aalborgportland
CEMENTIR HOLDING

Annual report 2011

In 2011, the Aalborg Portland Group succeeded in achieving progress in both net sales and operating profit. The Board considers the result satisfactory, not least in the light of the market conditions.

Contents

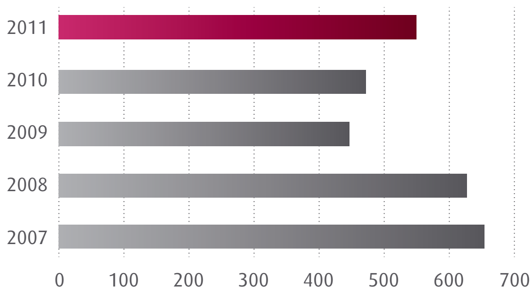
Management report

Financial statements

The Group

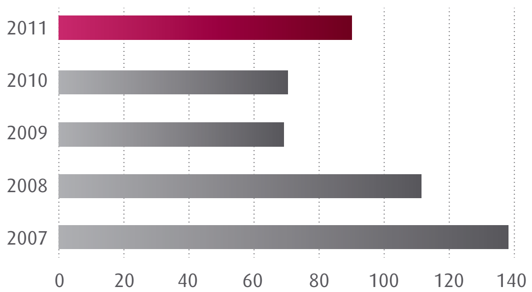
Net sales (EURm)

550



Operating profit – EBITDA (EURm)

90



This document is a translation of the original Danish document "Årsrapport 2011" where the wording has been translated from the original Danish into English language. The original Danish document shall be the governing for all purposes and in case of any discrepancy the Danish document shall be applicable. A copy of the original Danish document can be obtained from Aalborg Portland A/S.

A leading cement producer in the Nordic region

Nordic Cement (Aalborg Portland) produces grey and white cement at its plant in Aalborg.

The products are sold in Denmark and neighbouring markets.

1,313,000
tonnes of grey cement

515,000
tonnes of white cement

Leading supplier of ready-mixed concrete in the Nordic region

Nordic RMC (Unicon) is market leader in the Nordic region. Production takes place at 80 plants in Denmark, Norway and Sweden.

Furthermore, aggregates – mainly granite and gravel – are quarried and sold from 15 sites in Denmark and Sweden.

2,058,000
m^3 of ready-mixed concrete

3,834,000
tonnes of aggregates

World leading producer of white cement

The Group is the world's largest supplier of white cement, which is produced in Denmark, USA, Egypt, Malaysia and China.

The white cement is sold to a number of markets worldwide.

1,508,000
tonnes of white cement

NORDIC & BALTIC

OVERSEAS

Aalborg Portland – in brief

Grey cement

is the most important construction material when strengthening infrastructure, building homes and bridges, creating harbours and expanding airports.

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.

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.

Part of the Cementir Group

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 certain functions are increasingly being coordinated within the Cementir Group.

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

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.

Aalborg Portland's **ongoing innovation** involves all aspects of the product life cycle – from sustainable use of raw materials and CO_2 neutral fuels to energy efficient production and use of concrete in building.

Together with customers, Aalborg Portland's employees and partners are continuously challenging the potential of cement and concrete. Their common aim is to develop sustainable, durable and attractive buildings.

The most widely used construction materials

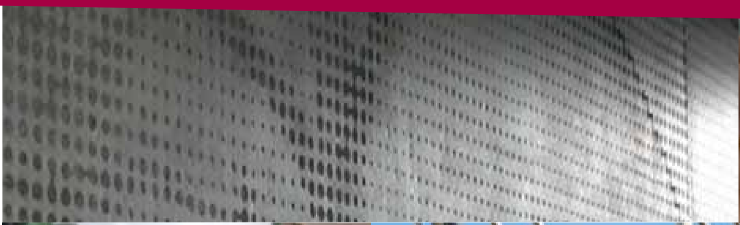
Cement, concrete and other cement-based materials are the world's most widely used construction materials, and global consumption is growing steadily.

The positive environmental properties of cement and concrete have been researched and documented. After just a few years the total energy consumption for constructing and operating concrete structures is lower than for similar structures made of other materials.

Social and environmental responsibility

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.

Danish cement technology leads the way worldwide due to productive cooperation between research and manufacture





45%
increase of Aalborg Portland's contribution to society

26%
lower emission of SO_2 in 2011

62%
lower emission of NO_X per tonne cement since 2006

PRODUCT DEVELOPMENT

- Danish cement technology leads the way worldwide due to productive cooperation between research and manufacture.
- Product development in the Group is continuously focused on both customer needs and environmental considerations.
- From 2011 low alkali cement, which is mainly specified for infrastructure is manufactured with 30% less CO_2 emission, 70% less NO_X emission and 40% less energy consumption than before.
- A new research project will further reduce CO_2 emission from cement manufacture.
- Development of steel fibre concrete for load-bearing tasks will reduce the content of steel reinforcement. This will in turn lower building and construction costs and at the same time cut environmental impact.

CLEANER ENVIRONMENT

- Environmental and energy improvements are always in focus.
- Aalborg Portland has invested significantly for many years in reducing emission of CO_2, SO_2, NO_X,etc.
- Thus emission of NO_X per tonne cement has decreased by 62% compared to 2006.
- A series of projects continued in 2011, resulting in considerable energy savings.
- Aalborg Portland consistently uses the best available technology, as required under EU regulations.
- Aalborg Portland's environmental certification is based on EMAS (Eco-Management and Audit Scheme), and the 2011 Environmental Report was nominated by the Danish Environmental Protection Agency for the EU's EMAS Award.
- All the Group's plants in China, Malaysia and Egypt meet European energy and environmental standards, even though not governed by these standards.

SOUND FINANCIAL POSITION

- Net sales increased by 15% in 2011.
- Operating profit increased by 25%.
- Return on capital employed was 7%.
- Constant focus on optimised operation and strong cash flow gives the company a solid financial foundation. This is particularly essential under challenging market conditions.
- Ongoing work to optimise production, maintenance and energy consumption continued throughout the Group.
- The Group's investments were financed by cash flow from operations. Free cash flow (FCF) was EUR 68m.
- Interest-bearing debt was thereby reduced to EUR 5m at year-end.

VALUE TO SOCIETY

- 39% of Aalborg Portland's value added went to the public sector, 25% to the employees.
- 90% of white cement from Denmark is exported, benefiting the balance of payments.
- Cement purchased from Aalborg Portland is a useful product for society and is manufactured with the lowest possible environmental impact.
- The Aalborg Portland Group recycled hundreds of thousands of tonnes of by-products in 2011, helping to utilise wastes from other manufacturing activities, reduce landfill volumes and cut total CO_2 emission.
- Enough heat was supplied to the City of Aalborg to meet the needs of many thousands of households.

FAIR COMPETITION

- Aalborg Portland is a competitive company – but must have the same conditions as its competitors.
- Environmental taxes in Denmark are twice those of other EU nations.
- The new Danish NO_X tax will increase Aalborg Portland's costs by EUR 3-5m a year.
- Aalborg Portland's NO_X emission is lower than that of competitors in neighbouring countries.
- Distorted competition results in loss of orders and jobs, less investment and import of products from countries with lower environmental standards.
- Chimneys with clean smoke are better than no chimneys.
- Companies with a long investment horizon need stable and competitive conditions.

Financial highlights

	EURm					DKKm	
	2007	2008	2009	2010	2011	2010	2011
CONSOLIDATED INCOME STATEMENT							
Net sales	660.3	625.2	445.1	477.3	549.9	3,555	4,097
Cost of sales *	348.1	336.6	245.9	270.0	303.4	2,011	2,261
Gross profit *	**312.2**	**288.6**	**199.2**	**207.3**	**246.5**	**1,544**	**1,836**
Gross profit margin	47.3%	46.2%	44.8%	43.4%	44.8%	43.4%	44.8%
Sales, distribution, adm. costs and other operating items *	174.2	176.3	128.9	134.9	156.3	1,005	1,164
Earnings before interest, tax, depr./amort. (EBITDA)	**138.0**	**112.3**	**70.3**	**72.4**	**90.2**	**539**	**672**
EBITDA ratio	20.9%	18.0%	15.8%	15.2%	16.4%	15.2%	16.4%
Depreciation *	37.3	38.3	41.1	42.1	41.5	314	309
Amortisation *	1.6	1.7	1.9	2.1	3.0	15	22
Earnings before interest and tax (EBIT)	**99.1**	**72.3**	**27.3**	**28.2**	**45.7**	**210**	**341**
EBIT ratio	15.0%	11.6%	6.1%	5.9%	8.3%	5.9%	8.3%
Share of profit after tax of associates	4.6	2.9	1.4	2.1	2.2	16	16
Net financial income and expenses	-6.7	-8.3	-1.9	0.4	1.2	3	10
Earnings before tax (EBT)	**97.0**	**66.9**	**26.8**	**30.8**	**49.1**	**229**	**367**
EBT ratio	14.7%	10.7%	6.0%	6.5%	8.9%	6.5%	8.9%
Corporation tax	20.8	14.9	8.6	5.1	12.9	38	97
Profit for the year	**76.2**	**52.0**	**18.2**	**25.7**	**36.2**	**191**	**270**
Minority interests' share of profit for the year	8.1	8.2	4.5	7.7	4.7	57	36
Aalborg Portland A/S' share of the profit for the year	68.1	43.8	13.7	18.0	31.4	134	234
CASH FLOWS							
Cash flows from operating activities (CFFO)	111.3	99.2	89.0	66.4	85.9	494	640
Cash flows from investing activities (CFFI) **	-65.3	-114.6	-54.4	-19.1	-17.9	-142	-133
Free cash flow (FCF)	**46.0**	**-15.4**	**34.6**	**47.3**	**68.0**	**352**	**507**
** Hereof investments in property, plant and equipment	60.8	99.0	49.3	23.6	16.6	176	123
BALANCE SHEET							
Intangible assets	55.1	59.9	71.3	82.9	83.9	618	623
Property, plant and equipment	374.5	442.8	451.6	437.1	412.9	3,258	3,069
Financial assets	20.3	18.8	18.8	18.6	19.4	139	144
Total non-current assets	**449.9**	**521.5**	**541.7**	**538.6**	**516.2**	**4,015**	**3,836**
Current assets	164.0	153.8	138.0	158.1	174.3	1,179	1,296
Total assets	**613.9**	**675.3**	**679.7**	**696.7**	**690.5**	**5,194**	**5,132**
Consolidated shareholders' equity	349.8	395.3	418.0	459.0	465.7	3,422	3,462
Aalborg Portland A/S' share of shareholders' equity	311.9	346.9	366.1	397.8	406.0	2,965	3,018
Non-current liabilities	129.9	152.7	155.2	98.2	96.8	732	719
Current liabilities	134.2	127.3	106.5	139.5	128.0	1,040	951
Total liabilities	**613.9**	**675.3**	**679.7**	**696.7**	**690.5**	**5,194**	**5,132**
Net interest-bearing debt (NIBD)	**100.2**	**119.5**	**86.9**	**44.0**	**5.5**	**328**	**40**
FINANCIAL RATIOS							
Including minority interests' share							
Return on equity	24%	14%	4%	6%	8%	6%	8%
Equity ratio	57%	59%	61%	66%	67%	66%	67%
Return on capital employed (ROCE)	18%	9%	5%	5%	7%	5%	7%
NIBD/EBITDA factor	0.7	1.1	1.2	0.6	0.1	0.6	0.1
Number of employees at 31 December	**2,086**	**2,045**	**1,649**	**1,575**	**1,509**	**1,575**	**1,509**
Number of employees in Denmark	1,244	1,181	850	764	698	764	698

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 77.

* 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.

Management's review for 2011

Better market conditions in the Nordic region and stable development in emerging markets

After three-four years of very low activity in the building and construction industry accompanied by difficult market conditions for the cement and concrete sector and for Aalborg Portland, 2011 finally saw progress in the Nordic markets but at a significantly lower level than previously.

The substantial investment which the Aalborg Portland Group has in recent years made in overseas growth markets has shown its strategic value. A solid portion of the Group's income during the slowdown has come from markets where there is demand for cement to develop new infrastructure, create new industry and build for a growing population.

The Aalborg Portland Group realised total net sales in 2011 of EUR 550m compared with EUR 477m the year before. Earnings before tax were EUR 49m compared with EUR 31m. The increase was consistent with the financial expectations but return on investment remains low.

Solid foundation

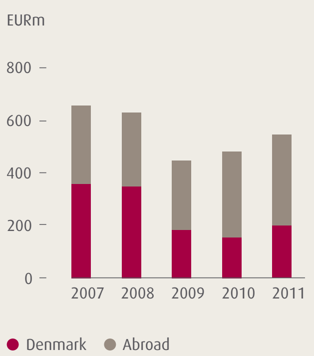
During the challenging market conditions of recent years Aalborg Portland's sound economy and solid financial foundation have been vitally important. They provide strength in adversity, security for our commercial and financial partners and flexibility for long-term decision-making.

Also in 2011, cash flow from operations was positive, amounting to EUR 86m. Free cash flow after investment comprised EUR 68m, of which EUR 39m was used to reduce interest-bearing debt and EUR 26m was allocated to dividend after several years with no distribution of dividend to the owner.

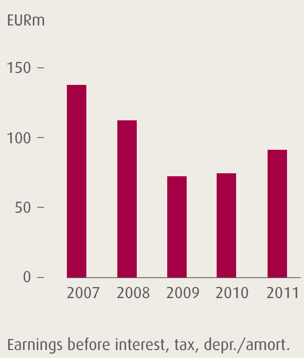
Shareholders' equity exceeded EUR 465m, and the equity share was 67%.

•>

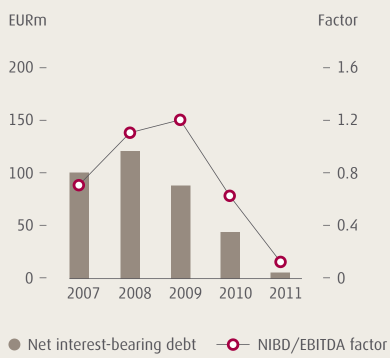
Net sales



EBITDA



NIBD



The Nordic & Baltic region experienced a positive sales development in the Nordic Cement and Nordic RMC business areas

The future company

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 therefore invest substantially in ongoing environmental improvements.

