passed away in October. This great professional, friend and work colleague leaves an important legacy of professionalism, search for development and new professional skills and valorisation of human capital.

A FRIEND WHO DEPARTS, AN EXAMPLE THAT STAYS WITH US: OSVALDO SCHUTZ

CIMPOR
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CHAPTER 3

HOW WE CREATE VALUE

Building sustainable partnerships

Creation of Value for and by Customers

A COMMITMENT TO THE FUTURE

Cimpor’s foundational base consists of people. If, internally, the employees are those primarily responsible for the company's development and strength, the customers are the reason for its existence.

Therefore, Cimpor creates sustainable value propositions perceived by its customers. In addition to the delivery of high quality products, Cimpor promotes close relations with customers by endeavouring to know their profiles and needs, building long-lasting relations based on mutual trust, competitive edges and convergent medium and long-term strategic vision.

It is in this spirit that the Customer Partners Project progresses, adjusting the different features of each market. This project has already been implemented in Brazil, Argentina, Paraguay and Portugal, and during 2017 it should reach South Africa, Egypt and Mozambique. In 2016, the project covered initiatives in three key areas:

CUSTOMER LOYALTY PROGRAMMES – meetings with customers in South Africa, Egypt and Portugal, as well as the development of merchandising for Mozambique.

CAPACITY-BUILDING PROGRAMMES – training and seminars for distributors on products, good practices in construction, safety or accountancy in Egypt and Portugal, as well as partnerships with technical and business schools to enhance the capacity of customers in Argentina.

CUSTOMER SUPPORT PROGRAMMES – implementation of a customer support centre in South Africa, applications for mobile operative systems in Egypt, online tools for placement of orders in Argentina, creation of the customer portal in Portugal, provision of containers to distributors for sales in regions that are more distant from the major distribution centres in Mozambique, inauguration of distribution centres in Brazil, partnerships with other companies to share physical structures and thus improve customer support in Brazil and the launch of premium products in Brazil.

CUSTOMER SERVICE, LOYALTY AND KNOWLEDGE IMPROVING

Creation of Value for Suppliers

CAPACITY-BUILDING AND RECOGNITION

Cimpor has continued to develop the Supplier Partners Project started in 2015, through which it proposes to recognise and boost productivity and innovation, and encourage practices of sustainability, safety and social responsibility, distinguishing the best solutions and evolutions.

This is the essence of the Partners programme which, directed at major customers, has already been recognised as successful in Brazil and Argentina.

In 2016, projects were also launched aimed at strengthening the local economy by providing incentives for the integration of small and medium-sized enterprises or small community-based economic agents into the value chain of Cimpor and its partners. While in Brazil these projects ranged from the provision of services and products to the supply of factory canteens, in Mozambique they were more directed at technical capacity-building and management of potential suppliers for the implantation of business activities that are also complementary to Cimpor's activities. It is important to highlight that there is great potential integration of the value proposition actions for suppliers with the mission of the InterCement Institute, whose main lines of action involve investment in inclusive business, focused on the creation of jobs and value in the communities in which the company is present.

INNOVATION AND SUSTAINABLE DEVELOPMENT - TOGETHER

Creation of Value for Communities

STREAMLINE VOLUNTARY WORK AND PRIVATE SOCIAL INVESTMENT

COMMUNITY PARTNERS PROJECT – The Community Partners Project reaffirms Cimpor's commitment, from the very beginning, to contribute to the development of the communities in which its units are located.

The InterCement Institute is currently responsible for coordinating the InterCement's and its subsidiary's voluntary work and private social investment actions.

In 2016, in addition to the Open Doors programme (focused on the community's interest in visiting the operational units) having received over 7 thousand people at Cimpor's production units, the Voluntary Ideal Action Groups (GAIVs) were especially active. These groups are structured spontaneously at the production units by employees who wish to act in causes of their interest within the local community with the financial and methodological support of the InterCement Institute.

COMMITTED TO THE FUTURE, NAMELY OF THOSE AROUND US

SOCIAL ACTION – INTERCEMENT INSTITUTE

The InterCement Institute, which completed a year of operations in June 2016, is currently responsible for defining strategies and creating methodologies for the implementation of private social investment raised by the company since its formation, sharing this structure with all its subsidiary's.

In December, the Institute made a thorough review of its goals, having adjusted certain routes and redefined various strategies of action. The ongoing social voluntary work and community development activities will go on, although greater focus will be placed on encouraging business of high social impact and more in line with the company's action. The proposals that show a higher degree of replicability will also be prioritised, with gains in terms of agility and systematisation of programmes when applied to other geographies.

The InterCement Institute thus proposes to generate social and environmental value for the communities and partners, positioning itself at the methodological vanguard of private social investment. To do this, it will act in three fields: Community Development, Inclusive Business and Contribution to the Business Environment. For this reason, the Institute is structured along axes of action.

Among the different initiatives promoted by this Institute in 2016, special attention is drawn to the Doing Good Day (an annual project concentrated in a single day held in 2016 in all the geographies, that involved 13 thousand volunteers and benefited close to 66 thousand people) and the Baby Week (a programme aimed at assisting pregnant women, parents and children, held in 2016 by all the factories in Brazil, with high impact in the community).

Programmes of the InterCement Institute

Community Development				
Ideal Childhood Attention to very early childhood	**Ideal School** Literacy at the right age	**Ideal Future** Support to the transition to adult life	**Productive Inclusion** Fostering inclusion by doing business with the base of the pyramid and for the base of the pyramid	**Strengthening of Social Capital** Specific actions to support community development in each location
Voluntary Ideal – Support to civic action				

DAY OF DOING GOOD: AN ICON AMONG INTERCEMENT SOCIAL INVESTMENT INITIATIVES

Environmental Sustainability

ESTABLISH SUSTAINABILITY IN THE STRATEGIC AGENDA

Cimpor took a step further in the commitment to reduce its carbon footprint by including it in the definition of Vision 2023 and in the company's Strategic Map. In 2016, the company updated its Sustainability Agenda, redefining goals and ambitions for 2030, based on the materiality analysis carried out in 2015. Furthermore, the company gave its transversal commitment to this topic the status of internal compliance. Inprint

In this regard, the company assured the annual updating of its charts on social and environmental risks and the initiatives to be taken and completed for risk mitigation at the level of each productive unit, identifying the critical environmental investments to be made up to 2025.

In addition, this year Cimpor will disclose the due Sustainability Report, which shall provide a more detailed account of the different ongoing initiatives in this area.

CONSOLIDATE AN INTERNATIONAL COMMITEMENT

InterCement is a founding member of the Cement Sustainability Initiative (CSI), an initiative of the World Business Council for Sustainable Development (WBCSD). It involves 24 cement producers that firmly believe in their contribution to the sustainable development of the sector. The company endorses the guidelines developed under the CSI as a global reference to be implemented in all the countries where it operates, having especially focused its attention in 2016 on the following initiatives:

In terms of sectors, the company participated (in its completion in Egypt and start-up in Brazil) in the definition of the respective "Roadmap for a Low Carbon Economy";

In its operations, the company progressed in the areas of co-processing, energy efficiency, replacement of clinker by cement additives and the development of new types of composite cements;

Turning towards the world, Cimpor reaffirmed its commitment to the creation of a low carbon economy by subscribing to the Paris Agreement and to LCTPi Cement, and by initiating its participation in the MEET2030 project of BCSD Portugal. In Brazil, the company received, for the sixth consecutive year, the "Gold Seal of the Brazilian GHG Protocol Programme".

STRONG COMMITMENT TO REDUCE THE CARBON FOOTPRINT

TO REDUCE EMISSIONS

The intensive use of thermal and electric energy is inherent in the cement manufacturing process. It causes the release of greenhouse gases (GHG) into the atmosphere, primarily carbon dioxide (CO_2).

Keenly aware of this environmental impact, Cimpor has defined a Climate Change and Energy Strategy, which has involved the monitoring of its carbon footprint since 1990 and the development of mitigation actions, R&D and implementation of specific projects to reduce greenhouse gas emissions.

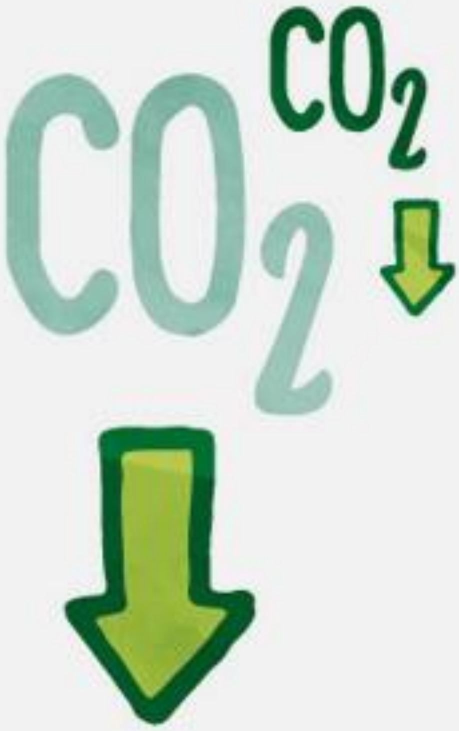
At InterCement, the calculation of GHG emissions follows the WBCSD/WRI Cement CO_2 & Energy Protocol 3.04 developed by the Cement Sustainability Initiative (CSI), pursuant to the GHG Protocol model. This calculation has been audited and certified since 2005 by an independent external entity in all the countries where the company operates. The application of this protocol continues to be extended to the Group's new facilities and the consolidated information published.

Net specific direct emissions have shown a positive evolution throughout the years, thus keeping the company in line with the objective of reducing defined for 2023 and placing it in a distinguished position among member companies of the CSI. At the same time, indirect emissions related to the electrical energy consumed by the company are also monitored and targeted in policies of reduction through the streamlining of electrical energy consumption at its facilities.

Over the last 5 years, Cimpor has also cut its specific emissions of particulate matter, NO_x and SO_2. The pollutant emissions from the main chimneys of the kilns are monitored daily on a continuous basis at all the productive units, and this information is consolidated at Group level with the same frequency.

Among the main initiatives to cut Cimpor’s emissions in 2016, we highlight the replacement of electrostatic filters by bag filters, already completed at the Matola plant (Mozambique) and currently under way at the Catamarca plant (Argentina), alongside various primary measures to reduce NOx emissions at several plants of Cimpor.

Diffuse or fugitive dust emissions created and released during movement (loading and unloading), transport, storage and extraction of raw materials, clinker and cement were and are also targeted by mitigation plans. These plans include, among other initiatives, the covering of transporters, the improvement of dust removal from transport points for materials and the closing of the structures of various raw material and clinker storage buildings.



REDUCTION OF EMISSIONS IN THE PAST 5 YEARS

MITIGATE ENVIRONMENTAL IMPACTS BY CO-PROCESSING

Cimpor has invested significantly in co-processing, and is currently one of the global leaders in the use of this technology with obvious advantages from the environmental point of view. Briefly, co-processing is a technique that uses waste, after all the possibilities of recycling have been exhausted, as an alternative fuel to feed the cement kilns or as alternative raw material.

This technique enables definitively eliminating the generated waste without adding to environmental liabilities, while making the most of its energy and/or mineral potential. Giving its features, nowadays this process is preferred by the European Union, United Nations and Stockholm Convention, among other international references. This is due to its potential to reduce the environmental liabilities of the industrialised countries, while simultaneously enabling the elimination of the depositing of waste in landfills and the reduction of greenhouse gas emissions, thus minimising environmental impacts and defending public health.

The co-processing rate increased once again at Cimpor, having reached a level of 13.6%.

HIGHLIGHTS

In 2016, 675 thousand tonnes of waste were co-processed. This enabled:

- preventing the emission of 5,200 tonnes of CO_2 (the equivalent to the emission of 1.3 million cars during a year);
- preventing the burning of 2,516 tonnes of pet coke (enough to generate energy equivalent to the annual consumption of 5 million homes);
- preventing the consumption of 1,745 tonnes of minerals (sufficient to fill a hole the size of a football field and 250 metres deep);
- preventing the consumption of 952 m^3 of water (enough for the annual consumption of 1.3 million people.

Co-processing is currently carried out in all the company's geographies and is given priority in the investment plan.

In 2016, in partnership with a Portuguese company that prepares waste and a waste collection company of the metropolitan area of Alexandria, InterCement started co-processing activities at its Amreyah plant, in Egypt.

Mozambique BU signed agreements with the urban waste management entities of Maputo and Matola in 2016, aimed at co-processing urban waste from 2018 onwards.

INTERCEMENT A REFERENCE IN COPROCESSING: A TECHNIQUE INTERNATIONALLY ELECTED WITHIN THE CIRCULAR ECONOMY

Paraguay, that between 2015 and 2016 already co-processed 10 thousand tonnes of industrial waste, made the necessary preparations to begin co-processing in 2017.

At the end of 2016, new drying facilities became operational to improve the reliability of the transport system of waste derived fuel of the main burner of one of the kilns at the Souselas plant, in Portugal. The investments enabled increasing thermal substitution from 26% to almost 34%.

SAFEGUARDING OF WATER RESOURCES

Active participant of the Water Pledge program, from World Business Council for Sustainable Development (WBCSD), Cimpor continuously promotes the rationalisation of water consumption and defends rigorous standards in the use of this resource in all its production units. In this way there is in place an effective control of the measurement of consumption and loss, treatment, recycling and reuse of water, rainwater harvesting and actions for continuous awareness-raising aimed at more rational consumption.

Cimpor has adopted the "Global Water Tool" developed by the WBCSD since 2011, for the purpose of systematically identifying the operations that are located in areas of water stress, scarcity and extreme shortage of water. These principles and best practices are included in the Blue Attitude water management programme of the company which identified a series of opportunities for a more efficient water consumption. For instance, nowadays, the majority of InterCement's production units have closed systems or circuits for recirculation of industrial water, allowing its almost total reuse.

In addition, at the end of 2014, the company became a signatory of the WBCSD Pledge for Access to Safer Water, Sanitation and Hygiene at Workplace, which provides for the implementation, until 2018, of a set of actions that guarantees access to drinking water, sanitation and hygiene conditions in the workplaces of Cement, Concrete & Aggregates activities and also in corporate areas. Through this commitment, Cimpor actively contributes to ensuring the availability and sustainable management of water and sanitation for all, one of the United Nations' proposed Sustainable Development Goals (SDG).

WATER - A PRECIOUS COMMODITY REUSED CAREFULLY

PRESERVATION OF ECOSYSTEMS AND BIODIVERSITY

Cimpor's sustainability objectives include the development of Rehabilitation Plans & Biodiversity Management Plans for all the quarries involved in the cement production activity. To this end, with the involvement of local stakeholders, the company follows a series of internally defined guidelines referred to as "Guidelines for Quarry Environmental Management".

A "Quarry Roadmap 2016-2025" was drawn up in 2015, based on risk analysis and aimed at assuring that by 2025 all the quarries will have sufficient robust environmental impact studies, rehabilitation plans and, where applicable, biodiversity management plans. This roadmap presents the timing of the intended interventions and defines the different steps to be followed in specific action plans.

The action plans, drawn up in 2015, began to be developed in 2016 for the most critical quarries and, in that same year, the action plans to be started in 2017 were launched for a new set of quarries.

Currently, of the total quarries involved in the company's cement activity, 63% have rehabilitation plans and 31% are located in classified biodiversity areas (GRI EN11 criterion). In the case of the latter, around half have already implemented biodiversity management plans

QUARRIES: THE NEW ECOSYSTEMS DEVELOPED BY INTERCEMENT

Innovation

INVEST IN I&D AND LOW CARBON ECONOMY

Cimpor consistently invests in Innovation & Development (I&D) projects aimed at introducing new technologies, innovative processes, product improvements, business opportunities and, at the same time, finding solutions to mitigate environmental impacts and adapt to a future economy with carbon restrictions.

All these actions are being carried out in partnership with renowned universities and institutes recognised for their scientific capacity and quality. The company's I&D portfolio includes the development of around 10 large-scale projects, involving 15 research and education institutions, almost all directed at preparing the company for a low carbon economy. These projects have already led to applications for the registration of various patents.

To quote just a few of the projects that continued in progress during 2016, our current portfolio incorporates the production of a new family of hydraulic binders with low calcium content, the development of cements with replacement of a significant part of clinker by a combination of artificial pozzolanas (calcined clays) and limestone filler, the bio-fixing of CO_2 of the clinker kilns in microalgae for various purposes, the development of eco-efficient concrete (LEAP), the production of new hydraulic binders based on demolition and construction waste, the production of fodder plants for production of biomass intended for fuel.

Among the highlights of 2016, two are especially worthy of note: the Biomass Project, developed in partnership with EMBRAPA (Brazilian Agricultural Research Corporation), for use of agricultural crop biomass to generate energy to produce cement, and the launch of LEAP eco-concrete, whose experiments at an industrial scale were conducted in the 2nd half of year.

INNOVATION LEADS TO COMPETITIVENESS AND SUSTAINABILITY

OPEN THE INNOVATION TO THE SERVICE OF SOCIETY

In 2016, Cimpor launched a unique project in partnership with another three giants of the Brazilian civil construction sector – Gerdau, Tigre and Vedacit. The W.I.P. (Work in Progress) project, developed by one of the most respected startup hubs of Latin America, seeks to find disruptive solutions that will bring a better quality of life and sustainability to major Brazilian cities and operational efficiency to companies in the coming years. Under the concept of "open innovation", W.I.P. selected startups that meet the established objectives to participate in a programme of acceleration of their business that is due to start in April 2017.

Another project implemented by Cimpor of an extremely innovative nature is the Vivenda Programme, a Brazilian business startup of social impact aimed at improving the housing conditions in communities by accomplishing fast and low cost reforms. Cimpor, through its own startup Neogera has also made an investment in the Vivenda Programme, becoming a business partner. This partnership mobilised the company to organise a workshop, gathering representatives of the construction materials industry to promote the project's sustainability with their ideas.

PROGRAMA VIVENDA

A MUDANÇA VEM DE DENTRO

CIMPOR: A FOUNDATION STONE FOR BUILDING THE FUTURE

CHAPTER 4

OUTLOOK

Building sustainable partnerships

Value Creation and Deleveraging

INTEGRATED DEVELOPMENT

Cimpor entered into 2017 committed to strengthening relations with its partners, especially focused on the development of actions and value propositions perceived by the customer.

The company intends to be the first choice when there is a need for cement, concrete or other by-products. For which it is proposed to assess the needs and expectations of local markets, based on the corporate guidelines, while improving Cimpor's response to the customers, as well as suppliers and communities, continuining the work of the "Partners" programme.

The company will continue to concentrate on the improvements of the productivity indicators, by incorporating new technologies and processes, and through investment in the training and capacity-building of its employees in InterCement Academy programmes.

The improvement of governance processes and compliance controls will continue to be a central topic of the agenda for 2017, as well as, reducing business risks and increasing the safety of individuals and goods within the scope of its activity.

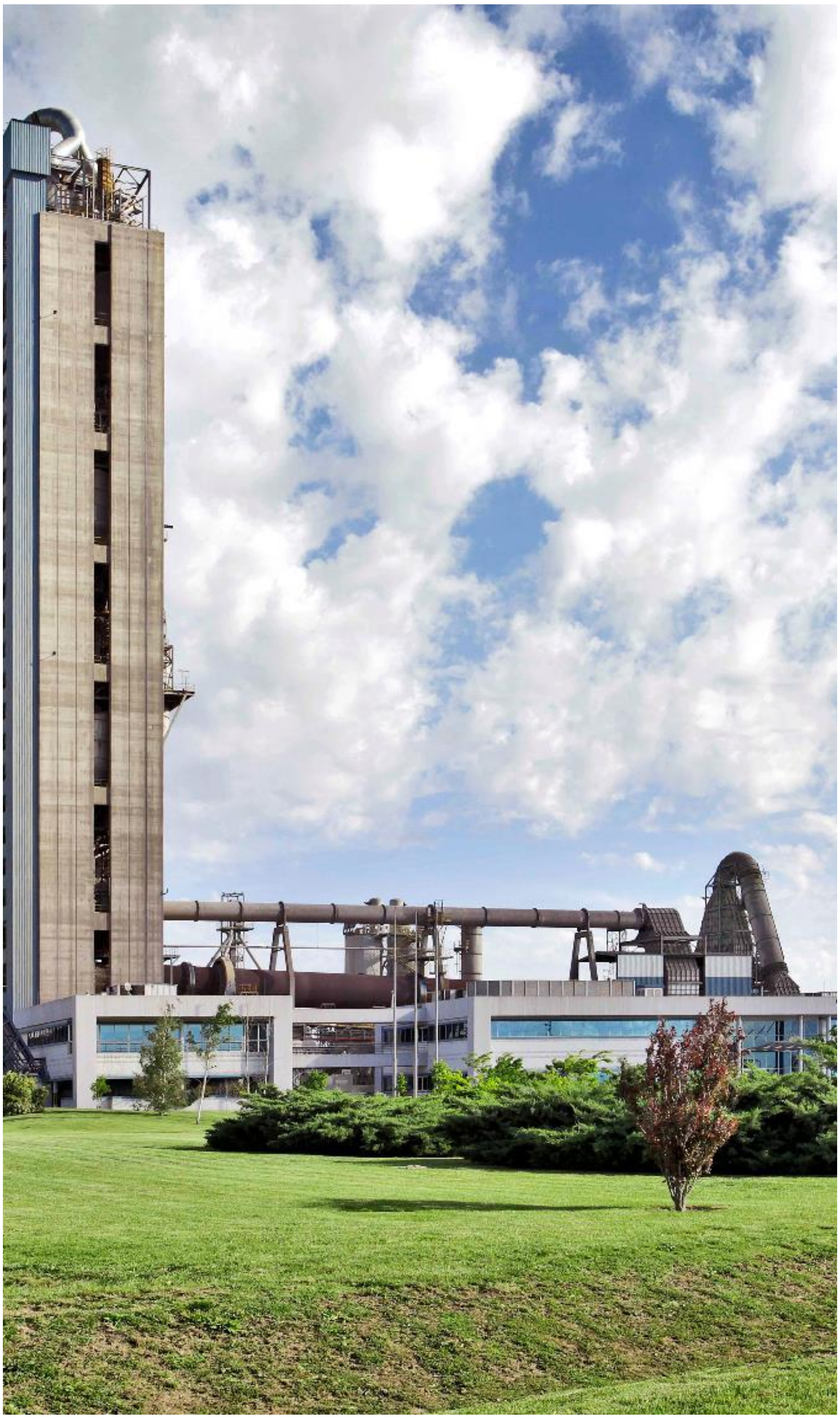
From the environmental point of view, progresses are expected in terms of reducing impacts and expanding co-processing activity, that is, reducing the use of fossil fuels and raw materials. As in 2016, the demand for value-added energy alternatives will continue in 2017 occupying a prominent place in the long-term vision of the company

From the economic point of view, the projections are positive. Albeit in a rather discrete manner, global economic growth should advance by 2.7% in 2017, according to the World Bank report. Growth in the emerging markets, which is the case of the countries where Cimpor has operations, should accelerate even more, reaching 4.2%.

As to the funding of its business, Cimpor will continue to optimise its capital structure by lowering its level of financial leverage. To do so, the company will pursue a combination of reduced capital employed (through sale of non-strategic assets and minority holdings) with CAPEX discipline and increased cash generation (either via EBITDA or via the continuous improvement of average working capital).

FIRST CHOICE WHEN IN NEED FOR CEMENT, CONCRETE AND OTHER BY-PRODUCTS

For 2017, Cimpor forecasts a slight increase in the generation of EBITDA, due to the progress in the operations in Argentina and the recovery of Portugal, trading activity and South Africa. This, together within the above mentioned, should boost the reduction of the level of financial leverage to values that are compatible with the company's funding requirements.



ARGENTINA WILL BE THE TRIGGER OF EBITDA RECOVERY. PORTUGAL AND SOUTH AFRICA WILL FOLLOW.

SHORT-TERM OUTLOOK FOR CIMPOR'S BUSINESS UNITS

BRAZIL

Projections still point to a subdued growth of the Brazilian Gross Domestic Product (GDP) of merely 0.5% (according to the World Bank). While still expecting a decrease in demand for 2017, Cimpor Brazil will implement the customer segmentation project, aimed at optimising the services provided according to the different profiles and behaviour, considering sales and channel, among other factors. The company will further extend its position as a strategic partner to accompany the customers, also contributing to their business growth.

The residential sector, in view of its scale and the housing deficit in the country, will continue to be the main driver of cement consumption in Brazil. Taking into account the delay of cement consumption in relation to economic recovery, the SNIC (Sindicato Nacional da Indústria do Cimento) outlook for 2017 is that there should still be a fall in consumption of 5 to 7%. Given this scenario the increased EBITDA margin should not be enough to lead to increased generation of EBITDA.


BRAZIL

ARGENTINA AND PARAGUAY

ARGENTINA

Following the economic adjustments of 2016, according to the World Bank, the country should grow by around 2.7% in 2017, opening up major expectations for Cimpor. In this environment of recovery of growth, the company's goals will be to focus on creating new value propositions and continuously searching for business opportunities.

The launch of an infrastructure plan, the increased confidence of economic agents, both national and international, and a possible bumper agricultural harvest enable forecasting growth of cement consumption close to 8%, providing the necessary environment to offset the inflation of production costs.

In 2017, Cimpor will pursue the initiatives aimed at enhancing commercial and operational efficiency, taking advantage of its scale and national market leadership position in this geography.


ARGENTINA

PARAGUAY

After consolidation of the industrial operation, now is the time to boost results and increase productivity. With the World Bank's forecast growth of around 3.6% for the economy, this business unit takes on the challendge of meeting the country's new needs of sustainable growth, with the highest efficiency standards.

Local cement consumption should grow by around 8%, which should allow Cimpor's EBITDA margin in Paraguay to remain as the company's internal benchmark.

EGYPT

The country's GDP, according to the World Bank, is expected to grow by 4%, which is the second highest growth projection among the countries where Cimpor is located. With the recent upgrade of its energy matrix, i.e. following the inauguration of the coal mill and operationalisation of the co-processing of solid waste in the region of Alexandria, the company is now prepared to reduce its operating costs and increase its productivity, responding rapidly to the expected growth of demand for 2017 (3%-5%).

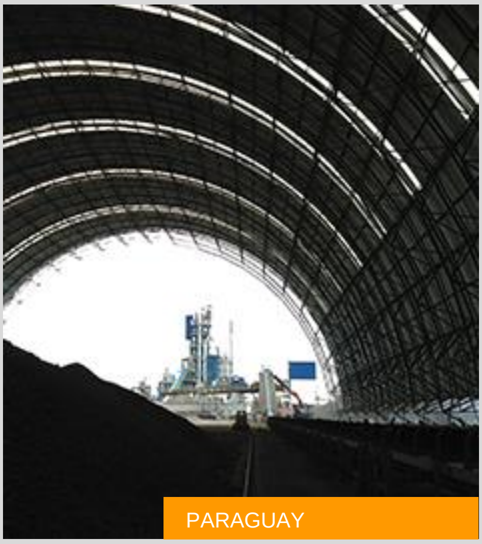
In this context, in spite of an estimated strong increase of EBITDA in local currency, the heavy competition in this market may constrain the offsetting of the inflation of imported raw materials, restricting the expected EBITDA margin increased.

MOZAMBIQUE

Notwithstanding the strong potential growth of Mozambican GDP, the political and economic context, combined with the prospects of a water crisis, will require some caution in the beginning of 2017.

In 2017, the company will invest even more in its relations and technical and commercial partnership with its customers, in order to maintain its leading position and contribute to the development of the partners' business and the country's growth.

In this context, Cimpor expects that the ongoing local programme to enhance efficiency will produce an increase of the EBITDA margin in this geography.



PARAGUAY

EGYPT

MOZAMBIQUE

SOUTH AFRICA

South African GDP growth is likely to be low in 2017. The World Bank points to 1.1%. Cimpor's strategy is to invest in improving sales conditions and possibilities, strengthening partnerships and market research. This drive focuses on expanding market share and boosting the delivery of results.

Following a performance in 2016 that was affected by interventions for maintenance, unplanned production stoppages and climatic disasters, we expect a recovery of EBITDA in local currency, which will bring the margin up to a level of 30% and surpass the value presented in 2015.


SOUTH AFRICA

PORTUGAL AND CAPE VERDE

PORTUGAL

As this is a mature economy, growth is forecast at 1.2%, within the average parameters of the euro area. The company's challenge in this market will be to expand the customised product and service solutions, in order to strengthen customer relations. The more favourable circumstances of the domestic market and positive export expectations enabled Cimpor's announcement, in early 2017, of the reactivation of the kiln of its production unit in Loulé.

Although energy costs are likely to increase, Cimpor in Portugal is expected to benefit from a more favourable internal market and regain the export venue, in order to present an EBITDA strong growth versus 2016.


PORTUGAL

CAPE VERDE

The development of tourist infrastructures should support local demand for cement and bolster growth of the operation's EBITDA.


CAPE VERDE

Cimpor Share

In 2016, Cimpor's shares ranged from 0.222 euros on 5 December to 0.440 euros on 31 March, while 4.8 million shares were traded, corresponding to an average of 1.7 million euros. Cimpor's share closed the year at 0.24 euros.

In 2016 the company did not distribute any dividends as the net profit of Cimpor - Cimentos de Portugal, SGPS, S.A., on an individual basis, in 2015 amounted to 9,470,218.17 euros.

As of 31 December, 2016, Cimpor held 5,906,098 treasury shares and no treasury shares were traded during 2016.

In 2016, no share plans or stock options were in place since the 2016 Annual General Meeting did not approve any stock plans and did not have plans in place in previous years.

Subsequent Events

Bearing in mind the opportunity and convenience of strengthening the capital structure of Cimpor - Cimentos de Portugal, SGPS, SA, the Board of Directors will present to the General Shareholders' Meeting, to be held on 5 April, 2017, a proposal to (I) convert the shares into shares without par value and (ii) renew and extend the terms of the statutory authorization that allows the Board of Directors to resolve capital increases, being this body authorized to deliberate for a resolution of capital increases in one or more operation up to 2 billion euros.

To be approved by shareholders, this proposal will provide the Board of Directors with the necessary instruments to implement a program to strengthen the capital structure of the company, which includes the capital increase sufficient to correct the negative equity presented in the Consolidated Financial Statements of 31 December, 2016.

Proposed appropriation of profit

Whereas the consolidated loss for the year ended in 31 December 2016 attributable to shareholders stood at 787,624,843.72 euros, and the net result on an individual basis was negative in 1,812,060.48 euros, the Board of Directors will propose the following to the General Assembly:

a) the transfer of the negative net result of the 2016 year to Retained Earnings;

b) the allocation of bonuses to employees working at the end of December 2016 up to a maximum of 100,000 euros, through the use of retained earnings.

Declaration of Conformity

The members of the Board of Directors declare, pursuant to Article 245(1)(c) of the Portuguese Securities' Code, that to the best of their knowledge, the management report, annual accounts and other financial statements have been prepared in accordance with applicable accounting standards. The same members also state that the referred documents give a true and fair view of the assets and liabilities, financial position and profits of CIMPOR - Cimentos de Portugal, SGPS, S.A. and the undertakings included in the consolidation perimeter, and that the management report faithfully relates the evolution of the business, the performance and position of CIMPOR and the companies included in the consolidation perimeter, and it contains a description of the principal risks and uncertainties faced.

The Board of Directors

Daniel Proença de Carvalho

Armando Sérgio Antunes da Silva

Paulo Sérgio de Oliveira Diniz

Ricardo Fonseca de Mendonça Lima

José Édison Barros Franco

António Henriques de Pinho Cardão

António Soares Pinto Barbosa

Pedro Miguel Duarte Rebelo de Sousa

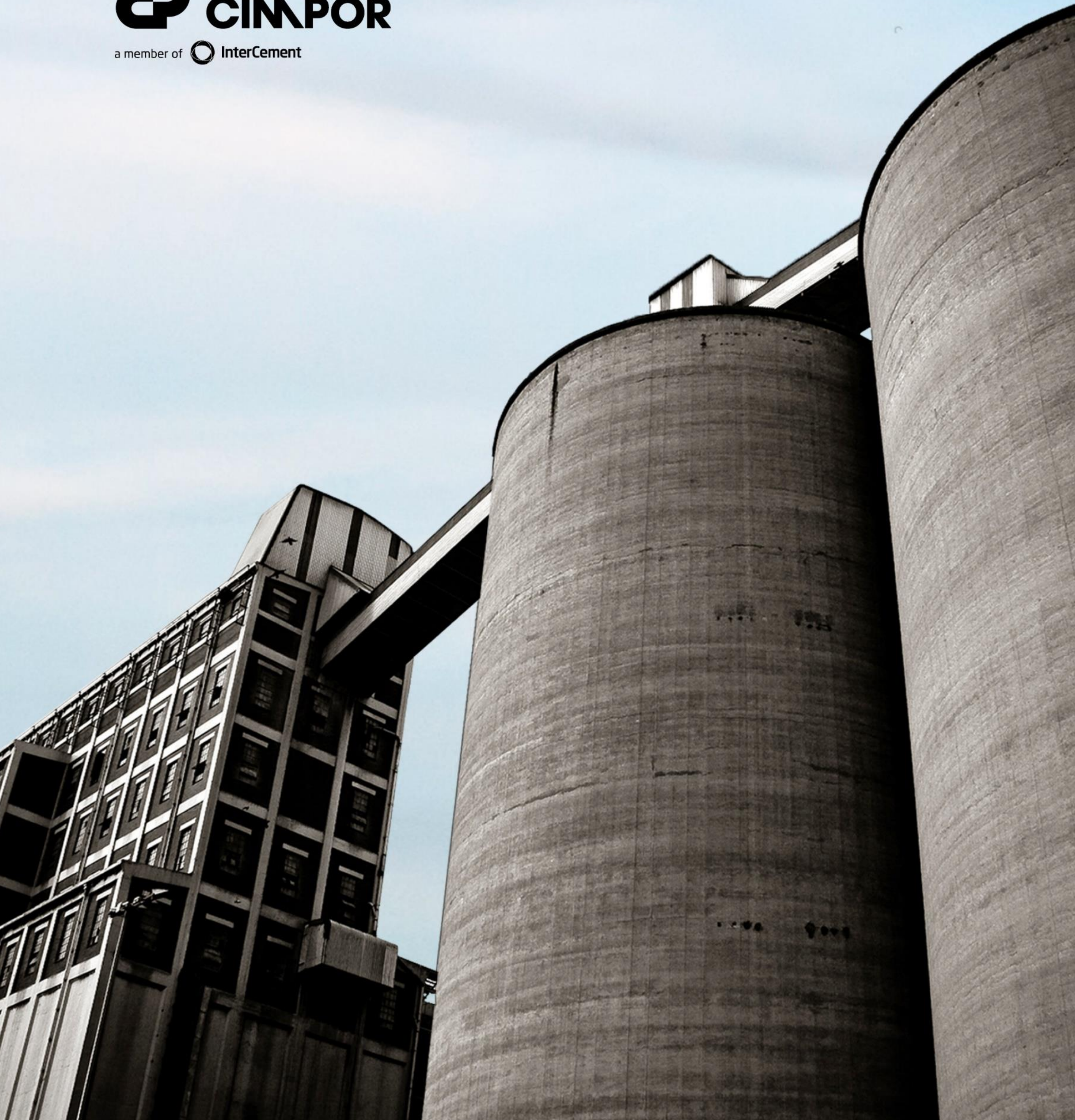
2016

FINANCIAL STATEMENTS

Building sustainable partnerships

CIMPOR

a member of InterCement



CONSOLIDATED STATEMENTS

of Profit and loss and other Comprehensive Income for the years ended December 31, 2016 and 2015 (Amounts stated in thousands of euros)

(Translation from the Portuguese original – Note 51)

	Notes	2016	2015
Operating income:			
Sales and services rendered	7	1,842,762	2,492,708
Other operating income	8	66,634	97,130
Total operating income		1,909,396	2,589,839
Operating expenses:			
Cost of goods sold and material used in production	9	(409,433)	(641,887)
Outside supplies and services		(818,514)	(1,012,435)
Payroll costs	10	(286,668)	(335,200)
Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets	7, 16, 17 and 18	(782,900)	(212,854)
Provisions	7 and 36	1,405	437
Other operating expenses	11	(42,183)	(74,630)
Total operating expenses		(2,338,292)	(2,276,569)
Net operating income	7	(428,897)	313,269
Net financial expenses	7 and 12	(371,739)	(407,686)
Share of profits of associates	7 and 12	868	1,325
Other investment income	7 and 12	203	272
Profit before income tax	7	(799,565)	(92,819)
Income tax	7 and 13	13,635	12,449
Net profit/(loss) for the year	7	(785,930)	(80,371)
Other comprehensive income:			
That will not be subsequently reclassified to expenses and income:			
Actuarial gain and loss on employee's responsabilities	31 and 33	(5,388)	(88)
That might be subsequently reclassified to espenses and income:			
Derivative financial instruments	31 and 33	(43,462)	15,714
Currency translation adjustments (Variation)		37,973	(625,926)
Results recognize directly in equity		(10,877)	(610,301)
Total comprehensive income for the year		(796,807)	(690,671)
Net profit for the period attributable to:			
Equity holders of the parent	15	(787,625)	(71,231)
Non-controlling interests	7 and 33	1,694	(9,140)
		(785,930)	(80,371)
Total comprehensive income for the period attributable to:			
Equity holders of the parent		(796,938)	(677,084)
Non-controlling interests		131	(13,587)
		(796,807)	(690,671)
Earnings per share of operations:			
Basic	15	(1.18)	(0.11)
Diluted	15	(1.18)	(0.11)

The accompanying notes form an integral part of the financial statements for the year ended at December 31, 2016.

CONSOLIDATED STATEMENTS

of Financial Position at December 31, 2016 and 2015

(Amounts stated in thousands of euros)

(Translation from the Portuguese original – Note 51)

	Notes	2016	2015
Non-current assets:			
Goodwill	16	1,061,409	1,531,291
Intangible assets	17	29,803	26,867
Tangible assets	18	2,135,141	2,166,141
Investment properties	21	7,442	-
Investments in associates	19	8,582	10,612
Other investments	20	8,292	7,809
Accounts receivable-other	22	36,756	34,625
Taxes recoverable	23	49,634	27,776
Other non-current assets	24	215,450	238,895
Deferred tax assets	25	170,365	135,572
Total non-current assets		3,722,873	4,179,588
Current assets:			
Inventories	26	409,321	390,802
Accounts receivable-trade	27	157,279	163,772
Accounts receivable-other	22	39,004	46,754
Taxes recoverable	23	40,567	53,243
Cash and cash equivalents	46	575,965	730,387
Other current assets	24	31,905	30,202
Total current assets		1,254,042	1,415,161
Total assets	7	4,976,915	5,594,749
Shareholders' equity:			
Share capital	28	672,000	672,000
Treasury shares	29	(27,216)	(27,216)
Currency translation adjustments	30	(1,044,500)	(1,084,050)
Reserves	31	334,206	299,256
Retained earnings	32	407,608	478,849
Net profit for the year	15	(787,625)	(71,231)
Equity before non-controlling interests		(445,527)	267,609
Non-controlling interests	33	36,595	41,046
Total shareholders' equity	7	(408,932)	308,655
Non-current liabilities			
Deferred tax liabilities	25	434,879	418,515
Employee benefities	34	21,825	16,107
Provisions	36	89,143	105,545
Loans	37	3,131,847	3,942,862
Account payable - other	41	22,299	16,668
Taxes payable	23	13,138	5,222
Other non-current liabilities	42	8,199	5,843
Total non-current liabilities		3,721,330	4,510,762
Current liabilities			
Employee benefits	34	903	899
Provisions	36	3,284	14,912
Loans	37	1,062,912	117,182
Accounts payable - trade	43	276,074	258,609
Accounts payable - others	41	88,158	168,507
Taxes payable	23	67,393	49,955
Other current liabilities	42	165,792	165,268
Total current liabilities		1,664,517	775,332
Total liabilities	7	5,385,847	5,286,094
Total liabilities and shareholders' equity		4,976,915	5,594,749

The accompanying notes form an integral part of the financial statements for the year ended at December 31, 2016.

CONSOLIDATED STATEMENTS

of Changes in Shareholders' Equity for the years ended December 31, 2016 and 2015

(Amounts stated in thousands of euros)

(Translation from the Portuguese original – Note 51)

	Notes	Share capital	Treasury shares	Currency translation adjustments	Reserves	Retained earnings	Net profit	Shareholder's equity attributable to equity holders	Non-controlling interest	Shareholder's equity
Balances at December 31, 2014		672,000	(27,216)	(462,584)	267,273	451,692	27,207	928,371	50,020	978,391
Consolidated net profit for the year	7	-	-	-	-	-	(71,231)	(71,231)	(9,140)	(80,371)
Results recognized directly in equity	30, 31 and 33	-	-	(621,465)	15,612	-	-	(605,853)	(4,447)	(610,301)
Total comprehensive income for the year		-	-	(621,465)	15,612	-	(71,231)	(677,084)	(13,587)	(690,671)
Appropriation of consolidated profit of 2014:										
Transfer to legal reserves and retained earnings		-	-	-	-	27,207	(27,207)	-	-	-
Dividends	33	-	-	-	-	-	-	-	(1,280)	(1,280)
Variation in financial investments and other	31, 32 and 33	-	-	-	16,371	(49)	-	16,322	5,893	22,215
Balances at December 31, 2015		672,000	(27,216)	(1,084,050)	299,256	478,849	(71,231)	267,609	41,046	308,655
Consolidated net profit for the year	7	-	-	-	-	-	(787,625)	(787,625)	1,694	(785,930)
Results recognized directly in equity	30, 31 and 33	-	-	39,550	(48,862)	-	-	(9,313)	(1,564)	(10,877)
Total comprehensive income for the year		-	-	39,550	(48,862)	-	(787,625)	(796,938)	131	(796,807)
Appropriation of consolidated profit of 2015:										
Transfer to legal reserves and retained earnings		-	-	-	-	(71,231)	71,231	-	-	-
Dividends	33	-	-	-	-	-	-	-	(562)	(562)
Variation in financial investments and other	31, 32 and 33	-	-	-	83,812	(10)	-	83,802	(4,019)	79,783
Balances at December 31, 2016		672,000	(27,216)	(1,044,500)	334,206	407,608	(787,625)	(445,527)	36,595	(408,932)

The accompanying notes form an integral part of the financial statements for the year ended at December 31, 2016.

CONSOLIDATED STATEMENTS

of Cash Flows for the years ended December 31, 2016 and 2015

(Amounts stated in thousands of euros)

(Translation from the Portuguese original – Note 51)

	Notes	2016	2015
Operating activities			
Receipts from clients		2,292,376	3,082,425
Payments to suppliers		(1,567,248)	(2,010,286)
Payments to employers		(292,686)	(342,040)
Cash Flows generated by operations		432,442	730,099
Income tax recovered/ (paid)		(38,016)	(46,600)
Other payments related to operating activities		(204,854)	(225,818)
Cash Flows from operating activities (1)		189,572	457,681
Investing activities			
Receipts relating to:			
Financial investments	46	102,175	68,637
Tangible assets		6,440	38,750
Interest and similar income		7,769	10,592
Dividends	19	869	1,506
Others		-	15
		117,253	119,500
Payments relating to:			
Financial investments	46	(29,782)	(118)
Tangible assets		(116,087)	(105,109)
Intagible assets		(1,104)	(4,177)
Others		(237)	-
		(147,210)	(109,404)
Cash flow from investing activities (2)		(29,957)	10,096
Financing activities:			
Receipts relating to:			
Loans obtained	46	237,606	236,971
Others	46	-	96,942
		237,606	333,912
Payments related to:			
Loans obtained	46	(290,197)	(410,901)
Interest and similar costs		(265,289)	(260,232)
Others	46	(8,053)	(4,920)
		(563,540)	(676,052)
Cash flows from financing activities (3)		(325,934)	(342,140)
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		(166,318)	125,638
Effect of currency translation and other non monetary transactions		(13,878)	(63,012)
Cash and cash equivalents at the beginning of the year	46	707,198	644,573
Cash and cash equivalents at the end of the year	46	527,002	707,198

The accompanying notes form na integral part of the financial statements for the year ended at December 31, 2016.

SEPARATE STATEMENTS

of Profit and loss and other Comprehensive Income for the years ended December 31, 2016 and 2015

(Amounts stated in thousands of euros)

(Translation from the Portuguese original – Note 51)

	Notes	2016	2015
Operating income:			
Services rendered	47	3,755	3,762
Other operating income	8 and 47	68	93
Total operating income		3,823	3,855
Operating expenses:			
Outside supplies and services	47	(2,700)	(2,775)
Payroll costs	10	(2,077)	(2,940)
Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets	18	(20)	(44)
Other operating expenses	11	(140)	(48)
Total operating expenses		(4,937)	(5,808)
Net operating income		(1,114)	(1,953)
Financial income, net	12	(1,239)	(724)
Investment income	12	(4,589)	(11,762)
Profit before income tax		(6,943)	(14,439)
Income tax	13	5,131	4,969
Net profit for the year	15	(1,812)	(9,470)
Total comprehensive income for the year		(1,812)	(9,470)
Earnings per share:			
Basic	15	(0.003)	(0.014)
Diluted	15	(0.003)	(0.014)

The accompanying notes form an integral part of the financial statements for the year ended December 31, 2016.

SEPARATE STATEMENTS
of Financial Position at December 31, 2016 and 2015

(Amounts stated in thousands of euros)
(Translation from the Portuguese original – Note 51)

	Notes	2016	2015
Non-current assets:			
Tangible assets	18	346	366
Investments in subsidiaries and associates	19	1,238,845	1,230,065
Other investments	20	87	87
Accounts receivable-other	22	8,300	22,700
Deferred tax assets	25	15,574	13,118
Total non-current assets		1,263,152	1,266,336
Current assets:			
Accounts receivable-trade	27	538	2,391
Accounts receivable-other	22	685	3,281
Taxes recoverable	23	2,738	2,883
Cash and cash equivalents	46	908	138
Other current assets	24	8	10
Total current assets		4,877	8,702
Total assets		1,268,029	1,275,038
Shareholders' equity:			
Share capital	28	672,000	672,000
Treasury shares	29	(27,216)	(27,216)
Reserves	31	306,732	306,732
Retained earnings	32	245,777	255,247
Net profit for the year	15	(1,812)	(9,470)
Equity before minority interest		1,195,481	1,197,293
Total shareholders' equity		1,195,481	1,197,293
Non-current liabilities:			
Provisions	36	10,778	23,845
Loans	37	50,000	50,000
Accounts payable-other	41	-	-
Total non-current liabilities		64,575	73,845
Current liabilities:			
Provisions	36	227	186
Accounts payable-trade	43	321	274
Accounts payable-other	41	2,817	1,253
Taxes payable	23	3,148	526
Other current liabilities	42	1,460	1,661
Total current liabilities		7,973	3,900
Total liabilities		72,548	77,745
Total liabilities and shareholders' equity		1,268,029	1,275,038

The accompanying notes form an integral part of the financial statements for the year ended December 31, 2016.

SEPARATE STATEMENTS

of Changes in Shareholders' Equity for the years ended December 31, 2016 and 2015

(Amounts stated in thousands of euros)

(Translation from the Portuguese original – Note 51)

	Notes	Share capital	Treasury shares	Reserves	Retained earnings	Net profit	Total shareholders' equity
Balances at december 31, 2014		672,000	(27,216)	306,732	254,379	869	1,206,763
Net profit for the year		-	-	-	-	(9,470)	(9,470)
Total comprehensive income for the year		-	-	-	-	(9,470)	(9,470)
Appropriation of profit of 2014:							
Transfer to legal reserves and retained earnings	32	-	-	-	869	(869)	-
Balances at december 31, 2015		672,000	(27,216)	306,732	255,247	(9,470)	1,197,293
Net profit for the year		-	-	-	-	(1,812)	(1,812)
Total comprehensive income for the year		-	-	-	-	(1,812)	(1,812)
Appropriation of profit of 2015:							
Transfer to legal reserves and retained earnings	32	-	-	-	(9,470)	9,470	-
Balances at december 31, 2016		672,000	(27,216)	306,732	245,777	(1,812)	1,195,481

The accompanying notes form an integral part of the financial statements for the year ended December 31, 2016.

