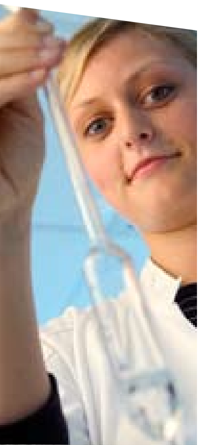
Annual report 2010

aalborgportland
CEMENTIR HOLDING



The innovation work

of Aalborg Portland involves all aspects of the product life cycle – from sustainable use of raw materials and CO_2 neutral fuels, through energy efficient production, to use of concrete in building and construction.

Together with customers,

Aalborg Portland's employees and business partners are continuously challenging the potential of cement and concrete. The aim is to develop sustainable, durable and attractive buildings of the future.

Our ambition

is to lead the way in technological development and contribute to achieving society's goal of reduced CO_2 emission, while at the same time strengthening the Group's position as Denmark's preferred cement supplier.

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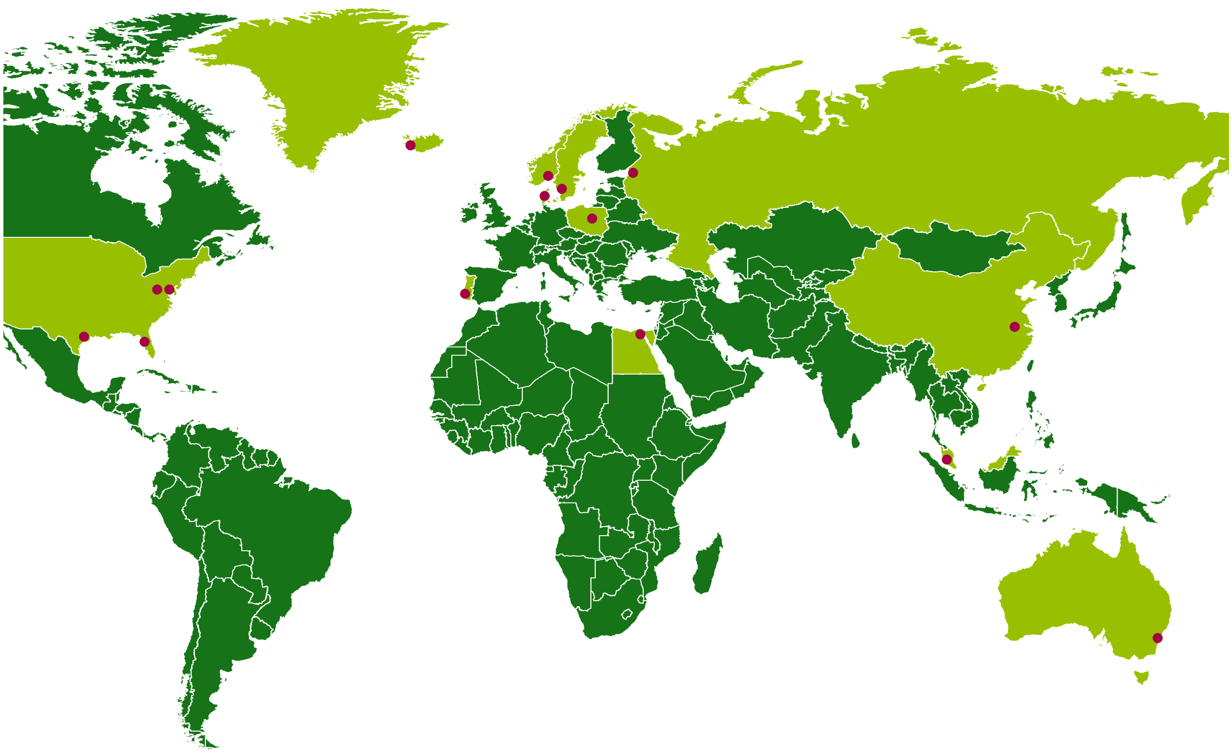


aalborgportland
CEMENTIR HOLDING

Aalborg Portland A/S

- Aalborg Portland Íslandi ehf. 100%
- Aalborg Portland Polska Sp. z o.o. 100%
- Aalborg Portland OOO 100%

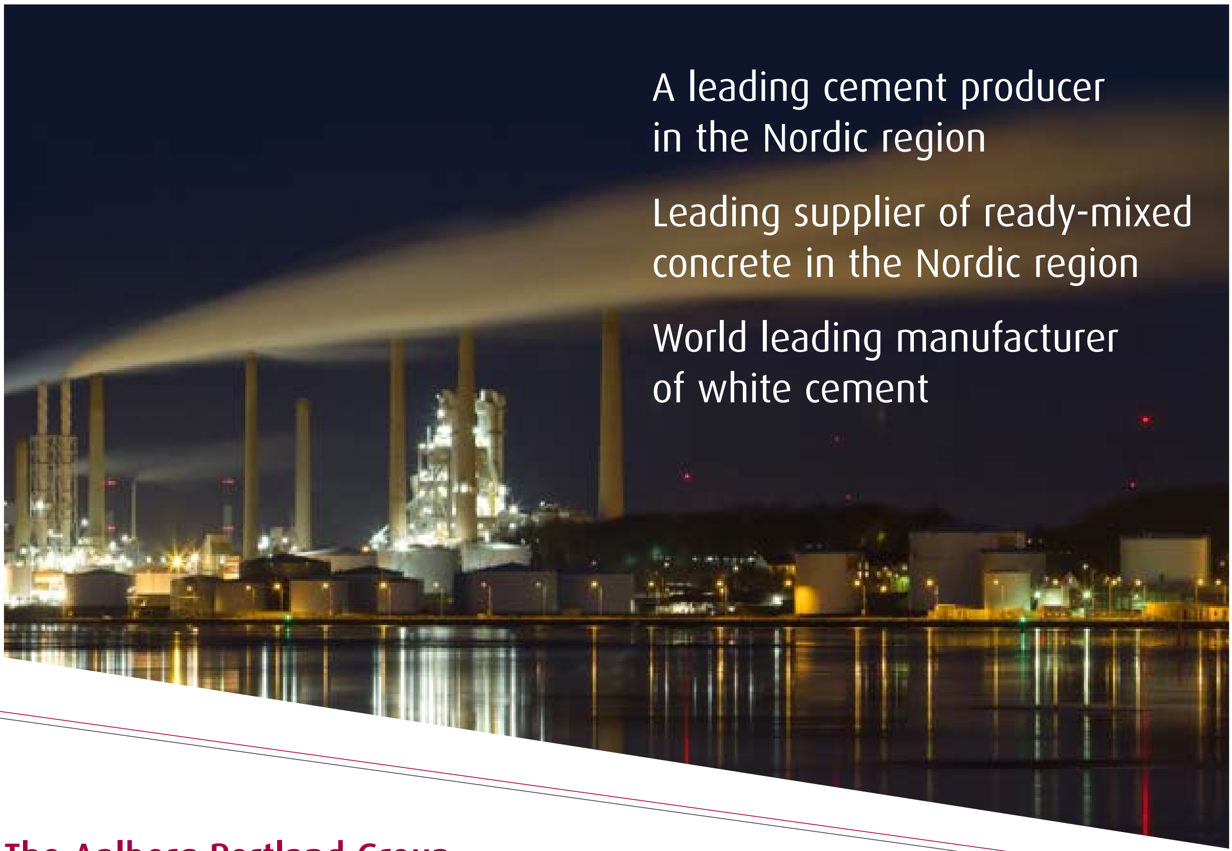
- Unicon A/S 100%
  - Unicon AS 100%
  - AB Sydsten 50%
  - Kudsk & Dahl A/S 100%
  - Secil Unicon SGPS Lda. 50%
  - Ecol-Unicon Sp. z o.o. 49%

- Sinai White Portland Cement Co. S.A.E. 57.1%
- Aalborg Portland Malaysia Sdn. Bhd. 70%
- Aalborg Portland (Anqing) Co. Ltd. 100%
- Aalborg Portland U.S. Inc. 100%
  - Aalborg Cement Company Inc. 100%
    - Gaetano Cacciatore, LLC 100%
    - Vianini Pipe, Inc. 99.9%
    - Lehigh White Cement Company 24.5%

Nordic & Baltic

Nordic Cement | **Nordic RMC**

Overseas



The Aalborg Portland Group develops, produces and markets a wide range of cements, concrete, granite and gravel

- Nordic Cement produces grey and white cement at its plant in Aalborg, Denmark. The products are sold in Denmark and neighbouring markets.
- Nordic RMC (Unicon) is market leader in the Nordic region with total sales of 1.7m m^3 of ready-mixed concrete in 2010 to approx. 20,000 customers. Production takes place at approx. 80 plants in Denmark, Norway and Sweden.
- The Aalborg Portland Group is the world's largest supplier of white cement, which is produced in the Overseas companies in USA, Egypt, Malaysia and China as well as in Denmark, and is sold to a number of markets worldwide.
- Furthermore, approx. 3.6m tonnes of aggregates (granite and gravel) are sold from 16 quarries and pits in Sweden and Denmark.

Aalborg Portland is part of the Cementir Group, an international supplier of cement and concrete (www.cementirholding.it). Besides the Nordic and overseas activities in Aalborg Portland, the Cementir Group comprises Cementir Italia and Cimentas in Turkey.

Cementir Holding S.p.A. has its head office in Rome, is listed on the Italian Stock Exchange in Milan (code CEM) and is also part of the listed Caltagirone Group.

In order to strengthen the creation of value in the individual companies various functions are increasingly being coordinated within the Cementir Group.

The unlimited possibilities of cement-based products have been explored and harnessed for centuries, and every day architects, engineers and manufacturers are searching for new potential applications.

Cement, concrete and other cement-based materials are the world's most common construction materials, and global consumption is growing steadily.

- **Grey cement** is the most important construction material when strengthening infrastructure, erecting homes and bridges, building harbours and expanding airports.
- **White cement** is for solutions ranging from the aesthetic to safety – from terrazzo or bathroom tile grouts to highway safety barriers whose whiteness ensures high visibility night and day in all weathers.
- **Ready-mixed concrete** is delivered to site ready for casting and is the efficient solution when high-reliability, quality concrete is needed in large volumes.

The positive environmental properties of cement and concrete have been researched and confirmed. After just a few years, total energy consumption for the construction and operation of concrete structures is lower than for similar lightweight structures.

Aalborg Portland has long traditions in the area of social and environmental responsibility. With an ambitious climate strategy and an ongoing, active development programme the Group wishes to participate in realising society's climate goals. And every day the positive environmental properties of our products are helping to meet the global climate challenge.

Healthy economy gives financial flexibility

- Net sales increased by 7% in 2010, earnings before tax (EBT) by 15%.
- Constant focus on optimising operation and low financing costs resulted in cash flow from operations (CFFO) of EUR 66m.
- The Group's investments were financed by cash flow from operations, and free cash flow (FCF) was EUR 47m.
- Interest-bearing debt was thus able to be reduced significantly, by EUR 43m to EUR 44m, at the end of the year.
- At end-2010, shareholders' equity was EUR 459m and equity ratio was 66%.
- Working capital was maintained at a low level, corresponding to EUR 30m, only 6% of net sales.

Continued environmental improvements

- A series of energy projects continued in 2010. These resulted in total savings corresponding to the annual electricity consumption of 700 households.
- Investment of approx. EUR 27m to expand facilities in Aalborg has been prepared and approved. The purpose is to increase the use of waste, including CO_2 neutral waste, and realise more competitive and environment-friendly production.
- The Group utilised 397,000 tonnes of alternative fuels and other industry by-products in 2010. In this way the Group is helping to recycle wastes from other manufacturing activities, to reduce the amount of waste products and to decrease total CO_2 emission.
- 328,000 mWh of heat were supplied to the City of Aalborg, corresponding to the heat consumption of 24,000 households.
- Aalborg Portland's production plants in China, Malaysia and Egypt are constructed in accordance with European energy and environmental standards, although they are not governed by these standards.

Product and market development

- The Group 's product development and marketing are constantly focused on both customer needs and environmental consideration.
- In the long term R&D is leading to new types of cement aimed at reducing CO_2 emission by up to 30%.
- The Aalborg Portland Group has maintained a solid market position in western countries during the crisis years.
- The new plant in China was commissioned in spring 2010, based on the newest technology, and the plant is the largest white cement producer in Asia.

Focus on efficiency

- Ongoing optimisation of production, maintenance and energy consumption continued throughout the Aalborg Portland Group.
- Part of the production in Denmark was, however, closed down in periods with particularly low demand.
- Aalborg Portland's IT investments continued and all companies in the Nordic region now use the same systems.
- The Cementir Group is being restructured to advance the creation of value in all entities. More functions will in future be jointly coordinated for the Cementir Group as a whole.

Financial highlights

	EURm					DKKm	
	2006	2007	2008	2009	2010	2009	2010
CONSOLIDATED INCOME STATEMENT							
Net sales	599.2	660.3	625.2	445.1	477.3	3,314	3,555
Cost of sales *	312.0	348.1	336.6	245.9	270.0	1,831	2,011
Gross profit *	**287.2**	**312.2**	**288.6**	**199.2**	**207.3**	**1,483**	**1,544**
Gross profit margin	47.9%	47.3%	46.2%	44.8%	43.4%	44.8%	43.4%
Sales, distribution, adm. costs and other operating items *	164.1	174.2	176.3	128.9	134.9	959	1,005
Earnings before interest, tax, depr./amort. (EBITDA)	**123.1**	**138.0**	**112.3**	**70.3**	**72.4**	**524**	**539**
EBITDA ratio	20.5%	20.9%	18.0%	15.8%	15.2%	15.8%	15.2%
Depreciation *	36.5	37.3	38.3	41.1	42.1	306	314
Amortisation *	0.7	1.6	1.7	1.9	2.1	15	15
Earnings before interest and tax (EBIT)	**85.9**	**99.1**	**72.3**	**27.3**	**28.2**	**203**	**210**
EBIT ratio	14.3%	15.0%	11.6%	6.1%	5.9%	6.1%	5.9%
Share of profit after tax of associates	5.6	4.6	2.9	1.4	2.1	10	16
Net financial income and expenses	-7.6	-6.7	-8.3	-1.9	0.4	-14	3
Earnings before tax (EBT)	**84.0**	**97.0**	**66.9**	**26.8**	**30.8**	**199**	**229**
EBT ratio	14.0%	14.7%	10.7%	6.0%	6.5%	6.0%	6.5%
Corporation tax	22.6	20.8	14.9	8.6	5.1	64	38
Profit for the year	**61.4**	**76.2**	**52.0**	**18.2**	**25.7**	**135**	**191**
Minority interests' share of profit for the year	7.0	8.1	8.2	4.5	7.7	33	57
Aalborg Portland A/S' share of the profit for the year	54.4	68.1	43.8	13.7	18.0	102	134
CASH FLOWS							
Cash flows from operating activities (CFFO)	100.9	111.3	99.2	89.0	66.4	663	494
Cash flows from investing activities (CFFI)	**-78.3**	**-65.3**	**-114.6**	**-54.4**	**-19.1**	**-405**	**-142**
Free cash flow (FCF)	**22.6**	**46.0**	**-15.4**	**34.6**	**47.3**	**258**	**352**
BALANCE SHEET							
Intangible assets	49.9	55.1	59.9	71.3	82.9	530	618
Property, plant and equipment	357.8	374.5	442.8	451.6	437.1	3,361	3,258
Financial assets	21.8	20.3	18.8	18.8	18.6	140	139
Total non-current assets	429.5	449.9	521.5	541.7	538.6	4,031	4,015
Current assets	147.3	164.0	153.8	138.0	158.1	1,027	1,179
Total assets	**576.7**	**613.9**	**675.3**	**679.7**	**696.7**	**5,058**	**5,194**
Consolidated shareholders' equity	281.4	349.8	395.3	418.0	459.0	3,110	3,422
Aalborg Portland A/S's share of shareholders' equity	250.5	311.9	346.9	366.1	397.8	2,724	2,965
Non-current liabilities	154.7	129.9	152.7	155.2	98.2	1,155	732
Current liabilities	140.6	134.2	127.3	106.5	139.5	793	1,040
Total liabilities	**576.7**	**613.9**	**675.3**	**679.7**	**696.7**	**5,058**	**5,194**
Net interest-bearing debt (NIBD)	**147.9**	**100.2**	**119.5**	**86.9**	**44.0**	**647**	**328**
FINANCIAL RATIOS							
Including minority interests' share							
Return on equity	24%	24%	14%	4%	6%	4%	6%
Equity ratio	49%	57%	59%	61%	66%	61%	66%
NIBD/EBITDA factor	1.2	0.7	1.1	1.2	0.6	1.2	0.6
Number of employees at 31 December	**2,054**	**2,086**	**2,045**	**1,649**	**1,575**	**1,649**	**1,575**
Number of employees in Denmark	1,186	1,244	1,181	850	764	850	764

The financial ratios have been computed in accordance with the Guidelines issued by the Danish Society of Financial Analysts in 2010. Cf. definitions in accounting policies note 31, page 67.

* Depreciation and amortisation are presented separately in this overview in order to present the key figure Earnings before interest, tax, depr./amort. (EBITDA). Therefore, gross profit is not the same as stated in the consolidated income statement.

DEFINITION OF KEY FIGURES

Gross profit margin = $\frac{\text{Gross profit}}{\text{Net sales}}$

EBITDA ratio = $\frac{\text{Earnings before interest, tax, depreciation/amortisation (EBITDA)}}{\text{Net sales}}$

EBIT ratio = $\frac{\text{Earnings before interest and tax (EBIT)}}{\text{Net sales}}$

EBT ratio = $\frac{\text{Earnings before tax (EBT)}}{\text{Net sales}}$

Equity ratio = $\frac{\text{Shareholders' equity}}{\text{Total assets}}$

Return on equity = $\frac{\text{Profit}}{\text{Average shareholders' equity}}$

Net interest-bearing debt (NIBD) = Interest-bearing liabilities less interest-bearing assets.

Stabilisation

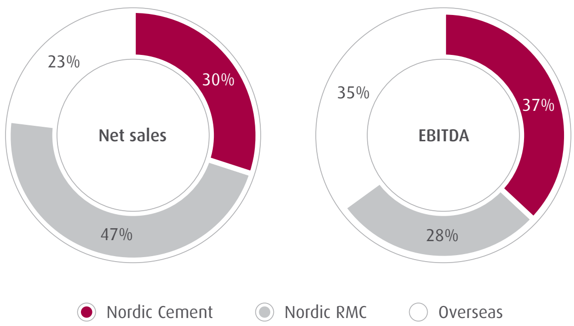
in the Nordic region and progress in emerging markets

Management's review for 2010

After three years with significantly decreasing activity in the building and construction industry, not least in Denmark, there are now signs of stabilisation, although at a significantly lower level than previously. Overall earnings goals for 2010 were achieved as a result of the extensive cost reductions initiated as long ago as spring 2008 when the economic slowdown started.

Against the background of considerable investments in recent years and sales efforts from Aalborg Portland's large plants in China, Malaysia and Egypt, progress continues to be made in the emerging markets.

Growth in emerging markets is therefore making increased contribution to Aalborg Portland's and the Cementir Group's total earnings and results. This means healthier economic balance and long-term development than focus solely on activities in mature markets.



In 2010, the Aalborg Portland Group realised total net sales of EUR 477m, an increase of 7% compared to 2009. Earnings before tax were EUR 31m, which was 15% higher than in 2009.

EURm	2010	2009	Change
Net sales	477	445	7%
EBITDA	72	70	3%
EBT	31	27	15%
CFFO	66	89	-25%

Nordic & Baltic

The significant slowdown in the global economy in 2008 and 2009 and the resulting sharp fall in building, maintenance and new construction seem to have stabilised in 2010, but at a significantly lower level than in previous years.

The Danish market in particular experienced difficult conditions with a decline in building and construction activity of approx. 9%, which among other things was due to severe winter weather both during the first three months and the last month of the year. Against this, market development in Norway and Sweden was relatively positive.

The last two to three years have been very challenging for everyone in the Aalborg Portland Group. Our employees deserve recognition for their contribution to the Group's continued operation during a difficult time and to the company's ongoing strengthening and renewal that are crucial to its continued development.

Solid foundation

During the challenging market conditions of recent years the Aalborg Portland Group's healthy economy and solid financial foundation have been vitally important. This foundation provides strength in adversity and security for our commercial and financial partners.