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. For more than 20 years Aalborg Portland has therefore been conducting research into high-strength, CO_2-reducing cement.

Over the years Denmark has established a very strong position within cement and concrete technology. This is not least due to the close relationship that exists between Aalborg Portland's research centre, which has close links with cement production in Aalborg, customers, universities, institutes and other players in the building industry's value chain and FLSmidth, which manufactures cement-making equipment.

This productive collaboration has led to significant Danish expertise in development and manufacture of future CO_2-reduced cement. Cement manufacture is a global growth sector where Denmark can play an important role and add significant value.

To maintain this leading position within cement technology it is vital that cement production be retained in Denmark so that close links are preserved between research and manufacture.

Fair business conditions

For Danish companies, which lead the way environmentally and have made considerable environmental investment over many years it is unreasonable to constantly be confronted with new or increased Danish energy taxes. This is anticompetitive and it unfortunately fuels mistrust regarding future conditions and uncertainty about the wisdom of continuing to make long-term investment in Danish production facilities.

A relevant example is the Danish Government's increased tax on NO_X emission, which will raise the tax burden tenfold. The introduction of this tax follows years of massive investment by Aalborg Portland in NO_X-reducing equipment that complies with the EU's regulations on use of the best available technology.

In enterprises with large and expensive production facilities and long payback periods – including Aalborg Portland – it is essential for owners and management to have a stable framework for secure long-term investment.

It is therefore imperative that the environmental taxes and standards of individual nations – at least within the EU – be developed on a coordinated and long-term basis so that the conditions for energy-intensive production in Denmark are consistent and predictable. If not, production will be relocated to other countries with lower environmental standards. This will increase global environmental impact and also harm Danish society.

Nordic & Baltic

The Nordic & Baltic region experienced a positive sales development in the Nordic Cement and Nordic RMC business areas compared with the previous year. This was primarily due to increased activity in infrastructure projects and public building, while activity in other building sectors remains at a relatively low level.

Attention has been concentrated on maintaining a strong market position through ongoing focus on customer needs and product development.

Based on the strategic plan a range of activities and changes have been initiated aimed at increasing efficiency and improving competitiveness in the Nordic & Baltic region.

These include:

- Optimising production and distribution processes
- Investing in optimisation of energy utilisation
- Internal efficiency programmes with staff involvement based on the Lean Six Sigma model
- Strengthening HR and skills development
- Concentrating similar tasks and processes within a Shared Service Centre based on use of a joint IT platform and business system (SAP)

Recent years have been demanding for everyone in the Aalborg Portland Group. Our employees deserve considerable recognition for their contribution to the Group's continued operation during a difficult time and to the ongoing strengthening and renewal that are crucial to its continued development.

Overseas

Cement is a global growth sector in a number of emerging markets where considerable investment has therefore taken place. The most recent investment was in a new plant in China which had its first full year of production in 2011 and therefore demonstrated substantial growth in sales and earnings. This plant is the largest production facility for white cement in Asia.

The plant in Egypt is the world's largest manufacturer of white cement, and when this plant is combined with the company's other white cement facilities in Asia, the Nordic region and North America Aalborg Portland becomes the global leading supplier of white cement.

This strategic focus on the world's emerging markets will in the long term provide better balance between income and earnings than relying solely on activities in mature markets.

Management structure

In 2011, the company established a more transparent and strengthened management structure with the appointment of a CEO for Nordic & Baltic, Paolo Zugaro, who together with the operational management in Nordic Cement and Nordic RMC is tasked with ensuring development and growth in the region. Nordic & Baltic accounts for around 80% of Aalborg Portland's sales and is also an important region in the Cementir Group. In addition, Søren Vinther has been appointed Chairman of the company's Board of Directors.

The Cementir Group, which in addition to the entities in the Aalborg Portland Group includes substantial activities in Italy and Turkey, is currently implementing a number of changes

Aalborg Portland has long traditions in the area of social and environmental responsibility

to strengthen value creation in and cooperation between the individual companies. The changes are being coordinated by functions within Cementir Holding, organised in a matrix structure, and the aim is to achieve a higher and more consistent level, partly through introducing best practice in all parts of the Cementir Group.

As an example, the Aalborg Portland Group's advanced research centre in Aalborg coordinates all Cementir development activities. The centre has laboratories both in Italy and Turkey, but is headquartered in Aalborg and is under Danish management.

Sales and export activities in the Overseas companies are also coordinated within the Cementir Group.

Prospects for 2012

The signs of improvement in the world economy which appeared in the first half of 2011 gave way during the summer to an increasing uncertainty due to the debt crisis in Greece and several other EU countries. This created renewed doubt about economic development – at a global level, but particularly in Europe. To this must be added the unrest which affected several countries in North Africa and the Middle East, including Egypt.

Activity in Asian markets, including China, is generally expected to be at a high level.

In 2012, building and construction activity in the Nordic & Baltic region is expected to be almost at the same level as in 2011. The company will therefore continue putting every effort into improving its overall competitiveness. In this, the focus will be on three key areas: Customers, costs and innovation. This has brought us success in recent years and this will also be the approach in the years ahead. The company will continue to focus on customer satisfaction, a key asset that has been strengthened through the years on the basis of stable, high quality, reliability of supply and first-class technical advice and service.

A number of efficiency projects in Nordic Cement that were started in 2011 will continue, and particular focus will be directed towards improving profitability in RMC activities and optimising the vertical value added in the supply chain.

The increase in NO_x tax planned for 2012 and possible consequences arising from the energy agreement scheduled for March will both have significant negative impact for our activities in Denmark. Danish energy taxes that are more than twice as high as the EU average are undermining the competitiveness that we are battling each day to maintain.

Based on our ongoing efforts to optimise our business processes it is expected that we can achieve a result in 2012 on the same level as in 2011.

Management

Board of Directors

Søren Vinther, *Chairman*
Francesco Caltagirone*, Vice Chairman*
Francesco Gaetano Caltagirone
Marco Maria Bianconi
Walter Montevecchi
Paolo Zugaro
Harry Egon Andersen *
Henrik Hougaard *
Kim Poulin Poulsen *

* Elected by the employees

Executive Board

Paolo Zugaro, *CEO, Nordic & Baltic*
Henning Bæk, *Executive Vice President, CFO*

Executive Management Team

Paolo Zugaro, *CEO, Nordic & Baltic*
Henning Bæk, *Executive Vice President, CFO*
Kjeld Pedersen*, Managing Director, Nordic Cement*
Stein Tosterud, *Managing Director, Nordic RMC, Norway*
Kennet Arvedsen, *Managing Director, Aggregates*
Lars Kure Juul Nielsen, *Director, HR, Organization & International Communication*

Nordic & Baltic

Paolo Zugaro, *CEO*

Nordic Cement

Kjeld Pedersen*, Managing Director*

Nordic RMC

Paolo Zugaro, *acting managing director, Denmark*
Stein Tosterud, *Managing Director, Norway*
Kaj Grönvall, *Managing Director, Sweden*

Overseas

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

Reference is made to pages 79 and 80 regarding Companies in the Group.

Social and environmental responsibility

Focus on responsibility

The Aalborg Portland Group complies fully with legislation and other regulations in the countries and communities where it operates. However, the Group has not adopted policies for all areas covered by the concept of social responsibility.

With an ambitious climate strategy and an ongoing and active development programme Aalborg Portland is committed to participating in efforts to achieve society's climate goals. The responsibility is global.

Since 1889 the Group has been an inseparable part of the local business community in Aalborg and 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.

The way in which the Group translates its goals into results by means of actions is clarified below.

Product qualities and applications

In an overall life-cycle perspective concrete is among the most energy-efficient of 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 useful combination 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 under way to produce cement and concrete with minimal environmental impact and CO_2 emission. The Aalborg Portland Group is very active in the developing new types of cement that emit less CO_2 during manufacture while still retaining the same positive properties as existing cements.

Social contribution

Aalborg Portland's cement production in Denmark has considerable socio-economic importance.

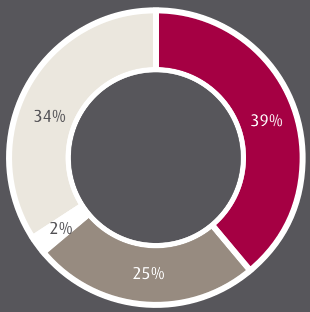
Value added in 2011 amounted to EUR 75m. Of this, EUR 29m (39%) went to the public sector in the form of VAT, levies, corporation tax and employee income tax. EUR 19m (25%) went to the employees in the form of pay and pension contributions (after tax). As the debt has been reduced to a very low level, a dividend of EUR 26m will be distributed for 2011. The owner has previously abstained from receiving dividend since the acquisition of the Group in 2004.

Value added attributed to:

EURm	2011	2010
Net sales	180	151
Spent on materials, services, depreciation, etc.	105	106
Value added	**75**	**45**
Society	29	20
Employees	19	19
Interest on loan capital	1	1
Dividend to the owner	26	0
Provisions	0	5
Total	**75**	**45**

EUR 29m

of the social contribution went to the public sector in 2011, corresponding to an increase of 45%



Environmental and energy improvements are always in focus

Secondly, we are constantly seeking 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 well documented in an overall life-cycle perspective, which means that its use can be promoted on an informed basis. For example, after 10-20 years the total energy consumption – including the energy used in manufacturing the building materials – for a concrete building is lower than for a building constructed of lightweight materials.

Environmental respect

Energy is needed for making cement and Aalborg Portland is among Denmark's largest energy consumers. This entails emission of CO_2. However, Aalborg Portland is continuously focused on minimising energy used in production and on reducing environmentally harmful emissions.

Aalborg Portland's production plants in China, Malaysia and Egypt are constructed and operated according to European energy and environmental standards – even though they are not governed by those standards. The same applies to health and safety and employment standards, albeit within the framework of local regulations and possibilities.

Aalborg Portland accepts its responsibilities and works constructively with authorities and other stakeholders to limit the environmental impacts on the community.

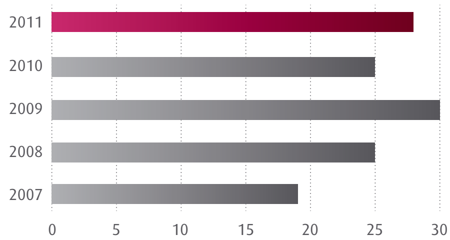
All Group companies adhere to the following principles for promoting sustainable development:

- Environmental respect shall be an integral part of 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.

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

700,000 tonnes

alternative fuels and raw materials are recycled



Share (%) of alternative fuels at manufacture of grey cement

Sustainable processes

Aalborg Portland works to promote sustainable development in the production of cement by making extensive use of recycling of material flows from society and industries through a resource efficient cooperation.

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

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

By recycling and by making good use of using fuels and alternative raw materials in the manufacture of cement, the wastes and by-products used are fully expended. 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 alternative raw materials that can replace corresponding volumes of fossil fuels and natural raw materials which would otherwise have to be quarried in Denmark or imported.

Alternative fuels

Substituting alternative fuel for coal and petcoke helps both to reduce CO_2 and NO_x emissions 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.

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 replace coal and are CO_2 neutral.

The resource efficient cooperation

Society and industries	Waste product	Cement production	Cement and district heating with climate and environmental improvements
Power stations	Fly ash and desulphurisation gypsum	Consumption of 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 and NO_x 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		
Sewage treatment plant	Dried sewage sludge		

Aalborg Portland supplies district heating corresponding to the heat consumption of approx. 36,000 households

The Aalborg Portland plant has the capacity to supply the city of Aalborg with around 495,000 mWh of thermal energy, equivalent to meet the district heating needs of around 36,000 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.

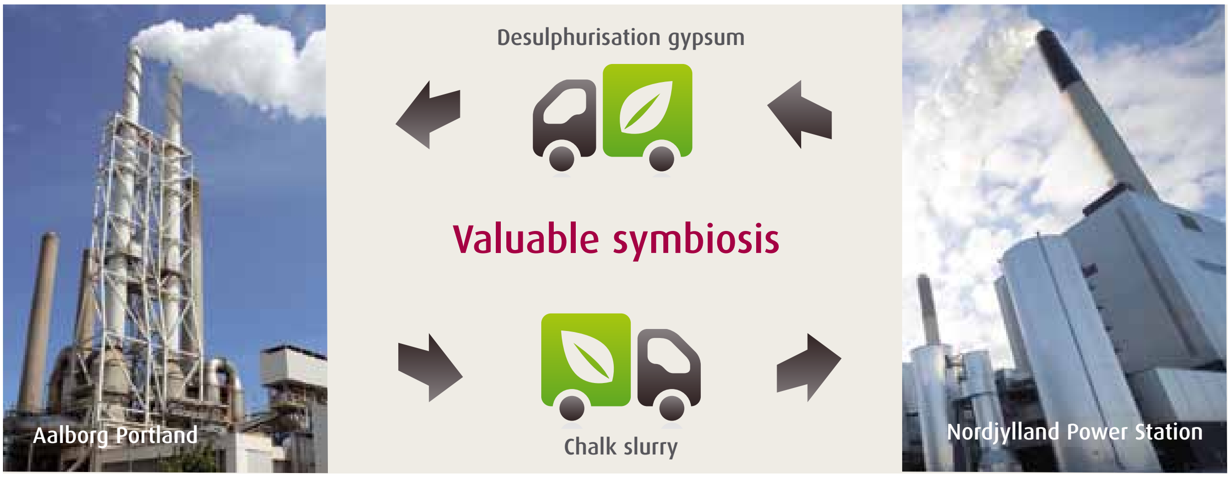
Taxes can defeat their object

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

However, Denmark's very high energy taxes do not reduce energy consumption and emissions in a global perspective. On the contrary, they will help weaken the competitiveness of Danish manufacturers and encourage the gradual transfer of production to countries that levy lower energy taxes and whose environmental activities and controls are usually less vigorous than in Denmark. Inevitably, job losses are also likely.

Aalborg Portland strives hard to ensure that Danish politicians and public authorities are properly informed of these issues, and encounters 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, SO_2, NO_X, etc., Aalborg Portland has achieved results fully comparable with the best in the world. These efforts are based on social and environmental responsibility, product demand and healthy business economics, and they are continuing with undiminished intensity.