SEPARATE STATEMENTS

of Cash Flows for the years ended December 31, 2016 and 2015

(Amounts stated in thousands of euros)

(Translation from the Portuguese original – Note 51)

		Notes	2016	2015
Operating activities:				
Receipts from clients			6,469	1,105
Payments to suppliers			(3,032)	(2,897)
Payments to employees			(3,326)	(4,108)
Cash flows generated by operations			111	(5,899)
Income tax recovered/(paid)		36	(1,048)	(1,997)
Other payments related to operating activities			(715)	(624)
Cash flows from operating activities	**(1)**		(1,652)	(8,521)
Investing activities:				
Receipts relating to:				
Financial investments		46	7,167	-
Loans granted		46	39,109	83,100
Tangible assets			14	11
Interest and similar income			1,217	4,634
Dividends		46	700	1,300
			48,673	89,045
Payments relating to:				
Financial investments		19	(14,400)	(121,500)
Loans granted		46	(30,326)	(9,000)
			(44,726)	(130,500)
Cash flows from investing activities	**(2)**		3,947	(41,455)
Financing activities:				
Receipts relating to:				
Loans obtained		46	50,000	50,000
Loans obtained		46	22,326	-
			72,326	50,000
Payments relating to:				
Loans obtained		19	(50,000)	-
Interest and similar costs			(1,526)	(291)
Loans obtained		46	(22,326)	-
			(73,852)	(291)
Cash flows from financing activities	**(3)**		(1,526)	49,709
Variation in cash and cash equivalents (4) = (1) + (2) + (3)			769	(266)
Effect of currency translation and other non monetary transactions			-	1
Cash and cash equivalents at the beginning of the year		46	138	404
Cash and cash equivalents at the end of the year		46	908	138

The accompanying notes form an integral part of the financial statements for the year ended December 31, 2016.

Notes to the consolidated and separate financial statements

For the year ended December 31, 2016

(Amounts stated in thousands of euros)

(Translation of notes originally issued in Portuguese – Note 51)

1. Introductory note

Cimpor - Cimentos de Portugal, SGPS, S.A. ("Cimpor" or the "Company") was incorporated on March 26, 1976, with the name Cimpor - Cimentos de Portugal, E.P.. The Company has undergone several structural and legal changes, which have resulted in it becoming the parent company of a Business Group which, in December 31, 2016 held operations in 8 countries: Portugal, Egypt, Paraguay, Brazil, Mozambique, South Africa, Argentina and Cape Verde (the "Cimpor Group" or "Group").

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

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

2. Summary of accounting policies

2.1. Basis of presentation

The accompanying consolidated and non-consolidated financial statements were prepared on a going concern basis from the books and accounting records of the Company and the companies included in the consolidation, maintained in accordance with generally accepted accounting principles in Portugal and in the headquarter of foreign company, restated in the consolidation process to the International Financial Reporting Standards as endorsed by the European Union, effective for the years beginning January 1, 2016. Such standards include the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the Accounting Standards Committee ("IASC") and the interpretations issued by the IFRS Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC") which were endorsed by the European Union. These standards and interpretations are hereinafter referred to collectively as "IFRS".

The Board of Directors has evaluated the Company's capability to operate on a continuous basis, based on all relevant information, facts and circumstances, of a financial, commercial or other nature, including subsequent events to the date of reference of the financial statements, available about the future. As a result of the mentioned evaluation, the Board of Directors concluded that, together with the measures already adopted and planned to be adopted, the Company has appropriate resources to maintain its activities, and considered it appropriate to use the assumption of continuity of operations in the preparation of the financial statements.

In particular, the Board of Directors has undertaken a number of actions, both at the operational level and at the level of its financing policy, aiming to increasing its efficiency and productivity levels and reducing the level of leverage.

As explained in more detail in the Management Report and in Note 40, these actions are as follows:

- Implementation of the operational Working Capital reduction programme;
- Energy optimization program;
- Adjustment of headcount;
- Divestment/ monetisation of non-strategic assets;
- Refinancing of debt;
- Strengthening of the capital structure.

The combination of these actions will allow adjustments in the debt profile and reduction of the level of leverage.

2.2. New standards and interpretations, revisions and amendments

That came into effect during the year

The following standards, interpretations, amendments and revisions adopted ("endorsed") by the European Union have for the first time mandatory for the year ended December 31, 2016:

Standard/Interpretation	Applicable in the European Union in the years beginning on or after	Observations
Amendment to IAS 19 - Employee Benefits - Contributions from employees	1st February, 2015	Clarifies the circumstances in which employees' contributions to post-employment benefit plans are a reduction in the cost of short-term benefits.
Improvements to International Financial Reporting Standards (IFRS) (2010-2012 cycle)	1st February, 2015	These improvements involve the clarification of certain aspects related to: IFRS 2 - Share-based payments: definition of vesting condition; IFRS 3 - Concentration of business activities: accounting for contingent payments; IFRS 8 - Operating Segments: disclosures relating to the judgment used in relation to the aggregation of segments and clarification on the need for reconciliation of total assets by segment with the value of assets in the financial statements; IAS 16 - Tangible Assets and IAS 38 - Intangible assets proportional revaluation need to accumulated depreciation in the case of revaluation of fixed assets; and IAS 24 - Related Party Disclosures: defines an

		entity that provides management services to the Company or to its parent company is considered a related party; and IFRS 13 - Fair value: clarifications regarding the measurement of accounts receivable or payable in the short term
Improvements to International Financial Reporting Standards (IFRS) (cycle 2012-2014)	1st January, 2016	These improvements involve the clarification of certain aspects related to: IFRS 5 - Non-current assets held for sale and discontinued operations: introducing guidelines on how to proceed in case of changes regarding the expected method of realization (sale or distribution to shareholders); IFRS 7 - Financial Instruments: Disclosures: clarifies the impact of active monitoring of contracts within the scope of disclosures related to continuing involvement in derecognised assets and free the interim financial statements of the disclosures required in respect of compensation of financial assets and liabilities; IAS 19 - Employee benefits: sets that the rate for defined benefit discounting purposes shall be determined by reference to high quality corporate bonds that have been issued in the currency in which the benefits will be paid; and IAS 34 - Interim Financial Reporting: clarification on the procedures to adopt when the information is available in other documents issued in conjunction with the interim financial statements.
Amendment to IFRS 11 - Joint arrangements - interests of acquisitions accounting for joint arrangements	1st January, 2016	This amendment is related to the acquisition of interests in joint operations. It establishes that the mandatory application of IFRS 3 as the joint operation acquired constitute a business activity in accordance with IFRS 3. When the joint operation in question does not constitute a business activity, the transaction should be recorded as an acquisition of assets. This change has prospective application to new acquisitions of interests.
Amendment to IAS 1 - Presentation of Financial Statements - "Disclosure Initiative"	1st January, 2016	This amendment classifying some aspects of the initiative disclosures, including: (i.) an entity would not hamper the understandability of financial statements by aggregating material items with immaterial items or by aggregating material items with different natures; (ii.) the disclosures required by IFRS specifically need only be given if the information in question is material; (iii.) the lines of the financial statements specified in IAS 1 can be aggregated or disaggregated, as this is most relevant for the purposes of financial reporting; (iv.) the part of the other resulting comprehensive income from the application of

		the equity method in associates and joint arrangements should be presented separately from the other components of other comprehensive income also segregating the items that are likely to be reclassified to results of which will not be reclassified ; (v.) the structure of the notes should be flexible, which should respect the following order: • a statement of compliance with IFRS in the first section of the notes; • a description of the significant accounting policies in the second section; • supporting information for items in the face of the financial statements in the third section; and • other information on the fourth section
Amendment to IAS 16 - Tangible Assets and IAS 38 - Intangible assets - acceptable depreciation methods	1st January, 2016	This amendment establishes an assumption (which can be refuted) that the revenue is not an appropriate basis for amortizing an intangible asset and excludes the use of revenue as depreciation of tangible fixed assets base. The assumption established for amortization of intangible assets can only be refuted as intangible assets if it is expressed in terms of revenue generated or when the use of economic benefits is highly correlated with the revenue generated.
Amendment to IAS 16 - Tangible Assets and IAS 41 - Agriculture - Production plants	1st January, 2016	This amendment was made to exclude plants that produce fruit or other components designed to harvest and / or removal from the scope of IAS 41, passing the same to be covered by IAS 16.
Amendment to IAS 27 - Application of the equity method in the separate financial statements	1st January, 2016	This amendment introduces the possibility of measurement of interests in subsidiaries, joint arrangements and associates in separate financial statements by the equity method, in addition to the currently existing measurement methods. This amendment applies in a retrospectively way.

There is no significant impact on the Group’s financial statements for the year ended December 31, 2016 arising from the adoption of the above mentioned standards, interpretations, amendments and revisions.

That will take effect in future years

The following standards, interpretations, amendments and revisions with mandatory application in future financial years, have until the date of approval of these financial statements adopted ("endorsed") by the European Union:

Standard/Interpretation	Applicable in the European Union in the years beginning on or after	Observations
IFRS 9 - Financial Instruments (2009) and subsequent amendments	1st January, 2018	This standard is part of the revision of IAS 39 project and sets new requirements for the classification and measurement of financial assets and also liabilities, impairment calculation methodology and the application of hedge accounting rules.
IFRS 15 - Revenue from contracts with customers	1st January, 2018	This standard introduces a structure of principles-based revenue and based on a model to be applied to all contracts with customers, replacing IAS 18 - Revenue, IAS 11 - Construction Contracts; IFRIC 13 - Customer loyalty programs; IFRIC 15 - Agreements for the Construction of Real Estate; IFRIC 18 - Coming Asset Transfer Customers and SIC 31 - Revenue - Transactions involving barter advertising services.

The evaluation of the impact of the referred improvements on the Group's financial statements was not yet completed but it is not foreseen to be relevant.

Not yet adopted by the European Union

The following standards, interpretations, amendments and revisions with mandatory application in future financial years, have not to date of approval of these financial statements, adopted ("endorsed") by the European Union:

Standard/Interpretation	Observations
IFRS 14 - Regulated Assets	This standard has set the reporting requirements on the part of entities that adopt the first time applicable to regulated assets IFRS;
IFRS 16 - Leases	This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 - Leases. This standard defines a unique lease contracts accounting model that results in the recognition by the lessee of assets and liabilities for all leases, except for the locations with less than 12 months or for locations that relate to value assets reduced. Landlords continue to classify the leases between operating or financial, and IFRS 16 will not entail substantial changes to such entities in relation to the defined in IAS 17.
Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in associates and joint ventures	These amendments come finish an existing conflict between those standards, related with the sale or contribution of assets between the investor and with or between the investor and the joint venture.
Amendment to IAS 12 – Income Taxes	These amendments clarify the conditions of recognition and measurement of Deferred Tax Assets for Unrealised Losses.
Amendments to IAS 7 - Statement of Cash Flows	These amendments are intended to improve information related to cash flow statements of financing activities.
Amendments to IFRS 15 - Revenue from Contracts with Customers	These amendments introduce several clarifications in the standard in order to eliminate the possibility of divergent interpretations of various topics.
Amendments to IFRS 2 — Share-based Payment	These amendments clarify the classification and measurement of the standard related to: (i) accounting for cash-settled share-based payment transactions that include a performance condition; (ii) accounting for modifications of share-based payment transactions from cash-settled to equity-settled; (iii) Classification of share-based payment transactions with net settlement features.
Amendments to IFRS 4 - Insurance Contracts	Amended by Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'
Amendments to IAS 40 - vestment Property	These amendments provides guidance on transfers to, or from, investment properties, when there was an evident change in use.

Improvements to International Financial Reporting Standards (IFRS) (cycle 2014-2016)	These improvements involve the clarification of certain aspects related to: IFRS 1 - First-time Adoption of International Financial Reporting Standards: Delete the short-term exemptions; IFRS 12 - Disclosure of Interests in Other Entities: Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5; IAS 28 - Investments in Associates and Joint Ventures: Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	This Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, were not applied by the group in the year ended December 31, 2016.

2.3. Critical accounting judgements/estimates

The preparation of financial statements in accordance with IFRS recognition and measurement principles requires the Cimpor Board of Directors (”Management”) to make judgements, estimates and assumptions that can affect the presented amount of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as of income and expenses.

These estimates are based on the best knowledge existing at each moment and the planned actions, and are regularly reviewed based on the information available. Changes in facts and circumstances can lead to a revision of the estimates and so actual results may differ from these estimates.

The significant estimates and assumptions made by the Management in preparing these financial statements include assumptions used in estimating the following items:

- Impairment of non-current assets (excluding Goodwill)

The determination of a potential impairment loss can arise as result from the occurrence of several events, many of them external to the Cimpor Group, such as future availability of financing, capital cost or any other changes, either internal or external, to Cimpor Group.

The identification of impairment indicators and the determination of the assets’ recoverable amount, are subject of a Management’s judgement referring to the identification and evaluation of the different impairment indicators, cash-generating units, expected cash flows, applicable discount rates, growth rates, useful lives and transaction values.

- Impairment of goodwill

Goodwill is subjected to annual impairment tests or whenever there are indications of a possible loss in value, in accordance with the policy mentioned in Note 2.4. e). The recoverable amounts of the cash-generating units to which goodwill has been allocated, is the higher between the market value, determined according with recent transaction multiples, and the value in use, determined according to the expected cash flows. The calculation of these amounts requires the use by the Management of estimates regarding the future evolution of the activity and the discount rates considered.

- Accounts receivable impairment

The credit risk associated to accounts receivable is evaluated at the end of each reporting period, taking into consideration the debtor's historical information and his risk profile. The accounts receivable are adjusted by the assessment of the estimated collection risks at the statements of financial position dates, which might differ from the effective risk to incur.

- Useful lives of intangible and tangible fixed assets

The useful life of an asset is the time period during which an entity expects that an asset will be available for use and it must be reviewed at least at the end of each economical year.

The determination of the assets useful lives, amortization/depreciation method to apply, it's residual value and of the estimated losses resulting from the early replacement of equipment's, due to technological obsolescence, is essential to determine the amount of amortization/depreciation charge to the profit and loss of each year.

These parameters are defined according to Management's best estimate, for the assets and businesses in question, also considering the best practices adopted by companies operating in the same business activity.

- Provisions recognition and contingent liabilities disclosure

The Group periodically analyses possible obligations that arise from past events that should be recognized or disclosed. The inherent subjectivity to the determination of the probability and amount of internal resources required to settle the obligations, might lead to significant adjustments, either by the variation of the assumptions used or by the future recognition of provisions previously disclosed as contingent liabilities.

- Recognition of deferred tax assets

Deferred tax assets are only recognised when there is strong expectation that there will be sufficient future taxable income to utilise them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by Management at the end of each year and takes into consideration the expectation about the future performance.

- Retirement and healthcare benefits

An actuarial valuation made by independent experts and based on economic and demographic assumptions is performed each year in order to assess the liabilities resulting from retirement and healthcare benefits granted to Group's employees. Any change in these assumptions will have an impact on the on the amount of the liability for retirement and health benefits, being the Group's policy to periodically review the assumptions.

- Measurement of Derivative financial instruments

The measurement of derivative financial instruments involves a number of estimates and assumptions variables procedure, in particular exchange and interest rates, as well as estimates of the Group's credit risk and several involved counterparties, which may be different that they will effective occur.

2.4. Consolidation principles

a) Controlled companies

Controlled companies have been consolidated in each accounting period by the full consolidation method. Control is considered to exist where the Group holds, directly or indirectly, a majority of the voting rights at Shareholders' General Meetings, or has the power to determine the companies' financial and operating policies.

Third party participation in shareholders' equity and net profit of such companies is presented separately in the consolidated statement of financial position and consolidated statement of comprehensive income under the caption "Non-controlling interests".

The results of controlled companies acquired or sold during the period are included in the consolidated statement of comprehensive income from the date of their control is obtained to the date of their control is lost, respectively.

Significant balances and transactions between controlled companies are eliminated in the consolidation process. Capital gains or losses within the Group on the sale of subsidiary and associated companies are also eliminated.

Whenever necessary, adjustments are made to the financial statements of subsidiaries and associated companies to conform to the Group's accounting policies.

b) Business combinations

Business combinations, namely the acquisition of controlled companies are recorded in accordance with the purchase method.

Acquisition cost is determined by the sum of the fair value of the assets given, liabilities and contingent liabilities incurred or assumed and equity instruments issued by the Group in exchange for the assumption of control in the entity acquired. Costs relating to the acquisition are recognized as expenses when incurred. Where applicable, cost includes the fair value of the contingent payments measured as of the date of acquisition. Subsequent changes in the value of the contingent payments or deferred payments are recorded in accordance with the accounting standard that sets the recording of those assets and liabilities except where they qualify as adjustments in the period of provisional measurement.

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 - Business Combinations ("IFRS 3"), are measured by their fair value as of the purchase date, except for non-current assets (or groups of assets) that are identified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), which are recognised and measured by their respective fair values less costs to sell.

Any excess of cost plus the amount of the non-controlling interests over the fair value of the identifiable assets and liabilities acquired as of the purchase date is recorded as Goodwill. Where acquisition cost increased with non-controlling interests is lower than the fair value of the net assets identified, the difference is recorded as a gain of profit and loss for the period in which the acquisition is made after reconfirmation of the fair value attributed.

If the process for recording combinations of business activities is incomplete at the end of the year in which the combination occurs, the Group discloses the situation and the amounts provided can be adjusted during the measuring period (the period between the date of acquisition and the date the Group obtains complete information on the facts and circumstances that existed as of the date of acquisition, up to a maximum of 12 months), or new assets and liabilities can be recognized to reflect facts and circumstances that existed as of the balance sheet date which, if recognized, would affect the amounts recognized on the date of acquisition.

Non-controlling interests without control are reflected separately in equity from the interests of the shareholders. Non-controlling interests can initially be measured at their fair value or by the proportion of the fair value of the assets and liabilities of the subsidiary acquired. This option is made separately for each transaction.

After initial recognition, the book value of the non-controlling interests is determined as the amount initially recognized plus the proportion of changes in equity of the subsidiary. Comprehensive income of a subsidiary is attributed to non-controlling interests even if it is negative.

The results of subsidiaries acquired or sold during the period are included in the statement of comprehensive income as from the date of acquisition or up to the date of sale.

In specific situations in which the Group has in substance control of other entities created for a specific purpose, even if it does not have participations directly in the entities, they are consolidated by the full consolidation method.

Changes in the percentage of control over subsidiaries that do not result in loss of control are recorded as equity transactions. The value of the Group's non-controlling interests is adjusted to reflect changes in percentages. Any difference between the amount for which the non-controlling interests is adjusted and the fair value of the transaction is recorded directly in equity and attributed to the shareholders of the parent company.

When the Group loses control over a subsidiary, the gain or loss on the sale is calculated as the difference between (i) the aggregated amount of the fair value of the assets received and the fair value of the interests retained and (ii) the book value of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interests. Amounts previously recognized in equity as "Other comprehensive income", namely the exchange effect resulting from the translation of foreign currency financial statements as set in the Note 2.10 below, are transferred to profit and loss or to retained earnings in the same way as would happen if related assets or liabilities were sold. The fair value of the interests retained corresponds to the fair value at the initial recognition for purposes of the subsequent recording in accordance with IAS 39 – Financial instruments or, where applicable, cost for purposes of the initial recognition of an investment in an associate or joint venture.

c) Investments in associates

An associated company is one over which the Group exercises significant influence, but does not have control or joint control, through participation in decisions relating to its financial and operating policies.

Investments in the associated companies are recorded in accordance with the equity method, except where they are classified as held for sale, being initially recorded at cost which is then increased or decreased by the difference between cost and the proportional value of the equity of such companies as of the purchase date or the date the equity method and adjusted, whenever necessary, to reflect the Group's accounting policies.

In accordance with the equity method investments are recorded at cost at purchase date, adjusted periodically by the amount of comprehensive income in the associate (including net results of associated companies) by corresponding entry to net profit for the year or other comprehensive income, respectively, and dividends received.

Losses in associated companies in excess of the investment in them are not recognised, unless the Group has assumed commitments to participate in the losses.

Any excess of cost over the fair value of the identifiable net assets and contingent liabilities is recorded as "Investments in associates – Goodwill". Where cost is lower than the fair value of the net assets and contingent liabilities identified, the difference is recorded as a gain in the consolidated statement of comprehensive income for the period in which the acquisition is made.

In addition, dividends received from these companies are recorded as decreases in the amount of the investments.

Unrealised gains on transactions with associated companies are eliminated in proportion to the Group's interest in such companies, by corresponding entry to the amount of the corresponding investment. Unrealised losses are also eliminated, but only up to the point in which the loss does not show that the asset transferred is in a situation of impairment.

A valuation is made of investments in associated when there are indications that the asset may be impaired, any impairment losses being recognized. When impairment losses recognized in previous periods cease to exist, they are reversed. The reversal of impairment losses is recognized as income up to the carrying amount of the investment that would have been determined had no impairment loss been recognized.

d) Jointly controlled entities

The financial investments in jointly controlled entities are registered by equity method of accounting. According to this method, financial investments are registered by their acquisition cost, adjusted by the correspondent value to the Group participation in Shareholders' Equity variation (including net profit for the year) of these companies against gains and losses of exercise and by received dividends, liquid of accumulated impairment losses.

The classification of financial interests held for sale in jointly controlled entities is determined based on: i) shareholder agreements that regulate the joint control; ii) effective ownership percentage; iii) voting rights held.

e) Goodwill

Differences between the cost of investments in subsidiaries or jointly controlled entities, plus the amount of non-controlling interests, and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies as of the date of acquisition, if positive, are recognized as goodwill.

Goodwill is recorded as an asset and is not amortised, being reflected in a separate caption of the consolidated statement of financial position. Annually, or whenever there are indications of a possible loss in value, goodwill is subjected to impairment tests. Any impairment loss is immediately recorded as a cost in the consolidated statements of profit and loss and other comprehensive income for the period and is not subject to subsequent reversal.

Goodwill is included in determining the gain or loss on the sale of a subsidiary or jointly controlled entity.

Goodwill is stated in the functional currency of the respective cash-generating unit, being translated to the Group reporting currency (euros) at the rate of exchange as of the balance sheet date. Exchange differences generated in that translation are recorded in the equity caption “Currency translation adjustments”.

Goodwill on acquisitions prior to 31 December 1998 was maintained at the former amount and denominated in euros, being subject to annual impairment tests as from that date.
Where cost is lower than the fair value of the net assets and contingent liabilities identified, the difference is recorded as a gain in the consolidated statement of profit and loss and other comprehensive income for the period in which the acquisition takes place.

2.5. Intangible assets

Intangible assets, which comprise essentially contractual rights and costs incurred on specific projects with future economic value, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are only recognised if it is probable that they will produce future economic benefits for the Group, they are controlled by the Group and their value can be determined reliably.

Internally generated intangible assets, namely current research and development costs, are recognised as costs when incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the statement of profit and loss and other comprehensive income when incurred, except where such costs relate directly to projects which will probably generate future economic benefits. In such cases these costs are capitalised as intangible assets.

Amortisation of such assets is provided on a straight-line basis as from the date the assets are available for use, in accordance with their estimated useful life.

2.6. Tangible assets

Tangible assets used in production, rendering services or for administrative use are stated at cost, including expenses incurred with their purchase, less accumulated depreciation and impairment losses, when applicable.

Assets relating to the cement operations on 1 January 2004 were revalued as allowed by the transition provisions of IFRS 1 – First Adoption of Financial Reporting Standards, the resulting amount being considered as the deemed cost.

Depreciation of tangible fixed assets is provided on a straight-line basis over their estimated useful lives, except when another method is shown to be more adequate based on its use, as from the date the assets become available for their intended use and in the proper place, in accordance with the following estimated periods of useful life:

	Average useful life
Buildings and other constructions	10 – 50
Basic equipment	7 – 30
Transportation equipment	4 – 8
Administrative equipment	2 – 14
Other tangible fixed assets	2 – 10

Land relating to stone quarry operations and mineral resources is depreciated on a straight-line basis over their expected operating periods less, where applicable, their residual amount.

The amount subject to depreciation does not include, when determinable and significant the estimated residual value of the assets at the end of their useful lives. Additionally, the assets stop being depreciated when they are classified as assets held for sale.

Improvements are only recognised as assets when they increase the useful life or efficiency of the assets, resulting in increased future financial benefits.

Tangible assets in progress correspond to tangible assets under construction/production and are recorded at acquisition or production cost less possible impairment losses. These assets are depreciated as from the date they become available for their intended use.

Gains and losses arising from the sale or write off of tangible assets, which are determined by the difference between the proceeds of the sale of the assets and their net book value at the date of sale, are recognised by its net amount in the statement of profit and loss and other comprehensive income as “Other operating income” or “Other operating expenses”.

2.7. Investments in subsidiaries and associates (separate financial statements)

Investments in subsidiaries and associates are recognized at cost, except for those already existing on 1 January 2009, for which the option of recording them at the amount as of that date was followed (“deemed cost”) in accordance with the options established for transition to IFRS. Investments in subsidiaries and associates are subject to impairment tests whenever there are indications that their book value is higher than their recoverable value considering the higher of value in use and sale.

2.8. Leases

Lease contracts are classified as: (i) finance leases, if substantially all the risks and benefits of ownership are transferred under them; and (ii) operating leases, if substantially all the risks and benefits of ownership are not transferred under them.

Leases are classified as finance or operating leases based on the substance and not form of the contract. Tangible fixed assets acquired under finance lease contracts, as well as the corresponding liabilities are recorded in accordance with the financial method. In accordance with this method, the cost of assets are recorded as tangible assets, the corresponding liability is recognised and the interest included in the lease instalments and depreciation of the assets, calculated as explained above, are recognised in the consolidated statement of comprehensive income for the period to which they relate.

In the case of operating profit and loss and other, the lease instalments are recognised, on a straight-basis, in the consolidated statement of profit and loss and other comprehensive income over the period of the lease contracts.

In accordance with IFRIC 4 – Determination if an agreement contains a lease, if an agreement entered into contains a lease, including transactions that transfer the right to use an asset or, if compliance with the agreement depends on the use of a specific asset, the Group analyses the agreement so as to assess if it contains a lease and if the requirements of IAS 17 – Leases should be applied.

2.9. Impairment of non-current assets, excluding goodwill

Impairment valuations are made whenever an event or change in circumstances is identified that indicates that the book value of an asset may not be recovered. Where such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss. In situations in which the individual asset does not generate cash flows independently of other assets, the recoverable value is estimated for the cash generating unit to which the asset belongs.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised by charge to the consolidated statement of comprehensive income caption “Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets”.
The recoverable amount is the higher between the net selling price (selling price, less costs to sell) and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between knowledgeable independent entities, less the costs directly attributable to the sale. The value in use is the present value of the estimated future cash flows resulting from the continued use of the asset and sale thereof at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the unit generating the cash flows to which the asset belongs.

Impairment losses recognised in prior periods are reversed when there are indications that such losses no longer exist or have decreased. The reversal of impairment losses are recognised in the consolidated statement of comprehensive income caption “Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets”. However, the impairment loss is reversed up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior periods.

2.10. Foreign currency assets, liabilities and transactions

Transactions in currencies other than euro are recorded at the exchange rates in force on the date of the transaction. Foreign currency monetary assets and liabilities at the balance sheet dates are translated to euros at the rates of exchange in force on that dates.

Exchange gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those in force on the dates of collection, payment or the balance sheet date are recognised as income or costs in the consolidated statement of comprehensive income, except for those relating to non monetary items where the change in fair value is recognised directly in shareholders' equity ("Currency translation adjustments"), namely:

- Exchange differences resulting from the translation of medium and long term foreign currency intra Group balances which, in practice, are extensions of investments;

- Exchange differences on financial operations to hedge exchange risk on foreign currency investments as established in IAS 21 - The effects of changes in foreign exchange rates ("IAS 21"), provided that they comply with the efficiency criteria established in IAS 39 – Financial instruments: Recognition and measurement ("IAS 39") .

The foreign currency financial statements of subsidiary and associated companies are translated as follows: assets and liabilities at the exchange rates in force on the balance sheet dates; shareholders' equity captions at the historical exchange rates; and consolidated statement of profit and loss and other comprehensive income and statement of cash-flows captions at the average exchange rates.

The exchange effect of such translations after 1 January 2004 is recognized as income and costs and reflected in the shareholders' equity caption "Currency translation adjustments" in the case of subsidiary companies and in the shareholders' equity caption "Reserves - Adjustments in investments in associates" in the case of investments in associated companies, and is transferred to the statement of profit and loss caption "Net financial expenses" when the corresponding investments are sold.

In accordance with IAS 21, goodwill and fair value corrections determined on the acquisition of foreign entities are considered in the reporting currency of such entities, and are translated to euros at the exchange rate in force on the balance sheet date. Exchange differences arising from these translations are reflected as income and costs in the equity caption "Currency translation adjustments", except when they correspond to a discontinued operation in accordance with Note 2.14, in which case they are included in Net result of discontinued operations.

The Group contracts derivative financial hedging instruments when it wishes to reduce its exposure to exchange rate risk.

2.11. Borrowing costs

Costs incurred on loans obtained directly to finance the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for its intended use or sale (“qualifying assets”) are capitalised as part of the cost of the assets during that period.

To the extent that variable interest rate loans, attributable to finance the acquisition, construction or production of qualifying assets, are being covered through a cash flow hedge relation, the effective portion of fair value of the derivative financial instrument is recognized in Reserves and transferred to profit and loss when the qualifying asset has an impact on results. Additionally, to the extent that fixed interest rate loans used to finance a hedged item are covered by a fair value hedge relation, the financial burden in addition to the cost of the asset should reflect the interest rate covered.

Any financial income generated by loans obtained in advance to finance specific capital expenditure is deducted from the capital expenditure subject to capitalisation.

2.12. Subsidies

Subsidies are recognised based on their fair value, when there is reasonable certainty that they will be received and that the Group will comply with the conditions required for them to be granted.

Operating subsidies, namely those for employees training, are recognised in the profit and loss of the period, together with the costs incurred.

Investment subsidies relating to the acquisition of tangible fixed assets are recorded in the caption “Other non-current liabilities” and transferred to profit and loss for the period on a consistent straight-line basis in proportion to depreciation of the subsidised assets.

2.13. Inventories

Merchandise and raw, subsidiary and consumable materials are stated at average cost using the average cost as the costing method.

Finished and semi-finished products and work in progress are stated at production cost, which includes the cost of the raw materials incorporated, labour and production overheads.

Inventories are adjusted when net realisable value is lower than book value, through the recognition of an impairment loss, the reduction being reversed when the reasons that gave rise to it cease to exist.

2.14. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal group) are classified as held for sale if their value is realizable through a sale transaction rather than through its continued use. This situation is only considered to arise when: (i) the sale is highly probable; (ii) the asset is available for immediate sale in its present condition; (iii) the management is committed to a plan of sale; and (iv) the sale is expected to take place within a period of twelve months.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the book value or their fair value less the costs incurred in their sale, and are presented separately in the consolidated statement of financial position.

A discontinued operation is a component of an entity which was either sold or is classified as available for sale and:
- Represents a significant separate operating or geographic business line;
- Is part of a single coordinated plan to sell a significant separate business line or geography
- Is a subsidiary acquired exclusively to be resold.

The amounts included in the consolidated statement of profit and loss and other comprehensive income and consolidated statement of cash flows relating to these discontinued operations are presented separately for the current period and all earlier periods that are presented in the financial statements.
Assets and liabilities relating to discontinued operations (not yet sold) are presented in separate lines for the latest year presented, without readjustment of prior years.

2.15. Segment reporting

An operating segment is a distinguishable component of an entity that is engaged in providing a product or service or a group of related products or services which are different from those of other segments.

The Group reports its assets and liabilities, as well as its operations, as geographical segments, following the way Management carries out businesses.

2.16. Balance sheet classification

Assets to be realized and liabilities to be settled within one year of the balance sheet date are classified as current assets and current liabilities, respectively.

In addition, the liabilities are also classified as current, when there is no unconditional right to defer its settlement for a period of at least twelve months after the balance sheet date.

2.17. Net operating income

Net operating income includes operating income and expenses, whether recurring or not, including restructuring costs and operating income and expenses associated to tangible assets and intangible assets. Also comprise, gains or losses on the sale of companies consolidated using the full or proportional integration method, except in cases where they correspond to discontinued operations (as explained in Note 2.14), in which case the resulting effects are recognized in the Consolidated statement of profit and loss and other comprehensive income caption “Net result of discontinued operations”. As such the operating results, the net financial expenses, the share of results of associates, other financial investments and income tax are excluded.

2.18. Provisions

Provisions are recognised when: (i) exists an obligation (legal or constructive) resulting from a past event; (ii) under which it is probable that it will have an outflow of resources to settle the obligation; and (iii) the amount of the obligation can be reasonably estimated. At each balance sheet date provisions are reviewed and adjusted to reflect the best estimate as of that date.

When one of the conditions described is not completed the Group disclosures the events in question as contingent liabilities, unless the possibility of outflow of resources is remote, in which case they are not subject to disclosure.

a) Provisions for restructuring costs

Provisions for restructuring costs are recognised by the Group whenever there is a formal detailed restructuring plan which has been communicated to the parties involved.

b) Environmental rehabilitation

In accordance with current legislation and practices in force in several business areas in which the Group operates, land used for quarries must be environmentally rehabilitated.

In this regard, provisions are recorded to cover the estimated cost of environmentally recovering and rehabilitating the land used for quarries, whenever this can be reasonably determined. Such provisions are recorded together with a corresponding increase in the amount of the underlying assets, based on the conclusions of landscape rehabilitation studies, being recognised in profit and loss as the corresponding assets are depreciated.

In addition, the Group has the procedure of progressively rehabilitating the areas freed up by the quarries, using the recorded provisions.

2.19. Financial instruments

a) Cash and cash equivalents

The caption “Cash and cash equivalents” includes cash, bank deposits, term deposits and other treasury applications which mature in the short term (three months or less), highly liquid and immediately convertible into cash with insignificant risk of change in value.

For the purpose of statement of cash flow, the caption “Cash and cash equivalents” also includes bank overdrafts, which are included in the consolidated statement of financial position in the caption “Loans”.

b) Accounts receivable

Accounts receivable are measured at fair value on the initial recognition and are subsequently stated at amortised cost in accordance with the effective interest rate method. When there is evidence that the accounts receivable are impaired, the corresponding adjustment is recorded in profit and loss, for the difference between the book value of the accounts receivable and the present value of the cash flows discounted at the effective interest rate determined upon initial recognition.

c) Other investments

Other investments are recognised (and derecognised) as of substantially all the risks and benefits of ownership are transferred under them, irrespective of the settlement date.

Investments are initially recognised at cost, which is the fair value of the price paid, including transaction costs. The subsequent measurement depends on its classification.

Investments are classified as follows:
- Held-to-maturity investments;
- Assets at fair value through profit and loss; and
- Available-for-sale financial assets.

Held-to-maturity investments are classified as non-current assets, except if they mature in less than twelve months from the balance sheet date and include, investments with a defined maturity date which the Group intends and has the capacity to hold up to that date. These investments are recognised at amortised cost, using the effective interest rate, net of capital repayments and interest received. Impairment losses are recognised in the profit and loss when the recorded amount of the investment is higher than the estimated value of the cash flows discounted at the effective interest rate determined at the time of initial recognition. Impairment losses can only be reversed subsequently when there is an increase in the recoverable amount of the investment can be objectively related to an event occurring after the date in which the impairment loss was recognised. In any case the recognised amount of the investment cannot exceed the amount corresponding to amortised cost of the investment had the impairment loss not been recognised.

After initial recognition, assets measured at fair value through profit and loss and available-for-sale financial assets are revalued to fair value by reference to their market value as of the balance sheet date with no deduction for transaction costs that could arise up to the date their sale. Investments in equity instruments not listed on regulated markets, where it is not feasible to estimate their fair value on a reliable basis, are maintained at cost less possible impairment losses.

Available-for-sale financial assets are classified as non-current assets. Gains and losses due to changes in the fair value of available-for-sale financial assets are reflected in the shareholders' equity caption "Fair value reserve" until the investment is sold, collected or in any other way realised, or where impairment losses are believed to exist, in which case the accumulated gain or loss is transferred to profit and loss. Those who do not have listed in an active market and whose fair value cannot be reliably measured are kept at cost adjusted for estimated impairment losses.

d) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contract independently of its legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deducting its liabilities.

Equity instruments issued are recorded at the amount received net of costs incurred to issue them.

e) Loans

Loans are initially recorded as liabilities at the amount received, net of loan issuing costs, which corresponds to their fair value on that date. Loans are subsequently measured at amortised cost, being the corresponding financial costs calculated at the effective interest rate.
Accrued interest is recognized on an accruals basis and is presented in the consolidated statement of financial position caption “Other current liabilities – Accrued interest”.

f) Accounts payable

Accounts payable are initially recognised at fair value and subsequently measured at amortised cost in accordance with the effective interest rate method.

g) Derivative financial instruments and hedge accounting

The Group has the policy of resorting to financial derivative instruments to hedge the financial risks to which it is exposed as a result of changes in interest and exchange rates.

The Group resorts to financial derivative instruments in accordance with internal policies set and approved by the Board of Directors.

Financial derivative instruments are measured at fair value. The method of its recognition depends on the nature and purpose of the transaction.

Hedge instruments

Derivative financial instruments are designated as hedging instruments in accordance with the provisions of IAS 39, as regards their documentation and effectiveness.

Changes in the fair value of derivative instruments designated as “fair value hedging” are recognised as financial income or expense for the period, together with changes in the fair value the asset or liability subject to the risk.

Changes in the fair value of derivative financial instruments designated as “cash flow hedging” instruments are recorded as other comprehensive income in the caption “Reserves - Hedging operations” regarding their effective component and in financial income or expense for the period regarding their non effective component. The amounts recorded under “Reserves - Hedging operations” are transferred to financial income or expense in the period in which the effect on the item covered is also reflected in profit and loss.

Changes in the fair value of derivative financial instruments hedging net investments in a foreign entity, are recorded as other income and costs in the equity caption “Currency translation adjustments” regarding their effective component. The ineffective component of such changes is recognised immediately as net financial expenses for the period. If the hedging instrument is not a derivative, the corresponding variations resulting from changes in the exchange rate are recorded as income and costs in the equity caption “Currency translation adjustments”.

Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with the requirements of IAS 39.

Trading instruments

Changes in the fair value of derivative financial instruments which are contracted for financial hedging purposes in accordance with the Group's risk management policies, but do not comply with all the requirements of IAS 39 to qualify for hedge accounting, are recorded as net financial expenses in the statement of profit and loss and other comprehensive income for the period in which they occur.

h) Treasury shares

Treasury shares are recorded at cost, as a decrease in shareholders' equity. Gains and losses on the sale of treasury shares are recorded in equity.

i) Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- Level 1: the fair value of financial instruments is based on listings on net active markets as of the date of the financial statements;
- Level 2: the fair value of financial instruments is not based on listings on net active markets but rather based valuation models;
- Level 3: the fair value of financial instruments is not based on listings on net active markets but rather on valuation models, the principal inputs of which are not observable in the market.

2.20. Impairment of financial assets

At each balance sheet date, the Group reviews for any indication that a financial asset or a group of financial assets may be impaired.

Available-for-sale financial assets

For the financial assets classified as available-for-sale, a continuous or a significant decline in the fair value of the instrument below its cost, is considered as an indicator of impairment. In this situation, the eventual cumulative loss – measured as the difference between the asset's carrying amount and the current fair value, less any impairment loss already recognised in profit and loss – is removed from reserves (other comprehensive income recognised in equity) to profit and loss for the period. Impairments losses on equity instruments recognized in profit and loss are not reversed through profit and loss for the period, directly affecting other income recognized in equity.

Clients, debtors and other financial assets

Impairment losses are recorded whenever there are clear indicators that the Group will not be able to collect all the amounts it should receive, according to the original terms contracted. To identify these losses, several indicators are used, such as:

- Accounts receivable ageing;
- Debtor's financial difficulties;
- Debtor's bankruptcy probability.

The impairments are determined by the difference between the recoverable amount and the book value of the financial asset and recognized by corresponding entry to profit and loss. Whenever a trade or other receivable it is considered as uncollectible it is derecognized using the respective impairment. Subsequent recovery of these amounts is recorded in profit and loss.

2.21. Employee benefits – retirement

Responsibilities for the payment of retirement, pensions, disability and survivor are recorded in accordance with IAS 19 - Employee benefits (“IAS 19”).

Defined benefit plans

Costs of these benefits are recognised as the services are rendered by the beneficiary employees.

Therefore, at the end of each accounting period actuarial valuations are performed by independent entities to determine the amount of the liability as of that date and the pension cost to be recognised in the period, in accordance with the “projected unit credit” method. The liability thus estimated is compared with the market value of the pension fund, so as to determine the amount of the difference to be recorded in the consolidated statement of financial position.

As established in the above mentioned standard, pension costs are recognised in the caption “Payroll costs – retirement benefits”, based on the amounts determined on an actuarial basis, and include current service costs (increase in the liability), which corresponds to the additional benefits accrued to the employees during the period and net interest costs, which result from updating the initial past service liability using the discount rate. Actuarial gains and losses are recorded as other comprehensive income directly in equity.

Defined contribution plans

Contributions made by the Group to defined contribution plans are recorded as costs when they are due.

2.22. Employee benefits – healthcare

Some Group companies provide supplementary healthcare benefits to their employees in addition to those provided by the Public Social Security, extensive to their families, early retired and retired personnel. The liability resulting from these benefits is recorded in a similar manner to the retirement pension liability, in the caption “Payroll costs - healthcare benefits”.

As in the case of retirement benefits, actuarial valuations made by an independent entity are obtained at the end of each accounting period, so as to determine the amount of the liability as of that date. Actuarial gains and losses are recognized directly in the statement of comprehensive income.

2.23. Contingent assets and liabilities

A contingent liability is (i) a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events; or (ii) a present obligation that arises from past events, but that is not recognized because an outflow of funds are not probable or the amount cannot be reliably measured.

Contingent liabilities are not recognised in the financial statements but are disclosed in their notes, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events.

Contingent assets are not recognised in the financial statements, but are disclosed in the notes to the financial statements when a future economic benefit is probable.

2.24. Revenue recognition and accruals basis

Income resulting from sales is recognised in the statement of comprehensive income when the risks and rewards of assets ownership are transferred to the purchaser and the revenue amount can be reasonably quantified. Sales are recognised at the fair amount received or receivable, net of taxes, discounts and other costs incurred to realise them, by the fair value of the amount received or receivable.

Income from services rendered is recognised in the statement of comprehensive income in the period in which they are rendered considering the phase of completion of the transaction as of the statement of financial position date.

Interest and financial income are recognised on an accrual basis in accordance with the effective interest rate.

Costs and income are recognised in the period to which they relate regardless the date of invoicing. Costs and income, the amount of which is not known, are estimated.

Costs and income attributable to the current period which will only be paid or received in future periods, as well as amounts paid and received in the current period that relate to future periods and will be attributed to each of the periods by the amount corresponding to them, are recorded in the captions “Other current assets” and “Other current liabilities”.

Dividends relating to investments recorded at cost or in accordance with IAS 39 are recognized when is given the right to receive them.

2.25. Income tax

Tax on income for the year is calculated based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is calculated based on the taxable results (which could differ from the accounting results) of the companies included in the consolidation, in accordance with the tax rules applicable to the area in which the tax jurisdiction of each Group company.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes and are recorded in the statement of profit and loss and other comprehensive income, except when they are related with items registered as other comprehensive income recognised directly in equity, in which case the deferred tax is recorded in equity.

Deferred tax assets and liabilities are calculated and assessed periodically using the tax rates expected to be in force when the temporary differences reverse, and are not subject to discounting.

Deferred tax liabilities are recognised for all the taxable temporary differences. Deferred tax assets are only recognised when there is reasonable expectation that there will be sufficient future taxable income to utilise them. At each balance sheet date a reappraisal is made of the temporary differences underlying the deferred tax assets so as to recognize or adjust them based on the current expectations of their future recovery. The compensation of deferred tax assets and liabilities is not allowed, except if: i) there is a legal right to compensate such assets and liabilities or there is the intention and its allowed to do such compensation; ii) such assets and liabilities are related to income taxes due to the same tax authority; iii) there is an intention to clear those balances for settlement purposes.

2.26. Earnings per share

Earnings per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period.

The diluted earnings per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over shares and other financial instruments issued by the Group, convertible to shares of the parent company.

2.27. Subsequent events

Events that occur after the date of the balance sheet that provide additional information on conditions that existed as of the balance sheet date are reflected in the financial statements.

Events that occur after the balance sheet date, that provide information on conditions that exist after the balance sheet date, if material, are disclosed in the notes to the financial statements.

2.28. CO2 emission licences – Emissions market

Some of the Group’s production units in Portugal are covered by the European greenhouse effect gas emissions market. While the IASB does not issue accounting policies covering the granting and trading of emission licences, the Group adopts the following policy:

- Emission licences granted at no cost, as well the corresponding emissions covered by that licences, do not give rise to the recognition of any asset or liability;

- Gains from the sale of emission rights are recognised in Net operating income;

- When it is estimated that annual CO_2 emissions will exceed the licences granted annually, a liability, measured in accordance with the price at the end of the year, is recognised by corresponding charge to “Other operating expenses”;

- Licences acquired are recognised at cost, in a specific intangible assets account under the “Industrial property and other rights” caption.

3. Changes in policies, estimates and errors

During the year ended December 31, 2016, there were no changes in accounting policies in relation to those considered in the preparation of the financial information for the year ended on December 31, 2015, except as regards the adoption of the revised or amended standards and interpretations, revisions and amendments mentioned in Note 2, which did not have a significant impact on financial position or comprehensive income, nor were any identified errors that should have been corrected.