Also in 2010, cash flow from operations was positive, amounting to EUR 66m. Free cash flow after investment comprised EUR 47m, which enabled interest-bearing debt to be reduced by a similar amount.

Shareholders' equity exceeded EUR 450m at the end of 2010, and equity ratio was no less than 66%. This strong capital base has been created through satisfactory earnings over many years, combined with the fact that no dividends have been declared since Cementir's acquisition of Aalborg Portland in 2004.

Aalborg Portland's healthy economy provides strength in adversity and security for our partners

Common IT platform provides consistency

During 2009 and 2010 a common IT platform was introduced for Nordic region activities, which represent 77% of the Group's sales. The same platform is used by other companies in the Cementir Group.

The common IT platform increases consistency within the Group. As well as delivering financial savings the system regularises processes, collaboration and culture. Implementation of this common platform has provided a new view of corporate processes and increased transparency and facilitates transfer of best practice from one enterprise to another.

The Group's efficiency has also been improved through establishment of a common service centre, which since autumn 2009 has administered all accounts and payments in the Nordic Cement and Nordic RMC business areas.

Growth in emerging markets

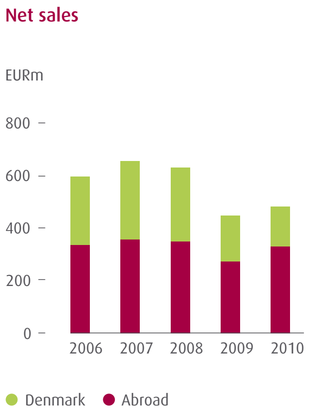
It became clear during 2010 that we have now begun reaping the rewards of the considerable investments made during recent years in emerging markets.

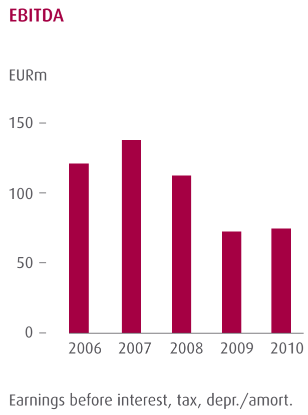
A number of the world's emerging markets have growth rates which are significantly higher than in the Nordic countries. The result is a considerable increase in cement demand due to the build-up of infrastructure in these markets, the creation of new businesses and the building of homes for a growing population. With our major investments in China, Malaysia and Egypt we are in pole position to take advantage, and our plants are experiencing strong growth in production and sales.

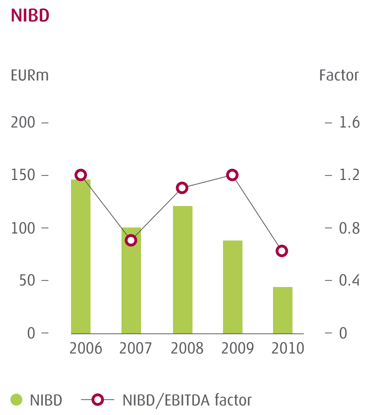
With an annual production capacity of more than one million tonnes Aalborg Portland's plant in Egypt is the world's largest manufacturer of white cement. A clarification of the situation in the country after the transfer of power in February 2011 will be of significant importance to future business conditions.

Our new plant in China commenced production at the beginning of 2010. Aalborg Portland (Anqing) is now the largest manufacturer of white cement in Asia with a production capacity of 600,000 tonnes per year.

Together with our other plants in Asia, the Nordic region and North America, these two companies help make Aalborg Portland the world' leading manufacturer of white cement.







Co-operation within the Cementir Group

The Cementir Group, which besides the Aalborg Portland companies comprises considerable activities in Italy and Turkey, has planned an organisational restructuring.

To strengthen the creation of value in the individual companies and the co-operation between them, a number of functions will in future increasingly be coordinated in the Cementir Group. Furthermore, a higher and more uniform platform is targeted, among other things by utilising best practice in all parts of the Cementir Group.

Furthermore, effort is being made to increase efficiency by grouping the companies into geographically oriented entities, including Nordic & Baltic with operational management in Denmark.

Environmental responsibility

Aalborg Portland has long traditions in the area of social and environmental responsibility. We wish to contribute significantly to achieving society's climate goals and we therefore also invest significantly in ongoing environmental improvements.

Furthermore, the Group has ambitious targets and extensive plans to increase the use of CO_2 neutral biofuel and to pursue ongoing active development of new cement types with a view to reducing carbon emission. The positive environmental qualities of our products are therefore increasingly helping to meet the global climate challenge.

In enterprises with large and expensive production facilities and long payback periods it is essential for management to have a stable framework for secure long-term investment in the company's future. This also applies to Aalborg Portland.

It is important in this context that the environmental requirements of individual nations be developed on a coordinated and long-term basis so as not to weaken the business foundation of energy-intensive enterprises in Europe, including Denmark. If not, these industries will relocate production to countries with lower environmental standards and less effective environmental measures, which is unlikely to reduce the global environmental impact.

Prospects for 2011

The world economy is recovering. This also applies to the Nordic economies which in general have managed the recession satisfactorily. As yet the upturn remains moderate, however, and there is uncertainty, especially in Denmark, which has been the hardest hit country in the Nordic region.

Significant rise in energy prices is being experienced in the world market, which will lead to increased production costs in 2011.

Low levels of building and construction activity are expected to continue in 2011. We will therefore maintain our efforts to constantly improve our general competitiveness, and we will focus on three areas: Customers, costs and competitiveness. We have done this successfully for the past two years, and we will continue.

This year and in the years ahead we will again benefit from recent years' significant investments in emerging markets, particularly China and Egypt. However, there is some uncertainty with regard to conditions in Egypt, following the transfer of power in February 2011.

Through continued active efforts in both product development and sales – combined with ongoing optimisation of business processes – we expect to achieve a result in 2011 at the level of 2010.

Our market position is strong, and we will use the means necessary to maintain and strengthen this position. Our prices must be competitive, but we can and will also compete in other areas that are important for our customers, such as high and stable quality, reliable supply and first-class technical advice and service.

Both financially and through the willingness and ability of our organisation to adapt to changes in market conditions, Aalborg Portland is well equipped for a continued period of difficulty. Both factors are vital to the company's future.

Mario Ciliberto
Chairman of the Board of Directors

The Öresund Bridge

Social and environmental responsibility

Focus on responsibility

Since 1889 Aalborg Portland has been an inseparable part of the business community in Aalborg and in Northern Jutland. Through the years thousands of families in Northern Jutland have developed strong bonds with the company and its business partners as employees or relatives of employees. Aalborg Portland thus holds a significant position in the local community, and this also implies a social responsibility.

With an ambitious climate strategy and an ongoing, active development programme Aalborg Portland wishes to participate in realising society's climate goals.

The responsibility is global. Aalborg Portland's production plants in China, Malaysia and Egypt are constructed in accordance with European energy and environmental standards, although they are not governed by these standards. The same applies to health and safety and employment standards, albeit within the framework of local regulations and possibilities.

Product qualities and applications

In an overall life cycle perspective concrete is among the most energy-efficient building materials.

Concrete is a long-life, low-maintenance material which also has excellent heat storage properties when cold and excellent cooling properties when hot. This combination of useful qualities can benefit society's efforts to reduce CO_2 emission.

Increased use of concrete in construction can therefore make a significant contribution towards achieving society's climate targets. In this context the cement and concrete sector has three primary focus areas.

Firstly, work is continuously taking place on producing cement and concrete with minimal environmental impact and minimal CO_2 emission. In this area the Group is very active in developing new types of cement that can be manufactured with reduced CO_2 emission while still retaining the same positive properties as existing cements.

Secondly, we are constantly working to improve the climate benefits of concrete in the operation of buildings, particularly the effectiveness of concrete in stabilising temperature and storing and releasing heat, and thus its ability to reduce energy consumption for both heating and cooling.

Finally, the climate benefits of concrete are documented in an overall life cycle perspective, thus encouraging use of concrete on an informed basis. After 10-20 years the total energy consumption – including energy used in production of building materials – for a concrete building is lower than for a building constructed of lightweight materials.

Environmental consideration

Energy is necessary for cement production and Aalborg Portland is among Denmark's largest energy consumers. In 2010, CO_2 emission from production in Aalborg amounted to 1.4m tonnes. Aalborg Portland accepts a substantial responsibility in this regard and therefore works constructively with authorities and other stakeholders to limit the environmental effects at the societal level. The work of the Group is continuously focused on using as little energy as possible in production and on reducing environmentally harmful emissions.

All Aalborg Portland companies adhere to the following principles for promoting sustainable development:

- Environmental consideration shall be an integral part of the development in all company activities.
- Environmental activities shall involve all employees and take place in dialogue with the community.
- Production and financial growth shall be accomplished without relative increase in consumption of energy, chemicals and other resources and without relative increase in production of emission and wastes.
- Environmental performance indicators shall reflect sustainable development.
- Efficient use of resources shall be promoted by means that include substitution of non-renewable resources and introduction of new technologies.
- Environmental issues shall be considered and addressed globally.

Aalborg Portland makes an important economic contribution to Danish society. With an ambitious strategy and an active development programme, the Group also participates in realising society's climate goals.

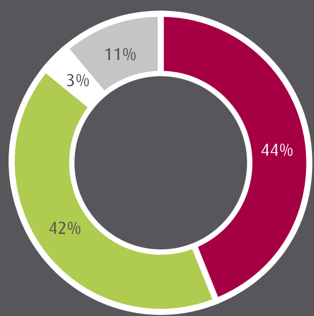
The environmental performance of the Aalborg Portland cement plant in Aalborg is described in detail in an annual Environmental Report. The report is audited externally and describes the plant's Environmental Management System and certifications relating to ISO 14001, EMAS, DS/EN 16001, OHSAS 18001 and Danish Working Environmental Authority Order 87.

Social contribution

Aalborg Portland's cement production in Denmark is important to Denmark in socio-economic terms. Value added in 2010 amounted to EUR 45m. Of this, EUR 20m (44%) went to the public sector in the form of VAT, levies, corporation tax and employee income tax. EUR 19m (42%) went to the employees in the form of pay and pension contributions (after tax).

Value added attributed to

EURm	2010
Net sales	151
Spent on materials, services, depreciation, etc.	106
Value added	**45**
Society	20
Employees	19
Interest on loan capital	1
Provisions	5
Dividend to owners	0
Total	**45**



Sustainable processes

Manufacturer	Waste product	Cement production	Environmental benefit
Power stations	Fly ash and desulphurisation gypsum	Alternative fuels and raw materials	• Recycling of alternative fuels and raw materials
Navigation channels	Sand		• Utilisation of waste from other industrial production
Sulphuric acid – factory	Iron oxide		• Lower CO_2 emission
Recycled paper – factory	Paper sludge		• Fewer ultimate wastes and smaller quantities
Recycled aluminium – factory	Aluminium-contain. by-products		• Lower overall environmental impact
Biomass-fired plants	Dross		
Collection schemes	Industry waste		
Daka Bio-Industries	Meat and bone meal		
Daka Biodiesel	Glycerine		

Sustainable processes

Aalborg Portland works to promote sustainable development by making extensive use of recycling in the production of cement.

For example, wastes and homogenous by-products from other industries can be recycled and utilised as fuel and raw materials in cement production, thereby considerably reducing overall environmental impact.

Aalborg Portland started using fly ash, a waste product from power stations, as much as 30 years ago. Since then a number of other materials have been included in production.

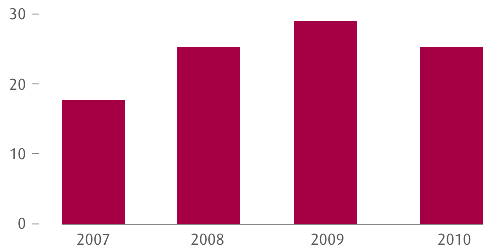
By recycling and by using fuels and alternative raw materials in the manufacture of cement, the wastes and by-products concerned are fully utilised. All the constituents are consumed and no new by-products are generated. High temperatures and special flow conditions mean that cement kilns are well-suited to utilising alternative fuels and raw materials. In addition, filters and scrubbers inside the kiln system ensure efficient cleaning of flue gases, avoiding increased pollution.

The Aalborg cement plant has sufficient annual capacity for the use of 700,000 tonnes of alternative fuels and raw materials as replacement for a corresponding volume of raw materials and fossil fuels that would otherwise either have to be extracted in Denmark or imported.

Alternative fuels

Substituting alternative fuel for coal and petcoke helps both to reduce CO_2 emission and to utilise the waste generated from other industrial production. At Aalborg Portland, work continues on maximising the use of waste-based alternative fuels and on optimising the input of CO_2 neutral biofuel. The consumption of alternative fuels in the production of grey cement has increased significantly in recent years.

Since 2001 Aalborg Portland has also used meat and bone meal as fuel, working closely with the farm industry, the health authorities and other authorities. Meat and bone meal replaces coal and is CO_2 neutral, and is therefore an important element in the company's environmental strategy.



% Share of alternative fuels at manufacture of grey cement

Heat to the community – 30,000 households

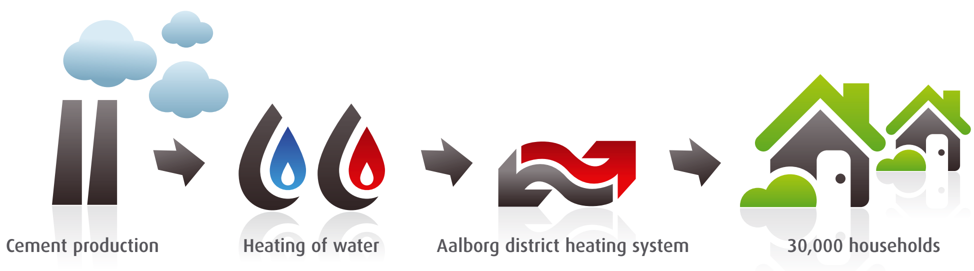
450,000 mWh to the city of Aalborg

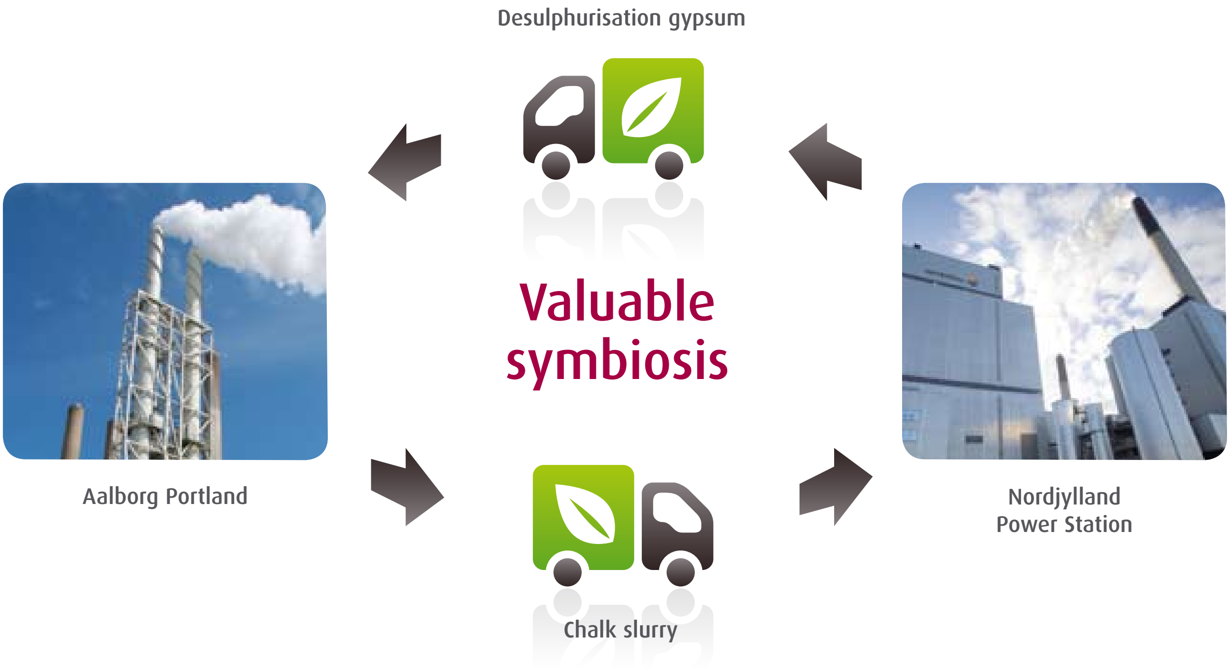
The Aalborg Portland plant has the capacity to supply the city of Aalborg with around 450,000 mWh of thermal energy, equivalent to meet the district heating needs of 30,000 households.

The thermal energy supplied to the city consists of waste heat recovered from flue gases in the cement plant. Sulphur dioxide is removed from the flue gases at the same time. This system has been in service since the early 1990s and has regularly been improved and upgraded to optimise energy efficiency and make the flue gas emissions even cleaner.

The plant also produces an annual 25,000 tonnes of desulphurisation gypsum which is used in the manufacture of cement. This gypsum replaces an equal quantity of natural gypsum that would otherwise have to be imported.

This example shows the holistic mindset underlying Aalborg Portland's constant efforts to simultaneously minimise environmental impact, optimise use of resources, and deliver economic benefits to the parties involved.





Valuable symbiosis

Desulphurisation gypsum is a by-product of flue gas cleaning in power stations, and chalk slurry produced by Aalborg Portland is used in this cleaning process. This has led to a long-standing daily working relationship with Nordjyllandsværket power station. A specially equipped lorry transports chalk slurry from the Aalborg plant to Nordjyllandsværket and returns with desulphurisation gypsum. The lorry is loaded both ways and can transport 30 tonnes on each journey. This partnership benefits both parties and society as a whole.

Recycling of water at Unicon

The business area Nordic RMC (Unicon, Denmark), which manufactures ready-mixed concrete, makes extensive use of water recycling. The recycling water comes from the cleaning of both process plant and mixer trucks and is supplemented at many of the company's plants by the use of rainwater.

The process water is used in the production of concrete, replacing the use of drinking water from waterworks. Previously, all cleaning waste water and collected surface water was discharged into the public sewers and subsequently processed at sewage treatment plants.

Now, two thirds of Unicon's plants in Denmark are equipped with recycling systems. Some plants also separate out sand and stones for subsequent processing and inclusion in specialist products for use in roadbuilding, etc.

Since the first recycling systems were installed more than 10 years ago, consumption of drinking water and discharge of water to the sewers have been reduced by around 40%.

Unicon has achieved substantial savings on the purchase of water and the discharge of waste water. Drinking water is a scarce resource, and the recycling of water is therefore beneficial to society, the environment and also the Group.

Energy savings in production

Aalborg Portland has established an Energy Focus Team for its production activities at Nordic Cement. The team has in-depth knowledge of cement production and the interaction between the internal functions. The team identifies electricity and fuel economies in cement production and works with Energy Centre Aalborg to compute and quantify the savings.

The team's work has shown good results which are helping to reduce Aalborg Portland's environmental impact. In the period 2008-2010, total energy savings in electricity and fuel for the complete product programme amounted to 32.4m kWh, corresponding to the annual electricity consumption of 8,100 households.

Increased use of concrete in construction can make a significant contribution towards achieving society's climate targets

Aalborg Portland prioritises social responsibility, also in relation to employees

Social responsibility and health & safety

Aalborg Portland prioritises social responsibility, also in relation to employees. The management targets a positive working climate and strives to involve employees in important decisions on both local and broader issues.

As befits the management of a modern enterprise like Aalborg Portland, ongoing attention is given to the promotion of health and safety among all employees. Defined areas of focus include motivating all employees to adopt a healthy lifestyle with regard to diet, exercise and smoking.

An average age of just over 45 years and an average seniority of 10 years testify to a stable work force at Aalborg Portland.

The financial crisis and the need to maintain global competitiveness have necessitated a number of redundancies among its competent staff in recent years. The structure of Aalborg Portland now matches current sales potential, and the company is focused on training and retaining its human resources.

Energy taxes can defeat their object

The efforts of society to reduce CO_2 emission naturally focus on heavy production industry which is both energy-intensive and emits CO_2. Taxes can often be a way of encouraging companies to save energy and reduce emissions.

However, special energy taxes in Denmark will not reduce energy consumption and emissions in a global perspective. On the contrary, it will help weaken the competitiveness of Danish manufacturers and encourage gradual transfer of production to countries which do not levy such taxes and whose environmental activities and controls are usually less vigorous than in Denmark. To this must be added the negative effect of possible job losses.

