ANNUAL REPORT CEMENTOS MOLINS 2011

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Letter from the Chairman

Dear Shareholders,

The investment and geographical diversification policy which the Cementos Molins Group initiated in the eighties has acquired a special significance when submitting the 2011 results.

Those investment decisions, which we consider well-taken and which we still continue with today, have allowed us to be less dependent on the negative fluctuations which can occur when there is a single market or sole country involved.

The operations of the Group in international markets have presented very positive results overall, to which there is the added good news of our partner company, Surma Cement, which, as a result of the sentence passed by the High Court of India, has renewed its normal operations in the quarry and the Bangladesh factory.

Due to the Spanish economic situation, the results of our activities in our home market show for another year how tough the adjustment has been for the building sector, limiting our own results.

Concerning to investments, I would like to highlight the new facilities to use alternative fuels in the Sant Vicenç dels Horts plant, (Barcelona) which will yield substantial improvements in energetic and environmental efficiency; the clinker capacity expansion in the Olavarría plant (Argentina), and the erection of a brand new Portland cement factory in Kairouan (Tunis) with a production capacity of 1.2 million tonnes of clinker.

For yet another year I would like to acknowledge along these lines the effort and dedication of everyone who participates in the Group; management and employees alike, as well as clients, suppliers, credit institutions and authorities –who, each and every one in their own role, have made it possible for us to develop our activities.

Likewise, to the shareholders, who year after year renew their trust in us and in the Group, and who deserve our highest acknowledgement.

Finally, it is a pleasure for me to present in the following pages the information on the 2011 financial year of the Cementos Molins group.

Casimiro Molins Ribot
Chairman

Governing bodies

BOARD OF DIRECTORS

Chairman
- Casimiro Molins Ribot

First Deputy Chairman and Chief Executive Officer
- Juan Molins Amat

Second Deputy Chairman
- Cartera de Inversiones C.M., S.A., represented by Joaquín Mª Molins Gil

Directors
- Miguel del Campo Rodríguez
- Joaquim Molins Amat
- Emilio Gutiérrez Fernández de Liencres
- José Antonio Pujante Conesa
- Noumea S.A., represented by Pablo Molins Amat
- Ana Mª Molins López-Rodó
- Foro Familiar Molins S.L., represented by Roser Ràfols Vives
- Inversora Pedralbes S.A., represented by María Regina Molins López-Rodó
- Joaquín Mª Molins López-Rodó

Secretary no Director
- Jorge Molins Amat

Deputy Secretary Director
- Ana Mª Molins López-Rodó

> Kairouan plant, Tunisia

COMMITTEES OF THE BOARD OF DIRECTORS

Remunerations and Nominations Committee

Chairman

- Emilio Gutiérrez Fernández de Liencres

Vocals

- Joaquim Molins Amat
- Cartera de Inversiones C.M., S.A., represented by Joaquín Mª Molins Gil
- Foro Familiar Molins S.L., represented by Roser Ràfols Vives
- Joaquín Mª Molins López-Rodó

Secretary

- Jorge Molins Amat

Audit Committee

Chairman

- Miguel del Campo Rodríguez

Directors

- José Antonio Pujante Conesa
- Noumea S.A., represented by Pablo Molins Amat
- Ana Mª Molins López-Rodó

Secretary

- Jorge Molins Amat

Corporate General Manager

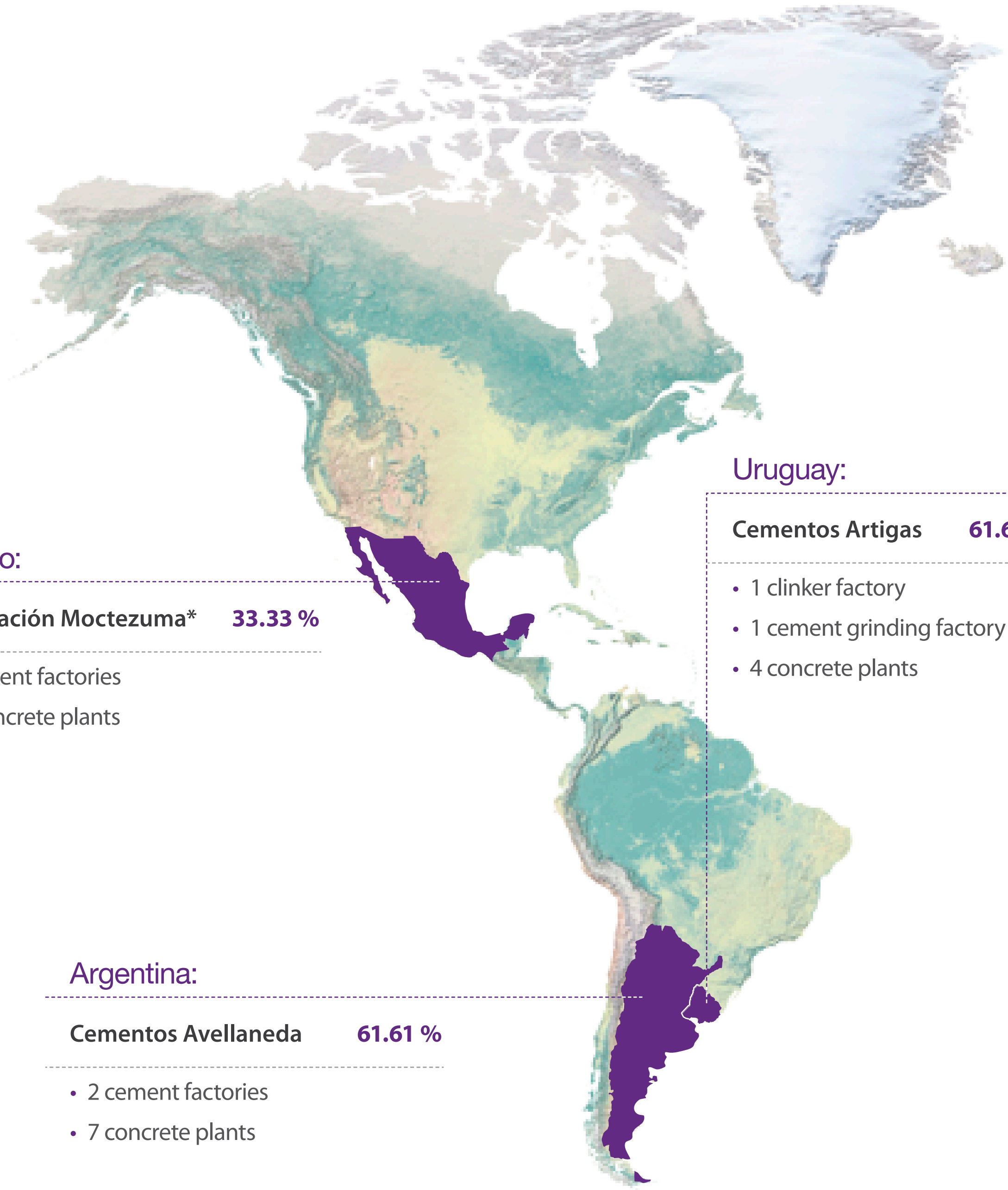
- Carlos Martínez Ferrer

Operations General Manager

- Salvador Fernández Capo

Geographic presence

Main operating companies with final participation (%)



Mexico:

Corporación Moctezuma* **33.33 %**

- 3 cement factories
- 50 concrete plants

Uruguay:

Cementos Artigas **61.61 %**

- 1 clinker factory
- 1 cement grinding factory
- 4 concrete plants

Argentina:

Cementos Avellaneda **61.61 %**

- 2 cement factories
- 7 concrete plants

* Companies where management and domain is shared with other shareholders.

Spain:

Cementos Molins Industrial **100.00 %**

- 1 cement factory

Promotora Mediterránea - 2 **98.94 %**

- 48 concrete plants
- 13 aggregate plants
- 2 mortar plants

Propamsa **100.00 %**

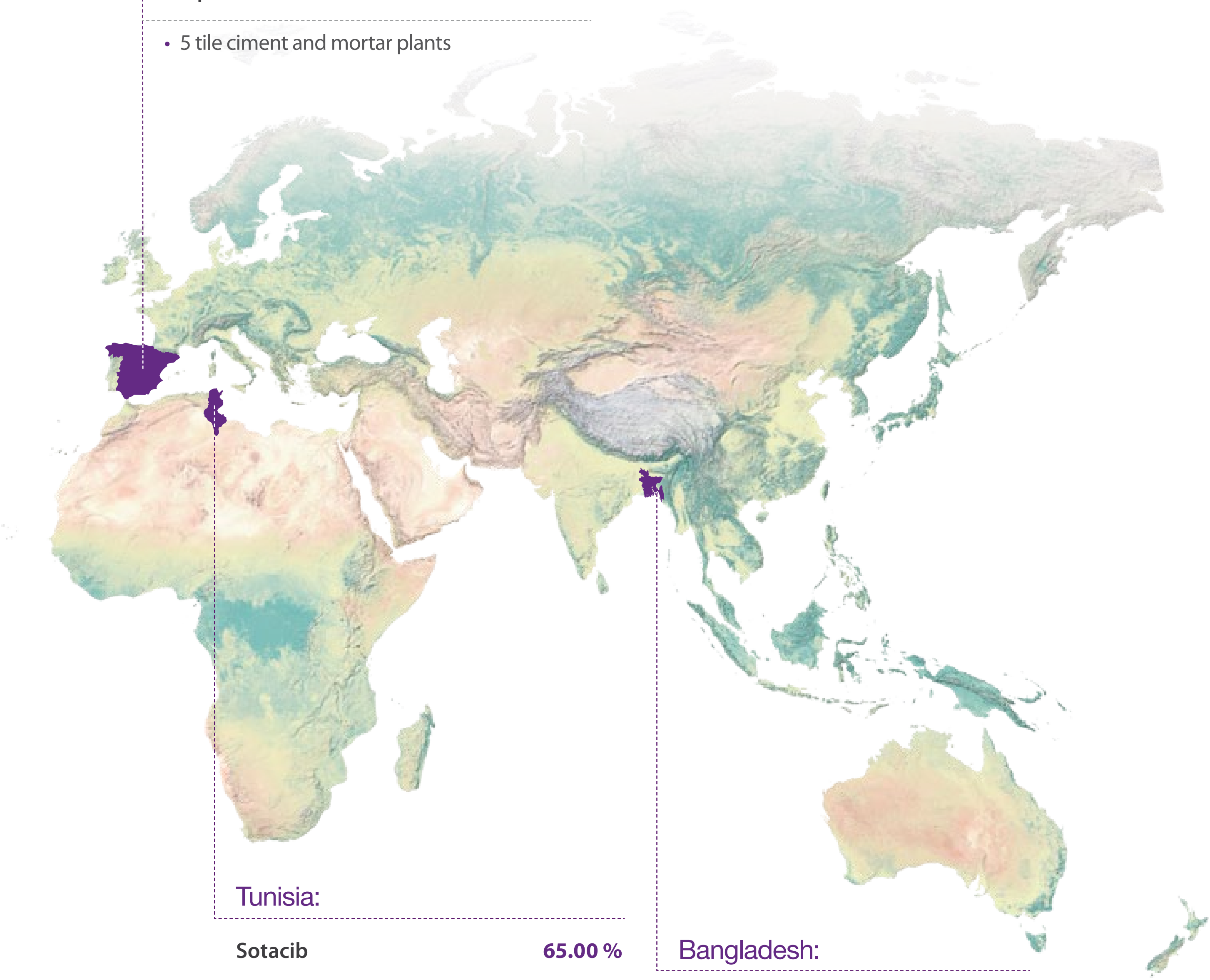
- 5 tile ciment and mortar plants

Prefabricaciones y Contratas **100.00 %**

- 10 precast concrete plants

Portcemen **33.33 %**

Escofet **36.48 %**



Tunisia:

Sotacib **65.00 %**

- 1 white cement factory

Sotacib Kairouan **67.12 %**

- 1 cement factory

Bangladesh:

Lafarge Surma Cement* **29.45 %**

- 1 cement factory

Relevant group aggregates

Thousands of euros

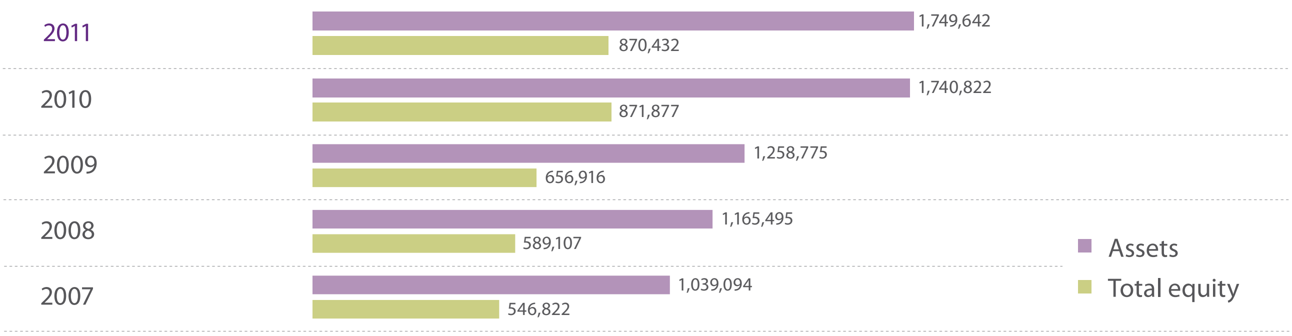
Year	2007	2008	2009	2010	2011
Assets	1,039,094	1,165,495	1,258,775	1,740,822	1,749,642
Total equity	546,822	589,107	656,916	871,877	870,432
Sales	816,000	804,606	663,911	808,697	830,661
EBITDA	239,061	220,558	162,120	166,059	154,217
Net profit	117,839	108,556	66,734	65,485	24,300
Dividends of the year	20,496	20,496	15,868	13,223	11,240

Year	2007	2008	2009	2010	2011
Breakdown of sales					
Spanish companies	508,850	452,375	325,991	276,032	214,750
Foreign companies	307,150	352,231	337,920	532,665	615,911
Breakdown of net profit					
Spanish companies	67,200	48,724	19,186	-21,226	-19,041
Foreign companies	50,631	59,832	47,548	86,711	43,341

> The data have been adapted to International Financial Reporting Standards (IFRSs).

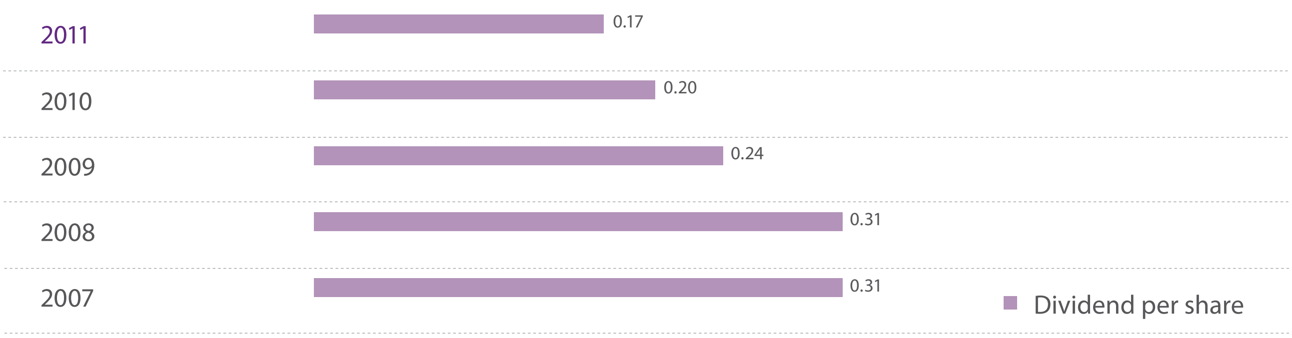
Assets / Total equity

(Thousands of euros)



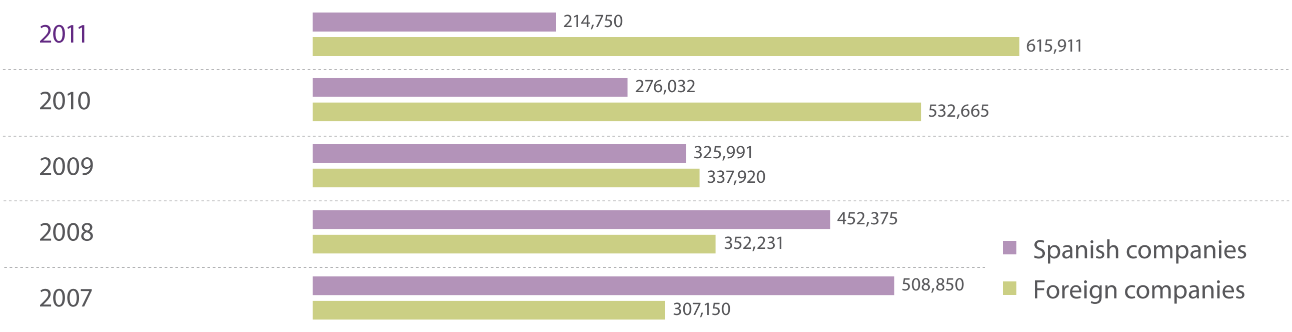
Dividend per share

(euros)



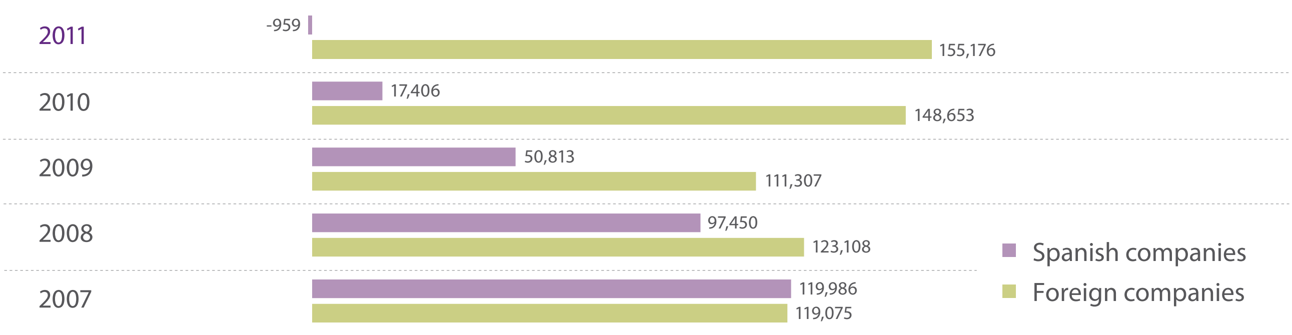
Sales

(Thousands of euros)



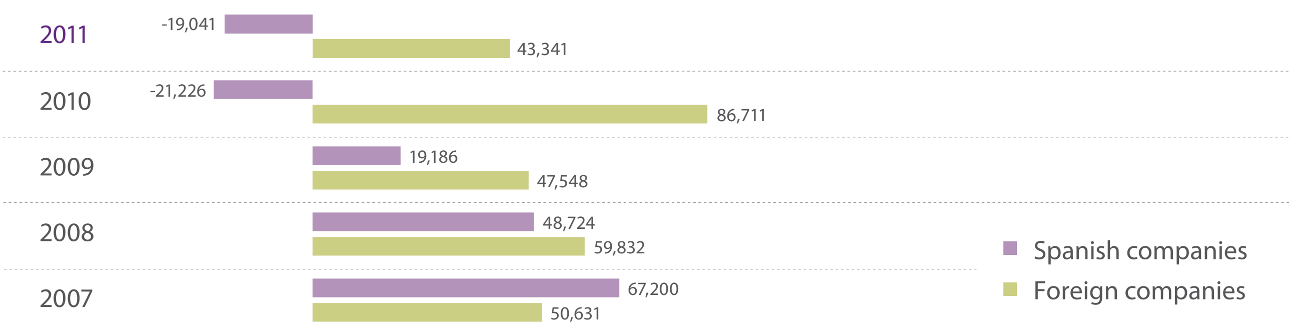
EBITDA

(Thousands of euros)



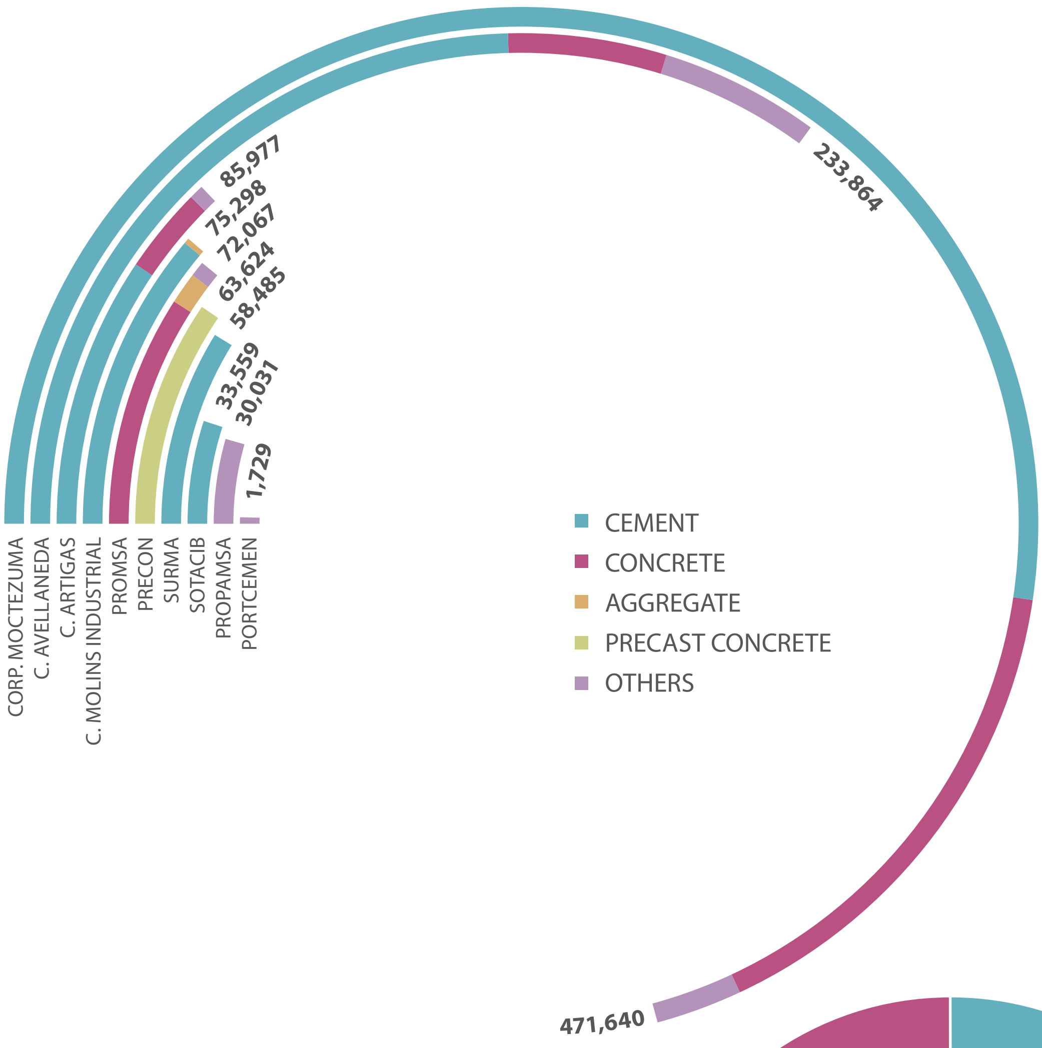
Net Profit

(Thousands of euros)



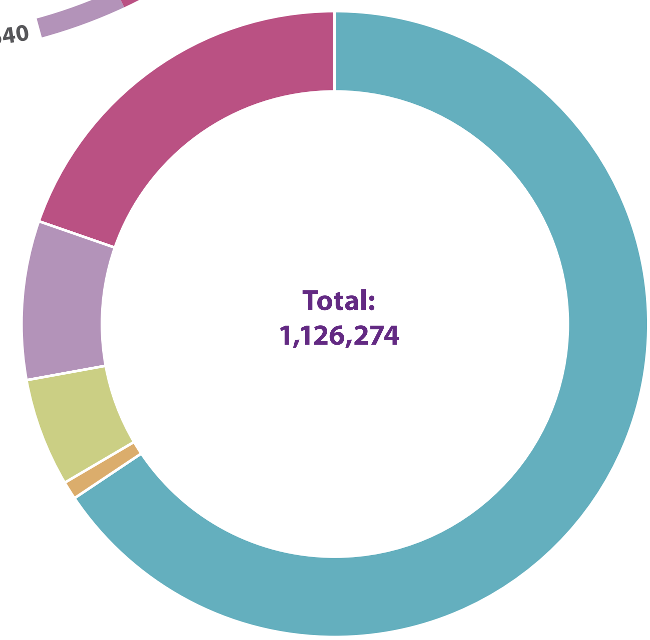
REVENUES

Total sales by company (Thousands of euros)



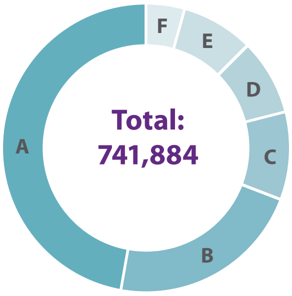
Total sales by product
(Thousands of euros)

CEMENT	741,884	65.9 %
CONCRETE	219,882	19.5 %
OTHERS	91,909	8.2 %
PRECAST CONCRETE	63,624	5.6 %
AGGREGATE	8,975	0.8 %



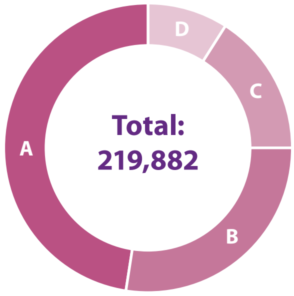
(Thousands of euros)

Cement



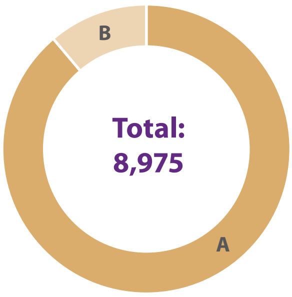
A	CORP. MOCTEZUMA	348,898
B	C. AVELLANEDA	163,833
C	C. MOLINS INDUSTRIAL	74,222
D	C. ARTIGAS	62,887
E	SURMA	58,485
F	SOTACIB	33,559

Concrete



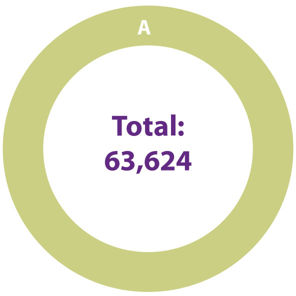
A	CORP. MOCTEZUMA	104,705
B	PROMSA	60,397
C	C. AVELLANEDA	34,744
D	C. ARTIGAS	20,035

Aggregate



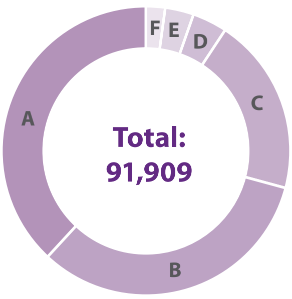
A	PROMSA	7,899
B	C. MOLINS INDUSTRIAL	1,076

Precast concrete



A	PRECON	63,624

Others



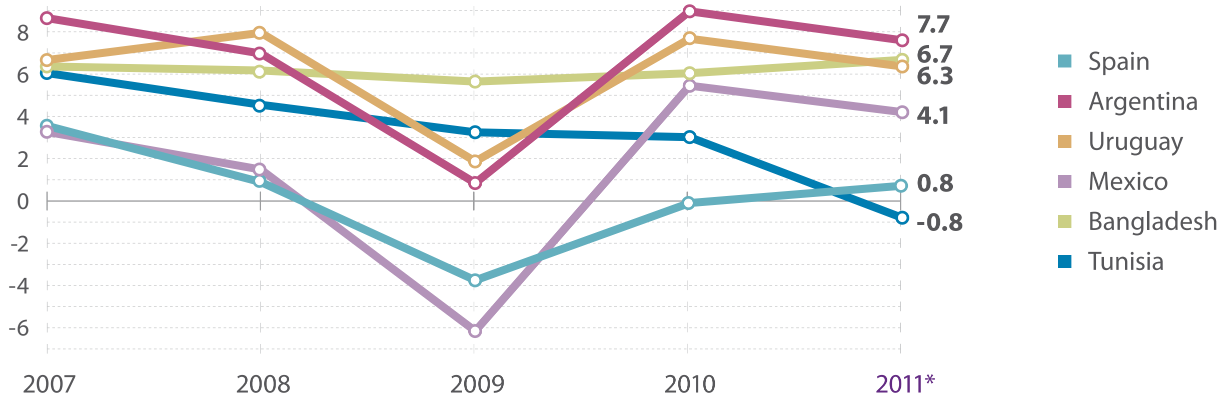
A	C. AVELLANEDA	35,287
B	PROPAMSA	30,031
C	CORP. MOCTEZUMA	18,036
D	PROMSA	3,771
E	C. ARTIGAS	3,055
F	PORTCEMEN	1,729

Consolidated directors' report

MACROECONOMIC BACKDROP

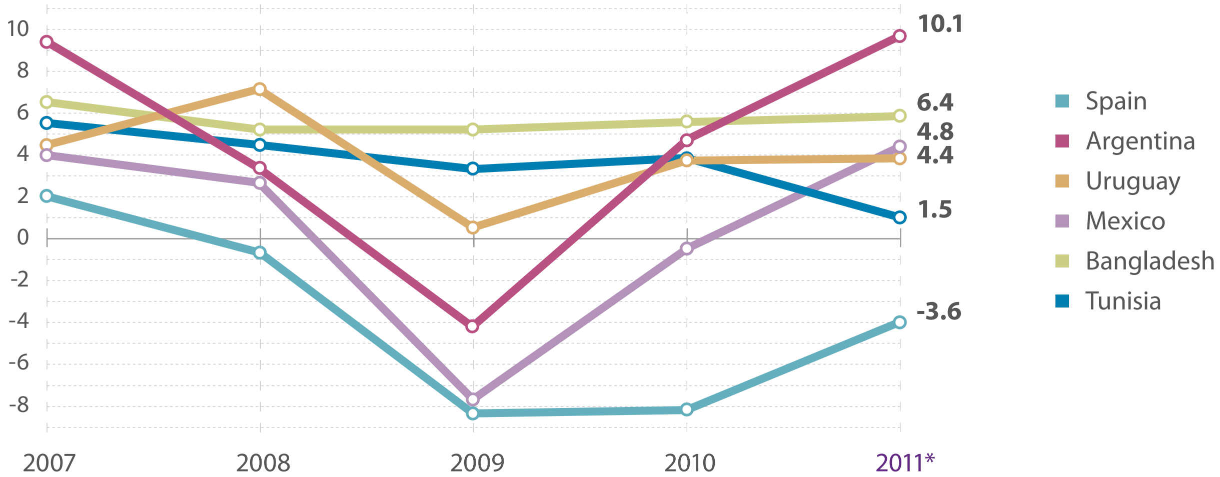
GDP

year-on-year rates (%)



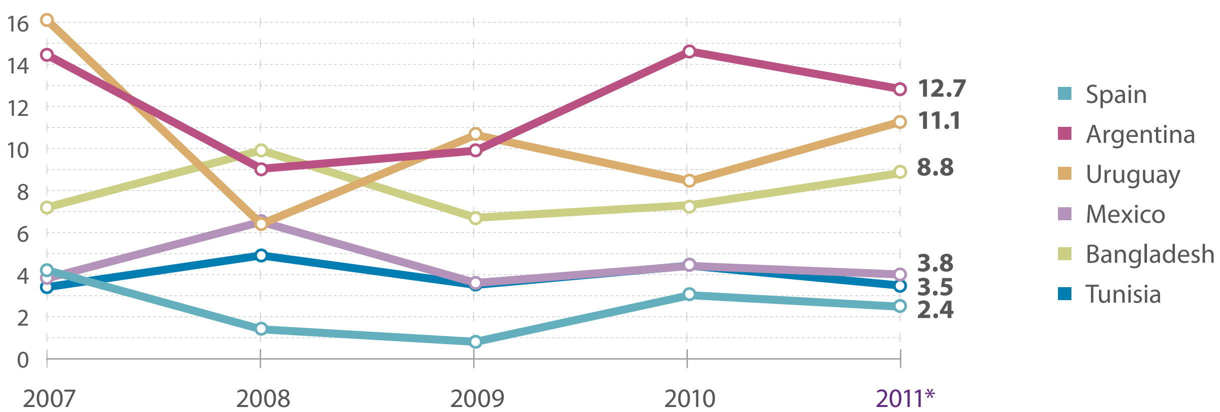
Construction GDP

year-on-year rates (%)



Inflation

year-on-year rates (%)



* The data for 2011 relate to the third quarter, except for those corresponding to Bangladesh, which are provisional estimates at June 2011 (Source: Central Banks and national statistics institutes in the various countries).

Spain

2011 began with a slight increase in GDP, but the problems in the debt markets, the adjustment programmes and the uncertainties arising in the world economy and particularly in Europe, led once again to negative GDP growth as the year progressed and to fears of a new period of recession. High unemployment and credit restrictions are hindering the recovery of private consumption and augur for a highly negative outlook for the short and medium term.

The construction industry recorded negative growth rates for the fourth year running. The construction projects that had been in progress came to an end and were not replaced by other new projects as a result of the restrictions brought about by adjustment policies and spending cuts aimed at reducing the public deficit. The effects of the austerity plans quickly spread to the markets, which saw public works activity grind to a halt. Residential building work continued at the minimum levels of preceding periods.

The year ended with inflation of 2.4%, lower than in 2010.

With respect to currency, the euro continued its downward trend against the US dollar in 2011, giving rise to a drop of 3.3% with respect to December 2010.

Focusing on the markets in which the Group companies operate, cement consumption in Spain experienced a fall of 17.2% in 2011 to 20.2 million tonnes, as compared with the 56 million tonnes consumed in 2007. This represents a cumulative drop of 64% in the last four years, falling back to consumption levels similar to those of 1987. Concrete consumption in the market fell by around 16% in 2011, giving a cumulative drop of 52% with respect to 2008.

In Catalonia, where the Group's cement works in Spain is located, 2.7 million tonnes of cement were consumed, down 21.3% from 2010. In this case, the cumulative decrease in the period from 2007 to 2011 stood at 66%. After these last four years, the market has returned to consumption volumes similar to those last witnessed 25 years ago.

The concrete market in Catalonia also fell back once again in 2011, in this case by 21%, giving a cumulative drop of 53% with respect to 2008.

> Cerritos plant, Mexico

Argentina

In 2011 Argentina continued to show strong growth. Based on private-sector estimates, Argentine GDP grew by around 6% in 2011. This economic growth was driven by significant private consumption until the third quarter of the year, after which it began to ease.

The sharp drop in real terms in the value of the Argentine peso increased the demand for US dollars, putting pressure on international reserves and triggering a rise in Argentine interest rates. The budget deficit grew and the balance of payments current account surplus was depleted, both of which are pillars of the economic model.

According to data published by the Argentine National Institute of Statistics and Censuses (INDEC), based on the Synthetic Indicator of Construction Activity (ISAC), up to the third quarter of 2011, the industry saw cumulative growth of 10.1% with respect to the same period in 2010.

Also, in 2011 the internal wholesale price index (IPIM) rose by 12.7% compared to 2010, while the official consumer price index published by INDEC increased by 9.5% during the same period.

The Central Bank of Argentina continued with its policy of intervening in the currency market, as a result of which the value of the Argentine peso dropped by 7.6% with respect to the US dollar.

Uruguay

In line with the significant expansion witnessed in 2010 and despite the deterioration of the world economy, the most recent official data concerning Uruguayan economic activity for the third quarter of 2011 showed strong economic growth.

In the period from January to September 2011 economic activity grew by 4.4% with respect to the same period in 2010. Therefore, based on private-sector estimates, in terms of GDP the Uruguayan economy is expected to expand by around 6% in 2011.

On the supply side, economic activity in 2011 was driven by services-related industries. Specifically, in January-September the "Transport and Communications" industry grew by 13%, while "Commerce" expanded by 11% over the same period. On the demand side, all components of private consumption were highly dynamic. In particular, private investment experienced year-on-year growth of 12.5% in the first three quarters of 2011, while private consumption increased by 9.5% over the same period. Public-sector consumption showed scant year-on-year growth in the first nine months of 2011 (3.5%) and public spending dropped by 0.3% in the same period.

The CPI rose by 8.6% in 2011, while the wholesale price index (IPPN) increased by 11.1%.

The value of the Uruguayan peso also rose. At 31 December 2011, the exchange rate had decreased by 1.0% to UYP 19.9/USD 1 with respect to the same date in 2010.

> Chhatak plant, Bangladesh

Mexico

Despite pressure in international markets, the Mexican economy once again behaved dynamically in the first half of the year. The second half saw a divestment process as a result of a drop in the value of the Mexican peso against the US dollar to a rate of over MXN 14/USD 1.

In general, companies were able to maintain growth rates in operating terms, although in some cases they were affected by the rise in raw material prices in dollars, which led to a fall in margins and caused exchange losses to reduce net profits. The services and automotive industries fared the best, in the latter case experiencing annual growth of 22%.

In general, 2011 was a placid year for the Mexican economy.

GDP grew by 4.8% in the first nine months of the year. The construction industry expanded by 3.8% with respect to 2010, although this growth was not sufficient to enable the industry to return to the levels reported prior to the crisis of 2008. Inflation remained low at 3.8%.

The Mexican peso started the year strong only to fall back sharply in the second half, ending the year with annual depreciation of 11.5% as a result of the volatility of the markets in the euro zone, dropping from MXN 12.4/USD 1 in 2010 to MXN 13.9/USD 1 in 2011.

Bangladesh

The first half of the year (the fiscal year in Bangladesh ends on 30 June) was a period of stability and represented a continuation of preceding periods, with GDP growth of 6.7%, inflation showing signs of an upturn (8.8% at 30 June) and a drop in the value of the taka of around 3.6%.

Less positive signs started to emerge in the second half of the year: restrictive monetary policy, a drop in credit to companies, higher inflation, stagnation in migrant remittances and a sharp drop in the value of the taka towards the end of the year (11.8% fall between October and December).

However, exports are expected to continue to rise and significant efforts are being made to resolve the problem of energy availability, one of the key factors behind economic growth.

Tunisia

Clearly, reference has to be made to the revolution in January 2011, which led to the fall of the political regime then in place and the period of transition towards an incipient democracy.

This process led to the holding of elections for the Constituent Assembly in October 2011 and a new constitution is currently being drafted.

The social impact of these events has been enormous, and Tunisia must now look towards accommodating different legitimate demands that cannot automatically be granted. The economy has worsened and there is significant social instability.

The Tunisian economy was adversely affected by the foregoing and by the situation in neighbouring countries, leading to a slight fall in GDP. Inflation ended the year 3.5%. The Tunisian dinar remained stable against the euro in 2011.

> Kairouan plant, Tunisia

CONSOLIDATED ECONOMIC REPORT

The Cementos Molins Group's core business is the manufacture and marketing of cement, concrete, mortars, aggregates and precast concrete products, and it has facilities in Spain, Argentina, Uruguay, Mexico, India, Bangladesh and Tunisia.

The Group's business performance in 2011 had two clearly differentiated parts; on the one hand, the companies that operate in Spain, which were badly hit by the ongoing drop in activity in the Spanish market, which had a significant adverse effect on their indicators and earnings; and, on the other, the Group's companies abroad which, unlike the situation in the Spanish market, are located in growing markets and positive economic environments (Argentina, Uruguay and Mexico) which, combined with the recommencement of certain operations (quarrying in India and manufacturing in Bangladesh) and the effect of the start-up of new facilities (a plant in Apazapan, Mexico), led to very positive results, thereby contributing to the consolidated Group's results. The exception to this positive international scenario can be found in Tunisia, which was affected by the political and social instability in North Africa during the year.

Consolidated sales in 2011 amounted to EUR 831 million, up 2.7% from 2010.

- The sales of the Spanish companies account for 26% of the total, down 22% from 2010.
- The foreign subsidiaries account for 74% of consolidated revenue, which, in euro terms, represents a 15.6% increase on the previous year.

The Group companies sold 10.2 million tonnes of Portland cement and clinker in 2011, 9.4% more than in 2010, due to the increase in the volume sold by the companies abroad.

Similarly, in the case of concrete sales, the increase in the number of units sold by the subsidiaries abroad partially offset the decrease at the Spanish companies, with total concrete sales amounting to 3.5 million cubic metres.

The aggregates business fell back by 16.6%. Also, the Group's precast concrete sales of EUR 64 million were down 27% on 2010, due mainly to the impact of building construction and railway products.

> Installation of a prefabricated structure, Precon, Spain

> Feriana plant, Tunisia

EBITDA for 2011 stood at EUR 154.2 million, down 7% on 2010. Consolidated EBITDA resulted from the sound business performance of the investees abroad, and EBITDA as a percentage of sales stood at 19%.

In relation to the investee Lafarge Surma Cement, on 6 July the Indian Supreme Court handed down a decision in favour of the permits obtained to date in connection with the mining operations in Meghalaya (India) where the quarry that supplies limestone to the cement works in Chhatak is located. After having received authorisation from the government of Meghalaya, the company recommenced normal supplies from India and clinker production at the Bangladesh plant in August, and the final formalities for the obtainment of the definitive permits are currently underway.

The investments made in 2011 include most notably those at facilities for waste recovery and for their use as alternative fuel at the Sant Vicenç dels Horts plant in Barcelona; the expansion of the capacity of the Olavarría clinker kiln in Argentina and the work to build the new Kairouan Portland cement works (Sotacib: Kairouan, Tunisia), which is scheduled to come into service in the first quarter of 2012 and has an annual clinker production capacity of 1.2 million tonnes.

Overall, in 2011 investments amounting to EUR 122 million were made at consolidated level.

The Group's net borrowings rose by EUR 58 million compared to EUR 398 million in 2010, representing a ratio of 2.58 times EBITDA.

Consolidated net profit amounted to EUR 24.3 million, 63% lower than in 2010 due to the following factors:

- In 2010 there were "Other Gains" of EUR 26 million as a result of the effect of the application of IFRS 3 due to the acquisition of an ownership interest of 11.61% in Cementos Avellaneda and Cementos Artigas, giving rise to a holding of 61.61% by the Group in the two companies. The previously held equity interests in the two companies were remeasured at their acquisition-date fair value, which had a positive net impact of EUR 40 million on the consolidated income statement, which was offset by the impairment loss of EUR 20 million recognised on the goodwill relating to the Tunisian company Sotacib.

  Disregarding this effect on the previous year's earnings, the decrease in the net profit would have been 39%, due mainly to:

  - The lower contribution to EBITDA of the Spanish companies.

  - Finance costs of EUR 23 million, up EUR 13 million on 2010, arising from the aforementioned investments.

Consolidated equity totalled EUR 870 million in 2011, in line with that in 2010.