Valuable symbiosis

Aalborg Portland has a long-standing working relationship with Nordjyllandsværket power station. Chalk slurry produced by Aalborg Portland is used in the flue gas cleaning process and desulphurisation gypsum is a by-product of flue gas cleaning in power stations. 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

Unicon, Denmark 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 clean 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 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 Aalborg Portland Group.

Energy savings in production

Aalborg Portland has established an Energy Savings 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 is also helping to reduce Aalborg Portland's environmental impact. Since 2008, total energy savings in electricity and fuel for the complete product programme amounted to 64.1m kWh, corresponding to the annual electricity consumption of 16,000 households.

Employee issues and health & safety

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

Aalborg Portland gives ongoing attention to the promotion of health and safety among all the company's people. Defined areas of focus include motivating and encouraging all employees to adopt a healthy lifestyle with regard to diet, exercise and smoking, etc.

An average age of 45 years and an average seniority of 10 years testify to the stability of the company's work force.

Innovation
increases value and benefits the environment

Cement is a global growth sector

Cement manufacture is a growth sector at global level. Economic growth in countries like China and India has led to a strongly rising demand for the cement needed to make concrete for homes, infrastructure and industry. South America too is developing strongly and the rest of Asia and Africa are expected to follow. A global doubling of cement production by 2050 compared with 2000 is possible.

We thus face a challenge to develop new manufacturing methods and products that keep the increased rate of energy consumption and CO_2 emission below the increased rate of production. Enormous growth potential therefore exists for global cement solutions that ensure high product quality and durability and at the same time reduce production environmental impact.

In Denmark the production of cement is a mature industry. Production rises and falls in step with economic activity. In Denmark the challenge is therefore to consistently supply a product which is manufactured with maximum energy efficiency and can also meet the very high quality criteria demanded by users.

Furthermore, Denmark's high energy costs and taxes are a particular challenge when seeking to develop alternatives to conventional imported products. Solutions that reduce energy consumption and emissions are therefore also of interest in Denmark.

A sustainable material

Concrete is a unique material that in the future will continue to form the basis for global sustainable development.

Concrete can be manufactured from local materials: Stone, sand, water and cement. The raw materials for cement are available in abundance in the form of limestone, clay and shale; at the same time, wastes can be extensively used as alternative raw materials or fuels in production. Concrete itself can be cast under both primitive conditions and also using high-tech production methods.

Cement manufacture is energy-intensive but concrete contains only about 15% of cement. As concrete is also extremely durable, the environmental impact and consumption of resources are low when viewed over the life of the product.

Ongoing research and development

Aalborg Portland has conducted research into increasing concrete durability and developing new, resource-saving cements for many years. The Aalborg Portland Group has therefore played a part in enabling contemporary Danish concrete to be produced with long life and low environmental impact.

As long as 15 years ago Aalborg Portland took part in the first projects focusing on life cycle analysis and identification of potential environmental improvements in cement and concrete. This was followed by a "Green Concrete" project. In more recent years this in turn has been followed up by projects to develop future cements and concretes.

Aalborg Portland's parent company, Cementir Holding, has chosen to strengthen research and development activities by coordinating them in a single organisation that embraces the R&D and quality centres in Aalborg and in Spoleto, Italy as well as a competence centre in Turkey.

Concrete is a unique material that in the future will continue to form the basis for global sustainable development

The research and development carried out by the Cementir Group is focused on two main objectives:

- The cement of the future. To reduce energy consumption and CO_2 emission relating to cement production
- The concrete of the future. To increase the value of concrete for producers and customers.

These objectives are realised through projects that define the cement and concrete of the future and which document the positive environmental properties of concrete made with Danish cement.

The cement of the future

Cement production today is extremely energy-efficient and it is difficult to achieve further major improvements in the actual manufacturing process.

If CO_2 emission is to be reduced, the most promising method is the use of biomass as fuel. This can reduce CO_2 emission by 30-40% compared with fossil fuels.

The remaining CO_2 emission is derived from the chemical process in the cement kiln which liberates CO_2 from the raw material (chalk) incorporated in the intermediate product (clinker).

Aalborg Portland has conducted research into CO_2-reduced, high-strength cement for more than 20 years. Aalborg Portland is one of the only companies in the world manufacturing grey cement by means of "mineralisation". Introducing mineralising components into the cement kiln reduces energy consumption and emission of both CO_2 and NO_x while cement strength is increased. Danish cement is therefore on average significantly stronger than that from other producers. This can be exploited either by reducing the concrete cement content or replacing part of the energy-hungry clinker with mineral additives. For example, Aalborg Portland has developed Grey Microfiller based on chalk. Combining this with mineralised clinker produces high early strength, something which is utilised in the manufacture of BASIS® cement.

This development is currently being continued in a number of exciting research projects supported by the Danish National Advanced Technology Foundation, and the goal is to develop new technology based on Danish raw materials that will continuously reduce CO_2 emission from cement production without reducing the useful properties of the cement.

Studies have shown that the right combination of chalk and minerals based on Danish raw materials such as burnt clay or glass particles makes it possible to replace up to 30% of the clinker in certain types of cement.

These findings are highly relevant for the global cement market. Normally the by-products fly ash and blast furnace slag are used as the active minerals. But the availability of these by-products on the world market is nowhere near sufficient if the potential in the new technology is to be exploited. This problem is increased by the fact that fly ash production must be expected to decline as coal-fired power stations are decommissioned.

Calculations indicate that in the period to 2050 there will be a global market for new active materials to replace clinker amounting to between 0.6 and 1.3 billion tonnes.

This challenge has prompted the Danish National Advanced Technology Foundation to fund a further project in which development of the necessary production equipment for the new cement materials will take place in partnership with FLSmidth, the Nanoscience Centre (iNANO) at Aarhus University and the Department of Energy Technology, Aalborg University.

Danish cement technology leads the way worldwide due to productive cooperation between research and manufacture

The development has a global perspective as suitable local raw materials will be able to be modified for use in cement and the technology therefore used in rapidly expanding markets in e.g. Asia and South America. The project envisages a productive partnership between FLSmidth and Aalborg Portland, the former selling the developed process technology on the global market after the new processes have been tested in active cement production in Denmark. The equipment will be demonstrated at Aalborg Portland, which will gain the advantage of being at the forefront of development.

The Danish Council for Strategic Research has funded a further project, centred on iNANO and involving additional research bodies, to investigate the potential for further CO_2 reduction. The project will study suitable technologies for application in the long term, i.e. after 2020. Aalborg Portland is participating in this project as a consultant and is co-funding a postgraduate researcher.

The concrete of the future

In the development of future concrete it is imperative to progressively improve the product's sustainability, to increase its value for the producer and to ensure robustness in application and long life.

One example is the use of steel fibres in concrete for load-bearing purposes. The materials must be developed and their properties tested, which is taking place in an innovation forum supported by the Danish Agency for Science, Technology and Innovation. Aalborg Portland and Unicon are partnered in the project by players from all parts of the building industry. The Danish Technological Institute and the Technical University of Denmark are participating as research partners (see box).

A demo installation has been established in Aalborg and the next step will be construction of a road bridge using the new material.

The loop is complete

One of the advantages of concrete is that it can be recycled when life-expired. This is done by crushing it and using it as stable gravel or aggregate in production of new concrete. This saves on natural raw materials.

Another advantage is that concrete absorbs CO_2. Theoretically more than half the CO_2 liberated by the burning of clinker is absorbed back into the finished concrete where it is bound as limestone. In standing concrete this process is slow, but when the concrete is crushed it takes place far more quickly.

Aalborg Portland is currently co-funding a postgraduate project at the Technical University of Denmark which is intended to document the environmental impact of concrete recycling in a life-cycle perspective.

A Danish position of strength

Over the years Denmark has built up a substantial position of strength in cement-based materials. This is due not least to the international activities of companies like FLSmidth, which manufactures cement-making equipment, and the consulting engineers who plan and execute concrete structures all over the world. Denmark's major bridge-building projects have also yielded invaluable experience that can be utilised in the export market.

Lastly, the standard of concrete research at Denmark's knowledge centres is very high. For example, with Aalborg Portland and FLSmidth at the hub, significant expertise on cement development and manufacture has been built up at Aalborg and Aarhus universities and the Technical University of Denmark. This process has been supported by the Danish National Advanced Technology Foundation and the Danish Council for Strategic Research.

Denmark is therefore well equipped to exploit this Cleantech niche in the global market.

The Cementir Group's research centre in Denmark

Provision of a high standard of technical service has traditionally been a cornerstone of Aalborg Portland's customer support concept. A goal of the Group has also been to become a leader in technical development in the fields of cement production and concrete technology. These objectives are unchanged.

At the international research centre in Aalborg projects are therefore under way to develop the cement and concrete of the future. At the same time Aalborg Portland's technical consultants make the Group's expertise and laboratories available to customers.

Together with the centres in Italy and Turkey the Aalborg research centre has a broad range of staff that includes building engineers, chemical engineers, chemists, geologists and technicians. The centre commands advanced laboratory equipment and is situated close to the Aalborg cement plant, facilitating close collaboration with both sales and production.

Broad collaboration

The market success of new products is dependent on the project participation of all important building industry players. This applies not least to Aalborg Portland's customers. As also mentioned, broad project collaboration is pursued with Danish universities and the Danish Technological Institute (Centre for Concrete).

The research centre also has a broad international contact network in leading cement and concrete research universities. Aalborg Portland was instrumental in founding the NanoCem research network, which is today a global leader in research into cement-based materials. Through Unicon Norway the Group participates in Norway's leading concrete research project, Concrete Innovation Centre (COIN).

Sustainable concrete tested in Aalborg

The base slab for a large stormwater tank in Aalborg has been cast using a method never previously used in Denmark for such a challenging project.

Better for the environment. Quicker. Cheaper. And beneficial to health and safety. Humans and the environment were both winners when the large base slab for a stormwater tank was cast in Aalborg (Eternitgrunden) as part of a research project to develop steel fibre reinforced concrete*.

Conventional structures consist of concrete enclosing a lattice of steel reinforcement bars. The Aalborg project is intended to demonstrate a new way of doing things. A large part of the heavy conventional reinforcement has been replaced by steel fibres 60 cm long distributed through the concrete, supplemented with a thinner reinforcement net. The steel fibres are mixed into the concrete at the factory.

The technique produces a base slab that is just as strong and durable as a normal construction but has a number of other advantages. For example, the amount of steel used has been reduced by around 45%. This saves on raw materials and carbon emission because making steel is an energy-intensive process. There is also a financial saving of around 25% on materials alone.

On top of this there are health and safety benefits. The Aalborg experiment uses less conventional heavy reinforcement and the individual bars are thinner, making them easier to handle.

The slab is 900 sqm in area, 40 cm thick and is made from 380 cubic metres of concrete, each containing 30 kg of steel fibres.

* *http://www.steelfibreconcrete.com*

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.

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 improve its market position in Denmark and to expand its position in neighbouring countries through continued product development, customised solutions and competitive prices.

This will be achieved by means of ongoing focus on customer requirements, optimised processes and cost structure, and investment in continuous development of production facilities and employee resources.

Denmark

Domestic sales volumes improved by more than 20% compared to 2010 when building and construction activities reached a historically low level. The increase in sales to the Danish cement market was to some extent positively affected by publicly funded growth initiatives especially regarding infrastructure.

Exports of white and grey cement grew by 12% based on increased activity in almost all local markets.

Earnings in 2011 were significantly better than in 2010. This was mainly due to increased sales volumes.

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

In continuation of positive market development in the previous years the Polish subsidiary recorded increased sales and earnings in 2011 despite currency movements that negatively impacted earnings measured in EUR.

Russia

Activities in Russia were influenced by a refocusing of market efforts, and sales in 2011 were maintained at the same low level as in 2010.

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. 2011 highlights included:

- Supply of district heating to Aalborg corresponding to the heat consumption of approx. 36,000 households.
- Recycling of large quantities of waste from other activities in society. This included 53,000 tonnes of desulphurisation gypsum from flue gas cleaning and 190,000 tonnes of fly ash, both from power stations.
- Use of 41,000 tonnes of sand dredged from the Limfjord, which is necessary to keep the fjord navigable.
- Despite increased production volumes compared to 2010, specific emissions of CO_2, NO_X and SO_2 decreased in 2011. The total emission of NO_X was reduced in 2011 by 76% compared to the 2006 emission level of 8,170 tonnes. This reduction has been achieved by adherence to the principle of best available technology (BAT) as defined by the EU.

Prospects for 2012

Sales volumes in 2012 are expected to marginally increase based on acceleration of public-sector growth activities rather than a general shift in the fundamental level of building activity.

In 2012, earnings are expected to be at the level of 2011. Focus is on increasing competitiveness as a result of further use of alternative fuels, optimised logistics and continuous efficiency improvements in all activities. However, the government's introduction of new Danish special taxes, including the NO_X tax, will negatively impact competitiveness and earnings.

The Royal Library, The Black Diamond, Copenhagen

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.

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.

The Nordic RMC (Unicon) business area generally experienced higher levels of activity in 2011 than the year before. The Danish market in particular showed significant improvement in building and construction activities of approx. 25%, but Norway and Sweden also achieved good progress.

Denmark

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

In 2011, Unicon experienced positive market development in ready-mixed concrete. This was mainly due to improved sales for civil engineering, public building and wind turbine projects, as well as recovery in the residential and commercial building sectors, albeit, at a significantly lower level than previously. However, agricultural building activities remained at a very low level.

In 2011, the company maintained its market leadership, and agreements were signed whereby Unicon will be sole supplier to the Metro City Circle Line and the North Harbour Tunnel, two lengthy building projects in Copenhagen. Approx. 400,000 m^3 of ready-mixed concrete are expected to be supplied for the Metro City Circle Line over the next four years.

During the year several new products were introduced supporting Unicon's focus on sale of solutions. These products received a positive reception from the market and will contribute positively to earnings in years ahead.

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 Copenhagen Zoo, the headquarters of the Confederation of Danish Industry, the North Harbour Tunnel, the Metro City Circle Line and the Navitas Park project.

Gravel sales, which are administered by the subsidiary Kudsk & Dahl A/S, increased by 45% compared to 2010.