4. Subsidiaries, associates and jointly controlled entities

4.1. Companies consolidated in accordance with the full consolidation method

The parent company, Cimpor - Cimentos de Portugal, SGPS, S.A., and the following subsidiaries, in which it has majority participation (control), have been consolidated using the full consolidation method:

NAME	FULL NAME/HEADQUARTERS	EFFECTIVE PARTICIPATION 2016	EFFECTIVE PARTICIPATION 2015
HOLDINGS AND BUSINESS AND CORPORATE SUPPORT COMPANIES SEGMENT			
CIMPOR SGPS	CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A.		
CIMPOR INVERSIONES	CIMPOR INVERSIONES, S.A.	100.00	100.00
CIMPOR B.V.	CIMPOR FINANCIAL OPERATIONS, B.V.	100.00	100.00
CIMPOR REINSURANCE	CIMPOR REINSURANCE, S.A.	100.00	100.00
CIMPOR PORTUGAL	CIMPOR PORTUGAL, SGPS, S.A.	100.00	100.00
CIMPOR SERVIÇOS	CIMPOR – SERVIÇOS DE APOIO À GESTÃO DE EMPRESAS, S.A.	100.00	100.00
KANDMAD	KANDMAD – SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, LDA.	a)	100.00
CIMPSHIP	CIMPSHIP - TRANSPORTES MARÍTIMOS, S.A.	d)	60.00
CECIME	CECIME – CIMENTOS, S.A.	a)	100.00
CTA	CEMENT TRADING ACTIVITIES - COMÉRCIO INTERNACIONAL,S.A.	100.00	100.00
INTERCEMENT AUSTRIA EQUITY	INTERCEMENT AUSTRIA EQUITY PARTICIPATIONS GMBH	100.00	100.00
CAUE AUSTRIA	CAUE AUSTRIA HOLDING GMBH	100.00	100.00

NAME	FULL NAME/HEADQUARTERS	EFFECTIVE PARTICIPATION 2016	EFFECTIVE PARTICIPATION 2015
PORTUGAL AND CAPE VERDE SEGMENT			
CIMPOR INDÚSTRIA	CIMPOR – INDÚSTRIA DE CIMENTOS, S.A.	100.00	100.00
MOSSINES	MOSSINES – CIMENTOS DE SINES, S.A.	a)	100.00
CIMENTAÇOR	CIMENTAÇOR - CIMENTOS DOS AÇORES, LDA.	100.00	100.00
BETÃO LIZ	BETÃO LIZ, S.A.	98.50	98.50
AGREPOR	AGREPOR AGREGADOS - EXTRACÇÃO DE INERTES, S.A.	100.00	100.00
SOGRAL	SOGRAL - SOCIEDADE DE GRANITOS, S.A.	a)	100.00
SANCHEZ	SANCHEZ, S.A.	a)	100.00
BENCAPOR	BENCAPOR - PRODUÇÃO DE INERTES, S.A.	a)	75.00
IBERA	IBERA - INDÚSTRIA DE BETÃO, S.A.	50.00	50.00
PREDIANA	PREDIANA - SOCIEDADE DE PRÉ-ESFORÇADOS, S.A.	a)	100.00
SACOPOR	SACOPOR - SOCIEDADE DE EMBALAGENS E SACOS DE PAPEL, S.A.	100.00	100.00
CIARGA	CIARGA - ARGAMASSAS SECAS, S.A.	100.00	100.00
ALEMPEDRAS	ALEMPEDRAS - SOCIEDADE DE BRITAS, LDA.	a)	100.00
CIMPOR IMOBILIÁRIA	CIMPOR IMOBILIÁRIA, S.A.	100.00	100.00
MECAN	MECAN - MANUFACTURA DE ELEMENTOS DE CASAS DE CONSTRUÇÃO NORMALIZADA, LDA.	a)	100.00
SOGESSO	SOGESSO - SOCIEDADE DE GESSOS DE SOURE, S.A.	a)	100.00
TRANSFORMAL	TRANSFORMAL, S.A.	a)	100.00
CIMPOR CABO VERDE	CIMPOR CABO VERDE, S.A.	98.13	98.13
BRAZIL SEGMENT			
INTERCEMENT BRASIL	INTERCEMENT BRASIL, S.A.	100.00	100.00
CAUE FINANCE	CAUE FINANCE LIMITED	100.00	100.00
CCCIMENTOS PARTICIPAÇÕES	CCCIMENTOS PARTICIPAÇÕES, LTDA.	a)	99.82
ECO-PROCESSA	ECO-PROCESSA – TRATAMENTO DE RESÍDUOS LTDA.	50.00	50.00
RIOS PRIMEIRA	INVERSIONES RÍOS PRIMEIRA LIMITADA	99.99	99.99
BAESA	BAESA - ENERGÉTICA BARRA GRANDE, S.A.	9.00	9.00
CCCE	COMPANHIA CAMARGO CORREIA ENERGIA	a)	100.00
TRANSVIARIA BR	TRANSVIARIA LOGÍSTICA E TRANSPORTES, LDA.	a)	100.00
NEOGERA	NEOGERA INVESTIMENTOS EM INOVAÇÃO LTDA.	100.00	98.76
BARRA GRANDE	BARRA GRANDE PARTICIPAÇÕES, S.A. b)	81.09	100.00
ESTREITO	ESTREITO PARTICIPAÇÕES	100.00	-
MACHADINHO	MACHADINHO PARTICIPAÇÕES, S.A. c)	81.30	100.00
EGYPT SEGMENT			
CEC	CIMPOR EGYPT FOR CEMENT COMPANY, S.A.E.	100.00	100.00
AMCC	AMREYAH CEMENT COMPANY, S.A.E.	99.14	99.14
AMREYAH CIMPOR	AMREYAH CIMPOR CEMENT COMPANY, S.A.E.	99.36	99.36
CSC	CEMENT SERVICES COMPANY, S.A.E.	99.61	99.61
CIMPSAC	CIMPOR SACS MANUFACTURE COMPANY, S.A.E.	99.90	99.90
AMREYAH DEKHEILA	AMREYAH DEKHEILA TERMINAL COMPANY, S.A.E.	99.37	99.37
AMREYAH CIMPOR READY MIX	AMREYAH CIMPOR READY MIX COMPANY, S.A.E.	99.25	99.25
MOZAMBIQUE SEGMENT			
CIM. MOÇAMBIQUE	CIMENTOS DE MOÇAMBIQUE, S.A.	82.64	82.64
CIMBETÃO	CIMPOR BETÃO MOÇAMBIQUE, S.A.	82.64	82.64
IMOPAR	IMOPAR - IMOBILIÁRIA DE MOÇAMBIQUE, S.A.	100.00	100.00
CINAC	CIMENTOS DE NACALA, S.A.	82.72	82.72
SOUTH AFRICA SEGMENT			
NPCC	NATAL PORTLAND CEMENT COMPANY (PTY) LTD.	74.00	74.00
DC	DURBAN CEMENT LTD.	100.00	100.00
NPC	NPC - CIMPOR (PTY) LIMITED	100.00	100.00
SRT	SIMUMA REHABILITATION TRUST	33.30	33.30
CONCRETE	NPC CONCRETE (PTY) LTD.	100.00	100.00
S. C. STONE	SOUTH COAST STONE CRUSHERS (PTY) LTD.	55.00	74.00
S. C. MINING	SOUTH COAST MINING (PTY) LTD.	100.00	100.00
STERKSPRUIT AGGREGATES	STERKSPRUIT AGGREGATES (PTY) LTD.	55.00	74.00
INTERCEMENT SA	INTERCEMENT SOUTH AFRICA (PTY) LTD. d)	100.00	-

NAME	FULL NAME/HEADQUARTERS	EFFECTIVE PARTICIPATION 2016	EFFECTIVE PARTICIPATION 2015
ARGENTINA AND PARAGUAY SEGMENT			
LOMA NEGRA	LOMA NEGRA C.I.A., S.A.	99.44	99.44
COFESUR	COFESUR, S.A.	96.56	97.10
RECYCOMB	RECYCOMB, S.A.	99.44	99.45
YGUAZU CEMENTOS	YGUAZU CEMENTOS, S.A.	50.71	50.81

Changes in ownership from 2015 to 2016 are mainly as follow:

a) Subsidiaries incorporated by being merged into other subsidiaries or liquidated;

b) On 22 April 2015, the company Barra Grande Participações S.A. ("Barra Grande") was incorporated, whose corporate purpose is the participation in other societies, with a share capital of 500 BRL. On December 8, 2015, the share capital of Barra Grande was increased in BRL 62,828 thousand, fully realized with a contribution in kind of the BAESA shares, incorporated with the specific purpose ("SPE") to build, operate, maintain, manage and explore the Barra Grande hydroelectric use. Additionally, it was agreed to convert 12,127,596 common shares into preferred shares. After this increase, the capital of Barra Grande was represented by 63,829,456 shares, of which 51,701,860 were common shares and 12,127,596 preferred shares, with no voting rights, but with priority in the distribution of dividends.

On December 29, 2015, it was signed a promissory sales agreement of 12,127,596 preferred shares, representing 18.91% of the share capital of Barra Grande, by the amount of BRL 240,769 thousand, being the received amount registered as "Accounts payable - Other", since the effective transfer of shares was pending of compliance a set of preceding contractual conditions during the year 2016.

The compliance with the contractual conditions and certain agreement changes occurred on October 28, 2016, with the acquisition of these preferred shares in a transaction that generated a net gain of €41,049 thousands (BRL 141,141 thousand, net of income tax and social contribution) recorded in shareholders' equity (Note 31).

c) Machadinho Participações, S.A. ("Machadinho") was incorporated on April 22, 2015, whose corporate purpose is the participation in other societies. On July 28, 2016, the share capital of Machadinho was increased, being realized in kind with the delivery of 5.28% of the assets and liabilities held in the Machadinho Consortium, in the amount of BRL 30,795 thousand, being represented by 31,795,658 shares, of which 25,849,870 are common shares and 5,945,788 preferred shares, with no voting rights, but with priority in the distribution of dividends.

On December 16, 2016, all the preferred shares of Machadinho, equivalent to 18.07% of its share capital, were sold by the amount of BRL 249,650 thousand, resulting in a net gain of €42,763 thousand (BRL 147,039 thousand, net of income tax and social contribution) recorded in shareholders' equity (Note 31).

d) In the first semester of 2016 it was transferred to non-current assets held for sale and subsequently sold during the second semester;

e) Company incorporated in July 2016 by the incorporation of NPC's assets related to the cement business in that business segment.

4.2. Associates and joint ventures

Investments in associates, recorded in accordance with the equity method (Note 19) as at December 31, 2016 and 2015 are as follows:

NAME	FULL NAME/HEADQUARTERS	EFFECTIVE PARTICIPATION 2016	EFFECTIVE PARTICIPATION 2015
SEGMENTO PORTUGAL			
AVE	AVE- GESTÃO AMBIENTAL E VALORIZAÇÃO ENERGÉTICA, S.A.	35.00	35.00
SETEFRETE	SETEFRETE, SGPS, S.A.	25.00	25.00
SEGMENTO BRASIL			
COMICAN	COMPANHIA DE MINERAÇÃO CANDIOTA	48.00	48.00
CAMARGO CORRÊA ESCOM	CAMARGO CORRÊA ESCOM CEMENT B.V.	50.10	50.10

5. Changes in the consolidation perimeter

Changes in the consolidation perimeter and discontinued operations

In the years ended December 31, 2016 and 2015, there were no significant changes in the consolidation perimeter.

6. Exchange rates

The exchange rates used to translate, to euros, the foreign currency assets and liabilities at December 31, 2016 and 2015, as well the results for the years then ended were as follows:

		Closing exchange rate (EUR / Currency)			Average exchange rate (EUR / Currency)		
	Currency	2016	2015	Var.% (a)	2016	2015	Var.% (a)
USD	US Dollar	1.0550	1.0885	3.2	1.1064	1.1085	0.2
BRL	Brazilian Real	3.4384	4.2504	23.6	3.8306	3.6681	(4.2)
MZN	Mozambique Metical	75.2056	50.6181	(32.7)	70.2044	42.8663	(38.9)
CVE	Cape Verde Escudo	110.265	110.265	-	110.265	110.265	-
EGP	Egyptian Pound	18.9862	8.5230	(55.1)	10.8126	8.7102	(19.4)
ZAR	South African Rand	14.4531	16.9339	17.2	16.2599	13.8415	(14.9)
ARS	Argentinian Peso	16.7642	14.1941	(15.3)	16.4108	10.1282	(38.3)
PYG	Paraguayan Guaraní	6,092.32	6,328.51	3.9	6,305.22	5,686.78	(9.8)

a) The variation is calculated using the exchange rate converting local currency to euros.

7. Operating segments

The main profit and loss information for years ended December 31, 2016 and 2015, of the several continued operational segments, being each of them one geographical area where **Group** operates, was as follows:

	December 2016				December 2015			
	Sales and services rendered			Operating results	Sales and services rendered			Operating results
	External sales	Inter segment sales	Total		External sales	Inter segment sales	Total	
Operating segments:								
Brazil	523,198	1,305	524,503	(600,837)	814,170	-	814,170	98,981
Argentina and Paraguay	644,559	-	644,559	106,828	816,747	-	816,747	150,011
Portugal and Cape Verde	199,495	60,828	260,323	3,648	201,059	116,614	317,673	(11,176)
Egypt	176,860	-	176,860	24,213	217,242	-	217,242	28,197
Mozambique	123,771	-	123,771	13,953	161,441	-	161,441	17,241
South Africa	108,510	2,955	111,466	25,246	126,320	4,394	130,714	35,087
Total	1,776,393	65,089	1,841,481	(426,950)	2,336,979	121,008	2,457,987	318,340
Unallocated (a)	66,369	144,243	210,611	(1,947)	155,729	191,840	347,570	(5,070)
Eliminations	-	(209,331)	(209,331)	-	-	(312,848)	(312,848)	-
	1,842,762	**-**	**1,842,762**	**(428,897)**	**2,492,708**	**-**	**2,492,708**	**313,269**
Net financial expenses				(371,739)				(407,686)
Share of results of associates				868				1,325
Other investment income				203				272
Result before income tax				(799,565)				(92,819)
Income tax				13,635				12,449
Net result for the period				**(785,930)**				**(80,371)**

(a) This caption includes holding companies and trading companies not attributable to specific segments.

On December 31, 2016, Operating results in the segment "Portugal and Cape Verde" are positively influenced by a net gain of €6,231 thousand (€2,528 thousand in year ended December 31, 2015), as a result of the sale of 3,200,000 of CO2 emissions allowances (3,400,000 of allowances in the year ended December 31, 2015), deducted of the liability of €9,426 thousand (€22,652 thousand in the year ended December 31, 2015), corresponding to 1,992,026 tonnes of CO2, emitted above the licences held, totalizing 2,070,838 tonnes of CO2 emitted year ended December 31, 2016 (2,936,144 tonnes of CO2 emitted in the year ended December 31, 2015).

Note also that, in this period was also contracted the purchase of 2,940,000 of CO2 emissions allowances, by the amount of €22,296 thousand (of which, 2,750,000 were contracted in 2015 by the amount of €21,115). In April 2016, 2,927,535 licenses were returned, relating to emissions in the year 2015.

It should also be notice that, as a result of restructuring processes, especially in the Argentinian, Brazilian and Portuguese business areas, in the year ended December 31, 2016, nonrecurring costs with indemnities and other amounted to €47,693 thousand (around €27,664 thousand in the year ended December 31, 2015).

The above net income of the **Group** includes the full amount of the segments, without considering the following amounts attributable to non-controlling interests:

	December 2016	December 2015
Operating segments:		
Brazil	5,838	-
Argentina and Paraguay	3,001	(6,523)
Portugal and Cape Verde	182	243
Egypt	-	107
Mozambique	(7,439)	(3,012)
South Africa	111	2,774
Unallocated	-	(2,730)
	1,694	(9,140)

Other information of the Group:

	December 2016			December 2015		
	Fixed capital expenditure	Depreciation, amortisation and impairment losses a)	Provisions	Fixed capital expenditure	Depreciation, amortisation and impairment losses a)	Provisions
Operating segments:						
Brazil	38,104	663,132	(2,564)	67,534	74,288	561
Argentina and Paraguay	60,434	56,300	212	67,360	49,998	891
Portugal and Cape Verde	8,341	34,399	(909)	6,427	43,305	(894)
Egypt	42,044	10,693	381	23,740	13,608	103
Mozambique	5,722	6,592	-	13,432	8,190	19
South Africa	4,442	4,718	2	5,982	7,745	2
Unallocated	1,742	7,066	1,472	2,856	15,719	(1,119)
	160,829	782,900	(1,405)	187,330	212,854	(437)

(a) The impairment losses, when applicable, respects to impairment losses on goodwill, tangible and intangible assets. In the year ended December 31, 2016, in the Brazilian business area, impairment losses were recorded, in goodwill in the amount of €583,706 thousand (BRL 2,235,929 thousand), and in tangible assets unallocated to operating segments, in the amount of about €4,300 thousand (Notes 16 and 18). In the year ended December 31, 2015, impairment losses in tangible assets were recorded in the amount of €12,600 thousand, approximately, in assets unallocated to operating segments and, in the Portuguese business area in the amount of €3,500 thousand, approximately.

In addition, assets and liabilities, by reportable segment, reconciled to the total consolidated amounts as at December 31, 2016 and 2015, are as follows:

	December 2016			December 2015		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	2,741,520	1,529,515	1,212,005	2,828,031	1,329,138	1,498,893
Argentina and Paraguay	856,972	532,166	324,807	935,899	489,177	446,722
Portugal and Cape Verde	397,753	381,288	16,465	460,215	440,800	19,415
Egypt	207,590	98,219	109,371	371,601	91,285	280,317
Mozambique	182,822	179,583	3,239	236,697	177,823	58,874
South Africa	256,380	127,988	128,393	232,215	108,230	123,985
	4,643,038	2,848,758	1,794,280	5,064,659	2,636,453	2,428,206
Unallocated	944,183	3,155,976	(2,211,794)	1,084,151	3,214,315	(2,130,164)
Eliminations	(618,888)	(618,888)	-	(564,674)	(564,674)	-
Investments in associates and joint-ventures	8,582	-	8,582	10,612	-	10,612
Consolidated total	**4,976,915**	**5,385,847**	**(408,932)**	**5,594,749**	**5,286,094**	**308,655**

The assets and liabilities not attributed to reportable segments include: assets and liabilities of companies not attributable to specific segments.

8. Other operating income

Other operating income of continued operations for the years ended December 31, 2016 and 2015 were as follows:

	Group		Company	
	2016	2015	2016	2015
Supplementary income	10,540	11,867	58	78
Gains on the sale of assets tangible and intangible (a)	31,362	61,358	8	11
Reversal of receivables impairment (Note 27)	633	639	-	1
Investment subsidies	5	11	-	-
Own work for the company	7,358	1,309	-	-
Reversal of inventories impairment (Note 26)	449	3,130	-	-
Reversal of receivables impairment (Note 22)	3	171	-	-
Others	16,285	18,645	1	3
	66,634	97,130	68	93

(a) In the years ended December 31, 2016 and 2015 this caption includes the gain on the sale of CO_2 licenses in the Portuguese business area in the amount of €15,658 thousand and €25,180 thousand, respectively (Note 44), as well as the gain, in the Brazilian business area, with the sale of tangible assets, essentially related to aggregates and concrete activities, in the amount of €13,308 thousand in the year ended December 31, 2016 and €34,095 thousand in the year ended December 31, 2015

9. Cost of goods sold and material used in production

The cost of goods sold and material used in production of continued operations for the years ended December 31, 2016 and 2015 was as follows:

	2016	2015
Goods sold	179,109	310,174
Material used in production	230,248	331,658
Gain/(Loss) on inventories	77	55
	409,433	641,887

10. Payroll costs

Payroll expenses of continued operations for the years ended December 31, 2016 and 2015 were made up as follows:

	Group		Company	
	2016	2015	2016	2015
Remuneration	205,324	241,417	1,350	1,910
Bonus	7,824	13,789	57	123
Charges on remuneration	24,283	29,450	235	328
Social action and other (a)	26,873	31,841	35	69
Indemnities and compensations (b)	19,114	17,055	352	438
Employee benefits - retirement (Note 34)	2,633	1,030	31	46
Employee benefits - healthcare (Note 34)	232	159	-	-
Insurance	386	457	17	25
	286,668	335,200	2,077	2,940

(a) The caption "Social action and other" includes occupational health, healthcare assistance, professional training and meal allowance costs.

(b) The indemnities and compensation costs correspond to non-recurrent costs with indemnities as a result of ongoing restructuring processes in the Group, in particular, in the years ended December 31, 2016 and 2015, in the Argentine, Brazilian and Portuguese business areas (Note 7).

The average number of employees of continued operations of the **Group** in the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Portugal	820	849
Egypt	487	507
Brazil	2,295	3,220
Mozambique	546	594
South Africa	364	364
Cape Verde	93	99
Argentina	3,029	2,967
Paraguay	113	104
	7,747	8,704
Unallocated	198	222
	7,945	**8,926**

The average number of employees of the **Company** in the years ended December 31, 2016 and 2015, included in Common functions, was 8 and 13, respectively.

11. Other operating expenses

Other operating expenses for the years of continued operations ended December 31, 2016 and 2015 were as follows:

	Group		Company	
	2016	2015	2016	2015
Taxes (a)	17,836	24,366	12	21
Receivables impairment (Note 27)	3,456	2,635	-	-
Subscriptions	624	534	33	22
Inventory impairment (Note 26)	117	877	-	-
Loss on disposal of assets	3,701	8,693	-	-
Donations	1,190	1,381	-	5
Fines and penalties	1,159	262	1	-
Uncollectible debts	316	878	-	-
Others receivables impairment (Note 22)	39	65	-	-
CO_2 emission licences (Note 44)	9,426	22,652	-	-
Others (b)	4,320	12,288	94	-
	42,183	74,630	140	48

(a) The negative evolution is influenced by the average exchange rate conversion in the Argentine and Egypt business areas. In the year ended December 31, 2015, this caption included, among others, an increase in tax rates related to the increase of the sales volume and operation of quarries rights in the Argentine business area, in the amount of €4,401 thousand.

(b) In the year ended December 31, 2015, the increase facing the previous year is essentially related to the recognition of a provision for an estimated loss on the acquisition of a credit (Note 36).

12. Net financial expenses

Net financial expenses of continued operations for the years ended December 31, 2016 and 2015 were made up as follows:

	Group		Company	
	2016	2015	2016	2015
Financial expenses:				
Interest expense	281,069	262,558	1,484	1,213
Foreign exchange loss (a)	158,853	258,734	122	1
Changes in fair-value:				
Trading derivative financial instruments (b)	3,975	5,481	-	-
	3,975	5,481	-	-
Other financial expenses (c)	69,255	64,466	83	491
	513,152	591,239	1,689	1,704
Financial income:				
Interest income	26,937	36,928	449	977
Foreign exchange gain (a)	72,587	103,784	-	3
Changes in fair-value:				
Trading derivative financial instruments (b)	-	22,506	-	-
	-	22,506	-	-
Other financial income (c)	41,888	20,334	-	-
	141,413	183,553	449	980
Net financial expenses	(371,739)	(407,686)	(1,239)	(724)
Share of profits of associates:				
From equity method (Note 19):				
Loss in associated companies	-	(17)	-	-
Gain in associated companies	868	1,342	-	-
	868	1,325	-	-
Other investment income:				
Gains on holdings	4	14	182	1,013
Gains/(Losses) on investments (d)	199	258	(4,772)	(12,775)
	203	272	(4,589)	(11,762)

(a) In the years ended December 31, 2016 and 2015, the unfavourable and favourable exchange differences are mainly influenced by the effect of the valuation of USD against all functional currencies in Group in the conversion of assets and liabilities registered in that currency.

As a result of contracting interest rate hedging derivative financial instruments of Euro against the USD of the debts settled in this last currency (Note 39), through hedge accounting mechanism, negative exchange differences of around €43 million were compensated (around 125 million euros in 2015).

(b) These captions are composed by fair value variation of trading derivative financial instruments, contracted to cover exchange and interest rate risks, which weren't qualified for hedge accounting.

(c) In Other financial income and expenses, are included income and costs related to the financial adjustments of assets and liabilities, including the effect of the financial adjustment of provisions (Note 36), prompt payment discounts granted and obtained and the costs related to commissions, guarantees and other bank charges in general. In the years ended December 31, 2016 and 2015, this caption is also influenced by the repurchase of Notes issued by Cimpor Financial Operations, B.V. with a nominal value of USD 108,378 thousand and USD 54,290 thousand, respectively, which has generated a financial income in the amount of €23,429 thousand and €12,863 thousand, respectively (Note 37).

(d) Results relating to investments in the Company for the years ended December 31, 2016 and 2015, correspond to impairment losses in the financial investments in Kandmad - Sociedade Gestora de Participações Sociais, Lda., respectively.

13. Income tax

Group corporate income tax

The Group companies are taxed, whenever possible, under group's special income tax schemes allowed by tax legislation from each jurisdiction in which the Group operates.

Tax on income relating to the other geographic segments is calculated at respective rates in force, as follows:

	December 2016	December 2015
Portugal	22.5%	22.5%
Brazil	34.0%	34.0%
Mozambique	32.0%	32.0%
South Africa	28.0%	28.0%
Egypt	22.5%	22.5%
Argentina	35.0%	35.0%
Paraguay	10.0%	10.0%
Austria	25.0%	25.0%
Spain	25.0%	28.0%
Others	21%-29,22%	1%-29,22%

(a) Includes municipal surcharge at the maximum rate of 1.5%. Additionally, taxable income in excess of €1,500,000 are subject to a state surcharge in accordance with article 87 - A of the Corporation Income Tax Code, at the following rates:

- 3% for taxable income from €1,500,000 to €7,500,000;
- 5% on taxable income from €7,500,000 and €35,000,000;
- 7% on taxable income exceeding €35,000,000.

Pursuant to legislation in force in the different jurisdictions in which the Group operates, the corresponding tax returns are subject to review by tax authorities for a period varying from 4 to 5 years, which may be extended under certain circumstances, namely when there are tax losses or ongoing investigations, claims or disputes.

The **Group** income tax expense of discontinued operations for the years ended December 31, 2016 and 2015 was as follows:

	December 2016	December 2015
Current tax	54,109	54,351
Deferred tax (Note 25)	(62,829)	(64,001)
Increases/ (decreases) in tax provisions (Note 36)	(4,914)	(2,799)
Charge for the year	(13,635)	(12,449)

The reconciliation between the tax rate applicable in Portugal and the effective tax rate in the Group in the years ended December 31, 2016 and 2015, without considering the losses (around €58 million and €68 million, respectively) of entities with debt on which the corresponding tax effects were not recognized since at present there are no projections that enable them to be expected to be recovered, is as follows:

	December 2016	December 2015
Profit before income tax	(799,565)	(92,819)
Profit from financial entities	58,004	67,565
Adjusted profit for income tax reconciliation	(741,561)	(25,254)
Tax rate applicable in Portugal	22.50%	22.50%
Theorical income tax	(166,851)	(5,682)
Non-taxable operational and financial results	7,187	4,032
Impairment losses	131,334	-
Adjustments on deferred taxes	15,226	(10,239)
Tax rate differences	(17,836)	1,962
Other	17,305	(2,522)
Charge for the year	(13,635)	(12,449)

The change in the caption tax rate differences reflect the grater (positive or negative) contribution of taxable results in jurisdictions with higher tax rates.

In “Other” are included the costs associated with the taxation of dividends, as well as the effect of prior year tax adjustments. In the year ended December 31, 2016, also includes the registration of a tax income charge of around €12 million, related to additional tax assessments made by tax authority to one of our companies in Egypt, referring to the years 2000 to 2004. The Board of Directors has judicially appealed and, supported by the counsellors opinion, understands that the tax authorities have no grounds regarding the maintenance of the substantial of those assessments.

However, the alternative found to avoid penalties, was to formalize a staged payment agreement until 2021, which does not imply the recognition of the reasons that led to such assessments, not even prevent the maintenance of the judicial proceedings to enforce that the reason is on the side of the company, and which expressly provides for the compensation of those values, now agreed to be paid, after the judicial decision in favour of the company, moment that the settled amounts will be recognized in the assets of that company (Note 35).

In addition to the tax charge, in 2016 and 2015 the Group recorded deferred tax of €31,342 thousand and €14,400 thousand, respectively, directly in income and costs recognized in equity (Note 25).

Company corporate income tax

The Company is taxed under the special income tax scheme for corporate groups ("RETGS"), comprising the companies in which it directly or indirectly holds by eligible entities at least 75% of the capital and which comply with the requirements of law. This tax scheme consists of applying the CIT rate to the consolidated taxable results of the companies included in the tax scheme plus the municipal surcharge, and excluding profits distributed between those companies.

In accordance with current legislation, the Company's tax returns are subject to tax audits for a period of four years, except if there are tax losses computed, tax benefits granted or tax audits, claims or appeals in progress, in which cases the periods can be extended or suspended.

At the date of this report, the Company's tax returns were reviewed by the tax authorities up to the tax year of 2013. The tax returns for the years 2014 and 2016 are still subject to review.

The Board of Directors, based on the positions of its tax consultants and taking into account the recognised responsibilities, believes that any review of these tax returns will not result in adjustments with any significant effect on the financial statements.

The **Company** Income tax expense for the years ended December 31, 2016 and 2015 was as follows:

	2016	2015
Current tax	356	(729)
Deferred tax (Note 25)	162	(1,239)
Increases/ Decreases in tax provisions (Note 36)	(5,649)	(3,000)
Charge for the year	(5,131)	(4,969)

The reconciliation between the tax rate applicable in Portugal and the effective tax rate in the **Company** is as follows:

	2016	2015
Profit before income tax	(6,943)	(14,439)
Tax rate applicable in Portugal	22.50%	22.50%
Theorical income tax	(1,562)	(3,249)
Non-taxable operational and financial results	(2,542)	2,446
Increases / (Decreases) in tax provisions	(5,649)	(3,000)
Adjustments on deferred taxes	4,000	(693)
Other	622	(473)
Charge for the year	(5,131)	(4,969)

Non-taxable net operating and financial items refer essentially to an impairment loss in the investment in the subsidiary Kandmad (Note 19). Others include corrections to prior year taxes and the effect of the adjustment to the internal results of the tax group.

14. Dividends

In the Shareholders' General Meeting held on February 24, 2016 it was proposed not to distribute dividends for the year 2015. The same decision was taken in the Shareholders' General Meeting held on March 25, 2015 for the year 2014.

15. Earnings per share

Basic and diluted earnings per share for the years ended December 31, 2016 and 2015 were computed as follows:

	Group		Company	
	2016	2015	2016	2015
Basic earnings per share:				
Net profit considered in the computation of basic earnings per share	(787,625)	(71,231)	(1,812)	(9,470)
Weighted average number of ordinary shares used to calculate the basic earnings per share (thousands) (a)	666,094	666,094	666,094	666,094
	(1.18)	(0.11)	(0.003)	(0.014)

(a) The average number of shares is weighted by the average number of treasury shares in each of the corresponding financial years.

By the fact there were no dilution effects, in the years ended December 31, 2016 and 2015, basic and diluted earnings per share are equal.

16. Goodwill

The changes in goodwill and related accumulated impairment losses in the years ended December 31, 2016 and 2015 were as follows:

	Portugal	Egypt	Brazil	Mozambique	South Africa	Cape Verde and other	Argentina	Total
Gross assets:								
Balances at December 31, 2014	27,004	66,341	1,512,717	24,459	73,731	9,458	239,759	1,953,468
Currency translation adjustments	-	1,272	(320,875)	(4,096)	(12,562)	-	(67,916)	(404,176)
Balances at December 31, 2015	27,004	67,613	1,191,842	20,363	61,169	9,458	171,843	1,549,292
Balances at December 31, 2015	27,004	67,613	1,191,842	20,363	61,169	9,458	171,843	1,549,291
Currency translation adjustments	-	(37,262)	238,941	(5,434)	10,499	-	(26,345)	180,400
Balances at December 31, 2016	27,004	30,352	1,430,783	14,929	71,668	9,458	145,498	1,729,691
Accumulated impairment losses:								
Balances at December 31, 2014	18,001	-	-	-	-	-	-	18,001
Balances at December 31, 2015	18,001	-	-	-	-	-	-	18,001
Currency translation adjustments	-	-	66,576	-	-	-	-	66,576
Increases	-	-	583,706	-	-	-	-	583,706
Balances at December 31, 2016	18,001	-	650,282	-	-	-	-	668,283
Carrying amount:								
As at December 31, 2015	9,003	67,613	1,191,842	20,363	61,169	9,458	171,843	1,531,291
As at December 31, 2016	9,003	30,352	780,501	14,929	71,668	9,458	145,498	1,061,409

Impairment on assets

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segments (Note 2.3).

Attending to business model and considering the financial statement structure adopted for management purposes, goodwill is attributed generally to each operating segment, due to the existence of synergies between the units of each segment in a perspective of vertical integration of business.

The recoverable value of each group of cash-generating units is compared, in the tests performed, with the respective recognized value of assets and liabilities ("book value"). An impairment loss is only recognized when the book value exceeds the higher of the value in use and transaction value, based on cash flow projections under medium and long term business plans approved by the Board of Directors, plus perpetuity.Cash flows are discounted based on the weighted average cost of capital after tax ("WACC"), adjusted for the specific risks of each market.

Impairments in Brazil

In the year ended December 31, 2016, the test performed for the Brazilian business area resulted in an impairment recorded, due to the deterioration of the economic and political scene of the country, in the amount of €650 million (BRL 2,235,929 thousand), entirely affected to Goodwill.

Conditions in this market, which had already registered a strong recession in 2015, deteriorated in 2016, with a sharp contraction in GDP and with rating agencies lowering again Brazil's credit rating.

In this macroeconomic context of the country, the cement market follows a downward trend as compared to 2015. The situation is made even worse by the increase of industry's idleness, due to the entry into operation of new plants, which in a competitive environment led to reductions in average prices, when compared to the same period of 2015.

Cash Flow projections in Brazil

Based on the context described above, the Group has revised assumptions underlying to the determination of recoverable amount of liquid assets in the Brazilian business area, considering the estimate of cash flows for a period of five years plus perpetuity, on the basis of an operational plan approved by the Board of Directors. That basis includes, among other, a set of estimates related to market growth, market share, investments and costs.

In general, the plan was projected by applying growth rates for the market, considering that the demand for building materials decreased due to the financial and economic crisis, reinforced by political instability.

It is assumed a recovery in demand, as a result of the recovery of the political and economic crisis, however to levels still below pre-crisis levels in the first years and a returning at a historical average level in the future.

The projected sales volumes are based on the assumption of the capacity usage and market shares according to historical levels.

Concerning to variable costs, it was assumed an evolution in line with the sales development, being expected an improvement in gross margin, leading to a partial improvement in operating margins through savings achieved by cost reduction programs and initiatives for price recovery, expecting to achieve in the 5th year of projection a margin close to the historical reference margin in the Brazilian market.

Determination of discount rate

Discount rates are calculated for each cash generating unit based on relevant local risk-free rate adjusted by the country risk premium, among other parameters. For impairment test in the Brazilian business area, performed for the year end of 2016, the group has reviewed the discount rates applied, raising the measure of country risk, in line with the reduction of the Brazilian credit rating attributed by the international rating agencies, despite the conviction in the economic recovery of the country in the medium term.

The determination of the value in use was based on discounted cash flows calculated in local currency, using the corresponding WACC and perpetuities rates, as follows:

	2016			2015		
Segments	Goodwill	"WACC" rate	Long term growth rate	Goodwill	"WACC" rate	Long term growth rate
Portugal and Cape Verde	18,461	6,7% - 7,8%	0.0%	18,461	6,2% - 12,1%	0.0%
Egypt	30,352	22.9%	0.0%	67,613	18.1%	0.0%
Brazil	780,501	10.5%	0.0%	1,191,842	10.4%	0.0%
Mozambique	14,929	17.5%	0.0%	20,363	14.3%	0.0%
South Africa	71,668	9.3%	0.0%	61,169	11.0%	0.0%
Argentina	145,498	16.1%	0.0%	171,843	22.3%	0.0%
	1,061,409			1,531,291		

As of December 31, 2016, the Group examined the impact of a 50 basis points change in update rates and in the EBITDA margin in relation with Brazilian business area projections which resulted in the following impacts at level of the recoverable value and of the recognized impairment:

	+50 BP	-50 BP
"WACC" rate	(164,980)	193,940
EBITDA margin	15,678	(15,547)

Based on the impairment tests performed relating to the other segments, no other situation was identified leading to the recognition of impairment losses, including in the scenarios of 50 basis points change in the corresponding rates.

17. Intangible assets

The changes in intangible assets and corresponding accumulated amortization and impairment losses in **Group** in the years ended December 31, 2016 and 2015 were as follows:

	Industrial property and other rights	Intangible assets in progress	Total
Gross assets:			
Balances at December 31, 2014	63,892	1,333	65,225
Currency translation adjustments	(10,080)	(266)	(10,345)
Additions	4,185	12	4,197
Sales	(90)	-	(90)
Transfers	(591)	-	(591)
Balance at December 31, 2015	57,317	1,079	58,396
Currency translation adjustments	1,754	(331)	1,424
Additions	6,938	-	6,938
Sales	(3)	-	(3)
Transfers	1,878	-	1,878
Balances at December 31, 2016	67,884	748	68,632
Accumulated amortisation and impairment losses:			
Balances at December 31, 2014	30,222	-	30,222
Currency translation adjustments	(4,490)	-	(4,490)
Increases	5,766	-	5,766
Write-offs	(1)	-	(1)
Transfers	31	-	31
Balances at December 31, 2015	31,529	-	31,529
Currency translation adjustments	2,324	-	2,324
Increases	6,321	-	6,321
Transfers	(1,344)	-	(1,344)
Balances at December 31, 2016	38,829	-	38,829
Carrying amount:			
As at December 31, 2015	25,788	1,079	26,867
As at December 31, 2016	29,055	748	29,803

The "Industrial property and other rights" caption mainly includes contractual rights, land surface rights and licences, including the use of software.

18. Tangible assets

The **Group** changes in tangible assets and corresponding accumulated depreciation and impairment losses in the years ended December 31, 2016 and 2015 were as follows:

	Land	Buildings and other constructions	Basic equipment	Transportation equipment	Administrative equipment	Tools and dies	Other tangible assets	Tangible assets in progress	Advance to suppliers of tangible assets	Total
Gross assets:										
Balances at December 31, 2014	618,707	980,439	2,905,372	125,572	37,815	10,213	7,128	219,357	136,975	5,041,579
Currency translation adjustments	(116,500)	(145,121)	(387,333)	(18,103)	(3,462)	(593)	(1,494)	(59,948)	(32,714)	(765,269)
Additions	22,727	1,421	23,529	1,190	470	237	1,724	104,885	26,951	183,133
Sales	(2,333)	(2,595)	(9,177)	(1,997)	(82)	(14)	(1,088)	(1)	-	(17,286)
Write-offs	-	(4,425)	(1,828)	-	(110)	(14)	-	-	-	(6,377)
Transfers	24,052	11,797	55,749	2,188	909	496	(251)	(5,710)	(100,222)	(10,992)
Balances at December 31, 2015	546,653	841,515	2,586,312	108,850	35,540	10,325	6,018	258,583	30,990	4,424,787
Currency translation adjustments	(14,562)	51,753	(27,666)	(544)	(1,107)	(975)	(438)	19,669	1,176	27,304
Additions	24,516	5,956	40,753	86	367	169	96	81,251	715	153,909
Sales	(1,520)	(731)	(7,350)	(2,780)	(135)	(47)	(38)	(2)	(763)	(13,366)
Write-offs	(58)	(206)	(89)	-	-	-	(11)	-	-	(363)
Transfers	2,387	21,242	43,066	(39,404)	37	2,182	761	(99,147)	(5,562)	(74,438)
Balances at December 31, 2016	557,416	919,528	2,635,026	66,208	34,702	11,655	6,389	260,354	26,556	4,517,833
Accumulated depreciation and impairment losses:										
Balances at December 31, 2014	74,333	422,936	1,690,943	59,690	31,897	8,470	3,753	-	-	2,292,021
Currency translation adjustments	(8,000)	(34,055)	(158,235)	(7,511)	(2,473)	(226)	(666)	-	-	(211,166)
Increases	19,664	37,412	120,160	23,501	1,830	449	1,338	2,733	-	207,088
Decreases	(134)	(301)	(5,050)	(1,410)	(71)	(14)	(2)	-	-	(6,981)
Write-offs	-	(4,409)	(1,828)	-	(110)	(14)	-	-	-	(6,361)
Transfers	2,777	(4,513)	(5,866)	(8,160)	(92)	-	(102)	-	-	(15,956)
Balances at December 31, 2015	88,640	417,070	1,640,123	66,110	30,981	8,666	4,322	2,733	-	2,258,646
Currency translation adjustments	(963)	18,314	(20,163)	(25)	(753)	(847)	(120)	-	-	(4,556)
Increases	38,978	31,940	101,491	16,772	1,412	677	1,603	-	-	192,873
Decreases	(785)	(567)	(5,703)	(1,203)	(110)	(21)	(9)	-	-	(8,398)
Write-offs	-	(84)	(62)	-	-	-	(10)	-	-	(155)
Transfers	(587)	(4,707)	(7,313)	(43,194)	(247)	819	(490)	-	-	(55,718)
Balances at December 31, 2016	125,284	461,965	1,708,374	38,461	31,284	9,295	5,296	2,733	-	2,382,692
Carrying amount:										
As at December 31, 2015	458,013	424,444	946,190	42,740	4,559	1,659	1,696	255,850	30,990	2,166,141
As at December 31, 2016	432,132	457,563	926,652	27,747	3,418	2,359	1,093	257,620	26,556	2,135,141

As of December 31, 2016, in Transportation equipment transfers is included the reclassification occurred in the first semester of the ships owned by Cimpship – Transportes Marítimos, S.A. to the caption “Assets classified as held for sale” in the net amount of €7,873 thousand. Additionally, were recognized impairment losses related to those assets of about €4,300 thousand (Note 7). This company was sold during 3rd quarter of 2016 by the amount of €7,245 thousand.

The value of the operating land includes the estimated future cost of environmental recovery and rehabilitation of the land, which also increased liabilities (Note 36).

The additions during the financial years ended on December 31, 2016 and 2015 include €854 thousand and €4,589 thousand, respectively, of financial expenses related to loans contracted to finance the construction of qualifying assets.

Tangible assets in progress and advance to suppliers of tangible assets, in the years ended December 31, 2016 and 2015, include the construction and improvement of installations and equipment of the cement sector of several production units, essentially in the Brazil, Argentina and Egypt business areas.

<u>Impairment losses</u>

In the year ended December 31, 2016, there were impairment losses of tangible fixed assets unallocated totaling €4,300 thousand and, in December 31, 2015, there were impairment losses of tangible fixed assets unallocated totaling €12,600 thousand and impairment losses of tangible fixed assets in the Portuguese business area totaling €3,500 thousand (Note 7).

The changes in tangible assets, corresponding depreciation and impairment losses in the years ended December 31, 2016 and 2015 for the **Company** were as follows:

	Basic equipment	Transportation equipment	Administrative equipment	Total
Gross assets:				
Balances at 31 December 2014	6	125	4,327	4,459
Additions	11	-	-	11
Sales	-	(24)	(14)	(38)
Balances at 31 December 2015	17	101	4,313	4,432
Additions	-	-	-	-
Sales	-	-	(104)	(104)
Balances at 31 December 2016	17	101	4,209	4,327
Accumulated depreciation and impairment losses:				
Balances at 31 December 2014	6	92	3,962	4,060
Increases	1	26	17	44
Decreases	-	(24)	(14)	(38)
Balances at 31 December 2015	7	94	3,965	4,066
Increases	1	8	11	20
Decreases	-	-	(104)	(104)
Balances at 31 December 2016	8	101	3,872	3,982
Carrying amount:				
As at 31 December 2015	9	7	348	366
As at 31 December 2016	8	-	337	346

19. Investments in subsidiaries, associates and joint ventures

In the **Group**, the changes in investments in subsidiaries, associates and joint ventures in the years ended December 31, 2016 and 2015 were as follows:

	Investment	Goodwill	Total
Gross assets:			
Balances at December 31, 2014	3,783	6,969	10,752
Exchange translation adjustments	(579)	-	(579)
Equity method effect:			
On financial expenses (Note 12)	1,325	-	1,325
On shareholders' equity	563	-	563
Dividends received	(1,506)	-	(1,506)
Acquisitions and increases	118	-	118
Sales and write-offs	(61)	-	(61)
Balances at December 31, 2015	3,643	6,969	10,612
Currency translation adjustments	472	-	472
Equity method effect:			
On financial expenses (Note 12)	868	-	868
On shareholders' equity	(109)	-	(109)
Dividends received	(874)	-	(874)
Sales and write-offs	-	-	-
Balances at December 31, 2016	3,999	6,969	10,968
Accumulated impairment losses:			
Balances at 31 December 2014	-	-	-
Balances at December 31, 2015	-	-	-
Currency translation adjustments	244	-	244
Increases (Note 7)	2,142	-	2,142
Balances at December 31, 2016	2,386	-	2,386
Carrying amount:			
As at December 31, 2015	3,643	6,969	10,612
As at December 31, 2016	1,613	6,969	8,582

The breakdown of **Group** investment in associates and joint ventures, its respective equity values in December 31, 2016 and 2015 and its net profit for the years ended in such dates were as follows:

	2016							
Name	Operating segment	Ownership percentage	Assets	Liabilities	Shareholders' equity	Sales and services rendered	Net profit	Balance value Investments in associates a)
Setefrete, SGPS, S.A.	Portugal and Cape Verde	25%	5,583	(29)	5,554	103	2,924	3,676
Companhia de Mineração Candiota	Brazil	48%	2,728	(2,532)	196	1,975	6	77
CCEscom	Brazil	50%	-	-	-	-	15	-
AVE- Gestão Ambiental e Valorização Energética, S.A.	Unallocated	35%	2,814	(2,393)	420	10,865	359	4,829
								8,582

	2015							
Name	Operating segment	Ownership percentage	Assets	Liabilities	Shareholders' equity	Sales and services rendered	Net profit	Balance value Investments in associates a)
Setefrete, SGPS, S.A.	Portugal and Cape Verde	25%	5,577	(39)	5,538	163	4,707	3,672
Companhia de Mineração Candiota	Brazil	48%	407	(244)	164	338	49	79
CCEscom	Brazil	50%	4,717	(692)	4,025	-	(34)	2,017
AVE- Gestão Ambiental e Valorização Energética, S.A.	Unallocated	35%	3,940	(3,475)	465	12,777	404	4,845
								10,612

a) Includes, when applicable, the amount of goodwill affected by each cash-generating unit.

In the separate financial statements, financial investments in subsidiaries, associates and joint ventures are recorded at the corresponding acquisition costs.

The breakdown of **Company** investments in subsidiaries and associates and its respective equity values in December 31, 2016 and 2015, and its net profit for the years ended in such dates were as follows:

		2016				2015			
Name	Country	Ownership percentage	Shareholders' equity	Net profit	Balance value	Ownership percentage	Shareholders' equity	Net profit	Balance value
Cimpor Trading e Inversiones, S.A.	Spain	90	495,896	(635,364)	777,344	90	1,125,474	(91,891)	762,944
Cimpor Portugal, SGPS, S.A.	Portugal	100	112,069	(132,145)	445,480	100	243,739	(5,589)	438,480
Cimpor Reinsurance, S.A.	Luxembourg	100	20,365	3,932	11,955	95	16,433	3,171	10,855
Kandmad, SGPS, Lda.	Portugal	0	-	-	-	100	13,446	(12,372)	14,720
Cimpor - Serviços de Apoio e Gestão de Empresas, S.A.	Portugal	100	5,765	1,500	2,900	100	3,265	909	1,900
Cimpor Financial Operations, B.V.	Holand	74.595	5,421	1,133	1,024	74.595	4,288	1,499	1,024
Cement Services Company, S.A.E.	Egypt	45	304	363	137	45	626	374	137
Cimpor Egypt For Cement Company, S.A.E.	Egypt	0.00188	113,799	(11,936)	5	0.00188	277,721	348	5
					1,238,845				1,230,065

The changes in **Company** investments in subsidiaries and associates in the years ended December 31, 2016 and 2015 were as follows:

Balances at December 31, 2014	1,121,340
Increases	121,500
Decreases	(12,775)
Balances at December 31, 2015	1,230,065
Increases	45,826
Decreases	(37,046)
Balances at December 31, 2016	1,238,845

In the year ended December 31, 2016, the increases corresponds to: i) the capital increase of Cimpor Trading and Inversiones, S.A., in the amount of €14,400 thousand; (Ii) the increase in the supplementary benefits of the subsidiaries Kandmad, SGPS, Lda., Cimpor - Serviços de Apoio e Gestão de Empresas, S.A. and Cimpor Portugal, SGPS, S.A. in the amounts of €22,326 thousand, €1,000 thousand and €7,000 thousand, respectively; and iii) the acquisition corresponding to 5% of the capital of Cimpor Reinsurance, S.A. in the amount of €1,100 thousand.

The decreases are concerning to the repayment of supplementary benefits of the subsidiary Kandmad, SGPS, Lda. and to the dissolution and liquidation of that company.

In the year ended December 31, 2015, the increases correspond to the share capital increase of the company Cimpor Inversiones, S.A. and the decreases refer to the recognition of an impairment loss in the investment in the subsidiary Kandmad, SGPS, Lda..

Relating to the investments in Cimpor Trading e Inversiones and Cimpor Portugal, as a result of the corresponding balance sheet values at December 31, 2016, being lower than the participation in the corresponding shareholder’s equity, were subject to impairment tests.

Considering that, as mentioned in the Introductory note, Cimpor Portugal and Cimpor Trading e Inversiones represent the two subholdings through which, the investments of all national and international investments are held, respectively, the impairment tests were performed in an aggregate form for the entire portfolio of investment held by each.

These tests had, as a reference, for the investments in each geographic segment, the same cash flow projection exercise considered in the impairment tests of goodwill, as described in Note 16.

As a result of this exercise, for the entire portfolio of those investments, no impairment losses were identified, including, as described in Note 16, in the described sensitivity analysis scenarios.

20. Other investments

The changes in "Other investments" in the scope of IAS 39 for the years ended December 31, 2016 and 2015 were as follows:

	Group				Company
	Available-for-sale financial assets		Financial assets at fair-value through profit and loss	Total	Available-for-sale financial assets
	Cost	Fair value			Cost
Gross investment:					
Balances at December 31, 2014	8,827	1,547	2,564	12,939	4,138
Currency translation adjustments	(94)	-	(683)	(777)	-
Revaluation/adjustments	-	12	-	12	-
Increases	7	-	480	487	-
Sales	(1)	(756)	-	(758)	-
Balances at December 31, 2015	8,739	803	2,361	11,903	4,138
Currency translation adjustments	(5)	-	559	554	-
Revaluation/adjustments	-	(103)	-	(103)	-
Increases	23	-	9	32	-
Balances at December 31, 2016	8,757	700	2,928	12,386	4,138
Accumulated impairment losses:					
Balances at December 31, 2014	4,094	-	-	4,094	4,051
Balances at December 31, 2015	4,094	-	-	4,094	4,051
Balances at December 31, 2016	4,094	-	-	4,094	4,051
Carrying amount:					
As at December 31, 2015	4,645	803	2,361	7,809	87
As at December 31, 2016	4,663	700	2,928	8,292	87

This caption includes: (i) available for sale financial assets measured at fair value as well as their cost of acquisition adjusted for estimated impairment losses when they do not have listed market prices in an active market the cost of which cannot be reliably measured; and (ii) financial assets at fair value to results, that correspond essentially to a portfolio of investment funds.

21. Investment properties

In the year ended December 31, 2016, were classified to this caption, concrete plants rented in the Brazilian business area.