Research, development and innovation

The Cementos Molins Group companies dedicated significant efforts to the R&D+i field in 2011 in order to adapt to market needs. The various activities, which are focused on achieving more sustainable products with improved properties and for a lower cost, are summarised below.

- Cementos Molins Industrial focused on areas relating to the production of calcium aluminate clinker. The research made it possible to use bauxites from different sources, recover bauxite fines and dosify them in kilns in the form of briquettes, reduce the volume of fuel used, achieve improvements in the stability of the process and reduce repair shut-down time. This has significantly increased output (25% with respect to 2010), while maintaining the quality of the products and improving their regularity.

- Promsa has developed new self-levelling mortars such as PROSILENCE, the main features of which are noise and thermal insulation, thereby increasing the number of products with environmental ecolabels under the ISO 14021 standard. Work continued on the development of new high-performance concretes for specific uses, such as products for large-scale lean pavement work for ballastless track system foundations and concretes for port pavements for the container unloading area of the unincorporated temporary joint venture UTE Terminal Muelle Prat (TERCAT), and a significant volume of funds was invested in the energy recovery of waste, which led to the start-up of a new RDF (refuse-derived fuel) plant.

- In 2010 Propamsa acquired Betec, a company specialising in special mortars and chemical products for construction (epoxy and polyurethane resins). As a result of the relocation of production from the Alcobendas plant to the Quer and Sant Vicenç dels Horts plants, new formulas were developed taking into account the requirements of the new UNE-EN 1504 standards while at the same time enhancing the products to meet market needs. Also, a wide range of self-levelling epoxy pavements was launched on the market with an extensive catalogue of colours.

- Precon successfully tested the ballastless track system installed at the Madrid AVE high-speed railway, together with the sleeper for three simultaneous gauges in service at Barcelona port. In addition, it is participating in various projects approved by Centre for Industrial Technological Development (CDTI) that uses alternative materials: "Design and development of polymer concrete piping (Tubhorpol)"; "Noise screens made from olive stones (Panolston)", "Design of alternatives with new configurations for recycled concrete sleepers for high-speed railways, (Ecotrav)" and "New precast recycled concrete ducts for cables, design and optimisation of their installation in construction works (Canaletas)".

> Tepetzingo plant, Mexico

- Cementos Avellaneda has developed and launched on the market Portland Composite Cement CPC 40 at its San Luis plant, certified by INTI, which performs similarly to CPF (Portland cement with a limestone filler) but with a higher additive content. It also developed and launched on the market the cement glue Perfecto Porcellanato and commenced a study on the use in cement of other additives such as fly ash, slag and activated clay.

  At Hormigones Avellaneda, work progressed on the development of concrete using fly ash, obtaining different designs tailored to customers' needs.

- Cementos Artigas also commenced its first studies of cement with fly ash and slag additives.

  Hormigones Artigas developed a technology to work with polymeric additives and the use of synthetic structural fibres in concrete.

Product quality and certification

The quality of the Group's products, expressed in the Quality Policy of the various companies, is defined to meet to all the voluntary standards, quality seals, and applicable regulations in each country for each type of industry.

The following events in 2011 are worthy of mention:

- At Cementos Molins Industrial, the EC Seal and voluntary AENOR N certifications were renewed for all the cements produced. November also saw the renewal of the certification of the quality management system under the AENOR ISO 9001 standard and the authorisation of the white cement distribution centre by the Spanish Ministry of Industry, Tourism and Trade.

- PRECON continued to adapt the Quality System documentation to the new regulatory requirements. Therefore, in order to achieve the EC Seal, the company renewed the documentation that affected the Precast Concrete Products - Stairs (UNE-EN 14843), and work continued on the adaptation of its product technical specifications (ET), specific procedures (PF and PM) and technical instructions (ITI, ITS, ITC and ITF) to the requirements established in the new harmonised European standards (UNE-EN) for precast concrete products, as provided for in Community Directive 89/106/EEC transposed to the Spanish "Instrucción de Hormigón Estructural (EHE)" and "Código Técnico de la Edificación (CTE)" currently in force. Internal and external Integrated Management System audits were also performed as continuous improvement, pursuant to ER certification under the ISO 9001 standard and for the EC Market of the products that have it.

- In Argentina, Cementos Avellaneda attended the Congress on the Chemistry of Cement and the Congress on concrete pavements held in Spain. Considerable work was performed in relation to the new products (Cal Hidrat Extra and Perfecto Porcellanato). Certification was received for all the cement products.

- The work carried out in Uruguay included most notably that performed by Hormigones Artigas, where construction work commenced on the Ruta 24 road using concrete with synthetic structural fibres, state-of-the-art technology and polymeric additives.

- At Cementos Moctezuma, a cement works quality index called GCC (Degree of Achievement of Quality) was established to identify areas in which there are opportunities for improving each of the cement manufacturing stages in order to be able to offer a better product to the market.

  In the concrete division, Moctezuma worked towards ensuring that its quality system was implemented at 36 plants in other areas (Bajío-Norte, Sureste and Pacífico), through regular assessments of the processes performed at each plant and the service offered to the customer.

  Moctezuma is a member of the Mexican National Accreditation Compact managed by Entidad Mexicana de Acreditación, the aim of which is to strengthen the Mexican Calibration and Accreditation System.

- Sotacib renewed its EC Seal for cements through AENOR, in accordance with standard EN 197-1 on ordinary cement, which enables it to be sold as such in all EU countries. It also retained the CCRR (Certificate of Compliance with Regulatory Requirements) from the Spanish Ministry of Industry, Tourism and Trade that certifies compliance with Spanish standards for white cement UNE 80.305, enabling it to be sold as such in Spain.

Human resources

At 31 December 2011, the Cementos Molins Group had a headcount of 4,498 employees, of whom 1,466 belong to the Spanish companies and 3,032 to the investee abroad.

There was a decrease of around 2% in the total number of employees with respect to 2010 as a result of the significant drop (almost 9%) in the headcount of the companies located in Spain and the slight increase in the headcount of the companies abroad (2.1%).

The number of employees only rose at the Latin American investees, including most notably the increases of between 6% and 7% at the subsidiaries in Uruguay and Argentina, in line with the considerable increase in the volume of business in both countries.

10% of the total workforce are women. 14% of the employees of the subsidiaries in Spain are women.

In 2011 the companies continued to provide training at all levels, including most notably that relating to Occupational Risk Prevention in terms of both knowledge of the risks and knowledge of how to prevent them. Also worthy of mention was the work performed in Argentina in the field of "Safe Behaviour" and in Mexico in relation to the implementation of an integral training programme for the commercial area.

At the companies located in Spain, pursuant to the Law on the Social Integration of the Disabled, 2% of a company's vacancies must be reserved for persons of acknowledged disability. This obligation was met, and even surpassed.

Collective bargaining was particularly difficult in Spain as a result of the crisis and in Argentina as a result of high inflation. This did not prevent labour relations from progressing in a climate of complete normality at all the companies thanks to dialogue and negotiation.

As regards communications, the news bulletins continue to be published, including most notably "Clinker", published by Cementos Molins Industrial, "KonKret" published by PROMSA, the newsletter published in Bangladesh and the "Corporación Moctezuma" magazine published in Mexico.

The following actions are worthy of mention in relation to the welfare activities carried out in the communities in which the Group's plants are located:

In Mexico the main activities are: in relation to education, the grant and educational package programmes; in health, the holding of a new edition of "Feria de la Salud", a health fair to promote sport, aid to sports academies and in Tepetzingo to the "las tres "T" football team; and in relation to social integration, the activities aimed at disseminating environmental and business social values.

The objective of Feria de la Salud is to promote a healthy culture in the community by supporting access to health services in cooperation with municipal and state authorities. The fair is held once a year in areas near the work centres. Worthy of mention this year was the success achieved in this regard by the San Luis Potosí plant, which secured the involvement of the state government.

Number of persons by company at 31 December

	2007	2008	2009	2010	2011
Cementos Molins, S.A.	44	64	68	68	66
Cementos Molins Industrial, S.A.U.	247	255	248	231	215
Promotora Mediterránea-2, S.A.	526	520	478	436	397
Prefabricaciones y Contratas, S.A.U.	963	828	772	715	644
Propamsa, S.A.U.	168	157	140	137	130
Rest	8	10	10	15	14
SPANISH COMPANIES	1,956	1,834	1,716	1,602	1,466
Cementos Avellaneda, S.A. (Argentina)	633	649	645	656	700
Cementos Artigas, S.A. (Uruguay)	193	210	209	212	224
Corporación Moctezuma (Mexico)	1,097	1,096	1,032	1,133	1,140
Surma (Bangladesh)	349	400	419	482	475
Sotacib (Tunisia)	305	301	353	488	493
COMPANIES ABROAD	2,577	2,656	2,658	2,971	3,032
TOTAL GROUP	4,533	4,490	4,374	4,573	4,498

In both Bangladesh and India social welfare work is performed through health centres, nursery schools and aid for drinking water supplies, and an ambitious aid plan for women is being implemented through the women's professional training centre.

Noteworthy in Argentina and Uruguay are the educational and social cooperation initiatives with schools in the environs of the plants.

The main activities in Tunisia were the rebuilding of a school in Rouissat, the contribution to the industrial promotion fund in Kasserine and the aid provided to youth organisations.

"El Día de Los Árboles y los Áridos" (Tree and Aggregates Day), which is held each year all over Spain in cooperation with the Spanish National Association of Aggregates Manufacturers, was held once again in 2011 with great success, thanks to the participation of a very large number of schoolchildren from the area at PROMSA's "La Falconera" quarry in El Garraf (Barcelona).

> Social activities around the plant in Chhatak, Bangladesh

Occupational risk prevention

As part of the prevention plans carried out in 2011 by the Cementos Molins Group companies, specific actions were launched aimed at promoting healthy lifestyle habits, reducing accidents at subcontractor companies and monitoring and improving the activities already put into motion.

To this end, monitoring and assessment of the tasks performed with the ultimate aim of improving the safety of the Group's processes were integrated in the system.

In order to be able to reflect the results of these actions, the "Total Frequency Index" was defined, which includes both the accidents of the Group's own employees and those of employees of subcontractor companies that have occurred at the Group's facilities.

The evolution of this Indicator in recent years evidences the drop in accidents achieved.

The preventative action plans envisaged for 2012 address, on the one hand, activities related to training, communication and monitoring of processes that are already in place in the system and, on the other, others aimed at achieving improvements. Noteworthy, by way of an example, is the involvement and participation of all levels in improving health and safety or streamlining the management systems.

Frequency indexes

	2007	2008	2009	2010	2011
SPANISH COMPANIES	39.6	23.1	18.3	14.9	14.6
COMPANIES ABROAD	14.1	16.1	11.2	9.2	8.5
TOTAL GROUP	21.6	18.2	12.8	10.2	9.6

> Series modified with respect to prior years as data relating to subcontractor companies are included.

> The Frequency Index shows the number of accidents with loss of working days per million hours worked.

INDIVIDUAL COMPANY REPORTS

Cementos Molins Industrial, S.A.U.

Cementos Molins Industrial, S.A.U.'s activity is based on the manufacture and sale of both Portland and calcium aluminate cement. Its production plant is located in Sant Vicenç dels Horts (Barcelona).

The Sant Vicenç dels Horts plant's activity was affected by the performance of the cement market in Catalonia, which was characterised by a lower demand than the previous year and for the fourth consecutive year the plant did not operate at full capacity. As a result of the low order book, kiln and cement mill utilization rates of only 60% and less than 40%, respectively, were achieved.

The production of cement for the year taken as a whole was 24.2% lower than in 2010, and clinker production was 15.5% down, despite the efforts made to boost domestic demand and, above all, exports.

The billings of Cementos Molins Industrial in 2011 totalled EUR 75.3 million, representing a decrease of 17.9% from 2010. In the Spanish market billings amounted to EUR 63.1 million, whereas sales in the export markets totalled EUR 12.2 million, representing an increase with respect to the preceding year as a result of the significant rise in clinker sales.

Product margins fell, although selling prices remained virtually unchanged in 2011. The sharp increase in the price of electricity in 2011, together with the rise in solid fuel costs, particularly in the first half of the year, had an adverse effect on production costs.

The sale of surplus CO2 allowances from the period had a positive impact of EUR 2 million on profit or loss.

EBITDA amounted to EUR 12.9 million in 2011, down 32.6% with respect to that obtained in 2010.

Investments in 2011 amounted to EUR 15.6 million. In the third quarter of 2010 the new clinker line (line 6) entered into operation and replaced those existing at that time. In 2011 work continued on various initiatives envisaged in the initial project, such as the investment in three new 450-tonne dispatching silos, which will make it possible to completely refurbish the other existing dispatching points to adapt them in order to comply with the most stringent environmental requirements.

The other investments in the upgrading of facilities, development and cost improvements included most notably:

- Completion (currently at the trial phase), of the refuse-derived fuel (RDF) recovery facility and the use of the fuel in the calciners in the pre-heating tower. It should be noted that a grant was obtained for this investment as it gave rise to significant energy efficiency and environmental improvements.

- Completion (currently at the trial phase) of the dried sewage sludge dosifier through the principal burner in the kiln.

- Improvements to the transportation of clinker to the cement mills, installing new filters and replacing a clinker transporter, thereby significantly reducing atmospheric emissions.

> Sant Vicenç dels Horts plant, Barcelona, Spain

Among the environmental activities of Cementos Molins Industrial in 2011, the following are of particular note:

- Work continued on the optimisation of the new clinker production line. The energy consumption improvements were consolidated, making it possible to reduce the t CO2 / t clinker ratio. Significant improvements were also achieved in relation to particle and NOx emissions, in the latter case through a selective non-catalytic reduction (SNCR) system with ammonia injection, brought into service at the beginning of the year.
- Substantial improvements were also made in the energy recovery field. Trials started using urban waste water sewage sludge as an alternative fuel dosified into the main burner.
- In February a non-substantial change to the environmental authorisation for the plant was obtained, which envisages the use of refuse-derived fuel (RDF) as an alternative fuel. The first trials using this fuel in the facility designed for this purpose began.
- The commencement of the use of alternative fuels led to the implementation of new environmental controls and emission limits (heavy metals, TOC, dioxins and furans, etc.).
- Several meetings of the Sustainability Committee created in 2010 were held. These led to the creation of an external communication channel in this field which is highly valued by both the company and the representatives of the external organisations participating (municipal councils, regional governments and community associations in the area in which the plant is located).
- Certification of the environmental management system under the UNE-ISO 14001:2004 standard was renewed.

Thousands of euros

C. MOLINS INDUSTRIAL	2007	2008	2009	2010	2011
Sales	149,046	135,273	108,065	91,729	75,298
EBITDA	50,107	47,538	29,725	19,172	12,913

Promotora Mediterránea-2, S.A. (PROMSA)

PROMSA manufactures and markets concrete, aggregates and mortar and has a pavement application division and an environmental division, which engages in the recycling and recovery of waste. For this purpose, it has more than 60 facilities in Catalonia, Aragon and Valencia.

Once again in 2011 the construction industry performed poorly as it was badly hit by a marked reduction in public spending on infrastructure.

This situation led to huge competition in the markets, with the concomitant reduction of prices and margins. To cushion this effect, Promsa continued with its wide-reaching efficiency and cost-cutting plan throughout 2011, and it once again applied its diversification and new product and activity development policy.

In this climate, the Promsa Group's revenue totalled EUR 72 million in 2011, down 22.7% on 2010. The company incurred a gross operating loss of EUR 3.8 million, due mainly to the ongoing drop in volumes and prices.

In 2011 the investments of EUR 2.2 million included most notably the construction of a new refuse-derived fuel (RDF) production plant using industrial waste.

The RDF plant commenced operations in November and, for this purpose, a new company, PRONATUR, was formed as a result of the joint venture between Promsa and Saica Nature, a Saica Group company. The plant has the capacity to produce around 40,000 tonnes of RDF, which will be used mainly for Cementos Molins Industrial's new clinker manufacturing line.

PROMSA presented at the Construmat trade fair its new PROMSA GREEN product line, participating in the "Green Data Sheet" sustainability route, and achieved special mention for the following products: ARIPAQ; natural gravel flooring; and COZEN: concrete made with ash from sewage sludge, developed in conjunction with other companies in the industry and universities.

As regards the environment, certification under the UNE-ISO 14001:2004 standard was renewed for the head office, the Terrassa, Zona Franca and La Garriga plants in the concrete business and the Pallejá and Garraf plants for the concrete, aggregates and mortars businesses.

In 2011 the environmental education project continued to be implemented through the “Coneguem una pedrera” programme at the Garraf plant, in which, since inception, more than 1,000 students from schools in the catchment area of the quarry have participated.

> Concrete production facilities, Promsa, Spain

Thousands of euros

PROMSA	2007	2008	2009	2010	2011
Sales	234,018	181,509	122,418	93,219	72,067
EBITDA	52,855	31,666	17,756	1,960	-3,828

Prefabricaciones y Contratas, S.A.U. (PRECON)

Precon’s activity focuses on the customised design, production and sale of a wide range of precast concrete products for general building construction, public works and railway lines. The company centres its production on its ten plants located throughout Spain.

The Company’s revenue in 2011 amounted to EUR 63.6 million, down 27% from 2010, with an uneven performance by business line, especially in sectors related to construction, due to the evolution of the Spanish economy during the year.

Building construction at Precon dropped by 52% with respect to 2010, due to the significant impact of the economic crisis on this line of business. Noteworthy projects were the work for the logistics centre of the Inditex - Zara Group in Tordera (Barcelona), an industrial building for Merkum and Maratlantis in El Puerto de Santa María (Cádiz), several prefabricated buildings for Iberdrola and the construction of industrial buildings in the Arnedo (La Rioja), Cariño (La Coruña) and Villagarcía de Arosa (Pontevedra) industrial estates.

Civil engineering sales increased by 35% with respect to 2010 with the start-up of various projects that had been delayed as a result of the measures adopted by the government in 2010 in an attempt to reduce the budget deficit. Particularly noteworthy construction projects were the widening of the San Rafael - Villacastín (Segovia) stretch of the AP-6 toll road, the pergola for the Palanquines - Onzonilla (León) stretch of the Valladolid - Palencia - León high-speed railway line, the bridges on the SE-40 road (Seville), at the L. P. Navarra - Tiermas junction (Zaragoza) of the Autopista del Pirineo A-21 motorway, on the Celanova - Portuguese border (Ourense) stretch of the A-52 road and on the Ronda Bahía de Santander (Cantabria) road, together with the work for the Mollet - Montornés del Vallés (Barcelona) stretch of the Madrid - Zaragoza - Barcelona - French border high-speed railway line and for the El Cuervo - Jerez airport (Cádiz) stretch of the Seville - Cádiz high-speed railway line.

The railway product business of Precon decreased by 47% with respect to 2010 due to the delay in the call for tenders and award by ADIF of the new high-speed train network projects and of the projects for the renewal and maintenance of the traditional lines.

The performance of this activity, together with the achievement of similar business margins in 2011 led the company to incur a gross operating loss of EUR 3.2 million.

Investments in 2011 amounted to EUR 1.5 million. They were earmarked mainly for maintaining production capacity, improving product quality, occupational risk prevention and new R&D+i projects.

The capital of Precon (Linyi) Construction Co. Ltd., amounting to EUR 2 million, was disbursed. This company's object is to develop the precast concrete business in China, where operations are expected to commence in the second half of 2012 through the facility being built in Linyi (China).

> Installation of a prefabricated structure, Precon, Spain

Thousands of euros

PRECON	2007	2008	2009	2010	2011
Sales	125,262	139,652	96,465	87,142	63,624
EBITDA	17,667	20,949	8,945	2,990	-3,236

Propamsa, S.A.U.

Propamsa is the Group company specialising in the manufacture and sale of tile, single-layer and special mortars.

The general situation in the market in which the company operates continued to worsen. In new construction work, fewer than 100,000 housing units were initiated in 2011 and the volume of business continued to drop as the construction work was completed. As regards refurbishments, the scant level of confidence in the economy and high unemployment were not conducive to private individuals undertaking reforms in their homes. The outdoor insulation market remained stable, although significant growth is expected in the coming years.

For Propamsa, the positive point of the year was its greater market penetration in Eastern and Northern Spain as a result of the investments made in 2010. The new Valencia plant is making it possible to service customers in the area, and its location has also led to certain exports. The Munguía depot in Northern Spain confirmed the Group's firm commitment to that market, which customers have appreciated and has consolidated the Group's presence in a market where just three years ago it did not have a presence.

The new Betec product line led to growth in a broad range of articles, thereby catering for the company's warehouse customer needs.

The manufacturing of products at five facilities made it possible to rationalise production and logistics. The Betec special mortars are manufactured in Quer and production of the epoxy products was relocated to the Sant Vicenç dels Horts plant. This led to improved quality and cost savings in relation to the special products.

The acquisition of Betec in 2010 has made a valuable technological contribution thanks to the extensive experience of the technical team of that company, which is the pioneer in Spain in the manufacturing of high-resistance non-shrink grout and of a very wide range of construction chemicals. The Betec R&D+i laboratory was relocated to the Sant Vicenç dels Horts central laboratory.

This product line provided a new boost for Propamsa, enabling it to be able to offer more technologically advanced solutions for civil engineering, construction, upkeep and repair, industry and refurbishment.

In 2011 sales totalled EUR 30 million and EBITDA amounted to EUR 1.9 million.

> Detail of application of "Betonamit" expansive mortar, Propamsa product, Spain

> Detail of "Propam Aisterm", external thermal insulation composite system, Propamsa product, Spain

Thousands of euros

PROPAMSA	2007	2008	2009	2010	2011
Sales	52,898	48,959	36,242	34,056	30,031
EBITDA	8,706	6,089	2,389	2,773	1,883

Cementos Avellaneda, S.A. (Argentina)

Cementos Avellaneda is an Argentine company that manufactures and sells Portland cement, mortar, lime, tile cement and concrete. It has two cement works and seven concrete plants. At the beginning of 2010, Cementos Molins increased its ownership interest in the company from 50% to 61.61% of its share capital.

The cement market reached 11.4 million tonnes in 2011, representing an increase of 11.7% with respect to the previous year. Per capita consumption in 2011 was 278 kg, which was up 10.3% on 2010.

In the same period the company's sales volume of all products grew by 15.7% as a result of the activities performed to increase market penetration.

The concrete business volume rose by 22.4% with respect to the preceding year.

Profits dropped slightly from 2010. EBITDA totalled EUR 49 million in 2011, down 5.3% from 2010, due mainly to the need to import clinker, which was more expensive than that produced in-house, and to the drop in value of the Argentine peso against the euro.

As regards investments, in 2011 the company continued to make investments aimed at increasing production capacity, infrastructure improvements and expediting shipping operations. The most significant are as follows:

- At the Olavarría plant, clinker kiln no. 3 was expanded, the gear of cement mill no. 9 was replaced, the conveyor belt at the exit of furnace no. 4 was changed, the truck esplanade was extended and the driver service centre building for the use of drivers was built. Work continued on the automation of the truck weighing stations and two new weighing stations were added in order to expedite shipment.

- At the San Luis plant supplementary construction work was performed at the peanut shell grinding facility at the supplier's plant in order to ensure continuity of supply. Prospecting work commenced at the Caliminas limestone deposit.

- In the concrete division, the facilities at the new Pompeya plant were completed and the facilities, cement mixer fleet and operating equipment were expanded.

- The company continued to invest in maintenance, health and safety and environmental protection pursuant to the annual plan approved.

In 2011 the environmental management systems under the ISO 14001: 2004 standard continued to be implemented and maintained at the cement and concrete plants, and the integrated annual quality and environment programme passed internal and external audits.

> San Luis plant, Argentina

As regards the Concrete Division, the company managed to continue operations at Pompeya -a new model plant located in the city of Buenos Aires- within a complex legal and environmental context.

At the San Luis plant certification under the ISO 14001:2004 standard was renewed and the second follow-up audit under the ISO 9001:2008 standard with the accreditation body TÜV Rheinland Argentina, S.A. for the scope: Portland cement and cement for masonry production, sales and technical assistance, was passed. This Cementos Avellaneda plant is the only plant that is certified under international standards.

Work continued on the monitoring of CDM (Clean Development Mechanism) projects registered at the UN for the Olavarría and San Luis plants, and on the verification of the associated Certified Emission Reductions (CERs).

The development of alternative fuels is a cornerstone of the company's environmental policy. 2011 saw the continuation of trials for the use of alternative fuels based on waste from local industries, including, inter alia, peanut shells and glycerol. A stable level of around 40% of production at San Luis using sustainable fuels as a replacement for traditional fuels has been achieved.

Thousands of euros

C. AVELLANEDA	2007	2008	2009	2010	2011
Assets	89,668	114,902	124,127	144,907	179,004
Equity	47,378	64,698	73,882	91,446	115,387
Sales	133,782	145,299	144,793	189,233	233,864
EBITDA	43,604	37,962	36,364	52,096	49,334
Net profit	25,271	18,988	18,192	29,601	27,420

Cementos Artigas, S.A. (Uruguay)

This Uruguayan company has a clinker manufacturing plant in the locality of Minas, a mill in Sayago and four concrete plants, focussing its activity on the production and sale of Portland cement, mortar, concrete and aggregates. The company has belonged to the Cementos Molins Group since 1991, although the ownership interest held by the Group was increased from 50% to 61.61% in 2010.

Revenue, in euros, increased by 34% in 2011, for several reasons:

- Exports (to Paraguay and Brazil) increased by around 31%.
- Sales of Portland cement grew by 15% in the domestic market with respect to 2010. Clinker shipments rose by 43.5% during the same period.
- Concrete sales were 37.1% higher than in 2010.
- Aggregate operations were reactivated as a result of the letter of intent signed in April 2011 with the Teyma-Sacem consortium for the Montes del Plata construction project. 45 thousand tonnes were shipped in 2011.

Profits increased with respect to 2010. EBITDA amounted to EUR 22.6 million, representing a rise of 26.2% compared to that obtained in 2010, boosted by the growth in sales.

The most significant investments made in 2011, which qualified for substantial tax benefits, were as follows:

- At the Sayago plant, the new Ventomatic Gev-14 rotary packer came into service, which made it possible to sell 25 kg bags of cement in the market; the bag storage facilities were expanded; a new weighing station was installed and the internal and external plant access routes were reorganised.
- In the concrete division, concrete mixers and supplementary equipment were acquired for the Montes del Plata project, together with computer equipment.
- In the aggregates division, a grinding plant was acquired for the municipality of Conchillas.

It should be noted that in 2011 Cementos Artigas announced that, together with its parents, Cementos Molins and Votorantim Cimentos, and ANCAP (Administración Nacional de Combustibles, Alcoholes y Portland), will commence the construction of a new state-of-the-art Portland cement production plant in Paraje Otazo, 45 km from the department capital of Treinta y Tres.

Around USD 150 million will be required for the construction of this new plant. Its annual cement output is expected to reach 750 thousand tonnes, which will be used to supply Southern Brazil.

Work continued in 2011 on the monitoring of CDM (Clean Development Mechanism) projects registered at the UN for the Minas plant, and on the verification of the associated Certified Emission Reductions (CERs).

The development of alternative fuels is a cornerstone of the company's environmental policy. 2011 saw the continuation of trials for the use of alternative fuels based on waste from local industries, including, inter alia, rice husks and glycerol. A stable level of above 40% of production at Minas using sustainable fuels as a replacement for traditional fuels has been achieved.

> Minas plant, Uruguay

Thousands of euros

C. ARTIGAS	2007	2008	2009	2010	2011
Assets	41,918	50,518	61,833	64,151	85,007
Equity	34,274	41,020	54,005	52,525	71,141
Sales	37,389	50,709	48,067	64,038	85,977
EBITDA	9,831	13,064	10,626	17,949	22,647
Net profit	6,050	10,754	4,399	15,947	19,829

Corporación Moctezuma S.A.B. de C.V. (Mexico)

Located in Mexico, the company object of Corporación Moctezuma is the production and sale of cement, concrete and mortar. Cementos Molins owns 33% of its shares and control is shared with the Italian cement company Buzzi Unicem.

At Corporación Moctezuma the volume of cement sales grew by 13.7%; whereas that of concrete sales dropped by 2.6%.

Revenue, in euros, increased by 10% to EUR 472 million in 2011. As regards production costs, the 22.9% increase in local fuel prices and the 12.5% rise in electricity tariffs were worthy of mention.

In the cement field, the challenge of a market with modest growth was overcome thanks to a significant marketing drive and the use of the new facilities in Apazapan, Veracruz. Supported by the commencement of operations in Apazapan (at the end of 2010), cement was sold in the South East/Peninsula market in a more dynamic way, significantly reducing the logistics costs previously incurred when having to supply the product from Tepetzingo. The Apazapan plant has increased the company's presence in the South East/ Peninsula market.

In addition, the company increased its presence in the State of Sinaloa and operations commenced in the State of Sonora, meaning that at the end of 2011, Corporación Moctezuma had a presence in 29 states.

Another important objective was to improve the positioning of the Cementos Moctezuma brand. For this purpose, in 2011 several strategies were implemented, including most notably a greater emphasis on the production and sale of packaged products; the holding of the twelfth annual convention of distributors; and the strengthening of the company's marketing campaigns, such as the advertising of the Cementos Moctezuma brand on the exterior of the premises of the company's distributors.

The increase in production capacity, the excellent geographical location close to Veracruz port, the obtainment of an adequate transport price and an attractive margin made it possible, for the first time in the company's history, to export its products, and 10,000 tonnes of cement were exported to Brazil.

Particular emphasis was placed on the optimisation of costs, as a result of which significant savings were achieved in terms of energy use, internal transportation of materials and the use of additives.

In the concrete field, following significant growth in 2010, in 2011 the company's presence was strengthened in the 17 states in which it operates. Despite this, sales dropped by 2.6% with respect to 2010, mainly because 2010 was a year of exceptional sales as a result of the significant construction projects that were completed in 2010 or at the beginning of 2011. Also, there were some delays in the commencement of the construction projects scheduled for 2011.

Representative projects in which the Concrete Division participated, and which demonstrate the quality of the product, included most notably the second level of the Mexico City orbital; the Atotonilco black water treatment plant; the Altamira Tamaulipas port terminal; the Banco Santander Call Centre in Querétaro; and the Castillo de Chapultepec auditorium in Durango.

EBITDA amounted to EUR 163 million, up 5.7% on 2010, giving rise to a net profit of EUR 93.8 million.

Noteworthy in relation to investments in the cement area were the completion of the Apazapan plant in the State of Veracruz; the acquisition of land for the clay conveyor belt in Tepetzingo; the acquisition of land for the construction of a petcoke warehouse in Veracruz; and the acquisition of land for clay reserves in Cerritos.

The investments in the concrete area included most notably the construction of the Central plant; the refurbishment of the Eulalia Guzman and Iztapalapa plants in Mexico City; the replacement of concrete mixers; and investments relating to the reinforcement of plant safety.

> Cerritos plant, Mexico

Thousands of euros

C. MOCTEZUMA	2007	2008	2009	2010	2011
Assets	594,500	467,844	507,669	676,336	649,656
Equity	508,785	396,412	436,101	557,057	536,648
Sales	421,311	405,524	358,127	428,148	471,640
EBITDA	179,824	157,600	138,353	154,524	163,307
Net profit	118,291	119,427	99,288	85,268	93,799

Lafarge Surma Cement Limited (Bangladesh)

Based in Bangladesh, Surma Cement engages in the manufacture and sale of cement. Cementos Molins and Lafarge together hold 60% of its share capital. The other shares are almost all owned by local shareholders, since International Finance Corporation (IFC) and Asian Development Bank (ADB) sold their ownership interests. The company is listed on the Dhaka and Chittagong stock exchanges.

The company's natural market is Bangladesh, which maintained its high rate of growth in consumption in 2011.

Since April 2010 activities at the Group's quarry in India, which supplies limestone to the Bangladesh plant, have been suspended. In August 2011 the State of Meghalaya, following instructions from the Indian Ministry of Environment and Forests authorised the recommencement of operations. That same month clinker production recommenced and own cement sales restarted in September.

Therefore, in the early part of the year clinker had to be purchased in order to be able to meet demand. From August onwards, once operations at the quarry had recommenced, the market could once again be served with cement produced using the Group's own clinker. As a result, EBITDA amounted to EUR 4 million, although borrowing costs once again gave rise to a net loss.

The most salient feature of the year, other than the recommencement of operations, was a one share for every existing share capital increase at par (effective amount of around USD 77 million), which enabled local high-cost borrowings to be repaid and the company's solvency to be restored.

> Chhatak plant, Bangladesh

Thousands of euros

SURMA CEMENT	2007	2008	2009	2010	2011
Assets	176,022	188,892	177,616	194,441	189,484
Equity	32,582	39,376	52,593	37,914	69,812
Sales	25,280	61,489	78,245	61,421	58,485
EBITDA	2,000	25,446	29,652	-6,075	3,679
Net profit/loss	-15,942	7,471	15,169	-18,177	-18,939

Société Tuniso Andalouse de Ciment Blanc "SOTACIB" and SOTACIB KAIROUAN (Tunisia)

The acquisition in 2007 of SOTACIB gave the Molins Group a foothold in Tunisia. It has a plant in the city of Feriana engaging in the production and sale of white cement.

SOTACIB's operations in 2011 were obviously badly hit by the socio-political events in Tunisia.

The plant's activities and the market were affected at different times of the year by this social turbulence. These disturbances affected production, distribution and sales.

This revolution spread to Libya and triggered a war, which eliminated a very important market for the company in 2011.

All of this adversely affected the company's bottom line.

SOTACIB Kairouan was set up in parallel to the white cement activities in order to build a grey cement plant. It should be noted that in 2011 efforts continued to build the plant in the municipality of Jebel Rouissat (Kairouan, Tunisia), which has practically been completed and has been at the trial phase (clinker production) since the end of 2011. It is expected to fully come into service in the first quarter of 2012.

The cement is currently at the preparation and accreditation phase. The first sales are expected to be made in the first quarter of 2012.

We consider, and hope, that the social turmoil will abate this year and that we will be able to carry on our business activities with a greater degree of normality.

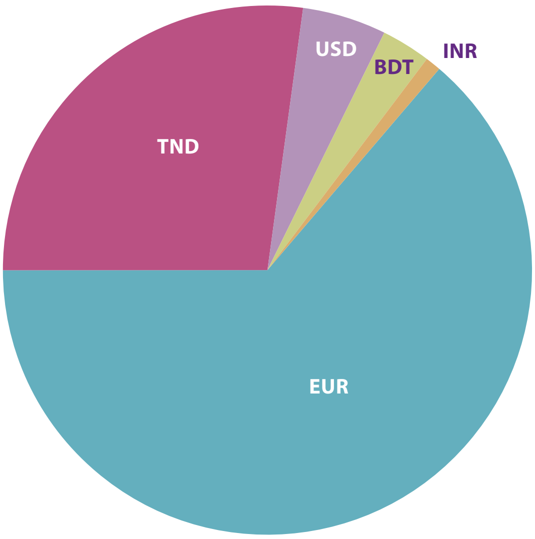
> Kairouan plant, Tunisia

Thousands of euros

SOTACIB GROUP	2007	2008	2009	2010	2011
Assets	40,296	140,942	203,196	283,919	312,026
Equity	28,550	82,074	114,268	129,663	120,228
Sales	22,521	22,835	23,861	38,086	33,559
EBITDA	6,298	4,948	3,813	3,919	-298
Net profit/loss	5,115	3,730	2,300	-3,815	-8,630

Financial situation at December 31, 2011

Gross debt (by currency)

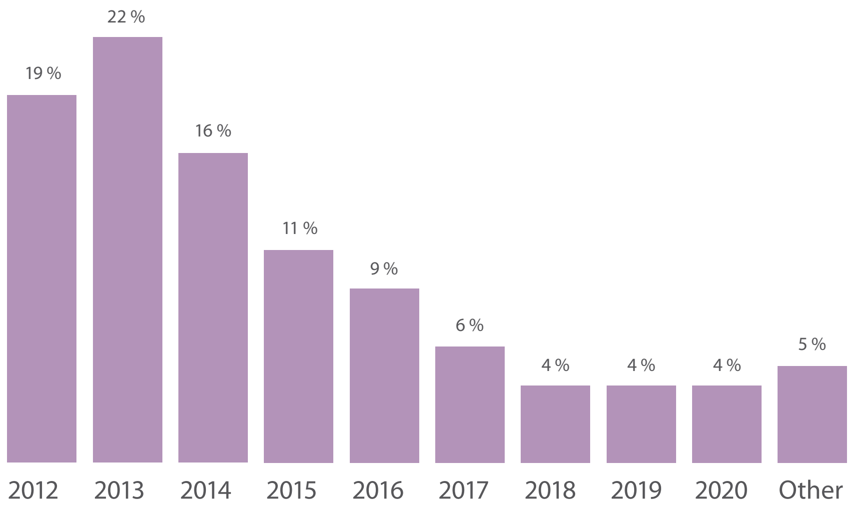


EUR	Euro	**63 %**
TND	Tunisian Dinar	**27 %**
USD	USA Dolar	**5 %**
BDT	Bangladeshi Taka	**3 %**
INR	Indian Rupee	**1 %**

Thousands of euros

Gross debt	-569,651
Cash and cash equivalents	171,678
Net financial position	**-397,972**

Debt maturity (National and foreigners subsidiaries)



Consolidated financial statements

CONSOLIDATED BALANCE SHEETS (THOUSANDS OF EUROS)
at December 31, 2011 and 2010

ASSETS	31/12/2011	31/12/2010
Intangible assets	50,026	48,905
Property, plant and equipment	1,112,430	1,100,249
Investment property	3,428	5,931
Non-current financial assets	3,605	2,861
Investments in companies accounted for using the equity method	3,676	3,848
Goodwill	30,253	30,500
Deferred tax assets	23,846	17,559
NON-CURRENT ASSETS	**1,227,264**	**1,209,853**
Non-current assets classified as held for sale	7,431	-
Inventories	134,255	112,028
Trade and other receivables	209,014	234,060
Current financial assets	31,525	5,327
Cash and cash equivalents	140,153	179,554
CURRENT ASSETS	**522,378**	**530,969**
TOTAL ASSETS	**1,749,642**	**1,740,822**
EQUITY AND LIABILITIES		
EQUITY	**652,425**	**638,527**
Share capital	19,835	19,835
Reserves of the Parent	127,970	113,687
Reserves of consolidated companies	490,899	452,082
Net profit attributable to the Parent	24,300	65,485
Interim dividend	(10,579)	(12,562)
VALUATION ADJUSTMENTS	**(48,034)**	**(26,248)**
EQUITY ATTRIBUTABLE TO THE PARENT	**604,391**	**612,279**
EQUITY OF NON-CONTROLLING INTERESTS	**266,041**	**259,598**
TOTAL EQUITY	**870,432**	**871,877**
Deferred income	6,389	3,676
Non-current bank borrowings	462,187	383,506
Deferred tax liabilities	88,955	112,086
Provisions	22,691	24,136
Other non-current liabilities	28,115	31,600
NON-CURRENT LIABILITIES	**608,337**	**555,004**
Current bank borrowings	107,462	141,656
Trade payables	122,371	131,758
Tax payables	20,627	19,751
Other current liabilities	20,413	20,776
CURRENT LIABILITIES	**270,873**	**313,941**
TOTAL EQUITY AND LIABILITIES	**1,749,642**	**1,740,822**

CONSOLIDATED INCOME STATEMENTS (THOUSANDS OF EUROS)
for the years ended 31 December 2011 and 2010

	2011	2010
Revenue	830,661	808,697
Other income	20,066	23,374
INCOME	**850,727**	**832,071**
Procurements	(250,199)	(228,704)
Staff costs	(136,465)	(133,213)
Change in operating provisions and allowances	(3,218)	(4,256)
Other operating expenses	(308,118)	(300,695)
Group work on non-current assets	1,490	856
OPERATING COSTS	**(696,510)**	**(666,012)**
Depreciation and amortisation charge	(68,027)	(68,523)
PROFIT FROM OPERATIONS	**86,190**	**97,536**
Financial loss	(23,156)	(10,099)
Share of results companies accounted for using the equity method	(55)	309
Impairment losses and gains or losses on disposals of assets	1,308	(20,187)
Other gains and losses	(51)	69,180
PROFIT BEFORE TAX	**64,236**	**136,739**
Income tax	(16,874)	(48,670)
CONSOLIDATED NET PROFIT	**47,362**	**88,069**
Net profit of non-controlling interests	23,062	22,584
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT	**24,300**	**65,485**
Earnings per share in euros	0.37	0.99

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (THOUSANDS OF EUROS)

for the years ended 31 December 2011 and 2010

	2011			2010		
	Of the Parent	Of non-controlling interests	Total	Of the Parent	Of non-controlling interests	Total
NET PROFIT	**24,300**	**23,062**	**47,362**	**65,485**	**22,584**	**88,069**
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	**(21,786)**	**(10,380)**	**(32,166)**	**39,623**	**13,463**	**53,086**
Arising from hedges						
Cash flow hedges	(939)	-	(939)	(190)	-	(190)
Tax effect	285	-	285	110	-	110
Arising from translation differences	(21,132)	(10,380)	(31,512)	39,703	13,463	53,166
TRANSFERS TO PROFIT AND LOSS	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME	**2,514**	**12,682**	**15,196**	**105,108**	**36,047**	**141,155**

CONSOLIDATED STATEMENTS OF CASH FLOWS (THOUSANDS OF EUROS)
for the years ended 31 December 2011 and 2010

	2011	2010
Cash flows from operating activities		
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX	**64,236**	**136,739**
Adjustments for items not giving rise to operating cash flows:		
Depreciation and amortisation charge	68,027	68,523
Change in period provisions for certain and quantifiable losses	3,218	4,256
Impairment losses on goodwill	-	20,000
Results of companies accounted for using the equity method	55	(309)
Finance income and costs	23,156	10,165
Gain on obtainment of control of investees	-	(71,389)
Gains or losses on disposals of items of property, plant and equipment and intangible assets	(1,308)	(2,139)
Deferred income tax assets and liabilities	-	18,470
Deferred income	(2,713)	(1,044)
Group work on non-current assets	(1,490)	-
CASH GENERATED BY OPERATIONS (I)	**153,181**	**183,272**
CASH FLOWS FROM CHANGES IN WORKING CAPITAL (II)	**(49,511)**	**(61,388)**
INCOME TAX (III)	**(6,087)**	**(23,836)**
NET CASH FLOWS OBTAINED FROM OPERATING ACTIVITIES (A) = (I) + (II) + (III)	**97,583**	**98,048**
Cash flows from investing activities		
Acquisition of subsidiaries, net of existing cash items	-	(31,099)
Acquisition/Disposal of guarantees and other non-current financial assets	(1,466)	712
Acquisition/Disposal of intangible assets	776	(2,100)
Acquisition/Disposal of property, plant and equipment	(113,830)	(202,939)
Finance income received	9,832	11,007
NET CASH FLOWS USED IN INVESTING ACTIVITIES (B)	**(104,688)**	**(224,419)**
Cash flows from financing activities		
Change in non-current financing	97,021	89,188
Change in current financing	(46,765)	46,879
Change in other long-term payables	(3,502)	21,564
Change in current financial assets	(30,058)	92,258
Payments/Proceeds arising from treasury share transactions	(1,002)	(843)
Interest paid	(31,476)	(21,172)
Dividends	(27,883)	(7,934)
Change in financing of non-controlling interests	11,369	(8,252)
NET CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**(32,296)**	**211,688**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C)	**(39,401)**	**85,317**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**179,554**	**94,237**
+ CASH AND CASH EQUIVALENTS AT END OF YEAR	**140,153**	**179,554**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (THOUSANDS OF EUROS)
for the years ended 31 December 2011 and 2010

	Share capital	Reserves of the Parent	Treasury shares	Other reserves of consolidated companies	Translation differences
31-12-09	**19,835**	**100,264**	**(17,554)**	**432,903**	**(64,953)**
Distribution of profit	-	13,423	-	37,443	-
Final dividend	-	-	-	-	-
2010 interim dividend	-	-	-	-	-
Treasury shares	-	-	(843)	-	-
Changes in the scope of consolidation	-	-	-	133	-
Comprehensive income	-	-	-	-	39,703
31-12-10	**19,835**	**113,687**	**(18,397)**	**470,479**	**(25,250)**
Distribution of profit	-	14,283	-	37,979	-
Final dividend	-	-	-	-	-
2011 interim dividend	-	-	-	-	-
Treasury shares	-	-	(1,002)	-	-
Changes in the scope of consolidation	-	-	-	-	-
Transfers	-	-	-	1,230	-
Other	-	-	-	610	-
Comprehensive income	-	-	-	-	(21,132)
31-12-11	**19,835**	**127,970**	**(19,399)**	**510,298**	**(46,382)**

Other valuation adjustments	Profit for the year	Final dividend	Interim dividend	Non-controlling interests	Total
(918)	**66,734**	**-**	**(15,207)**	**135,812**	**656,916**
-	(66,734)	661	15,207	-	-
-	-	(661)		(15,766)	(16,427)
-	-	-	(12,562)	-	(12,562)
-	-	-	-	-	(843)
-	-	-	-	103,505	103,638
(80)	65,485	-	-	36,047	141,155
(998)	**65,485**	**-**	**(12,562)**	**259,598**	**871,877**
-	(65,485)	661	12,562	-	-
-	-	(661)	-	(12,083)	(12,744)
-	-	-	(10,579)	(4,644)	(15,223)
-	-	-	-	-	(1,002)
-	-	-	-	11,369	11,369
-	-	-	-	(1,230)	-
-				349	959
(654)	24,300	-	-	12,682	15,196
(1,652)	**24,300**	**-**	**(10,579)**	**266,041**	**870,432**

Cementos Molins, S.A. and Subsidiaries

Consolidated Financial Statements and Consolidated Directors' Report for 2011, jointly with Auditor's Report.