Aalborg Portland works hard to ensure that Danish politicians and public authorities are properly informed of these issues, and encounters an understanding of the global and holistic perspective. This understanding is important both to society and to the Aalborg Portland Group.

Through its dedicated efforts over many years to reduce CO_2, Aalborg Portland has achieved results fully comparable with the best in the world. These efforts are based on corporate social responsibility, environmental respect, product demand and healthy business economics, and they are continuing with undiminished intensity.

Innovation
creates increased value

The Aalborg Portland Group regards research and development as part of its strategy of creating value for customers. R&D also supports the Group's competitiveness, technological leadership and long-term growth.

In Europe approx. 3% of total CO_2 emission comes from cement manufacture, as much as 40% comes from use of buildings, and still more comes from the cars and trains that use our roads, bridges and tunnels. With correct use of cement and concrete there is considerable potential for reducing these emissions. This is a major challenge and one which it is natural for Aalborg Portland to address.

The ongoing innovation work of the Group involves all aspects of the product life cycle – from sustainable use of raw materials and CO_2 neutral fuels, through energy efficient production, to use of concrete in building and construction. Together with customers, the Group's employees and business partners are continuously challenging the potential of cement and concrete. The aim is to develop sustainable, durable and attractive buildings of the future.

Aalborg Portland's ambition is to lead the way in technological development and contribute to achieving society's goal of reduced CO_2 emission, while at the same time strengthening the Group's position as Denmark's preferred cement supplier.

The Group's innovation activities take the form of well-defined projects with clear goals, which are focused on:

- Developing new processes that will significantly reduce energy consumption and CO_2 emission in the production and use of cement and concrete.
- Reducing production costs and increasing product value to the customer, so that sustainable, durable and attractive concrete buildings can be constructed at competitive prices.

Cement of the future

FUTURECEM is the name of an ambitious project which was completed in 2010. Its aim was to develop new types of cement capable of being produced with reduced CO_2 emission and retaining the same useful qualities of existing cements. FUTURECEM is part of a programme which targets future development of new production equipment and new types of cement with 30% less CO_2 emission than today.

The aim of FUTURECEM has been achieved. A new type of cement possessing the desired qualities has successfully been manufactured in the laboratory, and key components in the new technology have been production-tested at Aalborg Portland.

The FUTURECEM project was based on nanotechnology developed by Aalborg Portland in partnership with iNANO at Aarhus and Aalborg universities and GEUS (the Geological Survey of Denmark and Greenland). Total project budget was approx. EUR 3m, half of which was funded by the Danish Advanced Technology Foundation.

World-class research environment

These and other projects have in recent years led to the establishment in Denmark of a world-class cement research community. This has contributed to a competitive industry well equipped for the challenge of creating a sustainable society.

While the results of the FUTURECEM project have enormous international potential there is a lack of suitable industrial equipment for manufacturing additional new cement materials, such as clay or glass materials. With a grant of EUR 2m from the Danish Advanced Technology Foundation, a new project is therefore being initiated to develop production technology for the manufacture of sustainable, high-quality cement. The project partners are iNANO at Aarhus University, the Department of Energy Technology at Aalborg University, and FLSmidth.

The Aalborg Portland Group regards research and development as part of its strategy of creating value for customers

The new cements are not intended to replace Aalborg Portland's existing range here and now. As well as the shortage of production technology there is a lack of knowledge about the properties and durability of the new materials, and their application is not wholly covered by existing concrete standards and regulations. In the years ahead, studies will therefore be carried out together with customers, research institutes, consultants and contractors to develop CO_2 friendly concretes with the new technology.

Cementir Group strengthens R&D

Aalborg Portland's parent company, Cementir Holding, has determined to strengthen R&D by combining R&D activities in Denmark, Italy and Turkey into a single organisation comprising the development and quality centres in Aalborg and in Spoleto, Italy.

The aim of the new organisation is to coordinate and target development activities in all parts of the Cementir Group. This will allow the Group to concentrate its efforts on projects with the greatest impact. Focus areas will include CO_2 reduction in cement production, improved use of the company's cements in concrete, and development of concrete products with increased value added.

Nordic Cement

Based at the Aalborg plant in Denmark, Nordic Cement develops, produces and distributes grey and white cement. The market is the North European region and primarily Denmark.

	2010	2009	Change
Grey cement – tonnes '000	1,054	1,090	-3%
White cement – tonnes '000	480	465	3%
EURm			
Net sales	150.0	156.0	-4%
EBITDA	28.2	42.1	-33%
EBIT	8.4	22.2	-62%
EBT	10.4	21.2	-51%

Activities are carried out through the companies Aalborg Portland A/S, Aalborg Portland Íslandi ehf., Aalborg Portland OOO, Russia and Aalborg Portland Polska Sp. z o.o.

Nordic Cement's strategic objective is to maintain and develop its market position in Denmark and to further develop its position in neighbouring countries through competitive prices, continued product development and customised solutions.

This will be achieved through increased focus on customer requirements, optimising of processes and cost structure as well as investments in continuous development of production facilities and employees.

Denmark

In continuation of significantly reduced sales in recent years, sales of cement to the domestic market decreased by 9%. The decline was concentrated on the first quarter of the year and was mainly due to the severe winter weather. Hereafter sales stabilised in the remaining months of the year.

The sales figure reflected the general level of activity in the building and construction industry, and the decline in demand was evenly divided between all segments. In 2010, publicly funded growth initiatives began to have positive effect in the Danish domestic cement market.

In contrast to domestic sales, total exports of white and grey cement increased by 16%. Nordic Cement's total sales volumes in 2010 were at the level of 2009.

Earnings in 2010 were lower than in 2009. This was mainly due to falling prices combined with higher fuel costs in 2010, but also one-off income affecting the result in 2009.

Iceland

Activities in the Icelandic building and construction market have remained at a low level since the country's economic collapse in 2008, which is also reflected in the earnings of Aalborg Portland Íslandi.

Poland

The Polish subsidiary recorded an increase in sales and earnings in 2010. Furthermore, Polish exchange rate movements meant higher earnings in Euro.

Russia

The economic challenges in the Russian market continued to influence the activities of Aalborg Portland OOO, which realised lower sales in 2010 than in 2009.

Social contribution

Nordic Cement makes a significant contribution to the Danish economy and to the solution of a number of societal challenges in the form of waste disposal and supply of sustainable heating. 2010 highlights included:

- Supply of district heating corresponding to the heat consumption of approx. 24,000 households.
- Recycling of 329,000 tonnes of wastes from other activities in society. This included 52,000 tonnes of desulphurisation gypsum from flue gas cleaning and 159,000 tonnes of fly ash, both from power stations, and 51,000 tonnes of sand from dredging of the Limfjord, which is necessary to keep the fjord navigable.
- After energy efficiency initiatives since 2008, electricity and fuel savings reached 32.4 million kWh in 2010, corresponding to the annual electricity consumption of 8,100 households.

Prospects for 2011

The decline in overall building and construction activity in Denmark and in Nordic Cement's local markets is believed to have bottomed out in 2010. However, no significant market growth is expected in 2011 and sales are thus expected to be at the level of 2010.

In 2011, improved earnings and continued competitiveness are expected as a result of further use of alternative fuels, optimising of logistics costs and continuous efficiency improvements in all activities.

Nordic RMC

Unicon is one of the Nordic region's leading suppliers of ready-mixed concrete, and develops, produces and distributes its products in Denmark, Norway and Sweden. Unicon also has activities in Poland and Portugal.

	2010	2009	Change
Ready-mixed concrete – m^3 '000	1,719	1,752	-2%
Aggregates – tonnes '000	3,605	4,079	-12%
EURm			
Net sales	236.5	228.3	4%
EBITDA	22.1	9.0	145%
EBIT	7.7	-6.7	215%
EBT	6.8	-6.4	207%

Activities take place in Unicon A/S and the companies Unicon AS in Norway, AB Sydsten in Sweden, Kudsk & Dahl A/S in Denmark, Secil Unicon SGPS Lda. in Portugal and Ecol-Unicon Sp. z o.o. in Poland.

In general, the Nordic RMC (Unicon) business area experienced slightly lower levels of activity in 2010. The Danish market in particular experienced difficult conditions with a decline in building and construction activity of approx. 9%, which among other things was due to severe winter weather both during the first three months and the last month of the year. Against this, market development in Norway and Sweden was relatively positive.

In 2010, Unicon realised net sales of EUR 236.5m, 4% higher than in 2009. Operating profit (EBITDA) was EUR 22.1m. The improved operating profit was mainly due to ongoing cost reductions adjusted to the market situation.

Denmark

Unicon is the market leader in Denmark with 42 plants producing and supplying ready-mixed concrete nationwide. Ready-mixed concrete is sold both to end-users and industrial customers.

The negative development in the market continued until mid-2010 when sales reached their lowest level for decades, 9% down on 2009. The global financial crisis led to postponement of planned construction projects and to suspension of projects in progress. There was significant decline in residential, agricultural and commercial building, but civil engineering and public building were at the same level as in 2008 and 2009.

Due to changes in market conditions the company's organisation was continuously adjusted to the lower level of market activity in order to secure satisfactory earnings. In relation to customers, work focused on improving credit rating and terms of payment in order to avoid losses on debtors.

The company maintained its market position, and there was focus during the year on opening dialogue with decision-makers throughout the value chain, where information and solutions relating to ready-mixed concrete are in general demand. 2011 will also see focus on this, as well as increased focus on sale of solutions.

Unicon is an active member of the trade association Danish Concrete through which the company is instrumental in communicating knowledge of concrete's many applications, thus creating a platform for further business development. Unicon also supplied ready-mixed concrete to a wide range of high profile projects during the year, including the Copenhagen Zoo and the headquarters of the Confederation of Danish Industry.

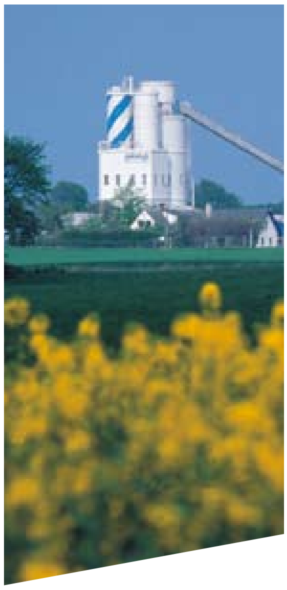
In 2010, gravel activities, which are handled by the subsidiary Kudsk & Dahl A/S, experienced further slowdown compared to 2009.

Volume sales in 2011 are expected to increase slightly compared to 2010. Unicon will concentrate on maintaining or achieving further internal and external cost savings and on improving earnings through increased focus on market development.

Norway

Unicon AS produces ready-mixed concrete at 28 plants and 3 mobile units and supplies the central and southern parts of Norway.

The company maintained its position in 2010 in the Norwegian market. During the last months of 2010 positive market development was experienced, especially within building, and the



high level of road and rail construction continued. All parts of the organisation and production are being adjusted to the changed market. In 2010, special focus was given to implementation of a SAP business and logistics management system.

Unicon is part of the long-term R&D programme COIN begun in 2007 with "Attractive concrete buildings" as its mission. Within the framework of this programme, innovative research is being performed by the concrete industry in partnership with leading research bodies under SINTEF and with support from the Norwegian Research Council.

In 2010, Unicon supplied concrete to a number of very high profile construction projects, notably the erection of the Hardanger Bridge, one of the world's largest suspension bridges. Unicon's concrete was supplied by two mobile plants.

Focus in 2011 will be on organisational development and on adapting capacity to the growing demand. A number of improvement processes will also be implemented to enable individual and increasingly specialised customer requirements to be met and to secure orders in the face of competition.

Sweden

AB Sydsten produces and sells ready-mixed concrete and aggregates (granite and gravel) to southern Sweden. Sydsten has 10 plants, 5 granite quarries and 7 gravel pits.

During the second quarter of 2010 market activity began to increase following the low levels of 2008 and 2009. This increase was initially driven by the housing sector but was soon followed by expansion in infrastructure. A very tight market situation was succeeded by shortage of resources in just a few months.

During 2010 AB Sydsten completed the expansion of Malmö's "North Harbour" for which the company supplied more than one million tonnes of aggregates. 2010 also saw the start of supplies to Arise Wind Power under a contract that included both ready-mixed concrete and road building materials.

Environment and energy

Environmental consideration and energy consumption is a focal area for both the Group and business area management. A number of environmental projects are therefore continuously being worked on, including recycling of large volumes of water used in company processes.

Concrete is an environment-friendly building material predominantly produced from natural resources. Concrete is made of stone, sand, cement, fly ash, micro silica, water and various additives.

The principal environmental impacts from concrete production are noise and dust, process waste water and consumption of water and energy, including diesel fuel for mixer trucks. Environmental impacts from Unicon's concrete production are continuously being reduced, and Unicon has established an internal Environmental Management System based on ISO 14001 that has been implemented in the company's production plants. The system ensures ongoing improvements to environmental conditions at these plants.

Prospects for 2011

In 2011 a moderate improvement is expected for building and construction activities in Norway and Sweden, whereas activities in Denmark are expected to be at the level of 2010. To ensure satisfactory earnings and competitiveness, special focus will be placed on cost adjustments throughout the company and also on increased efficiencies in company operations and transport.

Overseas

The Aalborg Portland Group is the world's leading supplier of white cement, which is produced at plants in Egypt, Malaysia, China and USA, and also at Nordic Cement, Denmark. The strategy of Overseas is to expand its position as global market leader for white cement.

	2010	2009	Change
White cement – tonnes '000	1,437	1,023	40%
EURm			
Net sales	114.0	83.9	36%
EBITDA	26.7	22.9	17%
EBIT	16.8	15.5	8%
EBT	18.1	14.9	21%

The Overseas business area produces and distributes white cement. Operations take place in the companies Sinai White Portland Cement Co. S.A.E. in Egypt, Aalborg Portland Malaysia Sdn. Bhd., Aalborg Portland (Anqing) Co. Ltd. in China, as well as Aalborg Portland U.S. Inc. and subsidiaries in Australia, Malaysia and USA.

The market-oriented approach of the Overseas business area is vital to the company's future and is the foundation of all actions within the global organisation. As global market leader within white cement, Overseas provides value to customers and other stakeholders by being a proactive, innovative and market-oriented collaboration partner.

Ongoing focus is placed on exploring and highlighting the potential for product use in new areas of application. This takes place in close co-operation with customers and other key decision-makers in the building industry, principally developers but also architects and engineers. Furthermore, workshops are organized for groups such as architecture students and professional artists in which new designs and applications are developed for white cement products.

Overseas realised net sales of EUR 114.0m in 2010, an increase of 36% compared to 2009.

Operating profit (EBITDA) was EUR 26.7m compared to EUR 22.9m in 2009, which is a satisfactory development.

Sales of white cement were 1,437,000 tonnes in 2010, an increase of 40% compared to 2009.

Egypt

Sinai White Portland Cement is the largest manufacturer of white cement in Egypt with an annual capacity of 1,100,000 tonnes.

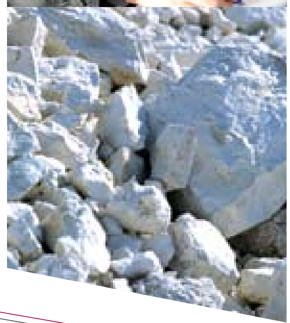
The company is owned by Aalborg Portland A/S (57%) and IFU (The Industrialization Fund for Developing Countries) (14%). Total Danish ownership is 71%.

Again in 2010, the company achieved record sales and production figures, with sales 38% higher than in 2009.

EBITDA was 16% higher than 2009, and the result achieved in 2010 is considered satisfactory.

Sinai White Portland Cement continues to focus on optimising fuel mix. The increasing use of natural gas as a replacement for heavy fuel oil is having positive environmental impact and increasing profitability. In co-operation with the Egyptian Environmental Affairs Agency the company has implemented an environmental reporting system which ensures focus on reduction of environmental impact. Sinai White Cement participates in the online environmental monitoring system that allows the central authorities to continuously supervise plant operation and emissions.

The company's plant is located in north-east Sinai. Through creation of jobs and support for local initiatives the company has a significant positive social and economic impact in this underdeveloped area.



To support the local economy the company uses local contractors and companies to transport raw materials and finished goods and to provide food and accommodation. By providing financial support for education, bakeries, hospitals etc., the company has an opportunity to make a difference in the area.

China

Aalborg Portland (Anqing) is the largest white cement producer in Asia with an annual capacity of 600,000 tonnes.

Aalborg Portland (Anqing) Co. Ltd. was established in China in November 2004 and is a wholly owned subsidiary of Aalborg Portland A/S. The company's plant is located on the outskirts of the city of Anqing in Anhui Province, 600 km west of Shanghai. The plant lies on the northern bank of the Yangtze River.

The products are sold to most of the central and eastern provinces in China. The main markets are the cities along the coast and on the Yangtze River.

In October 2010 the company opened a sales office in Beijing to further strengthen its position as leading white cement producer in China.

A new plant was commissioned at the beginning of 2010. Recorded energy consumption and CO_2 emission by the new kiln are among the world's lowest. The new plant is designed to meet all environmental standards issued by both local and international governing bodies. Safety is of great importance to the company which has a very active safety committee that performs regular plant safety inspections. In addition, preventive/corrective actions have been taken to mitigate potential hazards.

Aalborg Portland (Anqing) recorded record growth in sales and earnings and realised a satisfactory net profit for its first year of operation with the new plant.

Malaysia

The Malaysian company produces white cement at its Ipoh plant and is today the largest producer and exporter of white cement in the south-east Asia region. Approx. 80% of the total production is exported to customers in other Asian countries or through the company's Australian sales subsidiary.

70% of Aalborg Portland Malaysia Sdn. Bhd. is owned by Aalborg Portland A/S, 30% being owned by IFU (Danish Industrialization Fund for Developing Countries).

Aalborg Portland Malaysia reported record sales in 2010. Operating profit (EBITDA) was lower than in 2009, principally due to large increases in fuel prices during the year.

Sales by the Australian sales subsidiary increased by 31% compared to 2009. This was mainly due to a strong market and to increased sales efforts in new areas and segments. During the year the company installed a silo facility in Brisbane to improve its service to customers, and this also contributed positively to the improved performance.

The company continued its use of the waste product, aluminium dross, improving the environment and at the same time obviating the need for disposal by landfill. The company continues to explore the use of alternative fuel in the cement kiln in order to reduce consumption of fossil fuel.

The management of the company holds regular meetings with local residents, and also supports the operation of a next door rehabilitation centre for disabled people. The centre runs a small nursery garden which aids the physical recovery of the disabled as well as making the area greener.

In 2010, the company implemented the environmental standard ISO 14001 and certification is expected early in 2011.

USA

In addition to importing white cement, Lehigh White Cement has production plants in Pennsylvania and Texas.

Lehigh White Cement is a joint venture between Aalborg Portland (24.5%), HeidelbergCement and Cemex.

White cement sales to the US market take place through the company's principal office in Pennsylvania.

While company sales were slightly lower compared to 2009, profits were higher. This was primarily achieved by production and distribution savings.

Vianini Pipe, another US company owned by Aalborg Portland, is located in New Jersey and has two production lines manufacturing concrete pipes which are sold to the eastern United States. In 2010, the company experienced declining activity levels, mainly due to the continued fall in the American housing market.

Prospects for 2011

In 2011, the Overseas business area will place particular focus to increasing earnings in all markets by optimising sales activities and distribution channels.

The Overseas companies are consequently expecting growth in sales and earnings. Some uncertainty exists in Egypt, however, with regard to conditions following the transfer of power in February 2011.

Corporate Governance

It is Aalborg Portland's policy to ensure that the Group is at all times managed in an orderly and proper manner in accordance with the laws of the countries in which it operates, and also to ensure compliance with the requirements of the parent company, Cementir Holding S.p.A.

Aalborg Portland's Board of Directors and Executive Board strive constantly to ensure that the Group's management structure and control systems are appropriate and effective. Internal procedures have been formulated and are regularly maintained in order to ensure active, reliable and profitable management of the Group.

Annual General Meeting

The Annual General Meeting has the supreme authority in all company matters. The meeting is held before the end of the fourth month following the end of the trading year.

Board of Directors and Executive Board

The Board of Directors is elected by the Annual General Meeting and has the overall responsibility for the company's activities. Meetings of the Board of Directors are held at least six times a year.