Norway

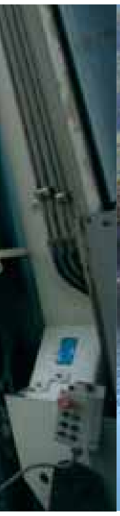
Unicon AS produces ready-mixed concrete at 28 plants and two mobile units and supplies the central and southern parts of Norway.

The company maintained its position in 2011 in the Norwegian market. Market development in the second half of the year was positive and better than expected, especially in the Oslo area. As a result, particular attention was placed on high utilisation of RMC trade capacity, while managing high pressure on production and transport.

In line with the changed market, adjustments were made to organisation and production.

In 2011, Unicon supplied concrete to a number of very high profile construction projects, notably the start of terminal T2 for Oslo's Gardermoen Airport. 100,000 m^3 of concrete will be supplied for this project over the next three years.

Unicon is one of 11 industrial partners in COIN, a large research-based innovation centre in Norway which comprises participants from industry and from research and education institutes. Funding is jointly provided by the National



Research Council and the participants. The project is now in its fifth year of an eight-year programme. Annual budget is NOK 25m consisting of cash and in-kind support. COIN's primary goals are to develop:

- Advanced materials
- Efficient construction techniques
- New and sustainable design concepts
- More sustainable materials manufacture

Sweden

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

2011 was yet another good year for the Sydsten Group in spite of the persistent severe winter at the beginning of the year which did not relinquish its grip on the building industry until the end of March. Subsequent market activity was good and evenly divided between the construction and housing sectors. Focus on various energy projects continues, with major investment particularly in development of wind power.

Unlike the first months of the year, the final months were favoured by mild winter weather in southern Sweden. This resulted in exceptionally high sales volumes in November and December.

In 2011, permission to quarry stone at Nörra Rörum was extended for the period until 2036, which is essential for efficient use of the quarry by the subsidiary Skåne Grus AB.

Furthermore, a health and safety campaign was implemented in the course of 2010/2011. This covered the entire Sydsten Group and represented a major investment.

Environment and energy

Environmental respect and energy consumption are focal issues for the entire Nordic RMC business area. A number of environmental projects are therefore currently under way, including one relating to the 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 Group's production plants. The system ensures ongoing improvements to environmental conditions at company plants.

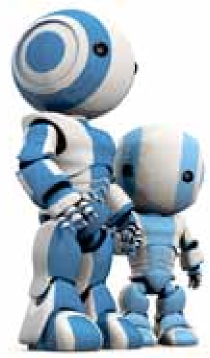
Prospects for 2012

Volume sales in 2012 in Denmark are expected to increase slightly compared to 2011, positively affected by supplies to Copenhagen's Metro City Circle Line and other projects.

Volume levels for Norway and Sweden are expected to be slightly down on 2011.

Flexible positioning and a selective pricing strategy combined with optimised internal and organisational processes will be essential for leadership in both sales and competition.

In total, the result for 2012 is expected to be at the level of 2011.



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 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 at Aalborg Portland U.S. Inc. and subsidiaries in Australia, Malaysia and USA.

As global market leader in 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 the use of white cement 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 organised for architecture students, professional artists and other groups in which new designs and applications are developed for white cement products.

Egypt

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

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

In spite of new challenges related to the revolution, political instability and increased competition, Sinai White Portland Cement has performed well in 2011. While sales and EBITDA were negatively affected, the result is considered acceptable in the light of the market conditions.

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 a 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 impacts. Sinai White Portland Cement is attached to the online environmental monitoring system that allows central government 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 the 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 700,000 tonnes. Its new plant, commissioned in early 2010 is located on the outskirts of Anqing city in Anhui Province and lies on the northern bank of the Yangtze River, 600 km west of Shanghai.

Aalborg Portland (Anqing) continues to take the lead in product quality and consistency in the local white cement industry. Recorded heat consumption at the plant is among the lowest in the world and the plant is designed to operate and meet all environmental standards issued by both local and international governing bodies.

In 2011, Aalborg Portland (Anqing) achieved a significant increase in sales volume compared with 2010. The company's annual earnings improved considerably in line with its increased sales.

The most attractive markets are the nearby provinces of Anhui, Jiangsu, Zhejiang, Hubei and Shanghai city.

The company continued to sponsor students in the surrounding villages with study allowance and also contributed financially to local homes for the elderly.

Malaysia

Aalborg Portland Malaysia 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 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 Industrialisation Fund for Developing Countries).

As a result of the reduced sales volume the profit was slightly lower than the previous year.

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, and in 2011 initiated regular use of sawdust for this purpose.

The company has initiated co-operation with a neighbouring rehabilitation centre for disabled people. The company employs the people for light cleaning work, thereby supporting their rehabilitation and hopefully their later return to normal working routines.

The company received its ISO 14001 certification 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%), Heidelberg Cement and Cemex.

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

While sales and profits for the year were slightly lower than in 2010 due to the continued decline in the US economy, the company succeeded in maintaining its market share and continued its cost reductions in order to maximise profitability.

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 2011, the company reported a slight improvement in profitability mainly due to the increased sales in the public sector market.

Gaetano Cacciatore is a cement and aggregate terminal located in Tampa, Florida. The company's clients include Lehigh White Cement and a major importer of aggregates to the south-eastern market. The terminal is modern and capable of handling large quantities of cement and aggregates. The company is well positioned to benefit from a potential recovery in the US market.

Prospects for 2012

In 2012, the Overseas business area will place particular focus on increasing earnings in all markets by optimising its sales activities and the distribution channels.

The Overseas companies are consequently expecting growth in sales and earnings. However, some uncertainty exists in Egypt due to the political situation.

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.

The Group's corporate governance also builds, among other things, on the Danish Companies Act, IFRS, the Danish Financial Statements Act and the company's articles of association.

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 updated in order to ensure active, reliable management and profitable operation of the Group.

Annual General Meeting

The Annual General Meeting has the supreme authority in all company matters. The ordinary general meeting shall be held each year after expiry of the financial year so that the adopted annual report can be submitted to the Danish Commerce and Companies Agency no later than five months from the end of each financial 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.

The Board of Directors and the Executive Board of Aalborg Portland are responsible for the Group's day to day operations in close cooperation with the Executive Management Team.

The Board of Directors and the Executive Board ensure that ongoing follow-up takes place on realised targets and results in relation to approved budgets and further 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.

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

The CEO of Nordic & Baltic and the COO of Overseas have operational responsibility for 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 Annual General Meeting an independent auditing firm is elected to perform the audit tasks in the period until the next Annual General Meeting. At the Annual General Meeting in 2011 KPMG Statsautoriseret Revisionspartnerselskab were elected 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 reports directly to the Chairman of the Board of Directors and 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

The Group's holistic and long-term control process comprises all risk categories

The Group considers risks an integral part of its overall business activities. Risks and the related uncertainty are also considered by the Group to include opportunities which can be realised through good risk management. The Group is therefore working with a holistic risk management process that includes both financial and business related risks.

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 short-term goals.

Strategic risks

The Group works with a long-term plan that contributes to early identification of potential risks.

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.

Further, the Group seeks constantly to make its costs variable so they can be adjusted more quickly to activity levels.

Innovation

The Group is continuously engaged in the development of cement products in cooperation with public institutions and the parent company's technical department. This also applies to development of production methods, mainly with a view to environmental improvement initiatives.

Competition

Due to the general economic slowdown in Europe the competition among established cement and ready-mixed concrete manufacturers is still fierce. 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 is simultaneously strengthening its market position by establishing 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. All cement plants in the Group comply with the European energy and environmental standards.

Risks under control

With both commercial and political conditions constantly changing it is vitally important for the Aalborg Portland Group to monitor and maintain control over risks and opportunities in the markets in which the Group is represented.

The Group's risk management is based on a standardised risk process embracing identification, assessment, management, monitoring and reporting of risks. The risk assessment is based on the likelihood of the risk occurring and its impact on Group earnings, operations and image. The overall risk assessment is presented in Heat Maps, which form a part of risk reporting.

The process is top-down and bottom-up and when fully implemented will cover all significant entities in the Group. The process assists the Group management by providing an overview of the key risks and the basis on which to monitor and mitigate these risks.

The business units together with the corporate and service functions are responsible for identifying, analysing and managing risks and for reporting progress and controlling actions.

Local risk owners are appointed specifically for the most significant risks.

The individual unit managements are responsible for integration of risk assessments in all major decisions.

Group management is responsible for ensuring that the overall risk level for the whole Group is acceptable and that risk management procedures are implemented. Group management reports on this matter to the parent company and the Board of Directors.

Political risks
The Group operates on a global basis, also in developing countries and in countries that pose political risks. In 2011, Egypt was thus particularly marked by major upheavals.

The Group actively seeks dialogue with local, national and international politicians, authorities and interest groups to create a good basis for continued operation even in times of great change. At the same time the Group uses its relations to monitor legislation that may affect the Group.

The Group recognises that high and rising taxes, particularly in Denmark, represent a significant risk to competitiveness. Also in this area the Group seeks dialogue with relevant authorities and will also take all necessary actions to minimise risk in this area.

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 materially 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 2011, has augmented the Group's focus on trade receivables. Loss on trade receivables in 2011 continued at a relatively 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 continuous product development, optimisation of formulas, establishment of an appropriate geographical network of plants, and reduction of operating and distribution costs.

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

Price fluctuations
Risks related to fluctuating raw materials prices, including especially fuels, are partly hedged through contracts with terms up to 24 months.

Security of supply
Access to basic raw materials (chalk and sand) and aggregates is ensured through ownership of deposits, licences to extract raw materials, long-term contracts and diversity in terms of suppliers. Furthermore the market for raw materials and materials considered production-critical is carefully monitored.

Production stability
Stable production without unexpected downtime is absolutely essential for cement production to ensure a high utilisation of capacity and ensure deliveries to customers. All production facilities are meticulously maintained. In addition, for the plant in Aalborg a business continuity analysis has been carried out to identify and manage key risk areas.

Distribution
Raw materials for cement production, finished cement and ready-mixed concrete are subject to considerable freight and distribution costs. The related risks are continuously reduced i.a. through optimisation of distribution planning and through strategic partnerships with professional distributors.

Strong fluctuations in freight demand and freight prices – i.a. as a result of fluctuating energy prices – make distribution costs a continued focus area.

Employee safety
The Group is focused on employee safety in all areas of production and distribution, and employees are given long-term health checks. Safety regulations are regularly reviewed and checks are performed to ensure employee compliance.

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 and loss of data and communications. IT safety and business continuity are risk areas of high priority, and there is continuous focus on securing/maintaining the necessary emergency plans and general IT controlling procedures.

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, competency development and through compensation and benefit benchmarking.

Tuborg North, Copenhagen

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.

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.

Financial risks

Reference is made to Note 28 in the Annual Report which describes financial risks.

Insurable risks

Insurance is established where claim scenarios have been identified in cooperation 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. In cooperation with the parent company 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	2011	2010	Change	2009
Net sales	549.9	477.3	15%	445.1
EBITDA	90.2	72.4	25%	70.3
EBIT	45.7	28.2	62%	27.3
EBT	49.1	30.8	59%	26.8
EAT	36.3	25.7	41%	18.2
CFFO	85.9	66.4	29%	89.0
CFFI	-17.9	-19.1	6%	-54.4
Free Cash flow (FCF)	68.0	47.3	44%	34.6
NIBD	5.5	44.0	88%	86.9
Equity	465.7	459.0	1%	418.0

The Annual Report of the Aalborg Portland Group is consistent with International Financial Reporting Standards (IFRS) as adopted by the EU, 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

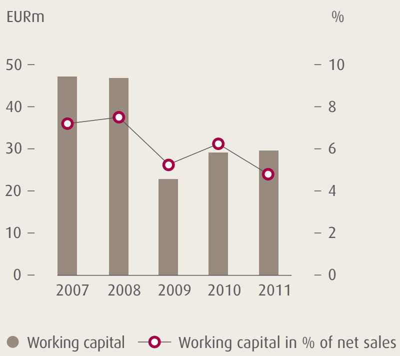
In 2011, Group net sales amounted to EUR 549.9m, corresponding to an increase of 15% compared to 2010. Sales of cement were 23% up on 2010, while sales of ready-mixed concrete were 20% up on 2010. Sales volumes for aggregates (granite and gravel) increased by 6%.

The increase in net sales was mainly related to the Nordic market, where cement sales increased by 22% and ready-mixed concrete sales increased by 22%. Net sales for Overseas (white cement) were at the level of 2010. This was due to a significant increase in China as 2011 was the first full year of operation for the new plant, while the unstable political situation in Egypt caused a decrease in net sales.

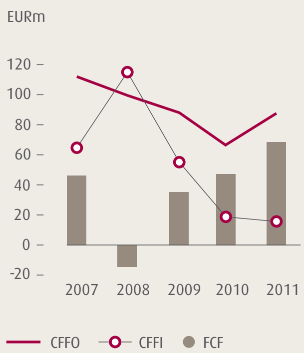
Production costs increased by 10% from EUR 306.1m to EUR 338.6m, in spite of an increase in net sales by 15%. This development was due to the Group's focus on optimisation and cost savings. Gross profit ratio increased from 43.4% to 44.8%.

EBITDA- / EBIT ratio

Working capital



Cash flows



Aalborg waterfront

C. F. Møller Architects – Photographer Helene Høyer Mikkelsen

Sales and distribution costs increased by 17% from EUR 108.6m to EUR 127.1m. Administrative costs increased by 7% from EUR 36.8m to EUR 39.5m.

Operating profit before depreciation (EBITDA) was EUR 90.2m, and EBITDA ratio was 16.4% in 2011 against 15.2% in 2010.

Earnings before interest and tax (EBIT) increased to EUR 45.7m. EBIT ratio was 8.3% against 5.9% in 2010.

In 2011, the Group thus succeeded in achieving progress in net sales, EBITDA and EBIT, which is considered satisfactory.

Return on capital employed (ROCE) was 7.0% in 2011 compared to 5.2% in the previous year.

Net financial items resulted in an income of EUR 1.2m against EUR 0.4m in 2010. The improvement was mainly due to the low interest level and lower interest-bearing debt as well as foreign exchange rate adjustments.

Group earnings before tax (EBT) increased by 59% from EUR 30.8m to EUR 49.1m. EBT ratio increased by 2.4 percentage points from 6.5% to 8.9%.