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in Accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36).
In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Cementos Molins, S.A.:

1. We have audited the consolidated financial statements of Cementos Molins, S.A. (the Parent) and Subsidiaries (the Group), which comprise the consolidated balance sheet at 31 December 2011 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2 to the accompanying consolidated financial statements, the Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying consolidated financial statements for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of Cementos Molins, S.A. and Subsidiaries at 31 December 2011, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

3. The accompanying consolidated directors' report for 2011 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2011. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Cementos Molins, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Raimon Ripoll

Raimon Ripoll

28 February 2012

COL·LEGI
DE CENSORS JURATS
DE COMPTES
DE CATALUNYA

Membre exercent:
DELOITTE, S.L.

Any 2012 Núm 20/12/00087
CÒPIA GRATUÏTA

Informe subjecte a la taxa establerta a l'article 44 del text refós de la Llei d'auditoria de comptes, aprovat per Reial decret legislatiu 1/2011, d'1 de juliol.

Cementos Molins, S.A. and Subsidiaries

Consolidated Financial Statements and Consolidated Directors' Report for 2011

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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36). In the event of a discrepancy, the Spanish-language version prevails.

CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

(Thousands of euros)

ASSETS	Notes	31/12/2011	31/12/2010
Intangible assets	8	50,026	48,905
Property, plant and equipment	9	1,112,430	1,100,249
Investment property	11	3,428	5,931
Non-current financial assets	12	3,605	2,861
Investments in companies accounted for using the equity method	10	3,676	3,848
Goodwill	7	30,253	30,500
Deferred tax assets	23	23,846	17,559
NON-CURRENT ASSETS		**1,227,264**	**1,209,853**
Non-current assets classified as held for sale	13	7,431	-
Inventories	14	134,255	112,028
Trade and other receivables	15	209,014	234,060
Current financial assets	12	31,525	5,327
Cash and cash equivalents		140,153	179,554
CURRENT ASSETS		**522,378**	**530,969**
TOTAL ASSETS		**1,749,642**	**1,740,822**

EQUITY AND LIABILITIES	Notes	31/12/2011	31/12/2010
EQUITY		**652,425**	**638,527**
Share capital		19,835	19,835
Reserves of the Parent		127,970	113,687
Reserves of consolidated companies		490,899	452,082
Net profit attributable to the Parent		24,300	65,485
Interim dividend		(10,579)	(12,562)
VALUATION ADJUSTMENTS		**(48,034)**	**(26,248)**
EQUITY ATTRIBUTABLE TO THE PARENT	16	**604,391**	**612,279**
EQUITY OF NON-CONTROLLING INTERESTS	17	**266,041**	**259,598**
TOTAL EQUITY		**870,432**	**871,877**
Deferred income		6,389	3,676
Non-current bank borrowings	21	462,187	383,506
Deferred tax liabilities	23	88,955	112,086
Provisions	19	22,691	24,136
Other non-current liabilities		28,115	31,600
NON-CURRENT LIABILITIES		**608,337**	**555,004**
Current bank borrowings	21	107,462	141,656
Trade payables		122,371	131,758
Tax payables	23	20,627	19,751
Other current liabilities		20,413	20,776
CURRENT LIABILITIES		**270,873**	**313,941**
TOTAL EQUITY AND LIABILITIES		**1,749,642**	**1,740,822**

The accompanying Notes 1 to 36 and Appendices I and II are an integral part of the consolidated balance sheet at 31 December 2011.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36). In the event of a discrepancy, the Spanish-language version prevails.

CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Thousands of euros)

	Note	2011	2010
Revenue	6 and 25	830,661	808,697
Other income		20,066	23,374
		850,727	**832,071**
Procurements	25	(250,199)	(228,704)
Staff costs		(136,465)	(133,213)
Change in operating provisions and allowances		(3,218)	(4,256)
Other operating expenses	25	(308,118)	(300,695)
Group work on non-current assets		1,490	856
		(696,510)	**(666,012)**
Depreciation and amortisation charge		(68,027)	(68,523)
Profit from operations		**86,190**	**97,536**
Financial loss	27	(23,156)	(10,099)
Share of results companies accounted for using the equity method	10	(55)	309
Impairment losses and gains or losses on disposals of assets	26	1,308	(20,187)
Other gains and losses	4	(51)	69,180
Profit before tax		**64,236**	**136,739**
Income tax	23 and 4	(16,874)	(48,670)
Consolidated net profit		**47,362**	**88,069**
Net profit of non-controlling interests	17	23,062	22,584
Net profit for the year attributable to the Parent		**24,300**	**65,485**
Earnings per share in euros	28	0.37	0.99

The accompanying Notes 1 to 36 and Appendices I and II are an integral part of the consolidated income statement for the year ended 31 December 2011.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36). In the event of a discrepancy, the Spanish-language version prevails.

CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED
31 DECEMBER 2011 AND 2010
(Thousands of euros)

		2011			2010		
	Note	Of the Parent	Of non-controlling interests	Total	Of the Parent	Of non-controlling interests	Total
NET PROFIT		**24,300**	**23,062**	**47,362**	**65,485**	**22,584**	**88,069**
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		**(21,786)**	**(10,380)**	**(32,166)**	**39,623**	**13,463**	**53,086**
Arising from hedges	Note 21-a						
Cash flow hedges		(939)	-	(939)	(190)	-	(190)
Tax effect		285	-	285	110	-	110
Arising from translation differences	Note 16-h	(21,132)	(10,380)	(31,512)	39,703	13,463	53,166
TRANSFERS TO PROFIT AND LOSS		**-**	**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME		**2,514**	**12,682**	**15,196**	**105,108**	**36,047**	**141,155**

The accompanying Notes 1 to 36 and Appendices I and II are an integral part of the consolidated statement of comprehensive income at 31 December 2011.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36). In the event of a discrepancy, the Spanish-language version prevails.

CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Thousands of euros)

	Share capital	Reserves of the Parent	Treasury shares	Other reserves of consolidated companies	Translation differences	Other valuation adjustments	Profit for the year	Final dividend	Interim dividend	Non-controlling interests	Total
31-12-09	**19,835**	**100,264**	**(17,554)**	**432,903**	**(64,953)**	**(918)**	**66,734**	**-**	**(15,207)**	**135,812**	**656,916**
Distribution of profit	-	13,423	-	37,443	-	-	(66,734)	661	15,207	-	-
Final dividend	-	-	-	-	-	-	-	(661)		(15,766)	(16,427)
2010 interim dividend	-	-	-	-	-	-	-	-	(12,562)	-	(12,562)
Treasury shares	-	-	(843)	-	-	-	-	-	-	-	(843)
Changes in the scope of consolidation	-	-	-	133	-	-	-	-	-	103,505	103,638
Comprehensive income	-	-	-	-	39,703	(80)	65,485	-	-	36,047	141,155
31-12-10	**19,835**	**113,687**	**(18,397)**	**470,479**	**(25,250)**	**(998)**	**65,485**	**-**	**(12,562)**	**259,598**	**871,877**
Distribution of profit	-	14,283	-	37,979	-	-	(65,485)	661	12,562	-	-
Final dividend	-	-	-	-	-	-	-	(661)	-	(12,083)	(12,744)
2011 interim dividend	-	-	-	-	-	-	-	-	(10,579)	(4,644)	(15,223)
Treasury shares	-	-	(1,002)	-	-	-	-	-	-	-	(1,002)
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-	11,369	11,369
Transfers	-	-	-	1,230	-	-	-	-	-	(1,230)	-
Other	-	-	-	610	-	-				349	959
Comprehensive income	-	-	-	-	(21,132)	(654)	24,300	-	-	12,682	15,196
31-12-11	**19,835**	**127,970**	**(19,399)**	**510,298**	**(46,382)**	**(1,652)**	**24,300**	**-**	**(10,579)**	**266,041**	**870,432**

The accompanying Notes 1 to 36 and Appendices I and II are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2011.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36). In the event of a discrepancy, the Spanish-language version prevails.

CEMENTOS MOLINS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

	2011	2010
Cash flows from operating activities		
Profit from ordinary activities before tax	**64,236**	**136,739**
Adjustments for items not giving rise to operating cash flows:		
Depreciation and amortisation charge	68,027	68,523
Change in period provisions for certain and quantifiable losses	3,218	4,256
Impairment losses on goodwill	-	20,000
Results of companies accounted for using the equity method	55	(309)
Finance income and costs	23,156	10,165
Gain on obtainment of control of investees	-	(71,389)
Gains or losses on disposals of items of property, plant and equipment and intangible assets	(1,308)	(2,139)
Deferred income tax assets and liabilities	-	18,470
Deferred income	(2,713)	(1,044)
Group work on non-current assets	(1,490)	-
Cash generated by operations (I)	**153,181**	**183,272**
Cash flows from changes in working capital (II)	**(49,511)**	**(61,388)**
Income tax (III)	**(6,087)**	**(23,836)**
Net cash flows obtained from operating activities (A) = (I) + (II) + (III)	**97,583**	**98,048**
Cash flows from investing activities		
Acquisition of subsidiaries, net of existing cash items	-	(31,099)
Acquisition/Disposal of guarantees and other non-current financial assets	(1,466)	712
Acquisition/Disposal of intangible assets	776	(2,100)
Acquisition/Disposal of property, plant and equipment	(113,830)	(202,939)
Finance income received	9,832	11,007
Net cash flows used in investing activities (B)	**(104,688)**	**(224,419)**
Cash flows from financing activities		
Change in non-current financing	97,021	89,188
Change in current financing	(46,765)	46,879
Change in other long-term payables	(3,502)	21,564
Change in current financial assets	(30,058)	92,258
Payments/Proceeds arising from treasury share transactions	(1,002)	(843)
Interest paid	(31,476)	(21,172)
Dividends	(27,883)	(7,934)
Change in financing of non-controlling interests	11,369	(8,252)
Net cash flows used in financing activities (C)	**(32,296)**	**211,688**
Net change in cash and cash equivalents (A + B + C)	**(39,401)**	**85,317**
Cash and cash equivalents at beginning of year	**179,554**	**94,237**
+ Cash and cash equivalents at end of year	**140,153**	**179,554**

The accompanying Notes 1 to 36 and Appendices I and II are an integral part of the consolidated statement of cash flows for the year ended 31 December 2011.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36). In the event of a discrepancy, the Spanish-language version prevails.

Cementos Molins, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

1. Group description and activity

Cementos Molins, Sociedad Anónima ("the Parent"), domiciled in Sant Vicenç dels Horts (Barcelona), at Carretera Nacional 340, nos. 2 to 38, km. 1,242.300, was incorporated by means of a public deed authorised by Barcelona Notary Cruz Usatorre Gracia on 9 February 1928.

It is registered in the Barcelona Mercantile Register on page B 4224 and its employer identification number is A08017535.

The Parent was incorporated for an indefinite period, and is therefore in existence for as long as it does not meet any of the conditions for dissolution set forth in Article 363 of the current Spanish Limited Liability Companies Law.

Its company object, as established in Article 2 of the bylaws, is:

a) The formation and operation of cement, lime and plaster plants. The manufacture of all manner of construction materials. The exploitation of clay, limestone and plaster quarries and deposits, and the formation and operation of companies to perform activities relating to these products;

b) Real estate activities;

c) The acquisition, ownership and disposal of movable property and marketable securities.

The Cementos Molins Group engages mainly in the manufacture and sale of cement and lime, precast concrete and other building materials, the extraction of aggregates, the preparation of concrete and environmental activities.

The Group carries on its activities in Spain, Mexico, Argentina, Uruguay, Tunisia, India and Bangladesh.

2. Basis of presentation of the consolidated financial statements

Accounting standards

The consolidated financial statements for 2011 of the Cementos Molins Group were formally prepared by the Parent's directors in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRSs"), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, taking into account all the mandatory accounting principles and rules and measurement bases, the Spanish Commercial Code, the Spanish Limited Liability Companies Law and all other applicable Spanish corporate law and, accordingly, they present fairly the Cementos Molins Group's equity and financial position at 31 December 2011 and the results of its operations, the changes in equity and in the consolidated statement of comprehensive income and the Group's consolidated cash flows for the year then ended.

The accompanying consolidated financial statements were prepared from the separate accounting records of Cementos Molins, S.A. and of each of the consolidated companies (detailed in Appendices I and II) so that they present fairly the equity, financial position and results of the Cementos Molins Group under EU-IFRSs. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statement for 2011 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with International Financial Reporting Standards.

The accompanying consolidated financial statements of the Cementos Molins Group for 2011 were formally prepared by the Parent's Board of Directors and will be submitted for approval by the shareholders at the Annual General Meeting of Cementos Molins, S.A., and it is considered that they will be approved without any changes. The consolidated financial statements of the Cementos Molins Group for 2010 were approved by the shareholders at the Annual General Meeting of Cementos Molins held on 26 May 2011.

EU-IFRSs provide for certain alternatives regarding their application. The alternatives applied by the Group in preparing the accompanying consolidated financial statements for 2011 are detailed in Note 3 'Accounting Policies and Measurement Bases'.

The accounting policies used to prepare these consolidated financial statements comply with all IFRSs in force at the date of their presentation.

Basis of consolidation

The Group companies over which effective control is exercised by virtue of ownership of a majority of the voting power in their representation and decision-making bodies were fully consolidated (see Appendix I).

Investments in joint ventures, which are those which the Group jointly manages with other shareholders, were proportionately consolidated (see Appendix II).

Investments in associates were accounted for using the equity method.

Non-controlling interests represent the share attributable to them of the equity and results at 31 December 2011 of the fully consolidated companies, and they are presented under “Equity of Non-Controlling Interests” in the accompanying consolidated balance sheet and under “Net Profit of Non-Controlling Interests” in the accompanying consolidated income statement.

The financial statements of foreign companies were translated using the year-end exchange rate method, using as a general rule the exchange rates prevailing at 31 December of each year for balance-sheet items, except for share capital and reserves, which were translated at the historical exchange rates, while income-statement items were translated at the average exchange rates for the year, recognising any differences under "Equity Attributable to the Parent - Translation Differences" in the accompanying consolidated balance sheet.

The Cementos Molins Group does not have any investments in companies whose functional currency differs from the local currency in which their financial statements are presented.

The translation differences included in the changes in non-current assets arose from application of the year-end exchange rate method in the consolidation of foreign companies and are recognised under “Equity - Translation Differences”.

All accounts and transactions between consolidated companies were eliminated on consolidation.

The Group used the acquisition method in all cases of business combinations that occurred subsequent to the date of transition to EU-IFRSs when accounting for these transactions and recognised as goodwill arising from the combination the difference between the cost of the combination and the net fair value of the acquired company's identified and recognised assets, liabilities and contingent liabilities.

Comparative information

The information relating to 2011 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with information relating to 2010.

Currency

These consolidated financial statements are presented in euros since this is the currency of the primary economic environment in which the Group operates. Transactions denominated in functional currencies other than the euro are recognised in accordance with the policies described in Note 3.

Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Parent's directors, who have verified that the various controls established to ensure the quality of the financial and accounting information prepared by them have operated effectively.

In the Group's accompanying consolidated financial statements judgments and estimates were occasionally made by management of the Parent and of the consolidated companies in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The useful life of the property, plant and equipment and intangible assets;
- The impairment losses on certain assets;
- The assumptions used in the actuarial calculation of the pension obligations; and
- The provisions for obligations to third parties and contingent liabilities.

Although these judgements and estimates were made on the basis of the best information available at 31 December 2011 on the events analysed, events that take place in the future (economic events, regulatory changes, etc.) might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be recognised in the related consolidated income statements or in consolidated equity, as appropriate.

3. Accounting policies and measurement bases

The principal accounting policies used in preparing the accompanying consolidated financial statements, in accordance with International Financial Reporting Standards and the interpretations in force at the time of preparing these consolidated financial statements, were as follows:

a) Changes in accounting policies and in disclosures of information effective in 2011

The following standards (IFRSs) and interpretations (IFRICs) came into force in the reporting period that began on 1 January 2011, although they did not have a material impact or were not applicable to the Group in these consolidated financial statements:

- Amendments to IAS 32, Classification of Rights Issues. Effective for annual reporting periods beginning on or after 1 February 2010.
- IAS 24, Related Party Disclosures. Effective for annual reporting periods beginning on or after 1 January 2011.
- IFRIC 14, Prepayments of a Minimum Funding Requirement. Effective for annual reporting periods beginning on or after 1 January 2011.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments. Effective for reporting periods beginning on or after 1 July 2010.
- Amendment to IFRS 1, Limited Exemption from Comparative IFRS 7 Disclosures for first-time Adopters. Effective for reporting periods beginning on or after 30 June 2010.

- Improvements to IFRSs (published in May 2010). The aforementioned improvements affect various standards and, therefore, companies are required to disclose the specific effects. In general, they are effective for reporting periods beginning on or after 2011.

These consolidated financial statements were prepared without taking into account the EU-IFRSs, amendments thereto and interpretations that have been issued but will come into force on or after 1 January 2012, which are detailed below:

- IFRS 9, Financial instruments. Effective for annual reporting periods beginning on or after 1 January 2015. Not yet adopted by the EU.

- Amendments to IAS 12, Recovery of Underlying Assets. Effective for annual reporting periods beginning on or after 1 January 2012. Not yet adopted by the EU.

- Amendments to IFRS 7, Disclosure for Derecognition of Financial Assets. Effective for annual reporting periods beginning on or after 1 July 2011.

- Amendments to IFRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters. Effective for annual reporting periods beginning on or after 1 July 2011. Not yet adopted by the EU.

- IAS 19, Employee Benefits. Effective for annual reporting periods beginning on or after 1 January 2013. Not yet adopted by the EU.

- Amendments to IAS 1, Presentation of Items in Other Comprehensive Income. Effective for annual reporting periods beginning on or after 1 July 2012. Not yet adopted by the EU.

- IFRS 10, Consolidated Financial Statements. Effective for annual reporting periods beginning on or after 1 January 2013. Not yet adopted by the EU.

- IFRS 11, Joint arrangements. Effective for annual reporting periods beginning on or after 1 January 2013. Not yet adopted by the EU.

- IFRS 12, Disclosure of Interests in Other Entities. Effective for annual reporting periods beginning on or after 1 January 2013. Not yet adopted by the EU.

- IFRS 13, Fair Value Measurement. Effective for annual reporting periods beginning on or after 1 January 2013. Not yet adopted by the EU.

- IAS 27, Separate Financial Statements. Effective for annual reporting periods beginning on or after 1 January 2013. Not yet adopted by the EU.

- IAS 28, Investments in Associates and Joint Ventures. Effective for annual reporting periods beginning on or after 1 January 2013. Not yet adopted by the EU.

- IFRS 7, Financial Instruments: Disclosures: amendments relating to disclosures for offsetting financial assets and financial liabilities. The standard is applicable for annual reporting periods beginning on or after 1 January 2013. Not yet adopted by the EU.

- IAS 32, Financial Instruments: Presentation: amendments in relation to offsetting financial assets and financial liabilities. The standard is applicable for annual reporting periods beginning on or after 1 January 2014. Not yet adopted by the EU.

The Group's directors do not expect application of these standards and interpretations, where applicable, to have a significant impact on the future consolidated financial statements, with the exception of the impact deriving from the application of IFRS 11, Joint Arrangements. This standard provides for the elimination of the option of proportionate consolidation of joint ventures and, accordingly, such interests will have to be accounted for using the equity method.

This change of policy would entail, in the consolidated balance sheet and in regard to interests in joint ventures, the elimination of non-controlling interests from consolidated equity along with their contributions to the other asset and liability items and the recognition of a non-current financial assets for the value of the percentage of the equity of the investee represented by the interest. With respect to the consolidated income statement, the profit or loss contributed to these investments would be recognised under "Share of Results of Companies Accounted for Using the Equity Method", and, therefore, the contributions of these investees would be eliminated from the various headings in the consolidated income statement.

b) Intangible assets

Intangible assets are recognised initially at acquisition or production cost. If applicable, they are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprise administrative concessions, licences, trademarks, computer software and quarry prospecting and preparation expenditure.

Quarry prospecting and preparation assets are measured at the cost incurred and are recognised when the legal rights to operate the quarry have been granted and once the technical and economic feasibility of each project has been guaranteed. They are transferred to profit or loss on the basis of the rate of extraction of the mineral resource in relation to the maximum assessed capacity. Expenses related to the exploration and assessment of mineral resources prior to ascertaining the technical feasibility and commercial viability thereof are scantly material with respect to the accompanying consolidated financial statements.

The companies amortise their intangible assets by the straight-line method over the following years of estimated useful life:

	Years of estimated useful life
Computer software	3 to 6
Administrative concessions	10 to 20
Other	5 to 10

<u>Emission allowances:</u>

In 2008 Cementos Molins Industrial S.A.U. received emission allowances equal to 5.7 million tonnes of CO_2 for the period 2008-2012, at a rate of 1.1 million tonnes for each year of the period, in accordance with the National Allocation Plan established by the Spanish Ministry of the Environment. This allocation is 5% lower than that of the 2005-2007 National Allocation Plan.

The emission allowances granted at zero cost for 2008-2012 through the National Allocation Plan are recognised at market value on the asset side of the consolidated balance sheet under “Intangible Assets” with a credit to “Deferred Income”. These grants are recognised in the consolidated income statement under “Other Operating Income” as the CO_2 emissions for which the allowances were granted are made. Also, a provision for contingencies and charges is recognised to reflect the obligation to return CO_2 emission allowances in accordance with the criteria laid down in the National Allocation Plan, with a charge to “Other Operating Expenses” in the consolidated income statement. The amount of this provision is determined taking into account that the obligation will be offset through the return of the emission allowances granted at zero cost to the company under the National Allocation Plan or through other emission allowances banked in the consolidated balance sheet or acquired or generated subsequently.

If, at the balance sheet date, the CO_2 emissions made during the production process made it necessary to purchase emission allowances because actual emissions exceed the emissions corresponding to the emission allowances held by the Group at that date, the provision for this shortfall would be quantified at the market value of the emission allowances at the balance sheet date (see Note 29).

c) Goodwill arising on consolidation

Any differences between the cost of the investments in the share capital of the Group companies or associates and the related underlying carrying amounts, adjusted at the date of first-time consolidation, are allocated as follows:

- If they are attributable to specific assets and liabilities of the companies acquired, adjusting the value of the assets and liabilities whose market values differ from the carrying amounts shown in their balance sheets.

- If they are attributable to specific unrecognised intangible assets, recognising them explicitly in the consolidated balance sheet.

- The remaining amount is recognised as goodwill arising on consolidation, which is allocated to one or more specific cash-generating units.

Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made, or to be made with reasonable certainty, by the acquirer in anticipation of future economic benefits arising from the use of the assets of the acquired company.

At the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in value to below its carrying amount (see Note 3-h)) and, if there is any impairment, the goodwill is written down with a charge to "Impairment and Gains or Losses on Disposals of Assets" in the consolidated income statement. An impairment loss recognised for goodwill must not be reversed in a subsequent period.

On the sale of a Group company or associate, the attributable amount of goodwill, if any, is included in the determination of the gain or loss on the sale.

d) Property, plant and equipment

Property, plant and equipment are measured at cost revalued pursuant to the applicable legislation.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Group work on property, plant and equipment is determined on the basis of in-house warehouse materials consumed and labour costs.

Borrowing costs directly attributable to the acquisition or production of certain assets are capitalised until the assets are brought into operating condition, provided that the total value of the asset does not exceed its realisable value.

Upkeep and maintenance expenses are charged to the consolidated income statement for the year in which they are incurred.

Items in the course of construction are transferred to property, plant and equipment in use once the installation and start-up period has ended.

The companies depreciate their property, plant and equipment on a straight-line basis over the following years of estimated useful life:

	Years of estimated useful life
Buildings	33 to 68
Plant	8 to 20
Machinery	8 to 18
Tools	3 to 8
Furniture	10 to 15
Computer hardware	4 to 8
Transport equipment	8 to 18

e) Government grants

Non-refundable government grants received are measured at the amount granted. Grants related to income are taken directly to income. Grants related to assets are recognised in income in proportion to the period depreciation taken on the assets associated with these grants. In the case of non-depreciable assets, the grants are recognised in income in the year in which the assets are disposed of, become impaired or are derecognised.

The Group chose to present grants related to assets as reductions of the carrying amount of the assets to which they relate, rather than presenting them as deferred income in the consolidated balance sheet.

Emission allowances: see Note 29.

f) Leases

Finance leases

For finance leases in which the Group companies act as lessee, the cost of the leased assets is presented in the consolidated balance sheet based on the nature of the leased asset and, simultaneously, a liability for the same amount is recognised. This amount is the lower of the fair value of the leased asset and the present value, at the inception of the lease; of the minimum lease payments agreed upon, including the purchase option, when there is no reasonable doubt that it will be exercised. The calculation does not include contingent rent, the service cost or the taxes that can be charged by the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense in the year in which it is incurred.

Leased assets are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment taken as a whole.

Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

When the consolidated companies act as the lessee, lease costs are recognised in the income statement on an accrual basis.

g) Investment property

"Investment Property" includes assets, mainly land and buildings, held to earn rentals or for long-term capital appreciation for the Group, rather than for use in production or for administrative purposes.

Property, plant and equipment are initially measured at cost revalued pursuant to applicable legislation, and, in the case of buildings, depreciated on a straight-line basis at 3% per annum.

h) Impairment of property, plant and equipment, intangible assets and goodwill

At each balance sheet date the companies review the carrying amounts of the property, plant and equipment and intangible assets with finite useful lives to assess whether there is any indication that the assets might have suffered an impairment loss. If any such indication exists, an estimate of the recoverable amount of these assets is made to determine the impairment loss incurred. Where the asset analysed does not generate cash flows that are independent from other assets, the Group estimates the fair value of the cash-generating unit to which the asset belongs.

Property, plant and equipment and intangible assets with indefinite useful lives not subject to systematic depreciation or amortisation, respectively, are tested for impairment at least annually, or where there is an indication that the asset might have suffered an impairment loss.

The recoverable amount of an asset subject to impairment is the higher of fair value less costs to sell and value in use. In order to estimate value in use, the future cash flows of the asset analysed (or of the cash-generating unit to which it belongs, as appropriate) are discounted to their present value using a discount rate that reflects both the time value of money and the risk specific to the asset. Where the recoverable amount of an asset is estimated to be less than its carrying amount, the difference is recognised with a charge to "Impairment Losses" in the consolidated income statement. Asset impairment losses recognised are reversed with a credit to this heading when the related recoverable amounts are considered to increase, thereby increasing the value of the asset up to the limit of the carrying amount that the asset would have had if no write-down had taken place, except for goodwill, the impairment losses on which are not reversible.

The method used to test impairment distinguishes between assets associated with businesses with indefinite and finite lives. Financial projections with a particular time frame and a perpetuity are used for businesses with indefinite lives. Projections in accordance with the actual lives of the assets or lines of business are used for businesses with finite lives. In both cases the projections are based on reasonable and well-founded assumptions.

Any losses arising from the excess of cost over the recoverable amount of these assets at the balance sheet date are allocated to the assets to which they relate (see Notes 7, 8 and 9).

The following discount rates were used to test for impairment:

After tax rates in euros

	Spain	Tunisia	Bangladesh	Argentina	Uruguay
Discount rate	6.7%	7.7%	7.7%	7.7%	7.7%

Equivalent rate before tax in local currency

		Tunisia	Bangladesh	Argentina	Uruguay
Discount rate		10.7%	17.1%	19.6%	10.5%

The growth rates used are equivalent nominal rates: the after-tax calculation in euros is tied to inflation in the euro zone, estimated at 2%. The pre-tax calculations are tied to the inflation in each of their respective countries. This represents growth in real terms of close to zero.

Analysis by country:

In all cases, the key assumptions of these projections refer to:

- Production volume and sales
- Selling price and production costs

- Discount rates

Spain:

5-year cash flow projections of the businesses were used and in none of the cases analysed were there grounds to recognise impairment.

Key assumptions used:

Production volume and sales

Based on market projections, the assumptions used indicate that after the decrease in production activity in 2011, and the fall forecast for 2012, an improvement in markets and sales is expected in subsequent periods, of varying intensity depending on the business in question. In certain businesses, such as the concrete and precast concrete businesses, the increase in exports and the inauguration of new businesses abroad has had a positive impact.

Selling prices and costs

Various assumptions were made on the basis of the business analysed (concrete, aggregates, mortars, etc.). Following the price adjustments in recent years, including 2011, prices are expected to recover in the medium term with subsequent increases basically in line with inflation.

Sensitivity analysis

Sensitivity was analysed based on a 1% change in rates, without observing any possible impairment in the assets under analysis.

Tunisia:

The goodwill and the assets used for the production and sale of white cement at Sotacib were analysed.

In view of the normal cement business cycle, the fact the plant is located in a regional development area with specific regulatory characteristics and taking into consideration the depreciation periods of the industrial facilities, an analysis was carried out of cash flow projection periods equal to the period on which depreciation is taken on the assets.

Production volume and sales

As mentioned in the analysis of 2010, sales fell in 2011 as a result of the social unrest in Tunisia and the military conflict in Libya, one of its main export markets. Social unrest in Tunisia has not only resulted in a slowdown in sales, but has contributed to the production problems suffered at the Group's main factory in Feriana. The first signs of a resolution to this social unrest were seen in October 2011 with the creation of a Constituent Assembly entrusted with drafting a Constitution, giving rise to some optimism about the possibility of a progressive recovery until full production capacity is achieved once again. The investment plan currently underway to upgrade the oldest facilities, which began in 2011 and is expected to end in 2012, is also expected to contribute to the forecast improvement in production and sales.

Selling price and costs:

Despite these circumstances, price increases in the local market remained steady at 5.5%. In the future, price increases are expected to be in line with local inflation rates. In the export markets, basically Libya and Algeria, prices could not be increased due to the military conflict in the former and the increased market penetration in the latter. From 2012 onwards a gradual improvement in selling prices is foreseen.

With respect to costs, staff costs and overheads rose as a result of the unrest and conflicts suffered in Tunisia, giving rise to concessions by industry to workers living in the vicinity of the production facilities. Plant shut-downs and start-ups as a result of both the unrest and technical problems resulted in costs that considerably reduced the margin.

The production volumes forecast for 2012 both as a result of the recovery of the markets and the improvements that it is planned to make to facilities are a cause for optimism, and one of the positive results is expected to be a fall in local variable production costs in Tunisia.

Based on the assumptions applied, it was not considered necessary to recognise an impairment loss for goodwill allocated to Sotacib additional to that recognised in 2010.

Sensitivity analysis

Sensitivity analyses were applied to the key assumptions such as combined fluctuations in expected sales volumes, on the one hand, and prices and costs on the other. Based on the result of these analyses, there was no evidence to support the need for recognising any impairment losses on the assets under analysis additional to that recognised in 2010.

Bangladesh:

The assets of this company used for the production and sale of clinker and Portland cement were analysed. Until August 2011, the plant's activity continued to be limited by the temporary suspension of the extraction permits for the quarry in February 2010. In August the State of Meghalaya, following the instructions of the Indian Ministry of Environment and Forests, authorised the resumption of extraction activities at the quarry while the final formalities for obtaining the definitive permits are completed.

Production volume and sales:

The natural market of this factory is Bangladesh, which maintained its high rate of growth in consumption in 2011. Clinker purchases were maintained in the first part of the year to meet the plant's demand. However, following the resumption of the extraction activities at the quarry, since August the plant was able to meet market demands with cement produced with in-house clinker. These factors enabled the company to close the year with a sales volume of 869 thousand tonnes of cement (only 5.8% down from 2010) and 180 thousand tonnes of clinker (up 105.4% on 2010).

Prices and costs

The need to purchase clinker to meet demand gave rise to a highly atypical cost structure for the plant. Once normal operations had been resumed, the cost structure and margins returned to those typical of an integrated factory. Costs and expenses are expected to increase in line with local inflation.

Given that all the clinker in this market (except the Group's) is imported, the selling price is extremely sensitive to the price of clinker, which in turn is sensitive to the exchange rate. In 2011 the local currency (Taka) had continued its gradual appreciation against the dollar; however, the year-end brought and abrupt drop in value which is likely to be reflected in import prices. As a result, the price of cement is expected to increase sharply.

As a result of the foregoing, it was not considered necessary to recognise any impairment losses on the assets.

Sensitivity analysis

The Group performed a sensitivity analysis consisting of increasing the discount rate without observing the need to recognise any impairment losses on the assets analysed.

Argentina and Uruguay

Since goodwill arose and the carrying amount of the pre-existing assets of the subsidiaries located in these countries was increased following the acquisition of the additional ownership interests in these companies in

January 2010, the expected cash flows over the next five years from the operations in these countries were analysed.

In both cases and due to the positive results and strong growth in these markets, there were no indications of impairment on the basis of the future performance of these businesses.

i) Non-current financial assets, current financial assets and cash and cash equivalents

The Group determines the most appropriate classification for each financial asset on acquisition and such classification is reviewed at the end of each year. Current and non-current financial assets are classified into the following categories:

- Held-for-trading financial assets: assets acquired mainly for the purpose of generating a profit as a result of changes in value.

  The assets included in this category are recognised at fair value in the accompanying consolidated balance sheet, and changes in value are recognised in the accompanying consolidated income statement under "Finance Costs" or "Finance Income", as appropriate.

- Loans and receivables: these are recognised initially at fair value, and are subsequently measured at amortised cost using the effective interest rate.

  The Group makes the appropriate provisions with a charge to income for the difference between the amount of the receivables expected to be recovered and the carrying amount at which they are recognised.

- Held-to-maturity investments: these are financial assets that the Group has the intention and ability to hold to the date of maturity, and are recognised at amortised cost using the effective interest rate.

- Factoring transactions: the Group derecognises the financial assets when they expire or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial assets have also been transferred, in which the Group does not retain any credit or interest rate risk.

- Available-for-sale financial assets: these are any assets that do not fall into any of the above four categories. These investments are carried at year-end fair value in the consolidated balance sheet. In the case of investments in unlisted companies, fair value is obtained through alternative methods such as comparison with similar transactions, or by discounting expected cash flows. Changes in fair value are recognised with a charge or credit to "Valuation Adjustments" in consolidated equity. On disposal of these investments, the cumulative net valuation adjustments are recognised in full in the consolidated income statement.

  Investments in the share capital of unlisted companies whose fair values cannot be measured reliably are measured at acquisition cost.

j) Derivative financial instruments and hedge accounting

The Cementos Molins Group had not identified any embedded derivatives (forward contracts at a fixed price) at any of the Group companies at 2011 year-end.

The transactions with financial derivatives at year-end relate to:

- Interest rate hedges on certain borrowings.

- Foreign currency hedging transactions in Bangladesh for intra-Group commercial transactions with India.

- Foreign currency hedging transactions in Bangladeshi to hedge the payment flows of debt denominated in foreign currencies. The aforementioned hedges are for a short period up to a maximum of six months on the basis of local market possibilities.

The Group's use of financial derivatives is governed by financial risk management policies, which provide guidelines for their use.

Cementos Molins does not use derivative financial instruments for speculative purposes.

The accounting treatment of hedging transactions with derivative instruments is as follows:

- <u>Fair value hedges</u>

  Changes in the market value of the derivative financial instruments designated as hedges and of the hedged items are charged or credited to "Financial Loss" in the consolidated income statement.

- <u>Cash flow hedges</u>

  Changes in the market value of these derivative financial instruments are recognised, for the effective portion, directly in equity, whereas the ineffective portion is recognised in the consolidated income statement. The amount recognised in equity is not transferred to the consolidated income statement until the results of the hedges are recognised therein or until the expiry of these transactions.

  If hedge accounting is discontinued, the loss or gain accumulated in equity at that date is retained in equity until the hedged transaction occurs, at which time it will be allocated to profit or loss as an addition to or a reduction of the results of the transaction. The market value of the various financial instruments relates to their market price at the end of the reporting period.

k) Investments in companies accounted for using the equity method

Investments accounted for using the equity method are stated at the value of the share of the net assets of the investee, increased by the value of the goodwill still existing at the reporting date.

l) Shares of the Parent

The Parent's treasury shares, which are listed, are recognised at acquisition cost as a deduction from equity.

Gains or losses on the purchase, sale, issue or retirement of the Parent's own equity instruments are recognised directly in equity.

m) Non-current assets and disposal groups classified as held for sale

The Group classifies a non-current asset or disposal group as held for sale when the decision to sell it has been taken and the sale is expected to occur within twelve months.

These assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale are not depreciated, but rather at the end of each reporting period the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

Income and expenses arising from non-current assets and disposal groups classified as held for sale which do not qualify for classification as discontinued operations are recognised under the related heading in the income statement on the basis of their nature.

n) Inventories

Raw materials and supplies are recognised at the lower of acquisition cost and market value. In the most general case, acquisition cost is calculated by reference to the annual average cost.

Finished goods and work in progress are measured at average cost (materials, labour and direct and indirect manufacturing expenses).

Obsolete, defective or slow-moving inventories have been reduced to realisable value.

Any losses arising from the excess of cost over the realisable value of the inventories at the balance sheet date are recognised under "Write-downs".

o) Debts

Debts are recognised at nominal value. Debts due to be settled within more than twelve months are classified as non-current liabilities and those due to be settled within twelve months as current liabilities. Interest expenses are recognised on a time proportion basis in the year in which they accrue.

In accordance with IAS 32 and IAS 39, debt arrangement expenses are recognised in the accompanying consolidated balance sheet as a deduction from the related debt and are recognised in the consolidated income statement over the same period as the term of the debt.

p) Pensions and similar obligations

The pension obligations to the employees at the Spanish companies adhere to the provisions of the collective agreements in force, which are arranged through occupational pension plans under Law 8/1987, and are defined contribution plans. The amounts contributed are recognised in full under “Staff Costs - Contributions to Pension Plans”.

The defined benefit obligations for Cementos Molins, S.A. and Cementos Molins Industrial, S.A.U. are limited to the group of retirees prior to conversion of the obligation under the collective agreement into a defined contribution obligation and to the non-unionised employees belonging to the Corporación Moctezuma Group.

<u>Methods applied in the valuations</u>

The amount of the defined retirement benefit obligations was determined using the following techniques:

- Valuation method: the actuarial valuations were calculated on a projected unit credit basis, which is the method accepted under IFRSs. The value of the pension obligations is calculated on the basis of the present value of the benefit obligations and takes into account the number of years of service by employees.

- Actuarial assumptions employed: unbiased and mutually consistent.

- The estimated retirement age of each employee is the first at which the employee would be entitled to retire under the employment and social security legislation in force in each country taking into account, if any, such labour agreements as might be entered into pursuant to current legislation.

The regular contributions made during the year, made up basically of the ordinary cost and, where applicable, the risk premium, are recognised with a charge to the consolidated income statement for the year.

At the balance sheet date, the positive difference between the present value of the defined benefit liabilities and the fair value of the plan assets is recognised as a liability in the consolidated balance sheet. If this difference is negative, it is recognised as an asset in the consolidated balance sheet only for the portion relating to the present value of any future economic benefits that could become available through plan redemptions or reductions in future plan contributions.

Actuarial gains and losses that could arise due to either increases or decreases in the present value of the defined benefit liabilities, or to changes in the fair value of the plan assets, are recognised directly in profit or loss. Actuarial gains and losses arise from variances between the estimated and actual performance of actuarial assumptions or the restatement of established actuarial assumptions.

The causes of these gains and losses include the following:

- The effect of changes in estimates of the rates of employee turnover, mortality, early retirement and employee salary increase, and the effect of changes in benefits due to variances in inflation, and

- The differences between the actual and projected return on plan assets (discount rate used).

q) Provisions and contingent liabilities

1. Provisions: the Group recognises a provision where it has an obligation to a third party arising from past events, the settlement of which will give rise to an outflow of economic benefits whose amount and/or timing are not known with certainty but can be estimated with reasonable reliability.

   Provisions are quantified on the basis of the best information available on the event and its consequences and are reviewed and adjusted at the end of each year. Provisions are used to cater for the specific risks for which they were originally recognised, and are fully or partially reversed when such risks cease to exist or are reduced.