The Board of Directors and the Executive Board of Aalborg Portland are responsible for the Group's day to day operation together with the COO of Nordic & Baltic and Overseas respectively.

The Board of Directors and the Executive Board ensure that the following issues are discussed at least once a year at a meeting of the Board of Directors:

- Assessment of internal control functions, including IT security.
- Provision of capital resources, bookkeeping, asset management and accounting.
- Assessment of risk management systems, including insurance issues and currency management.
- Review and update of rules of procedure, corporate governance policy and internal codes of practice.
- Preparation of budgets.

It is further ensured that ongoing follow-up takes place on realised targets and results in relation to approved budgets.

The Board of Directors and the Executive Board as well as Aalborg Portland's business areas are supported by a number of joint staff and service functions including:

- Corporate Finance
- HR & Communication
- Technical Centre
- Product Technology
- Procurement
- Logistics
- IT

The COOs of Nordic & Baltic and Overseas hold the operational responsibility of their respective business areas within the framework established by the Board of Directors and the Executive Board.

Audit

The auditors safeguard the interests of the shareholders and the public. At the ordinary Annual General Meeting an independent auditing firm is elected to perform the audit tasks until the next Annual General Meeting. At the most recent Annual General Meeting in 2010 the auditing firm KPMG Statsautoriseret Revisionspartnerselskab was appointed auditors of the Aalborg Portland Group until the next Annual General Meeting.

The independent auditing firm furthermore reviews and signs the parent company's Environmental Report.

Internal audit

The Aalborg Portland Group has an internal audit function which is part of Cementir Holding's internal audit function. The internal audit function reviews the Group's risk management and business systems, and analyses and reviews reporting by the external audit function, management reporting etc. Planning and reporting take place in accordance with the requirements of the parent company.

Risk management

With a view to optimising its main objectives the Group utilises a holistic, long-term process aimed at total risk management.

With both commercial and political conditions constantly changing it is of vital importance to the Aalborg Portland Group to monitor and maintain control over risks and opportunities in the markets in which the Group is represented. The Group Management endeavours to continuously improve the Group's risk management procedures in order to ensure high and stable earnings in a market sensitive to cyclical fluctuations. It is important to ensure that the Group Management has the best possible foundation for its risk management decisions in order to protect and increase the future value of the Group.

The Group's risks are characterised as strategic, operational or financial. Strategic risks are defined as factors principally of importance to the Group's long-term goals. Operational and financial risks mainly relate to the Group's short-term goals.

Strategic risks

With a view to optimising its main objectives the Group utilises a holistic, long-term process aimed at total risk management.

Market risks

The Aalborg Portland Group operates in markets which are highly cyclical. The risks are reduced by spreading activities over several markets, with principal emphasis on the Nordic region, Egypt, USA, Malaysia and China.

In addition, the Group continuously tries to make its costs variable so that they can be adjusted more quickly to activity levels.

Competition

Due to the general economic recession the competition among established cement and ready-mixed concrete manufacturers has increased.

Furthermore, cement production capacity is increasing around the world. In order to counter these challenges and in order to maintain close customer relations the Group is engaged in continuous development of cement products and establishment of new terminals to ensure efficient distribution.

Environment and sustainability

The Group recognises the environmental impact from cement production and has continuous focus on optimisation of production methods, fuels and other initiatives with a view to reducing the environmental impact from the Group's cement plants. A more detailed description of the environmental impact of the Aalborg cement plant is presented in the Environmental Report published by Aalborg Portland A/S.

Aalborg Portland's cement plants in Egypt, Malaysia and China are currently not subject to similar CO_2 quota schemes as these countries are not participants in the Kyoto agreement. All Aalborg Portland cement plants comply with European energy and environmental standards.

Political risks

The Group operates on a global basis, also in developing countries and in countries that pose political risks. To keep up with legislation that may affect the Group, ongoing dialogue takes place with local, national and international politicians and authorities.

Legal risks

The Group regularly enters into contracts of a business and strategic character. External legal advisors are used in order to reduce contractual risks.

The Group has identified no single risks that might significantly influence the Group's financial result.

Operational risks

To reduce the risk of loss due to inadequate or non-existent internal processes, human or systemic errors etc., the Group proactively addresses the operational risks identified.

Customers

The Group is not significantly dependent upon individual customer relations, and risks related to loss of strategically important customers are reduced through close dialogue, development of concepts and strengthening of the Group's vertical activities within both cement production and sale of ready-mixed concrete.

The current financial crisis, which continued in 2010, has augmented the Group's focus on trade receivables. Loss on trade receivables in 2010 continued at a very low level due to tight credit management.

Competitiveness

It is the strategy of the Aalborg Portland Group to be a leading player in the Group's main markets and to supply its products on time. Competitive prices are ensured by continuous cost saving initiatives and upgrading of production and distribution facilities.

Within the ready-mixed concrete segment, competitiveness is ensured through optimisation of formulas, establishment of an appropriate geographical network of plants, and reduction of distribution costs.

The Group's own quality controllers constantly ensure that the products meet the prevailing quality standards.

Price fluctuations and security of supply

Risks related to fluctuating raw materials prices, including especially fuels, are partly hedged through contracts with terms up to 24 months. Access to basic raw materials (chalk and sand) and aggregates is ensured through ownership of deposits, permissions to extract raw materials, long-term contracts and diversity in terms of suppliers.

The market price of CO_2 quotas is high and highly volatile and therefore also constitutes a risk factor. Aalborg Portland monitors the market closely. For the allocation period 2008-2012 Aalborg Portland has been assigned 2.6m CO_2 quotas annually.

Distribution

Raw materials for cement production, finished cement and ready-mixed concrete are subject to considerable freight and distribution costs. The risks related hereto are continuously reduced i.a. through optimisation of distribution planning and through strategic co-operation agreements with professional distributors. Furthermore, ships are chartered on long-term contracts. Considerable fluctuations in demand for freight and related services – i.a. as a result of fluctuating energy prices – emphasise distribution costs as a continued focus area.

Employee safety

The Group is focused on employee safety throughout the production and distribution phase.

Safety regulations are assessed regularly and checks are performed to ensure compliance by the Group's employees.

IT

The Aalborg Portland Group is dependent upon IT in all parts of its operations from process control to administration and is thereby exposed to operational disruption, loss of data and communication systems. IT safety is a risk area of high priority. The implementation of the SAP system will offer new and more effective solutions to the safety issues.

HR

Attracting and retaining able people is important for all successful companies. The Group is continuously working on methods to attract and retain competent key employees through structured appraisal interviews and through compensation and benefit benchmarking. At a time when the Group has reduced the number of employees in the Nordic region due to general market decline, focus has been strengthened on retaining key employees in all parts of the company.

Innovation

The Group is continuously addressing the development of cement products in cooperation with public institutions. This applies to a large degree also to development of production methods, mainly with a view to environmental improvement initiatives.

Financial risks

As a consequence of its international operation, investment and financing, the Group is exposed i.a. to changes in currency exchange rates and interest levels. Changes in both exchange rates and interest levels were considerable in 2010.

The financial risk of the Group is subject to central control by the Corporate Finance function based on principles and frameworks approved by the Board of Directors and in close co-operation with the parent company Cementir Holding S.p.A.

The Group is also in close dialogue with financial partners, and by means of strong equity financing is resistant to possible fluctuations in financial risks. A more detailed discussion of the Group's financial risk factors can be found in a note to the financial statements.

Insurable risks

Insurance is established where claim scenarios have been identified in co-operation with the Group's insurance consultants or where insurance is statutory.

It is the Group's policy to pass the risk of disaster claims to insurance companies where possible. All risk insurance coverage for buildings, contents, and consequential losses has been established. The size of the Group's own risk is decided upon in the trade-off between the insurance premium and the Group's ability to bear the risk itself.

Audits by external risk engineers are carried out for relevant production units on a yearly basis. Recommendations for risk improvement are subsequently implemented.

The Aalborg Portland Group is subject to product liability. Significant risks related hereto are covered by insurance.

Group financial review

EURm	2010	2009	Change	2008
Net sales	477.3	445.1	7%	625.2
EBITDA	72.4	70.3	3%	112.3
EBIT	28.2	27.3	3%	72.3
EBT	30.8	26.8	15%	66.9
CFFO	66.4	89.0	-25%	99.2
NIBD	44.0	86.9	49%	119.5

The annual report of the Aalborg Portland Group follows the International Financial Reporting Standards (IFRS), and the accounting policies for recognition and measurement correspond to the Group's internal management reporting and the accounting policies of the parent company Cementir Holding S.p.A., Italy.

Profit and loss account

In 2010, Group net sales amounted to EUR 477.3m, corresponding to an increase of 7% compared to 2009, of which 4 percentage points related to favourable development in the Group's trade currencies. Sales of cement were 15% up on 2009, while sales volumes of ready-mixed concrete were at the level of 2009. Sales volumes for aggregates (granite and gravel) decreased by 12%.

The increase in net sales was mainly related to the Overseas business area (white cement), which was up by 35%. This was mainly due to the new plant in China and favourable exchange rates. In the Nordic market, net sales were at the level of 2009. However, a decrease of 15% was seen in the Danish market, which also in 2010 was severely impacted by the crisis within building and construction.

Net sales by geographical area:

EURm	2010	2009
Denmark	153.8	180.2
Scandinavia excluding Denmark	157.5	134.0
Rest of Europe	50.6	47.0
America	22.6	15.8
Asia	42.3	38.0
Africa	40.2	24.3
Australia	10.3	5.8
	477.3	**445.1**

Production costs increased by 11% from EUR 276.8m to EUR 306.1m, mainly as a result of increasing exchange rates and energy prices. Gross profit ratio decreased by 1.4 percentage points from 44.8% to 43.4%.

Sales and distribution costs increased by 2% from EUR 106.3m to EUR 108.6m. Administrative costs increased by 1% from EUR 36.4m to EUR 36.8m.

Operating profit (EBITDA) was EUR 72.4m, and EBITDA ratio was 15.2% in 2010 against 15.8% in 2009.

Earnings before interest and tax (EBIT) increased to EUR 28.2m. EBIT ratio was 5.9% against 6.1% in 2009.

The decrease in both EBITDA and EBIT ratio in 2008 and 2009 therefore stabilised in 2010.

Net financial items resulted in an income of EUR 0.4m against an expense of EUR 1.9m in 2009. The improvement is mainly due to the low interest level and lower interest-bearing debt as well as foreign exchange rate adjustments.

Group earnings before tax increased by 14% from EUR 26.8m to EUR 30.8m. EBT ratio increased by 0.5 percentage points from 6.0% to 6.5%.

The increase in earnings comprises earnings growth in the Overseas business area and unchanged earnings in the Nordic market achieved through significant cost adjustments.

Tax on profit for the year amounted to EUR 5.1m. The effective tax rate was thus 16%. The low tax rate is due to lower tax in the foreign companies.

Cash flow and debt

Cash flow from operating activities (CFFO) was EUR 66.4m against EUR 89.0m in 2009. Cash flow was positively affected by the increase in EBITDA, but negatively affected by an increase in working capital (debtors, inventories and creditors) of EUR 6m. The working capital is still at a satisfactorily low level.

The Group's cash flow from investing activities (CFFI) were EUR 19.1m in 2010 against EUR 54.4m in 2009. The investments mainly related to completion of the plant in China and implementation of common IT systems in the Nordic region.

The investments were therefore financed by cash flow from operations, and the free cash flow (FCF) was EUR 47.3m.

Net interest-bearing debt (NIBD) was thus reduced from EUR 86.9m to EUR 44.0m, and the ratio of debt to operating profit (NIBD/EBITDA) was 0.6.

Balance sheet

As investments and depreciation were at the same level, non-current assets at end-2010 were at the level of 2009.

Current assets increased by EUR 20.0m, which was mainly due to increased receivables of EUR 14.3m.

Working capital increased by EUR 6.4m to EUR 29.5m, however maintained at a satisfactorily low level, corresponding to 6.2% of net sales.

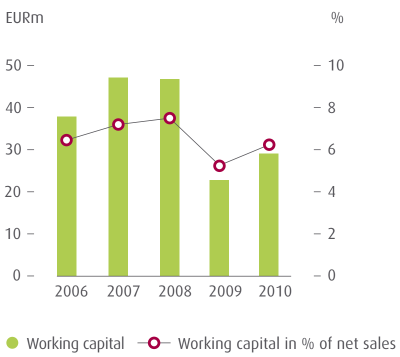
Shareholders' equity

Group shareholders' equity was EUR 459.0m at the end of 2010, corresponding to an equity ratio of 66% against 61% at end-2009.

In addition to the impact of profit for the year, shareholders' equity was influenced by i.a. positive exchange rate adjustments of EUR 17.1m relating to investments of subsidiaries.

EBITDA- / EBIT ratio

Working capital



Cash flows

Signatures

Management signatures

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aalborg Portland A/S for the financial year 2010.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2010.

In our opinion, the Management's review includes a true and fair description of the development in the Group's and the parent company's operations and financial conditions, the results for the year, the Company's financial position, and the overall financial position for the entities covered by the consolidated financial statements, as well as a description of material risks and uncertainties faced by the Group and the parent company.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 22 March 2011

Board of Directors

Mario Ciliberto
Chairman

Marco Maria Bianconi

Harry Egon Andersen

Francesco Caltagirone
Vice Chairman

Walter Montevecchi

Kim Poulin Poulsen

Francesco Gaetano Caltagirone

Riccardo Nicolini

Executive Board

Henning Bæk
Executive Vice President, CFO

Independent auditors' report

To the shareholders of Aalborg Portland A/S

We have audited the consolidated financial statements and the parent company financial statements of Aalborg Portland A/S for the financial year 1 January - 31 December 2010, pp. 32-75. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In addition to our audit, we have read the Management's review prepared in accordance with the Danish Financial Statements Act and issued a statement in this regard, pp. 2-29.

Management's responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with disclosure requirements in the Danish Financial Statements Act.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements and the parent company financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aalborg, 22 March 2011

KPMG Statsautoriseret Revisionspartnerselskab	Hans B. Vistisen *State Authorised Public Accountant*	Steffen S. Hansen *State Authorised Public Accountant*

Financial statements
Aalborg Portland Group

C. F. Møller Architects – Photographer Helene Høyer Mikkelsen

Aalborg waterfront

Income statement and statement of comprehensive income

		Group		Parent Company	
EUR '000		2010	2009	2010	2009
Notes	**INCOME STATEMENT**				
01	Net sales	477,320	445,101	150,887	155,177
02|03|04|09	Cost of sales	306,109	276,798	106,243	96,996
	Gross profit	**171,211**	**168,303**	**44,644**	**58,181**
04	Sales and distribution costs	108,480	106,250	26,700	25,828
04|05	Administrative expenses	36,833	36,420	15,942	15,207
06	Other operating income	2,399	1,703	732	996
06	Other operating costs	83	35	0	0
	Earnings before interest and tax (EBIT)	**28,214**	**27,301**	**2,734**	**18,142**
17	Share of profit after tax, associates	2,143	1,414	0	0
16	Write-down, investments in enterprises	0	0	0	821
07	Financial income	4,908	4,960	4,052	3,382
07	Financial expenses	4,508	6,873	696	2,766
	Earnings before tax (EBT)	**30,757**	**26,802**	**6,090**	**17,937**
08	Corporation tax	5,091	8,606	1,061	4,574
	Profit for the year	**25,666**	**18,196**	**5,029**	**13,363**
	Attributable to:				
	Minority interests	7,668	4,477		
	Shareholders in Aalborg Portland A/S	17,998	13,719		
	To be distributed as follows:				
	Retained earnings			5,029	13,363
	Proposal for distribution of dividends			0	0
	STATEMENT OF COMPREHENSIVE INCOME				
	Profit for the year	**25,666**	**18,196**	**5,029**	**13,363**
	Other comprehensive income:				
	Exchange rate adjustments on translation of foreign entities	17,065	5,824	0	0
	Exchange rate adjustments	0	0	-120	343
21	Actuarial gains/losses on defined benefit pension schemes	266	-83	0	0
08	Tax on other comprehensive income	-78	15	0	0
	Other comprehensive income after tax	**17,253**	**5,756**	**-120**	**343**
	Total comprehensive income	**42,919**	**23,952**	**4,909**	**13,706**
	Attributable to:				
	Minority interests	11,236	4,737		
	Shareholders in Aalborg Portland A/S	31,683	19,215		
		42,919	**23,952**		

Cash flow statement

EUR '000		Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Notes					
	Cash flow from operating activities				
	Earnings before interest and tax (EBIT)	28,214	27,301	2,734	18,142
10	Adjustment for non-cash items	41,994	42,821	19,620	19,662
11	Change in working capital	-6,589	22,048	10,574	7,832
	Cash flow from operating activities before financial items and tax	**63,619**	**92,170**	**32,928**	**45,636**
	Dividends received from associates	3,842	2,763	0	0
12	Financial payments received and made	400	-1,913	2,129	-265
	Corporation taxes paid	-1,474	-4,028	-4,130	-5,659
	Cash flow from operating activities (CFFO)	**66,387**	**88,992**	**30,927**	**39,712**
	Cash flow from investing activities				
	Acquisition of intangible assets	-10,748	-8,639	-143	-1,072
	Acquisition of property, plant and equipment	-10,661	-47,376	-6,731	-9,073
	Disposal of intangible assets and property, plant and equipment	2,331	1,588	0	488
	Acquisition of financial assets	0	0	-4,886	-2,841
	Dividends received from Group enterprises	0	0	1,227	881
	Cash flow from investing activities (CFFI)	**-19,078**	**-54,427**	**-10,533**	**-11,617**
	Cash flow from operating and investing activities, total	**47,309**	**34,565**	**20,394**	**28,095**
	Cash flow from financing activities				
	Dividends to minority shareholders	-1,886	-1,457	0	0
	Capital increases in Group companies attributable to minority interests	0	180	0	0
13	Change in financing	-40,752	-31,422	-22,436	-27,351
	Cash flow from financing activities	**-42,638**	**-32,699**	**-22,436**	**-27,351**
	Changes in cash funds	**4,671**	**1,866**	**-2,042**	**744**
	Cash funds at 1 January	20,582	19,412	2,137	1,393
	Exchange rate adjustments	-2,470	-696	0	0
	Cash funds at 31 December	**22,783**	**20,582**	**95**	**2,137**

The cash flow statement cannot be derived from the published financial information only.