The growth in earnings comprises increased earnings in the Nordic Cement and Nordic RMC business areas and unchanged earnings in Overseas, achieved through higher net sales and cost adjustments.

Tax on profit for the year amounted to EUR 12.9m. The effective tax rate was thus 26%.

Cash flow and debt

Cash flow from operating activities (CFFO) was EUR 85.9m against EUR 66.4m in 2010. Cash flow was positively affected by the increase in EBITDA, but negatively affected by a major tax payment in 2011 of EUR 7.7m against EUR 1.5m in 2010.

The Group's cash flow from investing activities (CFFI) amounted to EUR 17.9m in 2011 against EUR 19.1m in 2010.

The investments were therefore financed by cash flow from operations, and the free cash flow (FCF) was EUR 68.0m.

Net interest-bearing debt (NIBD) was thus reduced from EUR 44.0m to EUR 5.5m in spite of payment of dividend of EUR 25.7m, and the ratio of debt to operating profit (NIBD/EBITDA) was 0.1.

Balance sheet

As depreciation was higher than investments in 2011, non-current assets at end-2011 were 4.2% lower than in 2010.

Current assets increased by EUR 16.2m, which was mainly due to increased cash funds of EUR 11.3m.

In 2011, working capital was maintained at the same low and satisfactory level as in 2010 in spite of significantly increased activities. This was a result of constant focus on ensuring maximum freedom of action through a low level of working capital and thus freeing resources for future investments, etc.

Capital employed was EUR 556.4m at the end of 2011.

Shareholders' equity

Group shareholders' equity was EUR 465.7m at the end of 2011, corresponding to an equity ratio of 67% against 66% at end-2010.

In addition to the impact of profit for the year, shareholders' equity was influenced by i.a. positive exchange rate adjustments of EUR 2.5m relating to investments of subsidiaries and payment of dividend of EUR 25.7m (no payment of dividend in previous years).

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 2011.

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.

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 2011 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 2011.

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, cash flows and the financial position 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.

Aalborg, 5 March 2012

Board of Directors

Søren Vinther *Chairman*	Marco Maria Bianconi	Harry Egon Andersen
Francesco Caltagirone *Vice Chairman*	Walter Montevecchi	Henrik Hougaard
Francesco Gaetano Caltagirone	Paolo Zugaro	Kim Poulin Poulsen

Executive Board

Paolo Zugaro
CEO, Nordic & Baltic

Henning Bæk
Executive Vice President, CFO

Independent auditors' report

To the shareholders of Aalborg Portland A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

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 2011. 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, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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 International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 of consolidated financial statements and parent company financial statements that give a true and fair view 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 opinion.

Our audit has not resulted 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 2011 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 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in 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 further 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 provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

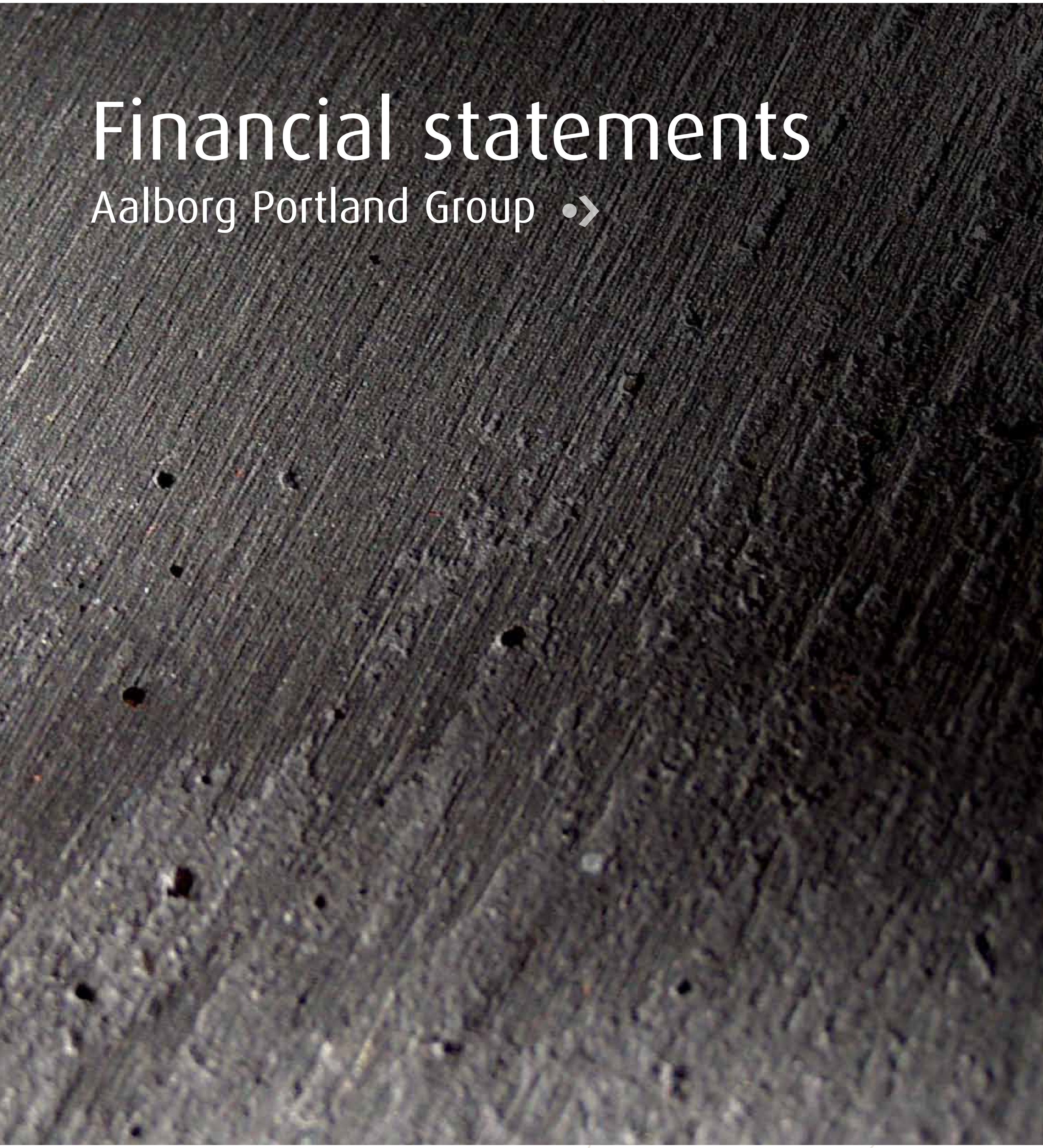
Aalborg, 5 March 2012

KPMG
Statsautoriseret Revisionspartnerselskab

Hans B. Vistisen
State Authorised Public Accountant

Steffen S. Hansen
State Authorised Public Accountant

Financial statements
Aalborg Portland Group



Income statement and statement of comprehensive income

EUR '000	Notes	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Income statement					
Net sales	01	549,860	477,320	179,688	150,887
Cost of sales	02|03|04|09	338,681	306,109	111,775	106,243
Gross profit		**211,179**	**171,211**	**67,913**	**44,644**
Sales and distribution costs	04	127,058	108,480	30,353	26,700
Administrative expenses	04|05	39,537	36,833	14,492	15,942
Other operating income	06	1,317	2,399	645	732
Other operating costs	06	234	83	2	0
Earnings before interest and tax (EBIT)		**45,667**	**28,214**	**23,711**	**2,734**
Share of profit after tax, associates	17	2,218	2,143	0	0
Gain on disposal of associate	16	173	0	0	0
Financial income	07	4,929	4,908	9,189	4,052
Financial expenses	07	3,852	4,508	1,423	696
Earnings before tax (EBT)		**49,135**	**30,757**	**31,477**	**6,090**
Corporation tax	08	12,861	5,091	6,225	1,061
Profit for the year		**36,274**	**25,666**	**25,252**	**5,029**
Attributable to:					
Minority interests		4,926	7,668		
Shareholders in Aalborg Portland A/S		31,348	17,998		
To be distributed as follows:					
Retained earnings				25,252	5,029
Proposal for distribution of dividends				0	0
Statement of comprehensive income					
Profit for the year		**36,274**	**25,666**	**25,252**	**5,029**
Other comprehensive income:					
Exchange rate adjustments on translation of foreign entities		2,545	17,065	0	0
Exchange rate adjustments		0	0	803	-120
Actuarial gains/losses on defined benefit pension schemes	21	-325	266	0	0
Tax on other comprehensive income	8	86	-78	0	0
Other comprehensive income after tax		**2,306**	**17,253**	**803**	**-120**
Total comprehensive income		**38,580**	**42,919**	**26,055**	**4,909**
Attributable to:					
Minority interests		4,633	11,236		
Shareholders in Aalborg Portland A/S		33,947	31,683		
		38,580	**42,919**		

Cash flow statement

EUR '000	Notes	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Cash flow from operating activities					
Earnings before interest and tax (EBIT)		45,667	28,214	23,711	2,734
Adjustment for non-cash items	10	45,231	41,994	19,845	19,620
Change in working capital	11	-1,291	-6,589	-496	10,574
Cash flow from operating activities before financial items and tax		**89,607**	**63,619**	**43,060**	**32,928**
Dividends received from associates		2,932	3,842	0	0
Financial payments received and made	12	1,077	400	1,165	2,129
Corporation taxes paid		-7,708	-1,474	-9,329	-4,130
Cash flow from operating activities (CFFO)		**85,908**	**66,387**	**34,896**	**30,927**
Cash flow from investing activities					
Acquisition of intangible assets		-3,303	-10,748	-1,371	-143
Acquisition of property, plant and equipment		-15,920	-10,661	-8,232	-6,731
Disposal of intangible assets and property, plant and equipment		2,346	2,331	87	0
Disposal of equity investments		539	0	0	0
Acquisition of financial assets		-1,558	0	-230	-4,886
Dividends received from Group enterprises		0	0	1,426	1,227
Cash flow from investing activities (CFFI)		**-17,896**	**-19,078**	**-8,320**	**-10,533**
Cash flow from operating and investing activities, total		**68,012**	**47,309**	**26,576**	**20,394**
Cash flow from financing activities					
Dividends paid		-25,731	0	-25,731	0
Dividends to minority shareholders		-1,730	-1,886	0	0
Change in financing	13	-29,227	-43,233	-245	-22,436
Cash flow from financing activities		**-56,688**	**-45,119**	**-25,976**	**-22,436**
Changes in cash funds		**11,324**	**2,190**	**600**	**-2,042**
Cash funds at 1 January		22,783	20,582	95	2,137
Exchange rate adjustments		-19	11	0	0
Cash funds at 31 December		**34,088**	**22,783**	**695**	**95**

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

Balance sheet

Assets

EUR '000	Notes	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Goodwill		55,110	54,875	2,446	2,440
Other intangible assets		27,864	16,302	5,963	6,505
Intangible assets in course of construction		951	11,765	613	19
Intangible assets	14	**83,925**	**82,942**	**9,022**	**8,964**
Land and buildings		142,124	148,226	41,973	44,961
Plant and machinery		259,735	281,914	88,331	99,376
Property, plant and equipment in course of construction		11,008	6,947	7,489	3,353
Property, plant and equipment	15	**412,867**	**437,087**	**137,793**	**147,690**
Investments in associates	16|17	15,956	16,868	0	0
Investments in enterprises		0	0	148,198	147,822
Other non-current assets	16	3,112	1,435	287	139
Deferred tax assets	18	339	304	0	0
Other non-current assets		**19,407**	**18,607**	**148,485**	**147,961**
Total non-current assets		**516,199**	**538,636**	**295,300**	**304,615**
Inventories	19	**66,705**	**68,179**	**30,441**	**31,838**
Trade receivables	20	59,648	47,819	11,611	8,231
Amounts owed by Group enterprises		657	345	47,632	54,729
Amounts owed by associates		3,132	3,255	2,690	2,745
Corporation tax receivable		676	2,946	216	1,655
Derivative financial instruments (positive fair value)		293	56	292	0
Other receivables	20	6,296	8,670	2,332	1,615
Prepayments	20	2,774	4,040	493	803
Receivables		**73,476**	**67,131**	**65,266**	**69,778**
Cash funds		**34,088**	**22,783**	**695**	**2,137**
Total current assets		**174,269**	**158,093**	**96,402**	**103,753**
TOTAL ASSETS		**690,468**	**696,729**	**391,702**	**408,368**

Equity and liabilities

EUR '000	Notes	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Shareholders' equity					
Share capital		40,333	40,333	40,333	40,333
Foreign currency translation reserve		7,953	5,228	0	0
Retained earnings		357,683	352,192	268,384	268,060
Aalborg Portland A/S's share of shareholders' equity		**405,969**	**397,753**	**308,717**	**308,393**
Minority interests' share of shareholders' equity		**59,731**	**61,250**	**0**	**0**
Total shareholders' equity		**465,700**	**459,003**	**308,717**	**308,393**
Liabilities					
Pension commitments and similar liabilities	21	7,616	7,226	0	0
Deferred tax	18	54,712	52,781	24,129	26,058
Provisions	22	5,900	5,848	3,369	3,293
Credit institutions	23|25	28,524	32,341	0	0
Non-current liabilities		**96,752**	**98,196**	**27,498**	**29,351**
Credit institutions	23|25	12,187	35,105	10,145	24,530
Trade payables		75,160	63,834	33,908	26,424
Amounts owed to Group enterprises		1,617	5,712	1,909	6,858
Derivative financial instruments (negative fair value)		0	60	231	3,744
Joint taxation contribution payable		0	0	0	57
Corporation taxes payable		2,470	1,273	988	0
Provisions	22	673	576	0	0
Other payables	24	35,909	32,970	8,306	6,969
Current liabilities		**128,016**	**139,530**	**55,487**	**68,582**
Total liabilities		**224,768**	**237,726**	**82,985**	**97,933**
TOTAL EQUITY AND LIABILITIES		**690,468**	**696,729**	**391,702**	**406,326**

Statement of shareholders' equity

Group

EUR '000						2011
	Share capital	Foreign currency translation reserve	Retained earnings	Aalborg Portland's total share	Minority interests' share	Total equity
Shareholders' equity at 1 January 2011	40,333	5,228	352,192	397,753	61,250	459,003
Changes in equity						
Profit for the year			31,348	31,348	4,926	36,274
Other comprehensive income:						
Exchange rate adjustments on translation of foreign entities		2,725		2,725	-180	2,545
Actuarial gains/losses on defined benefit pension schemes			-172	-172	-153	-325
Tax on other comprehensive income			46	46	40	86
Total comprehensive income	**0**	**2,725**	**31,222**	**33,947**	**4,633**	**38,580**
Transactions with owners						
Extraordinary dividend distributed			-25,731	-25,731		-25,731
Dividend distributed					-6,152	-6,152
	0	**0**	**-25,731**	**-25,731**	**-6,152**	**-31,883**
Shareholders' equity at 31 December 2011	**40,333**	**7,953**	**357,683**	**405,969**	**59,731**	**465,700**

EUR '000						2010
	Share capital	Foreign currency translation reserve	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	51,900	417,970
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**	**13,435**	**18,248**	**31,683**	**11,236**	**42,919**
Transactions with owners						
Dividend distributed	0	0	0	0	-1,886	-1,886
Shareholders' equity at 31 December 2010	**40,333**	**5,228**	**352,192**	**397,753**	**61,250**	**459,003**

Parent Company

EUR '000			2011
	Share capital	Retained earnings	Total
Shareholders' equity at 1 January 2011	40,333	268,060	308,393
Profit for the year		25,252	25,252
Other comprehensive income:			
Exchange rate adjustments		803	803
Total comprehensive income	**0**	**26,055**	**26,055**
Transactions with owners			
Extraordinary dividend distributed		-25,731	-25,731
Shareholders' equity at 31 December 2011	**40,333**	**268,384**	**308,717**

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**

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 2011 were EUR 25.7m (2010: EUR 0m).