   The provision for third-party liability includes emission allowances and quarry restoration costs.

   The Group's policy for companies which have acquired restoration obligations on the basis of the applicable legislation in each country in which they operate is to recognise a provision for the restoration costs incurred in proportion to the percentage of completion of the operation and an additional provision for restoration costs to be incurred only once the operation has been completed.

   In relation to the latter costs, the Group considers as acquisition costs of the assets the related site restoration costs, to the extent that they must be considered a provision for future costs (IAS 37, Provisions, Contingent Liabilities and Contingent Assets). Consequently, restoration costs must be recognised at their discounted amount, provided that the effect of discounting is significant, and must be amortised over the asset's useful life or pattern of consumption. The provision must be reduced by the restoration costs actually incurred.

2. Contingent liabilities: contingent liabilities are possible obligations that arise from past events and whose future materialisation and associated loss are estimated to be unlikely. In accordance with EU-IFRSs, the Group does not recognise any provision in this connection. However, as required, they are disclosed.

   Emission allowances: see Note 29.

r) Termination benefits

Under the legislation prevailing in each case, the Spanish consolidated companies and certain Group companies located abroad are required to pay termination benefits to employees terminated without just cause.

s) Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. In accordance with the principles laid down in the EU-IFRS conceptual framework, the Group recognises revenue when it is earned together with all the required associated expenses. Sales of goods are recognised when the goods are delivered and the risks and rewards incidental to ownership have been substantially transferred.

Dividend income from investments in financial assets is recognised when the shareholder's rights to receive payment have been established.

Gains and losses arising from the sale or retirement of an asset are determined as the difference between the carrying amount of the asset and its selling price, which is recognised in the consolidated income statement.

Construction contracts: work in progress (Prefabricaciones y Contratas, S.A.U.)

Where the outcome of a contract in progress can be estimated reliably, contract revenue is recognised by reference to the stage of completion at the balance sheet date, i.e. by the proportion that costs incurred for work performed to date bear to the estimated total costs until completion.

Where the outcome of a contract in progress cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred that are reasonably expected to be recovered in the future.

If it is probable that contract costs will exceed total contract revenue, the expected loss is recognised immediately.

If the actual progress of works exceeds progress billings, the costs incurred but not yet billed are recognised under "Inventories - Work in Progress and Semifinished Goods" in the accompanying consolidated balance sheet.

t) Income tax

Accrued income tax is based on the profit for the year. Taxable profit differs from net profit in certain income or expense items that will be taxable or tax-exempt in other years and also excludes items that will not be taxable or deductible in any period. The Group's current tax liabilities are calculated at the tax rates in force at the date of preparation of the consolidated financial statements.

Deferred tax assets and liabilities are the taxes that are expected to be paid or recovered through the differences between the cumulative asset or liability balances in the financial statements and the related tax bases used in the calculation of taxable profit, and they are accounted for using the "balance-sheet liability method", i.e. as the difference between the carrying amount of assets and liabilities and their tax bases.

The amount of tax credits that are expected to be taken is also recognised (see Note 23).

Cementos Molins, S.A. files consolidated tax returns as provided for in Chapter VII of Title VII of Legislative Royal Decree 4/2004, of 5 March, approving the Consolidated Spanish Corporation Tax Law. The companies forming the group for tax purposes: Cementos Molins, S.A., Cementos Molins Industrial, S.A.U., Cemolins Internacional, S.L.U., Prefabricados y Contratas, S.A.U., Promotora Mediterránea-2, S.A., Propamsa, S.A.U. and Monsó-Boneta, S.L. file consolidated tax returns. Consequently, the consolidated income tax expense includes the benefits arising from the use of tax loss and tax credit carryforwards that would not have been recognised had the companies that make up the aforementioned tax group filed individual tax returns.

u) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing diluted net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of effective ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

In the case of the Molins Group, the weighted average number of shares is not diluted since there are no additional equity instruments.

v) Foreign currency transactions

The Group's functional currency is the euro. Balances in foreign currencies are translated to euros in two consecutive phases:

- Translation of foreign currencies to the subsidiaries' functional currencies, and

- Translation to euros of balances held in the functional currencies of the subsidiaries whose functional currency is not the euro.

Transactions in foreign currencies by the consolidated companies are initially recognised in their respective financial statements at the equivalent value in their functional currencies based on the exchange rates prevailing at the date of the transaction. Subsequently, for the purposes of presentation in their separate financial statements, the consolidated companies translate the balances in foreign currencies to their functional currencies using the exchange rates prevailing at the balance sheet date.

The balances in the financial statements of consolidated companies whose functional currency is not the euro are translated to euros as follows:

- Assets and liabilities are translated by applying the exchange rates prevailing at the balance sheet date.

- Income, expenses and cash flows are translated at the average exchange rates for the year.

- Equity is translated at the historical exchange rates.

The average and closing spot rates used in the translation to euros of the balances in foreign currencies were as follows:

1 euro	31/12/11		31/12/10	
	Average	Closing	Average	Closing
US dollar	1.400	1.294	1.321	1.336
Argentine peso	5.803	5.569	5.183	5.313
Mexican peso	17.456	18.047	16.696	16.502
Uruguayan peso	26.914	25.746	26.448	26.850
Bangladeshi taka	104.275	106.035	92.075	94.523
Indian rupee	66.786	68.921	60.336	59.810
Tunisian dinar	1.965	1.938	1.901	1.922

The financial balances held in euros by the companies included in the scope of consolidation do not give rise to exchange differences in the consolidated financial statements.

w) Transactions with related parties

The Group performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Parent's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

x) The environment

The Group companies generally classify the amounts used for the protection and enhancement of the environment as environmental expenses. However, the amounts relating to items added to fixtures, machinery and equipment used for this purpose are capitalised.

y) Consolidated statements of cash flows

The following terms are used in the consolidated statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and equivalent financial assets, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the Group's principal revenue-producing activities and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and borrowings that are not operating activities.

z) Current/Non-current classification

Balances are classified as current and non-current in the accompanying consolidated balance sheet. Current balances include those that the Group expects to sell, consume, settle or realise during its normal operating cycle, those which are expected to mature, be disposed of, realised or terminated in the maximum period of one year, and cash and cash equivalents. All other balances are classified as non-current.

4. Business combinations

Through its company Promotora Mediterránea-2, S.A. (Promsa), in June 2011 the Group incorporated a new company called Pronatur Energy 2011, S.L., arising from the joint venture between Promsa and Saica Nature, a Saica Group company, to construct a plant to manufacture alternative RDF fuel (refused-derived fuel), using industrial waste. The plant has a production capacity of approximately 40,000 tonnes of RDF, earmarked mainly for Cementos Molins Industrial's new clinker production line. Promotora Mediterránea-2, S.A. paid EUR 1 million to incorporate this company.

Through the Group company Prefabricaciones y Contratas (Precon), in July 2011 EUR 2 million was paid for the share capital of Precon (Linyi) Construction Co. Ltd. This company's object is to develop the precast concrete business in China through the facilities under construction in Linyi (China).

On 15 January 2011, the Group acquired an additional 11.61% to add to the 50% ownership interest it held in Cementos Artigas, S.A. and Cementos Avellaneda, S.A. (the latter through the acquisition of an additional 50% of the share capital of the holding company Minus Inversora, S.A.), which enabled the Molins Group to obtain control over these companies, by disbursing EUR 7.9 million and EUR 23.8 million, respectively.

As result of this obtainment of control, and in accordance with International Financial Reporting Standards (IFRSs), and more specifically with IFRS 3, the Group remeasured its previously held ownership interest in the share capital of the acquired companies at acquisition-date fair value, the resulting gain from which was recognised in the consolidated income statement. Also, the difference between the fair value of the identifiable assets acquired and liabilities assumed, and the sum of the consideration transferred for the additional acquisition, and the difference between the on acquisition-date fair value of the aforementioned ownership interest held by the Group and the amount of the non-controlling ownership interest, was recognised as goodwill or consolidated profit or loss, respectively.

To calculate the fair value of the identifiable assets acquired and liabilities assumed, in 2010 the Group hired an independent expert to perform a definitive valuation of the assets and liabilities acquired from Cementos Artigas, S.A. and Cementos Avellaneda, S.A. in order to more accurately determine the fair value of the net assets at the acquisition date. As a result of this valuation, various gains on certain assets at the acquired companies were identified. This process was carried out through strict application of IFRS 3, which establishes a maximum period of twelve months from the acquisition date in which to allocate the goodwill generated on a transaction to acquire control.

The detail of the effects on the consolidated balance sheet and consolidated income statement for 2010 of applying IFRS 3 in the obtainment of control of the acquired companies is as follows:

- Increase in the value of property, plant and equipment of EUR 181,680 thousand (see Note 9), on the basis of the fair value estimated by the independent expert. The recoverability of this property, plant and equipment will be assessed on the basis of the annual impairment tests, and the depreciation charge on the basis of the remaining useful life of the revalued assets. The depreciation charge in this connection in 2010 amounted to EUR 16,576 thousand.

  As a result of this revaluation, deferred tax was recognised, calculated by applying the tax rate of each country to the revalued asset, in addition to an increase in non-controlling interests relating to the portion not controlled by the Cementos Molins Group.

- Also, based on the foregoing, the Group recognised financial goodwill of EUR 26,369 thousand arising on the obtainment of control of Cementos Avellaneda, S.A. (see Note 7), and a gain on a bargain purchase of EUR 11,938 thousand in the case of Cementos Artigas, S.A.

- Recognition of a gain of EUR 73,007 thousand from the remeasurement at fair value of the Group's previously held interest in the acquired company.

- Lastly, pursuant to IFRS 3.41, the amount recognised in previous years as valuation adjustments (in this case due to cumulative translation differences) to the equity interests in the companies of which control was obtained, was recognised in the consolidated income statement for 2010. The effect on consolidated profit for 2010 amounted to EUR 15,351 thousand.

As a result of the application of IFRS 3, the remaining financial goodwill was denominated in the currency of the acquired company. In 2010 this goodwill increased in value by EUR 801 thousand due to the appreciation of the Argentine peso.

In May Propamsa, S.A.U., a Group company engaging in the manufacture and marketing of tile mortars and cements, acquired Betec Catalana, S.A.U. for EUR 0.8 million and the assets of Betec, S.L., a company specialising in the research, development, manufacturing and distribution of special mortars and chemical products for construction, for EUR 1.2 million. On 1 October 2010, Betec Catalana, S.A.U. was merged by absorption into Propamsa, S.A.U.

5. <u>Risk management</u>

The Cementos Molins Group carries on its activities in various businesses, all related to cement, cement by-products and building materials, and in highly diverse geographical areas, both in Spain and abroad.

These circumstances give rise to certain risks such as:

- industry risks, with particular consideration of environment and occupational risk prevention,
- operating risks inherent to the market in which the Group operates,
- risks arising from the economic environment depending on the country in question, with an impact on exchange rates,
- regulatory risks affected by the various tax and industry regulations.

The Board of Directors and the various committees, the corporate management committees, the various management committees of each of the business units and the functional committees (earnings, human resources and prevention, customer risk, etc.) meet on a periodic basis to assess the risks and attempt to minimise them to the extent possible.

Independently, the internal audit department is responsible for:

- reviewing the rules and procedures established and proposing improvements
- analysing, supervising and controlling financial risks
- systematically auditing the companies' various areas

The Cementos Molins Group's business activities may be affected by the performance of the business cycles in the areas in which it operates. However, due to its progressive internationalisation and diversification, the Group can mitigate the possible impacts of cycle changes.

The Company is exposed to various financial market risks that arise as a result of its ordinary business, of the borrowings arranged to finance its operations and its investments in companies. The Group's geographical diversification helps to partly offset these risks.

Specifically, the main market risks affecting the Group companies are:

1) Foreign currency risk:

Foreign currency risk arises principally due to:

(i) the international presence of Cementos Molins, which has investments and businesses in countries with currencies other than the euro: Mexico, Argentina, Uruguay, Bangladesh, India and Tunisia. The balance sheet risk of these investments is not hedged since it is considered that the earnings performance thereof amply offsets any possible depreciation of the currency. Over the last five years, profits generated by the foreign subsidiaries have totalled EUR 288 million and negative translation differences have amounted to EUR 40 million.

The sensitivity of the Group's consolidated earnings and equity to changes in exchange rates is as follows:

	(In millions of euros)			
	2011		**2010**	
	+10%	**-10%**	**+10%**	**-10%**
Effect on net profit	(5,15)	6,30	(6,05)	7,40
Effect on equity	(36,01)	44,02	(33,64)	42,47

(ii) due to borrowings or cash in the currencies of the various countries in which the Group carries on its business or in which the companies have arranged the borrowings.

In those countries in which borrowings have been arranged, the company attempts to mitigate, at least partially, any potential loss in the value of the cash flows generated by the companies in these currencies (caused by the depreciation of the related currency against the euro) with savings arising from the decrease in the euro value of debt denominated in foreign currency. This is the case of the investments in Tunisia (where the Group has borrowings in local currency that represent 27.4% of the Group's total gross debt and all of the borrowings arranged in that country) and to a certain extent in Bangladesh and India (where the Group has borrowings in local currency that represent 3.2% of the Group's total gross debt and 32.7% of the borrowings arranged in that country).

For those countries in which the Group holds surplus positions, the company attempts to mitigate (at least partially) any potential loss on the value of the cash flows generated by the businesses in those currencies (caused by the depreciation of the related currency against the euro) with gains from holding euro or US dollar positions which are also invested in non-resident accounts overseas in these currencies to avoid the country risk component. This is the case of Mexico (where the Group holds cash in euros and US dollars which represents 7.9% of the Group's total cash and 27.6% of the investee's cash) and of Uruguay (where the Group holds cash in euros which represents 5.12% of the Group's total cash and 55.8% of the cash held by that investee).

2) Interest rate risk:

In the first half of 2009, as indicated in Note 21-a "Financial Liabilities" to the consolidated financial statements for 2009, the Group obtained new loans to finance its investments and, therefore, it prepared a financial risk management policy to hedge, basically, its exposure to interest rates.

The hedging instruments arranged by the Group, floating-to-fixed interest rate swaps, are perfectly aligned with the hedged items (all bank borrowings), both in terms of nominal amount and repayment terms and accrual of interest.

22% of gross bank borrowings bear a fixed-interest rate. Of this 22%, 9.94% are arranged through interest rate swaps and the other 12.48% through financing contracts with an established fixed interest rate.

The impact of the borrowing costs on the Group's earnings in 2011 and 2010 was as follows:

	(Thousands of euros)	
	2011	**2010**
Interest income	8,195	8,040
Finance costs	20,891	17,606
Total	**12,696**	**9,566**
EBITDA / Finance costs	12	17

The impact of sensitivity of interest rates is low due to the Group's consolidated balance sheet and consolidated income statement structure, the detail of which is as follows:

Effect of 100 basis-point increase in interest rates	(In millions of euros)	
	2011	**2010**
Effect on net profit	2.35	1.37
Effect on equity	3.13	2.17

3) Liquidity risk

At 31 December 2011, the gross bank borrowings maturing in 2012 amounted to EUR 107,462 thousand, which are lower than available funds, measured as the sum of: a) cash and cash equivalents at 2011 year-end amounting to EUR 140,153 thousand and current financial assets at 31 December 2011 amounting to EUR 31,525 thousand; b) the annual cash generation envisaged for 2012; and c) the undrawn credit facilities arranged with banks with initial maturities of more than one year (EUR 96,653 thousand) and those maturing in 2012 (EUR 13,562 thousand). This affords the Company flexibility to be able to access both credit and capital markets over the next twelve months.

At 31 December 2010, the gross bank borrowings maturing in 2011 amounted to EUR 141,656 thousand, which were lower than available funds, measured as the sum of: a) cash and cash equivalents at 2010 year-end amounting to EUR 179,554 thousand and current financial assets at 31 December 2010 amounting to EUR 5,327 thousand; b) the annual cash generation envisaged for 2011; and c) the undrawn credit facilities arranged with banks with initial maturities of more than one year (EUR 78,822 thousand) and those maturing in 2011 which were in the process of being renewed (EUR 56,427 thousand). This afforded the Company flexibility to be able to access both credit and capital markets over the coming twelve months.

4) Credit risk

The Group's borrowings are arranged with banks with high credit ratings.

With respect to the credit risk of cash and cash equivalent items, the Group mainly places its cash surpluses in fixed-term investments and current accounts with banks with high credit ratings and liquidity.

As regards the subsidiaries, the management of Cementos Molins, S.A. supervises and monitors the investments made outside the country of origin of the subsidiary (the policy of which is established by the Board of Directors of each subsidiary). At 2011 and 2010 year-end, practically all the investments made in this connection were with Spanish financial institutions in euros and US dollars.

The investment terms do not exceed 180 days under any circumstances, and the majority are between 60 and 90 days.

With respect to the credit risk of the Group’s customers, the Group is exposed to delays in collections and doubtful debts.

The Group pays particular attention to the management of loans granted and the monitoring thereof. This is regarded as a cornerstone for the Group's growth.

Every customer has a maximum credit limit that it can assume based on external reports, internal assessments or credit rating agencies.

All Group companies have a Risk Committee in which the credit limits granted and their performance are analysed. Also, the situation of customers is monitored by the Board of Directors of each company.

At 31 December 2011 and 2010, there was no significant unhedged or unguaranteed risk concentration. The allowance for doubtful debts in 2011 amounted to EUR 2.8 million (2010: EUR 2.5 million).

At 31 December 2011, the balance of past-due amounts for which provisions had not been recorded amounted to EUR 43.5 million (31 December 2010: EUR 46.3 million) with the following maturity periods:

	2011		2010	
	Millions of euros	**% of total**	**Millions of euros**	**% of total**
Less than 30 days	14.83	34%	14.48	31%
30 to 60 days	5.21	12%	5.73	12%
60 to 90 days	2.68	6%	4.23	9%
More than 90 days	20.78	48%	21.89	47%
Total	**43.50**	**100%**	**46.33**	**100%**

At 31 December 2011, past-due amounts in Spain totalled EUR 7.7 million. Credit insurance and other guarantees ensure the collection of 50% of the past-due amounts. The past-due amounts of the foreign subsidiaries, mainly at Corporación Moctezuma, in which the collection periods are short (around 30 days), do not give rise to collection risks. The allowance for doubtful debts for 2011 for all foreign subsidiaries was 0.09% of sales. At 31 December 2010, past-due amounts in Spain totalled EUR 9.2 million. At that date, credit insurance and other guarantees ensured the collection of more than 30% of the past-due amounts. The past-due amounts at foreign subsidiaries were also mainly at Corporación Moctezuma where the collection periods were short (around 30 days) and, as a result, it did not give rise to collection risks. The allowance for doubtful debts for 2010 for all foreign subsidiaries represented 0.17% of sales.

Note 21-a "Financial Liabilities” details the hedges arranged by the Group and their fair value.

At 31 December 2011, the Group was not using derivative financial instruments for speculative purposes.

6. Segment reporting and joint ventures

a. Geographical segments

The Cementos Molins Group has determined that the primary format of its segments is based on geographical areas, since it considers that the Group's risks and returns are affected predominantly by the fact that it operated in several countries. As a result, the information relating to business segments is presented on a secondary basis. The geographical segments identified by the Group are as follows:

Spain, Argentina, Mexico, Uruguay, Bangladesh and Tunisia

The Group's revenue and profit after tax in 2011 and 2010, broken down by geographical segment, are as follows:

(In thousands of euros)							
	Geographical segment						
	Spain	Argentina	Mexico	Uruguay	Bangladesh	Tunisia	Total
Revenue	214,750	233,296	235,820	85,978	29,242	31,575	830,661
Other income	20,120	463	274	354	(1,278)	133	20,066
Total income	**234,870**	**233,759**	**236,094**	**86,332**	**27,964**	**31,708**	**850,727**
Operating expenses	(235,828)	(184,427)	(154,441)	(63,685)	(26,124)	(32,005)	(696,510)
Amortisation and depreciation charge	(19,754)	(17,283)	(16,058)	(6,366)	(2,836)	(5,730)	(68,027)
Profit (Loss) from operations	**(20,712)**	**32,049**	**65,595**	**16,281**	**(996)**	**(6,027)**	**86,190**
Finance costs	....						(23,156)
Share of results of associates	....						(55)
Other	....						1,257
Profit before tax	....						**64,236**
Income tax	....						(16,874)
Profit of non-controlling interests	....						(23,062)
Profit after tax	....						**24,300**

(In thousands of euros)							
	Geographical segment						
	Spain	Argentina	Mexico	Uruguay	Bangladesh	Tunisia	Total
Revenue	276,032	188,805	214,074	64,037	30,711	35,038	808,697
Other income	23,233	1,004	32	494	(1,598)	209	23,374
Total income	**299,265**	**189,809**	**214,106**	**64,531**	**29,113**	**35,247**	**832,071**
Operating expenses	(281,859)	(137,715)	(136,843)	(46,582)	(32,150)	(30,863)	(666,012)
Amortisation and depreciation charge	(21,820)	(18,684)	(12,621)	(6,564)	(3,094)	(5,740)	(68,523)
Profit (Loss) from operations	**(4,414)**	**33,410**	**64,642**	**11,385**	**(6,131)**	**(1,356)**	**97,536**
Finance costs	....						(10,099)
Share of results of associates	....						309
Other	....						48,993
Profit before tax	....						**136,739**
Income tax	....						(48,670)
Profit of non-controlling interests	....						(22,584)
Profit after tax	....						**65,485**

The detail by geographical segment of certain items in the consolidated balance sheets at 31 December 2011 and 2010 is as follows:

(In thousands of euros)							
31 December 2011	Geographical segment						
	Spain	Argentina	Mexico	Uruguay	Bangladesh	Tunisia	Total
ASSETS							
Non-current assets	326,088	226,797	195,043	72,294	78,149	298,640	1,197,011
Goodwill	4,004	3,374	-	-	-	22,875	30,253
Current assets	229,343	62,889	129,780	44,784	16,593	38,989	522,378
Total consolidated assets	**559,435**	**293,060**	**324,823**	**117,078**	**94,742**	**360,504**	**1,749,642**
EQUITY AND LIABILITIES							
Group equity	514,102	78,080	28,616	17,805	(20,484)	(13,728)	604,391
Non-controlling interests	2,588	75,874	90,113	34,290	14,405	48,771	266,041
Non-current liabilities	327,673	50,888	30,903	9,686	18,591	170,596	608,337
Current liabilities	118,868	50,902	25,595	13,641	41,245	20,622	270,873
Total consolidated equity and liabilities	**963,231**	**255,744**	**175,227**	**75,422**	**53,757**	**226,261**	**1,749,642**

(In thousands of euros)							
31 December 2010	**Geographical segment**						
	Spain	**Argentina**	**Mexico**	**Uruguay**	**Bangladesh**	**Tunisia**	**Total**
ASSETS							
Non-current assets	314,821	219,287	214,546	66,421	84,794	268,739	1,168,608
Goodwill	4,004	3,431	-	-	-	23,065	30,500
Current assets	268,294	53,425	123,621	41,234	12,252	42,888	541,714
Total consolidated assets	**587,119**	**276,143**	**338,167**	**107,655**	**97,046**	**334,692**	**1,740,822**
EQUITY AND LIABILITIES							
Group equity	519,771	63,675	35,252	12,886	(13,433)	(5,872)	612,279
Non-controlling interests	2,912	70,830	93,589	30,618	7,782	53,867	259,598
Non-current liabilities	286,348	57,256	38,285	11,260	23,419	138,436	555,004
Current liabilities	169,986	40,697	21,353	11,235	54,844	15,826	313,941
Total consolidated equity and liabilities	**979,017**	**232,458**	**188,479**	**65,999**	**72,612**	**202,257**	**1,740,822**

Joint ventures

The foreign geographical segments relating to the companies in Tunisia, in which the Group holds an ownership interest of 65%, and to the companies in Argentina and Uruguay, in which the Group holds an ownership interest of 61.61%, respectively, are fully consolidated.

Although the Group has an effective ownership interest in the Mexican subgroup of 33.33%, since effective control is exercised jointly and directly with other shareholders through an interposed company, 50% of this subgroup was proportionately consolidated in view of the joint management, giving rise to the recognition of the related non-controlling interest of 16.67%.

Also, although the Group has an ownership interest of 29.45% in the Bangladeshi subgroup, since effective control is exercised jointly and directly with other shareholders through an interposed company, 50% of this subgroup was consolidated by the proportionate consolidation method -in view of the situation of joint management- giving rise to the recognition of a non-controlling interest of 20.55%.

b. Business segments

Basis and methodology for geographical segment reporting

The segment’s total revenue consists of revenue directly attributable to the segment.

Segment assets are those directly related to the segment’s operating activities.

The detail of revenue by the business segments in which the Cementos Molins Group operates is as follows:

(In thousands of euros)		
Business segment	**2011**	**2010**
Cement	538,193	494,543
Concrete and aggregates	179,117	183,111
Precast concrete	63,624	87,142
Tile cement and mortar	68,719	62,022
Other	12,792	13,592
Total aggregate revenue	**862,445**	**840,410**
Intra-Group sales	**(31,784)**	**(31,713)**
Total	**830,661**	**808,697**

The analysis by business segment of the items of property, plant and equipment and intangible assets is as follows:

		(In thousands of euros)
Business segment	**2011**	**2010**
Cement	1,045,744	1,037,984
Concrete and aggregates	44,072	36,996
Precast concrete	39,890	41,431
Tile cement and mortar	17,542	18,537
Other	15,208	14,206
Total	**1,162,456**	**1,149,154**

7. <u>Goodwill</u>

The detail of "Goodwill", by company giving rise to it, is as follows:

		(In thousands of euros)
	2011	**2010**
Subsidiaries:		
Sotacib	22,875	23,065
Cementos Avellaneda, S.A.	3,374	3,431
Monsó-Boneta, S.L.	2,659	2,659
Montaspre Serveis Ambientals, S.L.	855	855
Tècniques Ambientals de Muntanya, S.L.	490	490
Total	**30,253**	**30,500**

The net changes in "Goodwill" in the consolidated balance sheet were as follows:

		(In thousands of euros)
	2011	**2010**
Beginning balance	30,500	47,591
Increase in ownership interests in existing business combinations		3,330
Exchange differences	(247)	(421)
Impairment losses		(20,000)
Ending balance	**30,253**	**30,500**

In 2010 there was an addition of EUR 3,330 thousand arising from the obtainment of control of Cementos Avellaneda and an impairment loss of EUR 20,000 thousand was recognised on the goodwill allocated to Sotacib.

8. Intangible assets

The changes in 2011 and 2010 in the main intangible asset accounts and in the related accumulated amortisation were as follows:

(In thousands of euros)

	Balance at 01/01/11	Translation differences	Additions or charge for the year	Increase (Decrease) due to transfer from another account	Disposals or reductions	Balance at 31/12/11
Research and development expenditure	**2,293**					**2,435**
Cost	13,104	213	923	4	(420)	13,824
Accumulated amortisation	(10,811)	(350)	(228)	-	-	(11,389)
Administrative concessions	**6,472**					**6,287**
Cost	8,500	-	155	-	(191)	8,464
Accumulated amortisation	(2,028)	-	(149)	-	-	(2,177)
Intellectual property	**10,709**					**10,615**
Cost	11,533	(93)	-	-	-	11,440
Accumulated amortisation	(824)	-	(1)	-	-	(825)
Goodwill	**4,545**					**4,231**
Cost	4,545	(259)	-	-	(55)	4,231
Accumulated amortisation	-					-
Leasehold assignment rights	**-**					**-**
Cost	8	-	-	-	-	8
Accumulated amortisation	(8)	-	-	-	-	(8)
Computer software	**2,589**					**2,512**
Cost	11,263	(107)	1,221	(75)	(14)	12,288
Accumulated amortisation	(8,674)	84	(1,086)	(35)	(65)	(9,776)
Other intangible assets	**22,297**					**23,946**
Cost	22,583	(796)	18,571	174	(16,236)	24,296
Accumulated amortisation	(286)	26	(125)	35	-	(350)
Total	**48,905**					**50,026**
Cost	**71,536**	**(1,042)**	**20,870**	**103**	**(16,916)**	**74,551**
Accumulated amortisation	**(22,631)**	**(240)**	**(1,589)**	**-**	**(65)**	**(24,525)**

(In thousands of euros)							
	Balance at 01/01/10	**Translation differences**	**Change in scope of consolidation**	**Additions or charge for the year**	**Increase (Decrease) due to transfer from another account**	**Disposals or reductions**	**Balance at 31/12/10**
Research and development expenditure	**2,165**						**2,293**
Cost	7,440	661	4,711	582	-	(290)	13,104
Accumulated amortisation	(5,275)	(465)	(4,219)	(852)	-	-	(10,811)
Administrative concessions	**6,718**						**6,472**
Cost	8,496	-	4	30	-	(30)	8,500
Accumulated amortisation	(1,778)	-	-	(280)	-	30	(2,028)
Intellectual property	**15,410**						**10,709**
Cost	16,223	-	1	11	(4,573)	(129)	11,533
Accumulated amortisation	(813)	-	(1)	(10)	-	-	(824)
Goodwill	**3,718**						**4,545**
Cost	3,718	127	277	365	109	(51)	4,545
Accumulated amortisation	-						-
Leasehold assignment rights	**0**						-
Cost	8	-	-	-	-	-	8
Accumulated amortisation	(8)	-	-	-	-	-	(8)
Computer software	**2,299**						**2,589**
Cost	8,588	100	1,528	843	211	(7)	11,263
Accumulated amortisation	(6,289)	(57)	(868)	(1,467)	-	7	(8,674)
Other intangible assets	**28,822**						**22,297**
Cost	28,989	383	(110)	23,238	(10,052)	(19,865)	22,583
Accumulated amortisation	(167)	(12)	(3)	(104)	-	-	(286)
Total	**59,131**						**48,905**
Cost	**73,462**	**1,271**	**6,411**	**25,069**	**(14,305)**	**(20,372)**	**71,536**
Accumulated amortisation	**(14,330)**	**(534)**	**(5,091)**	**(2,713)**	**-**	**37**	**(22,631)**

“Other Intangible Assets” includes “Greenhouse Gas Emission Allowances” (see Note 29). This item also includes a EUR 5 million effect on the consolidated balance sheet arising from the increase in the cost of the new forestry licence that the Bangladeshi investee has for the quarry located in India.

The change in the scope of consolidation in 2010 arose from the additions to intangible assets of assets arising from the full consolidation of Cementos Avellaneda and Cementos Artigas due to the acquisition of an additional 11.61% interest, giving the Group control over both companies, and the revaluation of the existing 50% due to the application of IFRS 3 (see Note 4, "Business Combinations").

The Molins Group does not have any significant intangible asset investment commitments.

9. Property, plant and equipment

The changes in 2011 and 2010 in the property, plant and equipment accounts and in the related accumulated depreciation were as follows:

(In thousands of euros)

	Balance at 01/01/11	Translation differences	Additions or charge for the year	Increase (Decrease) due to transfer from another account	Disposals or reductions	Balance at 31/12/11
Land and buildings	**211,094**					**232,174**
Cost	258,969	(7,866)	4,091	46,109	(567)	300,736
Accumulated depreciation	(47,717)	1,484	(7,354)	(14,865)	48	(68,404)
Impairment losses	(158)		0	0	0	(158)
Plant and machinery	**600,815**					**583,114**
Cost	977,558	(26,150)	12,325	18,084	(2,618)	979,199
Accumulated depreciation	(376,348)	9,468	(45,337)	14,664	1,668	(395,885)
Impairment losses	(395)		(55)	0	250	(200)
Other fixtures, tools and furniture	**132,968**					**124,133**
Cost	201,175	(8,407)	1,114	6,582	(2,152)	198,312
Accumulated depreciation	(68,207)	1,645	(9,639)	395	1,627	(74,179)
Other items of property, plant and equipment	**10,076**					**7,885**
Cost	51,969	(1,884)	2,523	456	(3,369)	49,695
Accumulated depreciation	(41,893)	1,330	(4,108)	(98)	2,959	(41,810)
Property, plant and equipment in the course of construction	**145,296**					**165,124**
Cost	145,296	(3,125)	96,701	(73,748)	0	165,124
Total	**1,100,249**					**1,112,430**
Cost	**1,634,967**	**(47,432)**	**116,754**	**(2,517)**	**(8,706)**	**1,693,066**
Accumulated depreciation	**(534,165)**	**13,927**	**(66,438)**	**96**	**6,302**	**(580,278)**
Impairment losses	**(553)**	**0**	**(55)**	**0**	**250**	**(358)**

"Land and Buildings" includes EUR 63,745 relating to land.

In 2011 items of property, plant and equipment amounting to EUR 2,318 thousand were reclassified to “Non-Current Assets Classified as Held for Sale", which relate to Corporación Moctezuma.

The investments in property, plant and equipment in 2011 included most notably those at the facilities relating to the energy recovery of alternative fuels to be used at the Sant Vicenç dels Horts plant in Barcelona (EUR 8.8 million); the extension of the capacity of the clinker kiln in Olavarría, Argentina (EUR 23 million); the construction work at the new Portland cement works in Kairouan (Sotacib Kairouan, Tunisa) (EUR 30 million); and the completion of the facilities of the new plant in Apazapán (Corporación Moctezuma, Mexico), (EUR 24 million). The aforementioned figures relate to the full amount of the investments made, which were recognised in the consolidated balance sheet on the basis of the percentage of ownership in each case.

Fully depreciated items of property, plant and equipment in 2011 amounted to EUR 182,408 thousand (2010: EUR 171,855 thousand).

At 31 December 2011, the commitments to invest in property, plant and equipment amounted to EUR 31 million (see Note 30-a).

							(In thousands of euros)
	Balance at 01/01/10	**Translation differences**	**Change in scope of consolidation**	**Additions or charge for the year**	**Increase (Decrease) due to transfer from another account**	**Disposals or reductions**	**Balance at 31/12/10**
Land and buildings	**130,339**						**211,094**
Cost	164,197	8,937	26,665	9,933	49,598	(361)	258,969
Accumulated depreciation	(33,700)	(2,278)	(6,857)	(4,997)	0	115	(47,717)
Impairment losses	(158)		0	0	0	0	(158)
Plant and machinery	**266,194**						**600,815**
Cost	554,681	25,702	225,400	22,743	149,617	(585)	977,558
Accumulated depreciation	(288,471)	(9,084)	(32,021)	(47,522)	0	750	(376,348)
Impairment losses	(16)		0	(379)	0	0	(395)
Other fixtures, tools and furniture	**74,315**						**132,968**
Cost	131,598	7,041	21,852	2,244	39,088	(648)	201,175
Accumulated depreciation	(57,283)	(1,793)	(1,206)	(8,554)	0	629	(68,207)
Other items of property, plant and equipment	**11,286**						**10,076**
Cost	47,527	2,435	1,616	2,122	344	(2,075)	51,969
Accumulated depreciation	(36,241)	(1,672)	(1,401)	(4,737)	0	2,158	(41,893)
Property, plant and equipment in the course of construction	**200,595**						**145,296**
Cost	200,595	5,487	(636)	169,333	(224,234)	(5,249)	145,296
Total	**682,728**						**1,100,249**
Cost	**1,098,596**	**49,602**	**274,897**	**206,375**	**14,413**	**(8,918)**	**1,634,967**
Accumulated depreciation	**(415,693)**	**(14,827)**	**(41,485)**	**(65,810)**	**0**	**3,652**	**(534,165)**
Impairment losses	**(174)**	**0**	**0**	**(379)**	**0**	**0**	**(553)**

"Land and Buildings" include EUR 67,058 relating to land.

The investments in property, plant and equipment in 2010 included most notably the completion of the construction work relating to a new clinker production line at the Sant Vicenç dels Horts plant in Barcelona (EUR 30 million); the new Portland cement factory in Apazapán (Mexico) (EUR 67 million in 2010), the continuation of the project for the construction of a Portland cement production line in Kairouan (Tunisia) (EUR 102 million) and the expansion of the clinker kiln and a new mill at the Olavarría plant (Argentina) (EUR 16 million). The aforementioned figures relate to the full amount of the investments made, which were recognised in the consolidated balance sheet on the basis of the percentage of ownership in each case.

The change in the scope of consolidation in 2010 arose from the additions to property, plant and equipment of assets relating to the full consolidation of Cementos Avellaneda and Cementos Artigas due to the acquisition of an additional 11.61% ownership interest, giving the Group control over both companies, and the revaluation of the existing 50% due to the application of IFRS 3 (see Note 4, "Business Combinations").

Consolidated capitalised borrowing costs amounted to EUR 5.30 million in 2011 (2010: EUR 5.6 million).

Capitalised borrowing costs are calculated on the basis of the actual cost of the loans used to finance investments in progress, the scheduled construction period of which exceeds one year. The average interest rate in 2011 for the loans used to finance investments in progress was 6.41%. In 2010 the average interest rate was 5.70%.

The detail, by subgroup, of the translation differences included in property, plant and equipment for 2011 and 2010 is as follows:

		(In thousands of euros)
	2011	2010
Cementos Avellaneda, S.A. (Argentina)	(9,486)	6,353
Cementos Artigas, S.A. (Uruguay)	4,052	3,399
Corporación Moctezuma Group (Mexico)	(18,087)	23,023
Surma Group (Bangladesh)	(8,417)	4,686
Sotacib (Tunisia)	(1,569)	(2,686)
Total	**(33,505)**	**34,775**

10. Investments accounted for using the equity method

The most significant investments in associates of the Group at 31 December 2011 and 2010 were as follows:

	(In thousands of euros)	
	2011	**2010**
ESCOFET 1886, S.A.	3,676	3,848
Total, gross	**3,676**	**3,848**
Less: impairment losses	0	0
Total, net	**3,676**	**3,848**

The gross changes in 2011 and 2010 in “Investments in Companies Accounted for Using the Equity Method" in the consolidated balance sheet were as follows:

	(In thousands of euros)	
	2011	**2010**
Beginning balance	3,848	3,334
Profit/(Loss) for the year	(55)	309
Dividends	(117)	(117)
Transfers and other		322
Ending balance	**3,676**	**3,848**

11. Investment property

The net balances of investment property at 31 December 2011 and 2010 were as follows:

		(In thousands of euros)
	Balance at 31/12/11	**Balance at 31/12/10**
Land	3,349	5,849
Buildings	79	82
Total	**3,428**	**5,931**

“Investment Property” in the consolidated balance sheet includes the value of land, buildings and other structures held either to earn rentals or for capital appreciation.

These assets are measured as indicated in the note on “Property, Plant and Equipment”.

No disposals of these properties are planned for the short term.

12. Non-current financial assets and current financial assets

The changes in 2011 in "Non-Current Financial Assets" and "Current Financial Assets" and in the related impairment losses were as follows:

a) Non-current financial assets

(In thousands of euros)

2011	Beginning balance	Translation differences	Increases	Decreases	Ending balance
Other companies:	**444**				**510**
Cost	895	(2)	68	0	961
Impairment losses	(451)	0	0	0	(451)
Fixed-income securities	70	1	0	(9)	62
Other non-current financial assets	2,347	(154)	1,369	(529)	3,033
Total	**2,861**	(155)	1,437	(538)	**3,605**

b) Current financial assets

Current financial assets relate mainly to two term deposits of Spanish subsidiaries held at a bank for a one-year period containing a clause that permits the withdrawal thereof on a quarterly basis.

13. Non-current assets classified as held for sale

Under "Non-Current Assets Classified as Held for Sale" the Group includes various plots of land relating to Corporación Moctezuma amounting to EUR 3.6 million and various business premises of Prefabricados y Contratas, S.A. amounting to EUR 3.8 million. The Group intends to sell these items over the next twelve months.

14. Inventories

The detail of inventories at 31 December 2011 and 2010 is as follows:

(In thousands of euros)

	2011	2010
Raw materials and supplies	33,432	27,390
Fuel	23,303	17,369
Spare parts	18,729	17,775
Finished goods and work in progress	54,179	47,288
Other	4,612	2,206
Total	**134,255**	**112,028**

There are no material amounts of inventories whose acquisition cost was lower than their net realisable value, or inventory sale and purchase commitments of a significant amount.

15. Trade and other receivables

The detail of “Trade and Other Receivables” under current assets in the accompanying consolidated balance sheet is as follows:

(In thousands of euros)		
	2011	**2010**
Trade receivables for sales and services	180,849	206,423
Current tax assets	26,370	25,690
Receivable from companies accounted for using the equity method	28	22
Other receivables	17,476	15,628
Allowance for doubtful debts	(15,709)	(13,703)
Total	**209,014**	**234,060**

The changes in “Allowance for Doubtful Debts” were as follows:

(In thousands of euros)		
	2011	**2010**
Balance at 1 January	**(13,703)**	**(11,350)**
Changes in the scope of consolidation	-	(419)
Charge for the year and additions	(2,781)	(2,105)
Reductions	775	201
Translation differences	-	(30)
Balance at 31 December	**(15,709)**	**(13,703)**

16. Equity of the Parent

a) Share capital

At 31 December 2011, the share capital of Cementos Molins, S.A. consisted of 66,115,670 fully subscribed and paid bearer shares of EUR 0.30 par value each.

At 31 December 2011, the shareholders of the Parent owning 10% or more of the share capital were as follows: Noumea, S.A. (32.086%), Cartera de Inversiones C.M., S.A. (24.000%), Inversora Pedralbes, S.A. (16.880%) and Otinix, S.A. (15.827%).

All of Cementos Molins, S.A.'s shares are listed on the Barcelona Stock Exchange.

b) Legal reserve

Under the Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve, amounting to EUR 3,967 thousand, can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

c) Share premium

The balance of the “Share Premium” account of the Parent arose as a result of the capital increases carried out at Cementos Molins, S.A. between 31 July 1950 and 30 December 1968.

The Spanish Limited Liability Companies Law expressly permits the use of the “Share Premium” account balance to increase capital and does not establish any specific restrictions as to its use.

d) Revaluation reserves

This consolidated balance sheet item arose as a result of several asset revaluations performed at the Parent and at Propamsa, S.A.U.

The surplus resulting from the revaluation performed in 1996, net of the single 3% tax, was credited to the "Revaluation Reserve Royal Decree-Law 7/1996, of 7 June" account.

The balance of this reserve can be used, free of tax, to offset accounting losses (both prior years' accumulated losses, current year losses or losses which might arise in the future), and to increase capital. From 1 January 2007 the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised.

On 28 July 1998, the tax authorities issued a notification to the Parent certifying that no irregularities had been found.

e) Restrictions on the distribution of dividends

At 31 December 2011, there were no restrictions on the distribution of dividends by the Parent.

f) Treasury shares of the Parent

At the beginning of 2011 Cementos Molins Industrial, S.A.U. held 1,221,417 shares of the Parent, which accounted for 1.85% of the share capital. Also, in 2011 120,245 additional shares were purchased for EUR 1 million. At 31 December 2011, Cementos Molins Industrial, S.A.U. held a total of 1,341,662 of the Parent's shares, the total cost of which was EUR 19.4 million, representing 2.03% of the share capital.