Balance sheet

ASSETS

EUR '000		Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Notes					
	Goodwill	54,875	52,312	2,440	2,444
	Other intangible assets	16,302	12,724	6,505	7,657
	Intangible assets in course of construction	11,765	6,239	19	285
14	**Intangible assets**	**82,942**	**71,275**	**8,964**	**10,386**
	Land and buildings	148,226	128,311	44,961	48,004
	Plant and machinery	281,914	268,832	99,376	107,000
	Property, plant and equipment in course of construction	6,947	54,466	3,353	4,370
15	**Property, plant and equipment**	**437,087**	**451,609**	**147,690**	**159,374**
16|17	Investments in associates	16,868	17,395	0	0
	Investments in enterprises	0	0	147,822	142,777
16	Other non-current assets	1,435	1,366	139	112
18	Deferred tax assets	304	95	0	0
	Other non-current assets	**18,607**	**18,856**	**147,961**	**142,889**
	Total non-current assets	**538,636**	**541,740**	**304,615**	**312,649**
19	**Inventories**	**68,179**	**64,573**	**31,838**	**35,529**
20	Trade receivables	47,819	38,877	8,231	8,003
	Amounts owed by Group enterprises	345	12	54,729	56,602
	Amounts owed by associates	3,255	592	2,745	0
	Corporation tax receivable	2,946	3,091	1,655	1,541
	Joint taxation contribution	0	0	0	8
20	Other receivables	8,726	7,083	1,615	4,579
20	Prepayments	4,040	3,190	803	822
	Receivables	**67,131**	**52,845**	**69,778**	**71,555**
	Cash funds	**22,783**	**20,582**	**95**	**2,137**
	Total current assets	**158,093**	**138,000**	**101,711**	**109,221**
	TOTAL ASSETS	**696,729**	**679,740**	**406,326**	**421,870**

EQUITY AND LIABILITIES

EUR '000		Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Notes					
	Shareholders' equity				
	Share capital	40,333	40,333	40,333	40,333
	Reserves	0	0	268,060	263,151
	Retained earnings	357,420	325,737	0	0
	Proposed dividends	0	0	0	0
	Aalborg Portland A/S's share of shareholders' equity	**397,753**	**366,070**	**308,393**	**303,484**
	Minority interests' share of shareholders' equity	**61,250**	**51,900**	**0**	**0**
	Total shareholders' equity	**459,003**	**417,970**	**308,393**	**303,484**
	Liabilities				
21	Pension commitments and similar liabilities	7,226	6,739	0	0
18	Deferred tax	52,781	48,682	26,058	28,518
22	Provisions	5,848	5,657	3,293	3,366
23|25	Credit institutions	32,341	94,103	0	44,969
	Non-current liabilities	**98,196**	**155,181**	**29,351**	**76,853**
23|25	Credit institutions	35,105	14,040	24,530	2,502
	Trade payables	63,834	49,682	26,424	18,782
	Amounts owed to Group enterprises	5,712	7,852	6,858	8,182
	Joint taxation contribution payable	0	0	3,744	4,369
	Corporation taxes payable	1,273	256	0	0
22	Provisions	576	1,354	0	0
24	Other payables	33,030	33,405	7,026	7,698
	Current liabilities	**139,530**	**106,589**	**68,582**	**41,533**
	Total liabilities	**237,726**	**261,770**	**97,933**	**118,386**
	TOTAL EQUITY AND LIABILITIES	**696,729**	**679,740**	**406,326**	**421,870**

Statement of shareholders' equity

Group

EUR '000						2010
	Share capital	Currency translation	Retained earnings	Aalborg Portland's total share	Minority interests' share	Total equity
Shareholders' equity at 1 January 2010	40,333	-8,207	333,944	366,070	51,720	417,790
Changes in equity						
Profit for the year			17,998	17,998	7,668	25,666
Other comprehensive income:						
Exchange rate adjustments on translation of foreign entities		13,435		13,435	3,630	17,065
Actuarial gains/losses on defined benefit pension schemes		350		350	-84	266
Tax on other comprehensive income		-100		-100	22	-78
Total comprehensive income	**0**	**13,685**	**17,998**	**31,683**	**11,236**	**42,919**
Transactions with owners						
Dividends distributed					**-1,886**	**-1,886**
Shareholders' equity at 31 December 2010	**40,333**	**5,478**	**351,942**	**397,753**	**61,070**	**458,823**

EUR '000						2009
	Share capital	Currency translation	Retained earnings	Aalborg Portland's total share	Minority interests' share	Total equity
Shareholders' equity at 1 January 2009	40,333	-13,703	320,225	346,855	48,440	395,295
Changes in equity						
Profit for the year			13,719	13,719	4,477	18,196
Other comprehensive income:						
Exchange rate adjustments on translation of foreign entities		5,537		5,537	287	5,824
Actuarial gains/losses on defined benefit pension schemes		-47		-47	-36	-83
Tax on other comprehensive income		6		6	9	15
Total comprehensive income	**0**	**5,496**	**13,719**	**19,215**	**4,737**	**23,952**
Transactions with owners						
Dividends distributed					-1,457	-1,457
Capital increase paid by minority shareholders					180	180
					-1,277	**-1,277**
Shareholders' equity at 31 December 2009	**40,333**	**-8,207**	**333,944**	**366,070**	**51,900**	**417,970**

Parent Company

EUR '000			2010
	Share capital	Retained earnings	Total
Shareholders' equity at 1 January 2010	40,333	263,151	303,484
Profit for the year		5,029	5,029
Other comprehensive income:			
Exchange rate adjustments		-120	-120
Total comprehensive income	**0**	**4,909**	**4,909**
Shareholders' equity at 31 December 2010	**40,333**	**268,060**	**308,393**

EUR '000			2009
	Share capital	Retained earnings	Total
Shareholders' equity at 1 January 2009	40,333	249,445	289,778
Profit for the year		13,363	13,363
Other comprehensive income:			
Exchange rate adjustments		343	343
Total comprehensive income	**0**	**13,706**	**13,706**
Shareholders' equity at 31 December 2009	**40,333**	**263,151**	**303,484**

The share capital consists of:
1 share at DKK 150m
1 share at DKK 60m
2 shares at DKK 30m each
1 share at DKK 15m
5 shares at DKK 3m each

Dividends distributed to shareholders in 2010 and 2009: EUR 0, dividend per share: EUR 0.

Notes

01 NET SALES

EUR '000	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Sale of cement	222,778	202,541	145,887	149,922
Sale of ready-mixed concrete	217,027	209,982	0	0
Other sales *	37,515	32,578	5,000	5,255
	477,320	**445,101**	**150,887**	**155,177**

* Group: Other sales include concrete pipes, gravel, heat, etc. Parent Company: Other sales include sale of heat, etc.

02 COST OF SALES

Group

Cost of sales amounts to EUR 306.1m (2009: EUR 276.8m). Hereof direct staff costs amount to EUR 42.6m (2009: EUR 47.8m) and use of raw materials amounts to EUR 66.3m (2009: EUR 62.1m).

Parent Company

Cost of sales amounts to EUR 106.2m (2009: EUR 97.0m). Hereof direct staff costs amount to EUR 15.7m (2009: EUR 24.5m) and use of raw materials amounts to EUR 9.1m (2009: EUR 9.8m).

03 RESEARCH AND DEVELOPMENT COSTS

EUR '000	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Research and development costs charged to the income statement:				
Research and development costs paid	2,409	2,727	2,409	2,727
Development costs recognised in intangible assets	-129	-80	-129	-80
Amortisation and impairment of recognised development costs	127	139	127	139
	2,407	**2,786**	**2,407**	**2,786**

04 STAFF COSTS

EUR '000	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Wages and salaries and other remuneration	73,321	80,542	26,316	31,419
Pension costs, defined benefit schemes	856	803	0	0
Pension costs, defined contribution schemes	4,826	5,482	1,781	2,036
Social security costs	4,806	4,747	493	619
	83,809	**91,574**	**28,590**	**34,074**

The Group and the Parent Company capitalise direct and indirect wages and salaries for intangible assets and property, plant and equipment of own development together with stocks. Capitalised salaries do not significantly deviate from year to year and therefore the above gross salaries are the approximate salaries taken to the income statement.

	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Number of employees at 31 December	1,575	1,649	363	373
Average number of full-time employees	1,591	1,781	371	421
Remuneration of the Board of Directors, the Management and other senior executives				
Salaries and remunerations	1,878	1,869	1,440	1,417
Pension contributions	107	118	71	68
	1,985	**1,987**	**1,511**	**1,485**
Hereof Board of Directors and Management	727	682	727	682

NOTE 04 – STAFF COSTS

In 2010, the Management comprised 2 members.

The Management and other senior executives are paid a fixed salary and pension contribution, and beyond this they receive a maximised bonus supplement dependent upon the result achieved in the year, etc. Furthermore, members of the Management participate in the parent company Cementir Holding S.p.A.'s incentive programme.

Pension schemes
Pension schemes in Aalborg Portland A/S are defined contribution schemes, which do not entail any obligations beyond payment of contributions.

05 FEES TO THE AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

	Group		Parent Company	
EUR '000	2010	2009	2010	2009
Total fees to KPMG are specified as follows:				
Statutory audit	167	125	112	93
Other assurance engagements	64	130	14	82
Tax and VAT advisory services	240	106	174	43
Other services	122	46	119	46
	593	**407**	**419**	**264**
Fess to other auditors	287	261	0	0

06 OTHER OPERATING INCOME AND OTHER OPERATING COSTS

	Group		Parent Company	
EUR '000	2010	2009	2010	2009
Other operating income				
Rent income	870	1,069	697	891
Profit on sale of property, plant and equipment	1,263	568	0	105
Other income	266	66	35	0
	2,399	**1,703**	**732**	**996**
Other operating costs				
Loss on sale of property, plant and equipment	8	3	0	0
Other costs	75	32	0	0
	83	**35**	**0**	**0**

07 FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
EUR '000	2010	2009	2010	2009
Financial income				
Interest, cash funds etc.	433	743	61	199
Interest, Group enterprises	7	10	1,207	1,910
Dividends received from Group enterprises	0	0	1,227	881
Exchange rate adjustments	4,468	4,207	1,557	392
	4,908	**4,960**	**4,052**	**3,382**
Interest on financial assets measured at amortised cost	440	753	1,268	2,109
Financial expenses				
Interest, credit institutions etc.	2,479	3,922	676	1,964
Interest, Group enterprises	0	0	1	10
Exchange rate adjustments	2,029	2,951	19	792
	4,508	**6,873**	**696**	**2,766**
Interest on financial obligations measured at amortised cost	2,479	3,922	677	1,974

Notes

08 CORPORATION TAX

EUR '000	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Corporation tax				
Current tax on the profit for the year/joint taxation contribution	2,677	581	3,579	4,357
Deferred tax adjustment	2,379	8,792	-2,608	335
Other adjustments, including previous years	35	-767	90	-118
	5,091	**8,606**	**1,061**	**4,574**
Taxes paid	**1,429**	**4,028**	**4,134**	**5,668**

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

EUR '000	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Reconciliation of tax rate				
Tax according to Danish tax rate 25%	7,689	6,700	1,523	4,484
Difference in the tax rates applied by non-Danish enterprises relative to 25%	-2,257	-460	0	0
Non-taxable income and non-deductible expenses	9	-32	-297	35
Unrecognised tax assets	-84	2,273	0	0
Other, including adjustments previous years	-243	-152	-165	55
Change of tax rates	-23	277	0	0
	5,091	**8,606**	**1,061**	**4,574**
Applicable tax rate for the year	**17%**	**32%**	**17%**	**26%**
Corporation tax recognised directly as other comprehensive income				
Actuarial gains and losses	78	-15	0	0
	78	**-15**	**0**	**0**
Total corporation tax	**5,169**	**8,591**	**1,061**	**4,574**

09 ENVIRONMENTAL TAXES AND CO_2 QUOTAS

EUR '000	Parent Company 2010	Parent Company 2009
The Parent Company has paid the following direct environmental taxes:		
Sulphur	205	0
NO_X	422	0
Electricity	487	0
Waste	1,568	928
CO_2 taxes	320	721
Raw materials	440	579
Diesel and fuel oil	79	139
PSO	1,948	2,515
	5,469	**4,882**

During the present economical crisis, Aalborg Portland will have a current surplus of CO_2 quotas. Subject to normalised production conditions and product range there will again be a deficit of quotas.

10 ADJUSTMENT FOR NON-CASH ITEMS

	Group		Parent Company	
EUR '000	2010	2009	2010	2009
Amortisation and depreciation	44,162	43,040	19,706	19,788
Change in provisions	-1,116	245	-67	67
Gains and losses on purchase and sale of property, plant and equipment, and exch. rate adjustments	-1,052	-464	-19	-193
	41,994	**42,821**	**19,620**	**19,662**

11 CHANGE IN WORKING CAPITAL

	Group		Parent Company	
EUR '000	2010	2009	2010	2009
Inventories	-3,607	5,779	3,698	10,292
Receivables	-11,937	12,594	-1,514	3,683
Trade payables	12,012	4,102	6,123	-3,000
Change in other receivables and other payables	-3,057	-427	2,267	-3,143
	-6,589	**22,048**	**10,574**	**7,832**

12 FINANCIAL PAYMENTS RECEIVED AND MADE

	Group		Parent Company	
EUR '000	2010	2009	2010	2009
Financial payments received	4,908	4,960	2,825	2,501
Financial payments made	-4,508	-6,873	-696	-2,766
	400	**-1,913**	**2,129**	**-265**

13 NET INTEREST-BEARING DEBT (NIBD)

	Group		Parent Company	
EUR '000	2010	2009	2010	2009
Net interest-bearing debt, 1 January	86,949	119,541	-6,994	21,157
Changes in interest-bearing cash funds	-2,191	-1,177	2,042	-743
Changes in financing	-40,752	-31,422	-22,436	-27,351
Exchange rate adjustments	0	7	84	-57
Net interest-bearing debt (- deposit) at 31 December	**44,006**	**86,949**	**-27,304**	**-6,994**

The Aalborg Portland Group is mainly financed via multi currency revolving credit with the Group's banks.
The credit facilities, which are based on flexible credit limits, are adapted currently to the Group's net loan demand.
Consequently the Group is not operating with loan raising and payments on instalments on loans, but with net change of financing.

Notes

14 INTANGIBLE ASSETS

Group

EUR '000 2010	Goodwill	Other intangible assets	Intangible assets in course of construction	Total
Cost at 1 January 2010	52,312	24,095	6,239	82,646
Exchange rate adjustments	2,675	711	-12	3,374
Additions	0	0	6,372	6,372
Disposals	-112	0	-844	-956
Other adjustments/reclassifications	0	5,327	10	5,337
Cost at 31 December 2010	**54,875**	**30,133**	**11,765**	**96,773**
Amortisation and depreciation at 1 January 2010	0	11,371	0	11,371
Exchange rate adjustments	0	392	0	392
Amortisation for the year	0	2,064	0	2,064
Other adjustments/reclassifications	0	4	0	4
Amortisation and depreciation at 31 December 2010	**0**	**13,831**	**0**	**13,831**
Carrying amount at 31 December 2010	**54,875**	**16,302**	**11,765**	**82,942**

EUR '000 2009	Goodwill	Other intangible assets	Intangible assets in course of construction	Total
Cost at 1 January 2009	47,694	21,265	398	69,357
Exchange rate adjustments	4,618	100	0	4,718
Additions	0	1,033	5,746	6,779
Disposals	0	-440	0	-440
Other adjustments/reclassifications	0	2,137	95	2,232
Cost at 31 December 2009	**52,312**	**24,095**	**6,239**	**82,646**
Amortisation and depreciation at 1 January 2009	0	9,478	0	9,478
Exchange rate adjustments	0	80	0	80
Amortisation for the year	0	1,949	0	1,949
Other adjustments/reclassifications	0	-136	0	-136
Amortisation and depreciation at 31 December 2009	**0**	**11,371**	**0**	**11,371**
Carrying amount at 31 December 2009	**52,312**	**12,724**	**6,239**	**71,275**

EUR '000	2010	2009
Amortisation during the year is included in the following items:		
Cost of sales	693	342
Sales and distribution costs	264	237
Administrative expenses	1,107	1,370
	2,064	**1,949**

Other intangible assets include software licenses (SAP R/3), quarry rights and research and development projects. Except goodwill, all intangible assets have definite useful life. The management has not identified factors indicating a need for carrying through impairment test of other intangible assets.

The carrying amount of development projects is EUR 0.2m (2009: EUR 0.2m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 7.5m (2009: EUR 8.3m).

NOTE 14 – INTANGIBLE ASSETS

Intangible assets with indefinite useful lives

General assumptions:
Other than goodwill related to acquisition of Unicon AS, Norway in the period 2000-2003 and goodwill related to the acquisition of Kudsk & Dahl A/S in 2008 there was no goodwill linked to cash-generating units equal to 10% or more of the total carrying amount of goodwill with indefinite useful life. Information on cash-generating units is provided at segment level.

Nordic Cement, Overseas, Nordic RMC (Denmark and Sweden) and Nordic RMC Norway account for EUR 2.3m, EUR 10.5m, EUR 11.5m and EUR 33.3m, respectively, of the consolidated goodwill.

Aalborg Portland Group performed impairment test on the carrying amount of goodwill with indefinite useful life at 31 December 2010. Impairment tests are performed in the 4th quarter each year, based on the budgets and business plans approved by the Board of Directors.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of expected future free cash flow, with the carrying amount of the individual cash-generating units.

Expected future free cash flow is based on budgets and business plans for the period 2011-2013 and projections for subsequent years. Key parameters include production capacity, trend in revenue, EBIT margin, future capital expenditure, and growth expectations for the years after 2013.

Budgets and business plans for the period 2011-2013 are based on concrete future business measures, assessing risks in the key parameters and incorporating these in expected future free cash flows. Projections after 2013 are based on general expectations. The value for the period after 2013 takes into account the general growth expectations for the cement and ready-mix industry.

Growth rates are not expected to exceed the average long-term real growth rate for the Group's individual geographical segments, an average of 1% for Scandinavian activities and 2-3% for other activities in the Overseas segment.

The discount rates applied in calculating the recoverable amounts are after tax, and reflect the risk-free interest plus specific risks in the individual geographic segments. The discount rates for individual segments are Nordic Cement 7%, Overseas 6-10%, Nordic RMC (Denmark, Sweden and Norway) 5-6%.

Nordic Cement is characterised by expectations of slight decreases in activities in Denmark. Ongoing optimisation of energy costs, procurement and general cost structures and use of capital is expected to improve EBIT margin.

Nordic RMC's activities in Denmark, Norway and Sweden are characterised by an expected minor decrease in activities. Earnings are expected to increase moderately from the present level, i.a. due to continuing activities regarding optimisation of procurement, production and distribution.

Overseas is among the Group's growth markets with increasing volumes within white cement, primarily driven by production plants in the world's growth areas for white cement. Full capacity utilisation of the new production line in Egypt is expected, and also the new plant in China is expected to reach full production capacity within a few years. In Malaysia full capacity utilisation is expected, and focus will be on minimising production and distribution costs, which will contribute to an improved EBIT margin. Capital expenditure on cement plants in Malaysia, China and Egypt is expected to be below depreciation and amortisation, which will also have a positive effect on free cash flow.

Based on the impairment tests performed, no grounds were found at 31 December 2010 for impairments of goodwill with an indefinite useful life.

Notes

NOTE 14 – INTANGIBLE ASSETS Parent Company

EUR '000				2010
	Goodwill	Other intangible assets	Intangible assets in course of construction	Total
Cost at 1 January 2010	5,193	15,725	285	21,203
Exchange rate adjustments	-4	-27	0	-31
Additions	0	0	233	233
Disposals	0	0	-509	-509
Other adjustments/reclassifications	0	409	10	419
Cost at 31 December 2010	**5,189**	**16,107**	**19**	**21,315**
Amortisation at 1 January 2010	2,749	8,068	0	10,817
Exchange rate adjustments	0	-13	0	-13
Amortisation for the year	0	1,547	0	1,547
Amortisation at 31 December 2010	**2,749**	**9,602**	**0**	**12,351**
Carrying amount at 31 December 2010	**2,440**	**6,505**	**19**	**8,964**

EUR '000				2009
	Goodwill	Other intangible assets	Intangible assets in course of construction	Total
Cost at 1 January 2009	5,304	14,475	398	20,177
Exchange rate adjustments	-111	16	0	-95
Additions	0	1,033	64	1,097
Disposals	0	-54	0	-54
Other adjustments/reclassifications	0	255	-177	78
Cost at 31 December 2009	**5,193**	**15,725**	**285**	**21,203**
Amortisation at 1 January 2009	2,745	6,530	0	9,275
Exchange rate adjustments	4	8	0	12
Amortisation for the year	0	1,584	0	1,584
Disposals	0	-54	0	-54
Amortisation at 31 December 2009	**2,749**	**8,068**	**0**	**10,817**
Carrying amount at 31 December 2009	**2,444**	**7,657**	**285**	**10,386**

Other intangible assets include software licenses (SAP R/3), quarry rights and development projects. Except goodwill, all intangible assets have definite useful lives. The management has not identified factors indicating a need for carrying through impairment test of other intangible assets.

The carrying amount of development projects is EUR 0.2m (2009: EUR 0.2m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 5.9m (2009: EUR 7.4m).

Regarding impairment tests reference is made to page 45.