22. Accounts receivable – other

This caption at December 31, 2016 and 2015 was made up as follows:

	Group				Company			
	2016		2015		2016		2015	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Subsidiaries, associated and participated companies	10,079	3,698	73	12,922	565	8,300	3,173	22,700
Other shareholders	283	-	283	-	-	-	-	-
Advances to suppliers of fixed assets	1,114	5,322	66	11,653	-	-	-	-
Other debtors	28,888	28,160	47,805	10,471	403	328	390	328
	40,364	37,180	48,227	35,046	968	8,628	3,564	23,028
Accumulated impairments	(1,360)	(424)	(1,473)	(421)	(283)	(328)	(283)	(328)
	39,004	36,756	46,754	34,625	685	8,300	3,281	22,700

In the years ended December 31, 2016 and 2015, those accounts receivable ageing were as follow:

	Group				Company			
	2016		2015		2016		2015	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Undue balances	36,174	31,773	43,756	23,116	685	8,300	3,281	22,700
Due balances:								
Up to 180 days	1,692	24	2,797	2,072	-	-	-	-
From 181 to 360 days	90	454	70	342	-	-	-	-
More than 361 days	2,407	4,927	1,604	9,515	283	328	283	328
	40,364	37,180	48,227	35,046	968	8,628	3,564	23,028

Impairments to accounts receivable - other

In the years ended December 31, 2016 and 2015 the changes in this caption were as follows:

	Group	Company
Balances at December 31, 2014	2,025	611
Currency translation adjustments	(23)	-
Increases (Note 11)	65	-
Decreases (Note 8)	(171)	-
Utilisations	(2)	-
Balances at December 31, 2015	1,894	611
Currency translation adjustments	(95)	-
Increases (Note 11)	39	-
Decreases (Note 8)	(3)	-
Utilisations	(51)	-
Balances at December 31, 2016	1,784	611

The recognized impairments represent the estimated loss on the accounts receivable, as a result of the credit risk analysis, after deducting the amounts covered by credit insurance and other warranties.

23. Taxes recoverable and taxes payable

Taxes recoverable and taxes payable at December 31, 2016 and 2015 were as follows:

	Group				Company		
	2016		2015		2016		2015
	Current	Non-current	Current	Non-current	Current	Non-current	Current
Taxes recoverable:							
Corporate income tax	13,127	19,268	17,030	1,333	2,706	-	2,851
Personal income tax	1,918	-	2,518	-	32	-	32
Value added tax	21,791	10,294	29,678	12,783	-	-	-
Other	3,731	20,072	4,016	13,659	-	-	-
	40,567	49,634	53,243	27,776	2,738	-	2,883
Taxes payable:							
Corporate income tax	32,808	5,845	20,768	5,012	3,013	3,797	384
Personal income tax	10,484	-	4,647	-	37	-	31
Value added tax	13,610	-	13,941	-	66	-	76
Social security contributions	8,055	-	9,233	-	31	-	35
Other	2,435	7,292	1,365	210	-	-	-
	67,393	13,138	49,955	5,222	3,148	3,797	526

Non-current receivables and payables are related, essentially, to taxes in the Brazilian business area, whose recovery or enforceability will not occur in the year 2017.

In compliance with the requirements of Artº 21 Decree-Law nº 411/91 of 17 October, it is declared that the **Company** does not have any overdue liabilities to the tax administration or the social security.

24. Other current and non-current assets

Other current and non-current assets at December 31, 2016 and 2015 were as follows:

	Group				Company	
	2016		2015		2016	2015
	Current	Non-current	Current	Non-current	Current	Current
Accrued interest	829	-	541	-	-	-
Derivative financial instruments (Notes 39 and 45)	26,450	215,450	24,770	238,895	-	-
Leases	325	-	157	-	-	-
Insurances	496	-	747	-	8	7
Other deferred costs and accrued income	3,805	-	3,988	-	-	3
	31,905	215,450	30,202	238,895	8	10

25. Deferred taxes

The changes in **Group** deferred taxes in the years ended December 31, 2016 and 2015 were as follows:

	Intangible assets	Goodwill	Tangible assets	Tax losses carried forward	Provisions for risks and charges	Doubtful accounts	Inventories	Investments	Available-for-sale financial assets	Other	Total
Deferred tax assets:											
Balances at December 31, 2014	211	-	4,308	69,186	27,464	3,459	849	523	-	13,712	119,712
Currency translation adjustments	(9)	-	(187)	(10,931)	(3,820)	(793)	(82)	(0)	-	(8,030)	(23,852)
Income tax (Note 13)	6	-	205	12,558	1,857	661	(5)	146	-	35,153	50,581
Shareholders' equity (Note 13)	-	-	-	(9,997)	(844)	-	-	-	-	(28)	(10,869)
Balances at December 31, 2015	208	-	4,326	60,816	24,658	3,328	762	668	-	40,807	135,572
Currency translation adjustments	4	-	64	4,589	2,008	469	(261)	0	-	4,113	10,985
Income tax (Note 13)	308	-	(2,622)	49,490	(1,686)	497	146	1,988	-	8,854	56,975
Shareholders' equity (Note 13)	-	-	-	(38,478)	1,637	-	-	-	-	3,674	(33,167)
Balances at December 31, 2016	520	-	1,767	76,417	26,616	4,293	647	2,656	-	57,448	170,365
Deferred tax liabilities:											
Balances at December 31, 2014	-	154,981	349,419	-	7,619	-	-	27	-	27,009	539,054
Currency translation adjustments	-	(33,136)	(76,168)	-	(3)	-	-	-	-	(4,154)	(113,461)
Income tax (Note 13)	-	(4,869)	9,238	-	818	-	-	-	-	(18,606)	(13,419)
Shareholders' equity (Note 13)	-	-	-	-	-	-	-	-	-	3,530	3,530
Transfers	-	-	-	-	-	-	-	-	-	2,811	2,811
Balances at December 31, 2015	-	116,976	282,488	-	8,434	-	-	27	-	10,590	418,515
Currency translation adjustments	-	25,359	(2,593)	-	1	-	-	-	-	1,277	24,043
Income tax (Note 13)	-	9,777	(24,322)	-	327	-	-	(27)	-	8,391	(5,854)
Shareholders' equity (Note 13)	-	-	-	-	(80)	-	-	-	-	(1,745)	(1,825)
Balances at December 31, 2016	-	152,112	255,573	-	8,682	-	-	-	-	18,512	434,879
As at December 31, 2015	208	(116,976)	(278,162)	60,816	16,224	3,328	762	641	-	30,217	(282,943)
As at December 31, 2016	520	(152,112)	(253,806)	76,417	17,934	4,293	647	2,656	-	38,936	(264,514)

The deferred tax assets are recorded directly in other profit and loss on shareholders' equity when the situations that have originated them have similar impact, namely:

- The deferred tax assets and liabilities arising from provisions, resulting from the tax effect associated to the actuarial gains and losses recorded directly in Reserves;

- The deferred tax assets and liabilities related to hedging reserve in the cash flow hedge accounting;

Temporary differences originating deferred taxes are influenced by the allocation of fair values, without tax base, to assets and liabilities acquired in business combination processes, with significant impact on tangible assets and, for most types, differences in valuation and the accounting policies between the accounting basis of assets and liabilities of the Group companies and the corresponding tax base.

The deferred tax liabilities related to Goodwill arise from the existence of some jurisdictions in which the goodwill is taxable deductible.

At December 31, 2016 the **Group** had tax losses of approximately €1,025 million to be used (€959 million at December 31, 2015) deductible from future profits, having recognized deferred tax assets of €76,417 thousand (€60,816 thousand at December 31, 2015). Deferred tax assets of approximately €812 million were not recognized for losses (€747 million at December 31, 2015) due the unpredictability of their recovery.

Deferred tax assets were recognized when it is probable that future taxable profits will occur, which could be used to recover fiscal losses and temporary differences. This evaluation was performed in accordance with the Group's entities business plans, periodically reviewed and updated.

The changes in **Company's** deferred taxes in the years ended December 31, 2016 and 2015 were as follows:

	Tax losses carried forward	Doubtful accounts	Others	Total
Deferred tax assets:				
Balances at December 31, 2014	11,306	255	234	11,795
Income tax (Note 13)	1,257	-	(17)	1,239
Transfers	83	-	-	83
Balances at December 31, 2015	12,646	255	217	13,118
Income tax (Note 13)	(157)	-	(6)	(162)
Transfers	2,619	-	-	2,619
Balances at December 31, 2016	15,108	255	211	15,574

In the **Company**, deferred tax assets for losses result from the appropriation results, under the special income tax scheme for corporate groups, related to tax years 2013 and 2016, and recoverable as follows:

	Amount	Maturity
Assessement date		
2013	42,784	2018
2014	13,896	2026
2015	3,662	2027
2016	30,772	2021
	91,114	

The transfers include fiscal consolidation losses of the year, whose tax payable to companies in the tax group is stated as current debt (Note 41).

26. Inventories

Group inventories as at December 31, 2016 and 2015 were as follows:

	2016	2015
Raw, subsidiary and consumable materials	260,180	271,526
Work in process	110,293	83,310
Subproducts and waste	1	-
Finished and semi-finished products	30,601	33,657
Merchandise	5,572	3,633
Advances on purchases	5,355	2,702
	412,001	394,828
Accumulated impairments	(2,681)	(4,026)
	409,321	390,802

Accumulated inventory impairments

The changes in Group inventories adjustments in the years ended December 31, 2016 and 2015 were as follows:

Balances at December 31, 2014	6,758
Currency translation adjustments	(479)
Increases (Note 11)	877
Decreases (Note 8)	(3,130)
Balances at December 31, 2015	4,026
Currency translation adjustments	(1,014)
Increases (Note 11)	117
Decreases (Note 8)	(449)
Balances at December 31, 2016	2,681

27. Accounts receivable – trade

This caption at December 31, 2016 and 2015 was as follows:

	Group		Company	
	2016	2015	2016	2015
Trade receivables	147,392	153,128	538	2,391
Notes receivable - trade	337	160	-	-
Doubtful trade accounts receivable	18,713	20,228	2,146	2,146
Advances to suppliers	19,563	18,208	-	-
	186,005	191,723	2,684	4,536
Accumulated impairments	(28,726)	(27,951)	(2,146)	(2,146)
	157,279	163,772	538	2,391

Accumulated impairments to accounts receivable - trade

During the years ended December 31, 2016 and 2015, the changes in this caption were as follows:

	Group	Company
Balances at December 31, 2014	29,061	2,147
Currency translation adjustments	(2,699)	-
Increases (Note 11)	2,635	-
Decreases (Note 8)	(639)	(1)
Utilisations	(407)	-
Balances at December 31, 2015	27,951	2,146
Currency translation adjustments	1,216	-
Increases (Note 11)	3,456	-
Decreases (Note 8)	(633)	-
Utilisations	(3,242)	-
Transfers	(22)	-
Balances at December 31, 2016	28,726	2,146

In the years ended December 31, 2016 and 2015, the ageing of this caption, was as follows:

	Group		Company	
	2016	2015	2016	2015
Undue balances	127,142	119,257	538	2,391
Due balances:				
Up to 180 days	33,904	48,362	-	-
From 180 to 360 days	3,502	2,872	-	-
More than 360 days	21,458	21,231	2,146	2,146
	186,005	191,723	2,684	4,536

The book value of the accounts receivable is close to its fair value.

The Group does not have a significant concentration of credit risk, as the risk is spread over a broad range of trade and other debtors. The recognized impairments represent the estimated loss on the accounts receivable, as a result of the credit risk analysis, after deducting the amounts covered by credit insurance and other warranties.

28. Share capital

The Company's fully subscribed and paid up capital at December 31, 2016 and 2015, consisted of 672,000,000 privatized shares, listed on Euronext Lisbon market, with a nominal value of one euro each.

The official qualifying shareholders are disclosed in the appendix to these financial statements.

29. Treasury shares

Commercial legislation relating to treasury shares requires that a free reserve equal to the cost of those treasury shares be unavailable while the shares are not sold (Note 31). In addition, the applicable accounting rules require that gains and losses on the sale of treasury shares be recorded in reserves.

In December 31, 2016 and 2015 the company held 5,906,098 treasury shares.

In the years ended December 31, 2016 and 2015 there were no movements in treasury shares.

30. Currency translation adjustments

The changes in this caption in the years ended December 31, 2016 and 2015, are a result of converting financial statements of Group entities into euros, with the following functional currencies:

	Egyptian Pound	Brazilian Real	Mozambique Metical	South African Rand	Argentinian Peso	Others	Total
Balances at December 31, 2014	(46,455)	(2,796)	(5,832)	(117,035)	(292,627)	2,160	(462,585)
Currency translation adjustments	6,061	(425,867)	(13,332)	(28,371)	(159,393)	(564)	(621,465)
Balances at December 31, 2015	(40,395)	(428,663)	(19,163)	(145,405)	(452,019)	1,596	(1,084,050)
Currency translation adjustments	(149,432)	236,877	(13,566)	20,382	(55,351)	640	39,550
Balances at December 31, 2016	(189,827)	(191,786)	(32,730)	(125,023)	(507,371)	2,236	(1,044,500)

In the years ended December 31, 2016 and 2015, no financial derivative instruments were contracted to hedge investments in foreign entities.

31. Other reserves

This caption at December 31, 2016 and 2015 was as follows:

	Group		Company	
	2016	2015	2016	2015
Legal reserve	134,400	134,400	134,400	134,400
Other reserves	199,806	164,856	172,332	172,332
	334,206	299,256	306,732	306,732

Legal reserve: Commercial legislation establishes that at least 5% of annual net profit must be appropriated to a legal reserve until the reserve equals at least 20% of share capital. This reserve is not available for distribution, but can be used to absorb losses once the other reserves have been exhausted, or to increase capital.

Other reserves: As of 31 December 2016 and 2015, “Other reserves” includes non-distributable reserves of €27,216 thousand, corresponding to the cost of these treasury shares acquisition (Note 29). In the year ended 31 December 2016 Other income and costs recognized in the Group’s Reserves includes, essentially, the:

- Recognition of actuarial losses on the liability to employees in the net amount of €5,388 thousand (€102 thousand of actuarial losses on the liability to employees in the year ended 2015);
- Recognition of hedging operations losses of €43,475 thousand (€15,714 thousand of hedging operations gains in the year ended 2015).
- Recognition of a gain of €83,812 thousand in the sale of the investments related to Baesa and Machadinho (Note 4.1).

Patrimonial instrument - Preferred shares over special purpose entities:

The preferred shares of Barra Grande Participações and Machadinho Participações have certain specific characteristics, in particular, in terms of:

- Right to priority dividends, equivalent to 75% of the profit and/or reserves distributed in each year;
- Absence of voting rights (except for specific matters established in the corresponding statutes);
- Priority relating to the common shares in case of liquidation;
- Be converted into common shares (conversion rights) in accordance with statutes;
- Non-participation in future capital increases.

The conditions of the agreements also establish a set of assumptions that regulate the terms of an eventual divestment by the buyer, including mechanisms to ensure minimum return, as well as rights to convert preferred shares into common shares.

Considering all those characteristics, attending to the disposals of IAS 32, the referred instruments (either Barra Grande or Machadinho) acquire characteristics of an hybrid instrument, taking into account that those instruments simultaneously incorporate components that can be classified as a capital instrument and a financial instrument (financial asset or liability). Consequently, these components were measured and recognized separately in the financial statements as follows:

a) The principal received was classified as an equity instrument, taking into consideration that, under the terms established, there is no obligation to repurchase those shares (obligation to deliver cash or other financial assets), as well as convertibility clauses in common shares (by option of the shareholders) and their respective dividends (See above and Note 4.1);

b) Regarding the clauses of minimum return and possible coverage of a significant devaluation of the investments in those entities in a period of up to seven years or by the output option by the preferred shares holders after that period, under the conditions established in the agreements, the values of Loss or gain compared to the market value in the sale of these shares to third parties, are classified as derivative financial instruments and measured at fair value at the date of the financial statements (Note 39).

In the year ended 31 December 2015, it was recognized in this caption the amount of €16,371 thousand related to the gain (net of the tax effect of €9,997 thousand (Note 25)) on the sale of non-controlling interests related to the subsidiary Yguazu Cementos (Note 33).

32. Retained earnings

The changes in retained earnings in the years ended December 31, 2016 and 2015 were as follows:

	Group	Company
Balances at December 31, 2014	451,692	254,379
Appropriation of profit of 2014	27,207	869
Other	(49)	-
Balances at December 31, 2015	478,849	255,247
Appropriation of profit of 2015	(71,231)	(9,470)
Other	(10)	-
Balances at December 31, 2016	407,608	245,777

33. Non-controlling interests

The changes in this caption in the years ended December 31, 2016 and 2015 were as follows:

Balances at December 31, 2014	50,020
Currency translation adjustments	(4,461)
Dividends	(1,280)
Actuarial gain and loss on personnel responsabilities (Note 34)	14
Variation in investments (a)	5,658
Other changes	235
Net profit for the year attributable non-controlling interests	(9,140)
Balances at December 31, 2015	41,046
Currency translation adjustments	(1,577)
Dividends	(562)
Financial instruments hedging	13
Variation in investments (a)	(4,019)
Net profit for the year attributable non-controlling interests	1,694
Balances at December 31, 2016	36,595

(a) In the year ended December 31, 2016 corresponds to changes in the investments mentioned in Note 4.1. In the year ended December 31, 2015 corresponded to the sale of part of the share capital of Yguazu Cementos (Note 31).

34. Employee benefits

Defined benefit plan

The Group has defined benefit retirement pension plans and healthcare plans, for which the liability is determined annually based on actuarial valuations made by independent entities, the cost determined by these valuations being recognised in the year.

Most of the liability for the retirement benefit plans has been transferred to pension funds managed by specialised independent entities.

The valuations as of December 31, 2016 and 2015 were made using the “Projected Unit Credit” method and were based in the following assumptions and technical bases:

	2016	2015
Actuarial technical rate (in local currency)		
Portugal	1.9%	2.40%
South Africa	9.9%	9.6%
Annual pension growth rate		
Portugal	1.0%	1.0%
Annual fund income rate		
Portugal	2%	2,4%
Annual salary growth rate		
Portugal	2%	2%
Mortality tables		
Portugal	TV88/90 e TV73/77	TV88/90
South Africa	SA 85-90	SA 85-90
Disability tables		
Portugal	EKV 80	EKV 80
Nominal growth rate of medical costs		
Portugal		
Medical inflation rate	2%	2%
South Africa	9.2%	9.3%

In the Portuguese business area, changes in principal actuarial assumptions result, essentially, of changes in the main market variables and expectations that determine them.

In accordance with the actuarial valuations the pension and healthcare benefits costs for the years ended December 31, 2016 and 2015 were as follows:

		Pension plans	
		2016	2015
Current service cost		460	538
Interest cost		1,648	1,838
Administrative costs		172	-
Expected return of the plans' assets		(1,429)	(2,990)
Total cost/(income) of the pension plans (Note 10)	(I)	852	(614)

		Healthcare plans	
		2016	2015
Current service cost		79	85
Interest cost		285	319
Plan change		(132)	(245)
Total cost/(income) of the healthcare plans (Note 10)	(II)	232	159
Total cost/(income) of the defined benefit plans	(I) + (II)	1,083	(455)

The changes in the amount of the responsibilities for defined benefit plans and related market value of fund assets during the years ended December 31, 2016 and 2015 were as follows:

	Pension plans		Healthcare plans		Total	
	2016	2015	2016	2015	2016	2015
Defined benefit liability - January 1	70,527	73,663	10,088	10,716	80,615	84,378
Benefits and bonuses paid	(4,828)	(4,855)	(784)	(787)	(5,613)	(5,643)
Current service cost	460	538	79	85	539	624
Past service cost	-	-	(132)	(245)	(132)	(245)
Interest cost	1,648	1,838	285	319	1,933	2,156
Actuarial gains and losses	4,277	(656)	2,386	145	6,663	(511)
Exchange differences	-	-	116	(145)	116	(145)
Defined benefit liability - December 31	72,084	70,527	12,038	10,088	84,122	80,615
Value of the pension funds - January 1	64,069	66,246	-	-	64,069	66,246
Benefits and bonuses paid	(4,828)	(4,855)	-	-	(4,828)	(4,855)
Expected income of the funds' assets	1,429	2,990	-	-	1,429	2,990
Actuarial gains and losses in income from the funds' assets	896	(311)	-	-	896	(311)
Administrative costs	(172)	-	-	-	(172)	-
Value of the pension funds - December 31	61,394	64,069	-	-	61,394	64,069

The effect of the decrease of 0.02 p.p. in the discount rate on the liability for defined pension benefit plans and the health area in the Portuguese business area, which represents more than 95% of the Group’s liability, was estimated to amount to an increase of around €151 thousand in the liability and with Health Plan the effect of the increase of 0.55 p.p. in the discount rate was estimated to amount to an increase of around €753 thousand in the liability.

The movements of net actuarial gains and losses during the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Changes during the year:		
Related to the liabilities	(6,663)	511
Related to the funds assets	896	(311)
Corresponding defferred tax	(1,064)	268
Non-controlling interests (Note 33)	-	14
	(6,830)	482

In addition, actuarial gains and losses include the following experience adjustments:

	2016	2015
Related to the liabilities	1,488	1,027
Related to the funds assets	896	(311)

The difference between the present value of the benefit plan liability and the market value of the funds' assets for the last five years ended December 31, was as follows:

Pension plans	2016	2015	2014	2013	2012
Liability	72,084	70,527	73,663	71,402	74,715
Value of the pension funds	(61,394)	(64,069)	(66,246)	(68,085)	(68,582)
Deficit	10,690	6,458	7,417	3,317	6,133
Liability for employee benefits:					
Non-current liability	10,690	6,917	7,417	3,317	6,133
	10,690	6,917	7,417	3,317	6,133
Fund surplus	-	460	-	-	-
Total exposure	10,690	7,377	7,417	3,317	6,133

Healthcare plans	2016	2015	2014	2013	2012
Liability for employee benefits:					
Current liability	903	899	904	903	902
Non-current liability	11,135	9,190	9,812	13,320	14,995
Total exposure	12,038	10,088	10,716	14,223	15,897

The Group has not established funds for the health plans. The main assets of the funds as at December 31, 2016 and 2015 are as follows:

	2016	2015
Shares	15.3%	15.1%
Fixed rate notes	65.9%	67.7%
Variable rate notes	1.6%	1.6%
Real estate investment funds, real estate investment, hedge funds, cash and insurance	17.2%	15.6%
	100.0%	100.0%

Real estate investments include a property valued at €5,900 thousand, which is rented, for use within the Group, for an annual rent of €373 thousand (€372 thousand in the year ended December 31, 2015).

Defined contribution plans

In the years ended December 31, 2016 and 2015 the **Group** incurred costs of €1,781 thousand and €1,644 thousand, respectively with defined contribution plans (Note 10). The cost of the **Company's** defined contribution plans in 2016 and 2015 amounted to €31 thousand and €46 thousand, respectively (Note 10).

35. Contingent liabilities, guarantees and commitments

Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its products and services as well for environmental, labor and regulatory cases. Facing to those natures, valuation and recorded provisions, there is an existing expectation that there are no relevant effects on the developed activity, equity and operating results.

On December 31, 2016, the Group has an exposure of €932 million (€659 million in December 31, 2015), being €7 million of contingencies related to labor (€8 million in December 31, 2015), €674 million of tax contingencies (€459 million in December 31, 2015), €251 million of civil contingencies and administrative processes of other natures (€192 million in December 31, 2015), whose likelihood of loss was considered possible, according to the opinion of legal counsellors.

The most significant of the contingencies are:

Brazil

The Group and other companies in the industry were parties to administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defence ("CADE"). In July, 2015, CADE's tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 by the competition authorities in Brazil (as well by other involved companies), maintaining the condemnation decision as regards cartel formation and the imposition of a pecuniary fine and other accessory penalties. The fine imposed to the Group, amounted to, approximately, €127 million (which corresponds to BRL 241,700 thousand to Intercement and BRL 297,820 thousand to CCB, meanwhile merged), besides the obligation to sell 20% of its concrete´s assets in Brazil, among other accessory penalties. On December 31, 2016 the fine imposed reach to, resulting from its financial actualization, €185 million (BRL 635 million).

After the referred administrative CADE's decision become final, the Group appealed judicially, having obtained, on 22 October 2015, the grant of the preliminary injunction to suspend all penalties imposed by CADE, by the presentation of real guarantees (two plants), until the judgment decision. Such preliminary injunction decision was judicially appealed by CADE, which was rejected. Based on the opinion of its legal advisors, that the risk of loss before the court is considered as possible, no provision was recorded for this contingent liability as of December 31, 2016 and 2015.

Still regarding Brazil, concerning to tax contingencies, to be noted, their increase in about €222 million, as a result of several tax inspections, essentially, under indirect taxes (PIS/COFINS and ICMS) which justifies (over exchange rate conversion around €80 million) part of the increase of tax contingencies around €353 million in 2015 to around €575 million in 2016 (a significant effect comes also from the exchange rate conversion of the BRL to Euros).

Egypt

In the context of the industrial licensing process in the industrial unit of Amreyah Cimpor Cement Company, the Industrial Development Authority (IDA), an Egyptian government entity, claims a payment in the amount of EGP 217 million (around €11.4 million). The Board of Directors, based on the understanding of the company's legal advisors, believes that the payment is not due, having submitted a legal petition in this respect. In 2013 there was an unfavorable legal decision. Under this process, a bank guarantee in favour of the Industrial Development Authority (IDA) is being negotiated.

As a result of a tax inspection, one of our company was subject to an additional tax assessment on income for the year 2008 in the amount of 104 million EGP (€5.5 million). Adding to this assessment interests and penalties of 88 million EGP (€4.6 million). It is understood by membership management, supported by the opinions of its consultants, who understand that the corrections are not appropriate, that from the closing of the mentioned process, there will be no relevant charges.

Spain

As a result of tax inspections of the years 2002 to 2004 and 2005 to 2008, additional tax assessments were realized, of approximately €27 million and €120 million, respectively. Already in 2015, the Supreme Court issued a ruling that annulled the additional payments made by the tax authorities the financial years 2002 to 2004. The additional assessments relate essentially to net financial items resulting mainly from interpretations not adjusted to the nature of certain transactions, Management believes that the conclusion of the legal processes resulting from the actions in progress, which has been already contested, will not result in significant costs for the Group. This opinion is confirmed by the understanding and opinion of its legal and tax advisors, which consider the possibility of loss, with the processes of 2005 to 2008, as possible (around €86 million) to remote (around €34 million). Following these assessments the company submitted to the Spanish tax administration guarantees which at this time amount to approximately €120 million.

During the second half of 2014, the Spanish tax authorities began inspecting the years 2009 to 2012. For the years 2009 to 2011, were already presented tax authorities project reports, maintaining their interpretations which lead to corrections since 2002, resulting in a negative taxable income of about €28 million. For the year 2012, the inspection is ongoing. As in previous years, the Board of Directors and its legal and tax counsellors remains convinced that from the conclusion of the legal proceedings that may be brought contesting these corrections, no significant charges will occur in the Group.

Contingent assets

In the year ended December 31, 2015, it was mentioned a contingent liability for a tax dispute related to tax assessments that were made to a company in Egypt, referring to the years 2000 to 2004, which were subject to a judicial appeal.

At the end of the third quarter of 2016, to avoid penalties, a staged payment agreement until 2021 of those taxes was signed with the competent tax authorities. Because the conditions of such agreement do not meet the conditions for such payments being recognized as an asset of the company, until the court decision becomes effective, in this year a tax charge corresponding to the total responsibility inherent to the agreement, amounting to around EGP 91 million (Note 13) has been already recognized.

Guarantees

At December 31, 2016 and 2015 Group companies had requested guarantees totalling €473,268 thousand and €421,352 thousand, respectively, given to third parties, are as follows:

	2016	2015
Guarantees given:		
For tax processes in progress	323,190	284,963
Financing entities	125,731	124,036
To suppliers	3,453	3,444
Other	20,894	8,909
	473,268	421,352

Additionally, under CADE's process, two real guarantees were conceded over two concrete plants in the Brazilian business area, aiming at the suspension of the penalties imposed, as mentioned above.

In the Portugal business area, due to legislation on the legal responsibilities for environmental damage reserves were established or assets of the Group companies assigned in a total of approximately €8.6 million.

The above guarantees for tax processes include €6,922 thousand and €7,495 thousand at December 31, 2016 and 2015, respectively, relating to the Company.

Guarantees provided to Other entities at December 31, 2016 and 2015 include the bank guarantee in favor for the Industrial Development Authority (IDA), Egyptian governmental entity, in the amount of around €11.4 million and €25.5 million, respectively (EGP 217 million).

Other commitments

In the normal course of its business the Group assumes commitments related essentially to the acquisition of equipment, under its investment operations in progress and for the purchase and sale of investments.

Additionally, as of December 31, 2016 and 2015, there are commitments related to contracts for the acquisition of tangible fixed assets and stocks as well as for the operation of facilities located on the property of third parties, as follows:

	2016	2015
Business area:		
Argentina	34,096	74,633
Brazil	50,405	65,115
Mozambique	26,100	25,791
Portugal	19,246	22,851
Egypt	7,896	10,383
South Africa	177	19
	137,921	198,791

In accordance with the Commercial Company Code ("Código das Sociedades Comerciais"), the parent company Cimpor – Cimentos de Portugal, SGPS, S.A. is jointly responsible for the obligations of its subsidiaries.

36. Provisions

In the year ended as of December 31, 2016 and 2015, the classification of provisions was as follows:

	Group		Company	
	2016	2015	2016	2015
Non-current provisions:				
Provisions for tax risks	18,822	35,235	10,000	23,000
Provisions for environmental rehabilitation	39,954	36,612	-	-
Provisions for employees	24,418	25,114	747	814
Other provisions for risks and charges	8,825	11,829	31	31
Legal deposits	(2,876)	(3,246)	-	-
	89,143	105,545	10,778	23,845
Current provisions:				
Provisions for employees	3,284	4,060	227	186
Other provisions for risks and charges	-	10,852	-	-
	3,284	14,912	227	186
	92,428	120,457	11,005	24,031

Legal deposits have the following composition:

	Group	
	2016	2015
Labor	(2,329)	(2,824)
Tax	(497)	(384)
Civil and other	(50)	(38)
Total	(2,876)	(3,246)

The provisions for tax risks cover liabilities from tax assessments, which have been claimed. The Board of Directors, together with its tax and legal consultants, believes that, for the majority of the issues in dispute with the tax authorities, the Group has a strong possibility of winning those processes. However, the inexistence of case law and the technical complexity of some of the issues advise the recording of such provisions.

The provisions for environmental rehabilitation represent the Group's legal or constructive obligation to rehabilitate land used for quarries. Payment of this liability depends on the period of operation and the beginning of the related exploration.

The provisions relating to personnel correspond essentially to the estimate of costs of the liability for termination of employment and long term remuneration, of which €14,772 thousand and €16,899 thousand, respectively, relating to December 31, 2016 and 2015 correspond to the pre-retirement of employees (Note 10).

The other provisions for risks and charges are to cover specific business risks resulting from the Group's operations, including those resulting from litigation, as well as provisions for liabilities resulting from participations in associated companies.

The changes in the **Group's** provisions in 2016 and 2015 were as follows:

	Provisions for tax risks	Environmental rehabilitation	Provisions for employees	Other provisions for risks and charges	Legal deposits	Total
Balances at December 31, 2014	39,219	43,117	34,449	14,318	(4,356)	126,746
Currency translation adjustments	(1,402)	(7,302)	(3,305)	(1,334)	1,039	(12,304)
Increases	931	1,956	3,769	13,141	-	19,797
Decreases	(3,234)	(463)	(341)	(2,061)	-	(6,099)
Utilisations	(192)	(695)	(5,273)	(1,593)	71	(7,683)
Transfers	(86)	-	(125)	211	-	-
Balances at December 31, 2015	35,235	36,612	29,174	22,681	(3,246)	120,457
Currency translation adjustments	(3,031)	2,030	1,649	(2,473)	(650)	(2,475)
Increases	2,577	2,807	5,275	3,184	-	13,843
Decreases	(6,999)	-	(946)	(2,078)	-	(10,023)
Utilisations	(8,960)	(1,495)	(7,450)	(12,490)	1,020	(29,375)
Balances at December 31, 2016	18,822	39,954	27,703	8,825	(2,876)	92,428

In the year ended December 31, 2016, the utilization of provisions for tax risks resulted essentially from the adoption, in the Portuguese business area, of a Special Program for the Reduction of Indebtedness to the State ("PERES"), which was applicable until December 20, 2016.

Provisions increases for the year ended December 31, 2016 include mainly the increase of provisions for taxes in the Brazilian business area.

The decrease of provisions in the years ended December 31, 2016 and 2015 results essentially from reappraisal of the degree of probability of the occurrence of losses in several business areas.

In the Company, as a result of audits performed by the tax authorities to the CIT returns for the years of 1996 to 2013, additional adjustments were made to the assessment basis and to tax, determined under the tax consolidation regimes in force in each year. The Board of Directors believes, based on the understanding of its tax consultants that the above mentioned adjustments have no legal basis and therefore they have been legally claimed. Even so, due to the lack of jurisprudence and the technical complexity of some matters, provisions were set up for most of the issues in dispute.

In addition, the Board of Directors believes that any responsibility of the above tax, resulting from tax assessments up to the tax year of 2001 or subsequent if influenced by operations up to that date, are the responsibility of the *"Fundo de Regularização da Dívida Pública"* (In this way, Administrative Court already decided for the years 1997,1998 and 1999). Some of the tributary processes related to those additional assessments are still in course, as well as some administrative processes, in order that the “Fundo de Regularização da Dívida Pública” assumes the respective responsibility.

In conclusion, it should also be noted that the Company's tax risk provisions are deducted from payments and payment plans made under tax debt regularization plans (Exceptional Debt Settlement Regime and PERES).

The changes in the **Company** provisions in the years ended December 31, 2016 and 2015 were as follows:

	Provisions for tax risks	Provision for employees	Other provisions for risks and charges	Total
Balances at December 31, 2014	26,000	1,077	31	27,108
Increases	-	133	-	133
Decreases	(3,000)	-	-	(3,000)
Utilisation	-	(210)	-	(210)
Balances at December 31, 2015	23,000	1,000	31	24,031
Increases	-	261	-	261
Decreases	(5,649)	-	-	(5,649)
Utilisation	(7,351)	(287)	-	(7,638)
Balances at December 31, 2016	10,000	974	31	11,005

The increases and decreases in the provisions in the years ended December 31, 2016 and 2015 were recorded by corresponding entry to the following accounts:

	Group		Company	
	December 2016	December 2015	December 2016	December 2015
Net result for the year:				
Operating costs	505	8,386	-	-
Payroll costs	931	312	215	77
Operating Income	-	(218)	-	-
Provisions	(1,405)	(437)	-	-
Financial expenses	8,705	8,453	47	-
Income tax (Note 13)	(4,914)	(2,799)	(5,649)	3,000
	3,821	13,698	(5,388)	3,077

The caption financial expenses include the financial actualizations of the provision for environmental rehabilitation.

37. Loans

Loans in the **Group** as at December 31, 2016 and 2015 were as follows:

	December 2016	December 2015
Non-currents liabilities:		
Notes	1,157,415	1,262,123
Bank loans	1,932,590	1,911,997
Other loans	41,843	768,743
	3,131,847	3,942,862
Currents liabilities:		
Notes	121,926	-
Bank loans	214,086	116,967
Other loans	726,900	215
	1,062,912	117,182
	4,194,759	4,060,044

<u>Notes</u>

Non-convertible Notes at December 31, 2016 and 2015 were as follows:

						December 2016		December 2015
Business unit	Financial instrument	Currency	Emission date	Coupon (b)	Final maturity	Current	Non-current	Non-current
Brazil	Debênture - Brazil (a)	BRL	Mar.12	Floating rate indexed to CDI	Apr.22	63,920	320,168	352,116
Brazil	Debênture - Brazil	BRL	Aug.12	Floating rate indexed to CDI	Aug.22	58,006	290,484	281,694
Holdings and Financial Vehicles	Senior Notes (a) (c)	USD	Jul.14	5.75%	Jul.24	-	546,764	628,312
						121,926	1,157,415	1,262,123

(a) Guaranteed by controlling entities of the Company;

(b) The contractual variable rates include spreads till 15% over the index;

(c) In July 17, 2014, Cimpor Financial Operations, B.V. (Cimpor B.V.), issued Senior Notes ("Notes") in the amount of USD 750 million, with a payment maturity of 10 years. The Notes were launched with coupon of 5.75% per annum and are listed on the Singapure Stock Exchange. Following this operation, shorter maturity debt were paid in advance. In the year ended December 31, 2016, the Group purchased Notes in the nominal value of USD 108,378 thousand (USD 54,290 thousand in the year ended December 31, 2015), for an average price of 78%, in the amount of €77 million (Note 46), which results in the recognition of a gain in the amount of €23,429 thousand (€12,862 thousand in the year ended December 31, 2015) (Note 12).

Bank loans

Group bank loans as at December 31, 2016 and 2015 were as follows:

Business unit	Type	Currency	Interest rate (b)	Contract date	Maturity		December 2016		December 2015	
							Current	Non-Current	Current	Non-Current
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	May/12	Jan/22	(a)	-	396,651	-	455,333
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/12	Feb/22	(a)	-	306,796	-	303,805
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/14	Feb/19	(a)	6,037	54,041	-	59,953
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	Feb/14	Feb/19	(a)	20,616	183,992	-	197,803
Holdings and Financial Vehicles (*)	Bilateral	EUR	Floating rate indexed to Euribor	Feb/14	Feb/19	(a)	-	60,078	-	59,953
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	Feb/14	Feb/19	(a)	-	204,605	-	197,800
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	Feb/14	Feb/21	(a)	-	224,536	-	216,886
Holdings and Financial Vehicles (*)	Bilateral	USD	Floating rate indexed to US Libor	May/14	May/19		-	46,974	-	45,374
Holdings and Financial Vehicles (*)	Bilateral	EUR	Fixed rate	Dec/14	Dec/18		-	22,949	-	22,394
Company	Commercial paper	EUR	Floating rate	Mar/16	Mar/20	(a)	-	50,000	-	50,000
Argentina and Paraguay	Bilaterals	ARS	Floating rates indexed to Badlar	Several	Several		30,702	25,989	18,204	45,949
Argentina and Paraguay	Bilaterals	USD	Floating rates indexed to US Libor	Several	Several		53,934	45,746	57,437	2,525
Brazil	Bilaterals	BRL	Fixed and floating rates	Several	Several		12,716	151,819	10,837	62,752
Argentina and Paraguay	Bilaterals	USD	Fixed and floating rates	Several	Several		21,224	62,782	18,723	70,675
Argentina and Paraguay	Bilaterals	PYG	Fixed rates	Oct/15	Feb/17		13,751	-	8,968	-
South Africa	Bilaterals	ZAR	Floating rate indexed to Jibar	Several	Several		31,135	13,838	-	35,432
Portugal and Cape Verde	Bilaterals	EUR	Fixed and floating rates	Several	Several	(a)	-	75,000	-	75,000
Mozambique	Bilaterals	MZN	Floating rates indexed to BT 3M	Several	Several		1,541	268	1,467	7,055
Egypt	Bilaterals	EGP	Floating rates indexed to Corridor	Several	Several		22,429	6,525	1,331	3,310
							214,086	1,932,590	116,967	1,911,997

(*) Referring to the companies included in the Holdings, business and corporate support and trading segment (Note 4).

(a) Guaranteed by controlling entities of the Company;
(b) For the major funding the variable rates contracted, both in dollars and euros consider spreads between 2.5% and 3.5%.

Other loans

Other loans obtained correspond to loans from Cimpor Trading e Inversiones and Austria Equity Participations GmbH to InterCement Austria Holding GmbH (Note 47), as described below:

Business unit	Financial instrument	Currency	Emission date	Coupon	Final maturity		December 2016		December 2015
							Current	Non-current	Non-current
Holdings and Financial Vehicles	Intercompany Loan	EUR	Feb.13	Floating rate indexed to Euribor	Feb.18		-	41,843	41,843
Holdings and Financial Vehicles	Intercompany Loan	EUR	Dec.12	Fixed rate	Apr.17		381,900	-	381,900
Holdings and Financial Vehicles	Intercompany Loan	EUR	Feb.14	Fixed rate	Apr.17		345,000	-	345,000
							726,900	41,843	768,743

The non-current portion of loans as at December 31, 2016 and 2015 is repayable as follows:

Year	December 2016	December 2015
2017	-	961,974
2018	460,534	340,449
2019	888,512	843,854
2020	355,561	355,577
Following years	1,427,240	1,441,007
	3,131,847	3,942,862

The loans at December 31, 2016 and 2015 are stated in the following currencies:

	December 2016		After Hedging	December 2015		After Hedging
Currency	Currency	Euros	Euros	Currency	Euros	Euros
USD	1,907,282	1,807,824	535,745	2,058,220	1,890,866	591,485
BRL	3,084,634	897,113	897,113	3,006,731	707,400	707,400
EUR	-	1,343,644	2,615,722	-	1,340,063	2,639,444
ARS	950,373	56,691	56,691	910,591	64,153	64,153
MZN	136,069	1,809	1,809	431,373	8,522	8,522
EGP	549,736	28,954	28,954	39,550	4,640	4,640
PYG	83,775,750	13,751	13,751	56,754,600	8,968	8,968
ZAR	650,000	44,973	44,973	600,000	35,432	35,432
		4,194,759	4,194,759		4,060,044	4,060,044

Due to the existence of derivative financial instruments exchange rate hedging, of total loans in dollars, €536 million (€591 million in December 31, 2015) are exposed to foreign exchange risk, which, considering the cash in USD in the amount of €291 million (€238 million in December 31, 2015), reduces the net exposure to that currency to around €245 million (€353 million in December 31, 2015). The net exposure of debt in euros, considering the financial derivative instruments, is lower in about €252 million (€225 million in December 31, 2015).

Comfort letter and guarantee letters

The comfort letters and guarantees given in the **Group** at December 31, 2016 and 2015 correspond to liabilities reflected in the consolidated financial position of €3,344,105 thousand and €3,031,323 thousand, respectively.

38. Obligations under leases

Operating leases

The current operating lease contracts relate essentially to transport and office equipment.

Future commitments as at December 31, 2016 and 2015 under the current operating lease contracts were as follows (minimum lease payments):

	Group		Company	
	2016	2015	2016	2015
Up to 1 year	1,681	1,450	4	13
From 1 to 5 years	1,867	2,785	-	4
More than 5 years	-	-	-	-

Total operating costs of the **Group's** continuing operations under operating lease contracts for 2016 and 2015 amounted to €2,010 thousand and €1,975 thousand, respectively.

In the **Company** current operating lease contracts relate essentially to transport equipment and in the years ended December 31, 2016 and 2015 the costs incurred amounted to €13 thousand and €14 thousand, respectively.

39. Derivative financial instruments

At December 31, 2016 and 2015, a range of derivative financial instruments have been contracted to hedge interest and exchange rate risk.

Fair value of derivative financial instruments

The fair value of derivative financial instruments at December 31, 2016 and 2015 is as follows:

	Other assets				Other liabilities			
	Current		Non-current		Current		Non-current	
	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015
Trading derivatives	-	-	200	-	4,876	-	-	-
Cash flow hedges - Interest rate and cross currency swaps	26,450	24,770	215,249	238,895	3,411	2,501	7,468	4,602
	26,450	24,770	215,450	238,895	8,287	2,501	7,468	4,602

The following schedule shows the operations at December 31, 2016 and 2015 that qualify as fair value hedging instruments:

					Fair value	
Type of hedge	Notional	Type of Operation	Maturity	Financial purpose	December 2016	December 2015
Cash-flow	USD 200,000,000	Cross Currency Swap to EUR	Jul/24	Swich a USD loan into EUR loan	36,488	45,281
Cash-flow	USD 100,000,000	Cross Currency Swap to EUR	Jul/24	Swich a USD loan into EUR loan	15,960	19,566
Cash-flow	USD 50,000,000	Cross Currency Swap to EUR	Jul/24	Swich a USD loan into EUR loan	9,073	11,059
Cash-flow	USD 150,000,000	Cross Currency Swap to EUR	Jul/24	Swich a USD loan into EUR loan	26,021	32,581
Cash-flow	USD 217,500,000	Cross Currency Swap to EUR	Feb/19	Swich a USD loan into EUR loan	28,977	25,434
Cash-flow	USD 217,500,000	Cross Currency Swap to EUR	Feb/19	Swich a USD loan into EUR loan	43,488	38,045
Cash-flow	USD 424,000,000 (a)	Cross Currency Swap to EUR	Jan/22	Swich a USD loan into EUR loan	81,692	85,676
Cash-flow	EUR 379,218,809	Interest Rate Swap	Jan/22	Swich to fixed interest rate	(10,878)	(7,103)
Cash-flow	USD 49,000,000	Foreign Exchange Future	May/16	Swich a USD loan into ARS loan	-	6,022
					230,821	256,561

a) During the year ended December 31, 2016, this financial instrument was partially settled (notional of USD 74 million), with the respective conditions being adjusted to those of the financing.

Additionally, as of December 31, 2016, the portfolio of derivative financial instruments that do not qualify as hedge accounting, is composed by: i) a cash flow derivative on a liability of USD 50,000 thousand, whose fair value liability is €4,429 thousands and; ii) by two derivatives included in the sale of the "Barra Grande" and "Machadinho" operations (Notes 4.1 and 31), being the liability net fair value of €248 thousand.

40. Financial risk management

General principles

During its normal business activities, Cimpor Group is exposed to a variety of financial risks likely to change its net worth, which can be grouped, according to their nature, in the following categories:

- Interest rate risk;
- Exchange rate risk;
- Liquidity risk;
- Credit risk;
- Counterparty risk.

Financial risk is deemed to mean the probability of obtaining a positive or negative outcome different to that expected, and which materially and unexpectedly alters the Group's net worth.

All risk management, focused on that objective, is conducted according to two core concerns:

- Reducing, whenever possible, fluctuations in profit/loss and cash flows that are exposed to risk situations;
- Curbing deviation from forecast financials by means of meticulous financial planning based on multi-year budgets.

Furthermore, another concern of the Group is that the processes for managing these risks meet internal information needs and also external requirements (regulators, auditors, financial markets and all other stakeholders).

The Group, as a rule, does not take speculative positions and so the sole aim of all operations carried out with the purpose of managing financial risks is to control existing risks to which the Group is unavoidably exposed.

Hedging the interest-rate risk and exchange-rate risk normally means contracting financial derivatives on the over-the-counter market (for reasons of flexibility), involving a limited number of counterparties with high ratings. All these operations are undertaken with financial entities with which ISDA contracts have been concluded beforehand, in accordance with international standards.

The whole treasury department is responsible for managing financial risks, including identifying, assessing and hedging such risks. This risk management is conducted under the guidance of the Executive Committee, in particular of the director responsible for the financial risk area (whose approval is required prior to any operation).

In addition, the "improvement of the debt profile" has returned to progress. The refinancing processes of 2016 allowed to an improvement in the debt profile, by reducing the average cost of debt, ensuring a level of liquidity (EUR 576 million), sufficient to cover the financial commitments of the next 18 months; the concentration of large refinancing only after 2019 and the safeguarding of the average debt term of 4 years.

Concerning to the financing of its activity, Cimpor will continue to optimize its capital structure by promoting the reduction of the level of leverage. For this purpose, it will combine the decrease in capital employed, the sale of non-strategic assets and minority interests, the CAPEX discipline and the increase in cash flow generation - either through EBITDA, or through the development of the working capital program.

For 2017, Cimpor projects a slight increase in generation of EBITDA, with progress in operations, which, in the context of the above described dynamics, optimizes the level of leverage to values compatible with the requirements of its financing.

Interest rate risk

The Group's exposure to interest-rate risk arises from the fact that its balance sheet includes financial assets and liabilities that may have been contracted at fixed interest rates or at variable interest rates. In the former case, the Group runs the risk of variation in the fair value of those assets and liabilities, whereby any change in market rates involves a (positive or negative) opportunity cost. In the latter case, such change has a direct impact on the amount of interest paid/received, resulting in cash account changes.

Interest-rate swaps are normally contracted to hedge this type of risk, in accordance with the Group's expectations concerning the development of market rates.

At 31 December 2015 the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, was as follows:

	Dez-16	Dez-15
Floating rates	52%	53%
Fixed rates	48%	47%

Exchange rate risk

The Group's internationalisation means that it is exposed to the exchange-rate risk for the currencies of different countries, particularly the following ones, due to the amounts of capital invested there: Brazil, Argentina, Paraguay, Egypt and South Africa.