In 2010, 1,405 shares were sold and 102,031 shares were purchased for EUR 864 thousand.

All of the impacts on the Group arising from the sales of treasury shares were recognised directly in equity pursuant to IAS 32.

g) Consolidated reserves

The detail, by company, of "Consolidated Reserves" in the consolidated balance sheet, after taking into account the effect of consolidation adjustments, is as follows:

	(In thousands of euros)	
	2011	**2010**
Cementos Molins Industrial, S.A.	61,294	60,118
Promotora Mediterránea-2, S.A.	82,818	87,497
Prefabricaciones y Contratas, S.A.	31,369	31,789
Propamsa, S.A.	13,545	13,093
Portcemen, S.A.	(4,385)	(4,185)
Holdings companies	175,423	177,059
Cementos Avellaneda, S.A. (Argentina)	67,926	23,384
Cementos Artigas, S.A. (Uruguay)	2,392	(9,009)
Corporación Moctezuma Group (Mexico)	31,246	24,961
Surma Group (Bangladesh)	(10,554)	(5,201)
Sotacib	1,260	2,747
Subtotal	**452,334**	**402,253**
Consolidation adjustments and eliminations not attributable to the companies	57,964	68,226
Total	**510,298**	**470,479**

"Consolidation Adjustments and Eliminations not Attributable to the Companies" basically includes dividends received from subsidiaries and certain consolidation adjustments not attributable to a Group company.

h) Translation differences

The detail of translation differences at the end of the reporting periods is as follows:

	(In thousands of euros)	
	2011	**2010**
Cementos Avellaneda, S.A. (Argentina)	(3,617)	1,014
Cementos Artigas, S.A. (Uruguay)	4,487	3,118
Corporación Moctezuma Group (Mexico)	(33,687)	(18,634)
Surma Group (Bangladesh)	(4,425)	(2,879)
Sotacib (Tunisia)	(9,140)	(7,869)
Total	**(46,382)**	**(25,250)**

i) Contribution to consolidated profit

The individual contributions to consolidated profit after consolidation adjustments and the calculation of non-controlling interests are as follows:

(In thousands of euros)	2011	2010
Cementos Molins, S.A.	(5,769)	(5,830)
Cementos Molins Industrial, S.A.	489	7,920
Promotora Mediterránea-2, S.A.	(5,648)	(4,563)
Prefabricaciones y Contratas, S.A.	(3,135)	(420)
Propamsa, S.A.	618	452
Portcemen, S.A.	(55)	(200)
Holdings companies	(5,396)	(20,780)
Cementos Avellaneda, S.A. (Argentina)	12,566	44,539
Cementos Artigas, S.A. (Uruguay)	10,926	23,502
Corporación Moctezuma Group (Mexico)	31,057	28,925
Surma Group (Bangladesh)	(5,505)	(5,399)
Sotacib	(5,848)	(2,661)
Total net profit of the Group	**24,300**	**65,485**

The profits attributable to non-controlling interests in 2011 amounted to EUR 23,062 thousand in 2011 and EUR 22,584 thousand in 2010.

j) Capital risk management

The Group maintains degrees of leverage in line with its growth, solvency and profitability objectives. In this regard, one of the most significant ratios used in managing capital risk is financial leverage.

The data relating to the financial leverage ratio at 2011 and 2010 year-end are as follows:

	2011	2010
Financial liabilities	569,649	525,162
Current financial assets	(31,525)	(5,327)
Cash and cash equivalents	(140,153)	(179,554)
Net financial debt	397,972	340,281
Total equity	870,432	871,877
Net debt/equity	45.72%	39.03%

17. Equity of non-controlling interests

The balance of “Equity of Non-Controlling Interests” in the consolidated balance sheet reflects the underlying carrying amount of the non-controlling shareholders' investment in the consolidated companies. In addition, the balances shown in the consolidated income statement represent the share of the non-controlling shareholders in the profit for the year.

The detail of “Equity of Non-Controlling Interests” in the consolidated balance sheet at the end of 2011 and 2010 is as follows:

	(In thousands of euros)	
	2011	**2010**
Promotora Mediterránea-2, S.A.	2,588	2,910
Corporación Moctezuma Group (Mexico)	90,113	93,589
Cementos Avellaneda, S.A. (Argentina)	75,874	70,830
Cementos Artigas, S.A. (Uruguay)	34,290	30,618
Surma Group (Bangladesh)	14,405	7,783
Sotacib (Tunisia)	48,771	53,868
Total	**266,041**	**259,598**

The changes in "Equity of Non-Controlling Interests" in 2011 and 2010 are summarised as follows:

	(In thousands of euros)	
	2011	**2010**
Beginning balance	259,598	135,812
Profit for the year	23,062	22,584
Capital increases	11,369	7,514
Dividends paid to non-controlling interests	(16,727)	(15,766)
Exchange differences	(10,380)	13,463
Transfers and other	(881)	0
Changes in the scope of consolidation	0	95,991
Ending balance	**266,041**	**259,598**

18. Dividends and distribution of profit

In 2011 the Parent paid the following dividends:

- On 14 June 2011, a final dividend of EUR 0.01 gross per share was paid out of 2010 profit, giving rise to a total payment of EUR 661 thousand.

- Also on 14 June 2011, an interim dividend of EUR 0.08 gross per share was paid out of 2011 profit. The total payment made in this case amounted to EUR 5,289 thousand.

- In December the Company resolved to pay an additional interim dividend of EUR 0.08 gross per share on 10 January 2012. The amount paid totalled EUR 5,289 thousand.

A final dividend for 2011 of EUR 0.01 per share will be submitted for approval by the shareholders at the Annual General Meeting.

The resolutions of the shareholders at the Annual General Meeting were adopted on 26 May 2011 whilst those of the Company's Board of Directors were adopted on 22 December 2011.

The provisional liquidity statements prepared in accordance with legal requirements, evidencing the existence of sufficient earnings and liquidity for the distribution of the interim dividends, are as follows, in thousands of euros:

Thousands of euros	30/04/11	30/11/11
Profit for the year before tax	11,043	15,667
Less:		
Estimated income tax	887	3,213
Expected appropriation to the legal reserve	-	-
Limit for distribution of interim dividends	**11,930**	**18,879**
Unused cash balance	**12,515**	**13,971**

The proposed distribution of 2011 profit drawn up by the Parent's directors is as follows:

	Thousands of euros
Distributable profit (individual):	
Profit for the year	**18,176**
Distribution:	
Dividends	11,240
To voluntary reserves	6,936
	18,176

19. Provisions

The changes in "Provisions" were as follows:

	(In thousands of euros)	
	2011	**2010**
Balance at 1 January	**24,136**	**21,593**
Changes in the scope of consolidation	(90)	3,485
Charge for the year and additions	12,598	33,072
Reductions	(13,594)	(34,225)
Translation differences	(359)	211
Balance at 31 December	**22,691**	**24,136**

The ending balance for 2011 and 2010 includes mainly the provision for greenhouse gas emission allowances amounting to EUR 10.8 million and EUR 12.8 million, respectively, and the remainder relates basically to the reversion reserve for quarry restoration. The ending balance of both years also includes the provision for the penalty imposed in the third quarter of 2005 by the Argentine National Antitrust Commission against the Group's subsidiary Cementos Avellaneda, S.A., which was appealed against. This had an adverse effect of EUR 4.8 million on consolidated profit in 2005.

20. Pension plans

In 1990 Cementos Molins, S.A. set up two pension plans pursuant to Law 8/1987 and Royal Decree 1307/1988, one for current employees and another for retired employees.

The plan for current employees is a defined contribution plan for the combined workforces of Cementos Molins, S.A., Cementos Molins Industrial, S.A.U. and Cemolins Internacional, S.L.U., to which EUR 202 thousand, EUR 368 thousand and EUR 68 thousand were contributed in 2011, respectively. These contributions were recognised under “Staff Costs”. In 2010 the amounts contributed were EUR 209 thousand, EUR 420 thousand and EUR 63 thousand, respectively.

The plan for retired employees is a defined benefit plan; the Parent has an obligation to make the annual contributions needed to secure the benefits with a certain solvency margin. In 2011, on the basis of actuarial calculations made, it contributed EUR 25 thousand to cover the benefits, with a commitment to contribute an additional EUR 137 thousand if there are no further changes to the expectations of the plan. In 2010 it contributed EUR 11 thousand to cover the benefits and the additional commitment amounted to EUR 75 thousand.

The actuarial financial assumptions used in 2010 to quantify the actuarial liability and the mathematical provisions in accordance with the applicable legislation on pension plans and funds were as follows:

- Discount rate: 4 %
- Annual pension increase rate: 2%
- Mortality tables: PERM/F-2000C

The total number of participants and beneficiaries in the defined contribution and defined benefit plans in 2011 was 384 (2010: 394). The assets funding the obligations amounted to EUR 9,913 thousand in 2011 and EUR 10,309 thousand in 2010.

In 2006 the Spanish companies set up an employee benefit system aimed at improving the employee benefits of the Group companies' executives. The contributions are determined on an annual basis and, therefore, at any time and as established in the related regulations, the directors may unilaterally suspend or cancel the contributions. The contributions made in 2011 amounted to EUR 402 thousand (2010: EUR 521 thousand).

Cementos Avellaneda and Cementos Artigas set up individual defined contribution plans for the management of both companies, in relation to which EUR 88 thousand and EUR 25 thousand, respectively, were recognised in the consolidated income statement for 2011.

The Mexican investee Corporación Moctezuma and its Group companies set up a defined benefit pension plan. The objective is to ensure a supplementary plan for the retirement of non-unionised employees. The impact on the Group’s consolidated income statement was EUR 547 thousand. In 2010 the impact on the consolidated financial statements amounted to EUR 527 thousand. There were 604 participants in the plan in 2011 (2010: 590).

The financial and actuarial assumptions used in 2010 to quantify actuarial liabilities (mathematical provisions) in accordance with applicable legislation were as follows:

- Discount rate: 7.50%
- Mortality tables: EMSSA H-97
- Disability: EISS - 97

The Group generally recognises actuarial gains and losses in profit or loss.

The changes in the present value of the defined benefit plan obligations in 2011 and 2010 were as follows:

(In thousands of euros)

	2011		2010	
	C. Molins	C. Moctezuma	C. Molins	C. Moctezuma
Present value of benefit obligations at 1 January	**990**	**2,245**	**1,024**	**1,631**
Current service cost	0	123	0	211
Past service cost	0	-183	0	0
Interest cost relating to provisions	38	138	39	147
Payment of plan benefits	-99	-58	-98	-189
Changes due to exchange rate effect	0	-192	0	229
Actuarial gains	0	0	0	0
Actuarial losses	18	430	25	216
Present value of benefit obligations at 31 December	**948**	**2,502**	**990**	**2,245**

The changes in the fair value of the plan assets in 2011 and 2010 were as follows:

(In thousands of euros)

	2011		2010	
	C. Molins	C. Moctezuma	C. Molins	C. Moctezuma
Fair value of plan assets at 1 January	**917**	**1,145**	**982**	**695**
Expected return	36	23	38	123
Payments due to obligations	-99	-58	-98	-189
Rebates	0	0	0	0
Contributions	25	322	11	418
Changes due to exchange rate effect	0	-98	0	98
Actuarial gains	0	0	0	0
Actuarial losses	-68	0	-16	0
Fair value of plan assets at 31 December	**810**	**1,334**	**917**	**1,145**

The reconciliation of the actual change in the obligations less the plan assets to the balances effectively recognised in the consolidated balance sheet for 2011 and 2010 is as follows:

(In thousands of euros)

	2011		2010	
	C. Molins	C. Moctezuma	C. Molins	C. Moctezuma
Net balance of obligations less plan assets at end of year	**137**	**1,168**	**75**	**1,100**
Actuarial gains/losses not recognised in the balance sheet (within the 10% limit)	0	-650	0	0
Actuarial gains/losses not recognised in the balance sheet to be recognised in subsequent years	0	0	0	-438
Past service cost not recognised in the consolidated balance sheet	0	0	0	0
Net balance (liabilities-assets) recognised at end of year	**137**	**517**	**75**	**662**

The information relating to Corporación Moctezuma is presented in proportion to the Group's ownership interest therein, i.e. 50%.

21. Bank borrowings

The information relating to current and non-current non-trade payables is as follows:

a) Non-current

The detail of the balance of non-current borrowings at the end of the reporting period and of the related maturities each year is as follows:

							(In thousands of euros)
Bank borrowings	**Balance at 31/12/10**	**Balance at 31/12/11**	**2013**	**2014**	**2015**	**2016**	**Subsequent years**
Spanish companies	251,988	301,389	102,197	73,762	46,222	31,158	48,050
Surma Group (Bangladesh)	24,933	18,412	13,762	1,964	1,941	745	-
Sotacib	106,585	141,960	8,920	15,204	16,783	16,950	84,103
Corporación Moctezuma	-	426	172	172	82	-	-
Total	**383,506**	**462,187**	**125,051**	**91,102**	**65,028**	**48,853**	**132,153**

Spanish companies

Following is a detail of the main transactions comprising the Spanish portion of total non-current borrowings:

On 19 December 2007, the Group entered into a long-term loan agreement for EUR 70 million to finance a portion of the acquisition of Sotacib (Tunisia). On 30 June 2008, an agreement was reached to increase the loan by EUR 50 million, bringing the new amount of the loan to EUR 120 million. The term of this loan runs from the date of the agreement to 30 June 2014, and will be foreseeably repaid in eight instalments of EUR 15 million each, with a grace period of 30 months. The aforementioned loan includes interest tied to Euribor plus a market spread. At 31 December 2011, the outstanding balance of this loan amounted to EUR 100 million.

On 15 April 2011, the aforementioned loan was renewed and a new maturity date of 30 June 2016 was established. The principal repayment schedule was changed with the first repayment in 2011 amounting to EUR 5 million; 5 repayments of EUR 10 million to be repaid on a six-monthly basis from 30 June 2012 and lastly, 4 repayments of EUR 12.5 million to also be repaid every six months beginning 31 December 2014.

In relation to this loan, as mentioned in Note 5, in the first half of 2009 the Group entered into two floating-to-fixed interest rate swaps amounting to EUR 60 million to partially hedge exposure to interest rate risk. These hedges, which have the same repayment terms as the related loan were renewed in order to bring them into line with the new repayment schedule.

The negative fair value of the derivative hedging instruments are presented as non-current bank borrowings and are reported by the banks with which the loans have been arranged. At 31 December 2010, the negative fair value amounted to EUR 1,426 thousand (31 December 2011: EUR 2,376 thousand).

These hedges are classified as cash flow hedges with changes in fair value recognised in equity. The transfer of fair value to income is performed on a time proportion basis to the extent that the hedged item, and bank borrowings have an impact on the Group's consolidated profit.

In 2009 three additional loan agreements were entered into in order to finance the new clinker production line at Cementos Molins Industrial S.A.U. In April and June 2009 two of these loan agreements were entered into for EUR 15 million and EUR 10 million, respectively, maturing in December 2017 and 2014. In 2011 EUR 2.5 million were repaid.

Also, on 11 May 2009 the Group arranged a loan from the European Investment Bank (EIB) for EUR 60 million, which had been drawn down in full at 31 December 2009. The loan has a grace period of four years and runs from the date of the agreement to December 2021. At 31 December 2011, the loan was still in the grace period.

In connection with this loan from the EIB, the Group entered into financial counter-guarantee agreements with two banks acting as guarantors of the transaction.

These guarantees and the financial facility agreement mentioned above are subject to the Group’s fulfilment of certain reporting obligations and financial ratios which, at 31 December 2011, were all being met.

The loan from the EIB, which matures between 2014 and 2021, bears interest at a fixed rate of between 2.91% and 3.51%, respectively, plus a market spread.

In January 2010 a loan of EUR 25 million was arranged with a bank in order to finance the purchase of 11.61% of Cementos Avellaneda, S.A. (Argentina) and Cementos Artigas, S.A. (Uruguay). The loan has a two-year grace period and will be repaid in five annual instalments of EUR 5 million each. It is tied to a floating market interest rate. At 31 December 2011, the loan was still in the grace period.

In July 2010 a loan of EUR 20 million was arranged with a bank in order to finance the payment of the last tranche of the capital increase of Sotacib Kairouan, S.A. The loan has a one-year grace period and will be repaid in four annual instalments of EUR 5 million each. It is tied to a floating market interest rate. At 31 December 2011, the loan was still in the grace period.

In 2011 the average interest rate on the borrowings of the Spanish companies was 3.06%.

Surma Group (Bangladesh and India)

Following is a detail of the main transactions comprising the borrowings of the Surma Group subsidiaries located in Bangladesh and India:

The main payables relate to loans obtained from a group of supranational banks -the main providers of finance for the project- which at 31 December 2011 amounted to EUR 22.7 million, which are guaranteed by Cementos Molins S.A., the project sponsor. This guarantee provided by Cementos Molins S.A. covers the amount and its related maturity schedule until the forecast completion of the financing arrangement scheduled for the end of 2013. Of this amount, EUR 11.8 million are included under "Non-Current Bank Borrowings”.

The remaining non-current borrowings relate to two loans arranged in 2010 with banks in India, denominated in US dollars and Indian rupees, which mature in March and May 2016. The former bears interest at 3-month Libor + 300 basis points and the latter bears interest at a fixed rate of 11.15%. 50% as both loans were guaranteed by Cementos Molins S.A. as project sponsor. At 31 December 2011, this guarantee amounted to EUR 8.7 million, of which EUR 6.6 million were recognised under “Non-Current Bank Borrowings”.

The aforementioned guarantees are within the framework of the financing obligations already assumed by the Group in 2003 in relation to its subsidiaries in Bangladesh and India.

Sotacib Group (Tunisia)

Following is a detail of the main transactions comprising the borrowings of Group subsidiaries in Tunisia:

Financing agreement entered into by a pool of local banks in order to finance the expansion of Sotacib's facilities in Feriana. This loan was granted in the local currency (Tunisian dinar), without recourse to the company’s shareholders, and bears interest tied to the local TMM indicator plus a spread of 2.25%. The equivalent euro value of the total loan amount at 2011 year-end was EUR 59.3 million, of which EUR 52.5 million had been paid-out. The loan was arranged in 2008 and subsequently amended in 2009 and consists of various tranches of financing. The principal amount has a three-year grace period and will be repaid in seven annual instalments. In 2011 negotiations began with all the banks in the pool to obtain an additional grace period for both the interest and the principal. An agreement was reached in relation to the foregoing at year-end and the signing process has commenced, with only two banks yet to sign. As a result of the negotiations, the Group was not required to pay any interest as from March 2011 for an average period of approximately one year and was granted an additional one-year grace period relating to principal repayments. At 2011 year-end, a portion of the interest not paid in 2011 was added to the loan principal, giving rise to a total loan amount of EUR 59.6 million. At 2011 year-end EUR 50.4 million of the amount paid out were included under "Non-Current Bank Borrowings”.

A financing agreement was also entered into with a pool of local banks in order to finance the construction of a grey cement plant in Kairouan. This loan was also granted in the local currency (Tunisian dinar), without recourse to the company’s shareholders, and bears interest tied to the local TMM indicator plus a spread of 2.25%. The equivalent euro value of the total loan amount at 2011 year-end was EUR 147 million, of which EUR 98.7 million had been paid-out. The remainder will foreseeably be paid in 2012. The loan was arranged at the beginning of 2009. The principal amount has a three-year grace period and will be repaid in nine annual instalments. At 31 December 2011, the loan was still in the grace period. At 2011 year-end EUR 89.3 million of the amount paid out was included under "Non-Current Bank Borrowings”.

b) Current

The detail, by groups of companies, of the various account balances at 31 December 2011 and 2010 is as follows:

						(In thousands of euros)
	Spanish companies	Cementos Avellaneda, S.A.	Corporación Moctezuma	Surma Group (Bangladesh)	Sotacib (Tunisia)	Total
Borrowings	56,787	8,708	172	27,748	14,047	107,462
2011 total	**56,787**	**8,708**	**172**	**27,748**	**14,047**	**107,462**
Borrowings	90,068	444	-	44,099	7,045	141,656
2010 total	**90,068**	**444**	**-**	**44,099**	**7,045**	**141,656**

The main amounts relate to the current borrowings of the Spanish companies and the Surma Group companies:

Spanish Companies

The amount indicated in the table relates to the portion payable at short-term of the non-current borrowings as explained in Note 21-a).

At the date of preparation of these consolidated financial statements, all the obligations acquired with banks arising from this financing agreement were being met without exception.

Surma Group

The amount indicated in the table relates to the portion payable at short term of non-current borrowings as explained in Note 21-a) and short-term financing in the form of short-term loans and credit facilities arranged by the Group companies in both Bangladesh and India, which mature within one year.

Sotacib Group (Tunisia)

The main amount of current borrowings in Tunisia relates to the amounts drawn down against the non-current loan for the financing at Kairouan, due to the system used to drawn down loans in Tunisia.

22. Disclosures on the payment periods to suppliers. Additional Provision Three. "Disclosure obligation" provided for in Law 15/2010, of 5 July.

The disclosures relating to the payment periods to suppliers of the Spanish companies included in the scope of consolidation ("the Companies") for 2011 were as follows:

(In thousands of euros)

	Amounts paid and payable at the end of the reporting period	
	2011	
	Amount	%
Paid in the maximum payment period	106,826	61%
Remainder	67,282	39%
Total payments made in the year	**174,108**	**100%**
Weighted average period of late payment (in days)	52	
Payments at year-end not made in the maximum payment period	10,077	23%

At 31 December 2010, the Group had a EUR 31,067 thousand balance payable to suppliers that was past due by more than the maximum payment period. These balances related to suppliers which largely maintained contractual relations with the companies prior to the entry into force of the Law.

In both years this balance relates to suppliers that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to “Payable to Suppliers” under “Current Liabilities” in the consolidated balance sheet.

However, the Group has reverse factoring agreements with most of its suppliers. This financial tool allows suppliers to obtain cash without using their own resources, since the credit facilities are provided by the Cementos Molins Group. The terms and conditions of this financing are more favourable than those generally offered by the market. In accordance with the Group's management information, these balances are discounted by its suppliers in a shorter period than that established by the aforementioned Law.

Pursuant to Transitional Provision Two of Law 15/2010, amending Law 3/2004, of 29 December, on combating late payment in commercial transactions, the maximum payment period applicable to the Group since the entry into force of the aforementioned Law 15/2010 until 31 December 2011 was 85 days (75 days until 31 December 2012).

23. Tax matters

In view of the Cementos Molins Group's presence in various tax jurisdictions, the Group companies file income tax returns in accordance with the tax regulations applicable to each country.

a) In Spain

Most of the companies that are resident in Spain file consolidated income tax returns. Under this regime, the companies in the tax group calculate the Group's taxable profit or loss and tax charge on an aggregate basis and share it out among themselves, as established by the Spanish Accounting and Audit Institute.

Cementos Molins, S.A. has been the parent of consolidated tax group 70/97 since 1997. The companies composing this group are all of those in which the Company has a direct or indirect ownership interest of more than 75%. The companies composing the aforementioned tax group in 2011 were as follows:

Parent:	Cementos Molins, S.A.
Subsidiaries:	Cementos Molins Industrial, S.A.U.
	Cemolins Internacional, S.L.U.
	Prefabricados y Contratas, S.A.U.
	Promotora Mediterránea.2, S.A.
	Propamsa, S.A.U.
	Monsó-Boneta, S.L.

The other companies resident in Spain that do not form part of the tax group file individual tax returns.

The Spanish companies that file consolidated tax returns apply the standard tax rate of 30%. The companies that do not form part of the tax group are taxed at the standard tax rate of 30%, or 25% if they are considered to be small companies for tax purposes due to their revenue.

b) In other countries.

The fully and proportionately consolidated foreign subsidiaries calculate the income tax expense and the tax charges for the various taxes applicable to them in conformity with the legislation of, and at the tax rates in force in, their respective countries. In Mexico, the flat rate tax ("Impuesto Empresarial a la Tasa Única") is also applicable as a supplement to income tax.

The income tax rate is not the same in all countries. It varies according to the nationality of the foreign subsidiaries and to the circumstances in each particular case for tax purposes.

The detail of the various tax rates is as follows:

Country	%
Argentina	35
Uruguay	25
Mexico	30%/17.5%
Bangladesh	37.5
Tunisia	30

Years open for review by the tax authorities

At 2011 year-end Cementos Molins, S.A. had 2007 and subsequent years open for review by the tax authorities for income tax and 2008 and subsequent years for all the other taxes applicable to it. Similarly, most of its subsidiaries have the last four years open for review by the tax authorities for all the taxes applicable to them.

In the rest of the countries in which the Group has a significant presence, the years open for review by the tax authorities are as follows:

In Argentina, the statue-of-limitations period is six years and, accordingly, the periods that are not statute-barred run from 2006 to 2011. However, income tax for the 2008-2009 period is currently being subject to a full-scope tax audit and no contingencies have arisen to date.

In Uruguay the statute-of-limitations period is five years and may be extended to ten years by the tax authorities and, accordingly, the periods that are not statute-barred run from 2002 to 2011. Although the Company was audited for income tax from 2007 to 2009, the proceedings were concluded without giving rise to any contingencies.

In Mexico 2005 to 2011 are open for review.

In Tunisia 2006 to 2011 are open for review.

In Bangladesh 2005 to 2011 are open for review.

The criteria that the tax authorities might adopt could give rise to contingent liabilities for which no provision has been recognised in the accompanying consolidated financial statements. However, Group management considers that the effect of this difference in criteria would not be material with respect to the consolidated financial statements at 31 December 2011 and 2010.

Reconciliation of the accounting profit to the taxable profit

The reconciliation of the consolidated accounting profit to the income tax expense recognised in the consolidated income statement for 2011 and 2010 is as follows:

	2011	2010
Adjusted consolidated accounting profit for the year before tax	**64,236**	**136,739**
Income tax charge	**21,666**	**46,382**
Effect of permanent differences	518	4,083
Tax credits and tax relief	(4,240)	(3,095)
Other adjustments	(1,064)	1,300
Effect of offseting tax losses	(6)	
Total income tax expense recognised in profit or loss	**16,874**	**48,670**

The reconciliation of consolidated accounting profit to the taxable profit for income tax purposes is as follows, in thousands of euros:

2011

Adjusted consolidated accounting profit for the year before tax			**64,236**
	Increase	Decrease	
Permanent differences:			
- At individual companies	13,324	13,416	(92)
- Consolidation adjustments	-	-	-
Timing differences:			
- At individual companies			
Arising in the year	3,838	52,301	(48,464)
Arising in prior years	55,519	1,664	53,855
- Consolidation adjustments			
Arising in the year	-	-	-
Arising in prior years	14,386	-	14,386
Offset of prior years' tax losses			(46)
Taxable profit			**83,876**

2010

Consolidated accounting profit for the year before tax			**136,739**
	Increase	Decrease	
Permanent differences:			
- At individual companies	22,452	11,161	11,291
- Consolidation adjustments	13,641	9,786	3,855
Timing differences:			
- At individual companies			
Arising in the year	21,478	89,427	(67,949)
Arising in prior years	6,849	767	6,082
- Consolidation adjustments			
Arising in the year	16,576	-	16,576
Arising in prior years	4	-	4
Offset of prior years' tax losses			
Taxable profit			**106,598**

The permanent differences relate mainly to the foreign companies, mainly Mexican and Uruguayan, and relate to adjustments for inflation, exempt income for reasons of territoriality and to the loss of a portion of the unrestricted depreciation taken for tax purposes on certain assets.

The temporary differences include most notably those relating to period provisions that are not deductible for tax purposes and to the amortisation of goodwill arising from the investment in the Tunisian company.

Following the decision of the European Commission of 12 January 2011 relating to the amortisation for tax purposes of goodwill arising from the acquisition of investments in foreign companies, the Spanish tax authorities made adjustments to the income tax settlements for 2008 and 2009 since they did not consider the amortisation of goodwill arising on the acquisition of the investment in the Tunisian subsidiary to be deductible for tax purposes. The Company filed pleas to the Spanish tax authorities and to the European Court of Justice, which ruled in favour of the Company. Consequently, the Spanish tax authorities rendered null and void the regularisation of the aforementioned settlements and declared that the Company was entitled to amortise goodwill for tax purposes.

Temporary differences

Temporary differences arise as a result of the difference between the tax bases of the assets and liabilities and their carrying amounts. Deductible temporary differences, tax credits and tax relief and tax loss carryforwards give rise to deferred tax assets in the consolidated financial statements, whereas taxable temporary differences give rise to deferred tax liabilities in the consolidated financial statements. The changes in deferred tax assets and liabilities arising from temporary differences recognised at 31 December 2010 and 2011 are shown in the tables below:

(Thousands of eurc

	2011	**2010**
Provisions for pension plans	1,214	1,127
Goodwill	3,874	3,903
Tax loss and tax credit carryforwards	17,202	11,215
Sundry provisions and other	1,556	1,314
Total deferred tax assets	**23,846**	**17,559**

(Thousands of euro

	2011	2010
Revaluation of assets due to the obtainment of control	48,277	55,729
Depreciation and amortisation charge	35,842	48,220
Sundry and other provisions	4,836	8,137
Total deferred tax liabilities	**88,955**	**112,086**

At 31 December 2011 and 2010, the balance of “Deferred Tax Assets" includes tax credit carryforwards, tax loss carryforwards of Group companies and provisions for pension funds and other provisions not deductible for tax purposes. "Deferred Tax Liabilities" at 31 December 2011 and 2010 relate mainly to the Mexican, Argentine and Uruguayan companies and consist of accelerated depreciation and amortisation and the tax effect of the obtainment of control of Cementos Avellaneda y Cementos Artigas in 2010.

There are no significant deductible temporary differences, tax losses or tax assets which were not recognised in the consolidated financial statements for 2011.

Tax loss carryforwards

The tax loss carryforwards in Spain at 31 December 2011 relating to the Spanish Group companies amounted to EUR 35,872 thousand, EUR 35,029 thousand of which relate to the consolidated tax group. Pursuant to the tax legislation applicable in Spain, tax losses must be offset within 18 years from the year in which they are incurred. Since the tax losses were incurred in 2010 and 2011, the companies are entitled to offset them against the taxable profit earned until 2028 and 2029.

The consolidated financial statements at 31 December 2011 include a deferred tax asset of EUR 11,394 thousand relating to tax loss carryforwards in Spain.

Tax credits

At 2011 year-end the Group recognised tax credit carryforwards amounting to EUR 1,212 thousand earned by the Spanish companies in the Group. These tax credits were calculated pursuant to Article 39 of the Spanish Corporation Tax Law and relate mainly to investments in assets used for the protection of the environment, research and development and technological innovation expenditure and donations, inter alia. These tax credits must be used within ten years from the date on which they are earned, except for those earned as a result of expenditure on research and development activities, which expire after 15 years. Since the tax credit carryforwards were earned in 2010 and 2011, the last year in which they can be used is 2020 or 2021 and, in the case of those relating to research and development, in 2025 or 2026.

Tax receivables and payables

The balances of tax receivables and payables shown in the consolidated balance sheet are as follows:

2011

	(In thousands of euros)
Tax receivables	
Short term:	
VAT refundable	15,018
Other receivables	11,352
Total	**26,370**
Tax payables	
Short term:	
VAT payable	1,860
Personal income tax withholdings payable	1,949
Accrued social security taxes payable	3,640
Income tax payable	867
Other payables	12,311
Total	**20,627**

2010

	(In thousands of euros)
Tax receivables	
Short term:	
VAT refundable	14,456
Other receivables	21,979
Total	**36,435**
Tax payables	
Short term:	
VAT payable	2,871
Personal income tax withholdings payable	2,055
Accrued social security taxes payable	2,904
Income tax payable	6,087
Other payables	5,834
Total	**19,751**

24. Guarantee commitments to third parties

At 31 December 2011, the Group had received guarantees from banks and insurance companies which were provided to third parties amounting to EUR 30,714 thousand (2010: EUR 27,972 thousand). These guarantees were provided to government agencies to guarantee the restoration of natural areas affected by quarry operations, as required by current legislation, and to cover the third-party liability of the various businesses.

25. Operating income and expenses

a) Sales

Following is a detail of revenue by company. The amounts shown are the result of multiplying the revenue of the companies by the percentages indicated in brackets, following the elimination of intra-Group transactions. These percentages are 100% for the Group companies and equal to the percentage of control for the jointly controlled entities.

		(In thousands of euros)
	2011	**2010**
Cementos Molins Industrial, S.A. (100%)	48,624	62,952
Promotora Mediterránea-2, S.A. (100%)	72,068	91,340
Prefabricaciones y Contratas, S.A. (100%)	63,624	87,142
Propamsa, S.A. (100%)	29,859	34,056
Portcemen, S.A. (33.33%)	576	542
Cementos Avellaneda, S.A. (100%)	233,296	188,805
Cementos Artigas, S.A. (Uruguay) (100%)	85,977	64,038
Corporación Moctezuma Group (Mexico) (50%)	235,820	214,074
Surma Group (Bangladesh) (50%)	29,242	30,711
Sotacib (Tunisia) (100%)	31,575	35,037
Total	**830,661**	**808,697**

b) Procurements

The detail of “Procurements” in the consolidated income statements for 2011 and 2010 is as follows:

(In thousands of euros)

	2011	**2010**
Cost of goods held for resale sold:		
Purchases	14,931	20,421
Changes in inventories	(6,422)	1,805
Total	**8,509**	**22,226**
Cost of raw materials and other consumables used:		
Purchases	241,037	197,700
Work performed by other companies	12,436	18,328
Changes in inventories	(11,783)	(9,550)
Total	**241,690**	**206,478**

c) Employees

The average number of employees at the Group companies in 2011 and 2010 was as follows:

	Women	Men	Total 2011	Total 2010
Cementos Molins, S.A.	29	38	67	68
Cementos Molins Industrial, S.A.	22	200	222	239
Grupo Promotora Mediterránea-2, S.A.	55	366	421	454
Prefabricaciones y Contratas, S.A.	73	616	689	761
Propamsa, S.A.	22	113	135	141
Other Spanish companies	2	13	15	12
Cementos Avellaneda, S.A. (Argentina)	44	631	675	648
Cementos Artigas, S.A. (Uruguay)	17	200	217	212
Corporación Moctezuma Group (Mexico) (50%)	60	509	569	541
Surma Group (Bangladesh) (50%)	9	227	236	237
Sotacib (Tunisia)	31	459	490	488
Total	**364**	**3,372**	**3,736**	**3,801**

The figure considered for Group companies is the total average headcount. The figure considered for jointly controlled entities is the result of multiplying the average headcount by the Group's annual average percentage of control over these companies.

At the companies located in Spain, pursuant to the Spanish Law on the Social Integration of Disabled Persons, the average number of disabled employees in 2011 was 22. In 2010 this number was 21.

d) Other operating expenses

The detail of “Other Operating Expenses” in 2011 and 2010 is as follows:

		(In thousands of euros)
	2011	**2010**
Rent and royalties	13,428	16,488
Repair and upkeep expenses	31,056	32,054
Professional services	11,593	16,187
Transport	87,662	86,775
Utilities	100,851	90,169
Other current operating expenses	10,811	12,840
Taxes other than income tax	16,777	12,633
Other	35,940	33,549
Total	**308,118**	**300,695**

e) Leases

<u>Operating leases</u>

The detail of the operating lease payments recognised as an expense in 2011 and 2010 is as follows:

		(In thousands of euros)
	2011	**2010**
Minimum operating lease payments recognised in income for the year	9,666	15,621

At 31 December 2011 and 2010, the Group had outstanding obligations for future minimum lease payments under non-cancellable operating leases falling due as follows:

	(In thousands of euros)	
	2011	**2010**
Within one year	8,453	8,091
Between one and five years	7,449	14,353
After five years	5,471	8,267

The assets corresponding to the lease obligations assumed relate basically to land and buildings. The average term of the leases varies considerably, since the facilities to be used for carrying on the activity of concrete manufacturing and the extraction and treatment of aggregates stand mainly on leased land. These activities are carried on at the various manufacturing plants of the Group's subsidiaries.

Finance leases

At the end of 2011 the Group, as the lessee under finance leases, had recognised the following leased assets:

	(In thousands of euros)
Property, plant and equipment	623
Total	623

The aforementioned leased assets correspond to the Corporación Moctezuma Group and relate to vehicles. The above-mentioned lease will expire in 2015.

At 2011 year-end the Company had contracted with lessors for the following minimum lease payments (including any purchase options), based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions:

	(in thousands of euros)
Minimum finance lease payments	Nominal value 2011
Within one year	303
Between one and five years	427
After five years	-
Total	730

f) Fees paid to auditors

The fees for financial audit services provided to the various companies composing the Cementos Molins and subsidiaries Group in 2011 and 2010 were as follows:

(In thousands of euros)					
		2011		**2010**	
Auditors	Country	Audit	Other services	Audit	Other services
Deloitte	Spain	264	31	259	-
Deloitte	Mexico	378	26	372	-
Deloitte	Argentina	22	6	20	1
Deloitte	Uruguay	20	4	23	-
Hoda Vasi Chowdhury & Co.	Bangladesh	18	11	20	12
KPMG Tunisia	Tunisia	73	2	60	-
Total		**775**	**80**	**754**	**13**

The aforementioned figures relate to the full amount of the fees, although they were recognised in the consolidated income statement taking into account the percentage of ownership.

26. Impairment and gains or losses on disposals of assets

The detail of the impairment and gains or losses on disposals of assets in 2011 and 2010 is as follows:

	(In thousands of euros)			
	2011		**2010**	
	Losses	Gains	Losses	Gains
On disposal or derecognition of property, plant and equipment	648	1,956	555	368
Impairment of goodwill	-	-	20,000	-
Total	**1,308**	-	**(20,187)**	-

27. Financial loss

The detail of the financial loss incurred in 2011 and 2010 is as follows:

		(In thousands of euros)
	2011	**2010**
Finance income:		
Income from equity investments	5	66
Other interest income	8,195	8,040
Other finance income	364	2,901
Exchange gains	1,268	4,780
Total finance income	**9,832**	**15,787**
Finance costs:		
Borrowing costs	20,891	17,606
Other finance costs	5,680	3,566
Exchange losses	6,417	4,705
Total finance costs	**32,988**	**25,877**
Impairment and gains or losses on financial instruments:		
Impairment and gains or losses on financial instruments		9
Total impairment and gains or losses on financial instruments	**0**	**9**
Total financial loss	**23,156**	**10,099**

28. Earnings per share

The calculation of basic and diluted earnings per share in 2011 and 2010 is as follows:

	2011	**2010**
Net profit attributable to the Parent (thousands of euros)	24,300	65,485
Weighted average number of ordinary shares	66,115,670	66,115,670
Basic and diluted earnings per share (euros)	0.37	0.99

29. Information on greenhouse gas emission allowances

The emission allowances granted at zero cost to the Group company Cementos Molins Industrial, S.A.U. under the 2008-2012 National Allocation Plan, approved by Royal Decree 1370/2006, of 24 November, and Ministry of the Presidency Order PRE/3420/2007, of 14 November, which in 2011 numbered 1,150,653, amounted to EUR 15.9 million as indicated in Note 3-b “Accounting Policies”.

793,901 allowances amounting to EUR 10.8 million were used in 2011. The allowances used were recognised under “Other Current Operating Expenses”, with a credit to “Provisions for Contingencies and Charges”. Also, EUR 10.8 million were deducted from “Deferred Income” and credited to “Other Income”.

In 2010 the emission allowances granted at zero cost to the Company under the 2008-2012 National Allocation Plan amounted to 1,150,653, of which it consumed 998,804 with a value of EUR 13 million.

In 2011 Cementos Molins Industrial sold 150,000 thousand emission allowances for their market value, giving rise to a gain of EUR 1,753 thousand, which were recognised under “Other Operating Income” in the consolidated income statement.

Also, Cementos Molins Industrial entered into an agreement with a bank to exchange emission allowances received under the National Allocation Plan (EUAs) for investments in projects in developing countries (CERs). The exchange took place at market prices and gave rise to a gain for the company of EUR 270 thousand.

30. Obligations and contingencies

a) Obligations

The Group's most significant obligations relate to the investments in progress associated basically with the plants in Tunisia, which are scheduled for completion in 2012. Investment obligations at 31 December 2011 totalled EUR 31 million.

b) Contingencies

In relation to the investee Lafarge Surma Cement, on 6 July 2011, the Supreme Court of India handed down a decision upholding the licences obtained up to that date for mining in Meghalaya (India), where the quarry that supplies the cement plant in Chhatak with limestone is located.

On 5 February 2010, through the aforementioned decision, the Supreme Court of India rendered null and void the order to temporarily suspend extraction activities at this quarry.

Until August 2011 the plant continued with reduced activity due to the temporary withdrawal of the quarry exploration licences in February 2010. In August the State of Meghalaya, following instructions from the Ministry of Environment and Forests of India, authorised the resumption of operations at the quarry while the final formalities for obtainment of the definitive licences were being carried out. Accordingly, the contingency included in this connection in the consolidated financial statements for 2010 ceased to exist.

31. Transactions with related parties

a) Commercial transactions

As provided for in Ministry of Economy Order ECO 3722/2003, of 26 December, and Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, the directors did not carry out any related-party transactions with CEMENTOS MOLINS, S.A. or with the companies in its consolidated Group.

b) Situations involving direct or indirect conflict with Cementos Molins, S.A.'s business interest.

There are no situations involving a direct or indirect conflict of the directors with Cementos Molins, S.A.'s business interest.

c) Existence and identity of directors who are also directors of companies holding significant ownership interests in Cementos Molins, S.A.

Pursuant to the provisions of Ministry of Economy Order ECO 3722/2003, of 26 December:

a) The individuals indicated below are members of the Board of Directors of the following companies which hold a significant ownership interest in Cementos Molins, S.A.:

Casimiro Molins Ribot is the Chairman of the Board of Directors of INVERSORA PEDRALBES, S.A. and OTINIX, S.A.

Ana Mª Molins López-Rodó is a director of INVERSORA PEDRALBES, S.A. and OTINIX, S.A.

Joaquín Mª Molins López-Rodó is a director of INVERSORA PEDRALBES, S.A. and OTINIX, S.A.

Juan Molins Amat and Joaquim Molins Amat are directors of NOUMEA, S.A.

b) None of the other members of the Board of Directors are directors of any company which holds a significant ownership interest in Cementos Molins, S.A.

d) Existence and identity of directors who are directors or executives of other companies belonging to the Cementos Molins, S.A. Group.

a) The individuals indicated below are members of the Board of Directors or executives of the following companies belonging to the Cementos Molins, S.A. Group:

Juan Molins Amat is:

- Chairman of (i) Cemolins Internacional, S.L.U., (ii) Cementos Artigas, S.A., (iii) Cementos Avellaneda, S.A., (iv) Minus Inversora, S.A., (v) Corporación Moctezuma, S.A. de C.V.; (vi) Sotacib, S.A. and (vii) Sotacib-Kairouan, S.A.