Note 01 | 02 | 03 | 04

01 NET SALES

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Sale of cement	245,381	222,778	174,916	145,887
Sale of ready-mixed concrete	265,757	217,027	0	0
Other sales *	38,722	37,515	4,772	5,000
	549,860	**477,320**	**179,688**	**150,887**

* 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 338.7m (2010: EUR 306.1m). Hereof direct staff costs amount to EUR 44.0m (2010: EUR 42.6m) and use of raw materials amounts to EUR 80.6m (2010: EUR 66.3m).

Parent Company

Cost of sales amounts to EUR 111.8m (2010: EUR 106.2m). Hereof direct staff costs amount to EUR 18.8m (2010: EUR 15.7m) and use of raw materials amounts to EUR 12.3m (2010: EUR 9.1m).

03 RESEARCH AND DEVELOPMENT COSTS

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Research and development costs charged to the income statement:				
Research and development costs paid	1,726	2,409	1,726	2,409
Development costs recognised in intangible assets	0	-129	0	-129
Amortisation and impairment of recognised development costs	127	127	127	127
	1,853	**2,407**	**1,853**	**2,407**

04 STAFF COSTS

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Wages and salaries and other remuneration	79,292	73,321	26,630	25,989
Pension costs, defined benefit schemes	752	856	0	0
Pension costs, defined contribution schemes	5,117	4,826	1,807	1,781
Social security costs	5,531	4,806	879	820
	90,692	**83,809**	**29,316**	**28,590**

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 2011	Group 2010	Parent Company 2011	Parent Company 2010
Number of employees at 31 December	1,509	1,575	323	363
Average number of full-time employees	1,556	1,591	352	371
Remuneration of the Board of Directors, the Management and other senior executives				
Salaries and remunerations	2,267	1,878	1,486	1,440
Pension contributions	118	107	85	71
	2,385	**1,985**	**1,571**	**1,511**
Hereof Board of Directors and Management	753	727	527	727

Note 04 | 05 | 06 | 07

NOTE 04 – STAFF COSTS

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	2011	2010	2011	2010
Total fees to KPMG are specified as follows:				
Statutory audit	176	167	104	112
Other assurance engagements	57	64	43	14
Tax and VAT advisory services	74	240	30	174
Other services	144	122	136	119
	451	**593**	**313**	**419**
Fess to other auditors	351	287		

06 OTHER OPERATING INCOME AND OTHER OPERATING COSTS

	Group		Parent Company	
EUR '000	2011	2010	2011	2010
Other operating income				
Rent income	720	870	632	697
Profit on sale of property, plant and equipment	434	1,263	0	0
Other income	163	266	13	35
	1,317	**2,399**	**645**	**732**
Other operating costs				
Loss on sale of property, plant and equipment	65	8	2	0
Other costs	169	75	0	0
	234	**83**	**2**	**0**

07 FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
EUR '000	2011	2010	2011	2010
Financial income				
Interest, cash funds etc.	982	433	278	61
Interest, Group enterprises	20	7	1,047	1,207
Dividends received from Group enterprises	0	0	6,602	1,227
Exchange rate adjustments	3,927	4,468	1,262	1,557
	4,929	**4,908**	**9,189**	**4,052**
Interest on financial assets measured at amortised cost	1,002	440	1,325	1,268
Financial expenses				
Interest, credit institutions etc.	2,283	2,479	870	676
Interest, Group enterprises	0	0	3	1
Exchange rate adjustments	1,569	2,029	550	19
	3,852	**4,508**	**1,423**	**696**
Interest on financial obligations measured at amortised cost	2,283	2,479	873	677

Note 08 | 09

08 CORPORATION TAX

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Corporation tax				
Current tax on the profit for the year/joint taxation contribution	11,499	2,677	8,108	3,579
Deferred tax adjustment	1,790	2,379	-1,802	-2,608
Other adjustments, including previous years	-428	35	-81	90
	12,861	**5,091**	**6,225**	**1,061**
Taxes paid	**7,680**	**1,429**	**9,328**	**4,134**

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

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Reconciliation of tax rate				
Tax according to Danish tax rate 25%	12,284	7,689	7,869	1,523
Difference in the tax rates applied by non-Danish enterprises relative to 25%	-1,604	-2,257	0	0
Non-taxable income and non-deductible expenses	329	9	14	-297
Dividends received from subsidiaries	0	0	-1,650	0
Unrecognised tax assets	0	-84	0	0
Other, including adjustments previous years	79	-243	-8	-165
Change of tax rates	1,773	-23	0	0
	12,861	**5,091**	**6,225**	**1,061**
Applicable tax rate for the year	**26%**	**17%**	**20%**	**17%**
Corporation tax recognised directly as other comprehensive income				
Actuarial gains and losses	-86	78	0	0
	-86	**78**	**0**	**0**
Total corporation tax	**12,775**	**5,169**	**6,225**	**1,061**

09 ENVIRONMENTAL TAXES

EUR '000	Parent Company 2011	Parent Company 2010
The Parent Company has paid the following direct environmental taxes:		
Sulphur	229	205
NO_X	306	422
Electricity	536	487
Waste	1,701	1,568
Energy	733	320
Raw materials	533	440
Diesel and fuel oil	8	79
PSO	1,671	1,948
	5,717	**5,469**

Note 10 | 11 | 12 | 13

10 ADJUSTMENT FOR NON-CASH ITEMS

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Amortisation and depreciation	44,497	44,162	19,733	19,706
Change in provisions	282	-1,116	67	-67
Gains and losses on purchase and sale of property, plant and equipment, and exch. rate adjustments	452	-1,052	45	-19
	45,231	**41,994**	**19,845**	**19,620**

11 CHANGE IN WORKING CAPITAL

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Inventories	1,471	-3,607	1,398	3,698
Receivables	-12,024	-11,937	-5,359	-1,514
Trade payables	7,248	12,012	2,535	6,123
Change in other receivables and other payables	2,014	-3,057	930	2,267
	-1,291	**-6,589**	**-496**	**10,574**

12 FINANCIAL PAYMENTS RECEIVED AND MADE

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Financial payments received	4,929	4,908	2,587	2,825
Financial payments made	-3,852	-4,508	-1,422	-696
	1,077	**400**	**1,165**	**2,129**

13 NET INTEREST-BEARING DEBT (NIBD)

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Net interest-bearing debt, 1 January	44,006	86,949	-27,304	-6,994
Changes in interest-bearing cash funds	-11,324	-2,190	-600	2,042
Changes in financing	-29,227	-43,233	-245	-22,436
Dividend receivable	0	0	-5,959	0
Exchange rate adjustments	2,006	2,480	453	84
Net interest-bearing debt (- deposit) at 31 December	**5,461**	**44,006**	**-33,655**	**-27,304**

The Aalborg Portland Group is mainly financed via multi option facility agreements 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.

Note 14

14 INTANGIBLE ASSETS

Group

EUR '000 2011	Goodwill	Other intangible assets	Intangible assets in course of construction	Total
Cost at 1 January	54,875	30,133	11,765	96,773
Exchange rate adjustments	235	497	0	732
Additions	0	2,222	841	3,063
Disposals	0	-191	-220	-411
Other adjustments/reclassifications	0	11,928	-11,435	493
Cost at 31 December	**55,110**	**44,589**	**951**	**100,650**
Amortisation and depreciation at 1 January	0	13,831	0	13,831
Exchange rate adjustments	0	47	0	47
Reversed depreciation on disposals	0	-158	0	-158
Amortisation for the year	0	3,005	0	3,005
Amortisation and depreciation at 31 December	**0**	**16,725**	**0**	**16,725**
Carrying amount at 31 December	**55,110**	**27,864**	**951**	**83,925**

EUR '000 2010	Goodwill	Other intangible assets	Intangible assets in course of construction	Total
Cost at 1 January	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	**54,875**	**30,133**	**11,765**	**96,773**
Amortisation and depreciation at 1 January	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	**0**	**13,831**	**0**	**13,831**
Carrying amount at 31 December	**54,875**	**16,302**	**11,765**	**82,942**

EUR '000	2011	2010
Amortisation during the year is included in the following items:		
Cost of sales	458	693
Sales and distribution costs	124	264
Administrative expenses	2,423	1,107
	3,005	**2,064**

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 0.1m (2010: EUR 0.2m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 6.4m (2010: EUR 7.5m).

NOTE 14 – INTANGIBLE ASSETS

Intangible assets with indefinite useful lives

General assumptions

Nordic Cement, Nordic RMC and Overseas account for EUR 2.3m, EUR 4.9m and EUR 10.5m of the consolidated goodwill.

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.

Aalborg Portland Group performed impairment test on the carrying amount of goodwill at 31 December 2011. 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 2012-2014 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 2014.

Budgets and business plans for the period 2012-2014 are based on concrete future business measures, assessing risks in the key parameters and incorporating these in expected future free cash flows. Projections after 2014 are based on general expectations. The value for the period after 2014 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 6-9%, Nordic RMC (Denmark, Sweden and Norway) 4-5%.

The impairment tests are in addition to this based on the prospects for the future mentioned in the mangement's review, page 7.

Based on the impairment tests performed, no grounds were found at 31 December 2011 for impairments of goodwill.

Note 14

NOTE 14 – INTANGIBLE ASSETS | **Parent Company**

EUR '000 2011	Goodwill	Other intangible assets	Intangible assets in course of construction	Total
Cost at 1 January	5,189	16,107	19	21,315
Exchange rate adjustments	6	44	0	50
Additions	0	776	717	1,493
Disposals	0	-137	-123	-260
Other adjustments/reclassifications	0	0	0	0
Cost at 31 December	**5,195**	**16,790**	**613**	**22,598**
Amortisation at 1 January	2,749	9,602	0	12,351
Exchange rate adjustments	0	26	0	26
Reversed depreciation on disposals	0	-135	0	-135
Amortisation for the year	0	1,334	0	1,334
Amortisation at 31 December	**2,749**	**10,827**	**0**	**13,576**
Carrying amount at 31 December	**2,446**	**5,963**	**613**	**9,022**

EUR '000 2010	Goodwill	Other intangible assets	Intangible assets in course of construction	Total
Cost at 1 January	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	**5,189**	**16,107**	**19**	**21,315**
Amortisation at 1 January	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	**2,749**	**9,602**	**0**	**12,351**
Carrying amount at 31 December	**2,440**	**6,505**	**19**	**8,964**

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 0.1m (2010: EUR 0.2m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 4.9m (2010: EUR 5.9m).

Regarding impairment tests reference is made to page 49.

Note 15

15 PROPERTY, PLANT AND EQUIPMENT — Group

EUR '000 2011	Land and buildings	Plant and machinery	Property, plant and equipment in course of construction	Total
Cost at 1 January	265,525	698,182	6,947	970,654
Exchange rate adjustments	2,195	4,166	38	6,399
Additions	1,175	7,953	7,432	16,560
Disposals	-70	-7,859	-68	-7,997
Other adjustments/reclassifications	265	2,507	-3,341	-569
Cost at 31 December	**269,090**	**704,949**	**11,008**	**985,047**
Depreciation and impairment at 1 January	117,299	416,268	0	533,567
Exchange rate adjustments	448	1,765	0	2,213
Reversed depreciation on disposals	0	-5,889	0	-5,889
Depreciation for the year	9,219	33,070	0	42,289
Depreciation and impairment at 31 December	**126,966**	**445,214**	**0**	**572,180**
Carrying amount at 31 December	**142,124**	**259,735**	**11,008**	**412,867**

EUR '000 2010	Land and buildings	Plant and machinery	Property, plant and equipment in course of construction	Total
Cost at 1 January	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	**265,525**	**698,182**	**6,947**	**970,654**
Depreciation and impairment at 1 January	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	**117,299**	**416,268**	**0**	**533,567**
Carrying amount at 31 December	**148,226**	**281,914**	**6,947**	**437,087**

EUR '000	2011	2010
Depreciation during the year is included in the following items:		
Cost of sales	36,155	35,514
Sales and distribution costs	4,764	5,444
Administrative expenses	1,370	1,342
	42,289	**42,300**

Aalborg Portland Group has signed contracts regarding purchase of property, plant and equipment at a value of EUR 0.2m (2010: EUR 2.9m).
Borrowing costs capitalised during the period EUR 0.0m (2010: EUR 0.3m).
No changes are made in significant accounting estimates regarding property, plant and equipment.