The exchange effects of the translation of local financial statements in the Group's consolidated financial statements can be mitigated by hedging the net investments made in those countries. These operations aren't frequent, considering the maturity of those markets and it's considered that the cost of such operations (the difference between the local interest rates and the Group's reference currency) is generally too high considering the risks involved.

When the exchange-rate risk is hedged, swaps and forward contracts and standard exchange options, generally with maturities equivalent to debt instrument that serves as a hedging basis.

The Group does not carry out exchange-rate operations that do not adequately cover existing or contracted positions.

The fact that the Group operates in countries with significant interest rate differentials in relation to the consolidation currency (EUR), results in the search for natural hedge strategies. In this respect there was a seeking to increase the debt of the Business Units in order to obtain better correspondence between assets and liabilities in the same currency, thus decreasing the Group's overall exposure.

The Company owns in the derivatives portfolio, hedging instruments, to help manage the Group's exchange exposure, namely a cross-currency swap that transforms a liability in USD to a liability contracted in Euros (Note 39).

The main debt instruments as at December 31, 2016 and 2015, and considering the effect of the existing cross currency swaps, were denominated in the following currencies:

	Dez-16	Dez-15
USD	14%	15%
BRL	23%	23%
EUR	60%	59%
Other	4%	3%

Liquidity risk

Liquidity risk management means maintaining an appropriate level of cash resources and contracting credit limits that not only ensure the normal pursuit of the Group's activities but also meet the needs of any extraordinary operations.

The debt profile, together with the significant amount in cash and cash equivalents at the end of the year (576 million euros) which practically eliminates the Group's liquidity risk, results in the need for the existence of backup lines being residual.

Credit risk

The markets view of Cimpor's credit risk in regards to financing operations is naturally reflected in the financial costs associated to such operations. The Group's influence in such matters is merely ancillary, embodying the prudent and balanced management of the business in order to lessen the probability of defaulting on its obligations.

The Group's degree of solvency is also reflected in its Leverage ratio (Net Debt / EBITDA). To be noted that the contractual measurement of this covenant is not made at Cimpor Group level, but rather at the level of its indirect controller InterCement Participações S.A.. At 31 December 2016 this ratio wasn't complied with, however, the anticipation of a more favorable market environment for 2017, together with expanding the scope of measures to increase efficiency and the sale of non-strategic assets taken by Cimpor, the company agreed with bank creditors to a non-measurement as of December 31, 2016 and the postponement of the measurement of financial covenants for December 31, 2017.

Besides Financial Covenant (Net Debt / EBITDA), the Group is also subject to some other restrictive clauses, such as the close-out netting by shareholder control exchange, or by breaking the Covenant in some financings ("Cross acceleration").

Except for the Leverage ratio, for which it was agreed, in the financing to which it is applicable, the temporary suspension of its measurement, on December 31, 2016, the several covenants are fully complied with.

Counterparty risk

When the Cimpor Group establishes different contractual relations with third parties, it takes on the risk of the probability of non-fulfilment or even, in an extreme scenario, default by a counterparty.

The Group endeavours to limit its exposure to this risk, when making bank deposits and other cash investments and also when contracting derivative instruments, by carefully selecting the counterparties, based on their rating and taking into account the nature, maturity and scope of the operations.

No losses due to non-compliance are expected based on the information currently available.

Sensitivity analyses

a) Interest rate

Exposure to interest-rate risk results in the variability of the Group's net financial expenses.

The results of a sensitivity analysis of exposure at December 31, de 2016 were as follows considering that the EUR and USD monetary rates are at levels below 1% only scenarios relating to increase in the Euribor and Libor were simulated.

A parallel change of +/- 1% in the interest rate curve with all the other assumptions remaining constant would result in an increase in financial costs for the year then ended (before taxes) of approximately 10 million euros on the euro liability indexed to the variable rate and 4 million dollars on the variable rate loan in USD, as shown in table below:

Indexing	Currency	Value	1%	2%	3%
Euribor	EUR	978,239	9,782	19,565	29,347
US Libor	USD	443,646	4,436	8,873	13,309

In the case of rates indexed in BRL, 3 scenarios were simulated: maintenance of the year end rates, assumed as probable, and two scenarios of increase of 25% and 50% in the rates, being specifically considered that as there were significant amounts invested in this currency, there was a simulation of the impact that an decrease in rates would have on these applications (CDI and Selic – Assets). The results for the assets and liabilities impacts are as follows:

	Saldo	Risk	Scenario 1	Scenario 2	Scenario 3
Financial assets:					
CDI	55,795	Index Decrease	6,288	4,716	3,144
SELIC	33,466	Index Decrease	3,872	2,904	1,936
Loans and notes:					
IGP-M	8,513	Index Increase	556	695	834
CDI	903,445	Index Increase	101,818	127,273	152,727
TJLP	45,025	Index Increase	4,318	5,398	6,477

b) Exchange rates

In the debt and financial derivatives components, considering the currency distributing aforementioned, the exchange rate risks result from exchange rate volatility as well as its impact on consolidated financial results.

Considering the Group's financial assets and liabilities profile, and considering derivative financial instruments, at December 31, 2016 the more significant impact on net financial results would be as follows:

				USD depreciation			USD appreciation	
Amount in USD	Funcional currency	FX Rate (31-12-16)		-10%	-5.0%	0.0%	5.0%	10.0%
-62,202	EUR	1.0550	Efect in EUR	-5,896	-2,948	-	2,948	5,896
-118,208	ARS	15.89	Efect in ARS	-187,833	-93,916	-	93,916	187,833
			Efect in EUR	-12,449	-5,897	-	5,335	10,186
-81,203	PYG	5,774.63	Efect in PYG	-46,891,805	-23,445,903	-	23,445,903	46,891,805
			Efect in EUR	-8,552	-4,051	-	3,665	6,997
79,252	BRL	3.26	Efect in BRL	25,829	12,914	-	-12,914	-25,829
			Efect in EUR	8,347	3,954	-	-3,577	-6,829
45,985	ZAR	13.70	Efeito em ZAR	62,997	31,499	-	-31,499	-62,997
			Efect in EUR	4,843	2,294	-	-2,076	-3,962
-99,593	MZN	71.28	Efeito em MZN	-709,939	-354,970	-	354,970	709,939
			Efect in EUR	-10,489	-4,968	-	4,495	8,582

				EUR depreciation			EUR appreciation	
Amount in EUR	Funcional currency	FX Rate (31-12-16)		-10%	-5.0%	0.0%	5.0%	10.0%
-33,130	ZAR	14.45	Efect in ZAR	47,883	23,942	-	-23,942	-47,883
			Efect in EUR	3,489	1,653	-	-1,495	-2,855

				EGP depreciation			EGP appreciation	
Amount in EUR	Funcional currency	FX Rate (31-12-16)		-10%	-5.0%	0.0%	5.0%	10.0%
260,482	EUR	18.99	Efect in EUR	1,372	686	-	-686	-1,372

(Thousand)

41. Accounts payable – other

Accounts payable – other as at December 31, 2016 and 2015 were as follows:

	Group				Company	
	2016		2015		2016	2015
	Current	Non current	Corrente	Non current	Current	Corrente
Subsidiaries, associated and participanted companies (Note 47)	3,900	-	3,802	-	2,725	157
Other shareholders (Note 47)	126	-	372	-	84	84
Suppliers of fixed assets	27,708	6,737	38,572	7,475	-	-
Other creditors a)	56,424	15,562	125,761	9,193	8	1,013
	88,158	22,299	168,507	16,668	2,817	1,253

a) In the year ended December 31, 2016 and 2015, Other current creditors of the Group includes the debt to the Environment Institute for CO2 emission licenses in the amount of €9,426 thousand and €22,652 thousand, respectively, with maturity of three months (Note 44). Additionally, the amount of €56,646 thousand (BRL 240,769 thousand), received in the year ended December 31, 2015, as an advance payment with the celebration of a promissory contract of purchase and sale corresponding to 18.99% of the share capital of the subsidiary Barra Grande (Note 4.1).

42. Other current and non-current liabilities

These captions as at December 31, 2016 and 2015 were as follows:

	Group				Company	
	2016		2015		2016	2015
	Current	Non-current	Current	Non-current	Current	Current
Accrued interest	110,647	-	105,929	-	1,151	1,213
Accrued payroll	17,446	-	20,577	-	291	431
Derivative financial instruments (Notes 39 and 45)	8,287	7,468	2,501	4,602	-	-
Investment subsidies	-	36	-	22	-	-
Other accrued costs and deferred income	29,412	696	36,260	1,219	18	16
	165,792	8,199	165,268	5,843	1,460	1,661

43. Accounts payable – trade

The caption “Accounts payable - trade” at December 31, 2016 and 2015 was as follows:

	Group		Company	
	2016	2015	2016	2015
Trade payables	213,005	196,253	321	274
Suppliers - invoices for approval	21,553	29,172	-	-
Notes payable - trade	23,605	4,481	-	-
Advances from clients	17,911	28,704	-	-
	276,074	258,609	321	274

44. CO2 emission licenses

In transposing European Parliament and Council Directive 2003/87/CE to internal legal orders, lists of the installations of participants in the trading of emissions and the respective emission licences have been approved by the Portuguese government.

In the period from 2013 to 2020 the Group considered four installations in Portugal annual emission licences corresponding, in the end of 2020, to 25,887,686 tons of CO2, attribute in the first year 3,468,143 tons of CO2 being attributed to it, being gradually reduced in subsequent years.

In the year ended December 31, 2016, 3,200,000 CO2 emissions were sold by the amount of €15,658 thousand (€25,180 thousand and 3,400,000 CO2 emissions in 2015) (Note 8), which deducted from the registered responsibility of €9,426 thousand (€22,652 thousand in 2015) (Notes 11 and 41), corresponds to 1,992,026 tons of CO2 issued in the year ended December 31, 2016 (2,936,144 tons of CO2 issued in 2015), results in a net gain of €6,231 thousand (€2,528 thousand in 2015) in Operating results in the segment “Portugal and Cape Verde” (Note 7).

It is also worth of mention that, in the year ended December 31, 2016 it was signed the acquisition of 2,000,000 CO2 emissions, with maturity in April 13, 2017, to average price of 4.75 per license.

45. Financial assets and liabilities according to IAS 39

The accounting policies in accordance with IAS 39 to financial instruments were applied to following items of the **Group**:

2016	Loans granted and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Financial assets and liabilities at fair value	Total
Assets:					
Cash and cash equivalents	471,989	-	-	103,976	575,965
Accounts receivable-trade	157,279	-	-	-	157,279
Other investments	-	5,364	-	2,928	8,292
Other non-current accounts receivable	36,756	-	-	-	36,756
Other current accounts receivable	39,004	-	-	-	39,004
Other non-current assets	-	-	-	215,450	215,450
Other current assets	1,664	-	-	26,450	28,113
Total assets	706,692	5,364	-	348,804	1,060,859
Liabilities:					
Non-current loans	-	-	3,131,847	-	3,131,847
Current loans	-	-	1,062,912	-	1,062,912
Current accounts payables-trade	-	-	276,074	-	276,074
Other non-current accounts payable	-	-	22,299	-	22,299
Other current accounts payable	-	-	88,158	-	88,158
Other non-current liabilities	-	-	696	7,468	8,164
Other current liabilities	-	-	157,505	8,287	165,792
Total liabilities	-	-	4,739,491	15,755	4,755,246

2015	Loans granted and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Financial assets and liabilities at fair value	Total
Assets:					
Cash and cash equivalents	711,460	-	-	18,927	730,387
Accounts receivable-trade	163,772	-	-	-	163,772
Other investments	-	5,448	-	2,361	7,809
Other non-current accounts receivable	34,625	-	-	-	34,625
Other current accounts receivable	46,754	-	-	-	46,754
Other non-current assets	-	-	-	238,895	238,895
Other current assets	1,452	-	-	24,770	26,222
Total assets	958,063	5,448	-	284,953	1,248,464
Liabilities:					
Non-current loans	-	-	3,942,862	-	3,942,862
Current loans	-	-	117,182	-	117,182
Current accounts payables-trade	-	-	258,609	-	258,609
Other non-current accounts payable	-	-	16,668	-	16,668
Other current accounts payable	-	-	168,507	-	168,507
Other non-current liabilities	-	-	1,219	4,602	5,821
Other current liabilities	-	-	162,767	2,501	165,268
Total liabilities	-	-	4,667,815	7,103	4,674,918

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of December 31, 2016 in accordance with the following fair value seniority levels:

Category	Item	Level 1	Level 2	Level 3
Assets:				
Financial assets available for sale	Investment fund	700	-	-
Financial assets at fair value	Cash and cash equivalents	103,976	-	-
Financial assets at fair value	Financial derivative instruments	-	241,899	-
Financial assets at fair value	Other investments	2,928	-	-
Liabilities:				
Financial liabilities at fair value	Financial instruments derivatives	-	15,755	-

Estimated fair value – assets and liabilities not measured at fair value

Measurement of fair value of derivatives financial instruments is based on criteria extracted from external database agencies, and the results obtained faced with the corresponding evaluations made by counterparties.

Except as regards non-current loans the majority of financial assets and liabilities mature in the short term and so their fair value is considered to be the same as their book values.

Regarding loans and Notes, as shown in Note 37, in general are contracted at variable interest rates, with margins there are estimate to be close to those that possibly could be contracted in December 31, 2016. Consequently, it is understood that the corresponding book value (amortized cost) does not differ significantly from their corresponding market value, except for the fixed interest rate loans contracted in the Brazilian, Argentinian and Paraguayan business areas and for the Senior Notes issued by Cimpor B.V., the effect of their valuation to fair value in relation to their book value being as follows:

	2016	2015
Fair-Value	1,410,143	1,187,446
Accounting Value	1,500,195	1,399,226

For the **Company** the accounting policies in accordance with IAS 39 to financial instruments were applied to following items:

2016	Loans granted and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Total
Assets:				
Cash and cash equivalents	908	-	-	908
Accounts receivable-trade	538	-	-	538
Other investments	-	87	-	87
Other non-current accounts receivable	8,300	-	-	8,300
Other current accounts receivable	685	-	-	685
Other current assets	8	-	-	8
Total assets	10,439	87	-	10,526
Liabilities:				
Non-current loans	-	-	50,000	50,000
Current liabilities-trade	-	-	321	321
Other current accounts payable	-	-	2,817	2,817
Other current liabilities	-	-	1,151	1,151
Total liabilities	-	-	54,289	54,289

2015	Loans granted and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Total
Assets:				
Cash and cash equivalents	138	-	-	138
Accounts receivable-trade	2,391	-	-	2,391
Other investments	-	87	-	87
Other non-current accounts receivable	22,700	-	-	22,700
Other current accounts receivable	3,281	-	-	3,281
Other current assets	10	-	-	10
Total assets	28,520	87	-	28,607
Liabilities:				
Non-current loans	-	-	50,000	50,000
Current liabilities-trade	-	-	274	274
Other current accounts payable	-	-	1,253	1,253
Other current liabilities	-	-	1,213	1,213
Total liabilities	-	-	52,740	52,740

46. Notes to the consolidated cash flow statements

Cash and cash equivalents as at December 31, 2016 and 2015 were as follows:

	Group		Company	
	2016	2015	2016	2015
Cash	448	211	-	-
Bank deposits immediately available	311,155	277,828	908	138
Term bank deposits	118,467	281,748	-	-
Marketable securities	96,933	147,411	-	-
	527,002	707,198	908	138

The caption "Cash and cash equivalents" comprises cash, deposits repayable on demand, treasury applications, government Notes, deposit certificates and term deposits maturing in less than three months with insignificant risk of change in value.

The caption cash and cash equivalents in the consolidated statement of financial position at December 31, 2016 and 2015 includes, in addition, the amounts of €48,964 thousand and €23,189 thousand, respectively, corresponding to exclusive funds that do not fully comply with the requirements necessary for them to be recognized as cash and cash equivalents in the Statement of cash flows.

In the year ended December 31, 2016 and 2015, Cash and cash equivalents in the financial statements, are expressed in the following currencies:

	2016		2015	
Currency	Currency	Euros	Currency	Euros
USD	307,531	291,495	259,044	237,981
BRL	356,053	103,552	990,756	233,097
EUR	87,385	87,385	133,068	133,068
ARS	524,702	31,299	248,800	17,528
MZN	772,531	10,272	1,953,360	38,590
EGP	399,596	21,047	313,020	36,727
PYG	46,380,263	7,613	18,954,164	2,995
ZAR	274,747	19,009	455,373	26,891
CVE	473,438	4,294	386,985	3,510
		575,965		730,387

The cash flows of the **Group**'s investing and financing activities in 2016 and 2015 include:

<u>Investing activities</u>

<u>2016</u>

In the year ended December 31, 2016 the caption exclusive funds receipts and other investments it concerns to: i) to receipt on the sale of the investment in Machadinho, in the amount of €72,606 thousand; ii) to the remaining receipt on the sale, in 2015, of 15.99% of the investment in Yguazu, in the amount of €4,393 thousand and; iii) to above-mentioned exclusive funds redemption in the amount of €17,454 thousand.

In the year ended December 31, 2016 the caption exclusive funds payments and other investments it concerns essentially to exclusive funds application, in the amount of €29,782 thousand.

2015

In the year ended December 31, 2015 the caption exclusive funds receipts and other investments it concerns to: i) to the partial receipt on the sale of 15.99% of the investment in Yguazu, in the amount of 21,175 thousand euros and; ii) to above-mentioned exclusive funds redemption.

Financing activities

2016

The receipts related to loans obtained includes: i) in the Argentinian business area two new financing contracts with Banco Provincia de Buenos Aires and ICBC Dubai, in the amounts of ARS 320 million and ARS 50 million, respectively; ii) in the Brazilian business area a financing contract with HSBC in the amount of BRL 300 million and; iii) in the Egyptian business area a new financing contract with Commercial International Bank in the amount of EGP 300 million.

The payments related to loans obtained includes: i) the repurchase of Notes issued in the amount of €77 million (Note 37); ii) a partially pre-amortization of USD 76 million, with Itaú, initially taken in the amount of USD 500 million and; iii) in the Brazilian business area, a partial pre-amortization, in the amount of BRL 170 million related to 2nd emission of the 2nd series of a debenture loan, initially taken in the amount of BRL 500 million.

2015

The receipts related to loans obtained includes: i) in the Portuguese business area, a new contract with Citibank in the amount of €50 million, and a financing in the amount of €25 million with BBVA.

The payments related to loans obtained includes: i) a partially pre-amortization in Cimpor BV, in USD 120 million, Bradesco's financing, initially taken in the amount of USD 200 million, as well as a partial pre-amortization, in the amount of USD 61 million of the Tranche C, of the Sindicated Loan with Itaú; ii) repurchase of Notes issued in the amount of €37 million (Note 37) and; iii) in the Brazilian business area, the remaining amortization of USD 46 million of the financing initially taken in the amount of USD 150 million.

The payments related to “Others” includes: i) the advance received with the promissory share-purchase agreement, in the amount of €56,646 thousand (Notes 4.1 and 41) and; ii) the cancellation of derivative financial instruments in the amount of €39,640 thousand (Note 39).

In the years ended 31 December 2016 and 2015, Payments relating to Others includes the payment of dividends to non-controlling interests.

The **Company** cash flows regarding investment and financing activities occurred in the years ended December 31, 2016 and 2015, highlight to the following:

Receipts relating to dividends:

	2016	2015
Cimpor Portugal, SGPS, S.A.	700	300
Kandmad - Sociedade Gestora de Participações Sociais, Lda.	-	1,000
	700	1,300

Loans granted to group companies:

	2016		2015	
	Amounts received during the year	Amounts paid during the year	Amounts received during the year	Amounts paid during the year
Cimpor Portugal, SGPS, S.A.	14,400	7,000	80,300	5,000
Kandmad, SGPS, Lda. / Cimpship	24,709	22,326	2,800	4,000
Cimpor - Serviços de Apoio à Gestão Empresas, S.A.	-	1,000	-	-
	39,109	30,326	83,100	9,000

Loans obtained from group companies:

	2016	2015
	Amounts paid during the year	Amounts paid during the year
Cimpor Indústria de Cimentos, S.A.	22,326	22,326

Other information:

The income tax recovered / (paid) includes the income tax payments made by the Company on behalf of the Portuguese tax group.

In the years ended 31 December 2016 and 2015, the captions Receipts and payments related to loans concerns to the issuance of commercial paper in the amount of 50 million euros (Note 37).

47. Related parties

Transactions and balances between Group companies consolidated by the full consolidation method or by the proportional consolidation method were eliminated in the consolidation process and so are not disclosed in this note.

The terms and conditions of the transactions between the Group companies and related parties are substantially similar to those contracted, accepted and practiced in similar operations with independent entities.

Balances at December 31, 2016 and 2015 and transactions for the year then ended between the Group and associated companies and other related parties are detailed below:

	Associated companies and other		Camargo Corrêa Group	
	2016	2015	2016	2015
Assets:				
Accounts receivable-trade	618	-	302	1,101
Accounts receivable-other (Note 22)	32	4	14,029	12,991
	650	**4**	**14,331**	**14,092**
Liabilities:				
Suppliers	1,799	437	520	101
Other loans (Note 37)	-	-	768,743	768,743
Accounts payable-other (Note 41)	493	-	3,533	4,174
Other current liabilities	-	-	14,957	14,073
	2,292	**437**	**787,752**	**787,091**
Transactions:				
External supplies and services	(11,555)	(3,986)	(7,552)	(6,650)
Sales and services rendered	3,983	-	7,892	4,618
Other operating costs	-	-	(32)	-
Other operating income	18	48	1	2,454
Financial expenses, net	(700)	-	(17,441)	(18,403)
	(8,254)	**(3,938)**	**(17,133)**	**(17,982)**

In addition to the above, the Company's controlling entities gave assurances and pledges of shares as explained in Note 37.

<u>Benefits of the members of the Company's corporate board and executive seniors</u>

Benefits of the members of the Company's corporate board and senior executive during the years ended December 31, 2016 and 2015 were as follows:

Group:

	2016		2015	
	Fixed	Variable	Fixed	Variable
Board of directors:				
Directors with executive functions until July 16, 2012	-	1,015	-	975
Executive directors	296	-	282	-
Non-executive directors	808	-	835	-
	1,104	1,015	1,117	975
Senior executives	3,358	538	2,458	1,539
	4,463	1,553	3,574	2,514
Short-term benefits	4,430	1,553	3,477	2,514
Post employment benefits	32	-	97	-
	4,463	1,553	3,574	2,514

Company:

	2016		2015	
	Fixed	Variable	Fixed	Variable
Board of directors:				
Directors with executive functions until July 16, 2012	-	1,015	-	975
Executive directors	296	-	282	-
Non-executive directors	808	-	835	-
	1,104	1,015	1,117	975
Short-term benefits	1,104	1,015	1,117	975
	1,104	1,015	1,117	975

Balances at December 31, 2016 and 2015 and transactions in such years ended between the **Company** and related parties are detailed below:

Balances:

	2016		
	Accounts receivable	Group companies, accounts receivable (Note 22)	Group companies, accounts payable
Subsidiaries:			
Amreyah Cement Company, S.A.E.	-	2	-
Betão Liz, S.A.	-	-	2
Cement Services Company, S.A.E.	-	106	-
Cement Trading Activities - Comercio Internacional, S.A.	-	-	1
Cimentos de Moçambique, SARL	-	1	-
Cimpor - Indústria de Cimentos, S.A.	308	23	18
Cimpor Imobiliária, S.A.	-	1	-
Cimpor - Serviços de Apoio à Gestão Empresas, S.A.	231	33	205
Cimpor Portugal , SGPS, S.A.	-	8,687	2,667
Imopar, SARL	-	12	-
	538	8,853	2,894

	2015		
	Accounts receivable	Group companies, accounts receivable (Note 22)	Group companies, accounts payable
Subsidiaries:			
Agrepor Agregados - Extracção de Inertes, S.A.	-	-	2
Amreyah Cement Company, S.A.E.	-	2	-
Betão Liz, S.A.	-	-	4
Cement Services Company, S.A.E.	-	46	-
Cimentos de Moçambique, SARL	-	1	-
Cimpor - Indústria de Cimentos, S.A.	2,153	-	12
Cimpor Imobiliária, S.A.	-	1	-
Cimpor - Serviços de Apoio à Gestão Empresas, S.A.	231	34	305
Cimpor Portugal , SGPS, S.A.	-	24,571	-
Imopar, SARL	-	11	-
Kandmad, SGPS, Lda.	7	1,207	-
	2,391	25,873	324

In the years ended December 31, 2016 and 2015, the caption “Group companies, accounts receivable” includes loans granted in the amounts of €8,300 thousand and €22,700 thousand, respectively, which bears interest at market rates.

Transactions:

	2016				
	Outside supplies and services	Services rendered	Other operating income	Interest expenses (Note 12)	Interest income (Note 12)
Agrepor Agregados - Extracção de Inertes, S.A.	-	-	1	-	-
Betão Liz, S.A.	-	-	11	-	-
Cimpor - Serviços de Apoio à Gestão Empresas, S.A.	1,757	750	16	-	-
Cimpor Indústria de Cimentos, S.A.	-	3,000	22	4	-
Cimpor Portugal , SGPS, S.A.	-	-	-	-	447
Kandmad, SGPS, Lda.	-	5	-	-	-
	1,757	3,755	50	4	447

	2015			
	Outside supplies and services	Services rendered	Other operating income	Interest income (Note 12)
Agrepor Agregados - Extracção de Inertes, S.A.	-	-	2	-
Amreyah Cement Company, S.A.E.	-	-	2	-
Betão Liz, S.A.	344	-	-	-
Cimentos de Moçambique, SARL	-	-	1	-
Cimpor - Serviços de Apoio à Gestão Empresas, S.A.	1,765	750	62	-
Cimpor Indústria de Cimentos, S.A.	-	3,000	1	-
Cimpor Portugal , SGPS, S.A.	-	-	-	965
Kandmad, SGPS, Lda.	-	12	-	13
	2,108	3,762	68	977

48. Auditors fees and services

In the years ended December 31, 2016 and 2015, the fees and services provided by Deloitte to the Company and to the Group were as follows:

	Value		%	
	2016	2015	2016	2015
Cimpor Holding:				
Legal certification of accounts	32	29	2%	1%
Other assurance services	21	21	1%	1%
Tax consultancy services	-	-	-	0%
Other	-	-	0%	0%
	53	**50**	**3%**	**2%**
Subsidiaries:				
Legal certification of accounts	1,012	1,217	52%	61%
Other assurance services	691	432	36%	22%
Tax consultancy services	98	294	5%	15%
Other	-	11	0%	1%
	1,802	**1,953**	**93%**	**98%**
	1,854	**2,003**	**96%**	**100%**

49. Subsequent events

Nothing to report.

50. Financial statements approval

These financial statements were approved and authorized for issuance by the Board of Directors on March 14, 2017 and are subject to approval at the Shareholders' General Meeting scheduled for April 5, 2017.

51. Note added for translation

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

The Board of Directors

Daniel Proença de Carvalho

Armando Sérgio Antunes da Silva

Paulo Sérgio de Oliveira Diniz

Ricardo Fonseca de Mendonça Lima

José Édison Barros Franco

António Henriques de Pinho Cardão

António Soares Pinto Barbosa

Pedro Miguel Duarte Rebelo de Sousa

.

2016

OTHER CORPORATE INFORMATION DOCUMENTS

Building sustainable partnerships

CIMPOR

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PART I – Information on Shareholder Structure, Organisation and Corporate Governance

A. Shareholder Structure

I. CAPITAL STRUCTURE

1. The capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Article 245-A(1)(a)).

The share capital of Cimpor stands at 672 million euros, and it is fully paid up. It is represented by 672 million ordinary shares, nominative and book entered, each with a par value of one euro. All shares are admitted to trading on Euronext, the regulated market managed by Euronext Lisbon.

The majority of the shares (94.19%) are held by Participações Morro Vermelho, S.A., as described in No. 7 below, while ownership of the remaining share capital is dispersed among other shareholders.

2. Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A(1)(b)).

All Cimpor shares are freely transferable, with no restrictions on their ownership provided for in the articles of association.

3. Number of own shares, the percentage of share capital that it represents and percentage of voting rights that correspond to own shares (Article 245-A(1)(a)).

Cimpor held 5,906,098 treasury shares in portfolio on 31 December 2016 (i.e. 0.9% of the share capital and voting rights). No treasury stock was acquired or disposed of during 2016.

4. Important agreements to which the company is a party and that come into effect, are amended or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, the disclosure thereof would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said information pursuant to other legal requirements (Article 245-A(1)(j)).

There is no significant agreement to which the Company is a party and which, in the event of any change in control of the Company, would automatically come into force, be amended or cease to be effective.

Some debt instruments contracted by subsidiaries of Cimpor, as is market practice, include change of control clauses which envisage the possibility of immediate maturity of the debt, at the discretion of the relevant financial entity.

5. The scheme by which the renewal or withdrawal of countermeasures are bound, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

There are no measures intended to prevent the success of a takeover bid. There are also no countermeasures, measures in the articles of association or of any other nature that have the effect of limiting the number of votes capable of being held or exercised by a single shareholder individually or in concert with other shareholders, in the event of a shift in control or change in the composition of the management body.

6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Article 245-A(1)(g)).

As far as Cimpor knows, there were no shareholders' agreements that may result in restrictions on the transfer of securities or voting rights, at 31 December 2016 and on the publication date of this report.

II. SHAREHOLDINGS AND BONDS HELD

7. Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Article 245-A(1)(c) & (d) and Article 16) with details of the percentage of capital and votes attributed and the source and causes of the attribution.

According to the Statements of Qualifying Holdings received by the Company and in compliance with the rules of imputing voting rights established in the Portuguese Securities' Code, the holders of the referred shareholdings, at 31 December 2016 were as follows:

LIST OF SHAREHOLDERS POSSESSING QUALIFYING HOLDINGS[1]

Shareholders	No. of Shares	% of Share Capital [2]	% of Voting Rights [3]
Participações Morro Vermelho	**632,933,437**	**94.19%**	**94.19%**
Rosana Camargo de Arruda Botelho,Renata de Camargo Nascimento and Regina de Camargo Pires Oliveira Dias w ho, jointly, directly control the company RRRPN - Empreendimentos e Participações, S.A. and individually, respectively, the companies (a) RCABON Empreendimentos e Participações, S.A. and RCABPN Empreendimentos e Participações, S.A.; (b) RCNON Empreendimentos e Participações, S.A. e RCNPN Empreendimentos e Participações, S.A.; and (c) RCPODON Empreendimentos e Participações, S.A. and RCPODPN Empreendimentos e Participações, S.A..	632,933,437	94.19%	94.19%
Throuth the companies RRRPN Empreendimentos e Participações, S.A., RCABON Empreendimentos e Participações, S.A., RCABPN Empreendimentos e Participações, S.A., RCNON Empreendimentos e Participações, S.A., RCNPN Empreendimentos e Participações, S.A., RCPODON Empreendimentos e Participações, S.A. and RCPODPN Empreendimentos e Participações, S.A..	632,933,437	94.19%	94.19%
Through the jointly and directly controlled company, Participações Morro Vermelho, S.A.	632,933,437	94.19%	94.19%
Through the company Camargo Corrêa, S.A. w hich it fully controls	632,933,437	94.19%	94.19%
Through the company Camargo Corrêa Cimentos Luxembourg, S.à.r.l. w hich it fully controls	131,353,069	19.55%	94.19%
Through the company InterCement Participações S.A. controlled	501,580,368	74.64%	94.19%
Through InterCement Austria Holding GmbH w hich it fully controls	501,580,368	74.64%	94.19%
It is imputable to InterCement Austria Holding GmbH, according to the CMVM understanding follow ing the launch of the Public Offer by the former over the total share capital of Cimpor, the sum of the voting rights of the follow ing:			
Participations held by itself (5)	501,580,368	74.64%	74.64%
Camargo Corrêa Cimentos Luxembourg, S.à.r.l. (company of the Camargo Corrêa Group, as above mentioned) (4)	131,353,069	19.55%	19.55%

(1) As per official qualifying shareholdings announcements and other information received by the company
(2) With voting rights
(3) The calculation basis includes the number of ow n shares, i.e. all the shares w ith voting rights, w ith the suspension of the respective exercise being of noconsequence to the calculations (according to the criteria of paragraph b), no. 3 of the article 16 of the Portuguese Securities Code)
(4) According to CMVM, pursuant to subparagraph c) of paragraph 1 of Article 20 of the Portuguese Securities Code
(5) Except Qualified Shareholding mentioned in this line, all other in this table in order to comply w ith paragraph b) of paragraph 1 of article 20 of the Portuguese Securities Code

8. A list of the number of shares and bonds held by members of the management and supervisory boards.

In 2016 there was only the acquisition, related to an inheritance process, by António Pinto Barbosa of 2,457 shares. Therefore, the following positions are to be noted:

- Daniel Proença de Carvalho (Chairman of the Board of Directors) holds one Cimpor share; and
- António Pinto Barbosa (member of the Board of Directors and Chairman of the Audit Committee) holds 4,237 shares.

9. Special powers of the Board of Directors, especially as regards resolutions on capital increases (Article 245-A(1)(i)) with indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned.

The powers of the Board of Directors are those conferred by the Companies Code, as the management body, with exclusive and full powers of representation of the Company. Such powers give it the responsibility of managing the Company's business activities. It must comply with the decisions of the shareholders or the interventions of the Audit Committee, in those cases required by law or the articles of association.

In addition, pursuant to the Articles of Association[1] approved at the Extraordinary General Meeting of 16 July 2012, the Board of Directors has the powers to:

I. increase the share capital, by capital contributions in cash, with preferential rights for shareholders, until the share capital attains the amount of one billion euros;
II. issue autonomous warrants on its own securities (which may confer the right to subscribe to or purchase shares of the Company up to the mentioned limit of one billion euros).

The period for which such powers of the Board of Directors may be exercised and the manner of implementing those powers are not mentioned in the company's articles of association. Those terms are governed by law.

In 1995 and 1999, the share capital was increased by incorporation of reserves in the amount of EUR 70 million and EUR 253 million, respectively. These capital increases were performed in accordance with the wording of the articles of association then in force, decided in the General Meeting. No warrants were ever issued.

10. Information on any significant business relationships between the holders of qualifying holdings and the company.

Cimpor or any of the companies it controls does not have any relevant commercial relationships with the shareholders of qualifying holdings or entities related with such shareholders, pursuant to Article 20 of the Portuguese Securities Code, with the exception of some transactions of no financial significance to either of the parties involved, conducted under normal market conditions for similar operations and part of Cimpor's regular business activity.

The transactions with shareholders of qualifying holdings or entities related with such shareholders, are presented on note 47 of the Financial Statements.

This balance comprehends costs with services obtained (4.6 million euros), costs with products sold (1,5 million euros), rental of the Cimpor building in Lisbon (1,5 million euros) and Borrowing interest (€ 17.4 million). In terms of income, sales of cement, related products and services in Brazil total 7.9 million euros.

[1] Articles 4 and 5

B. Corporate Boards and Committees

I. GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

11. Details and position of the members of the Presiding Board of the General Meeting and respective term of office (beginning and end).

The Annual General Meeting of 25 March 2015 re-elected the following members of the Presiding Board of the General Meeting for the 2015-2017 term:

General Meeting Board		Date of first appointment
Chairman	Luís Manuel de Faria Neiva dos Santos	11.05.2007
Vice-Chairman	Rodrigo de Melo Neiva dos Santos	13.05.2009

b) Exercising the Right to Vote

12. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A(1)(f));

The blocking of shares to attend and vote at the General Meeting is not required. Any shareholder holding at least one share may attend and vote, one share carries one vote, at the General Meeting provided they declare such intention in writing to the Chairman of the General Meeting Board and the financial intermediary in which the individual registration account is held, no later than 00:00 of the fifth trading day prior to the date of the General Meeting (this date will be, in any case, indicated in the Notice of Meeting). An e-mail message may be used for this purpose.

Shareholders may be represented by third parties. To that end they must ensure the Chairman of the General Meeting Board receives the necessary instruments of representation, pursuant to the terms and conditions set forth in the relevant Notice of Meeting.

Shareholders holding, in a professional capacity, company shares in their own name on behalf of clients may vote differentially with their shares, provided that, in addition to that required by paragraphs 3 and 4 of Article 23-C of the Securities Code, they provide the Chairman of the General Meeting Board, within the same time limit and using sufficient and proportional means of proof, with: (a) The identification of each client and the number of shares held to vote on their behalf; (b) The specific voting instructions defined by each client for each item on the agenda[2]. Cimpor does not establish any mechanisms that have the effect of causing a time lag

[2] Article 23-C(5)

between the right to receive dividends or to subscribe for new securities and the voting rights of each ordinary share.

Thus according to the articles of association of Cimpor, and as mentioned above, shareholders need only hold one share to attend and vote at the General Meetings of the company, thus complying with recommendation I.1. of the CMVM corporate governance code, version of 2013 (hereinafter "Governance Code"), as regards the incentive to shareholders to attend and vote at the General Meetings of the company. Postal voting, by mail, is also provided for in the articles of association of this company. In view of the number of shareholders and their representatives attending recent General Meetings, the implementation of an electronic voting system makes no sense in practical and economic terms.

13. Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20(1).

According to the Cimpor Articles of Association[3] each share is equivalent to one vote. There are no statutory limits to the maximum percentage of voting rights that can be cast by a single shareholder or by shareholders in any of the relations with the former provided for in Article 20(1) of the Portuguese Securities Code.

14. Details of shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority, in addition to those legally provided for, and details of said majority.

As stated in the Cimpor Articles of Association[4], the General Meeting shall decide by majority vote, without prejudice to the requirement of qualified majority in the cases established by law.

The rules applying to General Meeting resolutions are those of Portuguese general law (the Companies Code). They do not establish any quorum for calling meetings to order or percentage for the approval of decisions that is higher than that legally provided for, nor is there any special system for detaching the financial rights attached to securities from the holding of securities.

II. MANAGEMENT AND SUPERVISION

a) **Composition**

15. Details of corporate governance model adopted.

Cimpor follows the Corporate Governance model commonly referred to as the "one-tier Anglo-Saxon" model, as provided for in the Companies' Code[5]. The governing bodies are, therefore, the General Meeting, Board of Directors, including an Audit Committee, and the Statutory Auditor.

[3] Article 7(2)
[4] Article 11
[5] Article 278(1)

16. Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable. (Article 245-A(1)(h)).

The Board of Directors is elected by the General Meeting by means of lists of members selected by the proposing shareholder or shareholders (with votes solely cast for lists). The lists are drawn up by shareholders without the intervention of the Company.

The articles of association do not establish any specific rules regarding the replacement of members of the Board of Directors. The articles of association only provide for, during the course of a term in office, (ii) the change to the number of members (within statutory limits)[6] and (ii) rules on replacement due to definitive absence[7].

Three successive absences or five absences spread over the course of a term of office from meetings of the Board of Directors by any member of the Board, according to the articles of association[8], without justification accepted by the Board proper, will lead to the Board declaring the respective director to be in permanent absence. Since neither the articles of association nor the Rules of Procedure of the Board of Directors define specific rules for replacement in the event of permanent absence, only the provisions of the Companies Code apply for this purpose[9].

If an extra election is held or substitution occurs, the term of office of the member(s) thus elected shall coincide with that of the other Directors.

In the absences and temporary impediment of the Chairman, the duties of that office shall be performed by the Director sitting on the Board in whom the Chairman has delegated such representation or, if no such director has been designated, then the Director of the Board that is designated by the majority of the other members of the Board. Whatever the case, this Director will be responsible for performing all the duties of the office of Chairman of the Board of Directors at the meeting in question.

The Chief Executive Officer, given the role established for the Appointments and Assessment Committee according to the Rules of Procedure of the Board of Directors, is not permitted, in the event of co-opting, and despite being an ex-officio member, to participate in and vote on resolutions related to the process of selection of non-executive Directors and also vote on resolutions relating to the performance evaluation and the setting of remuneration and respective criteria for the Company's executive Directors, in order to ensure non-interference by the executive Directors in these processes.

17. Composition of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member.

The Board of Directors, pursuant to the articles of association[10], is composed of five to fifteen Directors, one of whom is Chairman and the others are members. The members of the governing bodies are appointed for a three-year term of office, and they may be re-elected. The General Meeting elects the Board of Directors and

[6] Article 6(4)
[7] Article 13(3)
[8] Article 13(3)
[9] Article 393
[10] Article 12(1) and Article 6(2)

also appoints the Chairman (who holds the casting vote pursuant to the articles of association[11]). The current term of office (2015 - 2017) of the members of the Board of Directors, approved at the Annual General Meeting of 25 March 2015, ends on 31 December 2017.

The Board of Directors was composed of 8 members at 31 December 2015, as indicated in the following table:

Board of Directors		Date of first appointment
Chairman	Daniel Proença de Carvalho (1)	16/07/2012
Members	Paulo Sérgio de Oliveira Diniz	18/08/2015
	Armando Sérgio Antunes da Silva (2)	16/07/2012
	Ricardo Fonseca de Mendonça Lima (1)	16/07/2012
	José Édison Barros Franco (1)	29/04/2010
	António Soares Pinto Barbosa (1)	16/07/2012
	António Henrique de Pinho Cardão	25/03/2015
	Pedro Miguel Duarte Rebelo de Sousa (1)	16/07/2012

(1) The highlighted directors continued from the previous term of office (2012-2015)

(2) Armando Sérgio Antunes da Silva was a director of Cimpor between 16-07-2012 and 26-08-2013, and was again appointed to this post at the end of 2015 as referred to above.

18. Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent, or, where applicable, details of independent members of the General and Supervisory Board.

The Board of Directors includes a number of non-executive members, guaranteeing the effective supervision, monitoring and assessment of the activity of the executive members. On 31 December 2016, the majority of the members of the Board of Directors of Cimpor (five of a total of eight) were non-executive Directors.

The Executive Committee is composed of Ricardo Fonseca de Mendonça Lima, Paulo Sérgio de Oliveira Diniz and Armando Sérgio Antunes da Silva.

The non-executive members of the Board of Directors considered to be independent, in compliance with recommendation II.1.7 of the Governance Code, are António Soares Pinto Barbosa, António Henriques de Pinho Cardão and Pedro Miguel Duarte Rebelo de Sousa. The proportion of 3 independent directors in a total of 8 is deemed adequate, considering the characteristics of Cimpor, the adopted governance model, the shareholder structure and the limited free float.

The assessment of the independence of the members of the Audit Committee meets the criteria established in the Companies Code[12], according to which the independent members of the Audit Committee are the directors António Soares Pinto Barbosa and António Henriques de Pinho Cardão.

[11] Article 12(3)
[12] Article 414(5) of the Companies' Code.

19. Professional qualifications and other relevant curricular information of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

The posts currently held and curricula vitae of the members of the Board of Directors are presented in Annex I of this Report.

20. Customary and meaningful family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, with shareholders that are assigned qualifying holdings greater than 2% of the voting rights.

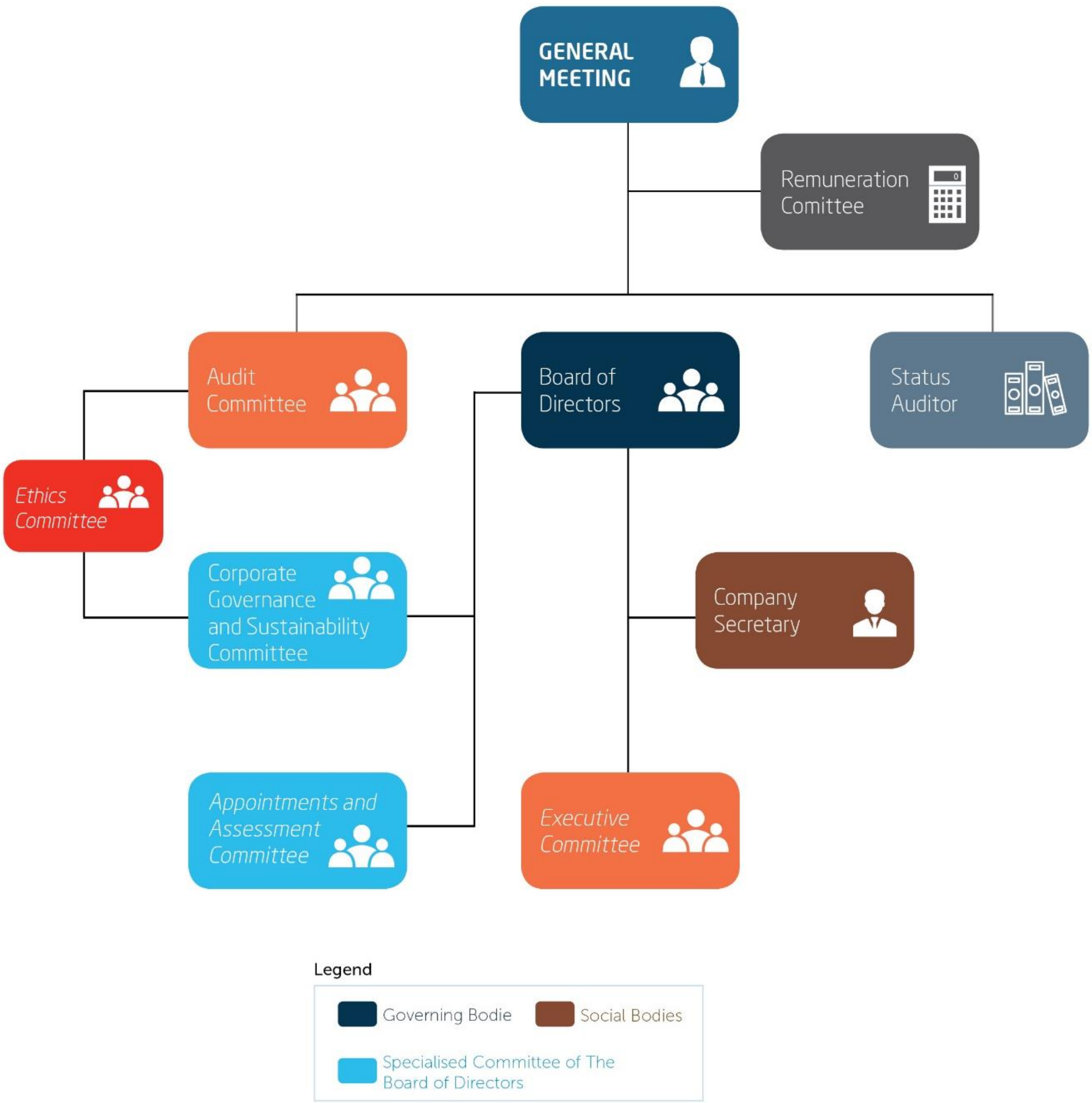
José Edison Barros Franco has professional relations with the companies listed in item 7, as indicated in the CV presented in Annex I.

The members of the Board of Directors do not maintain significant commercial relations with shareholders of qualifying holdings greater than 2%.

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management.

21.1. Organisational chart relative to the division of powers between the various corporate boards and committees

The division of powers between the different bodies and committees of Cimpor are shown in the following organisational chart:



21.2. Delegation of the Board of Directors in its Executive Committee

The Board of Directors has delegated the powers relating to the day-to-day management of the Company in an Executive Committee composed of three of its members, reserving for itself the key decisions.

Hence, pursuant to law[13], the Rules of Procedure of the Board of Directors and the delegation of powers of the Board of Directors, the following matters are reserved for the plenary meeting of the Board of Directors:

- The appointment by co-option of directors to fill any vacancies that may occur;
- Convene General Meetings;
- Approve the annual reports and accounts, the sustainability report as well as quarterly and half-year management reports;
- Approve the budget and annual business and financial plans as well as three-year business plans, including the investment plan;
- Decide on the provision of bonds and personal or real guarantees by the Company;
- Decide on the change of headquarters and capital increases pursuant to the articles of association;
- Decide on company merger, split and transformation operations to be submitted to the General Meeting;
- Appoint the Company Secretary and substitute;
- Approve the Company's strategy and general practices;
- Approve Cimpor's business structure;
- Approve rules of procedure, rules of general application and of an ethical nature, and amendments to the Rules of Procedure of the Board of Directors;
- Approve the Financial Policy of Cimpor, and other instruments of a strategic nature;
- Take decisions that must be considered strategic due to the amounts or risk involved, or their special nature, and which may include the following:
  - The acquisition of equity holdings or physical assets: (i) outside of the context of the main business activity of Cimpor, (ii) in countries where the Group does not yet operate, or (iii) of value, per acquisition operation, exceeding ten million euros;
  - The sale of equity holdings or physical assets exceeding five million euros in value per transaction;
  - The undertaking of development investments envisaged in the budget previously approved by the Board of Directors, exceeding fifteen million euros in value;
  - The undertaking of development investments not envisaged in the budget previously approved by the Board of Directors, exceeding five million euros in value per investment operation and twenty-five million euros in annual accrued total;
  - The granting of credit to customers where such credit exceeds five million euros in value per customer;

[13] Portuguese Companies' Code.