- Director of Fresit, B.V.

Miguel del Campo Rodríguez is a director of Sotacib S.A. and Sotacib-Kairouan, S.A.

None of the other members of the Board of Directors are directors or executives of any company belonging to the Cementos Molins, S.A. Group.

e) Remuneration of executives

The remuneration of the Parent's key executives in all connections totalled EUR 3,346 thousand in 2011. In 2010 the amount in this connection was EUR 4,668 thousand.

32. Remuneration and other benefits of directors

In 2011 the remuneration earned by the members of the Parent's Board of Directors as a whole amounted to EUR 1,240 thousand, of which EUR 585 thousand related to the salary earned by the CEO. The detail of the rest of the retribution is as follows:

				(In thousands of euros)
Remuneration of Board of Directors 2011 Article 20 of the Board Regulations	Attendance fees	Directors' fees	Commitee members' remuneration	Pension plans and life insurance
Casimiro Molins Ribot	10	30	0	-
Juan Molins Amat (CEO)	10	30	0	13
Joaquin Mª Molins López-Rodó	15	30	14	-
Cartera de Inversiones CM, S.A.	11	30	14	-
Miguel del Campo Rodríguez	13	30	14	-
Joaquim Molins Amat	16	30	14	-
Noumea, S.A.	14	30	14	-
Emilio Gutiérrez Fernández de Liencres	16	30	14	-
Inversora Pedralbes, S.A.	10	30	0	-
Foro Familiar Molins, S.L.	14	30	14	-
José Antonio Pujante Conesa	14	30	14	-
Ana Mª Molins López-Rodó	14	30	14	-
TOTAL	156	360	126	13

In 2010 the remuneration earned by the members of the Parent's Board of Directors as a whole amounted to EUR 1,258 thousand, of which EUR 615 thousand related to the salary earned by the CEO. The detail of the rest of the retribution was the following:

				(In thousands of euros)
Remuneration of Board of Directors 2010 Article 20 of the Board Regulations	Attendance fees	Directors' fees	Commitee members' remuneration	Pension plans and life insurance
Casimiro Molins Ribot	9	30	0	-
Juan Molins Amat (CEO)	9	30	0	13
Joaquin Mª Molins López-Rodó	13	30	14	-
Cartera de Inversiones CM, S.A.	13	30	14	-
Miguel del Campo Rodríguez	14	30	14	-
Joaquim Molins Amat	12	30	14	-
Noumea, S.A.	12	30	14	-
Emilio Gutiérrez Fernández de Liencres	13	30	14	-
Inversora Pedralbes, S.A.	9	30	0	-
Foro Familiar Molins, S.L.	14	30	14	-
José Antonio Pujante Conesa	14	30	14	-
Ana Mª Molins López-Rodó	13	30	14	-
TOTAL	145	360	126	13

33. Detail of investments in companies engaging in similar activities and the performance, as independent professionals or as employees, of similar activities by the directors and related parties

Pursuant to Article 229 of the Spanish Limited Liability Companies Law, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Cementos Molins, S.A., in which the members of the Board of Directors own direct or indirect equity interests, and of the functions, if any, that they discharge thereat according to the information provided to the Company:

Titular	Sociedad participada	Actividad	Participación	Funciones
Casimiro Molins Ribot	Inversora Pedralbes, S.A.	Holding	22.88%	Presidente
	Otinix, S.A.	Holding	23.94%	Presidente
Juan Molins Amat	Cemolins Internacional, S.L.U.	Holding	-	Presidente
	Minus Inversora, S.A.	Holding	-	Presidente
	Fresit, B.V.	Holding	-	Consejero
	Noumea, S.A.	Holding	10.72%	Consejero
Joaquím Molins Amat	Molins Consellers, S.L.	Holding	-	Administrador unico
	Noumea, S.A.	Holding	4.51%	Consejero
Ana Mª Molins López-Rodó	Inversora Pedralbes, S.A.	Holding	7.55%	Consejera
	Otinix, S.A.	Holding	3.37%	Consejera
Joaquín Mª Molins López-Rodó	Inversora Pedralbes, S.A.	Holding	7.55%	Consejero
	Otinix, S.A.	Holding	3.35%	Consejero
Inversora Pedralbes, S.A.	Otinix, S.A.	Holding	39.60%	-

Pursuant to Article 229 of the Spanish Limited Liability Companies Law, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Cementos Molins, S.A., in which persons related to the Board of Directors own equity interests, pursuant to Article 231 of the Spanish Limited Liability Companies Law, and of the functions, if any, that they discharge thereat according to the information provided to the Company:

Owner	Related to:	Investee	Activity	% of ownership	Functions
Mª Gloria Molins Amat	Pablo Molins Amat Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	6.06%	Chairwoman
Cristina Molins Joly	Pablo Molins Amat	Noumea, S.A.	Holding company	0.04%	---
Pablo Molins Joly	Pablo Molins Amat	Noumea, S.A.	Holding company	0.04%	---
Juan Molins Amat	Pablo Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	10.72%	Director
Joaquim Molins Amat	Pablo Molins Amat Juan Molins Amat	Noumea, S.A.	Holding company	4.51%	Director
Isabel Molins Amat	Pablo Molins Amat Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	9.73%	Director
Carmen Molins Amat	Pablo Molins Amat Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	9.54%	Director
Santiago Molins Amat	Pablo Molins Amat Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	10.42%	Director
Jorge Molins Amat	Pablo Molins Amat Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	6.60%	Director
José I. Molins Amat	Pablo Molins Amat Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	9.94%	Director
Javier Molins Amat	Pablo Molins Amat Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	7.59%	Director
Mª Eulalia Molins Amat	Pablo Molins Amat Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	10.02%	Director
Juan Molins Monteys	Juan Molins Amat	Noumea, S.A.	Holding company	0.02%	---
Esperanza Molins Monteys	Juan Molins Amat	Noumea, S.A.	Holding company	0.02%	---

Owner	Related to:	Investee	Activity	% of ownership	Functions
Oriol Molins Monteys	Juan Molins Amat	Noumea, S.A.	Holding company	0.02%	---
Blanca Molins Monteys	Juan Molins Amat	Noumea, S.A.	Holding company	0.02%	---
Pablo Molins Amat	Juan Molins Amat Joaquim Molins Amat	Noumea, S.A.	Holding company	10.44%	Director
Joaquín Molins Vila	Joaquim Molins Amat	Noumea, S.A.	Holding company	0.22%	---
Ana Gloria Molins Vila	Joaquim Molins Amat	Noumea, S.A.	Holding company	0.22%	---
Nicolás Molins Vila	Joaquim Molins Amat	Noumea, S.A.	Holding company	0.04%	---
Montserrat Molins Vila	Joaquim Molins Amat	Noumea, S.A.	Holding company	0.22%	---
Mª Dolores López Rodó	Casimiro Molins Ribot Joaquín Mª Molins López-Rodó Ana Mª Molins López-Rodó Mª Regina Molins López-Rodó	Inversora Pedralbes, S.A.	Holding company	16.98%	Deputy Chairwoman
	Casimiro Molins Ribot Joaquín Mª Molins López-Rodó Ana Mª Molins López-Rodó Mª Regina Molins López-Rodó	Otinix, S.A.	Holding company	16.31%	Deputy Chairwoman
Ana Mª Molins López-Rodó	Casimiro Molins Ribot Joaquín Mª Molins López-Rodó Mª Regina Molins López-Rodó	Inversora Pedralbes, S.A.	Holding company	7.55%	Director
	Casimiro Molins Ribot Joaquín Mª Molins López-Rodó Mª Regina Molins López-Rodó	Otinix, S.A.	Holding company	3.37%	Director
Joaquín Mª Molins López-Rodó	Casimiro Molins Ribot Ana Mª Molins López-Rodó Mª Regina Molins López-Rodó	Inversora Pedralbes, S.A.	Holding company	7.55%	Director
	Casimiro Molins Ribot Ana Mª Molins López-Rodó Mª Regina Molins López-Rodó	Otinix, S.A.	Holding company	3.35%	Director
Mª Teresa Molins López-Rodó	Casimiro Molins Ribot Joaquín Mª Molins López-Rodó Ana Mª Molins López-Rodó Mª Regina Molins López-Rodó	Inversora Pedralbes, S.A.	Holding company	7.55%	Director
	Casimiro Molins Ribot Joaquín Mª Molins López-Rodó Ana Mª Molins López-Rodó Mª Regina Molins López-Rodó	Otinix, S.A.	Holding company	3.36%	Director

Owner	Related to:	Investee	Activity	% of ownership	Functions
Laureano Molins López-Rodó	Casimiro Molins Ribot	Inversora Pedralbes, S.A.	Holding	7.55%	Director
	Joaquín Mª Molins López-Rodó				
	Ana Mª Molins López-Rodó				
	Mª Regina Molins López-Rodó				
	Casimiro Molins Ribot	Otinix, S.A.	Holding	3.35%	Director
	Joaquín Mª Molins López-Rodó				
	Ana Mª Molins López-Rodó				
	Mª Regina Molins López-Rodó				
Mª Regina Molins López-Rodó	Casimiro Molins Ribot	Inversora Pedralbes, S.A.	Holding	7.55%	Director
	Joaquín Mª Molins López-Rodó				
	Ana Mª Molins López-Rodó				
	Casimiro Molins Ribot	Otinix, S.A.	Holding	3.38%	Director
	Joaquín Mª Molins López-Rodó				
	Ana Mª Molins López-Rodó				
Silvia Molins Domingo	Casimiro Molins Ribot	Inversora Pedralbes, S.A.	Holding	1.89%	-----------
		Otinix, S.A.	Holding	0.83%	-----------
Javier Molins Domingo	Casimiro Molins Ribot	Inversora Pedralbes, S.A.	Holding	1.89%	-----------
		Otinix, S.A.	Holding	0.83%	-----------
Beatriz Molins Domingo	Casimiro Molins Ribot	Inversora Pedralbes, S.A.	Holding	1.89%	-----------
		Otinix, S.A.	Holding	0.83%	-----------
Casimiro Molins Domingo	Casimiro Molins Ribot	Inversora Pedralbes, S.A.	Holding	1.89%	Director
		Otinix, S.A.	Holding	0.83%	Director
Casimiro Molins Ribot	Joaquín Mª Molins López-Rodó	Inversora Pedralbes, S.A.	Holding	22.88%	Chairman
	Ana Mª Molins López-Rodó				
	Mª Regina Molins López-Rodó				
	Joaquín Mª Molins López-Rodó	Otinix, S.A.	Holding	23.94%	Chairman
	Ana Mª Molins López-Rodó				
	Mª Regina Molins López-Rodó				
Otinix, S.A.	Inversora Pedralbes, S.A.	Inversora Pedralbes, S.A.	Holding	9.79%	-----------
Joaquim Mª Molins Gil	Cartera de Inversiones CM, S.A.	Cartera de Inversiones CM, S.A.	Holding	50.01%	Deputy Chairman
Juana Gil Santos	Cartera de Inversiones CM, S.A.	Cartera de Inversiones CM, S.A.	Holding	Usufructuaria	Chairman
Marta Molins Gil	Cartera de Inversiones CM, S.A.	Cartera de Inversiones CM, S.A.	Holding	49.99%	---

Detail of the ownership interests in CEMENTOS MOLINS, S.A.

a) Pursuant to Article 116 of the Spanish Securities Market Law, following is a detail of the equity interests held by the members of the Board of Directors in Cementos Molins, S.A.:

Owner	Number of shares		Par value	Date of acquisition	Date of notification to the CNMV
Casimiro Molins Ribot	41,350	0.063%	12,405		
Fundación para el Desarrollo y la Cooperación Internacional	500,000	0.756%	150,000	Various	06/07/05
Total	541,350	0.819%	162,405		
Juan Molins Amat	41,471	0.063%	12,441	Various	14/12/11
Cartera de Inversiones CM, S.A.	15,868,000	24.000%	4,760,400	Various	03/08/06
Miguel del Campo Rodríguez	1,000	0.002%	300	12/11/04	15/04/08
Joaquín Molins Amat	70	0.000%	21	Various	15/01/03
Inversora Pedralbes, S.A.	11,160,000	16.880%	3,348,000	Various	25/11/04
Ana Mª Molins López-Rodó	45,560	0.069%	13,668	Various	06/07/05
Emilio Gutiérrez Fernández de Liencres	1,000	0.002%	300	11/11/04	11/11/04
Noumea, S.A.	21,213,595	32.086%	6,364,079	Various	20/12/07
José Antonio Pujante Conesa	50	0.000%	15	06/10/04	06/10/04
Foro Familiar Molins, S.L.	377	0.001%	113	Various	01/08/08
Joaquín Mª Molins López-Rodó	24,910	0.038%	7,473		
Indirectly (guardianship)	8,500	0.013%	2,550	29/07/09	29/07/09
Total	33,410	0.051%	10,023		

34. Information on the environment

The companies have been carrying out a series of activities to prevent, minimise or repair damage to the environment, which entailed certain investments and expenses which are detailed below.

The main cumulative investments, by company, in fixtures, machinery and equipment added to non-current assets and aimed at protecting and enhancing the environment, and the related cost and accumulated depreciation are as follows:

(In thousands of euros)				
	2011		2010	
Company	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Cementos Molins Industrial, S.A.	20,813	5,719	13,080	5,320
Promotora Mediterránea-2, S.A.	12,933	6,137	11,008	4,966
Prefabricaciones y Contratas, S.A.	584	213	584	179
Propamsa, S.A.	1,806	841	1,806	740
Cementos Avellaneda, S.A.	9,769	2,220	8,976	1,813
Corporación Moctezuma Group (Mexico)	8,729	2,454	9,400	2,154
Cementos Artigas, S.A. (Uruguay)	5,843	2,997	5,102	2,563
Surma Group (Bangladesh)	86	14	101	13
Sotacib (Tunisia)	57	2	112	84
	60,620	20,597	50,169	17,832

By company, the main expenses incurred with the aim of protecting and enhancing the environment were as follows:

(In thousands of euros)		
	2011	2010
Company	Ordinary expenses	Ordinary expenses
Cementos Molins Industrial, S.A.	205	301
Prefabricaciones y Contratas, S.A.	149	138
Propamsa, S.A.	27	29
Cementos Avellaneda, S.A.	197	196
Corporación Moctezuma Group (Mexico)	369	813
Cementos Artigas, S.A. (Uruguay)	136	96
	1,083	1,573

The foregoing expense items consisted of: waste disposal, water, air and noise measurements, forest repopulation activities, studies and audits.

35. Events after the reporting period

No significant events that might have a material impact on the Group's equity have taken place since the end of 2011.

36. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I

Group Companies :

(in thousands of euros)

	Name/Registered office	Line of business	Equity of investees 31/12/11	% of ownership 31/12/11	% of ownership 31/12/10	Owner
(A)	CEMENTOS MOLINS INDUSTRIAL, S.A.U. CN-340, Km. 1242,300, nº 2-38 08620 – Sant Vicenç dels Horts (Barcelona)	Cement	149,183	100	100	Cementos Molins, S.A.
(A)	PROMOTORA MEDITERRÁNEA-2, S.A. CN-340, Km. 1242,300, nº 2-38 08620 – Sant Vicenç dels Horts (Barcelona)	Concrete and aggregates	123,818	98.94	98.94	Cementos Molins, S.A.
(A)	PREFABRICACIONES Y CONTRATAS, S.A.U. Apolonio Morales, 13 C 28036 – Madrid	Precast concrete	85,404	100	100	Cementos Molins, S.A.
(A)	PROPAMSA, S.A.U. CN-340, Km. 1242,300 - Pol. Las Fallullas 08620 – Sant Vicenç dels Horts (Barcelona)	Construction materials	18,539	100	100	Cementos Molins, S.A.
(A)	CEMOLINS INTERNACIONAL, S.L.U. CN-340, Km. 1242,300, nº 2-38 08620 – Sant Vicenç dels Horts (Barcelona)	Holding company	200,074	100	100	Cementos Molins, S.A.
(G)	CEMOL CORPORATION, B.V. Naritaweg 165 1043 BW Amsterdam (The Netherlands)	Holding company	19,144	100	100	Cemolins Internacional, S.L.U
(A)	MINUS INVERSORA, S.A. Reconquista, 336, 3º H 1335 – Buenos Aires (Argentina)	Holding company	26,814	96 4	96 4	Cemolins Internacional,S.L.U. Cementos Molins, S.A.
(A)	CEMENTOS AVELLANEDA, S.A. Defensa, 113, 6º 1065 – Buenos Aires (Argentina)	Cement	115,387	38.39 23.22	38.39 23.22	Cemolins Internacional,S.L.U. Minus Inversora, S.A.
(A)	CEMENTOS ARTIGAS, S.A. Rincón 487, piso 3 Montevideo (Uruguay)	Cement	71,141	61.61	61.61	Cemolins Internacional, S.LU.
(F)	SOCIÉTÉ TUNISO ANDALOUSE DE CIMENT BLANC “Sotacib” Ali Bouchoucha,14 bis – Montfleury 1008 - Tunisia	Cement	29,987	65	65	Cemolins Internacional, S.L.U
(F)	SOTACIB KAIROUAN 6 Rue IBN – Hazm Cite Jardins Le Belvédère 1002 – Tunisia	Cement	90,094	65 3.3	65 3.3	Cemolins Internacional, S.L.U. Société Tuniso Andalouse de Ciment Blanc “Sotacib”
(F)	SOCIÉTE DES SILOS SOTACIB - SSS 6 Rue IBN – Hazm Cite Jardins Le Belvédère 1002 – Tunisia	Services	55	100	100	Société Tuniso Andalouse de Ciment Blanc “Sotacib
(G)	PROMSA-HGF DE ARAGÓN, S.L. CN-340, Km. 1242,300, nº 2-38 08620 – Sant Vicenç dels Horts (Barcelona)	Concrete	1,335	55	55	Promotora Mediterránea-2, S.A.
(G)	PROMSA DEL BERGUEDÀ, S.L. CN-340, Km. 1242,300, nº 2-38 08620 – Sant Vicenç dels Horts (Barcelona)	Concrete	701	51	51	Promotora Mediterránea-2, S.A.
(G)	MONSO-BONETA, S.L. Pallars, 15 25620 - Tremp (Lleida)	Aggregates	1,642	80	80	Promotora Mediterránea-2, S.A.
(G)	PRECON (LINYI) CONSTRUCTION CO., LTD Yihe Road, Economic developing District of Linyi Shandong Province (China)	Precast concrete	2,000	100	-	Prefabricaciones y Contratas, S.A.U.

The above data were provided by the respective companies and their equity position is as shown in their financial statements at 31 December 2011.
The above companies belong to the Group through ownership of the majority of the voting power. They were fully consolidated.

The financial statements of these companies were audited by:

A = Deloitte
F = KPMG
G = Unaudited financial statements (not subject to statutory audit)

APPENDIX II

Associates and Jointly controlled Entities:

(in thousands of euros)

	Name/Registered office	Line of business	Equity of investees 31/12/11	% of ownership 31/12/11	% of ownership 31/12/10	Owner
(A)	FRESIT, B.V. Euclideslaand, 205 3584 – Utrecht (The Netherlands)	Holding company	185,497	50	50	Cemolins Internacional, S.L.U.
(C)	CORPORACIÓN MOCTEZUMA, S.A.B. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Holding company	536,648	7.58 51.51	7.58 51.51	Cemolins Internacional, S.L.U. Fresit, B.V.
(C)	CEMENTOS PÓRTLAND MOCTEZUMA, S.A. de C.V. Carretera Tezoyuca-Tepetzingo, Km.1,9 Municipio Emiliano Zapata 62765 – Estado de Morelos, Mexico	Services	(818)	100	100	Corporación Moctezuma, S.A.B. de C.V.
(C)	CEMENTOS MOCTEZUMA, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Cement	444,312	100	100	Corporación Moctezuma, S.A.B. de C.V.
(C)	LATINOAMERICANA DE CONCRETOS, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Concrete	11,895	98 2	98 2	Corporación Moctezuma, S.A.B. de C.V. Cementos Pórtland Moctezuma, S.A. de C.V.
(C)	INMOBILIARIA LACOSA, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Property development	14,756	98 2	98 2	Corporación Moctezuma, S.A.B. de C.V. Cementos Pórtland Moctezuma, S.A. de C.V.
(C)	LATINOAMERICANA DE AGREGADOS Y CONCRETOS, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Aggregates	13,213	100	100	Corporación Moctezuma, S.A.B. de C.V.
(C)	LATINOAMERICANA DE COMERCIO, S.A. de C.V. Carretera Tezoyuca-Tepetzingo, Km.1,9 Municipio Emiliano Zapata 62765 – Estado de Morelos, Mexico	Services	1,182	100	100	Corporación Moctezuma, S.A.B. de C.V.
(C)	LACOSA CONCRETOS, S.A.de C.V. Carretera Tezoyuca-Tepetzingo, Km.1.9 Municipio Emiliano Zapata 62765 – Estado de Morelos, Mexico	Services	(327)	100	-	Corporación Moctezuma, S.A.B. de C.V.
(C)	GRUPO IMPULSOR INDUSTRIAL, S.A. de C.V Carretera Tezoyuca-Tepetzingo, Km.1.9 Municipio Emiliano Zapata 62765 – Estado de Morelos, Mexico	Services	1,833	99.6 0.3 0.1	98 - 2	Corporación Moctezuma, S.A.B. de C.V. Inmobiliaria Lacosa, S.A. de C.V. Cementos Moctezuma, S.A. de C.V
(C)	LATINOAMERICANA DE CONCRETOS DE SAN LUIS, S.A. de C.V. Prolongación Avenida San Antonio, 705 Colonia Lomas de Becerra 01280 – Mexico D.F.	Concrete	2,116	60	60	Latinoamericana de Concretos, S.A. de C.V.
(C)	CONCRETOS MOCTEZUMA DE TORREON, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Concrete	1,556	55	55	Latinoamericana de Concretos S.A. de C.V.
(C)	CONCRETOS MOCTEZUMA DE XALAPA, S.A. de C.V. Calle B, isla B, bodega 7 Balcones de Xalapa 91194 – Xalapa . Veracruz	Concrete	1,137	60	60	Latinoamericana de Concretos S.A. de C.V.

(in thousands of euros)

	Name/Registered office	Line of business	Equity of investees 31/12/11	% of ownership 31/12/11	% of ownership 31/12/10	Owner
(C)	MAQUINARIA Y CANTERAS DEL CENTRO, S.A. de C.V. Av. Molier, número 328, Depto. 602 Col. Los Morales Sección Palmas, Deleg. Miguel Hidalgo 11540 – Mexico D.F.	Aggregates	245	51	51	Latinoamericana de Concretos S.A. de C.V.
(C)	MATERIALES PETREOS MOCTEZUMA, S.A. de C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Aggregates	1,868	98 2	98 2	Corporación Moctezuma, S.A.B. de C.V. Latinoamericana de Concretos S.A. de C.V.
(C)	CONCRETOS MOCTEZUMA DE DURANGO, S.A. DE C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Concrete	(104)	51	51	Latinoamericana de Concretos S.A. de C.V.
(C)	PROYECTO TERRA MOCTEZUMA, S.A. DE C.V. Av. Insurgentes, 33 - Colonia Moctezuma Jiupetec - Morelos 62550 – Mexico D.F.	Cement	4,907	100	-	Corporación Moctezuma, S.A.B. de C.V.
(C)	CONCRETOS MOCTEZUMA DEL PACÍFICO, S.A. DE C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Concrete	(22)	60	60	Latinoamericana de Concretos S.A. de C.V.
(C)	CONCRETOS MOCTEZUMA DE JALISCO, S.A. DE C.V. Monte Elbruz, 134 PH - Colonia Lomas de Chapultepec - Deleg. Miguel Hidalgo 11000 – Mexico D.F.	Concrete	91	51	51	Latinoamericana de Concretos S.A. de C.V.
(B)	ESCOFET 1886, S.A. Ronda Universitat, 20 08007 – Barcelona	Precast concrete	10,078	36.48	36.48	Cementos Molins Industrial, S.A.U.
(G)	PORTCEMEN, S.A. Moll Contradic Sud, s/n 08039 – Barcelona	Services	2,541	33.33	33.33	Cementos Molins, S.A.
(G)	MONTASPRE SERVEIS AMBIENTALS, S.L. Cr. Veinat de la Garriga, s/n 17481 – Sant Julià de Ramis (Girona)	Services	1,008	50	50	Promotora Mediterránea-2, S.A.
(G)	PROMOTORA DE FORMIGONS, S.A. Carretera de la Comella, 11 AD 500 – Andorra la Vella	Aggregates	376	49.9	33.33	Promotora Mediterránea-2, S.A.
(G)	TÈCNIQUES AMBIENTALS DE MUNTANYA, S.L. Zona Industrial Sant Marc -P.S Sant Marc, Nau 4 17520 - Puigcerdà (Girona)	Services	366	50	50	Promotora Mediterránea-2, S.A.
(G)	PRONATUR ENERGY 2011, S.L. CN-340, Km. 1242,300, nº 2-38 08620 – Sant Vicenç dels Horts (Barcelona)	Services	1,909	50	-	Promotora Mediterránea-2, S.A
(G)	SURMA HOLDING, B.V. Leliegracht 10 1015 DE Amsterdam (The Netherlands)	Holding company	81,527	50	50	Cemolins Internacional, S.L.U.
(D)	LAFARGE SURMA CEMENT LTD 65 Gulshan Avenue, Gulshan-1 Dhaka 1212 (Bangladesh)	Cement	69,812	58.87	58.87	Surma Holding B.V.
(E)	LAFARGE UMIAM MINING PRIVATE LTD Hotel Polo Tower, Polo Ground Oakland Road Shillong 793001, Meghalaya (India)	Minning	(17,232)	100	100	Lafarge Surma Cement LTD
(E)	LUM MAWSHUN MINERALS PRIVATE LTD Hotel Polo Tower, Polo Ground Oakland Road Shillong 793001, Meghalaya (India)	Services	8	74	74	Lafarge Surma Cement LTD
(G)	SOCIÉTÉ TUNISIENNE DE TRANSPORT EN VRAC – STTV 22, Avenue Taieb Mhri 1240 – Feriana Kasserine (Tunisia)	Transport	257	35	35	Société Tuniso Andalouse de Ciment Blanc "Sotacib

The above date were provided by the companies and their equity position is as shown in their financial statements at 31 December 2011. The date relating to Corporación Moctezuma, S.A.B. de C.V. are consolidated in the Mexican Group.

During 2011, Corporación Moctezuma, S.A.B. de C.V. has made a corporate reorganization.

Consequence several companies included at the end of 2010, have been merged as follows:

Moctezuma Industrial, S.A. de C.V. (merged in Cementos Moctezuma)
Arrendadora de Equipos de Transporte, S.A. de C.V. (merged in Latinoamericana de Concretos)
Cementos Moctezuma de San Luis, S.A. de C.V. (merged in Grupo Impulsor Industrial)
Cementos Moctezuma de Veracruz, S.A. de C.V. (merged in Grupo Impulsor Industrial)

and break away:

Proyecto Terra Moctezuma, S.A. de C.V. (break away from Cementos Portland)

All the above companies are jointly controlled entities since they are managed by Group companies jointly with one or more non-Group companies, except for Escofet 1886, S.A., which is an associate.

These companies were proportionately consolidated, except for Escofet 1886, S.A., which was accounted for using the equity method.

Corporación Moctezuma, S.A.B. de C.V. is listed on the Mexican stock exchange. Also, Lafarge Surma Cement Ltd is listed on the Dhaka and Chittagong stock exchanges.

The financial statements of these companies were audited by:

A = Deloitte, S.L.
B = Gassó y Cia. Auditores
C = Galaz, Yamazaki, Ruiz Urquija, S.L. (Deloitte)
D = Hoda Vasi Chowdhury & Co (Deloitte)
E = Deloitte Haskins and Sells
F = KPMG
G = Unaudited financial statements (not subject to statutory audit)

RELEVANT GROUP AGGREGATES

Thousands of euros

Year	2007	2008	2009	2010	2011
Assets	1,039,094	1,165,495	1,258,775	1,740,822	1,749,642
Total equity	546,822	589,107	656,916	871,877	870,432
Sales	816,000	804,606	663,911	808,697	830,661
EBITDA	239,061	220,558	162,120	166,059	154,217
Net profit	117,839	108,556	66,734	65,485	24,300
Dividends for the year	20,496	20,496	15,868	13,223	11,240

Thousands of euros

Year	2007	2008	2009	2010	2011
Breakdown of sales					
Spanish companies	508,850	452,375	325,991	276,032	214,750
Foreign companies	307,150	352,231	337,920	532,665	615,911
Breakdown of net profit					
Spanish companies	67,200	48,724	19,186	-21,226	-19,041
Foreign companies	50,631	59,832	47,548	86,711	43,341

The data have been adapted to International Financial Reporting Standards (IFRSs).

MACROECONOMIC BACKDROP

Year-on-year rates (%)

GDP	2007	2008	2009	2010	2011 (*)
Spain	3.6	0.9	-3.7	-0.1	0.8
Argentina	8.7	6.8	0.9	9.2	7.7
Uruguay	6.7	8.0	1.9	7.7	6.3
Mexico	3.3	1.2	-6.1	5.4	4.1
Bangladesh	6.4	6.2	5.7	6.1	6.7
Tunisia	6.3	4.5	3.2	3.0	-0.8
Construction GDP	**2007**	**2008**	**2009**	**2010**	**2011 (*)**
Spain	2.5	-0.2	-8.0	-7.8	-3.6
Argentina	9.9	3.7	-3.8	5.2	10.1
Uruguay	4.9	7.6	1.0	4.2	4.4
Mexico	4.4	3.1	-7.3	0.0	4.8
Bangladesh	7.0	5.7	5.7	6.0	6.4
Tunisia	6.0	4.9	3.7	4.3	1.5
Inflation	**2007**	**2008**	**2009**	**2010**	**2011**
Spain	4.2	1.4	0.8	3.0	2.4
Argentina	14.6	8.8	10.3	14.6	12.7
Uruguay	16.1	6.4	10.6	8.4	11.1
Mexico	3.8	6.5	3.6	4.4	3.8
Bangladesh	7.2	9.9	6.7	7.3	8.8
Tunisia	3.4	4.9	3.5	4.4	3.5

(*) Third-quarter data.

(*) The data for 2011 relate to the third quarter, except for those corresponding to Bangladesh, which are provisional estimates at June 2011 (Source: Central Banks and national statistics institutes in the various countries).

Spain

2011 began with a slight increase in GDP, but the problems in the debt markets, the adjustment programmes and the uncertainties arising in the world economy and particularly in Europe, led once again to negative GDP growth as the year progressed and to fears of a new period of recession. High unemployment and credit restrictions are hindering the recovery of private consumption and augur for a highly negative outlook for the short and medium term.

The construction industry recorded negative growth rates for the fourth year running. The construction projects that had been in progress came to an end and were not replaced by other new projects as a result of the restrictions brought about by adjustment policies and spending cuts aimed at reducing the public deficit. The effects of the austerity plans quickly spread to the markets, which saw public works activity grind to a halt. Residential building work continued at the minimum levels of preceding periods.

The year ended with inflation of 2.4%, lower than in 2010.

With respect to currency, the euro continued its downward trend against the US dollar in 2011, giving rise to a drop of 3.3% with respect to December 2010.

Focusing on the markets in which the Group companies operate, cement consumption in Spain experienced a fall of 17.2% in 2011 to 20.2 million tonnes, as compared with the 56 million tonnes consumed in 2007. This represents a cumulative drop of 64% in the last four years, falling back to consumption levels similar to those of 1987. Concrete consumption in the market fell by around 16% in 2011, giving a cumulative drop of 52%. with respect to 2008.

In Catalonia, where the Group's cement works in Spain is located, 2.7 million tonnes of cement were consumed, down 21.3% from 2010. In this case, the cumulative decrease in the period from 2007 to 2011 stood at 66%. After these last four years, the market has returned to consumption volumes similar to those last witnessed 25 years ago.

The concrete market in Catalonia also fell back once again in 2011, in this case by 21%, giving a cumulative drop of 53% with respect to 2008.

Argentina

In 2011 Argentina continued to show strong growth. Based on private-sector estimates, Argentine GDP grew by around 6% in 2011. This economic growth was driven by significant private consumption until the third quarter of the year, after which it began to ease.

The sharp drop in real terms in the value of the Argentine peso increased the demand for US dollars, putting pressure on international reserves and triggering a rise in Argentine interest rates. The budget deficit grew and the balance of payments current account surplus was depleted, both of which are pillars of the economic model.

According to data published by the Argentine National Institute of Statistics and Censuses (INDEC), based on the Synthetic Indicator of Construction Activity (ISAC), up to the third quarter of 2011, the industry saw cumulative growth of 10.1% with respect to the same period in 2010.

Also, in 2011 the internal wholesale price index (IPIM) rose by 12.7% compared to 2010, while the official consumer price index published by INDEC increased by 9.5% during the same period.

The Central Bank of Argentina continued with its policy of intervening in the currency market, as a result of which the value of the Argentine peso dropped by 7.6% with respect to the US dollar.

Uruguay

In line with the significant expansion witnessed in 2010 and despite the deterioration of the world economy, the most recent official data concerning Uruguayan economic activity for the third quarter of 2011 showed strong economic growth.

In the period from January to September 2011 economic activity grew by 4.4% with respect to the same period in 2010. Therefore, based on private-sector estimates, in terms of GDP the Uruguayan economy is expected to expand by around 6% in 2011.

On the supply side, economic activity in 2011 was driven by services-related industries. Specifically, in January-September the “Transport and Communications” industry grew by 13%, while “Commerce” expanded by 11% over the same period. On the demand side, all components of private consumption were highly dynamic. In particular, private investment experienced year-on-year growth of 12.5% in the first three quarters of 2011, while private consumption increased by 9.5% over the same period. Public-sector consumption showed scant year-on-year growth in the first nine months of 2011 (3.5%) and public spending dropped by 0.3% in the same period.

The CPI rose by 8.6% in 2011, while the wholesale price index (IPPN) increased by 11.1%.

The value of the Uruguayan peso also rose. At 31 December 2011, the exchange rate had decreased by 1.0% to UYP 19.9/USD 1 with respect to the same date in 2010.

Mexico

Despite pressure in international markets, the Mexican economy once again behaved dynamically in the first half of the year. The second half saw a divestment process as a result of a drop in the value of the Mexican peso against the US dollar to a rate of over MXN 14/USD 1.

In general, companies were able to maintain growth rates in operating terms, although in some cases they were affected by the rise in raw material prices in dollars, which led to a fall in margins and caused exchange losses to reduce net profits. The services and automotive industries fared the best, in the latter case experiencing annual growth of 22%. In general, 2011 was a placid year for the Mexican economy.

GDP grew by 4.8% in the first nine months of the year. The construction industry expanded by 3.8% with respect to 2010, although this growth was not sufficient to enable the industry to return to the levels reported prior to the crisis of 2008. Inflation remained low at 3.8%.

The Mexican peso started the year strong only to fall back sharply in the second half, ending the year with annual depreciation of 11.5% as a result of the volatility of the markets in the euro zone, dropping from MXN 12.4/USD 1 in 2010 to MXN 13.9/USD 1 in 2011.

Bangladesh

The first half of the year (the fiscal year in Bangladesh ends on 30 June) was a period of stability and represented a continuation of preceding periods, with GDP growth of 6.7%, inflation showing signs of an upturn (8.8% at 30 June) and a drop in the value of the taka of around 3.6%.

Less positive signs started to emerge in the second half of the year: restrictive monetary policy, a drop in credit to companies, higher inflation, stagnation in migrant remittances and a sharp drop in the value of the taka towards the end of the year (11.8% fall between October and December).

However, exports are expected to continue to rise and significant efforts are being made to resolve the problem of energy availability, one of the key factors behind economic growth.

Tunisia

Clearly, reference has to be made to the revolution in January 2011, which led to the fall of the political regime then in place and the period of transition towards an incipient democracy.

This process led to the holding of elections for the Constituent Assembly in October 2011 and a new constitution is currently being drafted.

The social impact of these events has been enormous, and Tunisia must now look towards accommodating different legitimate demands that cannot automatically be granted. The economy has worsened and there is significant social instability.

The Tunisian economy was adversely affected by the foregoing and by the situation in neighbouring countries, leading to a slight fall in GDP. Inflation ended the year 3.5%. The Tunisian dinar remained stable against the euro in 2011.

CONSOLIDATED ECONOMIC REPORT

The **Cementos Molins Group's** core business is the manufacture and marketing of cement, concrete, mortars, aggregates and precast concrete products, and it has facilities in Spain, Argentina, Uruguay, Mexico, India, Bangladesh and Tunisia.

The Group's business performance in 2011 had two clearly differentiated parts; on the one hand, the companies that operate in Spain, which were badly hit by the ongoing drop in activity in the Spanish market, which had a significant adverse effect on their indicators and earnings; and, on the other, the Group's companies abroad which, unlike the situation in the Spanish market, are located in growing markets and positive economic environments (Argentina, Uruguay and Mexico) which, combined with the recommencement of certain operations (quarrying in India and manufacturing in Bangladesh) and the effect of the start-up of new facilities (a plant in Apazapan, Mexico), led to very positive results, thereby contributing to the consolidated Group's results. The exception to this positive international scenario can be found in Tunisia, which was affected by the political and social instability in North Africa during the year.

Consolidated sales in 2011 amounted to EUR 831 million, up 2.7% from 2010.

- ✓ The sales of the Spanish companies account for 26% of the total, down 22% from 2010.
- ✓ The foreign subsidiaries account for 74% of consolidated revenue, which, in euro terms, represents a 15.6% increase on the previous year.

The Group companies sold 10.2 million tonnes of Portland cement and clinker in 2011, 9.4% more than in 2010, due to the increase in the volume sold by the companies abroad.

Similarly, in the case of concrete sales, the increase in the number of units sold by the subsidiaries abroad partially offset the decrease at the Spanish companies, with total concrete sales amounting to 3.5 million cubic metres.

The aggregates business fell back by 16.6%. Also, the Group's precast concrete sales of EUR 64 million were down 27% on 2010, due mainly to the impact of building construction and railway products.

EBITDA for 2011 stood at EUR 154.2 million, down 7% on 2010. Consolidated EBITDA resulted from the sound business performance of the investees abroad, and EBITDA as a percentage of sales stood at 19%.

In relation to the investee Lafarge Surma Cement, on 6 July the Indian Supreme Court handed down a decision in favour of the permits obtained to date in connection with the mining operations in Meghalaya (India) where the quarry that supplies limestone to the cement works in Chhatak is located. After having received authorisation from the government of Meghalaya, the company recommenced normal supplies from India and clinker production at the Bangladesh plant in August, and the final formalities for the obtainment of the definitive permits are currently underway.

The investments made in 2011 include most notably those at facilities for waste recovery and for their use as alternative fuel at the Sant Vicenç dels Horts plant in Barcelona; the expansion of the capacity of the Olavarría clinker kiln in Argentina and the work to build the new Kairouan Portland cement works (Sotacib: Kairouan, Tunisia), which is scheduled to come into service in the first quarter of 2012 and has an annual clinker production capacity of 1.2 million tonnes.

Overall, in 2011 investments amounting to EUR 122 million were made at consolidated level.

The Group's net borrowings rose by EUR 58 million compared to EUR 398 million in 2010, representing a ratio of 2.58 times EBITDA.

Consolidated net profit amounted to EUR 24.3 million, 63% lower than in 2010 due to the following factors:

- ✓ In 2010 there were "Other Gains" of EUR 26 million as a result of the effect of the application of IFRS 3 due to the acquisition of an ownership interest of 11.61% in Cementos Avellaneda and Cementos Artigas, giving rise to a holding of 61.61% by the

Group in the two companies. The previously held equity interests in the two companies were remeasured at their acquisition-date fair value, which had a positive net impact of EUR 40 million on the consolidated income statement, which was offset by the impairment loss of EUR 20 million recognised on the goodwill relating to the Tunisian company Sotacib.

Disregarding this effect on the previous year's earnings, the decrease in the net profit would have been 39%, due mainly to:

- ✓ The lower contribution to EBITDA of the Spanish companies.
- ✓ Finance costs of EUR 23 million, up EUR 13 million on 2010, arising from the aforementioned investments.

Consolidated equity totalled EUR 870 million in 2011, in line with that in 2010.

Research, development and innovation

The Cementos Molins Group companies dedicated significant efforts to the R&D+i field in 2011 in order to adapt to market needs. The various activities, which are focused on achieving more sustainable products with improved properties and for a lower cost, are summarised below.

Cementos Molins Industrial focused on areas relating to the production of calcium aluminate clinker. The research made it possible to use bauxites from different sources, recover bauxite fines and dosify them in kilns in the form of briquettes, reduce the volume of fuel used, achieve improvements in the stability of the process and reduce repair shut-down time. This has significantly increased output (25% with respect to 2010), while maintaining the quality of the products and improving their regularity.

Promsa has developed new self-levelling mortars such as PROSILENCE, the main features of which are noise and thermal insulation, thereby increasing the number of products with environmental ecolabels under the ISO 14021 standard. Work continued on the development of new high-performance concretes for specific uses, such as products for large-scale lean pavement work for ballastless track system foundations and concretes for port pavements for the container unloading area of the unincorporated temporary joint venture UTE Terminal Muelle Prat (TERCAT), and a significant volume of funds was invested in the energy recovery of waste, which led to the start-up of a new RDF (refuse-derived fuel) plant.

In 2010 Propamsa acquired Betec, a company specialising in special mortars and chemical products for construction (epoxy and polyurethane resins). As a result of the relocation of production from the Alcobendas plant to the Quer and Sant Vicenç dels Horts plants, new formulas were developed taking into account the requirements of the new UNE-EN 1504 standards while at the same time enhancing the products to meet market needs. Also, a wide range of self-levelling epoxy pavements was launched on the market with an extensive catalogue of colours.

Precon successfully tested the ballastless track system installed at the Madrid AVE high-speed railway, together with the sleeper for three simultaneous gauges in service at Barcelona port. In addition, it is participating in various projects approved by Centre for Industrial Technological Development (CDTI) that uses alternative materials: “Design and development of polymer concrete piping (Tubhorpol)”; “Noise screens made from olive stones (Panolston)”, “Design of alternatives with new configurations for recycled concrete sleepers for high-speed railways, (Ecotrav)” and “New precast recycled concrete ducts for cables, design and optimisation of their installation in construction works (Canaletas)”.

Cementos Avellaneda has developed and launched on the market Portland Composite Cement CPC 40 at its San Luis plant, certified by INTI, which performs similarly to CPF (Portland cement with a limestone filler) but with a higher additive content. It also developed and launched on the market the cement glue Perfecto Porcellanato and commenced a study on the use in cement of other additives such as fly ash, slag and activated clay.

At Hormigones Avellaneda, work progressed on the development of concrete using fly ash, obtaining different designs tailored to customers' needs.

Cementos Artigas also commenced its first studies of cement with fly ash and slag additives.