Note 15

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

Parent Company

EUR '000				2011
	Land and buildings	Plant and machinery	Property, plant and equipment in course of construction	Total
Cost at 1 January	110,866	349,564	3,353	463,783
Exchange rate adjustments	301	950	9	1,260
Additions	38	3,198	5,064	8,300
Disposals	0	-1,103	-68	-1,171
Other adjustments/reclassifications	265	604	-869	0
Cost at 31 December	**111,470**	**353,213**	**7,489**	**472,172**
Depreciation at 1 January	65,905	250,188	0	316,093
Exchange rate adjustments	179	680	0	859
Reversed depreciation on disposals	0	-1,016	0	-1,016
Depreciation for the year	3,413	15,030	0	18,443
Other adjustments/reclassifications	0	0	0	0
Depreciation at 31 December	**69,497**	**264,882**	**0**	**334,379**
Carrying amount at 31 December	**41,973**	**88,331**	**7,489**	**137,793**

EUR '000				2010
	Land and buildings	Plant and machinery	Property, plant and equipment in course of construction	Total
Cost at 1 January	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	**110,866**	**349,564**	**3,353**	**463,783**
Depreciation at 1 January	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	**65,905**	**250,188**	**0**	**316,093**
Carrying amount at 31 December	**44,961**	**99,376**	**3,353**	**147,690**

EUR '000	2011	2010
Depreciation during the year is included in the following items:		
Cost of sales	17,858	17,597
Sales and distribution costs	12	19
Administrative expenses	573	524
	18,443	**18,140**

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.

Note 16

16 OTHER NON-CURRENT ASSETS

Group

EUR '000				2011
	Investments in associates	Other non-current assets	Deferred tax assets	Total
Cost at 1 January	17,351	1,435	304	19,090
Exchange rate adjustments	301	-9	0	275
Additions	0	164	0	164
Disposals	-443	0	-750	-1,193
Other adjustments	0	1,539	0	1,539
Change offset in provision for deferred tax	0	0	785	785
Cost at 31 December	**17,209**	**3,112**	**339**	**20,660**
Adjustments at 1 January	-483	0	0	-483
Exchange rate adjustments	18	0	0	18
Disposals	150	0	0	150
Profit shares	2,352	0	0	2,352
Dividends for the year	-2,932	0	0	-2,932
Other adjustments	-358	0	0	-358
Adjustments at 31 December	**-1,253**	**0**	**0**	**-1,253**
Carrying amount at 31 December	**15,956**	**3,112**	**339**	**19,407**

EUR '000				2010
	Investments in associates	Other non-current assets	Deferred tax assets	Total
Cost at 1 January	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	**17,351**	**1,435**	**304**	**19,090**
Adjustments at 1 January	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	**-483**	**0**	**0**	**-483**
Carrying amount at 31 December	**16,868**	**1,435**	**304**	**18,607**

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

Note 16 | 17

NOTE 16 – OTHER NON-CURRENT ASSETS

EUR '000	Parent Company 2011		
	Investments in Group enterprises	Other non-current assets	Total
Cost at 1 January	148,643	139	148,782
Exchange rate adjustments	310	-16	294
Additions	66	164	230
Cost at 31 December	**149,019**	**287**	**149,306**
Write-down 1 January	821	0	821
Write-down 31 December	**821**	**0**	**821**
Carrying amount at 31 December	**148,198**	**287**	**148,485**

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

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

17 INVESTMENTS IN ASSOCIATES

EUR '000	Group 2011	2010
Summary of financial information from associates:		
Net sales	118,786	115,775
Profit for the year	8,819	8,553
Total assets	79,461	87,145
Total liabilities	31,885	33,920
Aalborg Portland Group's share of profit for the year after tax	2,218	2,143

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 79.

Note 18

18 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES		Group
EUR ‘000	2011	2010
Change in deferred tax in the year		
Deferred tax at 1 January	52,477	48,587
Exchange rate adjustments	-142	1,391
Changes of tax rate, via income statement	1,787	0
Adjustments, previous years via income statement	40	201
Movements via income statement	297	2,375
The year’s movements in comprehensive income	-86	-77
Deferred tax liabilities at 31 December, net	**54,373**	**52,477**
Deferred tax is presented in the balance sheet as follows:		
Deferred tax liabilities	54,712	52,781
Deferred tax assets	339	304
Deferred tax liabilities at 31 December, net	**54,373**	**52,477**

	Deferred tax assets		Deferred tax liabilities	
	2011	2010	2011	2010
Intangible assets	14	5	8,698	8,300
Property, plant and equipment	0	45	40,606	39,920
Other non-current assets	0	0	420	293
Current assets	103	0	2,855	3,684
Provisions	67	68	3,530	3,236
Non-current and current liabilities	0	518	0	0
Tax loss carry-forwards	1,552	2,221	0	-99
Deferred tax before set-off	1,736	2,857	56,109	55,334
Set-off within legal tax entities and jurisdictions	-1,397	-2,553	-1,397	-2,553
Deferred tax at 31 December	**339**	**304**	**54,712**	**52,781**

Of the total deferred tax assets recognised, EUR 1.6m (2010: EUR 2.3m) 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 4.5m (2010: EUR 5.1m), are not recognised. The tax asset comprise reinvestment quotas, 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.

		Parent Company
EUR ‘000	2011	2010
Change in deferred tax for the year		
Deferred tax liability at 1 January	26,058	28,518
Adjustments, previous years, via income statement	-127	148
Movements via income statement	-1,802	-2,608
Deferred tax liabilities at 31 December	**24,129**	**26,058**
Provision for deferred tax		
Intangible assets	1,431	1,047
Property, plant and equipment	19,713	21,864
Current assets	2,898	3,406
Non-current and current liabilities	87	-259
Provision for deferred tax at 31 December	**24,129**	**26,058**

Note 19 | 20

19 INVENTORIES

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Raw materials and consumables	37,879	35,679	17,764	17,586
Work in progress	11,695	14,008	5,308	6,850
Finished goods	16,262	17,431	7,369	7,402
Prepayments of goods	869	1,061	0	0
Inventories at 31 December	**66,705**	**68,179**	**30,441**	**31,838**

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 4.0m (2010: EUR 3.9m). Write-down recognised in the income statement under cost of sales is EUR 0.1m (2010: EUR -0.6m).

20 RECEIVABLES

EUR '000	Group 2011	Group 2010	Parent Company 2011	Parent Company 2010
Development in impairment losses on trade receivables:				
Impairment losses at 1 January	1,408	1,351	20	19
Exchange rate adjustments	3	34	0	0
Impairment losses in the year	258	44	0	9
Realised in the year	-61	-12	0	0
Reversed	0	-9	0	-8
Impairment losses at 31 December	**1,608**	**1,408**	**20**	**20**

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, positive value of derived financial instruments, 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, positive value of derived financial instruments, etc.

Note 21

21 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS		Group
EUR '000	2011	2010
Present value of defined benefit schemes	11,094	10,303
Market value of the assets comprised by the schemes	-3,478	-3,077
Net liability recognised in the balance sheet	**7,616**	**7,226**
Present value of defined benefit schemes at 1 January	10,303	9,379
Exchange rate adjustment	100	1,002
Actuarial gains/losses recognised in other comprehensive income	289	-451
Costs	507	544
Interest on commitment	344	404
Other adjustments	-8	-124
Payments	-441	-451
Present value of defined benefit schemes at 31 December	**11,094**	**10,303**
Market value of the assets comprised by the schemes at 1 January	3,077	2,640
Exchange rate adjustment	26	174
Payments	285	213
Expected return on plan assets	125	127
Other adjustments	1	112
Actuarial gains/losses recognised in other comprehensive income	-36	-189
Market value of the assets comprised by the schemes at 31 December	**3,478**	**3,077**
Stated as liabilities (provision for pension)	**7,616**	**7,226**
Amounts taken to the income statement		
Costs	507	544
Interest on commitment	344	404
Expected return on plan assets	-125	-127
Other	32	65
Total amount of defined benefit schemes	758	886
Defined contribution schemes	5,111	4,797
Total amount taken to the income statement	**5,869**	**5,683**
Pension costs are included in:		
Cost of sales	2,679	2,689
Sales and distribution costs	1,891	1,783
Administrative expenses	1,299	1,211
	5,869	**5,683**
Return on plan assets		
Actual return on plan assets	89	-57
Expected return on plan assets	125	127
Actuarial gains/losses on plan assets	**-36**	**-184**

All assets comprised by the schemes are managed and controlled by pension providers in collective pool schemes.
In 2012, the Group expects payment of EUR 0.4m to the defined benefit schemes.

Actuarial assumptions at the balance sheet date are as follows:		
Average discounting rate applied	3%	4%
Expected return on tied-up assets	4-5%	4%
Expected future pay increase rate	3-4%	3-4%

Note 21 | 22

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:

Five-year overview

EUR '000	2011	2010	2009	2008	2007
Actuarially determined pension commitments	-11,094	-10,303	-9,379	-8,331	-9,070
Fair value of plan assets	3,478	3,077	2,640	2,203	2,574
Surplus/deficit in the plan	**-7,616**	**-7,226**	**-6,739**	**-6,128**	**-6,496**

EUR '000	2011	2010
In the statement of consolidated shareholders' equity the following accumulated actuarial gains/losses are recognised	-1.582	-1.546

22 PROVISIONS

	Group	
EUR '000	2011	2010
Provisions at 1 January	6,424	7,011
Exchange rate adjustment	32	281
Additions in the year	246	79
Disposals/application in the year	0	-495
Reversal	-129	-452
Provisions at 31 December	**6,573**	**6,424**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	5,900	5,848
Stated as current liabilities	673	576
	6,573	**6,424**
Maturities for other provisions are expected to be:		
Falling due within one year	673	576
Falling due between one and five years	0	225
Falling due after more than five years	5,900	5,623
	6,573	**6,424**

Provisions mainly including re-establishment of chalk, gravel and clay pits amount to EUR 3.7m (2010: EUR 3.4m), demolition liabilities for buildings and terminal on rented land amount to EUR 2.2m (2010: EUR 2.2m), warranties and claims amount to EUR 0.7m (2010: 0.6m).

Additions in the year include additions of liabilities regarding warranties and claims and 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.

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 2012.

NOTE 22 – PROVISIONS

EUR '000	Parent Company 2011	Parent Company 2010
Provisions at 1 January	3,293	3,366
Exchange rate adjustment	9	-6
Additions during the year	67	67
Disposals/applications in the year	0	-134
Provisions at 31 December	**3,369**	**3,293**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	3,369	3,293
Stated as current liabilities	0	0
	3,369	**3,293**
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	3,369	3,293
	3,369	**3,293**

Provisions including demolition liabilities for buildings and terminal on rented land amount to EUR 2.3m (2010: EUR 2.2m) and re-establishment of chalk, gravel and clay pits amounts to EUR 1.2m (2010: 1.1m).

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 and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

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 2012.

Note 23

23 CREDIT INSTITUTIONS AND OTHER BORROWINGS

EUR '000	Year of maturity	Fixed/ variable	2011 Carrying amount	2010 Carrying amount
				Group
Mortgages		Fixed	0	968
Bank borrowings and credits	2012-2014	Variable	40,711	66,478
			40,711	**67,446**

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	Non-current borrowings (> 1 year)	Current borrowings (0-1 years)	Total	2011 Maturity (> 5 years)
31 December 2011:				
Mortgages	0	0	0	0
Bank borrowings and credits	28,524	12,187	40,711	0
	28,524	**12,187**	**40,711**	**0**
Specification of contractual cash flows incl. interest:				
Mortgages	0	0	0	0
Bank borrowings and credits	29,323	13,173	42,496	0
	29,323	**13,173**	**42,496**	**0**
31 December 2010:				
Mortgages	0	968	968	0
Bank borrowings and credits	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 and credits	33,653	35,810	69,463	0
	33,653	**36,796**	**70,449**	**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

Mortgages and bank borrowings in the Parent Company at 31 December:

EUR '000			2011	2010
	Year of maturity	Fixed/ variable	Carrying amount	Carrying amount
Mortgages		Fixed	0	968
Bank borrowings and credits	2012	Variable	10,145	23,562
			10,145	**24,530**

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				2011
	Non-current borrowings (> 1 year)	Current borrowings (0-1 years)	Total	Maturity (> 5 years)
31 December 2011:				
Mortgages	0	0	0	0
Bank borrowings and credits	0	10,145	10,145	0
	0	**10,145**	**10,145**	**0**
Specification of contractual cash flows incl. interest:				
Mortgages	0	0	0	0
Bank borrowings and credits	0	10,325	10,325	0
	0	**10,325**	**10,325**	**0**

EUR '000				2010
31 December 2010:				
Mortgages	0	968	968	0
Bank borrowings and credits	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 and credits	0	23,838	23,838	0
	0	**24,824**	**24,824**	**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 24 | 25

24 OTHER PAYABLES

Group
Other payables include holiday pay liabilities, taxes and public indirect taxes, interest payable and prepayments from customers, etc.

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

25 CHARGES AND SECURITIES

Group

EUR '000	2011		2010	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount mortgaged assets	Debt regarding mortgaged assets
Trade receivables, etc.	0	0	2,345	277
Property, plant and machinery	32,205	213	144,387	1,174
	32,205	**213**	**146,732**	**1,451**

Parent Company

EUR '000	2011		2010	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	29,392	0	144,289	968

Note 26

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 2011, the Group has contractual obligations, including acquisition of raw materials etc. of EUR 38.8m (2010: EUR 20.3m).

The Group is obligated to pay further EUR 1.8m to the Danish Carbon Fund (2010: EUR 3.1m).

EUR '000	2011	2010
Guarantees		
Performance guarantees	3,007	2,775
Other guarantees, etc.	4,377	3,728
	7,384	**6,503**
Operating leases		
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	9,475	9,652
Falling due between one and five years	14,258	7,370
Falling due after more than five years	980	1,336
	24,713	**18,358**
Operating lease expenses recognised in the income statement	**13,915**	**13,747**

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 2011, contractual liabilities, including acquisition of raw materials etc., are EUR 26.4m (2010: EUR 20.3m).

The Parent Company is obligated to pay further EUR 1.8m to the Danish Carbon Fund (2010: EUR 3.1m).

EUR '000	2011	2010
Guarantees		
Other guarantees, etc.	135	95
	135	**95**
Operating leases		
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	6,353	6,256
Falling due between one and five years	8,625	3,652
Falling due after more than five years	0	436
	14,978	**10,344**
Operating lease expenses recognised in the income statement	**6,233**	**5,950**

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.