- Undertaking financial operations that do not comply with the Financial Policy approved by the Board of Directors.

- Deciding on the issue of preferred shares without voting rights and autonomous warrants on its own securities and subordinated bonds or debentures or other debt securities permitted by law;

- Appoint the director who shall act as Chairman in the absence or impairment of the designated chairman.

The Executive Committee may decide, whenever necessary in the defence of the interests of the company, on any matters that may not have been delegated and there is no possibility of convening the Board of Directors in time, provided it has, through the Chairman of the Board of Directors, referred the matter in advance to all the members of the Board and obtained a consensual opinion from most of these.

The Executive Committee shall submit to the Board of Directors for approval any matters concerning any business, commitments, contracts, agreements and conventions to be concluded by Cimpor, or any company of the group or with which it is in a control relationship, with shareholders owning 2% or more of the share capital of Cimpor (or with parties related to such shareholders in any of the forms established in the Portuguese Securities' Code[14]), except when, considering the nature or monetary value involved, those matters may be considered day-to-day interests or encompassed in the business of the Company, and provided no special advantage is granted the holder of the qualifying shareholding or the related party.

21.3. Disclosure Duties of the Executive Committee

The following procedures have been adopted to ensure that all members of the management body are made aware of the decisions taken by the Executive Committee:

- The minutes of the Executive Committee and the notices convening the meetings are made available to the members of the Board of Directors;

- At meetings of the Board of Directors, the Executive Committee shall regularly summarize the significant aspects of the business undertaken since the previous meeting;

- The Executive Committee also provides to members of the Board of Directors the clarifications and additional or supplementary information that they may request;

- The executive directors provide the information requested from them by the members of the governing bodies, in good time and a manner appropriate to the information request made.

21.4. Powers of the Chairman of the Board of Directors

The responsibilities of the Chairman of the Board of Directors are:

- Coordinate the activity of the Board of Directors;

- Convene the Board of Directors, establish the agenda of the meetings and direct the discussions and decide on all matters relating to its functioning. The Chairman will also convene the Board whenever such

[14] Article 20

is requested by two or more Directors and will include on the agenda the items that such Directors shall request for inclusion;

- Foster communication between the Company and all its stakeholders;
- Monitor and consult with the Executive Committee on the performance of the powers delegated in the latter;
- Contribute to the effective performance of duties and powers by the non-executive Directors and the Internal Committees of the Board of Directors;
- Have the casting vote.

The Chairman of the Board of Directors does not perform an executive role, though he may perform such a role in exceptional circumstances following specific resolution of the Board of Directors.

In the absence or temporary impediment of the Chairman, the duties of that office shall be performed by the Director sitting on the Board in whom the Chairman has delegated such representation or, if no such director has been designated, then the Director that is designated by the majority of the other members of the Board. Whatever the case, this Director will be responsible for performing all the duties of the office of Chairman of the Board of Directors at the meeting in question.

21.5. Powers of the Chief Executive Officer

The responsibilities of the Chief Executive Officer are:

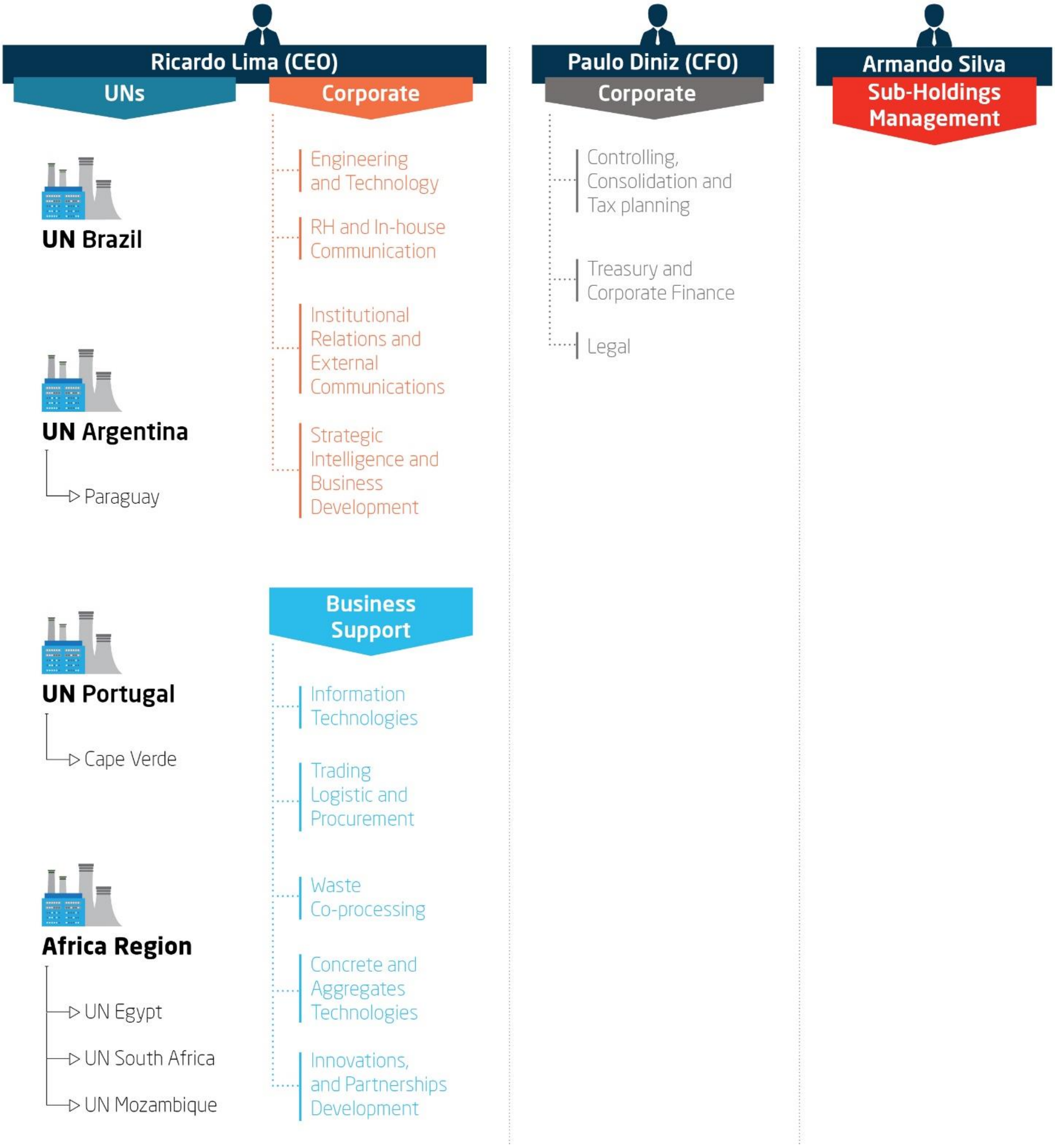
- Represent the Executive Committee;
- Convene and preside over meetings of the Executive Committee;
- Coordinate the activities of the Executive Committee, distributing among its members the preparation or monitoring of the matters that should merit the appraisal or decision by the Executive Committee;
- Propose to the Board of Directors the list of management matters that each member of the Executive Committee should have specific responsibility for;
- Act to ensure the correct implementation of the resolutions of the Executive Committee.

The Chief Executive Officer must also, besides the above-described duties:

- Ensure that all information concerning the activities and decisions of the Executive Committee is provided to the other members of the Board of Directors;
- Ensure compliance with the limits of the delegation of powers, the Company's strategy and the duty of collaboration with the Chairman of the Board of Directors.

21.6. Division of areas of responsibility on the Executive Committee

Notwithstanding the collective exercise of duties delegated in the Executive Committee, each of its members has been specifically entrusted with the responsibility of supervising certain matters, as shown in the following chart.



The Executive Committee of Cimpor, an InterCement company, has the support of all the professionals of its subsidiaries and of InterCement Participações. This support is provided from a perspective of articulated and coordinated management between different areas to ensure maximum efficiency in the capture of synergies, particularly in the areas of business support, which include, in addition to those presented above, the Risk Management, Compliance, Audit, SHE and Sustainability areas.

The holding of Cimpor is, in addition to the overall management of the Business Units, also responsible for the Corporate and Business Support areas, in accordance with the above functional chart.

BUSINESS UNITS

Cimpor is structured in Business Units, corresponding to the countries where it operates, as shown above.

The various activities in each Business Unit are grouped by product, and the core business is the production and sale of cement.

Each of the above-mentioned Business Units is coordinated by a General Manager, who sits on the management bodies of the major companies located in the respective countries, reporting directly to the CEO.

The organisational model of each Business Unit is adapted to the business' characteristics and conditions and the country's legal system. The aim is to take advantage of possible synergies and benefits arising from more favourable financial and tax frameworks. The organisational model in each country follows a standardised template with small adjustments according to national needs, and it comprises the development of the businesses, under the responsibility of the General Manager of the country, through Industrial, Commercial, Concrete and Aggregates, and Finance and Shared Services responsibilities.

Each Business Unit operates on principles of management autonomy, especially for current and operational management matters, under a system of planning and control conducted by the holding company. The most important decisions, e.g. those that exceed specific values or that have greater impact on profits or on Cimpor's strategic development - must be approved or ratified by the Board of the holding company. This also applies to decisions or actions that, when dealt with at Cimpor level, enable significant synergies to be generated.

The structure and composition of the management and supervisory bodies of the subsidiaries of Cimpor obey the relevant laws and regulations of the respective jurisdiction.

BUSINESS SUPPORT

The units with Business Support duties identified in the functional chart above, support the business activity of Cimpor by providing technology and specialised technical assistance and allowing them to benefit from economies of scale and sharing best practices across Cimpor. Delegation in the Executive Committee are partly made operational through intermediate management platforms.

21.7. Specialised Committees of the Board of Directors

21.7.1. Corporate Governance and Sustainability Committee

This Committee has the function of assisting the Board of Directors on matters of corporate governance and standards of conduct, as well as in the areas of sustained development and social responsibility of Cimpor. It is responsible for[15]:

- The evaluation of the corporate governance model, principles and practices of the Company and the relevant subsidiaries of Cimpor (as may be determined by the Board of Directors and referred to hereinafter as "Relevant Subsidiaries"), in order to seek its constant improvement and submit proposals to that end to the Board of Directors, which encompass in particular the functioning and powers of the Board of Directors and its internal committees and their articulation with the other governing bodies and management structures, as well as the prevention of conflicts of interest and information discipline;
- The definition of the guidelines of the policies that ensure the sustained development of the Company and Cimpor, fostering social responsibility and environmental protection;
- The definition, collaboration in the implementation and supervision of compliance with standards of conduct appropriate to the adherence to strict ethical and moral principles, in the performance of the duties attributed to the members of the governing bodies and employees of Cimpor;
- The improvement and update of the Rules of Procedure on Irregularities' Reporting and the Code of Ethics adopted by Cimpor, submitting proposals in this regard to the Board of Directors, whenever such is deemed necessary;
- The coordination of the drafting of the annual report on the governance of the Company in the areas of its responsibility and the presentation of proposals to the Board regarding the statements to be included in that report concerning the effectiveness of the adopted governance model, the standards of conduct and the internal control and risk management systems;
- The presentation of proposals to the Board relative to the adoption of the measures to ensure the Company complies with legal and regulatory requirements, recommendations and good practices, applying at any time to matters of corporate governance, standards of conduct and social responsibility and sustainability standards.

21.7.2. Appointments and Assessment Committee

The duties of the Appointments and Assessment Committee are, inter alia, and in accordance with the Rules of Procedure of the Board of Directors[16], are to assist the Board in the following matters:

a) Occupancy of positions vacated on the Board of Directors, pursuant to law and the articles of association;

b) Monitoring the procedures for the selection and appointment of senior management of the Company and Relevant Subsidiaries and the members of the governing bodies of Relevant Subsidiaries, informing the Board of Directors on such processes;

[15] Article 18 of the Rules of Procedure of the Board of Directors
[16] Article 19

c) Annual process of assessment of the overall performance of the Board of Directors and its Internal Committees, as well as the annual assessment of the members of the Executive Committee of the Company, consulting with the relevant Chairman on such;

d) Drawing up opinions to be submitted to the Remunerations Committee for the process of defining the remuneration of members of the Executive Committee.

It is also responsible for, in the performance of its duties referred to in sub-paragraphs (a) to (b) above:

- Keeping up-to-date information on the qualifications, knowledge, professional experience and independence necessary to perform the duties of director of the Company;
- Assisting the Board of Directors and the Executive Committee in the approval and implementation of the succession plan for members of the boards of directors and senior management of the Company and the Relevant Subsidiaries;
- Whenever deemed necessary, it will draw up a reasoned opinion for the purpose of co-option or appointment of members of the Board of Directors, identifying the parties and/or persons that, in its view, have the most appropriate profile for the performance of a specific job.
- It is also responsible for, in the performance of its duties referred to in sub-paragraphs (c) and (d) above:
- Proposing to the Board of Directors the criteria to be used in the evaluation process, on an annual basis and per term of office;
- Proposing to the Remuneration Committee the criteria to be used for determining the variable remuneration on an annual basis and per term of office, in particular the individual performance goals after, in this latter case, consulting the Chief Executive Officer;
- Proposing or issuing an annual opinion to the Board of Directors and the Remuneration Committee, as applicable, on the remuneration policy and remuneration principles of the management and supervisory bodies and other managers of the Company, and an opinion on the annual statement submitted to the General Meeting in this regard.

When performing the functions and duties referred to above, the Appointments and Assessment Committee should also make any proposals to the Board of Directors and the Remuneration Committee, as applicable, it deems necessary for the purposes of the Company's compliance with legal and regulatory requirements, recommendations and good practices in matters of appointments and remuneration, applying at any time.

21.8. Supervisory Bodies

21.8.1. Audit Committee

The responsibilities of the Audit Committee are those mentioned in Nos. 37 and 38 below.

21.8.2. Statutory Auditor

The Statutory Auditor is responsible, pursuant to the Portuguese Companies Code[17], for checking the accounting books and records and the supporting documents thereto, and, whenever such is deemed appropriate and in the manner deemed suitable, verify the extent of cash and the stocks of any kind of goods or assets belonging to the Company or received by it as security, deposit or under any other form, as well as the accuracy of the accounts. It also checks that the accounting policies and the valuation criteria adopted by the Company result in a correct evaluation of the assets and profits.

The Statutory Auditor is also responsible, as external auditor and in the scope of its powers, for checking the implementation of the remuneration policies and systems, the effectiveness and functioning of the internal control mechanisms and the reporting of any defects to the Audit Committee.

21.9. Ethics Committee

In March 2013, the Corporate Governance and Sustainability Committee approved a proposal from the Executive Committee for the creation of the Ethics Committee with dual reporting to the Corporate Governance and Sustainability Committee and the Audit Committee. This Committee is responsible for assessing all matters relating to this area and for implementing the adoption of the New Cimpor Code of Conduct. It had the following members on 31 December 2016:

- Pedro Rebelo de Sousa (Chairman)
- José Édison Barros Franco
- Gueber Lopes
- Ricardo Lima (CEO and Director responsible for the Human Resources area)

The powers of this committee are presented in No. 49 below.

b) **Functioning**

22. Availability and place where rules on the functioning of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, may be viewed.

The rules of procedure of the Board of Directors can be viewed at www.cimpor.com, and at the registered office of the Company.

[17] Article 420(1) sub-paragraphs (c), (d), (e) and (f) and article 446.

23. The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

The Board of Directors met 8 times during 2016. None of its members were absent on any occasion, which represents an attendance record of 100%.

The Executive Committee of the Board of Directors of Cimpor met 13 times in 2016. All the members attended all the meetings of this Committee resulting in a 100% attendance.

24. Details of competent corporate boards undertaking the performance appraisal of executive directors.

The Appointments and Assessment Committee and the Chief Executive Officer are responsible for the performance assessment of the members of the Executive Committee. This assessment is based on criteria that are as objective and transparent as possible, in order to allow comparison with the main non-financial companies listed on Euronext Lisbon and with a group of cement companies comparable to Cimpor in terms of size and geographical distribution.

Despite the Chief Executive Officer being a member of the Appointments and Assessment Committee, he is precluded from voting on resolutions related to performance assessment, the criteria for determining the remuneration of Company's executive directors, and of course for himself, thereby ensuring his independence.

25. Predefined criteria for assessing executive directors' performance.

The criteria for assessing the performance of the executive Directors are divided into three categories:

- Individual and collective criteria: In this context, it is intended that there is greater appreciation of collective criteria over individual criteria, taking into consideration the number of executive directors of Cimpor and the allocated areas of responsibility;
- Company profitability criteria and creating value for shareholders: These criteria include indicators of growth and sector comparability (value creation and the relative performance of the return on assets, compared with the Sector Peer Group - companies of size and geographic distribution comparable with Cimpor);
- Qualitative management criteria: These criteria focus on and support an individual and collective qualitative assessment of the executive Directors.

The combination of these three vectors ensures alignment with the interests of shareholders, adequate incentive of management performance, the pursuit of real growth of the company, the creation of wealth for the shareholders, as well as the long-term sustainability of the Company.

26. The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year.

The curricula vitae and statements of availability of the members of the Board of Directors are presented in Annex I of this Report. All members of the referred Board state their availability for the performance of their duties.

c) Committees within the Board of Directors or Supervisory Board and Board Delegates

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof are available.

There are four committees within the Board of Directors: Executive Committee, Audit Committee, Corporate Governance and Sustainability Committee and the Appointments and Assessment Committee.

In addition to the laws and regulations applying to commercial companies, companies with share capital open to public investment and the securities markets, the functioning of the Company's bodies is governed by the provisions of the articles of association, Rules of Procedure of the Board of Directors and the Rules of Procedure of the Audit Committee, which can be viewed at www.cimpor.com

27.1. Executive Committee

The composition of the Executive Committee is described in No. 28. Further information regarding the Executive Committee can be found in No. 21 above.

27.2. Audit Committee

The composition of the Audit Committee is described in No. 31. Further information regarding the Audit Committee can be found in Nos. 21 and 30, below.

27.3. Corporate Governance and Sustainability Committee

The committee has between three and seven non-executive directors, at least one of whom must comply with the criteria of independence applicable to the members of the management body.

The Corporate Governance and Sustainability Committee, by resolution of the Board of Directors of 25 March 2015, comprises three directors, all non-executive: These being:

- Daniel Proença de Carvalho (Chairman)

- António Pinto Barbosa (Independent)
- José Édison Barros Franco

Further information regarding the Corporate Governance and Sustainability Committee can be found in No. 21.7.1 above.

27.4. Appointments and Assessment Committee

The Appointments and Assessment Committee has between three and seven non-executive directors, at least one of whom must comply with the criteria of independence applying to members of the management body. The Chief Executive Officer is an ex-officio member of this committee.

The Chief Executive Officer, despite being an ex-officio member of the Appointments and Assessment Committee, is not permitted according to the Rules of Procedure of the Board of Directors[18], to participate in and vote on resolutions related to the process of selection of non-executive directors and also vote on resolutions relating to the performance evaluation and the setting of remuneration and respective criteria for the Company's executive directors.

The Appointments and Assessment Committee, by resolution of the Board of Directors of 25 March 2015, is composed of three directors, one of whom is an independent non-executive director:

- Daniel Proença de Carvalho (Chairman)
- José Édison Barros Franco
- Pedro Miguel Duarte Rebelo de Sousa (Independent)
- Ricardo Fonseca de Mendonça Lima (Chief Executive Officer, ex-officio member)

Further information regarding the Appointments and Assessment Committee can be found in No. 21.7.2 above.

28. Composition of the Executive Board and/or details of the Board Delegate/s, where applicable.

The Executive Committee comprised the following Directors on 31 December 2016:

- Ricardo Fonseca de Mendonça Lima (Chief Executive Officer)
- Paulo Sérgio de Oliveira Diniz (CFO)
- Armando Sérgio Antunes da Silva

[18] Article 19(5)

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers.

The powers of each of the committees created in the Board of Directors are explained in No. 21 above.

The activities developed by these committees in 2016 complied with the powers assigned them, as presented in No. 27.

The Corporate Governance and Sustainability Committee met one time, the Appointments and Assessment Committee met once and the Executive Committee met 13 times during 2016. Minutes were drawn up for all the meetings.

III. SUPERVISION

a) **Composition**

30. Details of the supervisory body (Supervisory Board, Audit Committee or General and Supervisory Board) representing the model adopted.

An Audit Committee composed of three members elected by the General Meeting is responsible for the supervision of the Company, according to the articles of association[19]. One of those three members shall be its chairman.

Moreover, the articles of association state that the examination of the company's accounts is the responsibility of a Statutory Auditor elected by the General Meeting, on proposal from the Audit Committee.

31. Composition of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member and reference to the section of the report where said information is already included pursuant to paragraph 18.

In accordance with No. 30. (above) the Audit Committee is composed of three members elected by the General Meeting, one of whom shall be its chairman. The members of the Audit Committee are appointed jointly with the other members of the Board of Directors. The lists for voting on must specify the members intended to occupy positions on the Audit Committee and indicate the proposed chairman. If the General Meeting does not indicate the Chairman of the Audit Committee then such will be appointed by the committee members themselves.

[19] Article 18

The current term of office of the Audit Committee coincides with that of the other members of the Board of Directors, elected at the Annual General Meeting of 25 March 2015 and ending on 31 December 2017. The members are as follows:

Audit Committee		Date of first appointment
Chairman	António Soares Pinto Barbosa (1) (2)	16/07/2012
Members	António Henrique de Pinho Cardão (1)	25/03/2015
	José Édison Barros Franco (2)	16/07/2012

(1) Independent member.

(2) These directors continued from the previous term of office 2012-2015.

32. Details of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, which are considered to be independent pursuant to Article 414(5) of the CSC and reference to the section of the report where said information already appears pursuant to paragraph 19.

According to the respective self-assessment, the incompatibility rules and independence criteria established in the Portuguese Companies' Code[20] are complied with by two of the three members of the Audit Committee, as mentioned in No. 18 above.

33. Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and other important curricular information, and reference to the section of the report where said information already appears pursuant to paragraph 21.

The posts currently held and curricula vitae of the members of the Board of Directors currently sitting on the Audit Committee are presented in Annex I of this Report, in accordance with No. 19 above.

b) **Functioning**

34. Availability and place where the rules on the functioning of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the report where said information already appears pursuant to paragraph 24.

The rules of procedure of the Audit Committee can be viewed at www.cimpor.com, as indicated in No. 27 herein.

[20] Article 414-A(1) and Article 414(5) of the Portuguese Companies' Code.

35. The number of meetings held and the attendance report for each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and reference to the section of the report where said information already appears pursuant to paragraph 25.

The Audit Committee met 9 times during 2016. The attendance record of its members at the committee's meetings was 100%.

36. The availability of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Boards throughout the financial year, and reference to the section of the report where such information already appears pursuant to paragraph 26.

The members of the Audit Committee provided the availability required for the exercise of their duties in 2016. The curricula vitae and statements of availability of the members of the Audit Committee are presented in Annex I of this Report.

c) Powers and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

Services other than audit services are contracted under special authorisation granted by the Audit Committee at the request of the management, based on the comparative advantage of the services provided, namely through the gains arising from knowledge already in place of Cimpor's companies, structures and operations arising from its position as auditor.

To safeguard the independence of these entities, the acquisition from the external auditor or from entities related to it of any type of service that may jeopardize such independence is expressly forbidden, namely:

- Accounting and administrative services, such as book-keeping, the preparation of financial statements and reports, the processing of salaries and the preparation of tax returns;
- Conception, design and implementation of management information systems;
- Assessment of assets or liabilities that may be recorded in Cimpor's financial statements;
- Internal auditing services;
- Legal consultancy services requiring the entities in question to represent any of Cimpor's companies to resolve litigation and disputes with third parties;
- Recruitment and selection of senior staff.
- In addition, the acquisition of services from the external auditor or entities belonging to its "network", both in Portugal and in the countries where Cimpor operates, must comply with a set of rules established by

the holding company and communicated to all Cimpor companies. And so, besides prohibiting the contracting of the aforementioned services, the following must be emphasized:

- The entities in question must, without fail, demonstrate the ability, credentials, resources and comparative advantages in relation to third parties, with respect to the provision of the services in question;
- Proposals to render services submitted by those entities are analysed and assessed, and compared (whenever possible) to the market, by the person in charge of the area (or company) requiring the service, and subsequently, depending on the amount of the proposal, by the Director of the respective area of responsibility or the Executive Committee responsible for deciding whether or not to award the contract.

38. Other duties of the supervisory bodies and, where appropriate, the Financial Matters Committee

The Audit Committee is responsible for, notwithstanding the other powers assigned it by law and the articles of association, in accordance with the rules of procedure of the Audit Committee[21], monitoring and supervising the management of the Company, ensuring compliance with the law and the articles of association, including:

- Check whether the accounting policies and valuation criteria adopted by the company lead to a correct assessment of the assets and profits;
- Monitor and supervise the correct implementation of accounting principles and standards in force, in liaison with the internal audit activity, the Statutory Auditor and the External Auditor, collecting the necessary information and fostering the exchange of relevant information;
- Supervise the effectiveness of internal procedures for accounting and auditing, as well as the systems of internal control, compliance and risk management, if any. Meet with the Executive Committee and relevant operational managers of the areas to discuss annual work plans and their implementation;
- Analyse monitoring and internal audit reports and the responses of the Executive Committee;
- Analyse and check the accuracy of the Company's financial information, supervising its preparation and disclosure processes;
- Propose to the General Meeting the appointment of the Company's Statutory Auditor and substitute;
- Monitor and assess the activity of the Statutory Auditor, checking its independence, particularly where the provision of additional services are concerned;
- Supervise the audit of the Company's financial statements and documents;
- Receive and process reports of financial and accounting irregularities submitted by shareholders, company employees or others, recording the steps taken and the results thereof;
- Propose measures to the Board of Directors intended to improve the functioning of the internal control systems for financial reporting, internal auditing, compliance and risk management, as well as the procedures relating to the receipt and processing of complaints regarding financial and accounting irregularities;

[21] Article 2(2)

- Prepare a report every year on its supervisory activities and assess and give an opinion on the report, accounts and proposals submitted by the management;
- Convene the General Meeting when the chairman of the respective Board does not do so when such is required;
- Give a prior opinion on business of significant relevance, in the terms defined by the Audit Committee following proposal by the Board of Directors, to be concluded between holders of qualifying holdings or entities related thereto and Cimpor or any company with which it is in a control or group relationship;
- Perform the other duties established by law or by the Company's Articles of Association.
- According to the above-referred Rules of Procedure[22], it represents the Company before the external auditor, for all purposes, and it is especially responsible for:
    - Proposing the hiring, renewal of the contract and remuneration of the external auditor, promoting and undertaking the respective selection process;
    - Ensuring that the external auditor is afforded adequate conditions for the provision of services to the Company and the companies with which it is in a group or control relationship;
    - Ensuring the personal and professional independence of the External Auditor, particularly as regards the process of prior approval of other services to be provided to Cimpor outside the scope of the audit;
    - Annually monitor and assess the performance of the Company's External Auditor, namely through prior discussion of the minutes and reports of the audit of the accounts and opinion on the internal control system, as well as the regular reports on the development and provisional or final findings of the audit work audit. It shall annually assess and propose the dismissal to the General Meeting, whenever there is just cause for such.
    - Examine and approve the annual audit planning proposal for the company's accounts to be undertaken by the External Auditor;
    - Define internal quality control procedures for the external auditor.
- This Committee is also responsible for that referred to in No. 37 above.
- The Audit Committee can also, as part of its duties:
- Check the accuracy of the Company's financial statements and documents;
- and contract the provision of expert services to assist one or more of its members in the exercise of their duties. Such hiring and remuneration of experts must take into account the importance of the matters committed to them and the financial situation of the company.

[22] Article 2(3)

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner that represents same.

CIMPOR's Statutory Auditor is currently Deloitte & Associados, SROC, S.A., represented by Carlos Alberto Ferreira da Cruz since May 2013.

40. The number of years that the statutory auditor consecutively carries out duties with the company and/or group.

Deloitte & Associados, SROC, S.A. has performed the role of statutory auditor of Cimpor since 2001, therefore for 15 years.

41. Description of other services that the statutory auditor provides to the company

The statutory auditor of Cimpor also performs the role of external auditor of this Company. See No. 46 below for more information about the services provided.

V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number at the CMVM.

The external auditor of Cimpor is Deloitte & Associados, SROC, S.A., registered in the CMVM under number 43 and represented by its partner Carlos Alberto Ferreira da Cruz, holding professional registration number 1146.

43. The number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group.

Deloitte & Associados, SROC, S.A. has been providing services to Cimpor and its subsidiaries for 15 consecutive years. In 2007, six years since the beginning of the provision of those services, a new partner was appointed to oversee or directly implement the referred services. The General Meeting of 25 March 2015 approved the proposal, duly substantiated, of the Audit Committee to reappoint Deloitte & Associados, SROC, SA. The partner responsible remains Carlos Alberto Ferreira da Cruz.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.

Deloitte & Associados, SROC, S.A. has provided external audit services to Cimpor under services contracts since 2001.

The proposal of deliberation in General Assembly to maintain the external auditor for a period of more than three mandates was instructed with specific opinion of the supervisory body, expressly weighing the conditions of independence of the auditor and the advantages and costs of their substitution. In accordance with Law no. 148/2015, of September 9, at the end of this mandate, the General Meeting will consider the issue of the appointment of a new external auditor.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out.

The Audit Committee is responsible for annually assessing the external auditor, in accordance with its rules of procedure[23].

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment.

The non-audit work carried out by the external auditor for the company and / or companies that are in a control relationship focused on the ongoing Tax Advisory services awarded before the entry into force of Law no. 148 / 2015. In 2016, and according to said Law, no new non-audit work was awarded.

[23] Article 2(3)(c)

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services

In 2016, the total cost of services rendered to Cimpor and its subsidiaries by its external auditor (Deloitte & Associados, SROC, S.A.), including all natural or legal persons belonging to its "network" (as set forth in European Commission Recommendation No. C (2002) 1873 of 16 May), amounted to EUR 2 million, broken down in the following percentages:

By society*	€ thou.	%
Amount of the certification of accounts services (€)	32	60%
Amount of assurance services (€)	21	40%
Amount of tax consultancy services (€)	0	0%
Amount of services other than certification of accounts (€)	0	0%
By entities within the group*		
Amount of the certification of accounts services (€)	1,012	56%
Amount of assurance services (€)	691	38%
Amount of tax consultancy services (€)	98	5%
Amount of services other than certification of accounts (€)	0	0%
Consolidated Total		
Amount of the certification of accounts services (€)	1,044	56%
Amount of assurance services (€)	712	38%
Amount of tax consultancy services (€)	98	5%
Amount of services other than certification of accounts (€)	0	0%

*Including individual and consolidated accounts

C. Internal Organisation

I. ARTICLES OF ASSOCIATION

48. The rules governing amendments to the articles of association (Article 245-A(1)(h)).

The articles of association can be amended pursuant to applicable legislation[24]:

- So that the General Meeting may take a decision to amend the articles of association on its first notice to convene, the shareholders attending or represented at the Meeting must hold at least one-third of the

[24] The rules described herein also apply to cases of merger, spin-off, transformation and winding up of the company, or other matters for which the law requires a qualified majority, without specifying such.

share capital. On the second notice to convene, the General Meeting may take decisions regardless of the number of shareholders attending or represented and the capital they represent[25].

- Decisions to amend the articles of association have to be approved by a minimum of two-thirds of the votes cast, irrespective of whether the General Meeting is convened at the first call or the second call, unless, in the latter case, the shareholders attending or represented at the Meeting hold at least half of the share capital, in which event such decisions may be approved by simple majority of the votes cast26.

II. REPORTING OF IRREGULARITIES

49. Means and policy for the reporting of irregularities in the company

The Audit Committee - without prejudice to the powers of the Corporate Governance and Sustainability Committee – is responsible for receiving and processing reports of financial and accounting irregularities, as well as monitoring and supervising the entire system, in particular the respective levels of adequacy and effectiveness.

The policy of Cimpor for reporting irregularities, embodied in the Ethics Line, Operation Manual of the Ethics Line and Code of Business Conduct, is disseminated among all employees of Cimpor, and it is publicly available to all of the stakeholders (in www.cimpor.com) generally identifying the different types of irregularities and establishing a set of rules and procedures related to their handling.

These irregularities are analysed in the light of the provisions of laws and regulations, the articles of association, the recommendations applying at any time and the principles and rules of the Code of Business Conduct adopted by Cimpor.

The Code of Business Conduct establishes the standards and principles that should guide behaviour in relationships with different audiences: ethics, legal, respect for others, reject any form of discrimination, stimulate personal and professional development, and social, environmental and cultural responsibility, among others.

The Ethics Committee is responsible for managing the implementation of the Code of Business Conduct, with double reporting to the Corporate Governance and Sustainability Committee and the Audit Committee, and it is responsible for appraising all issues relating to this matter, and assuring the independence of the executive bodies.

The Ethics Committee is advised by the Audit and Risk Management area, which ensures the implementation and Monitoring of the Irregularities' Reporting Policy and Code of Conduct in all Business Units of Cimpor and among the different various stakeholders. This area has the "Ethics Line" for this purpose, a channel advertised among all employees, suppliers, customers and stakeholders, which has public access on the site and on the internal networks of Cimpor, and where questions, suggestions, comments and complaints of behaviour deviating from that set out in the Code of Conduct can be posted. The Risk Management, Compliance and Audit area has delegated to specialised external consultants the receipt of communications and feedback on the action taken. Confidentiality is fully guaranteed. The contact channels for this purpose will be the telephone, e-mail and post.

[25] Article 383(2) and (3) of the Portuguese Companies' Code.
[26] Article 386(3) of the Companies' Code.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

The creation and operation of the internal control, risk management, compliance and audit systems is the responsibility of the Board of Directors and its Executive Committee, to the extent of its delegated powers. The Audit Committee is responsible for reviewing the effectiveness of the referred systems, assessing their operation, as well as proposing any adjustments according to the Company's needs.

The Audit Committee is responsible for the processes of Risk Management, Compliance and Audit, as stated in its the rules of procedure. In addition to the duties assigned it and described in No. 38 above, it is the responsibility of the Audit Committee to comment on the work plans and resources allocated to the internal audit service and the services that ensure compliance with the rules applicable to the company (compliance services). It should be the recipient of reports made by these services, at least when matters related to the rendering of accounts, identification or settlement of conflicts of interest and the detection of potential illegalities are concerned.

A process of formal compliance, with the objective of monitoring compliance with laws and regulations, as well as policies, standards and procedures, was implemented in all the business units in 2015. Its aim is to maintain the high quality of internal control, ensure the fulfilment of the mission and vision of the company, mitigate the risks associated with the business and processes and, lastly, protect the assets, image and reputation of Cimpor and its business units.

51. Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company.

The internal control systems of Cimpor include:

- Strategic control;
- Management control, with particular reference to health and safety, technical and financial control subsystems;
- Operational control.

Systemic redundancy is primarily monitored by Internal and External Audits, Compliance and by the Irregularities' Reporting System (Ethics Line).

The operational implementation of these systems is primarily the responsibility of the hierarchical structure, broken down into successive levels of responsibility by the Board of Directors, which delegates these matters in its Executive Committee, and which, in turn, refers to the operational and support structures.

Risk Management is a core responsibility of the entire management structure of Cimpor, aimed at the timely identification of the main risks and respective risk factors facing the company and the study, approval and implementation of the appropriate measures.

The Cimpor SGPS and other financial and holding companies within the group are responsible for managing the financial risks requiring specific hedging.

The operating managers are responsible for designing and implementing the most suitable risk control mechanisms. The efficiency of such mechanisms is periodically evaluated, through the corporate support of the Risk Management, Compliance and Audit area, in accordance with an annually prepared and implemented plan for auditing financial areas and information systems, and verifying processes and conformity with approved procedures.

Several areas have special responsibilities in risk management where the corporate support areas are concerned, namely:

Health and Safety – Cimpor Serviços, where the cement production business is concerned, and the Mortar, Aggregates and Concrete Competence Centre, with particular responsibilities in the identification, analysis and measurement and management of the health and safety, technical and operational, and industrial facilities risks of Cimpor.

Treasury – responsible, among other duties, for the management of risks of a financial nature, including interest rate, liquidity, currency and counterparty risks.

Insurance – responsible for the global insurance programmes of Cimpor and for the coordination of Cimpor practices in all other coverage.

Planning and Control and Investor Relations – responsible, together with the Risk Management and Audit area, for the control, preparation and disclosure of financial information, in the manner provided for in No. 55 below.

Risk Management, Compliance and Audit - working together with the Board of Directors, Executive Committee and the Audit Committee of Cimpor, it has the task of not only ensuring the adequacy and effectiveness of the internal control systems in all Cimpor areas, but also the good performance of those systems.

The main responsibilities of this area are:

- Define and implement the methodology for the identification, prioritization and mitigation of risk and respective risk factors;
- Assist the Directors of the Business Units in the integrated process of identifying, assessing and mitigating the risks of the Business Units;
- Manage the Internal Audit Activity (e.g. audit of processes, continuous auditing, and evaluation of misconduct);
- Manage compliance activities in order to assess if the rules and policies of risk management are complied with, identifying points of non-conformity and improvement actions;
- Manage the External Audit activity;
- Manage the process of monitoring the use of the so-called Ethics Line code of conduct;
- Define the annual budgets for each process;
- Advise the Executive Committee and Audit Committee.
- Define the risk appetite and tolerance.

52. Other functional areas responsible for risk control

The different functional areas with risk control duties are identified in No.51 of this report.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity

BUSINESS RISK FACTORS

Dependence on the construction industry

Cement consumption is cyclic and is highly correlated with the levels of construction. Our business in the countries in which we operate is very dependent on the levels of construction, particularly residential and commercial construction activity, as well as expenditure on public and private infrastructure. The reduction of activity in the construction industry is generally resulting from a decline in economic conditions. A contraction of economic activity in the countries in which we operate or a decline of the real estate or building sectors in those countries could have a materially adverse effect on demand for our products and could have a materially adverse impact on our operating results and our financial situation. Moreover, we cannot ensure that growth of gross domestic product, or GDP, of the countries in which we operate will translate into increased demand for our products.

We are also subject to the risk of creating excess capacity, for example, as a result of our incorrect assessment of the markets' evolution. Any failure on our part in the adequate use of our production capacity could lead to the appropriation of funds owing to impairment of goodwill and adversely affect our operating results and our financial situation.

Economic conditions in the markets in which we operate

We largely depend on the growth of the economies of the countries where we sell our products. These countries' economies are at different stages of development. We are, as a result, and like many other companies with significant international operations, exposed to risks from changes in foreign currency exchange rates, interest rates, inflation, government expenditure, social instability and other political, economic or social developments which could have materially adverse effects on our business, our financial situation and the results of our operations.

Expansion of our operations

Our medium-term business strategies include the continued expansion of our cement production capacity and distribution network and the acquisition of additional assets. This requires investment, including capital expenditure. Accordingly, any such investments would probably have to be financed by contracting additional debt and/or via equity funding. However, adequate funding may not be available or, if it is, it may not be available in satisfactory conditions, in particular as a result of adverse macroeconomic conditions. We may not be able to obtain sufficient additional capital at an acceptable cost in the future, to fund our capital requirements and our business strategy. If we are not successful in accessing additional capital on terms that are acceptable to us, we may not be able to fully implement our business strategy. This may limit the future growth and development of our business. If we require additional capital as a result of operating losses, those losses may make it difficult for us to raise the additional capital necessary to finance our expansion projects.

The implementation of our growth strategies is dependent on certain factors that we can't control, such as changes in the conditions of the markets in which we operate, operations by our competitors, and the laws and regulations in force in the jurisdictions in which we operate. Our inability to successfully implement any part of our strategy will adversely impact on us in material terms.

Mergers and acquisitions

We are unable to predict if, or when, we may make further acquisitions or alliances, or the likelihood that an acquisition or material transaction shall be completed in terms that are favourable to us. Our ability to continue to grow successfully through acquisitions and strategic alliances depends on several factors, including the general availability of suitable targets, as well as our ability to identify those targets, negotiate favourable terms, get financing and close the transactions.

FINANCIAL RISK FACTORS

Consolidated debt

Total consolidated debt at 31 December 2016 was 4,195 million euros (excluding accrued interest). Our level of indebtedness, in case our deleveraging plans are not implemented or partially implemented has could have important consequences for our business, such as:

- limiting our ability to get any kind of additional financing needed in the future for working capital, capital expenditure, funds related to servicing the debt or for other purposes;
- requiring that a substantial amount of our cash flow from operations is channelled to the payment of interest and principal of our debt, and these amounts are thus not available to serve other purposes, such as capital expenditure;
- limiting our flexibility in planning or react to changes in our business sector and in the industry, placing us at a competitive disadvantage vis-à-vis competitors who may have lower leverage ratios; and this may adversely affect our operating margins;
- do not comply with indebtness ratios agreed with financial institutions and other stakeholders.

Obligation to Maintain Leverage Level and Other Restrictions

Some of our main loan agreements and debt instruments contain an obligation to comply with a level of leverage (at the level of InterCement Participações SA) equal to or less than 4.5 times net debt / EBITDA, to be measured annually, based on the financial statements at the end of each fiscal year. The management of the company together with its creditors obtained in a satisfactory and timely manner the suspension of the obligation to measure the level of Net Debt / EBITDA leverage relative to the fiscal year ended on December 31, 2016, and such measurement should again be applicable to the Year ended December 31, 2017 and following.

In addition, our main loan agreements and debt instruments contain standard contractual clauses that impose certain restrictions on the sale of assets, pledging and other guarantees on group assets, among others.

These restrictions, when are not tackled timely, may limit our operational flexibility and our ability to take advantage of attractive growth opportunities in our business sector, especially if we don't have the capacity to finance these opportunities by contracting additional debt or to make investments that will allow us to take advantage of such opportunities. Our ability to comply with some of these restrictions, namely the indebtness level, could be influenced by economic conditions and volatility in foreign exchange rates, as well as general conditions in the financial markets and capital markets in which we operate.

The infringement of any of these provisions, if not resolved in a timely manner, could result in a default of the debt instrument, and possible systemic early maturity of our debt instruments. Should such early maturity of our debt arise as a result of such an eventual default, we can not guarantee that we would be able to pay all of these debts.

Rating

The ratings of Cimpor – Cimentos de Portugal, SGPS, S.A. and of Cimpor Inversiones, S.A. are dependent on the rating of its controlling shareholder. In accordance with the rules of Standard & Poor’s (which envisages the pegging of the rating of subsidiaries to their parent company), Cimpor – Cimentos de Portugal, SGPS, S.A. requested in 2014 that Standard & Poor's (S&P) remove the ratings that were assigned to itself and its subsidiary Cimpor Inversiones, S.A. This request was based on the fact that none of the above companies had issued any debt that might require a rating.

Under the sphere of Cimpor – Cimentos de Portugal, SGPS, S.A., the rating for InterCement Brasil, S.A. is nonetheless maintained (currently at "BB-" with negative outlook) that, just like InterCement Participações, S.A., is the guarantor for the issuance of Senior Unsecured Notes Due 2024 by Cimpor Financial Operations BV, which is rated "BB-" by S&P.

The credit ratings are subject to change at any time and, as a result of the above-described, the credit rating of Cimpor's subsidiaries may suffer a downgrade or upgrade at any time, thus impacting on the conditions that Cimpor competes in the financing market. This can positively or negatively affect its business, financial health and financial results.

Litigation

We are, and we may come to be involved in numerous tax and civil cases, as well as litigation arising from professional relationships, among others, related to monetary claims. At 31 December 2016, we were engaged in several judicial and administrative proceedings related to civil, environmental, employment and tax issues, which could cause a possible or probable loss of the disputed amount of around 1.024 million euros, and we set up provisions of 91 million euros for the cases in which there is a probable risk of losing. If one or more of these lawsuits has an unfavourable outcome, we may be forced to pay significant sums, which may affect us adversely in a material form We have still not established provisions for some of these claims, or we have established provision for only one part of the disputed value, based on the evaluation of our lawyer involved in these disputes. Besides, as stated in the international rules of the financial report, we don't set up any provisions regarding lawsuits for which the risk of loss is considered to be possible or remote. An unfavourable result in our pending or future litigation cases may reduce our liquidity and negatively affect our performance and our financial situation.

Exposure to emerging markets

Our presence and our expansion plans in emerging markets expose us to economic and political risks that are lesser in more mature markets.

Emerging markets have political and economic risks as well as risks generally associated with the fact that the legal systems are more uncertain than the systems in more mature economies. Approximately 80% of our total installed cement production capacity was located in so-called emerging markets, at 31 December 2016. Emerging markets are even more exposed than developed markets to the volatility of GDP, inflation, exchange rates and interest rates, and these may negatively affect construction activity and, hence, our operating results in the emerging markets in which we operate or may operate in the future.

Other potential risks posed by certain emerging markets include:

- disruptions in our operations due to civil disturbances, acts of terrorism and other current and possible conflicts;
- fluctuations in exchange rates;
- restrictions on the payment of dividends and repatriation of capital;
- nationalisation or expropriation of private property;
- imposition of price controls;
- changes in regulatory frameworks, including laws, rules and regulations relating to the environment, health and safety, local planning, establishment of operational zones and labour;
- variation of tax schemes, including with respect to the imposition of withholding tax at source on shipments or other payments paid by subsidiaries and public-private partnerships;
- reduction of wages and levels of economic activity;
- fluctuations in exchange rates and restrictions on repatriation of capital;
- difficulties in attracting and retaining employees and qualified management staff;
- other political, social and economic developments present in these markets or which may impact on them in the future.

Any of these risks of emerging markets could have a materially adverse effect on our business sector, our financial situation and our operating results.

RISK FACTORS RELATED TO MARKET SHARE

Competition

The cement, aggregates, ready-mix concrete, mortar and other building materials markets in which the company operates are highly competitive. The company operates in certain consolidated markets with a substantial level of competition from national and international competitors. We may also competition from imports in some markets. Our competitive position is influenced by price, logistics and production costs. If we don't have the ability to remain competitive, or if our competitors overtake us, this could have a materially adverse impact on the markets in which we operate.

PRODUCTION COST RISK FACTORS

Supply of raw materials, thermal energy and electricity

We work with raw materials in our industry, including clinker, gypsum, slag, fly ash and other materials needed for the production of clinker and cement. The raw materials supply conditions pose several risks, as a rule, including the possibility of raw material costs rising and that we may have less control over delivery times. Such risks can adversely impact on us in material terms, in part or as a whole. We may not be able to obtain an adequate supply of raw materials in a timely and cost-efficient manner, which can adversely impact on us in material terms.

We use substantial amounts of petroleum coke in our cement production processes and we are dependent on a limited number of suppliers that define the price of coke in or with reference to US dollars, which may adversely affect our operating results. Furthermore, any shortage or disruption in the supply of petroleum coke could also disrupt our operations.

We consume substantial amounts of electricity in our cement production processes and we are currently dependent on other providers for a significant part of our overall energy needs. Our operating results may be adversely affected in material terms by higher electricity costs, electricity unavailability or failures, or even by an interruption in the energy supply.

Rising energy and fuel prices

Our operations consume considerable amounts of energy and fuel, and the price of these has fallen significantly around the world in recent years. Fuel prices usually have a certain volatility, particularly during periods of political turmoil in Iran, Iraq and other countries of the Middle East and Africa. We cannot guarantee that our operations will not be adversely affected in material terms if energy and fuel prices rise.

Moreover, if our efforts to increase our use of alternative fuels fail, we will be forced to use larger quantities of traditional fuels. Such a situation will increase our energy and fuel costs and could have a materially adverse effect on our business, our financial situation and our operating results.

Government permits, licences and approvals

We may not be able to acquire or renew or suffer delays in the application for the government permits, licences and approvals required for the performance of our business activity.

We require several approvals, licences, permits and certificates for conducting our business activity. We cannot guarantee that we will not be faced with difficulties in obtaining new approvals, licences, permits or certificates, or the renewal of others already existing, which are necessary for conducting our business, or that we will continue to meet the conditions under which these approvals, licences, permits and certificates are awarded. Similarly, there may be delays on the part of the regulatory and administrative bodies in the renewal of our applications and the granting of approval. If we are unsuccessful in obtaining and/or maintaining the approvals, licences, permits and certificates required for conducting our business, we may have to incur substantial costs or temporarily suspend operations in one or more of our production facilities, which could have a materially adverse effect on our business, our financial situation, our operating results and perspectives.