Hormigones Artigas developed a technology to work with polymeric additives and the use of synthetic structural fibres in concrete.

Product quality and certification

The quality of the Group's products, expressed in the Quality Policy of the various companies, is defined to meet to all the voluntary standards, quality seals, and applicable regulations in each country for each type of industry.

The following events in 2011 are worthy of mention:

At Cementos Molins Industrial, the EC Seal and voluntary AENOR N certifications were renewed for all the cements produced. November also saw the renewal of the certification of the quality management system under the AENOR ISO 9001 standard and the authorisation of the white cement distribution centre by the Spanish Ministry of Industry, Tourism and Trade.

PRECON continued to adapt the Quality System documentation to the new regulatory requirements. Therefore, in order to achieve the EC Seal, the company renewed the documentation that affected the Precast Concrete Products - Stairs (UNE-EN 14843), and work continued on the adaptation of its product technical specifications (ET), specific procedures (PF and PM) and technical instructions (ITI, ITS, ITC and ITF) to the requirements established in the new harmonised European standards (UNE-EN) for precast concrete products, as provided for in Community Directive 89/106/EEC transposed to the Spanish "Instrucción de Hormigón Estructural (EHE)" and "Código Técnico de la Edificación (CTE)" currently in force. Internal and external Integrated Management System audits were also performed as continuous improvement, pursuant to ER certification under the ISO 9001 standard and for the EC Market of the products that have it.

In Argentina, Cementos Avellaneda attended the Congress on the Chemistry of Cement and the Congress on concrete pavements held in Spain. Considerable work was performed in relation to the new products (Cal Hidrat Extra and Perfecto Porcellanato). Certification was received for all the cement products.

The work carried out in Uruguay included most notably that performed by Hormigones Artigas, where construction work commenced on the Ruta 24 road using concrete with synthetic structural fibres, state-of-the-art technology and polymeric additives.

At Cementos Moctezuma, a cement works quality index called GCC (Degree of Achievement of Quality) was established to identify areas in which there are opportunities for improving each of the cement manufacturing stages in order to be able to offer a better product to the market.

In the concrete division, Moctezuma worked towards ensuring that its quality system was implemented at 36 plants in other areas (Bajío-Norte, Sureste and Pacífico), through regular assessments of the processes performed at each plant and the service offered to the customer.

Moctezuma is a member of the Mexican National Accreditation Compact managed by Entidad Mexicana de Acreditación, the aim of which is to strengthen the Mexican Calibration and Accreditation System.

Sotacib renewed its EC Seal for cements through AENOR, in accordance with standard EN 197-1 on ordinary cement, which enables it to be sold as such in all EU countries. It also retained the CCRR (Certificate of Compliance with Regulatory Requirements) from the Spanish Ministry of Industry, Tourism and Trade that certifies compliance with Spanish standards for white cement UNE 80.305, enabling it to be sold as such in Spain.

Human resources

At 31 December 2011, the Cementos Molins Group had a headcount of 4,498 employees, of whom 1,466 belong to the Spanish companies and 3,032 to the investee abroad.

There was a decrease of around 2% in the total number of employees with respect to 2010 as a result of the significant drop (almost 9%) in the headcount of the companies located in Spain and the slight increase in the headcount of the companies abroad (2.1%).

The number of employees only rose at the Latin American investees, including most notably the increases of between 6% and 7% at the subsidiaries in Uruguay and Argentina, in line with the considerable increase in the volume of business in both countries.

10% of the total workforce are women. 14% of the employees of the subsidiaries in Spain are women.

In 2011 the companies continued to provide training at all levels, including most notably that relating to Occupational Risk Prevention in terms of both knowledge of the risks and knowledge of how to prevent them. Also worthy of mention was the work performed in Argentina in the field of "Safe Behaviour" and in Mexico in relation to the implementation of an integral training programme for the commercial area.

At the companies located in Spain, pursuant to the Law on the Social Integration of the Disabled, 2% of a company's vacancies must be reserved for persons of acknowledged disability. This obligation was met, and even surpassed.

Collective bargaining was particularly difficult in Spain as a result of the crisis and in Argentina as a result of high inflation. This did not prevent labour relations from progressing in a climate of complete normality at all the companies thanks to dialogue and negotiation.

As regards communications, the news bulletins continue to be published, including most notably "Clinker", published by Cementos Molins Industrial, "KonKret" published by PROMSA, the newsletter published in Bangladesh and the "Corporación Moctezuma" magazine published in Mexico.

The following actions are worthy of mention in relation to the welfare activities carried out in the communities in which the Group's plants are located:

In Mexico the main activities are: in relation to education, the grant and educational package programmes; in health, the holding of a new edition of "Feria de la Salud", a health fair to promote sport, aid to sports academies and in Tepetzingo to the "las tres "T"" football team; and in relation to social integration, the activities aimed at disseminating environmental and business social values.

The objective of Feria de la Salud is to promote a healthy culture in the community by supporting access to health services in cooperation with municipal and state authorities. The fair is held once a year in areas near the work centres. Worthy of mention this year was the success achieved in this regard by the San Luis Potosí plant, which secured the involvement of the state government.

In both Bangladesh and India social welfare work is performed through health centres, nursery schools and aid for drinking water supplies, and an ambitious aid plan for women is being implemented through the women's professional training centre.

Noteworthy in Argentina and Uruguay are the educational and social cooperation initiatives with schools in the environs of the plants.

The main activities in Tunisia were the rebuilding of a school in Rouissat, the contribution to the industrial promotion fund in Kasserine and the aid provided to youth organisations.

"El Día de Los Árboles y los Áridos" (Tree and Aggregates Day), which is held each year all over Spain in cooperation with the Spanish National Association of Aggregates Manufacturers, was held once again in 2011 with great success, thanks to the participation of a very large number of schoolchildren from the area at PROMSA's "La Falconera" quarry in El Garraf (Barcelona)**.**

Number of persons by company at 31 December

	2007	2008	2009	2010	2011
CEMENTOS MOLINS, S.A.	44	64	68	68	66
CEMENTOS MOLINS INDUSTRIAL	247	255	248	231	215
PROMSA	526	520	478	436	397
PRECON	963	828	772	715	644
PROPAMSA	168	157	140	137	130
RESTO	8	10	10	15	14
SPANISH COMPANIES	**1,956**	**1,834**	**1,716**	**1,602**	**1,466**
CEMENTOS AVELLANEDA	633	649	645	656	700
CEMENTOS ARTIGAS	193	210	209	212	224
CORPORACION MOCTEZUMA	1,097	1,096	1,032	1,133	1,140
SURMA	349	400	419	482	475
SOTACIB	305	301	353	488	493
COMPANIES ABROAD	**2,577**	**2,656**	**2,658**	**2,971**	**3,032**
TOTAL GROUP	**4,533**	**4,490**	**4,374**	**4,573**	**4,498**

Occupational risk prevention

As part of the prevention plans carried out in 2011 by the Cementos Molins Group companies, specific actions were launched aimed at promoting healthy lifestyle habits, reducing accidents at subcontractor companies and monitoring and improving the activities already put into motion.

To this end, monitoring and assessment of the tasks performed with the ultimate aim of improving the safety of the Group's processes were integrated in the system.

In order to be able to reflect the results of these actions, the “Total Frequency Index” was defined, which includes both the accidents of the Group's own employees and those of employees of subcontractor companies that have occurred at the Group's facilities.

The evolution of this Indicator in recent years evidences the drop in accidents achieved.

The preventative action plans envisaged for 2012 address, on the one hand, activities related to training, communication and monitoring of processes that are already in place in the system and, on the other, others aimed at achieving improvements. Noteworthy, by way of an example, is the involvement and participation of all levels in improving health and safety or streamlining the management systems.

Including subcontractor companies:

Frequency indexes

	2007	2008	2009	2010	2011
SPANISH COMPANIES	39.6	23.1	18.3	14.9	14.6
COMPANIES ABROAD	14.1	16.1	11.2	9.2	8.5
TOTAL GROUP	**21.6**	**18.2**	**12.8**	**10.2**	**9.6**

Series modified with respect to prior years as data relating to subcontractor companies are included.
The Frequency Index shows the number of accidents with loss of working days per million hours worked.

INDIVIDUAL COMPANY REPORTS

Cementos Molins Industrial, S.A.U.

Cementos Molins Industrial, S.A.U.'s activity is based on the manufacture and sale of both Portland and calcium aluminate cement. Its production plant is located in Sant Vicenç dels Horts (Barcelona).

The Sant Vicenç dels Horts plant's activity was affected by the performance of the cement market in Catalonia, which was characterised by a lower demand than the previous year and for the fourth consecutive year the plant did not operate at full capacity. As a result of the low order book, kiln and cement mill utilization rates of only 60% and less than 40%, respectively, were achieved.

The production of cement for the year taken as a whole was 24.2% lower than in 2010, and clinker production was 15.5% down, despite the efforts made to boost domestic demand and, above all, exports.

The billings of Cementos Molins Industrial, S.A.U. in 2011 totalled EUR 75.3 million, representing a decrease of 17.9% from 2010. In the Spanish market billings amounted to EUR 63.1 million, whereas sales in the export markets totalled EUR 12.2 million, representing an increase with respect to the preceding year as a result of the significant rise in clinker sales.

Product margins fell, although selling prices remained virtually unchanged in 2011. The sharp increase in the price of electricity in 2011, together with the rise in solid fuel costs, particularly in the first half of the year, had an adverse effect on production costs.

The sale of surplus CO_2 allowances from the period had a positive impact of EUR 2 million on profit or loss.

EBITDA amounted to EUR 12.9 million in 2011, down 32.6% with respect to that obtained in 2010.

Investments in 2011 amounted to EUR 15.6 million. In the third quarter of 2010 the new clinker line (line 6) entered into operation and replaced those existing at that time. In 2011 work continued on various initiatives envisaged in the initial project, such as the investment in three new 450-tonne dispatching silos, which will make it possible to completely refurbish the other existing dispatching points to adapt them in order to comply with the most stringent environmental requirements.

The other investments in the upgrading of facilities, development and cost improvements included most notably:

- ✓ Completion (currently at the trial phase), of the refuse-derived fuel (RDF) recovery facility and the use of the fuel in the calciners in the pre-heating tower. It should be noted that a grant was obtained for this investment as it gave rise to significant energy efficiency and environmental improvements.
- ✓ Completion (currently at the trial phase) of the dried sewage sludge dosifier through the principal burner in the kiln.
- ✓ Improvements to the transportation of clinker to the cement mills, installing new filters and replacing a clinker transporter, thereby significantly reducing atmospheric emissions.

Among the environmental activities of Cementos Molins Industrial in 2011, the following are of particular note:

- ✓ Work continued on the optimisation of the new clinker production line. The energy consumption improvements were consolidated, making it possible to reduce the t CO_2 / t clinker ratio. Significant improvements were also achieved in relation to particle and NOx emissions, in the latter case through a selective non-catalytic reduction (SNCR) system with ammonia injection, brought into service at the beginning of the year.

- ✓ Substantial improvements were also made in the energy recovery field. Trials started using urban waste water sewage sludge as an alternative fuel dosified into the main burner.
- ✓ In February a non-substantial change to the environmental authorisation for the plant was obtained, which envisages the use of refuse-derived fuel (RDF) as an alternative fuel. The first trials using this fuel in the facility designed for this purpose began.
- ✓ The commencement of the use of alternative fuels led to the implementation of new environmental controls and emission limits (heavy metals, TOC, dioxins and furans, etc.).
- ✓ Several meetings of the Sustainability Committee created in 2010 were held. These led to the creation of an external communication channel in this field which is highly valued by both the company and the representatives of the external organisations participating (municipal councils, regional governments and community associations in the area in which the plant is located).
- ✓ Certification of the environmental management system under the UNE-ISO 14001:2004 standard was renewed.

CMI

Thousands of euros

CMI SA	2007	2008	2009	2010	2011
Sales	149,046	135,273	108,065	91,729	75,298
EBITDA	50,107	47,538	29,725	19,172	12,913

Promotora Mediterránea-2, S.A. (PROMSA)

PROMSA manufactures and markets concrete, aggregates and mortar and has a pavement application division and an environmental division, which engages in the recycling and recovery of waste. For this purpose, it has more than 60 facilities in Catalonia, Aragon and Valencia.

Once again in 2011 the construction industry performed poorly as it was badly hit by a marked reduction in public spending on infrastructure.

This situation led to huge competition in the markets, with the concomitant reduction of prices and margins. To cushion this effect, Promsa continued with its wide-reaching efficiency and cost-cutting plan throughout 2011, and it once again applied its diversification and new product and activity development policy.

In this climate, the Promsa Group's revenue totalled EUR 72 million in 2011, down 22.7% on 2010. The company incurred a gross operating loss of EUR 3.8 million, due mainly to the ongoing drop in volumes and prices.

In 2011 the investments of EUR 2.2 million included most notably the construction of a new refuse-derived fuel (RDF) production plant using industrial waste.

The RDF plant commenced operations in November and, for this purpose, a new company, PRONATUR, was formed as a result of the joint venture between Promsa and Saica Nature, a Saica Group company. The plant has the capacity to produce around 40,000 tonnes of RDF, which will be used mainly for Cementos Molins Industrial's new clinker manufacturing line.

PROMSA presented at the Construmat trade fair its new PROMSA GREEN product line, participating in the “Green Data Sheet” sustainability route, and achieved special mention for the following products: ARIPAQ; natural gravel flooring; and COZEN: concrete made with ash from sewage sludge, developed in conjunction with other companies in the industry and universities.

As regards the environment, certification under the UNE-ISO 14001:2004 standard was renewed for the head office, the Terrassa, Zona Franca and La Garriga plants in the concrete business and the Pallejá and Garraf plants for the concrete, aggregates and mortars businesses.

In 2011 the environmental education project continued to be implemented through the “Coneguem una pedrera” programme at the Garraf plant, in which, since inception, more than 1,000 students from schools in the catchment area of the quarry have participated.

PROMSA

Thousands of euros

PROMSA	2007	2008	2009	2010	2011
Sales	234,018	181,509	122,418	93,219	72,067
EBITDA	52,855	31,666	17,756	1,960	-3,828

Prefabricaciones y Contratas, S.A.U. (PRECON)

Precon's activity focuses on the customised design, production and sale of a wide range of precast concrete products for general building construction, public works and railway lines. The company centres its production on its ten plants located throughout Spain.

The Company's revenue in 2011 amounted to EUR 63.6 million, down 27% from 2010, with an uneven performance by business line, especially in sectors related to construction, due to the evolution of the Spanish economy during the year.

Building construction at Precon dropped by 52% with respect to 2010, due to the significant impact of the economic crisis on this line of business. Noteworthy projects were the work for the logistics centre of the Inditex - Zara Group in Tordera (Barcelona), an industrial building for Merkum and Maratlantis in El Puerto de Santa María (Cádiz), several prefabricated buildings for Iberdrola and the construction of industrial buildings in the Arnedo (La Rioja), Cariño (La Coruña) and Villagarcía de Arosa (Pontevedra) industrial estates.

Civil engineering sales increased by 35% with respect to 2010 with the start-up of various projects that had been delayed as a result of the measures adopted by the government in 2010 in an attempt to reduce the budget deficit. Particularly noteworthy construction projects were the widening of the San Rafael - Villacastín (Segovia) stretch of the AP-6 toll road, the pergola for the Palanquines - Onzonilla (León) stretch of the Valladolid - Palencia - León high-speed railway line, the bridges on the SE-40 road (Seville), at the L. P. Navarra - Tiermas junction (Zaragoza) of the Autopista del Pirineo A-21 motorway, on the Celanova - Portuguese border (Ourense) stretch of the A-52 road and on the Ronda Bahía de Santander (Cantabria) road, together with the work for the Mollet - Montornés del Vallés (Barcelona) stretch of the Madrid - Zaragoza - Barcelona - French border high-speed railway line and for the El Cuervo - Jerez airport (Cádiz) stretch of the Seville - Cádiz high-speed railway line.

The railway product business of Precon decreased by 47% with respect to 2010 due to the delay in the call for tenders and award by ADIF of the new high-speed train network projects and of the projects for the renewal and maintenance of the traditional lines.

The performance of this activity, together with the achievement of similar business margins in 2011 led the company to incur a gross operating loss of EUR 3.2 million.

Investments in 2011 amounted to EUR 1.5 million. They were earmarked mainly for maintaining production capacity, improving product quality, occupational risk prevention and new R&D+i projects.

The capital of Precon (Linyi) Construction Co. Ltd., amounting to EUR 2 million, was disbursed. This company's object is to develop the precast concrete business in China, where operations are expected to commence in the second half of 2012 through the facility being built in Linyi (China).

PRECON

Thousands of euros

PRECON	2007	2008	2009	2010	2011
Sales	125,262	139,652	96,465	87,142	63,624
EBITDA	17,667	20,949	8,945	2,990	-3,236

Propamsa, S.A.U.

Propamsa is the Group company specialising in the manufacture and sale of tile, single-layer and special mortars.

The general situation in the market in which the company operates continued to worsen. In new construction work, fewer than 100,000 housing units were initiated in 2011 and the volume of business continued to drop as the construction work was completed. As regards refurbishments, the scant level of confidence in the economy and high unemployment were not conducive to private individuals undertaking reforms in their homes. The outdoor insulation market remained stable, although significant growth is expected in the coming years.

For Propamsa, the positive point of the year was its greater market penetration in Eastern and Northern Spain as a result of the investments made in 2010. The new Valencia plant is making it possible to service customers in the area, and its location has also led to certain exports. The Munguía depot in Northern Spain confirmed the Group's firm commitment to that market, which customers have appreciated and has consolidated the Group's presence in a market where just three years ago it did not have a presence.

The new Betec product line led to growth in a broad range of articles, thereby catering for the company's warehouse customer needs.

The manufacturing of products at five facilities made it possible to rationalise production and logistics. The Betec special mortars are manufactured in Quer and production of the epoxy products was relocated to the Sant Vicenç dels Horts plant. This led to improved quality and cost savings in relation to the special products.

The acquisition of Betec in 2010 has made a valuable technological contribution thanks to the extensive experience of the technical team of that company, which is the pioneer in Spain in the manufacturing of high-resistance non-shrink grout and of a very wide range of construction chemicals. The Betec R&D+i laboratory was relocated to the Sant Vicenç dels Horts central laboratory.

This product line provided a new boost for Propamsa, enabling it to be able to offer more technologically advanced solutions for civil engineering, construction, upkeep and repair, industry and refurbishment.

In 2011 sales totalled EUR 30 million and EBITDA amounted to EUR 1.9 million.

PROPAMSA

Thousands of euros

PROPAMSA	2007	2008	2009	2010	2011
Sales	52,898	48,959	36,242	34,056	30,031
EBITDA	8,706	6,089	2,389	2,773	1,883

Cementos Avellaneda, S.A. (Argentina)

Cementos Avellaneda is an Argentine company that manufactures and sells Portland cement, mortar, lime, tile cement and concrete. It has two cement works and seven concrete plants. At the beginning of 2010, Cementos Molins increased its ownership interest in the company from 50% to 61.61% of its share capital.

The cement market reached 11.4 million tonnes in 2011, representing an increase of 11.7% with respect to the previous year. Per capita consumption in 2011 was 278 kg, which was up 10.3% on 2010.

In the same period the company's sales volume of all products grew by 15.7% as a result of the activities performed to increase market penetration.

The concrete business volume rose by 22.4% with respect to the preceding year.

Profits dropped slightly from 2010. EBITDA totalled EUR 49 million in 2011, down 5.3% from 2010, due mainly to the need to import clinker, which was more expensive than that produced in-house, and to the drop in value of the Argentine peso against the euro.

As regards investments, in 2011 the company continued to make investments aimed at increasing production capacity, infrastructure improvements and expediting shipping operations. The most significant are as follows:

- ✓ At the Olavarría plant, clinker kiln no. 3 was expanded, the gear of cement mill no. 9 was replaced, the conveyor belt at the exit of furnace no. 4 was changed, the truck esplanade was extended and the driver service centre building for the use of drivers was built. Work continued on the automation of the truck weighing stations and two new weighing stations were added in order to expedite shipment.

- ✓ At the San Luis plant supplementary construction work was performed at the peanut shell grinding facility at the supplier's plant in order to ensure continuity of supply. Prospecting work commenced at the Caliminas limestone deposit.

- ✓ In the concrete division, the facilities at the new Pompeya plant were completed and the facilities, cement mixer fleet and operating equipment were expanded.

- ✓ The company continued to invest in maintenance, health and safety and environmental protection pursuant to the annual plan approved.

In 2011 the environmental management systems under the ISO 14001: 2004 standard continued to be implemented and maintained at the cement and concrete plants, and the integrated annual quality and environment programme passed internal and external audits.

As regards the Concrete Division, the company managed to continue operations at Pompeya -a new model plant located in the city of Buenos Aires- within a complex legal and environmental context.

At the San Luis plant certification under the ISO 14001:2004 standard was renewed and the second follow-up audit under the ISO 9001:2008 standard with the accreditation body TÜV Rheinland Argentina, S.A. for the scope: Portland cement and cement for masonry production, sales and technical assistance, was passed. This Cementos Avellaneda plant is the only plant that is certified under international standards.

Work continued on the monitoring of CDM (Clean Development Mechanism) projects registered at the UN for the Olavarría and San Luis plants, and on the verification of the associated Certified Emission Reductions (CERs).

The development of alternative fuels is a cornerstone of the company's environmental policy. 2011 saw the continuation of trials for the use of alternative fuels based on waste from local industries, including, inter alia, peanut shells and glycerol. A stable level of around 40% of production at San Luis using sustainable fuels as a replacement for traditional fuels has been achieved.

Thousands of euros

C. AVELLANEDA	2007	2008	2009	2010	2011
Assets	89,668	114,902	124,127	144,907	179,004
Equity	47,378	64,698	73,882	91,446	115,387
Sales	133,782	145,299	144,793	189,233	233,864
EBITDA	43,604	37,962	36,364	52,096	49,334
Net profit	25,271	18,988	18,192	29,601	27,420

Cementos Artigas, S.A. (Uruguay)

This Uruguayan company has a clinker manufacturing plant in the locality of Minas, a mill in Sayago and four concrete plants, focussing its activity on the production and sale of Portland cement, mortar, concrete and aggregates. The company has belonged to the Cementos Molins Group since 1991, although the ownership interest held by the Group was increased from 50% to 61.61% in 2010.

Revenue, in euros, increased by 34% in 2011, for several reasons:

- ✓ Exports (to Paraguay and Brazil) increased by around 31%.
- ✓ Sales of Portland cement grew by 15% in the domestic market with respect to 2010. Clinker shipments rose by 43.5% during the same period.
- ✓ Concrete sales were 37.1% higher than in 2010.
- ✓ Aggregate operations were reactivated as a result of the letter of intent signed in April 2011 with the Teyma-Sacem consortium for the Montes del Plata construction project. 45 thousand tonnes were shipped in 2011.

Profits increased with respect to 2010. EBITDA amounted to EUR 22.6 million, representing a rise of 26.2% compared to that obtained in 2010, boosted by the growth in sales.

The most significant investments made in 2011, which qualified for substantial tax benefits, were as follows:

- ✓ At the Sayago plant, the new Ventomatic Gev-14 rotary packer came into service, which made it possible to sell 25 kg bags of cement in the market; the bag storage facilities were expanded; a new weighing station was installed and the internal and external plant access routes were reorganised.

- ✓ In the concrete division, concrete mixers and supplementary equipment were acquired for the Montes del Plata project, together with computer equipment.

- ✓ In the aggregates division, a grinding plant was acquired for the municipality of Conchillas.

It should be noted that in 2011 Cementos Artigas announced that, together with its parents, Cementos Molins and Votorantim Cimentos, and ANCAP (Administración Nacional de Combustibles, Alcoholes y Portland), a state-owned company in Uruguay involved in the production of petroleum products, Portland cement and alcoholic beverages, it will commence the construction of a new state-of-the-art Portland cement production plant in Paraje Otazo, 45 km from the department capital of Treinta y Tres.

Around USD 150 million will be required for the construction of this new plant. Its annual cement output is expected to reach 750 thousand tonnes, which will be used to supply Southern Brazil.

Work continued in 2011 on the monitoring of CDM (Clean Development Mechanism) projects registered at the UN for the Minas plant, and on the verification of the associated Certified Emission Reductions (CERs).

The development of alternative fuels is a cornerstone of the company's environmental policy. 2011 saw the continuation of trials for the use of alternative fuels based on waste from local industries, including, inter alia, rice husks and glycerol. A stable level of above 40% of production at Minas using sustainable fuels as a replacement for traditional fuels has been achieved.

Thousands of euros

C. ARTIGAS	2007	2008	2009	2010	2011
Assets	41,918	50,518	61,833	64,151	85,007
Equity	34,274	41,020	54,005	52,525	71,141
Sales	37,389	50,709	48,067	64,038	85,977
EBITDA	9,831	13,064	10,626	17,949	22,647
Net profit	6,050	10,754	4,399	15,947	19,829

Corporación Moctezuma S.A.B. de C.V. (Mexico)

Located in Mexico, the company object of Corporación Moctezuma is the production and sale of cement, concrete and mortar. Cementos Molins owns 33% of its shares and control is shared with the Italian cement company Buzzi Unicem.

At Corporación Moctezuma the volume of cement sales grew by 13.7%; whereas that of concrete sales dropped by 2.6%.

Revenue, in euros, increased by 10% to EUR 472 million in 2011. As regards production costs, the 22.9% increase in local fuel prices and the 12.5% rise in electricity tariffs were worthy of mention.

In the cement field, the challenge of a market with modest growth was overcome thanks to a significant marketing drive and the use of the new facilities in Apazapan, Veracruz.

Supported by the commencement of operations in Apazapan (at the end of 2010), cement was sold in the South East/Peninsula market in a more dynamic way, significantly reducing the logistics costs previously incurred when having to supply the product from Tepetzingo. The Apazapan plant has increased the company's presence in the South East/Peninsula market.

In addition, the company increased its presence in the State of Sinaloa and operations commenced in the State of Sonora, meaning that at the end of 2011, Corporación Moctezuma had a presence in 29 states.

Another important objective was to improve the positioning of the Cementos Moctezuma brand. For this purpose, in 2011 several strategies were implemented, including most notably a greater emphasis on the production and sale of packaged products; the holding of the twelfth annual convention of distributors; and the strengthening of the company's marketing campaigns, such as the advertising of the Cementos Moctezuma brand on the exterior of the premises of the company's distributors.

The increase in production capacity, the excellent geographical location close to Veracruz port, the obtainment of an adequate transport price and an attractive margin made it possible, for the first time in the company's history, to export its products, and 10,000 tonnes of cement were exported to Brazil.

Particular emphasis was placed on the optimisation of costs, as a result of which significant savings were achieved in terms of energy use, internal transportation of materials and the use of additives.

In the concrete field, following significant growth in 2010, in 2011 the company's presence was strengthened in the 17 states in which it operates. Despite this, sales dropped by 2.6% with respect to 2010, mainly because 2010 was a year of exceptional sales as a result of the significant construction projects that were completed in 2010 or at the beginning of 2011. Also, there were some delays in the commencement of the construction projects scheduled for 2011.

Representative projects in which the Concrete Division participated, and which demonstrate the quality of the product, included most notably the second level of the Mexico City orbital; the Atotonilco black water treatment plant; the Altamira Tamaulipas port terminal; the Banco Santander Call Centre in Querétaro; and the Castillo de Chapultepec auditorium in Durango.

EBITDA amounted to EUR 163 million, up 5.7% on 2010, giving rise to a net profit of EUR 93.8 million.

Noteworthy in relation to investments in the cement area were the completion of the Apazapan plant in the State of Veracruz; the acquisition of land for the clay conveyor belt in Tepetzingo; the acquisition of land for the construction of a petcoke warehouse in Veracruz; and the acquisition of land for clay reserves in Cerritos.

The investments in the concrete area included most notably the construction of the Central plant; the refurbishment of the Eulalia Guzman and Iztapalapa plants in Mexico City; the replacement of concrete mixers; and investments relating to the reinforcement of plant safety.

Thousands of euros

C. MOCTEZUMA	2007	2008	2009	2010	2011
Assets	594,500	467,844	507,669	676,336	649,656
Equity	508,785	396,412	436,101	557,057	536,648
Sales	421,311	405,524	358,127	428,148	471,640
EBITDA	179,824	157,600	138,353	154,524	163,307
Net profit	118,291	119,427	99,288	85,268	93,799

Lafarge Surma Cement Limited (Bangladesh)

Based in Bangladesh, Surma Cement engages in the manufacture and sale of cement. Cementos Molins and Lafarge together hold 60% of its share capital. The other shares are almost all owned by local shareholders, since International Finance Corporation (IFC) and Asian Development Bank (ADB) sold their ownership interests. The company is listed on the Dhaka and Chittagong stock exchanges.

The company's natural market is Bangladesh, which maintained its high rate of growth in consumption in 2011.

Since April 2010 activities at the Group's quarry in India, which supplies limestone to the Bangladesh plant, have been suspended. In August 2011 the State of Meghalaya, following instructions from the Indian Ministry of Environment and Forests authorised the recommencement of operations. That same month clinker production recommenced and own cement sales restarted in September.

Therefore, in the early part of the year clinker had to be purchased in order to be able to meet demand. From August onwards, once operations at the quarry had recommenced, the market could once again be served with cement produced using the Group's own clinker. As a result, EBITDA amounted to EUR 4 million, although borrowing costs once again gave rise to a net loss.

The most salient feature of the year, other than the recommencement of operations, was a one share for every existing share capital increase at par (effective amount of around USD 77 million), which enabled local high-cost borrowings to be repaid and the company's solvency to be restored.

Thousands of euros

SURMA CEMENT	2007	2008	2009	2010	2011
Assets	176,022	188,892	177,616	194,441	189,484
Equity	32,582	39,376	52,593	37,914	69,812
Sales	25,280	61,489	78,245	61,421	58,485
EBITDA	2,000	25,446	29,652	-6,075	3,679
Net profit/loss	-15,942	7,471	15,169	-18,177	-18,939

Société Tuniso-Andalouse de Ciment Blanc "SOTACIB" and SOTACIB KAIROUAN (Tunisia)

The acquisition in 2007 of SOTACIB gave the Molins Group a foothold in Tunisia. It has a plant in the city of Feriana engaging in the production and sale of white cement.

SOTACIB's operations in 2011 were obviously badly hit by the socio-political events in Tunisia.

The plant's activities and the market were affected at different times of the year by this social turbulence. These disturbances affected production, distribution and sales.

This revolution spread to Libya and triggered a war, which eliminated a very important market for the company in 2011.

All of this adversely affected the company's bottom line.

SOTACIB Kairouan was set up in parallel to the white cement activities in order to build a grey cement plant. It should be noted that in 2011 efforts continued to build the plant in the municipality of Jebel Rouissat (Kairouan, Tunisia), which has practically been completed and has been at the trial phase (clinker production) since the end of 2011. It is expected to fully come into service in the first quarter of 2012.

The cement is currently at the preparation and accreditation phase. The first sales are expected to be made in the first quarter of 2012.

We consider, and hope, that the social turmoil will abate this year and that we will be able to carry on our business activities with a greater degree of normality.

Thousands of euros

SOTACIB GROUP	2007	2008	2009	2010	2011
Assets	40,296	140,942	203,196	283,919	312,026
Equity	28,550	82,074	114,268	129,663	120,228
Sales	22,521	22,835	23,861	38,086	33,559
EBITDA	6,298	4,948	3,813	3,919	-298
Net profit/loss	5,115	3,730	2,300	-3,815	-8,630

Main business risks

The Cementos Molins Group carries on its activities in various businesses, all related to cement, cement by-products and building materials and in highly diverse geographical areas, both in Spain and abroad.

These circumstances give rise to certain risks such as:

- industry risks, with particular consideration of environment and occupational risk prevention;
- operating risks inherent to the market in which the Group operates;
- risks arising from the economic environment depending on the country in question, with an impact on exchange rates;
- regulatory risks affected by the various tax, industry and environmental regulations.

This directors' report indicates the impacts, if any, of these risks on 2011 earnings.

Treasury share transactions

At the beginning of 2011 Cementos Molins Industrial, S.A.U. held 1,221,417 shares of the Parent. Also in 2011, 120,245 shares were purchased for EUR 1 million.

Outlook for the Group

In 2012 we expect the activities of the companies operating in domestic markets to remain at low levels, which will be mitigated by the sound performance of the Group companies abroad, leading to an increase in consolidated profit.

Events after the reporting period

No further significant events that might have a material impact on the Group's equity have taken place since 31 December 2011.

Capital structure

Cementos Molins' share capital amounts to nineteen million eight hundred and thirty-four thousand seven hundred and one euros (EUR 19,834,701), divided into 66,115,670 ordinary shares of a single series, of thirty eurocents (EUR 0.30) par value each. The share capital has been fully subscribed and paid.

The most recent modification was made on 30 June 2005.

Restrictions on the transferability of the shares

There are no restrictions on the transferability of the shares.

Significant direct and indirect ownership interests

Owner	Ownership interest No. of shares	%	Par value in euros
Noumea, S.A.	21,213,595	32.086%	6,364,079
Cartera de Inversiones C.M., S.A.	15,868,000	24.000%	4,760,400
Inversora Pedralbes, S.A.	11,160,000	16.880%	3,348,000
Otinix ,S.A.	10,464,000	15.827%	3,139,200

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholder agreements

On 20 January 2011, the Group notified the Spanish National Securities Market Commission (CNMV) of the “Vote and Share Syndication Agreement" entered into on 15 January 2011 by the syndicated shareholders of Cementos Molins, S.A., which supersedes the previous agreement entered into on 15 December 2003. A copy of the full agreement entered into is attached hereto. This agreement was submitted for filing at the Mercantile Registry of Barcelona.

The significant shareholders involved in the agreement and their respective ownership interest therein is as follows:

Parties to shareholders' agreement	% of share capital affected
Cartera de Inversiones C.M. S.A.	24.000
Noumea S.A.	23.358
Inversora Pedralbes S.A.	16.880
Otinix S.A.	15.827

Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Company’s bylaws

The shareholders at the General Meeting or, where appropriate, the Board of Directors shall have the power to designate the members of the Board in conformity with the Spanish Limited Liability Companies Law and the bylaws.

To hold a directorship it is not necessary to be a shareholder, except in the case of an appointment through co-optation to cover vacancies arising during the period of appointment of directors, in which case the Board may designate those persons from among the shareholders to occupy such vacancies until the following General Meeting.

The Board of Directors currently has twelve members. Directors are appointed by the shareholders at the General Meeting for a maximum of five years, although they may be re-elected on an indefinite basis for periods of up to five years each, except for the directors considered to be independent, who shall not remain in their position as independent directors for a continuous period of more than twelve years.

The proposals to appoint or re-elect directors that are submitted to the shareholders at the General Meeting by the Board of Directors, and the appointments through co-optation, shall be approved by the Board of Directors

(i) upon the proposal of the Remuneration and Nomination Committee in the case of independent directors, or
(ii) following a report of the Remuneration and Nomination Committee in the case of the other directors.

At all times, the shareholders at the General Meeting may resolve to remove the directors when deemed appropriate for the interests of the Company. Persons declared incompatible to the extent of and in accordance with the conditions established in the Law regarding incompatibilities, and any other that amends or amplifies it, are prohibited from occupying positions at the Company and, as the case may be, discharging them.

The directors shall cease to sit on the Board when the period for which they were appointed elapses, and in all other cases provided for by law, the bylaws or the Board regulations.

Any amendment to the bylaws must be resolved by the shareholders at the General Meeting and shall meet the requirements of the Spanish Limited Liability Companies Law.

Powers of the directors

Article 24 of the bylaws states in this connection that the Board of Directors, which must act as a collective body in representation of the Company, may undertake and carry out any and all actions included in the company object and exercise all the powers that are not expressly reserved by law or by the bylaws for the shareholders at the General Meeting. The same article states that the presentation of accounts and balances to the General Meeting or the powers granted by the shareholders to the Board of Directors may not be delegated, unless expressly authorised by the former.

Of the members of the Board of Directors, only the Chief Executive Officer has been conferred powers to act individually, on the basis of the powers listed at the time of his appointment.

Significant agreements that may be amended or terminated in the event of a change in control

The Company has entered into and deposited two shareholders agreements at the CNMV for public knowledge.

The first, relating to the subsidiary Fresit, B.V. entered into on 15 May 2009 by Cementos Molins, S.A. and Cemolins Internacional, S.L.U., of the one part, and Buzzi Unicem, SpA and Buzzi Unicem Internacional, S.à.r.l., of the other part.

The second, relating to Cementos Avellaneda, S.A. (Argentina) and Cementos Artigas, S.A. (Uruguay), entered into on 26 January 2010, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U., of the one part, and the Votorantim Group, of the other part.

Both agreements envisage that the change of control by either of the parties grants the other party a pre-emption right on the ownership interest held by the party which modifies its control of the companies governed by the agreement.

Agreements between the Company, the directors, executives or employees that provide for termination benefits upon termination of the relationship with the Company as the result of a takeover bid

Once an agreement entered into by the Company and an executive envisages a termination benefit equal to 45 days' salary (based on the gross annual remuneration) per year of service, up to a maximum of 42 months' monetary remuneration at the date of termination, as provided for in Article 10.3-d of Royal Decree 1382/1985, i.e. in the event of succession of the Company or a significant change in the ownership thereof that results in a renewal of its governing bodies or the substance and approach of its main business.

Annual Corporate Governance Report

The Annual Corporate Governance Report is attached as an Appendix to this 2011 Consolidated Directors' Report of the Cementos Molins Group and is an integral part hereof.

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

ISSUER'S PARTICULARS

REPORTING DATE: 31/12/11

Employer identification number: A-08017535

Company name: CEMENTOS MOLINS, S.A.

MODEL ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

For a better understanding of the model and subsequent preparation of the report, please read the instructions at the end before filling it in.

A - OWNERSHIP STRUCTURE

A.1 Fill in the following table on the company's share capital:

Date of last change	Share capital (EUR)	Number of shares	Number of voting rights
30/06/05	19,834,701.00	66,115,670	66,115,670

Indicate whether there are different classes of shares carrying different rights:

NO

A.2 List the direct and indirect holders of significant ownership interests in the company at year-end, excluding directors:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting power
JOAQUÍN Mª MOLINS GIL	0	15,868,000	24.000
OTINIX, S.A.	10,464,000	0	15.827

Detail the most significant changes in the shareholder structure during the year:

A.3 Fill in the following tables on the members of the company's Board of Directors who own voting shares in the company:

Name or company name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting power
CASIMIRO MOLINS RIBOT	41,350	500,000	0.819
JUAN MOLINS AMAT	41,471	0	0.063
CARTERA DE INVERSIONES C.M., S.A.	15,868,000	0	24.000
EMILIO GUTIÉRREZ FERNÁNDEZ DE LIENCRES	1,000	0	0.002
FORO FAMILIAR MOLINS, S.L.	377	0	0.001
INVERSORA PEDRALBES, S.A.	11,160,000	0	16.880
JOAQUIM MOLINS AMAT	70	0	0.000
JOAQUÍN Mª MOLINS LÓPEZ-RODÓ	24,910	8,500	0.051
JOSÉ ANTONIO PUJANTE CONESA	50	0	0.000
MIGUEL DEL CAMPO RODRÍGUEZ	1,000	0	0.002
NOUMEA, S.A.	21,213,595	0	32.086
ANA Mª MOLINS LÓPEZ-RODÓ	45,560	0	0.069

Name or company name of holder of indirect ownership interest	Through: Name or company name of direct holder of the ownership interest	Number of direct voting rights	% of total voting power
CASIMIRO MOLINS RIBOT	FUNDACION DESARROLLO Y COOPERACION INTERNACIONAL AND CASIMIRO MOLINS RIBOT	500,000	0.756

% of total voting power held by the Board of Directors	73.970

Fill in the following tables on the members of the company's Board of Directors who hold rights over shares in the company:

A.4 Indicate, as appropriate, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business:

A.5 Indicate, as appropriate, any relationships of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

A.6 Indicate whether the company has been notified of any shareholders agreements that affect it in accordance with Art. 112 of the Spanish Securities Market Law (LMV). If so, provide a brief description and list the shareholders that are party to the agreement:

YES

% of share capital involved:
24
Brief description of the agreement:
VOTE AND SHARE SYNDICATION AGREEMENT

Parties involved in the shareholders' agreement
CARTERA DE INVERSIONES C.M., S.A.

% of share capital involved:
23.358
Brief description of the agreement:
VOTE AND SHARE SYNDICATION AGREEMENT

Parties involved in the shareholders' agreement
NOUMEA, S.A.

% of share capital involved:
16.880
Brief description of the agreement:
VOTE AND SHARE SYNDICATION AGREEMENT

Parties involved in the shareholders' agreement
INVERSORA PEDRALBES, S.A.

% of share capital involved:
15.827
Brief description of the agreement:
VOTE AND SHARE SYNDICATION AGREEMENT

Parties involved in the shareholders' agreement
OTINIX, S.A.

Indicate whether the company is aware of any concerted action among its shareholders. If so, provide a brief description:

NO

Expressly indicate any amendment to or termination of such agreements or concerted action during the year:

Yes. On 20 January 2011, the company and the CNMV were informed of a new Vote and Share Syndication Agreement which replaced the one entered into on 15 December 2003. This Agreement was filed at the Mercantile Registry of Barcelona.

A.7 Indicate, stating the name thereof, if applicable, whether any natural or legal person exercises, or can exercise, control over the company, in accordance with Article 4 of the Securities Market Law. If so, provide a description:

NO

A.8 Fill in the following tables on the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
0	1,341,662	2.029

(*) Through:

Name or company name of direct holder of ownership interest	Number of direct shares
CEMENTOS MOLINS INDUSTRIAL, S.A.U.	1,341,662
TOTAL	1,341,662

Give details of any significant changes during the year, in accordance with Royal Decree 1362/07:

Gains/(Losses) on treasury shares disposed of during the year (thousands of euros)	0

A.9 Give details of the conditions and time period of the current authorisation from the shareholders at the General Meeting for the Board of Directors to acquire or transfer treasury shares.

The shareholders at the General Meeting of 26 May 2010 adopted the following resolution, being item SIX on the agenda:

To authorise and empower the Board of Directors of Cementos Molins, S.A. and those companies of which CEMENTOS MOLINS, S.A. is the Parent to acquire, as permitted by law, the shares of CEMENTOS MOLINS, S.A. within the limits and with the following requirements:

a) The par value of the shares acquired, in addition to those already held by CEMENTOS MOLINS, S.A. and its subsidiaries, may not at any time exceed 10% of the total share capital.

b) The acquisition, including the shares that the company may have acquired previously and held in its portfolio, must not cause equity to be less than share capital plus the legal or restricted bylaw reserves.

c) The acquired shares must be fully paid.

d) Acquisitions for valuable consideration must be performed at a minimum price of the par value applicable of the shares and a maximum price of the quoted price at the date of acquisition, and with express compliance with the other legal requirements.

e) This authorisation is established for a period of five years, as of the date hereof, 26 May 2010, without prejudice to the situations provided for under the Law, such as unrestricted acquisition.