15 PROPERTY, PLANT AND EQUIPMENT

Group

EUR '000	Land and buildings	Plant and machinery	Property, plant and equipment in course of construction	Total
				2010
Cost at 1 January 2010	235,617	648,414	54,466	938,497
Exchange rate adjustments	5,216	17,077	5,728	28,021
Additions	801	9,248	13,519	23,568
Disposals	-42	-6,918	-455	-7,415
Other adjustments/reclassifications	23,933	30,361	-66,311	-12,017
Cost at 31 December 2010	**265,525**	**698,182**	**6,947**	**970,654**
Depreciation and impairment at 1 January 2010	107,306	379,582	0	486,888
Exchange rate adjustments	1,541	8,317	0	9,858
Reversed depreciation on disposals	-42	-5,892	0	-5,934
Depreciation for the year	8,442	33,858	0	42,300
Other adjustments/reclassifications	52	403	0	455
Depreciation and impairment at 31 December 2010	**117,299**	**416,268**	**0**	**533,567**
Carrying amount at 31 December 2010	**148,226**	**281,914**	**6,947**	**437,087**

EUR '000	Land and buildings	Plant and machinery	Property, plant and equipment in course of construction	Total
				2009
Cost at 1 January 2009	209,909	577,732	98,809	886,450
Exchange rate adjustments	1,169	10,287	-1,177	10,279
Additions	3,890	12,968	32,482	49,340
Disposals	-26	-5,275	0	-5,301
Other adjustments/reclassifications	20,675	52,702	-75,648	-2,271
Cost at 31 December 2009	**235,617**	**648,414**	**54,466**	**938,497**
Depreciation and impairment at 1 January 2009	99,109	344,528	0	443,637
Exchange rate adjustments	396	6,208	0	6,604
Reversed depreciation on disposals	-12	-4,604	0	-4,616
Depreciation for the year	7,811	33,479	0	41,290
Other adjustments/reclassifications	2	-29	0	-27
Depreciation and impairment at 31 December 2009	**107,306**	**379,582**	**0**	**486,888**
Carrying amount at 31 December 2009	**128,311**	**268,832**	**54,466**	**451,609**

EUR '000	2010	2009
Depreciation during the year is included in the following items:		
Cost of sales	35,514	33,332
Sales and distribution costs	5,444	6,326
Administrative expenses	1,342	1,632
	42,300	**41,290**

Aalborg Portland Group has signed contracts regarding purchase of property, plant and equipment at a value of EUR 2.9m (2009: EUR 7.0m).
Borrowing costs capitalised during the period EUR 0.3m (2009: EUR 0.5m).
No changes are made in significant accounting estimates regarding property, plant and equipment.

Notes

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

Parent Company

EUR '000				2010
	Land and buildings	Plant and machinery	Property, plant and equipment in course of construction	Total
Cost at 1 January 2010	110,837	343,547	4,370	458,754
Exchange rate adjustments	-192	-595	-8	-795
Additions	126	5,726	1,718	7,570
Disposals	0	-872	-455	-1,327
Other adjustments/reclassifications	95	1,758	-2,272	-419
Cost at 31 December 2010	**110,866**	**349,564**	**3,353**	**463,783**
Depreciation at 1 January 2010	62,833	236,547	0	299,380
Exchange rate adjustments	-109	-410	0	-519
Reversed depreciation on disposals	0	-872	0	-872
Depreciation for the year	3,217	14,923	0	18,140
Other adjustments/reclassifications	-36	0	0	-36
Depreciation at 31 December 2010	**65,905**	**250,188**	**0**	**316,093**
Carrying amount at 31 December 2010	**44,961**	**99,376**	**3,353**	**147,690**

EUR '000				2009
	Land and buildings	Plant and machinery	Property, plant and equipment in course of construction	Total
Cost at 1 January 2009	109,450	337,706	5,138	452,294
Exchange rate adjustments	129	407	6	542
Additions	1,304	4,910	2,697	8,911
Disposals	0	-2,918	0	-2,918
Other adjustments/reclassifications	-46	3,442	-3,471	-75
Cost at 31 December 2009	**110,837**	**343,547**	**4,370**	**458,754**
Depreciation at 1 January 2009	59,275	224,580	0	283,855
Exchange rate adjustments	71	271	0	342
Reversed depreciation on disposals	0	-2,535	0	-2,535
Depreciation for the year	3,487	14,231	0	17,718
Depreciation at 31 December 2009	**62,833**	**236,547**	**0**	**299,380**
Carrying amount at 31 December 2009	**48,004**	**107,000**	**4,370**	**159,374**

EUR '000	2010	2009
Depreciation during the year is included in the following items:		
Cost of sales	17,597	16,848
Sales and distribution costs	19	116
Administrative expenses	524	754
	18,140	**17,718**

The Parent Company has signed no contracts regarding purchase of property, plant and equipment.
No changes are made in significant accounting estimates regarding property, plant and equipment.

16 OTHER NON-CURRENT ASSETS

Group

EUR '000	Investments in associates	Other non-current assets	Deferred tax assets	Total 2010
Cost at 1 January 2010	16,457	1,366	95	17,918
Exchange rate adjustments	894	52	0	946
Additions	0	27	0	27
Disposals	0	0	-105	-105
Other adjustments	0	-10	0	-10
Change offset in provision for deferred tax	0	0	314	314
Cost at 31 December 2010	**17,351**	**1,435**	**304**	**19,090**
Adjustments at 1 January 2010	938	0	0	938
Exchange rate adjustments	146	0	0	146
Profit shares	2,141	0	0	2,141
Dividends for the year	-3,842	0	0	-3,842
Other adjustments	134	0	0	134
Adjustments at 31 December 2010	**-483**	**0**	**0**	**-483**
Carrying amount at 31 December 2010	**16,868**	**1,435**	**304**	**18,607**

EUR '000	Investments in associates	Other non-current assets	Deferred tax assets	Total 2009
Cost at 1 January 2009	16,244	126	43	16,413
Exchange rate adjustments	213	0	-1	212
Additions	0	221	0	221
Disposals	0	-16	-678	-694
Other adjustments	0	1,035	0	1,035
Change offset in provision for deferred tax	0	0	731	731
Cost at 31 December 2009	**16,457**	**1,366**	**95**	**17,918**
Adjustments at 1 January 2009	2,381	0	0	2,381
Exchange rate adjustments	-145	0	0	-145
Profit shares	1,388	0	0	1,388
Dividends for the year	-2,763	0	0	-2,763
Other adjustments	77	0	0	77
Adjustments at 31 December 2009	**938**	**0**	**0**	**938**
Carrying amount at 31 December 2009	**17,395**	**1,366**	**95**	**18,856**

Other non-current assets mainly relate to deposits and loans.

NOTE 16 – OTHER NON-CURRENT ASSETS — Parent Company

EUR '000			2010
	Investments in Group enterprises	Other non-current assets	Total
Cost at 1 January 2010	143,598	112	143,710
Exchange rate adjustments	172	27	199
Additions	4,873	0	4,873
Cost at 31 December 2010	**148,643**	**139**	**148,782**
Write-down 1 January 2010	821	0	821
Write-down 31 December 2010	**821**	**0**	**821**
Carrying amount at 31 December 2010	**147,822**	**139**	**147,961**

EUR '000			2009
	Investments in Group enterprises	Other non-current assets	Total
Cost at 1 January 2009	140,484	110	140,594
Exchange rate adjustments	273	2	275
Additions	2,841	0	2,841
Cost at 31 December 2009	**143,598**	**112**	**143,710**
Write-down 1 January 2009	0	0	0
Write-down	821	0	821
Write-down 31 December 2009	**821**	**0**	**821**
Carrying amount at 31 December 2009	**142,777**	**112**	**142,889**

Other non-current assets mainly relate to deposits and loans.

17 INVESTMENTS IN ASSOCIATES

Group

EUR '000	2010	2009
Summary of financial information from associates:		
Net sales	115,775	92,529
Profit for the year	8,553	4,992
Assets total	87,145	74,252
Total liabilities	33,920	19,672
Aalborg Portland Group's share of profit for the year after tax	2,143	1,414

The Group is part of a joint venture together with other investors. The joint venture has no major contingent liabilities and the Group's maximum liabilities to the joint venture do not exceed the equity value of the joint venture.

For a list of the Aalborg Portland Group's associates, reference is made to page 75.

18 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Group

EUR '000	2010	2009
Change in deferred tax in the year		
Deferred tax at 1 January	48,587	38,708
Exchange rate adjustments	1,391	-27
Changes of tax rate, via income statement	0	205
Adjustments, previous years via income statement	201	894
Movements via income statement	2,375	8,792
The year's movements in equity	-77	15
Deferred tax liabilities at 31 December, net	**52,477**	**48,587**
Deferred tax is presented in the balance sheet as follows:		
Deferred tax liabilities	52,781	48,682
Deferred tax assets	304	95
Deferred tax liabilities at 31 December, net	**52,477**	**48,587**

	Deferred tax assets		Deferred tax liabilities	
	2010	2009	2010	2009
Intangible assets	5	0	8,300	6,160
Property, plant and equipment	45	319	39,920	39,600
Financial assets	0	0	293	583
Current assets	0	0	3,684	4,512
Provisions	68	126	3,236	2,497
Non-current and current liabilities	518	590	0	0
Tax loss carry-forwards	2,221	2,461	-99	-1,346
Share of tax assets valued at nil	0	-77	0	0
Deferred tax before set-off	2,857	3,419	55,334	52,006
Set-off within legal tax entities and jurisdictions	-2,553	-3,324	-2,553	-3,324
Deferred tax at 31 December	**304**	**95**	**52,781**	**48,682**

Of the total deferred tax assets recognised, EUR 2.3m (2009: EUR 3.8m) represents tax loss carry-forwards.
Tax loss carry-forwards are recognised based on 3 years' budgets. There is no time limit on the Group's tax loss carry-forwards.

The Group's tax assets, amounting to EUR 5.1m (2009: EUR 6.1m), are not recognised. Hereof reinvestment quotas amount to EUR 4.5m, which are given in addition to depreciation for tax purposes. However, these cannot be used until the normal depreciation for tax purposes has been used. As it is not considered possible to utilise the tax asset in the near future, the amount is not recognised. The Group has a further tax asset of EUR 0.6m, which is not recognised as the possibility of utilisation is low due to local tax regulations.

Parent Company

EUR '000	2010	2009
Change in deferred tax for the year		
Deferred tax liability at 1 January	28,518	28,149
Exchange rate adjustments	0	22
Adjustments, previous years, via income statement	148	11
Movements via income statement	-2,608	336
Deferred tax at 31 December	**26,058**	**28,518**
Deferred tax		
Intangible assets	1,047	0
Property, plant and equipment	21,864	24,237
Current assets	3,406	4,327
Non-current and current liabilities	-259	-46
Deferred tax at 31 December	**26,058**	**28,518**

Notes

19 INVENTORIES

EUR '000	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Raw materials and consumables	35,679	35,238	17,586	20,881
Work in progress	14,008	14,427	6,850	8,665
Finished goods	17,431	13,671	7,402	5,983
Prepayments of goods	1,061	1,237	0	0
Inventories at 31 December	**68,179**	**64,573**	**31,838**	**35,529**

As was the case last year, there are no significant inventories of cement and aggregates carried at net realisable value.

Write-down of inventories of spare parts amounts to EUR 3.9m (2009: EUR 4.5m). Write-down recognised in the income statement under cost of sales is EUR -0.6m (2009: EUR 0.3m).

20 RECEIVABLES

EUR '000	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Development in impairment losses on trade receivables:				
Impairment losses at 1 January	1,351	2,262	19	0
Exchange rate adjustments	34	13	0	0
Impairment losses in the year	44	-172	9	19
Realised in the year	-12	-741	0	0
Reversed	-9	-11	-8	0
Impairment losses at 31 December	**1,408**	**1,351**	**20**	**19**

Group
All trade receivables are due within one year.
The carrying amount essentially corresponds to fair value.
No collateral has been received regarding trade receivables.
Other receivables include energy taxes, and VAT receivable, etc.
Prepayments comprise prepaid rent and insurance etc.

Parent Company
All receivables are due within one year.
The carrying amount essentially corresponds to fair value.
No collateral has been received regarding trade receivables.
Other receivables include energy taxes, etc.

21 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

Group

EUR '000	2010	2009
Present value of defined benefit schemes	10,303	9,379
Market value of the assets comprised by the schemes	-3,077	-2,640
Net liability recognised in the balance sheet	**7,226**	**6,739**
Present value of defined benefit schemes at 1 January	9,379	8,331
Exchange rate adjustment	1,002	969
Actuarial gains/losses recognised in other comprehensive income	-451	-376
Costs	544	555
Interest on commitment	404	367
Other adjustments	-124	-186
Payments	-451	-281
Present value of defined benefit schemes at 31 December	**10,303**	**9,379**
Market value of the assets comprised by the schemes at 1 January	2,640	2,203
Exchange rate adjustment	174	448
Payments	213	279
Expected return on plan assets	127	169
Other adjustments	112	0
Actuarial gains/losses recognised in other comprehensive income	-189	-459
Market value of the assets comprised by the schemes at 31 December	**3,077**	**2,640**
Stated as liabilities (provision for pension)	**7,226**	**6,739**
Amounts taken to the income statement		
Costs	544	555
Interest on commitment	404	367
Expected return on plan assets	-127	-168
Other	65	50
Total amount of defined benefit schemes	886	804
Defined contribution schemes	4,797	5,482
Total amount taken to the income statement	**5,683**	**6,286**
Pension costs are included in:		
Cost of sales	2,689	2,900
Sales and distribution costs	1,783	2,086
Administrative expenses	1,211	1,300
	5,683	**6,286**
Return on plan assets		
Actual return on plan assets	-57	-245
Expected return on plan assets	127	168
Actuarial gains/losses on plan assets	**-184**	**-413**

All assets comprised by the schemes are managed and controlled by pension providers in collective pool schemes.
In 2011, the Group expects payment of EUR 0.2m to the defined benefit schemes.

Actuarial assumptions at the balance sheet date are as follows:		
Average discounting rate applied	4%	4%
Expected return on tied-up assets	4%	6%
Expected future pay increase rate	3-4%	3-4%

Notes

NOTE 21 – PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

Amounts relating to the current year and the 4 previous years for the Group's pension commitments are as follows:

EUR '000 **Five-year overview**	2010	2009	2008	2007	2006
Actuarially determined pension commitments	-10,303	-9,379	-8,331	-9,070	-7,307
Fair value of plan assets	3,077	2,640	2,203	2,574	1,873
Surplus/deficit in the plan	**-7,226**	**-6,739**	**-6,128**	**-6,496**	**-5,434**

EUR '000	2010	2009
In the statement of consolidated shareholders' equity the following accumulated actuarial gains/losses are recognised	-1,546	-1,735

22 PROVISIONS

EUR '000	Group 2010	Group 2009
Provisions at 1 January	7,011	6,737
Exchange rate adjustment	281	194
Additions in the year	79	511
Disposals/application in the year	-495	-431
Reversal	-452	0
Provisions at 31 December	**6,424**	**7,011**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	5,848	5,657
Stated as current liabilities	576	1,354
	6,424	**7,011**
Maturities for other provisions are expected to be:		
Falling due within one year	576	1,354
Falling due between one and five years	225	225
Falling due after more than five years	5,623	5,432
	6,424	**7,011**

Provisions mainly including re-establishment of chalk, gravel and clay pits amount to EUR 3.4m (2009: EUR 3.1m), demolition liabilities for buildings and terminal on rented land amount to EUR 2.2m (2009: EUR 2.3m), warranties and claims amount to EUR 0.6m (2009: 1.3m).

Costs for re-establishment of chalk, gravel and clay pits are mainly paid when finishing an excavation or when moving out from leases. No considerable costs are expected in 2011.

Additions in the year include additions of liabilities regarding warranties and claims and regarding re-establishment of chalk, gravel and clay pits.

Disposals/application and reversals in the year mainly include reversal of liabilities regarding warranties and claims.

Movements last year included additions and consumption of liabilities regarding re-establishment of chalk, gravel and clay pits and other liabilities regarding warranties and claims.

Provisions for liabilities due after more than five years include liabilities regarding re-establishment of chalk, gravel and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

NOTE 22 – PROVISIONS

Parent Company

EUR '000	2010	2009
Provisions at 1 January	3,366	3,294
Exchange rate adjustment	-6	5
Additions during the year	67	67
Disposals/applications in the year	-134	0
Provisions at 31 December	**3,293**	**3,366**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	3,293	3,366
Stated as current liabilities	0	0
	3,293	**3,366**
Maturities for provisions are expected to be:		
Falling due within one year	0	0
Falling due between one and five years	0	0
Falling due after more than five years	3,293	3,366
	3,293	**3,366**

Provisions including demolition liabilities for buildings and terminal on rented land amount to EUR 2.2m (2009: EUR 2.3m) and re-establishment of chalk, gravel and clay pits amounts to EUR 1.1m (2009: 1.0m).

Costs for re-establishment of chalk and clay pits are mainly paid when finishing an excavation or when moving out from a lease. No considerable costs are expected in 2011.

Movements in the year include additions of liabilities regarding re-establishment of chalk and clay pits, and application of provisions for demolition liabilities for buildings and terminals.

Movements last year included additions of liabilities regarding re-establishment of chalk and clay pits.

Provisions for liabilities due after more than five years include liabilities regarding re-establishment of chalk, gravel and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

Notes

23 CREDIT INSTITUTIONS AND OTHER BORROWINGS

Group

EUR '000			2010	2009
	Year of maturity	Fixed/ variable	Carrying amount	Carrying amount
Mortgages	2011	Fixed	968	1,918
Bank borrowings	2011-2014	Variable	66,478	106,225
			67,446	**108,143**

Fair value does not significantly deviate from the carrying amount.

The fair value corresponds to the nominal outstanding debt except bond loans, where the fair value is measured at the rate of the balance sheet date.

The Group's debt to credit institutions and other borrowings have been recognised and fall due as follows:

EUR '000				2010
	Non-current borrowings (> 1 year)	Current borrowings (0-1 years)	Total	Maturity (> 5 years)
31 December 2010:				
Mortgages	0	968	968	0
Bank borrowings	32,341	34,137	66,478	0
	32,341	**35,105**	**67,446**	**0**
Specification of contractual cash flows incl. interest:				
Mortgages	0	986	986	0
Bank borrowings	33,653	35,810	69,463	0
	33,653	**36,796**	**70,449**	**0**

EUR '000				2009
31 December 2009:				
Mortgages	969	949	1,918	0
Bank borrowings	93,134	13,091	106,225	0
	94,103	**14,040**	**108,143**	**0**
Specification of contractual cash flows incl. interest:				
Mortgages	987	989	1,976	0
Bank borrowings	97,395	16,621	114,016	0
	98,382	**17,610**	**115,992**	**0**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.

Maturity of derivative financial instruments is presented in note 28. Other financial liabilities are due within 1 year.

NOTE 23 – CREDIT INSTITUTIONS AND OTHER BORROWINGS

Parent Company

Moderselskabet har pr. 31. december følgende lån og kreditter:

EUR '000	Year of maturity	Fixed/ variable	2010 Carrying amount	2009 Carrying amount
Mortgages	2011	Fixed	968	1,918
Bank borrowings	2011	Variable	23,562	45,553
			24,530	**47,471**

Fair value does not significantly deviate from the carrying amount.

The fair value corresponds to the nominal outstanding debt except bond loans, where the fair value is measured at the rate of the balance sheet date.

The Parent Company's debt to credit institutions and other borrowings have been recognised and fall due as follows:

EUR '000 2010	Non-current borrowings (> 1 year)	Current borrowings (0-1 years)	Total	Maturity (> 5 years)
31 December 2010:				
Mortgages	0	968	968	0
Bank borrowings	0	23,562	23,562	0
	0	**24,530**	**24,530**	**0**
Specification of contractual cash flows incl. interest:				
Mortgages	0	986	986	0
Bank borrowings	0	23,838	23,838	0
	0	**24,824**	**24,824**	**0**

EUR '000				2009
31 December 2009:				
Mortgages	969	949	1,918	0
Bank borrowings	44,000	1,553	45,553	0
	44,969	**2,502**	**47,471**	**0**
Specification of contractual cash flows incl. interest:				
Mortgages	989	987	1,976	0
Bank borrowings	44,308	1,887	46,195	0
	45,297	**2,874**	**48,171**	**0**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.

Maturity of derivative financial instruments is presented in note 28. Other financial liabilities are due within 1 year.

Notes

24 OTHER PAYABLES

Group
Other payables include holiday pay liabilities, taxes and public indirect taxes, interest payable, negative value of financial instruments, and prepayments from customers, etc.

Parent Company
Other payables include holiday pay liabilities, taxes and public indirect taxes, interest payable, and prepayments.

25 CHARGES AND SECURITIES

Group

EUR '000	2010		2009	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount mortgaged assets	Debt regarding mortgaged assets
Trade receivables, etc.	2,345	277	2,169	243
Property, plant and machinery	144,387	1,174	142,847	2,103
	146,732	**1,451**	**145,016**	**2,346**

Parent Company

EUR '000	2010		2009	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	144,289	968	142,761	1,918

26 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

Group

The Group is involved in a few disputes. No significant liabilities are considered to be incumbent on the Group in that respect, and the outcome of the disputes is not expected to have significant impact on the Group's financial position beyond what has been recognised in the balance sheet.

At 31 December 2010, Aalborg Portland A/S has contractual obligations for acquisition of raw materials etc. of EUR 20.3m (2009: EUR 22.8m). Similar contracts have been entered with some of the Group companies.