Note 27

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 79.

EUR '000	2011	2010
Transactions with Cementir España S.L.:		
Dividends distributed	19,250	0
Transactions with Globo Cem S.L.		
Dividends distributed	6,416	0
Transactions with Cementir Holding S.p.A.:		
Intra-group service agreement	2,493	0
Intra-group management and administration agreements	6,170	5,637
Trade receivables	657	345
Payables	1,617	5,712
Transactions with associates:		
Net sales	7,009	7,609
Trade receivables	3,132	3,255
Financial items, net	20	7
Transactions with other related parties:		
Net sales	272	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 2011 or 2010.
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 79, where the Parent Company has significant influence or exercises control.

NOTE 27 – RELATED PARTY TRANSACTIONS | Parent Company

EUR '000	2011	2010
Transactions with Cementir España S.L.:		
Dividends distributed	19,250	0
Transactions with Cementir Holding S.p.A.:		
Intra-group management and administration agreements	6,170	5,637
Payables	1,260	5,574
Transactions with other related parties:		
Sale of cement and micro silica	43,605	32,613
Intercompany management, administration agreements and shared service	8,753	6,380
Financial items, net	1,044	1,206
Trade and financial receivable	18,247	17,988
Trade and financial payables	6,981	9,552
Capital increases in enterprises	66	4,873
Dividends distributed to Globo Cem S.L.	6,416	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 2011 or 2010.
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 2010.

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

Neither in 2011 nor in 2010 the Group has defaulted or breached any loan agreements (covenants).

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 purchase and sale 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.

Note 28

NOTE 28 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

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 is not hedged due to the Danish fixed-exchange-rate policy aimed at the EUR. 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 3.5m (2010: EUR 4.8m). 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 2.2m (2010: EUR 0.2m).

Risks relating to net financing

The Group's most important currency risks arising from receivables and payables in foreign currencies at 31 December 2011 relate to the following currencies: EUR, USD, NOK and SEK. If these currencies (apart from EUR) had been 10% down at 31 December 2011, Group equity would have been affected negatively by an exchange adjustment of EUR 0.0m (2010: EUR 0.4m). Rising exchange rates would have had a similar positive impact on equity.

The parent company's most important net positions at 31 December 2011 relate to a financial USD loan to a Group enterprise and dividend receivable in EGP from a Group enterprise. If the USD and EGP had been 10% down at 31 December 2011, the parent company's equity would have been affected negatively by an exchange adjustment of EUR 1.8m (2010: EUR 1.8m). Rising exchange rates would have had a similar positive impact on equity. The Group result and equity are affected similarly.

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 2011 would have been reduced by EUR 24.2m (2010: EUR 23.6m), if the NOK, SEK, USD, CNY, MYR and EGP exchange rates had been 10% down on the actual exchange rates. If the USD, CNY, MYR and EGP exchange rates had been 15% down on the actual exchange rates, Group equity at 31 December 2011 would have been reduced further by EUR 9.0m (2010: EUR 8.8m). 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 2011.

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.

NOTE 28 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

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

EURm					2011
	AUD	SEK	PLN	USD	**Total**
Market value – forward contracts	0.0	0.0	0.1	0.2	**0.3**
Notional principal amount – forward contracts *	-0.1	0.0	-0.8	2.9	**2.0**

The forward contracts fall due from January - December 2012.

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**

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

EURm			2011
	PLN	USD	**Total**
Market value – forward contracts	0.1	0.2	**0.3**
Notional principal amount – forward contracts *	-0.8	2.9	**2.1**

The forward contracts fall due from January - December 2012.

EURm			2010
	PLN	USD	**Total**
Market value – forward contracts	-0.1	0.0	**-0.1**
Notional principal amount – forward contracts *	-6.9	0.0	**-6.9**

* 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 primary interest-rate exposure is related to fluctuations in CIBOR, LIBOR and EURIBOR.

The Group's preferred financing is floating rate loans. The Group's net interest-bearing debt (NIBD) at 31 December 2011 came in at EUR 5.5m, 100% thereof financed by floating rate loans. NIBD at 31 December 2010 represented EUR 44.0m, 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 0.2m (2010: EUR 0.6m) and on equity of EUR 0.2m (2010: EUR 0.5m). A declining interest level would have had a corresponding positive impact on result and equity.

The sensitivities stated are based on average financial assets and liabilities for the year.

The parent company has no interest-bearing debt (NIBD) at 31 December 2011. Receivables at 31 December 2011 came in at EUR 33.7m and at EUR 27.3m at 31 December 2010. Due to this the parent company is not exposed to considerable interest risks.

Note 28

NOTE 28 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

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 and electricity.

A minor part of the price risk on coal has earlier been hedged by swap contracts. There is no open swap agreement at 31 December 2011.

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.

In the autumn of 2011, the parent company entered into an agreement with an external bank on a guaranteed 4½ year bank facility in connection with the refinancing of the company's former credit facilities. The loan agreement includes certain covenants linked to the EBITDA compared to the actual interest-bearing debt and net financial expenses. The facility amounts to EUR 100m.

The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities. The credit facilities consist of both committed and uncommitted facilities. At the balance sheet date, the Group had at its disposal undrawn loan facilities of EUR 154m (2010: EUR 260m). The Management is of the opinion that the Group has sufficient liquidity at its disposal to carry through planned investments and operating activities and 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.

Credit risks
Credit risks include the risk that a counterparty is unable to fulfil its contractual obligations and thereby inflict a loss to the Group.

The Group's credit risks arise primarily from receivables related to customers, other receivables and cash.

Trade receivables arise from the Group companies' sale transactions with no payments made in advance.

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.

The credit rating of trade receivables is analysed on the basis of the business areas of the Group:

EURm	2011	2010
Nordic Cement	12.7	8.7
Nordic RMC	39.4	31.7
Overseas	7.5	7.4
	59.6	**47.8**

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 2011 include receivables of EUR 2.3m (2010: EUR 2.2m), which, based on an individual assessment, have been written down to EUR 0.7m (2010: EUR 0.8m). The write-downs were generally motivated by the customers' bankruptcy or anticipated bankruptcy. No collateral has been received regarding trade receivables which have been written down individually.

Group receivables overdue at 31 December are specified as follows:

EURm	2011	2010
Payment:		
Up to 30 days	10.4	8.7
Between 30 and 90 days	1.2	1.7
More than 90 days	0.5	0.7
	12.1	**11.1**

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

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 2011 and 31 December 2010 include no write-downs.

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

EURm	2011	2010
Payment:		
Up to 30 days	1.1	1.0
Between 30 and 90 days	0.2	0.0
More than 90 days	0.1	0.1
	1.4	**1.1**

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.

The Group financial gearing between net interest-bearing debt and EBITDA is 0.1 at 31 December 2011 (31 December 2010: 0.6).

Note 28 | 29

NOTE 28 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Specification of financial assets and obligations — **Group**

EUR '000	2011		2010	
	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	292	292	0	0
Loans and receivables	107,271	107,271	89,848	89,848
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	0	0	108	108
Financial obligations measured at amortised cost	153,397	153,397	169,859	169,859

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

EUR '000	2011		2010	
	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	292	292	0	0
Loans and receivables	65,669	65,669	69,873	69,873
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	0	0	57	57
Financial obligations measured at amortised cost	54,269	54,269	64,781	64,781

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 2010.

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.

Note 30 | 31

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 2010 and 2011 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.

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 2011 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 745.06 (2010: 744.73) has been used at the translation of items in the income statement and a year-end rate of EUR 100 = DKK 743.42 (2010: 745.44) 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 2010 and related notes, these have been omitted.

Changes in accounting policies

With effect from 1 January 2011, Aalborg Portland A/S has implemented the following:

- Revised AIS 24: Related Party Disclosures
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirements
- Amendments to IFRS 32 Classification of Rights Issues
- Amendments to IFRS 1 First-time adoption of IFRS: Limited Exemption from Comparative IFRS 7 Disclosures for First-time adopters regarding restatement of comparative disclosures
- Parts of Improvements to IFRSs May 2010
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The new accounting standards and rules of interpretation have not had any impact on recognition and measurement in 2011 and consequently also no impact on result and diluted earnings per share.

Note 31

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 between 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, 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.

Note 31

NOTE 31 – ACCOUNTING POLICIES

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 10 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.

Note 31

NOTE 31 – ACCOUNTING POLICIES

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 fair value 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 2011: IFRIC 20, IFRS 9-13, IAS 27 (2011) and 28 (2011), amendments to IFRS 1 and 7, amendments to IAS 1, 12, 19 and 32. None of these have 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 2012 or later. None of the new standards or rules of interpretations are expected to have any major impact on the consolidated financial statements.

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.

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:

Financial items
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.

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	$\frac{\text{Earnings before tax (EBT)}}{\text{Net sales}}$
ROCE	$\frac{\text{NOPAT}}{\text{Capital employed}}$
NOPAT	(Net Operating Profit After Tax) is the profit for the year with the following significant additions: • The cost of net interest-bearing debt (after tax). • The income from financial assets tied up outside the Group (after tax). • Amortisation of goodwill.
Capital employed	Is made up as the opening/closing average of shareholders' equity plus net interest-bearing debt with the following significant additions: • Accumulated amortisation of goodwill – as the original goodwill is considered of permanent value. • Provisions for deferred tax. • Financial assets tied up outside the Group – this encourages internal recirculation of cash funds.
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

The Great Belt Bridge, Denmark

Companies in the Group

The Company

Aalborg Portland A/S
Rørdalsvej 44, P.O. Box 165
9100 Aalborg
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 Globo Cem 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

8 May 2012 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	40.0%
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%
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.

Addresses

AALBORG PORTLAND GROUP

Aalborg Portland A/S
(Chairman's office)
Islands Brygge 43
2300 Copenhagen S
Denmark
Tel. +45 32 88 44 40
Fax +45 32 88 44 10
Søren Vinther, *Chairman of the Board of Directors*

Aalborg Portland A/S
Rørdalsvej 44
P.O. Box 165
9100 Aalborg
Denmark
Tel. +45 98 16 77 77
Fax +45 98 10 11 86
E-mail: cement@aalborgportland.com
Internet: www.aalborgportland.com
Executive Board:
Paolo Zugaro, *CEO, Nordic & Baltic*
Henning Bæk, *Executive Vice President, CFO*

NORDIC CEMENT

Aalborg Portland
Rørdalsvej 44
P.O. Box 165
9100 Aalborg
Denmark
Tel. +45 98 16 77 77
Kjeld Pedersen, *Managing Director*

Aalborg Portland Íslandi ehf.
Bæjarlind 4
201 Kópavogi
Iceland
Tel. +354 545 4800
Bjarni Ó. Halldórsson, *Managing Director*

Aalborg Portland Polska Sp. z o.o.
ul. Łucka 15, pok. 314
00-842 Warsaw
Poland
Tel. +48 22 409 7752+3
Tomasz Stasiak, *Managing Director*

Aalborg Portland OOO
Office 61C
Tambovskaya ul., house 12
192007 St. Petersburg
Russia
Tel. +7 812 346 74 14
Alexy Tomashevskiy, *Managing Director*

NORDIC RMC

Unicon A/S (head office)
Islands Brygge 43
P.O. Box 1978
2300 Copenhagen S
Denmark
Tel. +45 70 10 05 90
Executive Board:
Paolo Zugaro, *CEO, Nordic & Baltic*
Henning Bæk, *Executive Vice President, CFO*

Unicon (Denmark)
Islands Brygge 43
2300 Copenhagen S
Denmark
Tel. +45 70 10 05 90
Paolo Zugaro, *acting managing director*

Unicon AS (Norway)
Prof. Birkelandsvei 27b
1081 Oslo
Postal address:
P.O. Box 553 Sentrum
0105 Oslo
Norway
Tel. +47 67 555 444
Stein Tosterud, *Managing Director*

AB Sydsten
Stenyxegatan 7
Box 9115
213 76 Malmö
Sweden
Tel. +46 40 31 1900
Kaj Grönvall, *Managing Director*

Ecol-Unicon Sp. z o.o.
ul. Równa 2
80-067 Gdańsk
Poland
Tel. +48 58 306 5678
Wojciech Falkowski, *Managing Director*

Kudsk & Dahl A/S
Vojensvej 7
6500 Vojens
Denmark
Tel. +45 74 54 12 92
Kennet Arvedsen, *Managing Director*

OVERSEAS

Sinai White Portland Cement Co. S.A.E.
604 (A), El-Safa Street
New Maadi
Cairo
Egypt
Tel. +202 2754 2761-3
Paolo Bossi, *Managing Director*

Aalborg Portland Malaysia Sdn. Bhd.
Lot 75244, Pinji Estate, Lahat
P.O. Box 428
30750 Ipoh
Perak
Malaysia
Tel. +60 5 321 8988
Erik Petersen, *Managing Director*

Aalborg Portland (Anqing) Co. Ltd.
Guanbing, Yangqiao Town of Anqing
246000 Anqing, Anhui
PR China
Tel. +86 556 536 7733
Ho Gib Ren, *Managing Director*

Aalborg Portland U.S. Inc.
P.O. Box 678
Somerville, NJ 08876
USA
Tel. +1 908 534 4021
Alex Narcise, *Managing Director*

Lehigh White Cement Company
7660 Imperial Way
Allentown, PA 18195
USA
Tel. +1 610 366 4600
Robert Breyer, *General Manager*

Gaetano Cacciatore, LLC
P.O. Box 678
Somerville, NJ 08876
USA
Tel. +1 908 534 4021
Alex Narcise, *Managing Director*

Vianini Pipe, Inc.
P.O. Box 678
Somerville, NJ 08876
USA
Tel. +1 908 534 4021
Alex Narcise, *Managing Director*

The Annual Report 2011
is printed on CO_2 neutral paper,
coming from sustainable forestry (PEFC).

Design and production: www.hegnet.dk

CEMENTIR HOLDING

Aalborg Portland A/S
Rørdalsvej 44
P.O. Box 165
9100 Aalborg
Denmark
Tel. +45 98 16 77 77
Fax +45 98 10 11 86
cement@aalborgportland.com
www.aalborgportland.com