We also need permits, concessions and licences from governmental agencies and other regulatory bodies (including environmental and mining sector agencies) to perform our mining activities and activities relating to processing, transportation, storage and production facilities. We must comply with these permits, concessions and licences, which establish conditions and rules promulgated by the relevant government authorities. Our mining concessions and licences require that we make certain payments to the relevant governments, including royalties and applicable rights, taxes and duties relating to the exploration, transport, production, exploitation and use of mineral resources. These may change or increase substantially as a result of unfavourable court decisions in the event of a dispute with the applicable government entities, or simply because these rights (which are different in each phase of development of the mineral rights) tend to accumulate higher amounts at the mining concession phase than in the operating licence phase (e.g. royalties are only payable at the mining concession stage). If the royalties, duties and taxes related to mining activity that are levied on us increase substantially, this may have an adverse impact on our business and on our operating results. Therefore, we must continually assess the mineral potential of each mining concession to determine if the maintenance costs of the operating licences and mining concessions remain feasible in comparison with the returns from the operations or planned operations. There is no guarantee that we can obtain or keep the necessary mining concessions at terms favourable to us, or at all, considering our mining activity plans or current and future operating targets. In addition, if we are unable to demonstrate the existence of viable mineral deposits, in technical and economic terms, in an area covered by our operating licences, we may be required to return them, which could lead to a substantial loss of part of the mineral deposit originally identified in our prospecting, exploration or feasibility studies.

We have obtained, or are we about to obtain, all necessary material permits, concessions and licences to implement our mining operations and others related to the mining sector. We may, however, have to renew such permits, concessions and licences or require additional permits, concessions and licences. Although we expect to obtain the permits, concessions and licences necessary or the respective renewals when and in the manner we want, there is no guarantee that such permits, concessions, licences or renewals shall be provided with certainty or that additional conditions will not be imposed with respect to such renewals.

If we infringe any of the referred laws and regulations or the conditions of our approvals, licences, permits, certificates, concessions and authorisations, we may be liable for the payment of fines and substantial criminal penalties, the revoking of operating permits or licences and the possible closure of some facilities.

New cement plants (Greenfield and Brownfield)

Delays in the construction of new cement plants and the expansion of our existing facilities can have a materially adverse impact on us.

The construction or expansion of a cement works generates several risks, including challenges in terms of engineering and construction, governmental, environmental and regulatory challenges, as well as other significant challenges that might delay or prevent the successful operation of a project or considerably increase its cost. The delay in the start-up of a new project in a new location or a location with little or no infrastructure available to support the project may, for example, be the result of engineering challenges related to the exploitation of limestone in difficult topography. We may also not be able to identify attractive locations for the construction of new facilities. Our ability to successfully complete any construction or expansion project within the prescribed time limit may also be open to financing risks or risks of another nature. We may incur additional costs, for this reason, if we are unable to complete a construction or expansion project in good time or within budget, or if new or expanded facilities do not work with the capacity designed for them or if the costs of construction, expansion or operation are greater than expected. We cannot guarantee that these additional costs, whatever they may be, will not adversely affect us in material terms.

ENVIRONMENTAL RISK FACTORS

Compliance with environmental, health and safety standards can result in significant additional costs. The non-compliance with environmental legislation may result in penalties for environmental damage as well as criminal and administrative sanctions.

Our operations often involve the use, handling, disposal and the discharge of hazardous materials in the environment and use of natural resources. Most of our operations are subject to extensive environmental, health and safety rules. Careful and regular monitoring and the update of the main issues are, for this reason, systematically carried out at the corporate and operational unit level, with the purpose of putting the relevant corrective measures into practice. The specific model serves to closely monitor the social and environmental risks. The corrective action plans at the corporate level are in conformity.

The establishment of more stringent laws and regulations, a different or stricter interpretation or application of existing laws or regulations may lead to new risks or costs or imply the need for additional investment in pollution control equipment, which could result in a relevant decrease in profit. Efforts to combat climate change through federal, state and regional laws and regulations in the countries where we operate, as well as through international agreements to reduce greenhouse gas emissions (GHG), can create risks and uncertainties for our business. This is because the cement manufacturing process requires the combustion of large amounts of fuel, generating carbon dioxide as a by-product of the calcination process. These risks may include the cost of acquiring emission allowances or credits to meet GHG emission limits; necessary costs with equipment to reduce the emissions of pollutants, in order to meet these limits, or decrease the profits achieved through higher production costs arising directly or indirectly from the imposition of legal or regulatory controls. The company may be required to modify or adjust some of our facilities at a substantial cost, in order to comply with waste disposal and emissions rules. Cimpor continuously monitors the development and potential impact on its business of a more restrictive carbon emissions economy, more specifically those arising from the recent Paris Agreement (at the end of 2015), after the UNFCCC/COP21 which resulted in a legally binding international agreement on climate change. Cimpor is closely monitoring the Intended Nationally Determined Contributions (INDC) and their consequences on all business units (BU), particularly in the countries at the forefront of this process: i) the commitments already made by the Brazilian Federal Government and the various states; ii) the EU 2020 climate policy - Climate and Energy Package, launched in 2014, which will introduce a reform in the system of European emission allowances trading (EU ETS) and impact on our operations in Portugal even before 2020; and iii) potential introduction of a carbon tax in South Africa.

Several short, medium and long term projects are already in force, in accordance with our Climate Agenda. These projects are not only to reduce the impact of such rules on CO_2 emissions and electricity costs, but also to consolidate Cimpor as an international reference in terms of carbon emissions. Co-processing, the use of alternative raw materials/cement extenders, energy efficiency programmes and R&D projects are some of the potential levers.

We may be liable for repairing any damage that has been or may be caused if there is non-compliance with environmental laws and regulations, as well as health and safety standards. This can also damage our reputation or demand from us (Cimpor) and our directors, criminal, civil, labour, and social security compensation or administrative penalties. These penalties may include fines, restriction of rights, community service and compensation. The imposition of any penalty or obligation of repair for breach of environmental legislation can adversely affect us.

There are various internal action plans being continually started to improve our overall operational and environmental performance in different areas (for example, health and safety, mitigation of CO_2, main pollutants and the reductions of micro-pollutant emissions, water conservation, access to drinking water, sanitation and hygiene in the workplace, circular economy, rehabilitation of quarries and management of biodiversity, noise, vibrations, etc.), as well as industrial investment.

One of the main objectives of the Environmental Liability Directive, April 2004, of the European Union (EU) was the implementation of the "polluter pays" principle. To assess the risk of Cimpor needing to take action or finance the additional measures needed to repair or avoid paying penalties for failure or negligence resulting from its business activity.

The European Union (EU) through the November 2010 directive on industrial emissions (IPPC/Integrated Pollution Prevention and Control) defined the obligations of industrial activities for environmental and health protection. Accordingly, an operational licensing process and some requirements that may need a certain level of investment were established, although our operating units in the EU are already equipped with advanced technologies and comply with the BREF guidelines (Best Available Technologies Reference Documents) for the control of emissions of industrial pollutants. Other future directives are being closely monitored by means of the company's participation in the relevant forums.

We are party to some legal and administrative cases. Any losses that may arise as a result of these cases can materially and adversely affect the results of our operations or financial situation.

RELIANCE ON TECHNOLOGY AND INFORMATION SYSTEMS

We are dependent on our systems and infrastructure as well as those provided by our service providers pose certain risks, including cyber-security risks.

We rely on a variety of information technologies and operating systems for managing or supporting our operations. The correct functioning of these systems is crucial for the efficient management and operation of our business. Moreover, these systems can require modifications or updates as a result of technological changes or the growth of our business. These changes can be costly, disrupt our operations and lead to substantial demands on management time. Our systems, as well as the systems provided by our service providers, may be vulnerable to damage or disruption caused by circumstances we can't control, such as physical or electronic intrusion, disasters, power failures, natural disasters, failures in computer systems or networks, viruses or malware, unauthorized access and cyberattacks. Although we take measures to ensure our systems and electronic information are secure, these security measures may not be adequate. Any significant disruption in our systems may have a materially adverse effect on our business, financial situation and the results of operations.

54. Description of the procedure for identification, assessment, monitoring, control and risk management.

The Process of Integrated Management and Control of Risk of Cimpor was developed based on the COSO concept - Committee of Sponsoring of Organization - comprising five key phases:

- Preparation and approval of the Corporate Policy - defining the purpose, scope, responsibility of the Risk Management process - and Risk Management Manual - detailing the procedures (step by step) for adequate Risk Management in all business units.

- Identification of Critical Processes - Through the analysis of the individual activities of each Business Unit, identifying the respective business processes and operations, evaluating and classifying them according to the level of criticality: high critical, average critical and low critical. This assessment is mostly performed considering the complexity of the activities, transaction volumes, quality control and impact or relevance on the business. As a result, all Business Units are equipped with respective critical processes charts, which are annually reviewed.
- Preparation of Risk Dictionary - a dictionary of the risks involved based on the analysis of the business, processes and external benchmarking of the cement industry, is drawn up in order to promote reasonable standardization of the management of the Risk Management and Audit processes.
- Identification of Critical Risks - Identification, organization and classification as business risks and process risks of the Critical Risks inherent to each Business Unit.
- Identification of factors associated with such critical risks and
- Preparation and monitoring of the Action Plans designed to mitigate the identified critical risks.

Business risks are those that on appearing de facto significantly affect EBITDA, the ability to pay financial obligations, the ongoing nature of business operations and the image and reputation of the Business Units. The evolution of these risks is periodically monitored by the Executive Committee and the Audit Committee.

Process risks are those that on appearing de facto affect business performance and are primarily managed by the general managers and staff of the respective Business Units.

When the risks and respective risk factors are identified they are assessed and prioritized according to two parameters - Business Impact and Occurrence Vulnerability.

The Critical Risk Charts for all business units result at this phase. There are also reviewed and updated on an annual basis.

Definition of Mitigation Plan - After the previous phases, the heads of each Business Unit jointly drawn up with the Risk Management, Complience and Audit area specific action plans to mitigate the identified critical risks, concentrating on those considered to be most critical (high impact and high likelihood of occurrence). These plans are monitored as described below.

Definition of the Tolerance Limits - The Tolerance Indicators are defined for the critical risks associated with critical processes, which demonstrate the tolerance level of the Administration to risks.

Continuous monitoring - mainly performed by the Internal and External Audit processes that assess the level of compliance of the actions plans in place to mitigate the risks.

Compliance processes (conformity) are also adopted at this stage to verify compliance with laws and regulations in order to mitigate the risks of a regulatory nature.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A(1)(m)).

The internal control system concerning the preparation and disclosure of financial information is jointly guaranteed by the Consolidation & Fiscal Planning and Management Planning & Control Departments - with contributions from the various Units of the Cimpor business - and by the Risk Management, Compliance and

Audit areas and Investor Relations Department. The Chief Executive Officer and the Executive Director responsible for the financial area are tasked with the definition of the goals, supervision, evaluation of effectiveness and continuous improvement of the activities undertaken.

As regards financial reporting, this occurs whenever the evaluation of the impact or nature of the same leads to its classification, depending on the case, by the Executive Committee or Executive Director responsible for the financial area, as one of the legal aspects requiring disclosure, in which case the Investor Relations area is responsible for its prompt publication.

IV. INVESTOR ASSISTANCE

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details.

The “Investor Assistance” duties envisaged in applicable law are the responsibility of the Investor Relations area, which has the function of keeping contacts with the financial community and informing it of the evolution of Cimpor's business and supporting current and potential shareholders of Cimpor in good time in their relations with the Company, in full compliance with the principle of equal treatment of shareholders.

Cimpor’s contact with private and institutional investors, fund managers and other collective investment bodies, analysts and other stock market operators is maintained through meetings and replies to requests for information by telephone, e-mail or traditional postal services.

INVESTOR RELATIONS DEPARTMENT CONTACTS::

Personal Contacts:

Filipa Mendes (Representative for Market Relations)

Francisco Sequeira

Address:

Investor Relations Department

Cimpor – Cimentos de Portugal, SGPS, S.A.

Rua Alexandre Herculano, 35

1250-009 Lisboa

PORTUGAL

Telephone	Fax	E-Mail	Internet
21 311 81 00	21 311 88 39	investorrelations@cimpor.com	www.cimpor.com

The Cimpor site (www.cimpor.com) provides various content of interest in Portuguese and English, in addition to information that might influence the share price, which is also published on the website of the CMVM (www.cmvm.pt) and Euronext (www.euronext.com). It also publishes the compulsory information provided for in the CMVM Regulation No 4/2013[27].

57. Market Liaison Officer

The market liaison officer for the securities' market and the CMVM, pursuant to and for the purposes of the Securities Code, is, since 1 October 2004, Filipa Mendes.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years.

The information enquiries received in 2016 were duly processed and answered in less than 24 hours, on average. No enquiries for prior years are pending.

In this way, Cimpor ensures that the requests for information, clarification and other enquiries by shareholders or other stakeholders were swiftly answered by the Investor Relations Department in 2016.

V. WEBSITE

59. Address.

The website address of Cimpor is www.cimpor.com.

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available.

Information about the company, the public company status, registered office and other legally required information[28] can be found at www.cimpor.com.

61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available.

The articles of association and rules of procedure governing the functioning of the bodies and committees of Cimpor are available at www.cimpor.com.

[27] Article 3
[28] Article 171 of the Portuguese Companies' Code

62. Place where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective functions and contact details.

The information on the identity of the members of the governing bodies, the representative for market relations, the Investor Relations Department, their roles and means of access is available at www.cimpor.com.

63. Place where the financial accounts reporting documents are available, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.

The accounting documents, accessible for at least five years, as well as the half-yearly calendar of corporate events, published at the beginning of each half-year period, and which includes, among others, general meetings, disclosure of annual, half-yearly and quarterly accounts, are available at www.cimpor.com.

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.

The notices of general meetings and all the preparatory and subsequent related information are available at www.cimpor.com and also www.cmvm.pt.

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available.

The historical archive with the resolutions of the general meetings of the company, the share capital represented and voting results are available for viewing on the Cimpor site (www.cimpor.com) for at least the preceding three years.

D. Remuneration

I. POWER TO ESTABLISH

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company.

The determination of the remuneration of the governing bodies and members of the executive committee is subject to the intervention of the General Meeting in the Remuneration Policy and Performance Assessment of the Directors of the Company. It occurs on four levels:

- Election of a Remuneration Committee.
- Delegation of remuneration policy powers in the Remuneration Committee, as provided for in the articles of association[29].
- Annual resolution on the statement concerning the remuneration policy to apply to members of the management and supervisory bodies, pursuant to Law No. 28/2009 of 19 June.
- General appraisal at each Annual General Meeting of the Company's management, pursuant to the Portuguese Companies' Code30, which also implies the assessment of the members of the Board of Directors.

The current Remuneration Committee was elected at the General Meeting of 25 March 2015 for the 2015-2017 term of office.

As regards the remuneration policy for all other managers, that is defined by the Board of Directors through the Executive Committee, within the meaning of the Portuguese Securities Code[31].

II. REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.

67.1. Composition of the Remuneration Committee

The Remuneration Committee, pursuant to the articles of association[32], with term in office 2015-2017, had the following members at 31 December 2016:

- Manuel Soares Pinto Barbosa (Chairman);
- Aparecida Shizue Yamashita
- José Maria Jesus Vale;

This Committee met 4 times during 2016, drawing up minutes of the meetings.

[29] Article 17(2)
[30] Article 376
[31] Article 248-B
[32] Article 17

The remuneration of the Remuneration Committee solely consists of a fixed amount. The value of that remuneration is established pursuant to the articles of association by a committee composed of representatives of the three largest shareholders, as detailed below.

Remuneration of the Remuneration Committee in 2016	Post	Value in Euros
Manuel Soares Pinto Barbosa	Chairman	16.800
Aparecida Shizue Yamashita	Member	15.600
Jose Maria de Jesus do Vale	Member	12.352
Gueber Lopes	Member	2.990

Gueber Lopes, who resigned his position on March 9, 2016, leading to that in 2016 he received the remuneration corresponding to the time he served as member of the Remuneration Committee. José Maria Jesus Vale, who was elected to the Remuneration Committee by the Annual General Meeting of 2016, received the remuneration associated with his position after the date of his election.

In relation to this point it should be noted that over the course of 2016 no natural or legal person was hired to provide support to the Remuneration Committee. Various consultancies provided to Cimpor for its ordinary operation are available and which the Committee may use when deemed necessary.

67.2. Independence of the members of the Remuneration Committee

The independent members of the Remuneration Committee compared with the executive members of the Board of Directors are Manuel Pinto Barbosa, Chairman of the Remuneration Committee (despite being the brother of António Pinto Barbosa, non-executive director of Cimpor), Aparecida Shizue Yamashita and José Maria Jesus Vale. The Chairman of the Remuneration Committee, in view of that family relationship, abstained from the decision-making process regarding the remuneration of the director António Pinto Barbosa. Furthermore, Gueber Lopes renounced to the office as member of this committee at 9 March, 2016, and prior to this date was bound by an employment contract celebrated with InterCement Brasil, S.A..

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

Manuel Pinto Barbosa has experience as a director of several companies and a member of the Remuneration Committee: of particular note is that between 1995 and 1998 he was non-executive director of Portucel Industrial, from 1996 to 1999 he was a member of the advisory committee of Barclays Bank, from 2002 to 2006 he was non-executive director of PTII and from 2004 to 2006 he was chairman of the Board of Directors of TAP. He is currently chairman of the Board of Directors of Nova Forum (since 2005), chairman of the General and Supervisory Board of TAP (since 2007) and member of the Remunerations and Welfare Committee of BCP.

Gueber Lopes, that renounced on 9 March, 2016, had extensive experience in auditing, in particular in matters relating to remuneration and human resources in general. Significant posts he has held are Corporate Director of Risk Management, Complience and Auditing, Audit Director, Risk and Standards Manager Controller Manager, Auditor and Consultant.

Aparecida Shizue Yamashita, member of the Remuneration Committee since 27 March 2014, has 28 years of experience in the Remunerations and Benefits areas in companies of the financial and industrial sectors. She has experience in several areas of Human Resources, of particular note: Benefit Plans, Variable Remuneration and Incentive Programmes. Her experience also includes the deployment and development of executive programmes and management, as well as those for other non-executive levels.

José Maria Jesus Vale, member of this committee since 30 March, 2016, accumulated more than 30 years of experience in renowned interactional companies, always in the HR departmental area with accumulated responsibility and recognition.

III. REMUNERATIONS STRUCTURE

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June.

The articles of association establish that the remuneration policy, the amount and form of fixed and/or variable remuneration and the amounts payable to members of corporate bodies as compensation or damages for severance of the respective legal ties shall be set by the General Meeting or by a Remuneration Committee nominated by such for periods of three years, on consulting the Appointments and Assessment Committee. The General Meeting delegated in the Remuneration Committee the duties provided by law in this respect.

In the 2016 Annual General Meeting, held on 30 March, the Remuneration Committee ensured that the Statement on the Remuneration Policy for Members of the Management and Supervisory Bodies was adopted relative to the 2016 financial year ("2016 Statement"), which is attached to this report. This meant the new bodies to be elected would be responsible for defining the remuneration policy for 2016.

The areas where the Remuneration Committee and the Appointments and Assessment Committee act are defined in the articles of association and the Rules of Procedure of the Board of Directors.

- Remuneration Committee’s powers:
  - Those granted by the applicable legal rules and the articles of association of Cimpor[33].
  - In this context, the Remuneration Committee will decide in particular on: (a) the fixed remuneration of management and supervisory bodies, (b) variable remuneration to be awarded to members of the Executive Committee (annual and multi-year), (c) contributions to retirement plans.
  - In relation to variable remuneration, the Remuneration Committee decides with respect to the limit established in Article 17(1) of the articles of association, taking into account the information conveyed by the shareholders, particularly as regards the following global parameters: maximum percentage cap of remuneration of the management and supervisory bodies in terms of company payroll costs; the annual change in remuneration of the management and supervisory bodies; the percentage of variable pay of total remuneration; and the distribution of variable remuneration over annual and multi-year components.
  - Accordingly, the Remuneration Committee will decide on variable remuneration taking into account the performance assessment of the members of the Executive Committee made by the Appointments and Assessment Committee and the CEO [Chief Executive Officer], based on criteria that are as objective and transparent as possible, in order to allow comparison with the main non-financial

[33] Article 17

companies listed on Euronext Lisbon and with a group of cement companies comparable to Cimpor in terms of size and geographical distribution.

- Role of the Appointments and Assessment Committee:

  - The role of the Appointments and Assessment Committee with regard to the remuneration of the management and supervisory bodies is limited to evaluating the performance of the members of the Executive Committee, which will be taken into account in determining the variable component of the Total Annual Remuneration. The performance assessment criteria considered by the Appointments and Assessment Committee, as well as the respective results will be made known to the Remuneration Committee in time for its due consideration and subsequent decision.

- Relationship of the Remuneration Committee with the majority shareholders and the Appointments and Assessment Committee:

  - The Remuneration Committee should be provided with the relevant guidelines in good time, for the purposes of the proper performance of its duties.

  - For decision-making purposes, the Remuneration Committee and Appointments and Assessment Committee will meet, preferably in the month following the General Meeting where the overall variable remuneration to be awarded to the Executive Committee is voted on, to share information on the performance assessment of the executive Directors, based on the approved metrics and criteria.

69.1 Board of Directors

The remuneration of the members of the Board of Directors of the Company includes a fixed portion, to which, in the case of executive Directors, is added a variable remuneration.

The variable component may not, on aggregate, exceed 5% of the profits of the Company, as provided for in the articles of association[34]. The Remuneration Committee determined during 2016 that the variable remuneration must reach a maximum of 50% of fixed remuneration. The maximum fixed remuneration is set by that committee.

The fixed remuneration of the members of the governing bodies with term of office from 2015 to 2017 was revised considering in particular the present shareholder structure of Cimpor (existence of a shareholder holding the majority of shares) and the new Corporate Governance model and profile.

[34] Article 17(1) of the articles of association.

The total remuneration amounts earned by the members of the management body of the Company in the year ended on 31 December 2016, were as follows:

(value in Euros)	Fixed Remuneration awarded and paid in 2016	Tied Remuneration awarded and paid in 2013 and deferred to 2016 (1)	Total Remuneration paid in 2016
Executive Directors until July 16, 2012	0	1.014.870	1.014.870
Other Executive Directors	294.281	0	294.281
Non-Executive Directors	667.800	0	667.800
Total	**962.081**	**1.014.870**	**1.976.951**

(1) Part of the performance bonus relating to 2013, deferred to 2016 and paid in cash.

Thus, the calculation of the total remuneration paid to Directors in 2016 amounted to 0,34% of the consolidated payroll costs of Cimpor.

Remuneration of Non-Executive Directors:

The remuneration of non-executive directors solely has a fixed component and is paid as cash. It seeks to ensure a balanced compromise between:

a) Competitive values that attract and retain suitably qualified persons for the roles and which adequately compensate the effort and dedication made in the adequate exercise of the roles;
b) Remunerations that mitigate the creation of a dependent relationship with the Company, ensuring in particular, with respect to independent directors, an appropriate positioning in relation to the Company.

Remuneration of Executive Directors:

With regard to the remuneration of the executive directors, the Remuneration Committee maintained the payment policy in 2016 for both fixed and variable remuneration, ensuring alignment of the interests of members of the Executive Committee with those of the Company.

In 2016, in accordance with the remuneration paid in 2013, the total amount of EUR 1.014.870 was paid, deferred until 2016, to members of the Executive Committee in office up to 16 July 2012, in accordance with number 77.

The executive directors in office in 2015. Ricardo Fonseca de Mendonça Lima, Claudio Borin Guedes Palaia, Nélson Tambelini Júnior, Paulo Sérgio de Oliveira Diniz and Armando Sérgio Antunes da Silva agreed not to receive any sum by way of variable remuneration from Cimpor. Therefore, and without prejudice to the variable remuneration policy of the company, they were not paid any variable remuneration by the company in 2016.

The criteria for award of variable remuneration are set forth in No. 71 below.

The Annual General Meeting of 2016 did not approve any shares plan therefore, given the termination of the plans implemented in 2012, meaning that no Cimpor shares plans or stock option plans were in force in 2016.

69.2. Audit Committee

The remuneration of the supervisory bodies is only composed of a fixed component. It seeks to ensure balanced compensation for the work carried out, also taking into account the prevailing market values for similar roles.

The remuneration of the Audit Committee is defined by the Remuneration Committee and it solely has a fixed component, which totalled EUR 72,800 in 2016, broken down as indicated in No. 81.

The Statement on the Remuneration Policy for Members of the Management and Supervisory Bodies relative to 2017, which is submitted to the General Meeting by the Remuneration Committee, is attached hereto (Annex III).

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.

The remuneration of executive Directors is structured so as to guarantee, on one hand, a fixed remuneration that is competitive and adequately compensates the effort and dedication made in the appropriate exercise of duties and, on the other, a variable remuneration that fosters the creation of value in a sustained manner for the shareholder.

The set of indicators and metrics used to determine the variable component, which have been consistently used over the years, mitigate less appropriate acts as regards risk taking, and instead encourage the pursuit of a policy of active risk management and the reward of long-term performance.

Moreover, the existence of adequate proportionality between the fixed and variable components as well as the definition of a ceiling for the variable component, both contribute to discouraging the pursuit of business strategies that encompass inadequate risk profiles.

Lastly, as is clear from the criteria and metrics described below, the recommendations of the Governance Code on remunerations (section III) are partially complied with by the Company, to the extent applicable, taking into account the following elements:

- The variable remuneration component is based on the performance assessment made by the Appointments and Assessment Committee and decided by the Remuneration Committee, within its powers, in accordance with impartial and transparent criteria and considering, inter alia, the real growth of Cimpor, alignment with corporate strategy and the generation of effective wealth for the shareholders, as well as ensuring the sustainability of the Company and compliance with the rules applying to its business;

- The maximum potential variable remuneration will be equal to 50% of the fixed annual remuneration.

- Moreover, the value of the remuneration (fixed and variable) of executive directors takes into account their status of non-permanent residents in Portugal (with remuneration paid outside the consolidation perimeter of Cimpor).

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component.

The remuneration structure of executive directors has a fixed component and a variable component that is annually defined by a set of predetermined criteria better described below. Those criteria encompass a set of indicators regarding the performance of the Company and its executive management, focusing on financial parameters, the creation of value and the qualitative performance of the executive members.

This component is calculated based on a percentage of the annual fixed remuneration and the annual performance assessment derived from predetermined criteria. It is only payable if a minimum level of 80% compliance with defined objectives is achieved. Those objectives aim to simultaneously create a performance stimulus that tends to be competitive and aggressive, while continuing to ensure a balanced weighting between the fixed and variable components.

Their determination is based on criteria as impartial and transparent as possible in order to allow comparison with a group of cement companies of size and geographical distribution comparable to Cimpor. The referred criteria underlying the assessment include consideration of the Company's performance as well as an individual assessment of the executive directors.

During 2016, the Remuneration Committee determined that the variable remuneration, considering due criteria of reasonableness, must reach a maximum of 50% of fixed remuneration. The maximum fixed remuneration is set by that committee.

72. The deferred payment of the remuneration’s variable component and specify the relevant deferral period.

No variable remuneration was paid by Cimpor in 2016 and so no variable remuneration was deferred, in accordance with that stated in No. 69.1 above. The variable remuneration awarded in 2013 to the members of the Executive Committee in office until 16 July, 2012, and which had been deferred for three years, was however paid in 2016.

73. The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value.

Cimpor does not award shares as remuneration to its executive directors.

The Directors of the Company have not entered into any contracts which may have the effect of mitigating the risk inherent to the variability of the remuneration they are paid.

74. The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price.

No stock option plans were issued in 2016. Since all plans in force terminated in 2012, no member of the governing bodies of Cimpor held any stock options over Cimpor shares in 2016.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits.

There are no annual bonus schemes besides those already mentioned above, and there are also no other non-cash benefits.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and date when said schemes were approved at the general meeting, on an individual basis.

The remuneration of both executive directors and non-executive directors does not take the form of a Retirement Benefit or a Supplementary Pension.

IV. REMUNERATION DISCLOSURE

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to the same.

In compliance with the provisions of Law No. 28/2009[35], the annual amount of remuneration earned by the members of the Board of Directors from Cimpor - Cimentos de Portugal, SGPS, S.A. is individually disclosed below.

Directors in office at December 31, 2016 (value in Euros)	Fixed Remuneration awarded and paid in 2016
Daniel Proença de Carvalho (2)	280.000
Armando Sérgio Antunes da Silva (1)	97.381
Paulo Sérgio de Oliveira Diniz (1)	84.900
Ricardo Fonseca de Mendonça Lima (1)	112.000
José Édison Barros Franco (2) (4)	98.000
António Soares Pinto Barbosa (2) (3)	112.000
António Henriques de Pinho Cardão (2) (4)	99.050
Pedro Miguel Duarte Rebelo de Sousa (2)	78.750
Total	**962.081**

(1) Executive Director
(2) Non-Executive Director
(3) Includes amount received as Chairman oh the Audit Committee
(4) Includes amount received as member of the Audit Committee

[35] Article 3 of Law No. 28/2009 of 19 June

Directors in office until July 16, 2012 (value in Euros)	Tied Remuneration awarded and paid in 2013 and deferred to 2016
Francisco José Queiroz de Barros de Lacerda	302.450
António Carlos Custodio de Morais Varela	242.480
Luís Filipe Sequeira Martins	242.480
Luís Miguel da Silveira Ribeiro Vaz	227.460
Total	**1.014.870**

(1) Part of the performance bonus relating to 2013, deferred to 2016 and paid in cash.

The annual amount of remuneration earned by the members of the Audit Committee is disclosed individually in No. 81.

Altogether, the amount earned by the management and supervisory bodies represents 0.34% of total consolidated payroll costs of Cimpor.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control.

In the year in question, no amounts were paid to non-independent members of the Board of Directors in the consolidation perimeter of Cimpor besides those stated in No. 77, above, and these were paid by Cimpor - Cimentos de Portugal, SGPS, S.A.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

Sharing in the profits of the Company, as provided for in the articles of association[36], translates into the award of bonuses. The amount paid in bonuses to the executive directors in 2016 amounted to EUR 1,014,870 as individually detailed in No. 77 above, complying with the award criteria in force at that time.

80. Compensation paid or owed to former executive directors concerning contract termination during the financial year.

No compensation was paid or owed to former executive directors in 2016.

[36] Article 17(1)

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June.

The remuneration paid to the members of the Audit Committee, as members of that supervisory board of the company in 2016, was broken down as follows:

Remuneration of Audit Committee - 2016	Post	Supplement[1] (value in euros)
António Soares Pinto Barbosa	Chairman	33.250
José Édison Barros Franco	Member	19.250
António Henriques de Pinho Cardão	Member	20.300

(1) Supplement paid to each Director for holding post of chairman or member of audit committee

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting.

The remuneration of the Chairman of the General Meeting Board takes the form of an attendance fee of up to EUR 4,500, by decision of the Remuneration Committee.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component.

Pursuant to the remuneration policy for members of the Board of Directors approved by the Remuneration Committee, in the event of dismissal of any director or termination by agreement of the director's position, no compensation will be paid when the dismissal or termination is due to inadequate performance of the role.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B(3) of the Securities Code, that envisage compensation in the event of resignation or unfair dismissal or termination of employment following a takeover. (Article 245-A(1)(l)).

There are no agreements between the members of the management body or senior managers of Cimpor (under the terms of the Portuguese Securities' Code) and the Company or third parties, that envisage the payment of compensation in the event of resignation, unfair dismissal or severance of the employment contract with the Company, in the wake of a change of control of the Company or which have the aim of mitigating the risk arising from the variability of their remuneration established by the Company.

VI. SHARE ALLOCATION AND/OR STOCK OPTION PLANS

85. Details of the plan and the number of persons included therein.

86. Characteristics of the plan (allocation conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be allocated, the existence of incentives to purchase and/or exercise options).

87. Stock option plans for the company employees and staff.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees (Article 245-A(1)(e)).

The issues of Nos. 85 to 88 do not apply since the General Meeting did not approve in 2016 any new shares plan or award of stock options, and also no plans to award shares or share options approved in previous years are in force.

E. Related Party Transactions

I. CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties (*For said purpose, reference is made to the concept resulting from IAS 24*).

In compliance with the Audit Committee proposal approved by the Board of Directors in the beginning of 2016, the latter submits to the Audit Committee for appraisal prior to their conclusion, transactions with related parties that surpass the threshold of a minimum of 5 million euros, for business or group of businesses, business related to sale products of Cimpor, or its subsidiaries, and 1 million euros, for business or group of businesses, for any other types of business.

The Audit Committee examines the evidence provided, requesting additional information or studies if necessary, including support from the external auditor, and it checks compliance with the rules in the areas of conflict of interest, fair treatment, non-discrimination, equal relationship with suppliers and service providers and preserving the interests of the Company.

90. Details of transactions that were subject to control in the referred year.

In 2016, the Audit Committee gave its approval to the contractualization of a loan between InterCement Brasil, S.A. (Cimpor subsidiary) and a Brazilian bank, while having InterCement Participações, S.A. (Cimpor shareholder) as guarantor.

Additionally, still in 2016, the Audit Committee gave approved the due diligence prior to the Cash Tender Offer launched by InterCement Participações, S.A. to purchase all or any of the 5.750% Senior Notes due 2024 issued by its subsidiary Cimpor Financial Operations B.V., which resulted in the acquisition of 12% of the notes on the market.

In the beginning of 2016 the Audit Committee gave its approval to the renewal of a debt contract between a Cimpor subsidiary and InterCement Austria Holding GmbH, (Cimpor shareholder) encompassing an increase of the amortization period and the subsequent interest rate adjustment.

Also during 2016, the transfer of the contractual position on the loan from InterCement Austria Holding GmbH (Cimpor shareholder), from InterCement Austria Equity Participation GmbH to Cimpor Trading e Inversiones, SA was approved, given that the last two are subsidiaries of Cimpor.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.

The procedures and criteria for intervention of the Audit Committee for the prior assessment of business to be conducted between the company and shareholders with qualifying holdings or entities with which such shareholders have any type of relationship, are described in No. 89, above.

II. DATA ON BUSINESS DEALS

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.

Information on the business with related parties is to be found in Note 47 of the Notes to the Consolidated and Individual Financial Statements of 2015.

Part II – Corporate Governance Assessment

1. Details of the Corporate Governance Code implemented

The Corporate Governance Code that the Company is subject to or has voluntarily decided to abide by should be identified pursuant to Article 2 of this Regulation.
The company should also indicate the place where the relevant texts of the Corporate Governance Code, to which the issuer is subject, are available to the public (Article 245-A(1)(p)).

Pursuant to CMVM Regulation No. 4/2013, Cimpor adopts the Corporate Governance Code of the CMVM in its version of July 2013 (hereinafter the "Governance Code"), which is available for viewing at the CMVM website www.cmvm.pt and at the registered office of Cimpor – Cimentos de Portugal, SGPS, S.A.. ("Cimpor").

2. Analysis of compliance with the Corporate Governance Code implemented

Pursuant to Article 245-A//o), a statement should be included relating to the acceptance of the Corporate Governance Code, to which the issuer is subject, by stating any divergence from said Code and the reasons for said divergence.

The information to be submitted should include the following for each recommendation:

a) Information enabling the verification of compliance with the recommendation or referring to the part of the report where the issue is discussed in detail (chapter, title, paragraph, page);

b) Grounds for any non-compliance or partial compliance thereof;

c) In the event of non-compliance or partial compliance, the details of any alternative mechanism adopted by the company for the purpose of pursuing the same objective of the recommendation.

Recommendations that have or have not been adopted

Cimpor adopts the best Corporate Governance practices. There is a small number of recommendations of the Governance Code that it does not fully comply with, and for which it has provided good reason.

	Recommendation	Compliance	Reference
I.	**Voting and Corporate Control**		
I.1.	Companies should encourage shareholders to attend and vote at general meetings, in particular by not setting an excessively high number of shares required to be entitled to one vote and implementing the necessary resources to exercise the right to vote by mail and electronically.	Partially adopted. Only electronic voting not complied with	12. and 13.
I.2.	Companies should not adopt mechanisms that hamper the taking of decisions by their shareholders, including securing a quorum of Directors for making decisions that is higher than that envisaged by law.	Complies	14.
I.3.	Companies must not establish any mechanisms that have the effect of causing a time lag between the right to receive dividends or to subscribe for new securities and the voting rights of each ordinary share, unless good reason is provided for such according to the long-term interests of the shareholders.	Complies	12.
I.4.	The articles of association of companies which provide for a limitation on the number of votes that may be held or exercised by a single shareholder, individually or in concert with other shareholders, must also envisage that the General Meeting pass a resolution on the continuation of such a statutory provision, at least every five years – without stricter quorum requirements compared with that established by legislation - and that in this resolution all votes are counted without that limitation operating.	Complies	13.
I.5.	Measures should not be adopted that have the effect of requiring payments or the assumption of costs by the company in case of transition of control or change in the composition of the management body and which are likely to jeopardise the free transferability of shares and unhindered assessment by shareholders of the performance of members of the management body.	Does not comply	4.
II.	**Supervision, Management and Auditing**		
II.1.	**Supervision and Management**		
II.1.1	Within the limits established by law, and except as a result of the small size of the company, the Board of Directors shall delegate the daily management of the company. The delegated powers shall be identified in the annual corporate governance report.	Complies	21.2.
II.1.2	The Board of Directors shall ensure that the company operates in a manner consistent with its objectives and should not delegate its powers, in particular, with regard to: i) define the strategy and general policies of the company; ii) define the corporate structure of the Group; iii) decisions which are to be considered strategic due to their amount, risk or special characteristics.	Complies	21.2.

	Recommendation	Compliance	Reference
II.1.3	The General and Supervisory Board, besides the exercise of supervisory powers committed to it, must take full responsibilities in terms of corporate governance, by which, through statutory provision or by equivalent means, the obligation of this body must be established as regards giving its opinion on the strategy and main policies of the company, the definition of the corporate structure of the group and the decisions which are to be considered strategic due to their amount or risk. This body should also assess the fulfilment of the strategic plan and the implementation of the company's main policies	Not Applicable	
II.1.4	The Board of Directors and the General and Supervisory Board, depending on the model adopted and unless by virtue of the small size of the company, must create the committees deemed necessary: a) Ensure a competent and independent assessment of the performance of the executive directors and their own overall performance, as well as that of the different existing committees; b) Reflect on the system structure and governance practices adopted, check their effectiveness and propose to the competent bodies the measures to be taken with a view to its improvement.	Complies	21.7.1. and 21.7.2.
II.1.5	The Board of Directors and the General and Supervisory Board, depending on the model adopted, must set objectives in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Complies	54.
II.1.6	*The Board of Directors must include a number of non-executive members who guarantee the effective monitoring, supervision and assessment of the activity of the other members of the management body.*	Complies	*18.*
II.1.7	The non-executive directors should include an appropriate proportion of independents, taking into account the adopted governance model, the size of the company and its shareholder structure, and the respective free float. The independence of the members of the General and Supervisory Board and the members of the Audit Committee is gauged in accordance with legislation in force. As for the other members of the Board of Directors, independent members are considered to be those not associated with any specific interest group in the company or in any circumstance likely to influence their impartiality in any analysis or decision making, particularly by virtue of: a. Having been a worker of the company or company with which it is in a control or group relationship in the last three years; b. Having, in the past three years, provided services or established a significant business relationship with the company or company with which it is in a control or group relationship, whether directly or as a shareholder, director, manager or leader of a legal person; c. Being the beneficiary of remuneration paid by the company or company with which it is in a control or group relationship, beyond the remuneration resulting from the exercise of the role of director; d. Living in a common-law union or being the spouse, relative or similar in a straight line and up to the 3rd degree, including, in a collateral line, of directors or natural persons directly or indirectly holding qualifying holdings; e. Being the holder of qualifying holding or representative of a shareholder holding qualifying holdings.	Complies	18.

	Recommendation	Compliance	Reference
II.1.8	The directors with executive roles must provide information when requested to do so by the members of the governing bodies, in good time and in a manner appropriate to the request made.	Complies	21.3.
II.1.9	The chairman of the executive management body or the executive committee must send the notices convening the meetings and the minutes of the respective meetings, as appropriate, to the chairman of the Board of Directors, the chairman of the Supervisory Board, the chairman of the Audit Committee, the chairman of the General and Supervisory Board and the chairman of the Financial Committee.	Complies	21.3.
II.1.10	If the chairman of the management body conducts executive duties, this body should indicate an independent administrator from among its members to ensure the coordination of the work of the other non-executive members and the conditions so that they can decide independently and in an informed manner, or find another equivalent mechanism to ensure that coordination.	Not Applicable	
II.2.	***Supervision***		
II.2.1	The chairman of the supervisory board, audit committee or the financial matters committee, depending on the applicable model, must be independent in accordance with the applicable legal criterion, and be adequately qualified to carry out the duties of that office.	Complies	31. to 33.
II.2.2	The supervisory body shall be the main correspondent of the external auditor and the first recipient of the respective reports. This body is also responsible for, inter alia, proposing the respective remuneration and ensuring that adequate conditions for the provision of services, within the company, are safeguarded.	Complies	38.
II.2.3	The supervisory body shall annually assess the external auditor and propose to the competent body its dismissal or termination of the contract for the provision of its services when there is just cause for this.	Complies	38.
II.2.4	The supervisory body shall assess the functioning of the systems of internal control and risk management and propose the adjustments deemed necessary..	Complies	38.
II.2.5	The Audit Committee, General and Supervisory Board and Supervisory Board must give their opinion on the work plans and resources allocated to the internal audit service and the services that ensure compliance with the rules applicable to the company (compliance services). They must also be the recipient of reports drawn up by these services, at least when matters related to the rendering of accounts, identification or settlement of conflicts of interest and the detection of potential illegalities are concerned.	Complies	38.and 50.
II.3.	***Definition of Remunerations***		
II.3.1	All members of the Remuneration Committee or equivalent should be independent from the executive members of the management entity and include at least one member with knowledge and experience in matters of remuneration policy.	Complies	67.2. and 68.
II.3.2	No individual or legal person should be hired, to support the Remuneration Committee in carrying out its duties, that provides or has provided in the past three years services to any structure under the control of the management board, the management board proper of the company or which has a current relationship with the company or with a consultant of the company. This recommendation also	Not Applicable	

	applies to any individual or legal person that is related to the same by contract of employment or provision of services.		
	Recommendation	**Compliance**	**Reference**
II.3.3	The statement on the remuneration policy of the management and supervisory bodies as set out in Article 2 of Law No. 28/2009 of 19 June, should also contain: a) the identification and clarification of the criteria for determining the remuneration to award to members of the governing bodies; b) details of the maximum potential value, in individual terms, and the maximum potential amount in aggregated terms, payable to the members of the governing bodies, and identification of the circumstances in which these maximum amounts may be due; d) details on the enforceability or unenforceability of payments relating to the dismissal or termination of duties of directors.	Complies	69.
II.3.4	A proposal must be submitted to the General Meeting for approval of plans to award the members of the governing bodies shares and/or stock options or options based on share price variations. The proposal shall contain all the necessary elements for a correct evaluation of the plan.	Not Applicable	85. to 88.
II.3.5	A proposal must be submitted to the General Meeting for the adoption of any system of retirement benefits established for members of the governing bodies. The proposal shall contain all the necessary elements for a correct evaluation of the system.	Not Applicable	76.
III.	**Remuneration**		
III.1.	The remuneration of executive members of the management body shall be based on actual performance and discourage excessive risk taking.	Complies	69.1.; 70.; 71. and 72.
III.2.	The remuneration of non-executive members of the management body and the remuneration of members of the supervisory body must not include any component whose value depends on the performance of the company or its worth.	Complies	69.1.
III.3.	The variable component of remuneration must be largely reasonable in relation to the fixed remuneration component, and maximum limits should be fixed for all components.	Complies	71.
III.4.	A significant portion of the variable remuneration must be deferred for a period of no less than three years, and its actual payment made dependent on the continued positive performance of the company during that period.	Not Applicable	72
III.5.	The members of the management body must not conclude contracts with either the Company or with third parties that have the effect of mitigating the risk arising from the variability of the remuneration established by the company.	Complies	84.
III.6.	Executive directors must hold, until the expiry of their term of office, the shares of the company they have been awarded by virtue of variable remuneration schemes, up to the ceiling of twice the value of total annual remuneration, with the exception of those that need to be sold for the payment of taxes as a result of benefits from these same shares.	Not Applicable	85. to 89.

	Recommendation	Compliance	Reference
III.7.	When the variable remuneration encompasses the award of options, the start of the exercise period should be deferred for a period of no less than three years..	Not Applicable	85. a 89.
III.8.	When the dismissal of a director is not due to serious violation of duties or unfitness for normal exercise of the respective duties but, nonetheless, is traced to inadequate performance, the company is equipped with the adequate and necessary legal instruments so that any indemnity or compensation, besides that legally due, is not demanded.	Complies	83. and 84.
IV.	**Audit**		
IV.1.	The external auditor, in the scope of its powers, checks the implementation of the remuneration policies and systems of the governing bodies, the effectiveness and functioning of the internal control mechanisms and the reporting of any defects to the company's supervisory body.	Complies	38.
IV.2.	The company or any entities with which it is in a control relationship should not hire from the external auditor, nor any entities that are in a group or control relationship with the same or forming part of the same network, services other than audit services. If there are reasons for the contracting of such services - that must be approved by the supervisory body and set out in its annual report on corporate governance - they should not exceed 30% of the total value of the services provided to the company.	Complies	37. and 46.
IV.3.	The companies must promote auditor rotation after two or three terms, depending on whether these are four or three years, respectively. Any continuation beyond this time limit must be based on a specific opinion of the supervisory body that specifically weighs up the independence conditions of the auditor and the benefits and costs of its replacement.	Complies	44.
V.	**Conflicts of Interest and Transactions with Related Parties**		
V.1.	The company's business with holders of qualifying holdings, or with entities with they are in any relationship, pursuant to Article 20 of the Securities' Code, must be carried out under normal market conditions.	Complies	10.; 90. and 91.
V.2.	The supervisory or audit body must establish the procedures and criteria required to define the relevant level of significance of business with holders of qualifying holdings - or with entities related thereto under any of the relationships described in Article 20(1) of the Portuguese Securities Code -, ensuring that the conduct of business of significant importance depends on the prior approval of that body.	Complies	89.
VI.	**Information**		
VI.1.	Companies must provide, through their website in Portuguese and English, access to information that allows their development and current economic, financial and governance situation to be evaluated.	Complies	56. e 59. a 65.
VI.2.	The companies should ensure the existence of an investor support office and permanent contact with the market, responding to the enquiries of investors in a timely manner, and keeping records of the enquiries made and how they were handled.	Complies	56. to 58.

Comply or explain

Cimpor, as mentioned above and in light of the criteria set forth in the Governance Code, did not comply with five of the recommendations of that Code, which it justifies in the following manner.

2.1 Electronic voting

Recommendation I.1. Companies should encourage shareholders to attend and vote at general meetings, in particular by not setting an excessively high number of shares required to be entitled to one vote and implementing the necessary resources to exercise the right to vote by mail and electronically.

In accordance with nos. 12 and 13 above, the company complies with the recommendation, with the exception of the electronic voting requirement. The number of shareholders and their representatives attending recent General Meetings does not make the implementation of an electronic voting system feasible in practical and economic terms.

2.2 Absence of defensive measures

Recommendation I.5. Measures should not be adopted that have the effect of requiring payments or the assumption of costs by the company in case of transition of control or change in the composition of the Board of Directors and which are likely to jeopardise the free transferability of shares and unhindered assessment by shareholders of the performance of members of the Board of Directors.

According to the interpretation of the CMVM, this recommendation should be considered not complied with despite the fact that no measures will be enforced on the company that have the effect of requiring payment or the company being held liable for costs in the event of change of control or change in the composition of the board of directors, and which are likely to jeopardise the free transferability of shares and unhindered assessment by shareholders of the performance of the members of the board of directors. The exception is the case, and in accordance with market practices, for some debt instruments entered into by subsidiaries of Cimpor, that include change of control clauses which provide for the possibility of early due payment, by decision of the financing entities.

2.3 Deferral of part of the variable remuneration

Recommendation III.4: A significant portion of the variable remuneration must be deferred for a period of no less than three years, and its actual payment made dependent on the continued positive performance of the company during that period.

In 2014, Cimpor did not award variable remuneration to the executive directors in office at the time, so this recommendation is not applicable, as described in No. 72.

3. Other information

The company should provide any evidence or additional information that, not set forth in the preceding paragraphs, is deemed relevant to understanding the adopted governance model and practices.