The Group is obligated to pay further EUR 3.1m to the Danish Carbon Fund (2009: EUR 3.1m).

EUR '000	2010	2009
Guarantees		
Performance guarantees	2,775	3,291
Other guarantees, etc.	3,728	5,676
	6,503	**8,967**
Operating leases		
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	9,652	8,682
Falling due between one and five years	7,370	8,669
Falling due after more than five years	1,336	2,229
	18,358	**19,580**
Operating lease expenses recognised in the income statement	**10,711**	**9,736**

Operating leases are primarily related to ships and IT equipment. These leases contain no special purchase rights, etc.
The Group has no financial leasing liabilities.

Parent Company

The Parent Company is involved in a few disputes. No significant liabilities are considered to be incumbent on the Parent Company in that respect, and the outcome of the disputes is not expected to have significant impact on the Parent Company's financial position beyond what has been recognised in the balance sheet.

In 2010, contractual liabilities for acquisition of raw materials etc. are EUR 20.3m (2009: EUR 22.8m).

The Parent Company is obligated to pay further EUR 3.1m to the Danish Carbon Fund (2009: EUR 3.1m).

EUR '000	2010	2009
Guarantees		
Other guarantees, etc.	95	2,291
	95	**2,291**
Operating leases		
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	6,256	5,349
Falling due between one and five years	3,652	4,635
Falling due after more than five years	436	1,079
	10,344	**11,063**
Operating lease expenses recognised in the income statement	**5,950**	**6,398**

Operating leases are primarily related to ships, silos/terminals and cars. These leases contain no special purchase rights etc.
The Parent Company has no financial leasing liabilities.

Notes

27 RELATED PARTY TRANSACTIONS

Group

Related parties with significant influence in the Aalborg Portland Group:
- Cementir España S.L., Calle Zurbaràn, 28, Madrid, C.I.F. B-84155191, Spain
- Cementir Delta S.p.A., Corso di Francia, 200, 00191 Rome, Italy
- Cementir Holding S.p.A., Corso di Francia, 200, 00191 Rome, Italy
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy

Related parties with significant influence in the Aalborg Portland Group comprise the enterprises' Board of Directors and Management together with family related to these persons. Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.

Furthermore, related parties include related parties and associates, cf. page 75.

EUR '000	2010	2009
Transactions with Cementir Holding S.p.A.:		
Intra-group management and administration agreements	5,637	5,491
Trade receivables	345	12
Payables	5,712	7,852
Transactions with associates:		
Net sales	7,609	5,631
Trade receivables	3,255	592
Financial items, net	7	10

Remunerations to the Board of Directors and the Management are presented in Note 4.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2010 or 2009.
All transactions were made on terms equivalent to arm's length principles.

Parent Company

Related parties with significant influence in Aalborg Portland A/S:
- Cementir España S.L., Calle Zurbaràn, 28, Madrid, C.I.F. B-84155191, Spain
- Cementir Delta S.p.A., Corso di Francia, 200, 00191 Rome, Italy
- Cementir Holding S.p.A., Corso di Francia, 200, 00191 Rome, Italy
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy

Related parties within Aalborg Portland A/S comprise the enterprises' Board of Directors and Management together with family related to these persons. Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.

Furthermore, related parties include related and associates, cf. page 75, where the Parent Company has significant influence or exercises control.

EUR '000	2010	2009
Transactions with Cementir Holding S.p.A.:		
Intra-group management and administration agreements	5,637	5,491
Payables	5,574	7,852
Transactions with other related parties:		
Sale of cement and micro silica	32,613	32,543
Intercompany management, administration agreements and shared service	6,380	7,409
Financial items, net	1,206	1,907
Trade and financial receivable	17,988	24,902
Trade and financial payables	9,552	396
Capital increases in enterprises	4,873	0

Remunerations to the Board of Directors and the Management are presented in Note 4.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2010 or 2009.
All transactions were made on terms equivalent to arm's length principles.

28 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Risk management policy
As a result of its international operations, investments and financing, the Group is exposed to a number of financial risks, including market risks (currency, interest rate and raw material price risks), liquidity and credit risks.

The Group's Finance & Treasury is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors.

The Group policy is not to engage in any active speculation in financial risks. The Group's financial management is thereby solely directed towards the management and reduction of financial risks arising directly from the Group's operations, investments and financing.

The risk exposure or risk management has not changed compared to 2009.

We refer to the section "Accounting policies", which includes a description of recognition criteria and basis of measurement.

MARKET RISKS

Currency risks
Currency risks refer to the risks of losses (or the possibility of gains) resulting from changes in currency rates. Currency risks arise through transactions, financial assets and liabilities in currencies other than the functional currency of the individual Group business.

Hedging is assessed and taken out in close co-operation with the Italian parent company.

For the hedging of currency risks, the Group analyses realised and expected cash flows broken down by currencies.

Financial risks relating to purchases and sales
The ready-mix activities of the Group are less exposed to changes in exchange rates, as the main part of both income and costs are settled in local currency. The Overseas cement activities of the Group enjoy a high degree of exports, and the settlement thereof is made in various sales currencies. Accordingly, these units are affected by changes in exchange rates. Revenue from the Group's Nordic Cement activities and the purchases by this segment are denominated in several currencies. Accordingly, these activities are also exposed to changes in exchange rates.

The Group's currency risks are primarily hedged by the settlement of income and costs in the same currency and by use of derivative financial instruments. To a limited degree financial instruments are used for the hedging of cash flows. Exposure in EUR and investments in Group enterprises are not hedged.

The Group's most predominant currency exposure regarding the operating results arises from sales and purchases in EUR, USD, GBP, NOK and SEK. A 10% drop in these exchange rates (apart from EUR) would, viewed separately, reduce EBITDA by EUR 4.8m (2009: EUR 4.5m). The sensitivity surrounding Group equity is not materially different from the impact on the operating results for the year.

The parent company's most predominant currency exposure regarding the operating results arises from sales and purchases in EUR, USD and GBP. A 10% drop in these currencies (apart from EUR) would, viewed separately, increase EBITDA by EUR 0.2m (2009: EUR 0.0m).

Financial risks relating to net financing
The Group's most important currency risks arising from receivables and payables in foreign currencies at 31 December 2010 relate to the following currencies: EUR, USD, NOK and SEK. If these currencies (apart from EUR) had been 10% down at 31 December 2010, Group equity would have been affected negatively by an exchange adjustment of EUR 0.4m (2009: EUR 0.1m). Rising exchange rates would have had a similar positive impact on equity.

The parent company's most important net positions at 31 December 2010 relate to financial USD loans to Group enterprises. If the USD had been 10% down at 31 December 2010, the parent company's equity would have been affected negatively by an exchange adjustment of EUR 1.8m (2009: EUR 2.1m). Rising exchange rates would have had a similar positive impact on equity. The Group result and equity are affected similarly.

Notes

NOTE 28 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Translation risks relating to net investments in subsidiaries
The Group income statement and equity are affected by changes in the exchange rates as the closing results of the foreign Group enterprises are translated into Danish kroner at the presentation of the financial statements.

Hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to net assets in foreign subsidiaries are accounted directly in equity.

With regard to investments in foreign enterprises, Group equity at 31 December 2010 would have been reduced by EUR 23.6m (2009: EUR 19.7m), if the NOK, SEK and USD exchange rates (including CNY, MYR and EGP) had been 10% down on the actual exchange rate. Other currency risks arising from investments in foreign entities are immaterial.

Assumptions of sensitivity analysis
The sensitivities are stated on the assumption of unchanged sales and price levels and interest levels, and on the assumption of recognised assets and liabilities at 31 December 2010.

Forward contracts regarding future transactions
The Group does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Group assesses in each case whether these comply with the conditions for hedge accounting.

Open Group forward contracts at 31 December, net: **Group**

EURm					2010
	AUD	SEK	PLN	USD	**Total**
Market value – forward contracts	-0.1	0.1	-0.1	0.0	**-0.1**
Notional principal amount – forward contracts *	-1.7	0.4	-6.9	-0.2	**-8.4**

The forward contracts fall due from January - December 2011.

EURm					2009
	AUD	SEK	PLN	USD	**Total**
Market value – forward contracts	0.0	0.0	-0.1	0.0	**-0.1**
Notional principal amount – forward contracts *	0.0	0.7	-4.1	0.0	**-3.4**

Open Parent Company forward contracts at 31 December are specified as follows: **Parent Company**

EURm		2010
	PLN	**Total**
Market value – forward contracts	-0.1	**-0.1**
Notional principal amount – forward contracts *	-6.9	**-6.9**

The forward contracts fall due from January - December 2011.

EURm		2009
	PLN	**Total**
Market value – forward contracts	-0.1	**-0.1**
Notional principal amount – forward contracts *	-4.1	**-4.1**

* For forward exchange contracts, positive notional values are purchases of the relevant currency, negative notional values are sales.

Interest rate risk
Interest rate risks refer to the influence of change in market interest rates on future cash flow relating to the Group's interest bearing assets and liabilities. Owing to the Group's investment and financing activities the Group has exposure to interest rate changes in both Denmark and abroad.

The Group's preferred financing is floating rate loans. The Group's net interest-bearing debt (NIBD) at 31 December 2010 came in at EUR 44.0m, 98% thereof financed by floating rate loans and 2% by fixed loans. NIBD at 31 December 2009 represented EUR 86.9m, broken down by floating rate loans accounting for 98% of the financing and fixed loans accounting for 2% of the financing.

With regard to the Group's floating rate loans and cash and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical impact on the profit before tax of EUR 0.6m (2009: EUR 1.0m) and on equity of EUR 0.5m (2009: EUR 0.8m). A declining interest level would have had a corresponding positive impact.

The sensitivities stated are based on recognised financial assets and liabilities at 31 December 2010. No adjustments have been made for instalments, borrowings etc. during 2010.

The parent company has no interest-bearing debt (NIBD) at 31 December 2010. Receivables at 31 December 2010 came in at EUR 27.3m and at EUR 7.5m at 31 December 2009. Due to this the parent company is not exposed to considerable interest risks.

Raw material price risks
Raw material price risks include the effect of changes in raw material prices on the Group result.

The Group uses a number of raw materials in the manufacture of the Group's products, which expose the Group to a price risk, i.a. especially different fuels.

EURm	2010	2009
Outstanding swap contracts in the Group at 31 December		
Market value, swap contracts	**0.0**	**0.1**

A minor part of the price risk on coal has earlier been hedged by swap contracts.

Liquidity risks
According to the Group borrowing policy, the Group will ensure the highest possible flexibility by maintaining a capital structure with a strong equity financing.

The Aalborg Portland Group is included in the Cementir Group's overall management of financial risks.

The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities. At the balance sheet date, the Group had at its disposal undrawn loan facilities of EUR 260m (2009: EUR 243m). The Management is of the opinion that the Group has sufficient liquidity at its disposal to take the proper action in case of unforeseen liquidity shortfalls.

The parent company acts as account holder of the Group's cash pool scheme and as bank in proportion to other intra-group loans.

Regarding maturities of the Group debt, reference is made to Note 23.

Based on the Group's expectations for the future operation and the Group's present cash funds, no other significant liquidity risks have been identified.

Notes

NOTE 28 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Credit risks
The Group's credit risks arise primarily from receivables and cash.

As a consequence of the Group's credit risk policy, credit rating of all major customers and other trading partners is performed before contract formation and hereafter continuously. Management of the credit risk is based on internal credit limits for customers and counterparties. The credit limits are based on the customer's and the counterparties' creditworthiness and in interplay with the actual market situation. Due to the present market situation the Group has reduced the limits for a number of customers and counterparties. If the creditworthiness of a customer or counterparty is considered to be insufficient, the terms of payment are changed or a credit insurance contract is taken out.

As part of the Group's risk management, the credit exposure of customers and counterparties is monitored weekly or monthly. Historically the Group has had relatively small losses due to customers' or counterparties' inability to pay.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

EURm	2010	2009
Nordic Cement	8.7	8.5
Nordic RMC	31.7	25.9
Overseas	7.4	4.4
	47.8	**38.8**

Receivables from Nordic Cement activities are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Group is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Regarding the Nordic RMC activities the Group's customers consist of contractors, builders and others, customers posing a higher credit risk.

Overseas activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Experience shows that these customers pose a low credit risk.

Group trade receivables at 31 December 2010 include receivables of EUR 2.2m (2009: EUR 1.7m), which, based on an individual assessment, have been written down to EUR 0.8m (2009: EUR 0.3m). The write-downs were generally motivated by the customers' bankruptcy or anticipated bankruptcy.

Group receivables overdue at 31 December are specified as follows:

EURm	2010	2009
Payment:		
Up to 30 days	8.7	8.4
Between 30 and 90 days	1.7	1.0
More than 90 days	0.7	0.6
	11.1	**10.0**

The receivables written down are included at their net amounts in the above-mentioned table.

NOTE 28 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Receivables from the parent company's activities are attributable to medium-sized and major Danish customers and export customers. The parent company is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers only pose a low credit risk.

The parent company's trade receivables at 31 December 2010 include receivables of EUR 0.1m (2009: EUR 0.1m), which based on individual assessments, have been written down to EUR 0.0m (2009: EUR 0.0m). The write-downs were generally motivated by the customers' bankruptcy or anticipated bankruptcy.

The Parent Company's receivables overdue at 31 December are specified as follows:

EURm	2010	2009
Payment:		
Up to 30 days	1.0	0.8
Between 30 and 90 days	0.0	0.0
More than 90 days	0.1	0.1
	1.1	**0.9**

The receivables written down are included at their net amounts in the above-mentioned table.

Management of capital structure

Group capital management is assessed and adjusted in close co-operation with the Italian parent company. The Aalborg Portland Group is included in the Cementir Group's overall capital management.

It is the Group's policy that the capital structure and financial gearing of the Group shall at all times reflect the Group's activities and risk profile, afford sufficient financial latitude to ensure the Group's creditworthiness, and provide flexibility and room for investments or acquisitions.

The distribution of dividends takes place considering the appropriate level of equity and sufficient availability of loan capital to facilitate the Group's ongoing expansion.

Notes

NOTE 28 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Specification of financial assets and obligations **Group**

EUR '000	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at fair value in the income statement	0	0	0	0
Financial assets used as hedging instruments, level 2	0	0	0	0
Loans and receivables	67,075	67,075	52,845	52,845
Financial assets available for sale	0	0	0	0
Financial obligations measured at fair value in the income statement	0	0	0	0
Financial obligations used as hedging instruments, level 2	108	108	94	94
Financial obligations measured at amortised cost	169,859	169,859	199,244	199,244

Specification of financial assets and obligations **Parent Company**

EUR '000	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at fair value in the income statement	0	0	0	0
Financial assets used as hedging instruments, level 2				
Loans and receivables	69,778	69,778	71,555	71,555
Financial assets available for sale	0	0	0	0
Financial obligations measured at fair value in the income statement	0	0	0	0
Financial obligations used as hedging instruments, level 2	57	57	99	99
Financial obligations measured at amortised cost	**64,781**	**64,781**	**82,034**	**82,034**

Methods and assumptions on determination of fair values
In general, fair value corresponds to the carrying value.

The fair value of mortgage loan is based on the fair value of the bonds. Short-term loans carrying a variable rate of interest are measured at par.

Financial instruments related to sale and procurement of goods etc. with a short credit period are measured at fair value corresponding to the carrying value.

Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

The methods used are unchanged compared to 2009.

29 POST-BALANCE SHEET EVENTS

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

30 CRITICAL ACCOUNTING POLICIES AS WELL AS ACCOUNTING ESTIMATES AND JUDGEMENTS

Group

The accounting polices require that when calculating the carrying value of certain assets and liabilities estimates are made of how future events influence the value of recognised assets and liabilities at the balance sheet date. Estimates that have a material influence on the amounts recognised in the annual report.

The estimates applied are based on assumptions deemed reasonable by the Management, but, given the nature of things, are uncertain. Thus, the Group is exposed to risks and uncertainties that may result in variances between actual and estimated results.

The development in the world economy and the financial markets in 2009 and 2010 has resulted in considerable changes compared to previous years in respect of uncertainty in a number of key assumptions within i.a. credit risk, interest level, sales volumes, volatility etc.

The Management deems that the accounting policies do not include critical aspects. Accounting polices for CO_2 quotas are referred to as the situation only characterises companies with cement production covered by the Kyoto agreement.

The following items of the Aalborg Portland Group are subject to major accounting estimates and judgements:

CO_2 quotas

CO_2 quotas have been set for the CO_2 emission from the Group's cement production in Denmark. CO_2 quotas received without any consideration are recognised at EUR 0 and do not impact earnings, assets or liabilities.

CO_2 quotas acquired against payment are recognised at cost and thereby affect earnings concurrently with the production of cement. Disposal of CO_2 quotas affects earnings at the date of disposal. CO_2 quotas have been further described in Note 9 to the parent company financial statements.

Goodwill

The annual impairment test of goodwill involves an estimate over how the part of the Group to which the goodwill is allocated (cash-generating units) may generate sufficient, positive, future cash flows. The Group's thorough budgeting and estimating support the assessments and minimise the risk. The degree of uncertainty is reflected in the chosen discount rate. The impairment test has been further described in note 14.

Non-current assets

Non-current assets are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected useful lives of the assets considering the residual value of the assets. The anticipated useful life and residual value are determined on the basis of past experience and the anticipated future use of the asset in question. The anticipated future use and scrap values may prove impossible to realise, prompting a need for write-down or a loss on the disposal of the assets. The depreciation periods are stated in the section "Accounting policies" in Note 31, and non-current assets are stated in Notes 14 and 15.

Parent Company

The parent company's critical accounting policies and significant accounting estimates are in accordance with those described for the Group.

31 ACCOUNTING POLICIES

The Annual Report 2010 of the Aalborg Portland Group is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports in the executive order on the application of IFRS issued by the Danish Commerce and Companies Agency with reference to the Danish Financial Statements Act for reporting class C Large.

The Aalborg Portland Group's official statutory annual report is prepared in EUR with Danish text.

This annual report has been translated from Danish into English and all amounts have been translated into EUR as presentation currency in accordance with IAS 21 for the sake of the company's international activities. An average rate of EUR 100 = DKK 744.73 (2009: 744.63) has been used at the translation of items in the income statement and a year-end rate of EUR 100 = DKK 745.44 (2009: 744.15) has been used for the balance sheet items.

The accounting policies set out below have been used consistently in respect of the financial year and to comparative figures. For standards implemented prospectively, comparative information is not restated. As the implemented standards and interpretations have not affected the statement of financial position at 1 January 2009 and related notes, these have been omitted.

Changes in accounting policies

With effect from 1 January 2010, Aalborg Portland A/S has implemented the following:

- IFRS 3 (revised in 2008) Business Combinations
- Amendments to IAS 27 (revised in 2008) Consolidated and Separate Financial Statements
- More amendments to IAS 39 Financial Instruments: Recognition and measurement as well as IFRIC 9 Reassessment of Embedded Derivatives
- Amendments to IFRS 2 Group Cash-settled Share-based Payment transactions
- More amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards
- Parts of Improvements to IFRSs May 2008 effective from 1 July 2009
- Improvements to IFRSs April 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers.

IFRIC 18 "Transfers of Assets from Customer" and parts of Improvements to IFRSs April 2009 have been approved with another date of commencement than the corresponding dates of commencement from IASB. Aalborg Portland A/S has therefore implemented these IFRIC earlier from 1 January 2010, so that the implementation is according to the IASB dates of commencement.

The new accounting standards and rules of interpretation have not had any impact on recognition and measurement in 2010.

Notes

NOTE 31 – ACCOUNTING POLICIES

Consolidated financial statements
The consolidated financial statements comprise the parent company, Aalborg Portland A/S, and all enterprises in which the parent company exercises a controlling influence over financial and operating policies. Control is obtained when the company directly or indirectly holds more than 50% of the voting rights in the enterprise or which it, in some other way, controls.

Enterprises, in which the parent company exercises significant influence, but not a controlling influence, are considered as associates. Significant influence is generally achieved by direct or indirect ownership or control of more than 20% and less than 50% of the voting rights.

The consolidated financial statements are based on the financial statements of the parent company and the individual enterprises which are prepared in accordance with the Aalborg Portland Group accounting policies, all items of a uniform nature being combined at consolidation, while intra-group income, costs, intra-group financial statements, shareholdings and dividends are eliminated. Unrealised gains and losses on transactions between consolidated companies are also eliminated. Unrealised gains on transactions with associates are eliminated in relation to the Group's ownership in the enterprise.