Nothing to add.

ANNEX I

Members of the Management and Supervisory Bodies

Board of Directors

Daniel Proença de Carvalho (Chairman of the Board of Directors– since 16 July 2012).

Date of birth:	15 September 1941
Nationality:	Portuguese
Date of 1st appoinment:	16 July 2012
End of the term-off-office:	2017

Education:

1965: Law degree by Faculdade de Direito in Universidade de Coimbra.

Professional activities in last 5 years:

Chairman of the Board of Directors of ZON MULTIMÉDIA, SGPS, S.A. (2007 – 2013);
Vice-Chairman of the general meeting of Caixa Geral de Depósitos, S.A. (2007 – 2011);
Chairman of the general meeting of:
- BESI – Banco Espírito Santo de Investimento;
- Estoril Sol, SGPS, S.A.;
- Socitrel – Sociedade Industrial de Trefilaria, S.A..

Member of the Board of Directors of SINDCOM - Sociedade de Investimento na Indústria e Comércio, SGPS, S.A., (2005 – 2010);
Member of the remuneration committee of Banco Espírito Santo, S.A..

Positions held in entities outside the Group at 31 December 2016:

Chairman of the Board of Directors of Global Notícias – Media Group, S.A..
Chairman of the general meeting of:
- Galp Energia, SGPS, S.A.;
- Portugália – Administração de Patrimónios, S.A.;
- Almonda – Sociedade Gestora de Participações Sociais, S.A.;
- Renova – Fábrica de Papel do Almonda, S.A.;
- INTEROCEÂNICO – Capital, SGPS, S.A.;
- Mares Lusos, S.A.;
- Sociedade Comercial Orey Antunes, S.A.;
- Cabo Raso – Empreendimentos Turísticos, S.A.;
- SOGEB – Sociedade de Gestão de Bens, S.A.;
- Sociedade Agrícola Belo de Mértola, S.A.;
- Sociedade Agrícola dos Namorados, S.A.;
- Coaltejo – Criador de Ovinos Algarve e Alentejo, S.A.;
- Sogesfin – Sociedade Gestora de Participações Sociais, S.A.;
- 3 Z – Administração de Imóveis, S.A.;
- Sétimos - Participações, SGPS, S.A.;
- Confiança Participações, SGPS, S.A.;
- Calhau Participações, S.A.;
- Fonte dos Canais, Imobiliária, S.A.;
- Sociedade Agrícola da Serra Branca, S.A.;
- Gotan, SGPS, S.A.;
- Companhia Agrícola da Apariça, S.A.;
- Companhia Agrícola das Polvorosas, S.A.;
- Companhia Agrícola de Corona, S.A.;
- Herdade do Monte da Pedra, S.A.;
- TRABELIBEX - Investimentos Imobiliários, S.A.;
- FREIXAGRO - Empresa Agrícola do Freixo, S.A.;

Chairman of the Board of the general meeting of Instituto Português de Corporate Governance, (since 21 June 2010);

Number of shares held at 31 December 2016:

1.

Statement of Availability:
"I declare that I have available time to perform the non-executive Chairman of the Board of Directors of Cimpor - Cimentos de Portugal, SGPS, S.A., which I consider compatible with the other posts, all non-executive, currently I perform in other companies".

Ricardo Fonseca de Mendonça Lima (Member of the Board of Directors and Chief Executive Officer – since 16 July 2012)

Date of birth:	5 May 1966
Nationality:	Brazilian
Date of 1st appointment:	16 July 2012
End of the term.of-office	2017

Education:

Degree in Metallurgical Engineering by Escola Politécnica – Universidade de São Paulo;
Master's Degree in Metallurgical Engineering by Universidade de São Paulo;
Postgraduate diploma in Industrial Management by Universidade de São Paulo, Fundação Vanzolini;
MBA in Management by Fundação Dom Cabral;
Advanced Management Program by Harvard.

Professional activities in last 5 years:

Operations Vice-President of InterCement (Brasil), (2010 – 2012).
General Manager of Kandmad - Sociedade Gestora de Participações Sociais, (Portugal), (2012-2014).
Chairman of the Board of Directors of:

- NPC – Cimpor (PTY) Limited (South Africa), (2013-2013);
- Natal Portland Cement Company (Proprietary) Limited (South Africa), (2012-2013);
- Cimpor – Serviços de Apoio à Gestão de Empresas S.A. (Portugal), (2012-2014);
- Cimpor Trading e Inversiones, S.A. (Spain), (2012-2014);
- Holdtotal, S.A. (Argentina), (2015);
- Cimpor Portugal, SGPS, S.A. (Portugal), (2012-2016);
- Cimpor – Indústria de Cimentos, S.A. (Portugal), (2012-2016).

Member of the Board of Directors of:

- Recycomb, S.A. (Argentina), (2008-2014);
- Betel, S.A. (Argentina), (2008-2014);
- Compañia Argentina Cemento Portland, S.A. (Argentina), (2009-2014);
- Cofesur, S.A. (Argentina), (2009-2014);
- Ferrosur Roca S.A. (Argentina) (2008-2013);
- La Preferida de Olavarría S.A. (Argentina) (2009-2014);
- Loma Negra CIASA (Argentina) (2010-2014).

Positions held in entities inside the Group at 31 December 2016:

Chairman of the Board of Directors of:

- Cimentos de Moçambique, S.A. (Mozambique);
- Loma Negra CIASA (Argentina).

Manager of Caue Finance Limited (Cayman Islands).

Positions held in entities outside the Group at 31 December 2016:

General Manager of InterCement Participações, S.A..
Manager of Camargo Corrêa Cimentos Luxembourg, S.a.r.l..
Advisor of:

- Instituto Camargo Corrêa;
- Câmara Portuguesa de Comércio de São Paulo;
- Hospital Sírio Libanês – São Paulo.

Chairman of Conselho Empresarial Brasil – Argentina.

No shares of Cimpor were held at 31 December 2016.

Statement of Availability:
"For all intents and purposes come to declare my availability to hold the position of Chairman of the Executive Committee of Cimpor, which I take to comply with the other responsibilities that are currently assigned me the companies listed in my job description."

Armando Sérgio Antunes da Silva (Member of the Board of Directors and Member of the Executive Committee – since 23 December 2015)

Date of birth	19 June 1969
Nationality	Brazilian
Data da 1ª designação	23 December 2015
Termo do mandato atual	2017

Education

Economics degree by Universidade de Ponta Grossa;
Postgraduate diploma in Finance by Fundação Álvares Penteado;
MBA in Management by Fundação Dom Cabral.

Professional activities in last 5 years:

Member of the Executive Committee of Cimpor – Cimentos de Portugal, SGPS, S.A. (Portugal), (2012-2013).
Finance Operations and a Investor Relations of InterCement Brasil, S.A. (Brazil), (2008-2011).
Chairman of the Board of Directors:

- Estabelecimentos, Social do Norte, S.A. (Portugal), (2012-2013);
- Cimpor Imobiliária, SGPS, S.A. (Portugal), (2014-2016);
- Mecan, S.A. (Portugal), (2014-2016);
- Prediana, S.A. (Portugal), (2014-2016).

Director of:

- Companhia Industrial e Mercantil de Cimento, S.A. (Brazil), (2008-2011);
- Camargo Corrêa Cimentos Luxembourg, S.à.r.L. (Luxembourg), (2008-2011);
- Camargo Corrêa Cimentos Participações Ltda. (Brazil), (2008-2011);
- Cauê Finance Ltd. (Cayman Islands), (2008-2011);

Member of the Board of Directors:

- Cimpor – Cimentos de Portugal, SGPS, S.A. (Portugal), (2012-2013);
- Agrepor Agregados, S.A. (Portugal), (2014-2016);
- Ciarga, S.A. (Portugal), (2013-2016);
- Bencapor, S.A. (Portugal), (2015-2016);
- Transformal, S.A. (Portugal), (2015-2016).
- Recycomb, S.A. (Argentina), (2011-2012);
- Betel, S.A. (Argentina), (2011-2012);
- Companhia Argentina de Cemento Portland, S.A. (Argentina), (2011-2012);
- La Preferida de Olavarria, S.A. (Argentina), (2011-2012);
- Ferrosur Roca, S.A. (Argentina), (2011-2012);
- Cofesur, S.A. (Argentina), (2011-2012);
- Canteras Del Riachuelo, S.A. (Uruguay), (2011-2012);
- Yguazú Cementos, S.A. (Paraguay), (2011-2012);

Finance Director of Loma Negra CIASA (Argentina), (2011-2012).

Positions held in entities inside the Group at 31 December 2016:

Chairman of the Board of Directors of:

- Cimpor Reinsurance, S.A. (Luxembourg);
- Cimpor Trading e Inversiones, S.A. (Spain).

Member of the Board of Directors of:

- Cimpor – Indústria de Cimentos, S.A. (Portugal);
- Cimpor Portugal, SGPS, S.A. (Portugal);
- Cimpor – Serviços de Apoio à Gestão de Empresas, S.A. (Portugal);
- Betão Liz, S.A. (Portugal);
- Ibera, S.A. (Portugal);

Director of:

- InterCement Austria Equity Participation GMBH (Austria);
- Camargo Corrêa Escom Cement B.V. (Netherlands);
- Caue Austria Holding GMBH (Austria).

Manager of Cimpor Financial Operations BV (Netherlands).
Management of Kandmad, Sociedade Gestora de Participações Sociais, Lda. (Portugal).

No shares of Cimpor were held at 31 December 2016.

Statement of Availability:
"I confirm that I haven't obstacle to my post of director of performance (and member of the Executive Committee) of Cimpor Cimentos de Portugal, SGPS."

Paulo Sérgio de Oliveira Diniz (Member of the Board of Directors and Member of the Executive Committee – since 18 August 2015)

Date of birth:	31 May 1957
Nationality:	Brazilian
Date of 1st appointment:	18 August 2015
End of the term-of-office:	2017

Education:

1980: Bachelor's degree in Production engineering from Universidade de São Paulo.

1985: MBA, IMD International, Switzerland.

1994: Human Resources, INSEAD, France.

Professional activities in last 5 years:

Chairman of the Board of Directors of Amyris (Brazil) (2015).
Group Chief Financial Officer of Amyris (USA) (2013 – 2015).
Chief Executive Officer of Amyris (Brazil) (2011 – 2013).

Positions held in entities outside the Group at 31 December 2016:

Finance and Investor Relations Vice-President of InterCement Participações, S.A..
Manager of Camargo Corrêa Cimentos Luxembourg, S.a.r.l..

No shares of Cimpor were held at 31 December 2016.

Statement of Availability:
"I, Paul S. O. Diniz, declare through this that, despite the position of Vice-President of Finance of InterCement Participações, S.A, as expressed in my summarizes available, possess adequate capacity and availability required to perform the Chief Financial Officer in the executive Committee, and member of the Board of Directors of Cimpor - Cimentos de Portugal, SGPS, S.A."

José Édison Barros Franco (Member of the Board of Directors – since 29 April 2010)

Date of birth:	4 March 1950
Nationality:	Brazilian
Date of 1st appointment:	29 April 2010
End of the term-of-office:	2017

Education:

1974: Degree in Mechanical Engineering from Escola Politécnica of Universidade de São Paulo.

1975: Management Training in Stanford (USA).

1978: Postgraduate in Management from Fundação Getúlio Vargas.

1998: Advanced Management Program from Harvard University, in Boston (USA).

2003: IBGC (in company)..

2008: IMD (Switzerland).

2010: FDC (in company).

2011: INSEAD (in company).

Professional activities in last 5 years:

Chief Executive of InterCement Participações, S.A. (Brazil), (2016).
Chairman of the Board of Directors of:

- InterCement Portugal, SGPS, S.A. (Portugal), (2010 – 2014);
- Loma Negra CIASA (Argentina), (2006 – 2015).

Positions held in entities inside the Group at 31 December 2016:

Chairman of the Board of Directors of InterCement Brasil S.A.;

Positions held in entities outside the Group at 31 December 2016:

Chairman of the Board of Directors of InterCement Participações S.A.;
Member of the Board of Directors of Camargo Corrêa Cimentos Luxembourg, S.à.R.L.;
President of InterCement Institute for Community Development and the Loma Negra Foundation (Brazil and Argentina) with a action in Social Investment.

No shares of Cimpor were held at 31 December 2016.

Statement of Availability:
"I hereby declare that I have available time to devote myself as a non-executive director of the Board of Directors of Cimpor SGPS as I have done in the last six years. I note that I don't have executive positions in any company, just advice."

António Soares Pinto Barbosa (Member of the Board of Directors – since 16 July 2012)

Date of birth:	20 May 1944
Nationality:	Portuguese
Date of 1st appointment:	16 July 2012
End of the term-of-office:	2017

Education:

1966: Graduate Degree in Finance, Universidade Técnica de Lisboa.

1978: PhD in Economics, Virginia Polytechnic Institute and State University (Center For Study of Public Choise).

1984: Habilitatus, Faculdade de Economia, Universidade de Nova de Lisboa.

1986: Associate Doctor, Faculdade de Economia, Universidade Nova de Lisboa.

1986: Professor, Faculdade de Economia, Universidade Nova de Lisboa.

Professional activities in last 5 years:

Chairman Working Group for the elaboration of the Articles of Portuguese Conselho Finanças Públicas;
Member of the Advisory Committee of Banif.

Positions held in entities outside the Group at 31 December 2016:

Member of the Board of Directors of Impresa, SGPS, S.A.;
Member of the Audit Committee of Impresa, SGPS, S.A.;
Member of the Audit Board of Fundação Champalimaud.

Number of shares held at 31 December 2016:

4.237.

Statement of Availability:
"For all intents and purposes come to declare my readiness for the performance of the Chairman of the Audit Committee and Board of Directors member, functions that I consider compatible with the other professional activities performed by me and those in my CV".

António Henriques de Pinho Cardão (Member of the Board of Directors – since 25 March 2015)

Date of birth:	31 May 1943
Nationality:	Portuguese
Date of 1st appointment:	25 March 2015
End of the term-of-office:	2017

Education:

Licenciate Degree in Finance, Instituto Superior de Ciências Económicas e Financeiras.

Professional activities in last 5 years:

Member of the Supervisory Board of Banco Millennium BCP, S.A. (2001 – 2012);
Member of Ethics and Professional Conduct Commission of Banco Millennium BCP, S.A. (2012 – 2014);
Member of the Board of Directors of Fundação Millennium BCP (2012);
Member of the Board of Auditors of companies of Group Monte & Monte and of the holding Monte & Monte, SGPS, S.A. (2009 – 2012);

Positions held in entities outside the Group at 31 December 2016:

Member of the Board of Directors of Banco Millennium BCP, S.A.;
Member of Risk Assessments Commission of Banco Millennium BCP, S.A.;
Member of Appointments and Remuneration Commission of Banco Millennium BCP, S.A.;
Chairman of the Audit Board of the company Vila Galé, S.A.;
Vice-President of the Executive Board of Associação Missão Crescimento;
Chairman of the Audit Board of Associação Por Uma Democracia de Qualidade;
Economist, as a self-employed individual: consulting, making of economic and financial studies, evaluation of companies (2005 – 2012);
Member of the Specialty Council of Economics and Business Studies of the Ordem dos Economistas;
Member of:
- Ordem dos Economistas;
- Ordem dos Técnicos Oficiais de Contas.

Partner of SEDES.

No shares of Cimpor were held at 31 December 2016.

Statement of Availability:
"I hereby declare my availability of time to exercise the non - executive position of Member of the Board of Directors of Cimpor - Cimentos de Portugal, SGPS, S.A., and a member of its Audit Committee, considering these functions compatible with other, all non-executive, which I currently exercise".

Pedro Rebelo de Sousa (Member of the Board of Directors– since 16 July 2012)

Date of birth:	29 April 1955
Nationality:	Portuguese
Date of 1st appointment:	16 July 2012
End of the term-of-office	2017

Education:

Masters of Business Administration, Getúlio Vargas Foundation – School of Business Administration, São Paulo, Brazil;
Specialisation (Postgraduate Diploma) in Commercial and Business Law, Universidade Pontífica Católica, Brazil;
Graduate Degree in Law, Universidade de Lisboa, Portugal.

Professional activities in last 5 years:

Non-Executive Member of the Board of Directors, Chairman of the Strategy, Governance and Evaluation Committee and Member of the Audit Committee of Caixa Geral de Depósitos, S.A. (2011 – 2013);
Member of the Board of Directors of Circulo Eça de Queiroz;
Member of the Advisory Board of Marsh.
Chairman of Comissão de Banking Internacional of Union Internacionale des Avocats.

Positions held in entities outside the Group at 31 December 2016:

Senior Partner of Sociedade Rebelo de Sousa & Advogados Associados RL, formerly Simmons & Simmons Rebelo de Sousa, since 2009.
Member of the Remuneration Committee of Novabase, SGPS, S.A..
Chairman of the general meeting of:

- Atitude/SSE – Associação pelo Desenvolvimento do Investimento Social;
- AICD – Associação para Inserção por Centros Digitais de Informação;
- Associação Turma do Bem;
- CADIN – Centro de Apoio ao Desenvolvimento Infantil;
- Grémio Literário;
- Bolsa de Valores Sociais;
- Refrigor, SGPS, S.A.;
- Tecnovia, SGPS, S.A..

Board Member of Câmara de Comércio Portugal-Holanda.
Member of the curador board of the CADIN – Centro de Apoio ao Desenvolvimento Infantil.
Member of the Advisory Board of:

- SUN AID – Associação para o Desenvolvimento pela Energia Solar;
- Universidade Europeia (Laureat)

Member of the curador board of the Fundação Luso-Brasileira para o Desenvolvimento do Mundo de Língua Portuguesa.
Chairman of the board of:

- Instituto Português de Corporate Governance;
- Circulo Eça de Queiroz.

Chairman's Advisor of Union Internacionale des Avocats.

No shares of Cimpor were held at 31 December 2016.

Statement of Availability:
"For all intents and purposes declare that, as inferred from reading my CV date attached, becomes unquestionable my availability for the exercise of Non-Executive Director functions in Cimpor."

ANNEX II

Remuneration Committee Statement

2016

Pursuant to Articles 2 and 3 of Law No. 28/2009 of 19 June, the Remuneration Committee presents the Statement on the Remuneration Policy of the Members of the Management and Supervisory Bodies to be submitted to the General Meeting of Cimpor - Cimentos de Portugal, SGPS, S.A. (Cimpor).

This Statement takes into account, in addition to the above-indicated law, the Corporate Governance Recommendations of the Portuguese Securities Market Commission (2013 version) and the applicable rules of the Portuguese Companies' Code, the Portuguese Securities' Code, CMVM Regulation No. 1/2010 and No. 4/2013 (in force since 1 January 2014, revoking CMVM Regulation No. 1/2010), and the Articles of Association of Cimpor.

1. The year 2015

REMUNERATION POLICY

No changes were made in 2015 to the remuneration policy and the assessment model for Cimpor and its subsidiaries, which were applied in the preceding financial year in a manner consistent with the practices followed in the InterCement Group and the remuneration policy guidelines of Cimpor in force in previous years. The Remuneration Committee developed its work under normal circumstances. It met twice during the 2015 financial year.

No variable remuneration was paid to the members of the Executive Committee in 2015, who agreed not to receive any amount by way of variable remuneration from Cimpor. The variable remuneration assigned in 2012 was, nonetheless, paid in 2015 to the executive directors who were in office up to 16 July 2012, as such payment had been deferred for three years, in accordance with the remuneration policy of this company.

PAYMENTS RELATIVE TO THE DISMISSAL OR TERMINATION OF OFFICE OF DIRECTORS

No payments concerning the termination of office of directors were made during 2015, as no such payments were required.

2. Guidelines for 2016

The mandate of the Remuneration Committee that is ongoing and the Cimpor remuneration policy detailed in chapter III of the Annual Report and Accounts of Cimpor have assimilated, to the extent applicable, the recommendations of the CMVM Corporate Governance Code (2013 version) and the provisions of CMVM Regulation No. 4/2013, from its entry into force on 1 January 2014.

Unless there is a significant change of circumstances in the course of the financial year that provides grounds for an extraordinary review, the potential maximum amount of fixed remuneration payable to members of the corporate bodies of Cimpor in 2016 will remain at the level of the preceding year, and shall be the following:

Board of Directors	Annual Fixed Remuneration[1] (Euros)
Chairman of the Board of Directors	280,000
Chief Executive Officer	112,000
Members of the Executive Committee (2)	84,000
Chairman of the Audit Committee	112,000
Members of the Audit Committee (2)	98,000
Other members of the Board of Directors (4)	78,750
Total[1]	**1,183,000**

[1] Estimated gross amounts in force from 1 January 2016, subject to taxes and contributions payable under law, considering 8 full members of the Board of Directors.

The fixed remuneration amounts listed above are subject to a maximum variation of up to 5% to cover any exchange losses resulting from payment in a currency other than the euro.

Maintaining the existing conditions of restricting the achievement of the performance and results goals based on predefined criteria, the members of the Executive Committee of Cimpor can be awarded a variable remuneration, which shall only be payable if at least 80% of the goals are attained. The maximum potential variable remuneration will be equal to 50% of the fixed annual remuneration. Moreover, the value of the remuneration (fixed and variable) of executive directors takes into account their status of non-permanent residents in Portugal (with remuneration paid by InterCement in Brazil, outside the consolidation perimeter of Cimpor).

The maximum potential fixed remuneration payable to Deloitte & Associados SROC, S.A., for performing the role of statutory auditor of the accounts of Cimpor, in 2016, is still not defined. Nonetheless, a substantial change from the base values paid for the statutory audit of the individual and consolidated accounts of Cimpor in 2015 (approximately EUR 344,000 according to the company's Annual Report) is not expected.

The Remuneration Committee, notwithstanding the above-stated, recommends that the remuneration policy in force remains unchanged for 2016.

11 February 2016

(Illegible signature)	*(Illegible signature)*	*(Illegible signature)*
Manuel Soares Pinto Barbosa	Aparecida Shizue Yamashita	Gueber Lopes
(Chairman)	(Member)	(Member)

ANNEX III

Remuneration Committee Statement

2017

Pursuant to Articles 2 and 3 of Law No. 28/2009 of 19 June, the Remuneration Committee presents the Statement on the Remuneration Policy of the Members of the Management and Supervisory Bodies to be submitted to the General Meeting of Cimpor - Cimentos de Portugal, SGPS, S.A. (Cimpor).

This Statement takes into account, in addition to the above-indicated law, the Corporate Governance Recommendations of the Portuguese Securities Market Commission (2013 version) and the applicable rules of the Portuguese Companies' Code, the Portuguese Securities' Code, CMVM Regulation No. 1/2010 and No. 4/2013 (in force since 1 January 2014, revoking CMVM Regulation No. 1/2010), and the Articles of Association of Cimpor.

1. The year 2016

Following the resolution approved by the Shareholders, at the Annual General Meeting held on March 30, 2016, the composition of the Remuneration Committee of Cimpor, until the end of the current mandate (2015-2017), was as follows:

Chairman: Manuel Soares Pinto Barbosa

Members: a) Aparecida Shizue Yamashita; and

b) José Maria Jesus Vale (elected on March 30, 2016)

During 2016 the Remuneration Committee developed its work under normal circumstances. It met four times during the 2016 financial year.

REMUNERATION POLICY

The remuneration policy adopted by Cimpor and its subsidiaries in 2016 followed the performance vectors included in the Statement of this Committee approved by the aforementioned General Assembly (March 30, 2016). Which follows the general guidelines of the remuneration policy and the valuation model in force in previous years, in line with the practice followed in the InterCement Group which integrates (among others) Cimpor.

No variable remuneration was paid to the members of the Executive Committee in 2016, who agreed not to receive any amount by way of variable remuneration from Cimpor. The variable remuneration assigned in 2013 was, nonetheless, paid in 2016 to the executive board members who were in office up to July 16, 2012, as such payment had been deferred for three years, in accordance with the remuneration policy of this company. These remunerations totaled €1,014,870.00.

PAYMENTS RELATIVE TO THE DISMISSAL OR TERMINATION OF OFFICE OF DIRECTORS

No payments concerning the termination of office of directors were made during 2016, as no such payments were required.

2. Guidelines for 2017

The mandate of the Remuneration Committee that is ongoing and the Cimpor remuneration policy detailed in chapter III of the Annual Report and Accounts of Cimpor have assimilated, to the extent applicable, the recommendations of the CMVM Corporate Governance Code (2013 version) and the provisions of CMVM Regulation No. 4/2013, from its entry into force on 1 January 2014.

At the end of December 2016, the Remuneration Committee held a joint reflection on the remuneration of Cimpor's management and supervisory bodies (with the exception of the Statutory Auditor) in the context of the company's specific situation. This reflection was based on, among other factors, a comparative analysis of the remunerations of the members of the Board of Directors and of the Audit Committee with those practiced in other companies, mostly members of the Euronext PSI20 index.

In this context, the Remuneration Committee approved[37] a review of the remuneration of non-executive members of the Board of Directors of Cimpor, effective as of January 1, 2017, which translates into an effort to reduce the overall amount of this remuneration from 15% and 30%. Therefore, and unless there is a significant change of circumstances in the course of the financial year that provides grounds for an extraordinary review, the potential maximum amount of fixed remuneration payable to members of the corporate bodies of Cimpor in 2017 shall be the following:

Board of Directors	Annual Individual Fixed Remuneration[(1)] (Euros)
Chairman of the Board of Directors	€196.000,00
Chief Executive Officer	€112.000,00
Members of the Executive Committee (2)	€84.000,00
Chairman of the Audit Committee	€100.187,50
Members of the Audit Committee (2)	€86.187,50
Other members of the Board of Directors (1)	€66.937,50
Total[(1)]	**€ 815.500,00**

[(1)] Estimated gross amounts in force from 1 January 2017, subject to taxes and contributions payable under law, considering 8 full members of the Board of Directors.

The fixed remuneration amounts listed above are subject to a maximum variation of up to 5% to cover any exchange losses resulting from payment in a currency other than the euro.

[37] This resolution was approved with the abstention of Manuel Soares Pinto Barbosa with regard to the remuneration of the members of the Audit Committee, given his family relationship with António Soares Pinto Barbosa, member of this supervisory body of Cimpor.

Maintaining the existing conditions of restricting the achievement of the performance and results goals based on predefined criteria, the members of the Executive Committee of Cimpor can be awarded a variable remuneration, which shall only be payable if at least 80% of the goals are attained. The maximum potential variable remuneration will be equal to 50% of the fixed annual remuneration. Moreover, the value of the remuneration (fixed and variable) of executive directors takes into account their status of non-permanent residents in Portugal (with remuneration paid by InterCement in Brazil, outside the consolidation perimeter of Cimpor).

Without prejudice to the above, the Commission recommends that this item be re-examined in due time for an upward revision (if applicable) of the value of the remuneration of Cimpor's management, in line with the evolution of the company's results and the market.

Finally, it is worth mentioning that the maximum potential fixed remuneration payable to Deloitte & Associados SROC, S.A., for performing the role of Chartered Accountant of the accounts of Cimpor, in 2017, is still not defined. Nonetheless, a substantial change from the base values paid for the statutory audit of the individual and consolidated accounts of Cimpor in 2016 (approximately EUR 326,000 according to the company's Annual Report) is not expected.

February 9, 2017"

(Illegible signature)	*(Illegible signature)*	*(Illegible signature)*
Manuel Soares Pinto Barbosa	Aparecida Shizue Yamashita	José Maria Jesus Vale
(Chairman)	(Member)	(Member)

LIST OF SHAREHOLDERS POSSESSING QUALIFYING HOLDINGS[1]

LIST OF SHAREHOLDERS POSSESSING QUALIFYING HOLDINGS[1]

Shareholders	No. of Shares	% of Share Capital [2]	% of Voting Rights [3]
Participações Morro Vermelho	**632,933,437**	**94.19%**	**94.19%**
Rosana Camargo de Arruda Botelho,Renata de Camargo Nascimento and Regina de Camargo Pires Oliveira Dias w ho, jointly, directly control the company RRRPN - Empreendimentos e Participações, S.A. and individually, respectively, the companies (a) RCABON Empreendimentos e Participações, S.A. and RCABPN Empreendimentos e Participações, S.A.; (b) RCNON Empreendimentos e Participações, S.A. e RCNPN Empreendimentos e Participações, S.A.; and (c) RCPODON Empreendimentos e Participações, S.A. and RCPODPN Empreendimentos e Participações, S.A..	632,933,437	94.19%	94.19%
Throuth the companies RRRPN Empreendimentos e Participações, S.A., RCABON Empreendimentos e Participações, S.A., RCABPN Empreendimentos e Participações, S.A., RCNON Empreendimentos e Participações, S.A., RCNPN Empreendimentos e Participações, S.A., RCPODON Empreendimentos e Participações, S.A. and RCPODPN Empreendimentos e Participações, S.A..	632,933,437	94.19%	94.19%
Through the jointly and directly controlled company, Participações Morro Vermelho, S.A.	632,933,437	94.19%	94.19%
Through the company Camargo Corrêa, S.A. w hich it fully controls	632,933,437	94.19%	94.19%
Through the company Camargo Corrêa Cimentos Luxembourg, S.à.r.l. w hich it fully controls	131,353,069	19.55%	94.19%
Through the company InterCement Participações S.A. controlled	501,580,368	74.64%	94.19%
Through InterCement Austria Holding GmbH w hich it fully controls	501,580,368	74.64%	94.19%
It is imputable to InterCement Austria Holding GmbH, according to the CMVM understanding follow ing the launch of the Public Offer by the former over the total share capital of Cimpor, the sum of the voting rights of the follow ing:			
Participations held by itself (5)	501,580,368	74.64%	74.64%
Camargo Corrêa Cimentos Luxembourg, S.à.r.l. (company of the Camargo Corrêa Group, as above mentioned) (4)	131,353,069	19.55%	19.55%

(1) As per official qualifying shareholdings announcements and other information received by the company
(2) With voting rights
(3) The calculation basis includes the number of ow n shares, i.e. all the shares w ith voting rights, w ith the suspension of the respective exercise being of noconsequence to the calculations (according to the criteria of paragraph b), no. 3 of the article 16 of the Portuguese Securities Code)
(4) According to CMVM, pursuant to subparagraph c) of paragraph 1 of Article 20 of the Portuguese Securities Code
(5) Except Qualified Shareholding mentioned in this line, all other in this table in order to comply w ith paragraph b) of paragraph 1 of article 20 of the Portuguese Securities Code

INFORMATION REQUIRED BY LAW

According to the requirements of Article 447 of the Companies Code and CMVM Regulation No. 5/2008, the movement occurred during 2015 in terms of Cimpor shares and bonds belonging to members of the management and supervisory bodies, senior management and entities closely related thereto, are set out below:

Shares

Members of the Management and Supervisory Bodies

Shareholders	No. of Shares 31-12-2015	No. of Shares 31-12-2016	Transactions in 2016			
			Acquisitions	Disposals	Price €	Date
Daniel Proença de Carvalho	1	1				
António Soares Pinto Barbosa	1.780	4.237	2457	-	1,009	18.01.2016

Companies closely related to Managers

Shareholders	No. of Shares 31-12-2015	No. of Shares 31-12-2016	Transactions in 2016			
			Acquisitions	Disposals	Price €	Date
Camargo Corrêa Cimentos Luxembourg, S.à.r.l [1]	131.353.069	131.353.069				

[1] As José Édison Barros Franco, related thereto, is also a member of the Board of Directors of Cimpor.

Information Disclosed and Sources of Information

In its capacity as an issuer of securities admitted to trading on the market, Cimpor – Cimentos de Portugal, SGPS, S.A. (Cimpor) published the following information during 2016 on the site of Cimpor. According to law or regulations, these announcements were also published on the site of the CMVM and Euronext, and also the Justice site when specifically required.

February 24	Publishing of 2015 Consolidated Annual financial results
March 04	Cimpor publishes Preparatory Information for the AGM March 30 2016
March 09	Cimpor announces the resignation of member of the Remuneration Committee
May 31	Presentation of 2016 First Quarter Results
July 11	Cimpor informs on InterCement Tender Offer and Consent Solicitation relating to 5.750% Senior Notes due 2024
August 08	Cimpor informs on expiration of InterCement Tender Offer and Consent Solicitation relating to 5.750% Senior Notes due 2024
August 31	Cimpor publishes Interim Consolidated Financial Report - 1st half 2016
November 16	Cimpor publishes Interim Consolidated Financial Report - 3rd Quarter 2016

2016

SUPERVISION AND AUDIT DOCUMENTS

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AUDIT COMMITTEE REPORT AND OPINION ON THE CONSOLIDATED AND INDIVIDUAL ACCOUNTS OF CIMPOR – CIMENTOS DE PORTUGAL, SGPS, S.A. FOR 2016

Pursuant to Article 423-F(1)(g) of the Company's Code, the Audit Committee of Cimpor - Cimentos de Portugal, SGPS, S.A. presents the report of its monitoring action, its opinion on the Annual Report for the financial year ended 31 December 2016, and its opinion on the proposals submitted by the Board of Directors of the company to the General Meeting.

Supervision of the Company

During the year 2016 the Audit Committee monitored the risk management system and internal control adopted by the company. This committee regularly monitored the activity developed by the internal audit of the company through access to information provided by these services in the context of work carried out according to the schedule approved by the Audit Committee. The Audit Committee believes that the systems in place have made it possible to progress in the identification, monitoring and managing the risks the Company is exposed.

The Audit Committee has fostered compliance with the law and the Company's articles of association, and accuracy of the published accounting documents. It has also checked the validity of the accounting records, the adequacy of the accounting policies adopted, and supervised the process of preparation and disclosure of financial information, including periodic information disclosed to the market.

Regarding the business characterization of related parties to be submitted to the Audit Committee prior to its realization, at the beginning of 2016, in compliance with the Audit Committee proposal approved by the Board of Directors in the beginning of 2016, the latter submits to the Audit Committee for appraisal prior to their conclusion, transactions with related parties that surpass the threshold of a minimum of 5 million euros, for business or group of businesses, business related to sale products of Cimpor, or its subsidiaries, and 1 million euros, for business or group of businesses, for any other types of business.

In this new framework, during the course of 2016, the Audit Committee pronounced itself favorably on the following transactions between related parties:

i. Renewal of a debt agreement between InterCement Austria Equity Participation GmbH (subsidiary of Cimpor) and InterCement Austria Holding GmbH (entity holding a qualifying participation in Cimpor), amounting to EUR 41.8 million, providing for an extension of the amortization period of debt and adjustment of the underlying interest rate.
ii. InterCement Brasil, S.A. (subsidiary of Cimpor) has contracted a loan with a Brazilian bank, in which InterCement Participações, S.A. (entity to which the shareholding in Cimpor is attributed) provided a personal guarantee;
iii. The framework of the procedures in connection with the launch by InterCement Participações SA of the repurchase of debt securities originally issued by Cimpor Financial Operations B.V. Senior Notes 2024 ("Bonds");

and

iv. InterCement Austria Holding GmbH (the entity holding a qualifying holding in Cimpor), InterCement Austria Equity Participation GmbH to Cimpor Trading and Inversiones, S.A., the latter two subsidiaries of Cimpor.

Additionally, this commission regularly monitored the information on the existing system of receiving and dealing with irregularities.

The Audit Committee did not encounter any constraint on the exercise of its activity. It met nine times and participated, with all its members attending, in all the meetings of the Board of Directors.

The Audit Committee maintained necessary contacts with the Statutory Auditor and the External Auditor to monitor the audit work performed and the development of the respective conclusions.

Specifically, it was discussed the progress of the audit work on the financial statements, the level of cooperation of the company services with the External Auditor, the difficulties encountered in the internal control system implemented and the accounting policies adopted and the material effects of policies and accounting procedures implemented.

Furthermore the Audit Committee analyzed with the External Auditor and internal audit the audit and financial reporting rules, including those arising from the Legal Regime for Audit Supervision (Law 148/2015 of 9 September), which have brought a new Legal framework for public auditing activities of auditors and information duties added to them to the Audit Committees, namely in the communication of the relevant auditing matters.

Within the scope of its functions, and considering already the relevance of the themes and the normative framework, the Audit Committee, in 2016, focused on its work on the following topics: impairment of goodwill and other tangible fixed assets (analysis of assumptions of valuations, with emphasis on the cash flow and discount rate projections); evolution of the level of indebtedness and compliance with the covenants; significant unusual transactions (in particular those relating to the sale of the interests in the Baesa and Machadinho hydroelectric plants); evolution of the shareholders capital of Cimpor - Cimentos de Portugal, SGPS, S.A. on both consolidated and individual levels; adequacy of the provisions and contingencies policy, namely on tax, labor, regulatory, judicial and corporate lawsuits in progress.

As agreed with the External Auditor, a description of the essential elements under analysis is referred to in his report.

Regular meetings with the External Auditor, of which five were formally recorded in the minutes of the meetings, allowed the Audit Committee to formulate a very positive opinion on the integrity, rigor, competence, quality of the work and independence with which the auditors carried out the respective review and audit work on the financial statements, as well as the reliability of the published financial information.

In 2016, the total services provided by the External Auditor / Statutory Auditor amounted to 2 million euros, of which 1,426 thousand euros related to statutory audit services, 416 thousand euros to reliability assurance services, 89 thousand euros to tax consultancy services and 2 thousand euros from other services other than auditing.

Statement of Compliance

The members of the Audit Committee declare, pursuant to Article 245(1)(c) of the Portuguese Securities' Code applicable by virtue of Article 8(1)(a) of CMVM Regulation no. 5/2008 (Duty of Disclosure), that to the best of their knowledge the data contained in the annual report, the accounts, the statutory audit certificate and other accounting documents of Cimpor – Cimentos de Portugal, SGPS, S.A. relative to the 2016 financial year were all drawn up in conformity with applicable accounting standards. Those members also state that the referred documents provide an accurate and appropriate image of the assets and liabilities, the financial situation and the profits of that company and the companies included in the consolidation perimeter, and that the management report faithfully reports the evolution of the business, the performance and the position of Cimpor and the companies included in the consolidation perimeter, also containing a description of the main risks and uncertainties facing them.

Opinion

The Audit Committee examined the proposals presented by the Board of Directors to the Shareholders, the Management Report and the consolidated and individual financial statements for the year ended 31 December 2016, which include the consolidated statements of financial position, the individual and consolidated profit and loss statement, the individual and consolidated statements of comprehensive income, cash flows and changes in equity and the annexes thereto, for the year ended on that date and prepared in accordance with International Financial Reporting Standards.

Its duties included the analysis of the Statutory Audit Certificate and the Audit Reports of those consolidated and individual financial statements, prepared by the Statutory Auditor.

The Audit Committee agrees with the Statutory Audit Certificate of the individual and consolidated accounts prepared by the Statutory Auditor.

The Audit Committee also reviewed the Corporate Governance Report for 2016, prepared by the Board of Directors in accordance with the provisions of Regulation no. 4/2013 (Corporate Governance of Listed Companies), as established by the Portuguese Securities' Market Commission and includes, inter alia, the factors identified in Article 245-A of the Portuguese Securities' Code.

It is the Audit Committee's opinion, in view of the above, that the individual and consolidated financial statements and the Management Report to 31 December 2016, as well as the proposed appropriation of profits expressed in the Management Report, are in accordance with the accounting, legal and statutory requirements so there is no obstacle to its approval by the Shareholders.

Lisbon, 10 March, 2017

STATUTORY AUDIT CERTIFICATION AND AUDIT REPORT

(Translation of a report originally issued in Portuguese)

REPORT ON THE AUDIT OF THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of Cimpor – Cimentos de Portugal, SGPS, S.A. ("the Entity") and of its subsidiaries ("the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2016 (that presents a total of 4,976,915 thousand Euros 1,268,029 thousand Euros, respectively and a negative consolidated shareholder's equity of 408,932 thousand Euros and separate shareholder's equity of 1,195,481 thousand Euros, including a net consolidated loss attributable to shareholders of 787,625 thousand Euros and a separate net loss of 1,812 thousand Euros), the consolidated and separate statements of profit and loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the accompanying notes to the consolidated and separate financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present true and fairly, in all material respects, the consolidated and separate financial position of Cimpor – Cimentos de Portugal, SGPS, S.A. as at 31 December 2016 and of its financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards, technical and ethical directives of the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated and separate financial statements" section below. We are independent from the entities that constitute the Group in the terms of the law and we have fulfilled our other ethical responsibilities arising from the requirements of the ethical code of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas").

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

During the year ended 31 December 2016, the Group recorded a consolidated net loss attributable to shareholders of 787,625 thousand Euros, which, as indicated in Notes 7 and 16 to the financial statements, is impacted by the recognition of impairment losses on goodwill related to the Brazilian business area in the amount of approximately 584,000 thousand Euros. On that date, the cumulative translation adjustments resulting from the translation into Euros of financial statements of foreign subsidiaries with a different functional currency, recorded in the consolidated statement of financial position, were negative in the amount of approximately 1,045,000 thousand Euros (1,084,000 Thousands of Euros as of December 31, 2015). As a result, as of 31 December 2016, shareholders' equity attributable to shareholders in the consolidated financial statements is negative in an amount of approximately 445,000 thousand Euros. The shareholders equity in the Company's separate statement of financial position, in which financial investments in subsidiaries and associates are recorded at cost, is approximately 1,195,000 thousand Euros.

In addition, as of 31 December 2016: (i) the current consolidated liability, which includes financing granted by the shareholder Intercement Austria Holding GmbH in the amount of 726,900 thousand Euros, exceeds the current consolidated assets by approximately 410,000 thousand Euros , and (ii) as mentioned in Note 40 to the financial statements, as of 31 December 2016 the Group does not comply with the leverage limit established in several financing agreements, and has negotiated with the corresponding financial institutions the suspension, until 31 December 2017 the application of the conditions related to that breach.

Considering the above, there is a material uncertainty that could raise significant doubts about the Entity's ability to continue on a going concern basis. The existing plans for the resolution of the situation are disclosed in Notes 2.1 and 40 to the financial statements, as well as in the Management Report.

Our opinion on the financial statements is not modified with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
Goodwill impairment	
As disclosed in Notes 7 and 16, in the year ended 31 December 2016, the Group recognized impairment losses of approximately 584,000 thousand Euros related to goodwill in the Brazilian business area. As of 31 December 2016, the net book value of goodwill was 1,061,409 thousand Euros, of which 780,501 thousand Euros related to the Brazilian business area. The determination of possible impairment of goodwill requires a significant judgment by the management. Assumptions with the most significant impact on cash flow projections refer to: • Business growth rates, which are highly subjective insofar as: (i) they are based on management expectations rather than on market observables; and (ii) there is a great geographical dispersion of the operations, being necessary to take into account the characteristics of each of the markets; • Discount rates, which are based on the average cost of capital. The determination of the average cost of capital in each geographical segment is complex Impairment of goodwill was determined by reference to the value of use of each cash-generating unit, at a geographical level (operational segment), which is based on the corresponding projections of cash flows. Thus, for the purposes of our audit, we have identified impairment of goodwill as presenting a significant risk of material misstatement of the financial statements, and we conclude that it is a relevant audit issue.	In the evaluation of impairment of goodwill, we reviewed the calculation of the value of use prepared by the management, with particular focus on the business growth rate and discount rate. The procedures performed included: • Testing of controls related to the preparation of cash flow projections; • Assessment of the reliability of estimates made by the management, by reference to the comparison of current performance with estimates made in previous periods; • Recalculation of the use value of each geographical segment; • Comparison of the growth rates considered in the projections with the historical data of each one of those markets; • Comparison of relevant information considered in the discounted cash flow projections used with budgets approved by the management; • Involvement of specialists in order to test the average cost of capital (wacc) rates corresponding to the discount rate of projected cash flows; • Testing the arithmetic correction of the financial projections of discounted cash flows used by the management; • Perform sensitivity analyzes on growth rates and discount rates in order to assess the extent of the corresponding impact on the value of use. We also assessed the adequacy of disclosures about the impact of sensitivity to assumptions, particularly growth rates and discount, on the value in use.
Net debt level and covenant compliance	

As of 31 December 2016, the Group has financing from external entities, either in the form of commercial loans or in the form of bonds issues, in the approximate amount of 3,468,000 thousand Euros. As mentioned in Notes 37 and 40 to the financial statements, the main financing agreements require compliance with covenants related to the leveraged level, particularly the ratio between net debt and EBITDA (earnings before taxes, financial results, Amortization and depreciation) The measurement of these ratios is complex in that: • This ratio is calculated based on the consolidated financial statements of InterCement Participações (indirect controlling entity) and not on the level of the Company's consolidated financial statements; • The terms of the various financing agreements show some differences in terms of the clauses that establish the mentioned leveraged level; • The concept of EBITDA does not arise from international financial reporting standards. In addition, some of the financing agreements terms are linked with the conditions established in other contracts and cross default structures. Failure to comply with the conditions established in the financing agreements may lead to the immediate demanding of all contracted financing.	The audit procedures performed to mitigate the risk associated with non-compliance with the terms of the financing agreements included: • Test at the level of each component of the design and implementation of controls that mitigate this risk; • Review of the components of the corresponding financing agreements and verification of compliance with the respective terms (measured on an individual basis); • Obtaining and reviewing the covenants calculation performed by the Company; • Analysis of the terms of any suspensions of effects (waivers) of the referred conditions negotiated with the financing entities and corresponding deadlines.

One-off significant transactions

During the year ended 31 December 2016, several significant and non-recurring transactions were carried out by the Group. Due to their impact on the financial statements for the year ended 31 December 2016, the sale of non controlling interests in the Brazilian companies in the energy sector was highlighted. The terms of these transactions are described in more detail in Notes 4.1 and 31 to the financial statements. The accounting treatment and the disclosures related to those transactions involved the exercise of significant judgments.	The procedures we performed included the following: • Evaluation of the design and implementation of controls related to significant unusual transactions; • Review of the minutes of the corporate bodies; • Questioning of the Company's management regarding possible transactions outside the normal course of operations; • Review of market announcements or other information of public knowledge; • Obtaining and evaluating documentation regarding the management understanding and conclusions regarding the accounting treatment of those transactions; • Performing procedures to evaluate the key judgments underlying the measurement of complex transactions and conclusion in terms of their classification as equity or liability; • Look for evidence of possible biases in estimates or inappropriate financial reporting.

Responsibilities of Management and Supervisor Body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated and separate financial statements that present true and fairly, in all material respects, the financial position of the Entity and its subsidiaries that were consolidated, the consolidated and separate financial performance and the consolidated and separate cash flows in accordance with International Financial Reporting Standards as adopted by the European Union;
- the preparation of a management report, including a corporate governance report, under the applicable legal and regulatory terms;
- the implementation and maintenance of an appropriate internal control system that allows the preparation of financial statements that are free from material misstatements due to fraud or error;
- the adoption of accounting principles and criteria appropriate in the circumstances; and
- the evaluation of the Entity and Group's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of the operations.

The Supervisory Body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility consists in obtaining a reasonable assurance on whether the consolidated and separate financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity or the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We

are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

- we communicate with those charged with governance, including the Supervisory Body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the Supervisory Body, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- we provide the Supervisory Body with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes also the verification of the agreement between the information included in the Management report with the consolidated financial statements and the verifications required in article 451, numbers 4 and 5, of the Portuguese Commercial Code ("Código das Sociedades Comerciais")

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (i)

About the Management report

In compliance with article 451, number 3.e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), in our opinion, the Management report was prepared in accordance with the applicable law and regulations and the information included therein is in agreement with the audited consolidated and separate financial statements, and considering our knowledge and appreciation of the Group, we did not identify material misstatements.

About the corporate governance report

In compliance with article 451, number 4, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material mistakes in the information disclosed in such report, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

About the additional elements included in article 10 of Regulation (UE) 537/2014

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16th, 2014, and beyond the key audit matters mentioned above, we further report on the following:

- We have been appointed auditors of Cimpor – Cimentos de Portugal, SGPS, S.A. for the first time in the shareholders' general assembly that took place on 29 July 2001 for a mandate covering the period between 2001 and 2005. We have been appointed in the shareholders' general assembly that took place on 25 March 2015 for the actual mandate until 2017.
- The Supervisory Body confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional scepticism and designed audit procedures to respond to the risk of material misstatements in the consolidated and separate financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated and separate financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Group's Supervisory Body as at 14 March 2017.
- We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors and that we kept our independence from the Group during the execution of the audit.

Lisbon, 14 March 2016

Deloitte & Associados, SROC S.A.
Represented by Carlos Alberto Ferreira da Cruz, ROC

CIMPOR – Cimentos de Portugal, SGPS, S.A.

Publicly traded company
Share Capital: EUR 672 000 000
Tax and Lisbon Companies Registry and Registration number: 500 722 9

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