Subsidiaries' items are recognised in the consolidated financial statement by 100%. Minority interests' share of the year's profit in subsidiaries, which are not 100% owned, is stated separately. Minority interests' share of equity is stated separately in the balance sheet.

Business combinations
Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions and disposals.

The purchase accounting method is applied to the acquisition of new enterprises according to which assets, liabilities and contingent liabilities of the acquired enterprises are measured at their fair value at the date of acquisition.

For business combinations any remaining positive balance (goodwill) is recognised as goodwill under intangible assets. On the one side the consideration, the value of the minority interests of the enterprise acquired, and the fair value of possible previously acquired participating interests and on the other side the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but impairment tested annually. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a different functional currency from the presentation currency of the Aalborg Portland Group's financial statements are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate ruling at the transaction date. Any negative balance (negative goodwill) is recognised in the income statement (Other income) at the acquisition date.

The consideration transferred by a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition. Costs attributable to business combinations are recognised directly in profit or loss when incurred.

If there is uncertainty about the measurement of acquired identifiable assets, liabilities and contingent liabilities at the acquisition date, initial recognition is based on provisional fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from the first assumed, goodwill is adjusted until 12 months after the acquisition.

The booked value method is applied to transfers between Group companies (common controlled transactions), according to which assets and liabilities are transferred at their carrying amount plus Group goodwill and negative goodwill, which is restated in other comprehensive income.

When enterprises are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortised goodwill is recognised in the income statement as a separate item.

Minority interests
On initial recognition, minority interests are measured at fair value or at the proportionate share of the fair value of the acquired business's identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill in relation to the minority interests' ownership share in the acquired enterprise is thus recognised, while, in the latter scenario, goodwill in relation to minority interests is not recognised. Measurement of minority interests is chosen transaction by transaction and stated in the notes in connection with the description of acquired enterprises.

Foreign currency translation
For each of the reporting enterprises in the Group, a functional currency is determined. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

Transactions in foreign currencies are translated at the exchange rate of the date of transaction.

Financial assets and liabilities in foreign currencies are translated at the exchange rates at the balance sheet date. Any foreign exchange variances between the rates at the transaction date and the payment date or the balance sheet date, respectively, are stated in the income statement as financial items.

Non-financial assets and liabilities in foreign currencies are stated at the rate of exchange at the date of transaction.

On recognition in the consolidated financial statements of foreign enterprises and associates with a functional currency different from the one of Aalborg Portland A/S, the income statements are translated at the average exchange rates and the balance sheet items are translated at the exchange rates at the balance sheet date. The calculation differences arising from the translation of the income statements of companies abroad at average exchange rates and of their balance sheet items at the rate of exchange on the balance sheet date are taken directly to shareholders' equity under a separate foreign currency translation reserve.

On full or partial disposal of a foreign operation or on repayment of balances which constitute part of the net investment in the foreign operation, the share of the cumulative amount of the exchange differences recognised directly in equity relating to that foreign operation is recognised in the income statement when the gain or loss on disposal is recognised.

An average exchange rate is used if it does not significantly deviate from the exchange rate ruling at the transaction date.

The assets and liabilities of a foreign company acquired are translated at the exchange rate at the date of transaction (acquisition date).

Derivative financial instruments

The Aalborg Portland Group uses derivative financial instruments to control financial risks deriving from operating, financing and investing activities in accordance with the Group's risk policy (hedging).

Derivative financial instruments are initially recognised at the transaction date and measured according to fair value. The fair value of derivative financial instruments is included in Other receivables (positive fair value) or Other payables (negative fair value), respectively.

Fair value hedge

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Hedging of future cash flows according to agreement (firm commitment), except for foreign currency hedges, is treated as a fair value hedge of a recognised asset or liability.

Cash flow hedge

The application of derivative financial instruments for cash flow hedge does not live up to the requirements for hedge accounting in IAS 39. Value adjustments of derivative financial instruments for cash flow hedge are therefore recognised in the income statements as financial items.

INCOME STATEMENT

Net sales

Net sales are recognised in the income statement on delivery and passing of the risk to the buyer and when the income can be measured reliably and is expected to be received.

Net sales are measured at fair value of the consideration agreed excl. VAT charged on account of third party. All kinds of discounts are recognised in Net sales.

Cost of sales

Cost of sales comprises costs incurred to generate net sales for the year and development costs which do not meet the criteria for capitalisation. This includes raw materials, consumables, CO_2 quotas, direct labour costs and indirect production costs such as maintenance and operation of production plant as well as production plant depreciation, administration and plant management.

Sales and distribution costs

Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs, including depreciation and amortisation.

Administrative expenses

Administrative expenses comprise the costs of administrative staff and management and other indirect expenses, as well as depreciation and amortisation.

Other operating income and costs

Other operating income and costs comprise items of a secondary nature in relation to the activities of the Group, including certain grants, rentals, royalty, fees, etc.

Gains and losses from the disposal of property, plant and equipment which cannot be considered part of the disposal of a complete activity are included in Other operating income and costs.

Profit/loss from investments in associates

The proportionate share of the profit/loss after tax of associates is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial items

Interest income and expenses comprise interest, exchange rate gains and losses and write-down on securities, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Realised and unrealised gains and losses on derivative financial instruments that are not qualified as hedge accounting are also included.

Tax

Tax for the year comprises current tax and changes in deferred tax.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year and any adjustment of tax for previous years.

Tax related to other capital income is recognised in other comprehensive income.

Deferred tax is recognised and measured according to the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to goodwill not deductible for tax purposes.

Deferred tax is calculated based on the applicable tax rates for the individual financial years. The effect of changes in the tax rates is stated in the income statement unless it relates to items previously entered directly in Shareholders' equity.

Deferred tax assets, including the value of tax loss carry-forwards, are recognised under Financial assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Aalborg Portland A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish companies. Enterprises are included in the joint taxation from the date of consolidation into the consolidated financial statements and up to the date when they exit the consolidation.

Aalborg Portland A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by payment of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint tax contributions from companies who have used this loss to reduce their own taxable income.

BALANCE SHEET

Intangible assets

Goodwill
On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Determination of cash-generating units follows the management structure and internal financial control.

Development projects, patents and other intangible assets
Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company is demonstrated, and where the Company intends to complete, market and use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Intangible assets are measured at cost less accumulated amortisation and impairment. Cost comprises wages and salaries, amortisation and other costs attributable to the Group's development activities.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is:

- Development costs, up to 5 years.
- Software applications, up to 8 years.
- Patents, licences and other rights, up to 20 years.
- Leasehold improvements, up to 5 years.

CO_2 quotas
On initial recognition, granted and acquired CO_2 quotas are measured at cost. If CO_2 quotas are granted free of charge, cost represents EUR 0.

The basis for amortisation of CO_2 quotas is stated as cost less scrap value. The scrap value depends on whether the company expects to utilise the quotas or sell them. CO_2 quotas are amortised in line with the actual emission.

If the actual emission exceeds the granted and acquired CO_2 quotas, a liability corresponding to the fair value of the CO_2 quotas, which the company has to settle, is recognised.

On disposal of CO_2 quotas the difference between carrying amount and the selling price of excess CO_2 quotas is recognised in the income statement at the date of disposal.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Deemed costs for dismantling and disposal of the asset and re-establishment are added to cost if the deemed costs are recognised as a provision. The cost of total assets is split into separate components, which are depreciated separately if the useful lives of the individual components differ.

Financing costs on loans to finance manufacture of property, plant and equipment are included in the cost price if related to the manufacturing period. All other financing costs are recognised in the income statement.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The carrying amount of the replaced components are derecognised in the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is charged on a straight-line basis during the estimated useful life of the asset concerned until it reaches the estimated scrap value.

Estimated useful lives are as follows:
- Buildings, 20-40 years
- Main machinery, 25 years
- Other plant and machinery, 3-15 years

Newly acquired assets and assets of own construction are depreciated from the time they come into use. Land is not depreciated, unless it is used for raw material extraction after individual assessment.

The basis of depreciation is calculated on the basis of the scrap value less impairment losses. The scrap value is determined at the acquisition date and reassessed annually. If the scrap value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the scrap value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

Impairment of assets

Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test. The first test is carried out before the end of the acquisition year.

The carrying amount of goodwill is impairment tested at least once a year together with the other non-current assets in the cash-generating unit to which the goodwill is allocated, and an impairment to the recoverable amount is made in the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which the goodwill is allocated. Impairment of goodwill is recognised under Other operating costs in the income statement.

The carrying amount of non-current assets (except for goodwill, intangible assets with an indefinite useful life, deferred tax assets and financial assets) is reviewed each year to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. The recoverable amount is the higher value of the asset's fair value less expected disposal costs or its value in use.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit.

Impairment of Intangible assets and Property, plant and equipment is charged to the same items as the related amortisation and depreciation. Impairment losses on goodwill are recognised in a separate line item in the income statement.

Investments in associates

Investments in associates are measured according to the equity method.

Investments in associates are recognised in the balance sheet as the proportionate share of the equity value of the entities stated in accordance with the Group's accounting policies, adding or deducting the proportionate share of unrealised intra-group profits and losses, and adding carrying amount of goodwill.

Other non-current assets

Other non-current assets mainly relate to deposits and loans which are measured at amortised cost. Amortisation for the year is stated in the income statement.

Inventories

Raw materials and consumables are measured at cost. Cost is computed according to the FIFO principle.

The cost of goods for resale and raw materials and consumables comprises purchase price plus delivery costs.

The cost of work in progress and finished goods comprise direct production costs with addition of indirect production costs. Indirect production costs include operating costs, maintenance and depreciation of production plant and plant management.

If the net realisable value is lower than cost, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost net of impairment losses after individual assessment.

Write-down is stated as the difference between the carrying amount and the present value of the expected cash flow, including the net realisable value of any received collaterals. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Prepaid expenses

Prepaid expenses are measured at amortised cost.

Equity

Dividends are recognised as debt at the time of approval at the annual general meeting (time of declaration). Dividends which are proposed for distribution are therefore stated separately in the shareholders' equity.

Interim dividends are recognised as debt at the time of decision.

Reserves relating to foreign exchange adjustments in the consolidated financial statements comprise currency translation differences arising from the translation of the financial statements of foreign entities from their functional currencies to the presentation currency of the Aalborg Portland Group (EUR) and foreign exchange adjustments of assets and liabilities considered to be part of the Group's net investment in foreign operations.

On full or partial realisation of net investments, exchange differences are recognised in the income statement.

Pensions, defined contribution schemes

In contribution pension schemes the employer is obliged to pay a specific contribution (eg. a fixed sum or a fixed percentage of the pay). In a contribution scheme the risk in respect of future developments in interest rate, inflation, mortality and invalidity is not borne by the Group.

Payments by the Group into defined contribution schemes are stated in the income statement for the period to which they apply and any outstanding payments are stated in the balance sheet as Other payables.

Pensions, defined benefit schemes

In benefit pension schemes the employer is obliged to pay a specific benefit (e.g. a retirement pension as a fixed sum or a fixed percentage of final pay). In a benefit scheme the Group bears the risk with regard to future development in interest rate, inflation, mortality and invalidity.

An annual actuarial valuation is carried out to determine the present value of the future benefits to be paid under defined benefit schemes. The present value is calculated on the basis of assumptions for future developments in wage/salary level, interest rates, inflation and mortality. The present value is calculated only for benefits to which the employees have already earned the right during their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under retirement benefit obligations.

Differences between the expected growth in pension assets and liabilities and the realised values are classified as actuarial gains or losses. Such gains and losses are recognised in the balance sheet with an offsetting entry in other comprehensive income.

If a pension plan constitutes a net asset, the asset is only recognised if it represents future refunds from the plan or will lead to reduced future payments to the plan.

Similarly, other long-term employee benefits are recognised based on an actuarial calculation. However, actuarial gains and losses are recognised in the income statement immediately. Other long-term employee benefits include anniversary bonuses.

Provisions
Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs.

Other provisions mainly include re-establishment of chalk, gravel and clay pits, demolition liabilities for buildings and terminal son rented land, warranties and claims.

Provisions are measured as the best estimate of the expenses required to settle the obligation at the balance sheet date.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. A pre-tax discount factor is used that reflects the current market interest rate level plus risks specific to the liability. Changes in present values during the year are recognised as financial expenses.

Financial liabilities
Amounts owed to credit institutions are recognised when raising the loan at the proceeds received less transaction costs. Subsequent measurement is made at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other payables consist of holiday pay obligations, supplementary holiday pay, taxes and duties and interest payable. Other payables are recognised at amortised cost prices, usually corresponding to the nominal value.

Leases
Lease commitments are classified as finance or operating leases.

A lease is classified as a finance lease if it transfers substantially all risks and rewards incident to ownership. All other leases are classified as operating leases.

Lease payments regarding operating leasing are expensed on a straight-line basis over the lease term.

The Group has no financial leasing liabilities.

CASH FLOW STATEMENT

The cash flow statement is presented according to the indirect method and shows the composition of the cash flow divided into operating, investing and financing activities, respectively, and the cash funds at the beginning and end of the year.

The cash flow statement is based on Earnings Before Interest and Tax (EBIT).

In the statement of working capital/loans a distinction is made between interest-bearing and non-interest-bearing items plus cash funds.

Cash funds consist of cash in hand and bank deposits.

Loans represent total interest-bearing debt items less interest-bearing receivables.

All other non-interest-bearing receivables and debt items are regarded as working capital.

Cash flows from operating activities are stated as the year's profit adjusted for non-cash operating items, changes in working capital, financial items and paid tax.

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of non-current assets.

Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans.

SEGMENT REPORTING

The Aalborg Portland Group is not a listed company and therefore no segment reporting is made according to IFRS 8.

NEW AND CHANGED STANDARDS

The IASB has issued the following new accounting standards (IAS and IFRS) and IFRIC interpretations. These are not mandatory for adoption by the Group in the preparation of the consolidated financial statements for 2010: IFRS 9, amendments to IFRIC 14, IFRIC 19, revised IAS 24, amendments to IFRS 1, amendment to IFRS 7, amendment to IAS 32, improvements to IFRSs (May 2010, amendments to IAS 12 and amendments to IFRS 1. IFRS 9, amendments to IFRS 1, IFRS 7 and IAS 12 and improvements to IFRS (May 2010) have not yet been approved by EU.

The standards and rules of interpretation approved with another date of commencement than the corresponding dates of commencement from IASB will be implemented earlier, so that the implementation is according to the IASB dates of commencement for financial years starting 1 January 2011 or later. None of the new standards or rules of interpretations are expected to have any major impact on the consolidated financial statements.

KEY FIGURES

Gross profit margin	$\frac{\text{Gross profit}}{\text{Net sales}}$
EBITDA ratio	$\frac{\text{Earnings before interest, tax, depreciation/amortisation (EBITDA)}}{\text{Net sales}}$
EBIT ratio	$\frac{\text{Earnings before interest and tax (EBIT)}}{\text{Net sales}}$
EBT ratio	$\frac{\text{Earnings before tax (EBT)}}{\text{Net sales}}$
Equity ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit}}{\text{Average shareholders' equity}}$
Net interest-bearing debt (NIBD)	Interest-bearing liabilities less interest-bearing assets

PARENT COMPANY

The parent company's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

At 1 January 2010 a merger was implemented of the companies Aalborg Portland A/S and CemMiljø A/S with Aalborg Portland A/S as the continuing company. The merger has been implemented according to the common controlled transactions method. Comparative figures for 2009 have been restated.

Compared to the accounting policies applied in the consolidated financial statement (see Note 31 to the consolidated financial statements) the parent company's accounting policies only deviate in the following items:

Net sales
Dividends received from investments in enterprises and associates are recognised as income in the parent company's income statement in the financial year in which the dividends are declared. To the extent that the distributed dividend exceeds the total comprehensive income of enterprises for the period when the decision to pay interim dividend is made, impairment test is carried out.

Investments in enterprises and associates
Investments in enterprises and associates are measured at cost. In case of indication of impairment, impairment test is carried out as described in the accounting policies of the Group. If the carrying value exceeds the recoverable amount, write-down is made to this lower value.

Management

Board of Directors

Mario Ciliberto, *Chairman*
Francesco Caltagirone*, Vice Chairman*
Francesco Gaetano Caltagirone
Marco Maria Bianconi
Walter Montevecchi
Riccardo Nicolini
Harry Egon Andersen *
Kim Poulin Poulsen *

* Elected by the employees

Executive Board

Henning Bæk, *Executive Vice President, CFO*

Business areas

Nordic & Baltic

Paolo Zugaro, *COO, Nordic & Baltic*
Kjeld Pedersen*, Managing Director, Nordic Cement*
Ole Nørklit, *Managing Director, Nordic RMC, Denmark*
Stein Tosterud, *Managing Director, Nordic RMC, Norway*
Kaj Grönvall, *Managing Director, Nordic RMC, Sweden*

Overseas

Frank Norman Larsen, *COO, Overseas*
Paolo Bossi, *Managing Director, Overseas, Egypt*
Alex Narcise, *Managing Director, Overseas, USA*
Erik Petersen, *Managing Director, Overseas, Malaysia*
Ho Gib Ren, *Managing Director, Overseas, China*

Companies in the Group

The Company

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Denmark
Tel. +45 98 16 77 77
Fax +45 98 10 11 86
E-mail: cement@aalborgportland.com
Internet: www.aalborgportland.com
CVR No. 14 24 44 41

Owners

Aalborg Portland A/S is 75% owned by Cementir España S.L., Madrid, Spain and 25% owned by Globocem S.L., Spain. Aalborg Portland A/S is included in the Group financial statements for Cementir Holding S.p.A., Italy and Caltagirone S.p.A., Italy.

Annual General Meeting

Tuesdag, 22 March 2011 at Islands Brygge 43, Copenhagen.

			Nominal share capital (in 000)	*** Direct holding
Aalborg Portland A/S	Denmark	DKK	300,000	-
NORDIC CEMENT				
Aalborg Portland *	Denmark			
Aalborg Portland Íslandi ehf.	Iceland	ISK	303,000	100.0%
Aalborg Portland Polska Sp. z o.o.	Poland	PLN	100	100.0%
Aalborg Portland OOO	Russia	RUB	14,700	100.0%
NORDIC RMC				
Unicon A/S	Denmark	DKK	150,000	100.0%
Unicon AS	Norway	NOK	13,289	100.0%
Sola Betong AS **	Norway	NOK	9,000	33.3%
AB Sydsten	Sweden	SEK	15,000	50.0%
ÅGAB Syd AB	Sweden	SEK	500	50.0%
Everts Betongpump & Entreprenad AB	Sweden	SEK	100	73.5%
Skåne Grus AB	Sweden	SEK	1,000	60.0%
Secil Unicon SGPS. Lda. **	Portugal	EUR	4,988	50.0%
Secil Prebetão SA **	Portugal	EUR	3,455	79.6%
Ecol-Unicon Sp. z o.o. **	Poland	PLN	1,000	49.0%
Storsand Sandtak AS (in liquidation) **	Norway	NOK	105	50.0%
Kudsk & Dahl A/S	Denmark	DKK	10,000	100.0%
OVERSEAS				
Sinai White Portland Cement Co. S.A.E.	Egypt	EGP	350,000	57.1%
Aalborg Portland Malaysia Sdn. Bhd.	Malaysia	MYR	95,400	70.0%
Aalborg Resources Sdn. Bhd.	Malaysia	MYR	2,544	100.0%
Aalborg Portland (Australia) Pty. Ltd.	Australia	AUD	1	100.0%
Aalborg Portland (Anqing) Co. Ltd.	China	CNY	265,200	100.0%
Aalborg White Italia s.r.l. (in liquidation)	Italy	EUR	10	82.0%
Aalborg Portland U.S. Inc.	USA	USD	1	100.0%
Aalborg Cement Company Inc.	USA	USD	1	100.0%
Gaetano Cacciatore, LLC	USA	USD	N/A	100.0%
Lehigh White Cement Company **	USA	USD	N/A	24.5%
Vianini Pipe, Inc.	USA	USD	4,483	99.9%
Aalborg Portland International S.R.L.	Italy	EUR	10	100.0%

* The business area Nordic Cement is an integrated part of Aalborg Portland A/S.
** Associates. Others are Group enterprises.
*** Ownershare is stated as direct holding of the superjacent enterprise.

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