A.10 Indicate any legal or bylaw restrictions on the exercise of voting rights and any legal restrictions on the acquisition or transfer of ownership interests in the share capital. Indicate whether there are any legal restrictions on the exercise of voting power:

NO

Maximum percentage of voting rights that may be exercised per shareholder due to legal restrictions	**0**

Indicate whether there are any bylaw restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that may be exercised per shareholder due to by-law restrictions	**0**

Indicate whether there are any legal restrictions on the acquisition or transfer of ownership interests in the share capital:

NO

A.11 Indicate whether the shareholders at the General Meeting have resolved to take measures to neutralise a takeover bid pursuant to Law 6/2007.

NO

Explain any measures approved and the situations in which the restrictions would be inoperative:

B - MANAGEMENT STRUCTURE OF THE COMPANY

B.1 Board of Directors

B.1.1 Detail the maximum and minimum number of directors as per the bylaws:

Maximum number of directors	**16**
Minimum number of directors	**6**

B.1.2 Fill in the following table with the directors' particulars:

Name or company name of director	Representative	Position on the Board	Date of first appointment	Date of last appointment	Appointment procedure
CASIMIRO MOLINS RIBOT	--	CHAIRMAN	15/11/45	03/06/09	VOTE AT GENERAL MEETING
JUAN MOLINS AMAT	--	DEPUTY CHAIRMAN AND CHIEF EXECUTIVE OFFICER	19/06/67	28/06/07	VOTE AT GENERAL MEETING
CARTERA DE INVERSIONES C.M., S.A.	JOAQUIN Mª MOLINS GIL	SECOND DEPUTY CHAIRMAN	26/06/96	03/06/09	VOTE AT GENERAL MEETING
EMILIO GUTIÉRREZ FERNÁNDEZ DE LIENCRES	--	DIRECTOR	21/06/02	28/06/07	VOTE AT GENERAL MEETING
FORO FAMILIAR MOLINS, S.L.	ROSER RÀFOLS VIVES	DIRECTOR	28/06/07	28/06/07	VOTE AT GENERAL MEETING
INVERSORA PEDRALBES, S.A.	MARÍA REGINA MOLINS LÓPEZ-RODÓ	DIRECTOR	26/06/96	03/06/09	VOTE AT GENERAL MEETING
JOAQUIM MOLINS AMAT	--	DIRECTOR	15/06/01	03/06/09	VOTE AT GENERAL MEETING
JOAQUÍN Mª MOLINS LÓPEZ-RODÓ	--	DIRECTOR	29/07/09	26/05/10	VOTE AT GENERAL MEETING
JOSÉ ANTONIO PUJANTE CONESA	--	DIRECTOR	03/09/04	28/06/07	VOTE AT GENERAL MEETING
MIGUEL DEL CAMPO RODRÍGUEZ	--	DIRECTOR	21/05/02	03/06/09	VOTE AT GENERAL MEETING
NOUMEA, S.A.	PABLO MOLINS AMAT	DIRECTOR	26/06/96	28/06/07	VOTE AT GENERAL MEETING
ANA Mª MOLINS LÓPEZ-RODÓ	--	DEPUTY SECRETARY AND DIRECTOR	21/06/02	28/06/07	VOTE AT GENERAL MEETING

Total number of directors	**12**

Indicate any removals of directors during the year:

B.1.3 Fill in the following tables on the members of the Board and their status:

EXECUTIVE DIRECTORS

Name or company name of director	Committee proposing appointment	Position per company organisation chart
JUAN MOLINS AMAT	NOMINATION AND REMUNERATION COMMITTEE	CHIEF EXECUTIVE OFFICER

Total number of executive directors		1
Total % of Board		8.333

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name or company name of director	Committee proposing appointment	Name or company name of significant shareholder represented or proposing appointment
CASIMIRO MOLINS RIBOT	--	INVERSORA PEDRALBES, S.A.
CARTERA DE INVERSIONES C.M., S.A.	--	CARTERA DE INVERSIONES C.M., S.A.
EMILIO GUTIÉRREZ FERNÁNDEZ DE LIENCRES	--	CARTERA DE INVERSIONES C.M., S.A.
FORO FAMILIAR MOLINS, S.L.	--	NOUMEA, S.A.
INVERSORA PEDRALBES, S.A.	--	INVERSORA PEDRALBES, S.A.
JOAQUIM MOLINS AMAT	--	NOUMEA, S.A.
JOAQUÍN Mª MOLINS LÓPEZ-RODÓ	--	INVERSORA PEDRALBES, S.A.

Name or company name of director	Committee proposing appointment	Name or company name of significant shareholder represented or proposing appointment
JOSÉ ANTONIO PUJANTE CONESA	--	CARTERA DE INVERSIONES C.M., S.A.
NOUMEA, S.A.	--	NOUMEA, S.A.
ANA Mª MOLINS LÓPEZ-RODÓ	--	INVERSORA PEDRALBES, S.A.

Total number of proprietary directors		10
Total % of Board		83.333

INDEPENDENT NON-EXECUTIVE DIRECTORS

OTHER NON-EXECUTIVE DIRECTORS

Name or company name of director	Committee proposing appointment
MIGUEL DEL CAMPO RODRÍGUEZ	-

Total number of non-executive directors	1
Total % of Board	8.333

Give details of the reasons why they cannot be considered proprietary or independent directors and of their relationship links with the company and its executives or shareholders.

Name or company name of director

MIGUEL DEL CAMPO RODRÍGUEZ

Company, director or shareholder with which that person maintains a link

SOCIETE TUNISO-ANDALOUSE DE CIMENT BLANC SOCIETÉ ANONYME SOTACIB, S.A.

Reasons

He cannot be considered a proprietary director due to his small ownership interest in the share capital of Cementos Molins, S.A.

He cannot be considered an independent director because he has been a director and advisor to SOTACIB, S.A. and SOTACIB KAIROUAN, S.A., which are investees of Cementos Molins, S.A.

Indicate any changes in the status of each director that may have occurred during the year:

B.1.4 Explain the reasons for the appointment of any proprietary directors at the request of shareholders controlling less than 5% of the share capital.

Indicate any rejection of a formal request for a place on the Board from shareholders whose ownership interest is equal to or greater than that of others whose nomination of proprietary directors was accepted. Explain the reasons for the rejection.

NO

B.1.5 Indicate whether any directors resigned from office before the expiration of their term of office, whether and in what manner the director explained the reasons for resignation to the Board and, in the event that resignation was tendered in writing to the Board in full, detail below the reasons given by the director:

NO

B.1.6 Indicate what powers, if any, have been delegated to the chief executive officer(s):

Name or company name of director

JUAN MOLINS AMAT

Brief description

The chief executive officer may, individually, exercise all the powers required for the smooth running of the company's business in accordance with the resolutions of the Board of Directors meeting of 31 March 2005.

B.1.7 Identify, as appropriate, the Board members who hold office as directors or executives at other companies forming part of the listed company's group:

Name or company name of director	Name of Group entity	Position
JUAN MOLINS AMAT	CEMENTOS ARTIGAS, S.A.	CHAIRMAN
JUAN MOLINS AMAT	CEMENTOS AVELLANEDA, S.A.	CHAIRMAN
JUAN MOLINS AMAT	CEMOLINS INTERNACIONAL, S.L.	CHAIRMAN
JUAN MOLINS AMAT	CORPORACION MOCTEZUMA, S.A. DE C.V.	CHAIRMAN
JUAN MOLINS AMAT	FRESIT, B.V.	DIRECTOR

Name or company name of director	Name of Group entity	Position
JUAN MOLINS AMAT	MINUS INVERSORA, S.A.	CHAIRMAN
JUAN MOLINS AMAT	SOCIETE TUNISO-ANDALOUSE DE CIMENT BLANC SOCIETÉ ANONYME SOTACIB, S.A.	CHAIRMAN
JUAN MOLINS AMAT	SOTACIB-KAIROUAN, S.A.	CHAIRMAN
MIGUEL DEL CAMPO RODRÍGUEZ	SOCIETE TUNISO-ANDALOUSE DE CIMENT BLANC SOCIETÉ ANONYME SOTACIB, S.A.	DIRECTOR
MIGUEL DEL CAMPO RODRÍGUEZ	SOTACIB-KAIROUAN, S.A.	DIRECTOR

B.1.8 Give details, as appropriate, of any directors of the company who are members of the Boards of Directors of other non-group companies that are listed on official securities markets in Spain, as disclosed to the company:

Name or company name of director	Company name of listed company	Position
CARTERA DE INVERSIONES C.M., S.A.	COMPAÑIA GENERAL DE INVERSIONES, S.A. SIMCAV	DIRECTOR
ANA Mª MOLINS LÓPEZ-RODÓ	BANCO POPULAR ESPAÑOL, S.A.	DIRECTOR

B.1.9 Give details of any rules established by the company with respect to the number of boards to which its directors may belong:

NO

B.1.10 With respect to Recommendation 8 of the Unified Code, indicate the general policies and strategies of the company reserved for approval by the Board in plenary session:

Investment and financing policy	YES
The definition of the structure of the corporate group	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
The strategic or business plan and the annual management and budget targets	YES
The policy of remuneration and evaluation of the performance of senior executives	YES
Risk control and management, and the periodic monitoring of internal information and control systems	YES
Dividend policy, as well as the policies and limits applying to treasury shares.	YES

B.1.11 Fill in the following tables on the aggregate remuneration of directors paid during the year:

a) At the reporting company:

Type of remuneration	Amounts in thousands of euros
Fixed remuneration	585
Variable remuneration	0
Attendance fees	156
Bylaw-stipulated directors' emoluments	486
Share options and/or other financial instruments	0
Other	0

Total	1,227

Other benefits	Amounts in thousands of euros
Advances	0
Loans granted	0
Pension funds and plans: contributions	13
Pension funds and plans: obligations	0
Life insurance premiums	0
Guarantees provided by the company for directors	0

b) Due to company directors' membership of other boards of directors and/or of the senior management of group companies:

Type of remuneration	Figures in thousands of euros
Fixed remuneration	0
Variable remuneration	0
Attendance fees	0
Bylaw-stipulated directors' emoluments	0
Share options and/or other financial instruments	0
Other	0

Total	0

Other benefits	Figures in thousands of euros
Advances	0
Loans granted	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations	0
Life insurance premiums	0
Guarantees provided by the company for directors	0

c) Total remuneration by type of director:

Type of director	By company	By group
Executive directors	624	0
Non-executive proprietary directors	546	0
Independent non-executive directors	0	0
Other non-executive directors	57	0
Total	1,227	0

d) With respect to profit attributable to the parent:

Total directors' remuneration (thousands of euros)	1,227
Total directors' remuneration/profit attributable to the parent (expressed as %)	5.0

B.1.12 Identify the senior executives who are not executive directors and indicate the total remuneration paid to them during the year:

Name or company name	Position
CARLOS MARTÍNEZ FERRER	CORPORATE GENERAL MANAGER
SALVADOR FERNÁNDEZ CAPÓ	GENERAL MANAGER - OPERATIONS
ÁNGEL CERCÓS CASALÉ	GENERAL MANAGER - CEMENTOS MOLINS INDUSTRIAL, S.A.U.
CARLOS RAICH CABARROCAS	GENERAL MANAGER - PROMOTORA MEDITERRANEA-2, S.A.
HIGINI MANUEL ALFAGEME CARRERA	GENERAL MANAGER - PREFABRICACIONES Y CONTRATAS, S.A.U.
JAUME MESTRES MARTÍN DE LOS SANTOS	GENERAL MANAGER - PROPAMSA, S.A.U.
FRANCISCO JAVIER MOLINS AMAT	MANAGER FOR ARGENTINE AND URUGUAYAN INVESTEES
JOSÉ MARÍA FONTDECABA ANTICO	MANAGER FOR BANGLADESHI INVESTEES
JOSÉ MANUEL ALÓS CAYUELA	MANAGER FOR TUNISIAN INVESTEES
RAMÓN TARGARONA PUJADAS	DEVELOPMENT MANAGER
SANTIAGO CALVO JIMÉNEZ	CORPORATE TECHNICAL MANAGER
CARLOS MARÍN CASCUDO	HUMAN RESOURCES MANAGER
JORGE MOLINS AMAT	MANAGER- CORPORATE LEGAL SERVICES

Name or company name	Position
MARCOS CELA REY	FINANCIAL MANAGER
GABRIEL IGLESIAS SANTONJA	MANAGER- ORGANISATION AND SYSTEMS
ANTONIO MARTÍN DEL RÍO	MANAGER- ADMINISTRATION
XAVIER ESCUDÉ TORRENTE	MANAGER- MANAGEMENT CONTROL
SERGIO MARTÍNEZ PIE	INTERNAL AUDITOR

Total remuneration of senior executives (thousands of euros)	3,346

B.1.13 Identify in aggregate terms whether there are any guarantee or golden parachute clauses for senior executives, including executive directors of the company or of its group, in the event of termination or changes in control. Indicate whether these contracts have to be disclosed to and/or approved by the bodies of the company or of its group:

Number of beneficiaries	3

	Board of Directors	General Meeting
Body authorising the clauses	**YES**	**NO**

Is the General Meeting informed of the clauses?	NO

B.1.14 Describe the process for setting Board members' remuneration and the relevant provisions in the company bylaws.

Process for setting Board members' remuneration and the provisions in the bylaws
Pursuant to Article 27 of the bylaws, the remuneration of directors shall comprise, where appropriate, a fixed amount which shall be determined annually by the shareholders at the General Meeting. The aforementioned remuneration shall be distributed among the directors as determined by the Board. In addition to this payment, the directors shall receive individual remuneration for attendance fees for each Board meeting, Delegated Committee or Board Committees that they personally attend which will be established by the shareholders at the General Meeting. Article 20 of the Board Regulations stipulates that:

Process for setting Board members' remuneration and the provisions in the company bylaws
1. The directors' remuneration shall consist, where appropriate, of a fixed amount which shall be determined annually by the shareholders at the General Meeting. The aforementioned remuneration shall be distributed among the directors as determined by the Board. 2. Non-executive directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence. 3. The Board of Directors shall approve the remuneration policy for the company's managing bodies, following a proposal from the Nomination and Remuneration Committee which shall address the following issues at least: a) The amount of the fixed components, itemised where necessary, Board and Board committee attendance fees, with an estimate of the fixed annual payment they give rise to; b) Variable components, in particular: i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items; ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration; iii) The main parameters and grounds for any system of annual bonuses or other non cash benefits; and iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, on the basis of the degree of compliance with pre-set targets or benchmarks. c) The main characteristics of welfare systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost. d) The conditions to apply to the contracts of executive directors exercising senior management functions, including the following: i) Term; ii) Notice periods; and iii)Any other clauses covering joining bonuses, termination benefits or golden parachutes in the event of early termination of the contractual relationship between the company and the executive director. 4. Each year the Board may resolve, with the frequency deemed appropriate, to make payments on account of the amounts which correspond to each director for the work performed in the year. 5. The directors' remuneration shall be transparent, reflecting in the information that all listed companies must publish such disclosures thereon as required. 6. A detail of individual directors' remuneration in the year shall be included in the notes to the financial statements and shall include: Either A breakdown of the remuneration earned by each director, to include where appropriate: i) Attendance fees and other fixed director payments; ii) Additional remuneration for acting as chairman or member of a Board committee; iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual; iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes; v) Any termination benefits agreed or paid; vi) Any remuneration they receive as directors of other companies in the group; vii) Any kind of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be deemed a related party transaction or when its omission would detract from the fair presentation of the total remuneration received by the director. or An individual breakdown of deliveries to directors of shares, share options or other share-based instruments.

Indicate whether the Board in plenary session reserves approval of the following decisions:

At the proposal of the company's chief executive, the appointment and removal of senior executives and provisions relating to termination benefits.	NO
Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.	NO

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the matters addressed by it:

YES

Amount of the fixed components with a breakdown, if applicable, of the fees for attending Board and committee meetings and an estimate of the annual fixed remuneration arising therefrom	YES
Variable remuneration	NO
Main features of welfare systems and the estimated amount or equivalent annual cost.	NO
Conditions to be met in the contracts of executive directors who discharge senior management functions	NO

B.1.16 Indicate whether the Board, for consultation purposes, puts a report on the directors' remuneration policy to the vote at the General Meeting, as a separate point on the agenda. If so, explain the remuneration policy matters approved by the Board for future years, the most significant changes in the policy with respect to that applied in the year and a summary of the application of the remuneration policy in the year. Detail the role played by the Remuneration Committee and, if external advisers were used, the identity of the external consultants:

YES

Matters addressed in the remuneration policy

Until 2011, the company put the Approval Agreement for the Board of Directors' remuneration to the shareholders at the General Meeting as stipulated in Article 27 of the bylaws.

At the General Meeting to be held in the first half of 2012, the Board will put it to the vote.

Matters addressed in the remuneration policy

Until 2011, the company put the Approval Agreement for the Board of Directors' remuneration to the shareholders at the General Meeting as stipulated in Article 27 of the bylaws.

At the General Meeting to be held in the first half of 2012, the Board will, for consultation purposes, put a report on the directors' remuneration policy to the vote at the General Meeting, as a separate point on the agenda.

The Board, at the proposal of the Nomination and Remuneration Committee, is the body responsible for establishing directors' remuneration in accordance with the provisions of in Article 27 of the bylaws. The annual remuneration of the directors is annually submitted for approval by the shareholders at the General Meeting.

The remuneration of non-executive directors for their activities as Board members is structured, pursuant to the applicable legislation and bylaws, in accordance with the following criteria:

a) fixed annual remuneration commensurate with market standards.

b) attendance fees for actual attendance by each director at meetings of the Board and its committees. The remuneration of executive directors for the discharge of their executive duties is structured as follows:

a) fixed remuneration: at a level comparable to that customary in the market at companies of a similar size.

b) variable remuneration: remuneration with objective criteria in relation to the individual performance and the achievement of the business objectives of the company and the group, including a significant annual variable component -whilst avoiding an excessive weight- associated with the achievement of specific, predefined, quantifiable objectives in line with the corporate interest in, among other objectives, occupational risk prevention, in particular.

However, the remuneration methods for directors and senior executives of the Cementos Molins Group do not include the possibility of the delivery of company shares or options on its shares or remuneration rights linked to the value of the shares.

In addition, the Board of Directors assumes the obligation to abide by the principle of complete transparency for all the remuneration received by the directors, providing sufficient transparent information issued with all due notice and in accordance with the good corporate governance recommendations.

Lastly, at its meeting of 11 November 2011 the Nomination and Remuneration Committee resolved to propose to the Board of Directors not to change the remuneration to be received by the Board in 2012.

Role played by the Remuneration Committee

The Nomination and Remuneration Committee is in charge of shaping the remuneration policy for the Board of Directors and for proposing the fixed annual remuneration of its members.

Were external advisors used?

Identity of the external consultants

B.1.17 Indicate, as appropriate, which members of the Board are, in turn, members of the Boards of Directors, executives or employees of companies that hold significant ownership interests in the listed company and/or group companies:

Name or company name of director	Company name of significant shareholder	Position
CASIMIRO MOLINS RIBOT	OTINIX, S.A.	CHAIRMAN
CASIMIRO MOLINS RIBOT	INVERSORA PEDRALBES, S.A.	CHAIRMAN
JUAN MOLINS AMAT	NOUMEA, S.A.	DIRECTOR
JOAQUIM MOLINS AMAT	NOUMEA, S.A.	DIRECTOR
JOAQUIN Mª MOLINS LÓPEZ-RODÓ	OTINIX, S.A.	DIRECTOR
JOAQUÍN Mª MOLINS LÓPEZ-RODÓ	INVERSORA PEDRALBES, S.A.	DIRECTOR
ANA Mª MOLINS LÓPEZ-RODÓ	OTINIX, S.A.	DIRECTOR
ANA Mª MOLINS LÓPEZ-RODÓ	INVERSORA PEDRALBES, S.A.	DIRECTOR

Give details, as appropriate, of any material relationships, other than those envisaged under the preceding heading, of the members of the Board of Directors with significant shareholders and/or at group companies:

B.1.18 Indicate the amendments, if any, to the Board Regulations during the year:

YES

Description of the amendments

In the minutes of the Board of Directors meetings of 31 March 2011 and 24 May 2011 it was resolved to amend Articles 5, 9, 12, 15, 16, 17, 18, 20, 27 and 29 of the Board regulations, the consolidated text of which was sent as a significant event notification on 24 May 2011.

B.1.19 Indicate the procedures for the appointment, re-election, evaluation and removal of directors. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

The shareholders at the General Meeting or, where appropriate, the Board of Directors shall have the power to designate the members of the Board in conformity with the Spanish Public Limited Liability Companies Law and with the bylaws.

To hold a directorship it is not necessary to be a shareholder, except in the case of an appointment through co-optation to cover vacancies arising during the period of appointment of directors, in which case the Board may designate those persons from among the shareholders to occupy such vacancies until the following Annual General Meeting.

The Board of Directors currently has twelve members. Directors are appointed by the Annual General Meeting for a maximum of five years, although they may be re-appointed on an indefinite basis for periods of up to five years each term, except for the directors considered to be independent, who shall not remain in their position as independent directors for a continuous period of more than twelve years.

The proposal for the appointment or re-election of directors which the Board submits to the General Meeting, as well as provisional appointments by the method of co-optation, should be approved by the Board of Directors:

(i) On the proposal of the Remuneration and Nomination Committee, in the case of independent directors.

(ii) Subject to a report from the Nomination Committee in all other cases.

At all times, the Annual General Meeting may resolve the removal of the directors when deemed appropriate for the interests of the company. Persons declared incompatible to the extent of and in accordance with the conditions established in the Law regarding conflicts of interest, and any other that amends or broadens it, are prohibited from holding positions in the company and, as the case may be, discharging them.

Directors shall cease to sit on the Board when the period for which they were appointed elapses, and in all other cases provided for by law, the bylaws or the Board regulations.

As stipulated in Article 11 of the Board Regulations, the Board of Directors in plenary session shall evaluate once a year:

a) The quality and efficiency of the Board's operation;

b) On the basis of a report submitted by the Remuneration and Nomination Committee, the performance of the Chairman of the Board and the company's chief executive;

c) The performance of its committees on the basis of the reports furnished by them.

B.1.20 Indicate the cases in which the directors must resign.

1. Pursuant to Article 15 of the Board Regulations, proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

2. The Board of Directors shall not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board of Directors, based on a proposal from the Remuneration and Nomination Committee. In particular, just cause will be presumed to exist when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of the Unified Good Governance Code for Listed Companies.

3. The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out by the company.

4. Directors are obliged to inform the Board of any circumstance that could harm the company's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial. When a director is sued or tried for any of the offences stated in Article 213 of the Spanish Limited Liability Companies Law the Board should examine the matter and, in view of the particular circumstances, decide whether or not he/she should be called on to resign. The Board shall also disclose all such determinations, giving a reasoned account thereof, in the Annual Corporate Governance Report.

B.1.21 State whether the chairman of the Board of Directors also performs the functions of the company's chief executive. If so, describe the measures taken to limit the risks of power being concentrated in the hands of one person:

NO

Indicate and, if applicable, explain whether rules have been established to enable one of the independent directors to convene a Board meeting or add items to the agenda, to coordinate and give voice to the concerns of non-executive directors and lead the Board's evaluation of the Chairman.

NO

B.1.22 Are qualified majorities, other than statutory majorities, required for any type of decision?:

NO

Describe how resolutions are adopted by the Board of Directors and specify, at least, the minimum attendance quorum and the type of majority for adopting resolutions:

Description of resolution:
For all types of agreements

Quorum	%
The Board shall be validly convened where one half plus one of its members attends the meeting in person or represented by another director. Proxies shall be granted in a letter to the Chairman.	58.33

Type of majority	%
Resolutions shall be adopted by absolute majority of the directors attending the meeting in person or by proxy. In the event of a tied vote, the Chairman of the Board of Directors shall have the casting vote, except in the case of the permanent delegation of powers.	58.33

B.1.23 Explain whether there are any specific requirements, apart from those relating to directors, to be appointed chairman.

NO

B.1.24 State whether the chairman has a casting vote:

YES

Matters on which there is a casting vote

Article 26 of the bylaws and Article 10 of the Board Regulations provide that the Chairman of the Board of Directors shall have the casting vote in the event of a tied vote, except in the case of the permanent delegation of powers.

B.1.25 Indicate whether the bylaws or the Board Regulations set any age limit for directors: NO

Age limit - Chairman	Age limit - CEO	Age limit - directors
0	0	0

B.1.26 Indicate whether the bylaws or the Board Regulations set a limited term of office for independent directors:

NO

Maximum term of office (years)	**0**

B.1.27 In the event that there are few or no female directors explain the reasons for the situation and the measures taken to correct it.

In particular, indicate whether the Nomination and Remuneration Committee has established procedures for selection processes to ensure that they do not suffer from any implicit bias against women candidates and that purposely identify candidates with the target profile:

NO

B.1.28 Indicate whether there are any formal procedures for granting proxies to vote at Board meetings. If so, give brief details.

Article 10.2 of the Board Regulations provides that directors may appoint any other director as his/her proxy for the Board meeting without limiting the number of proxies that each director may hold.

Article 26 of the bylaws states that proxies shall be granted in a letter to the Chairman.

B.1.29 Indicate how many Board of Directors meetings were held during the year. Also indicate any occasions on which the Board held meetings in which the Chairman was not present:

Number of Board meetings	14
Number of Board meetings without Chairman's attendance	**0**

Indicate how many meetings of the various Board committees were held during the year:

Number of Executive or Delegated Committee meetings	**0**
Number of Audit Committee meetings	6
Number of Nomination and Remuneration Committee meetings	9
Number of Nomination Committee meetings	**0**
Number of Remuneration Committee meetings	**0**

B.1.30 Indicate the number of Board meetings held during the year that were not attended by all the directors. The calculation of absences shall include proxies granted without specific instructions.

Number of absences of directors during the year	7
Number of absences as % of the total votes during the year	4.166

B.1.31 Indicate whether the separate and consolidated financial statements submitted for approval by the Board are certified previously:

NO

Indicate, as appropriate, the person(s) who certified the company's separate and consolidated financial statements for authorisation for issue by the Board:

B.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent qualified auditors' reports on the separate and consolidated financial statements prepared by it from being submitted at the General Meeting.

The Audit Committee shall support the Board of Directors in relation to its surveillance duties through the periodic review of the economic and financial information preparation process, the company's internal controls and the independence of the company's external auditor.

In performing its functions, the Audit Committee must evaluate the need to adapt the financial statements prepared by the Board of Directors on the basis of the notes or qualifications outlined by the company's auditors and, accordingly, make a proposal to the Board of Directors so that it can make an informed decision. If it is not possible to adapt the financial statements in order to avoid a qualified auditors' report, the Chairman of the Audit Committee and the company's auditors shall give a clear account to the shareholders of the notes or qualifications.

B.1.33 Is the Board secretary a director?

NO

B.1.34 Explain the procedure for appointing and removing the secretary of the Board and indicate whether the appointment and removal are subject to a report of the Nomination Committee and are approved by the Board in plenary session.

Procedure for appointment and removal
Pursuant to Article 23.5 of the Board Regulations, the appointment and removal of the Secretary shall be subject to a report of the Nomination Committee and approved by the Board in plenary session.

Does the Nomination Committee report on the appointment?	YES
Does the Nomination Committee report on the removal?	YES
Does the Board in plenary session approve the appointment?	YES
Does the Board in plenary session approve the removal?	YES

Is the secretary of the Board particularly entrusted with ensuring compliance with good governance recommendations?

YES

B.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditors, of financial analysts, investment banks and of rating agencies.

Article 27.8.1 of the Board of Directors Regulations stipulates that the Audit Committee is responsible, inter alia, for monitoring the independence of the external auditors, to which end:

- Propose to the Board the selection, appointment, re-election and replacement of the external auditors, as well as the terms and conditions of their engagement;
- Receive regular information from the external auditors on the progress and findings of the audit plan, and check that senior management is acting on its recommendations.
- Ensure the independence of the external auditors and, for such purpose:

(i) Establish the required relations with the company's auditors in order to receive information on any matters that might jeopardise the auditors' independence and any other matters related to the financial audit process and to communicate with the auditors as provided for in financial audit legislation and technical auditing standards. In any event, each year the auditors will be required to furnish written confirmation of its independence with respect to the entity or entities related directly or indirectly to the company, as well as the information on any manner of additional services provided to the aforementioned entities by the auditor, or by any legal persons or entities related thereto, in accordance with the Audit Law.

(ii) Issue annually, prior to the issue of the auditors' report, a report expressing an opinion on the independence of the auditors. The aforementioned report should express an opinion on the additional services referred to in the preceding point.

(iii) The company should notify any change of auditors to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditors and the reasons for the same;

(iv) The Committee should ensure that the company and the auditors adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditors' business and, in general, other requirements designed to safeguard auditors' independence;

(v) The Committee should investigate the issues giving rise to the resignation of any external auditors.

(vi) Prevail on the Group's auditors to take on the audit of the Group companies.

B.1.36 Indicate whether the company changed its external auditors during the year. If so, specify the outgoing and incoming auditors:

NO

Outgoing auditors	Incoming auditors

In the event of any disagreement with the outgoing auditors, specify the substance thereof:

NO

B.1.37 Indicate whether the audit firm performs other non-audit work for the company and/or its group, and if so, state the amount of fees received for such work and the percentage they represent of the fees billed to the company and/or its group:

YES

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	28	39	67
Amount of other non-audit work/total amount billed by audit firm (as a %)	27.720	6.000	8.920

B.1.38 Indicate whether the auditors' report for the previous year included any reservations or qualifications. If so, specify the reasons given by the Chairman of the Audit Committee to explain the content and scope of the reservations or qualifications.

NO

B.1.39 Indicate the number of years that the current audit firm has been uninterruptedly auditing the financial statements of the company and/or the group. Also indicate the number of years audited by the current audit firm as a percentage of the total number of years during which the financial statements have been audited:

	Company	Group
Number of uninterrupted years	25	25

	Company	Group
Number of years audited by current audit firm/number of years the company has been audited (as a %)	100.0	100.0

B.1.40 Indicate any ownership interests, disclosed to the company, held by the members of the company's Board of Directors in the capital of entities engaging in an activity that is identical, similar or complementary to the activity that constitutes the object of the company or of its group. Also indicate the positions they hold or the functions they discharge at these companies:

Name or company name of director	Name of investee	% of ownership	Position or functions
CASIMIRO MOLINS RIBOT	INVERSORA PEDRALBES, S.A.	22.880	Chairman
CASIMIRO MOLINS RIBOT	OTINIX, S.A.	23.940	Chairman
JUAN MOLINS AMAT	NOUMEA, S.A.	10.720	Director
JUAN MOLINS AMAT	GRUPO MECANOTUBO, S.A.	2.650	-
CARTERA DE INVERSIONES C.M., S.A.	GRUPO MECANOTUBO, S.A.	22.360	Director
INVERSORA PEDRALBES, S.A.	OTINIX, S.A.	39.600	-
JOAQUIM MOLINS AMAT	NOUMEA, S.A.	4.510	Director
JOAQUÍN Mª MOLINS LÓPEZ-RODÓ	OTINIX, S.A.	3.350	Director
JOAQUÍN Mª MOLINS LÓPEZ-RODÓ	INVERSORA PEDRALBES, S.A.	7.550	Director
ANA Mª MOLINS LÓPEZ-RODÓ	OTINIX, S.A.	3.370	Director
ANA Mª MOLINS LÓPEZ-RODÓ	INVERSORA PEDRALBES, S.A.	7.550	Director

B.1.41 Indicate whether there is a procedure for directors to be able to receive outside advisory services, and if so, give details:

YES

Details of the procedure
Article 18 of the Board Regulations establishes in relation to the directors' right to receive advisory services and information that: 1.- The directors shall have access to all the company's services and may, with the broadest powers, obtain the information and advisory services they need on any aspect relating to the company, provided that it is required for the discharge of their duties. The right to information extends to the subsidiaries, whether domestic of foreign, and shall be channelled through the Chairman, the Chief Executive Officer, the General Manager or the Secretary of the Board, who shall meet the requests of the director, providing him or her with the information directly, offering the appropriate liaisons or making the necessary arrangements to fulfil his or her request. 2.- The company provides new directors with the information required to best acquaint them with the workings of the company and its corporate governance rules. The company also offers refresher programmes when circumstances so advise. Also, as stipulated in Article 25.2 c) of the Board Regulations, the Audit Committee and the Remuneration and Nomination Committee may engage external advisors when they feel this is necessary for the discharge of their duties.

B.1.42 Indicate whether there is a procedure for the directors to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

YES

Details of the procedure
Article 21.5 of the Board Regulations stipulates that the Chairman of the Board of Directors, as the person responsible for the proper functioning of the Board of Directors, is obliged to ensure that directors are supplied with sufficient information in advance of Board meetings.

B.1.43 Indicate whether the company has established rules obliging directors to report and, if applicable, resign, in situations which could harm the company's good name and reputation and if so, give details:

YES

Explain
Article 15.6 of the Board Regulations stipulates that directors are obliged to inform the Board of any circumstance that could harm the company's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial. When a director is sued or tried for any of the offences set out in Article 213 of the Spanish Limited Liability Companies Law, the Board will examine the case as soon as possible and, in view of the specific circumstances, will decide whether or not the director should continue in his/her position. The Board shall also disclose all such determinations, giving a reasoned account thereof, in the Annual Corporate Governance Report.

B.1.44 Indicate whether any of the directors have informed the company of any indictments or the commencement of oral proceedings against him/her for any of the offences specified in Article 124 of the Spanish Public Limited Liability Companies Law:

NO

Indicate whether the Board of Directors has examined the matter. If so, give reasons for the decision taken for the continuation or otherwise of the director in his/her position:

NO

Decision	Reasoned explanation

B.2 Committees of the Board of Directors

B.2.1 Give details of all the committees of the Board of Directors and their members:

AUDIT COMMITTEE

Name	Position	Type of director
MIGUEL DEL CAMPO RODRÍGUEZ	CHAIRMAN	OTHER NON-EXECUTIVE
ANA Mª MOLINS LÓPEZ-RODÓ	MEMBER	PROPRIETARY
JOSÉ ANTONIO PUJANTE CONESA	MEMBER	PROPRIETARY
NOUMEA, S.A.	MEMBER	PROPRIETARY

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type of director
EMILIO GUTIÉRREZ FERNÁNDEZ DE LIENCRES	CHAIRMAN	PROPRIETARY
CARTERA DE INVERSIONES CM., S.A.	MEMBER	PROPRIETARY
FORO FAMILIAR MOLINS, S.L.	MEMBER	PROPRIETARY
JOAQUIM MOLINS AMAT	MEMBER	PROPRIETARY
JOAQUÍN Mª MOLINS LÓPEZ-RODÓ	MEMBER	PROPRIETARY

B.2.2 Indicate whether the Audit Committee is charged with the following duties:

Overseeing the preparation and integrity of the financial information of the company and, if applicable, of the group, and checking compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards	**YES**
Reviewing internal control and risk management systems on a regular basis so that the main risks are properly identified, managed and disclosed	**YES**
Ensuring the independence and efficiency of the internal audit function; proposing the selection, appointment, re-appointment and removal of the head of internal audit; proposing the internal audit department's budget and receiving periodic information on its activities; and checking that senior management acts on the findings and recommendations of its reports	**YES**
Establishing and monitoring a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the company, particularly of a financial and accounting nature	YES
Submitting proposals to the Board for the selection, appointment, re-appointment and removal of the external auditors and the terms and conditions of the engagement	YES
Receiving regular information from the external auditors on the progress and findings of the audit plan and checking that senior management are acting on their recommendations	YES
Ensuring the independence of the external auditors	YES
In the case of groups, prevailing on the group's auditors to take on the audit of the group companies	YES

B.2.3 Describe the rules relating to the organisation and functioning of the Board committees, as well as the responsibilities attributed to each of them.

Name of committee

AUDIT COMMITTEE

Brief description

27.1. The Audit Committee shall be composed of at least three and a maximum of five non-executive directors, i.e., directors who do not have executive functions in the company. The members of the Committee and its Chairman are appointed by the Board of Directors. The Board shall also appoint a Secretary who is not a member of the Committee, a function which must be discharged specifically by the Secretary or Deputy Secretary of the company's Board of Directors.

27.2. The members of the Audit Committee, particularly its chairman, are appointed having regard to their knowledge and background in audit matters.

27.3. The term of office of directors is two years, although they may be reappointed for successive periods of the same duration. The Chairman shall be replaced every four years, although he/she may be re-elected after one year has elapsed from his/her removal. However, the Board of Directors may resolve at any time to remove any member of the Committee when deemed appropriate.

27.4. The Audit Committee provides support to the Board of Directors in relation to its oversight duties through the periodic review of the economic and financial information preparation process, of the company's internal controls and the independence of the company's external auditors.

27.5 The Audit Committee shall meet, as convened by the Chairman or at the request of two of its members as needed and, at least twice a year.

27.6. Any member of the company's management team or any of its employees summoned to attend the Committee's meetings shall be obliged to do so and to provide his or her cooperation and access to the information available to them and the Committee may require them to appear without the presence of any other director. The Committee may also request the auditors' attendance at the meetings.

27.7. Cementos Molins, S.A. has an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of reporting and internal control systems. The head of internal audit presents an annual work programme to the Audit Committee; reports to it directly on any incidents arising during its implementation; and submits an activities report annually.

27.8. Functions of the Audit Committee:

27.8.1.-With respect to external audit:

- Propose to the Board the selection, appointment, re-election and replacement of the external auditors, as well as the terms and conditions of their engagement;
- Receive regular information from the external auditors on the progress and findings of the audit plan, and check that senior management is acting on its recommendations.
- Ensure the independence of the external auditors and, for such purpose:

(i) Establish the required relations with the external auditors in order to receive information on any matters that might jeopardise the auditors' independence and any other matters related to the financial audit process and to receive information and communicate with the auditors as provided in financial audit legislation and technical auditing standards. In any event, each year the auditors will be required to furnish written confirmation of its independence with respect to the entity or entities related directly or indirectly to the company, as well as the information on any manner of additional services provided to the aforementioned entities by the auditor, or by any legal persons or entities related thereto, in accordance with the Audit Law.

(ii) Issue annually, prior to the issue of the auditors' report, a report expressing an opinion on the independence of the auditors. The aforementioned report should express an opinion on the additional services referred to in the preceding point.

(iii) The company should notify any change of auditors to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditors and the reasons for the same;

(iv) The Committee should ensure that the company and the auditors adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditors' business and, in general, other requirements designed to safeguard auditors' independence;

(v) The Committee should investigate the issues giving rise to the resignation of any external auditors.

(vi) Prevail on the Group's auditors to take on the audit of the Group companies.

27.8.2.- In relation to financial statements:

- Evaluate the need to adapt the financial statements prepared by the Board of Directors on the basis of the notes or qualifications outlined by the company's auditors and, accordingly, make a proposal to the Board of Directors so that it can make an informed decision. If it is not possible to adapt the financial statements in order to avoid a qualified auditors' report, the Chairman of the Audit Committee and the company's auditors shall give a clear account to the shareholders of the notes or qualifications.

27.8.3.- In relation to Internal Audit:

- Ensure the independence and efficiency of the internal audit function;
- Propose the selection, appointment, re-appointment and removal of the head of internal audit; receive regular reports on its activities; and verify that senior management acts on the findings and recommendations of its reports;
- Approve the internal audit plan to evaluate the System of Internal Control over Financial Reporting (ICFR); receive regular reports on its findings and those of the action plan to correct any deficiencies identified.

27.8.4.- In relation to financial information:

- Oversee the preparation, reporting and integrity of the financial information, checking compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.
- Understand the processes used to prepare the financial statements and to obtain reasonable assurance that the supporting reporting systems are reliable.
- Review internal control and risk management systems on a regular basis so that the main risks are properly identified, managed and disclosed.
- Review, analyse and discuss the financial statements and any other key financial information with senior management, internal and external auditors, to verify the reliability of the aforementioned information and that the accounting policies were applied on a basis consistent with the prior year-end.

27.8.5.- In relation to Board of Directors:

The Audit Committee shall report to the Board prior to the passing of the related resolutions by the Board on the following matters:

- The financial information that all listed companies must periodically disclose. The Committee shall ensure that interim statements are drawn up under the same accounting policies as the annual statements and, to this end, may ask the external auditors to conduct a limited review;
- The creation or acquisition of ownership interests in special purpose vehicles or entities resident in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group;
- Related party transactions.

27.8.6.- With respect to internal control and reporting systems:

- Oversee the preparation and integrity of the company's financial information and, if applicable, of the group, and check compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards;
- Review internal control and risk management systems on a regular basis so that the main risks are properly identified, managed and disclosed;
- Establish and monitor a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the company, particularly of a financial and accounting nature.

27.8.7.- In relation to the control and risk management policy, specifying at least:

- The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- The determination of the risk level the company sees as acceptable;
- Measures in place to mitigate the impact of identified risks, should they occur;
- The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

The provisions of the Board Regulations related to the Audit Committee's operation shall be applicable to it to the extent possible given its nature and functions.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

1. The Nomination and Remuneration Committee shall be composed of at least three non-executive directors, i.e., directors who do not have executive responsibilities at the company. The members of the Committee and its Chairman are appointed by the Board of Directors. The Board shall also appoint a Secretary who is not a member of the Committee, a function which must be discharged specifically by the Secretary or Deputy Secretary of the company's Board of Directors.

2. The term of office of directors is two years, although they may be reappointed for successive periods of the same duration. However, the Board of Directors, at all times, may resolve to remove any member of the Committee when deemed appropriate.

3. The responsibility of this Committee is to inform and advise the Board of Directors in their decisions relating to their area of competence, through reports and proposals on:

a) The remuneration policy for directors and senior executives;

b) The individual remuneration and other contractual conditions of executive directors;

c) The standard conditions for senior executive employment contracts.

d) Oversee compliance with the remuneration policy set by the company.

e) Propose the remuneration payable to the Chief Executive Officer and the General Manager.

f) The system of appointing directors, the appointment and re-election, of directors and the members of the Board committees. To evaluate the competencies, knowledge and experience required of the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties;

g) The proposals of the Chief Executive Officer of appointments and removals of senior executive and members of the Board of Directors of the company's subsidiaries;

h) Monitor fulfilment of the company's internal conduct codes and corporate governance rules and periodically review compliance with their rules, recommendations and principles.

i) Examine or organise as the Committee deems fit the succession of the Chairman and the chief executive and, if applicable, submit proposals to the Board in order to ensure a smooth and well-planned handover;

j) Report to the Board on gender diversity issues.

4. The Nomination and Remuneration Committee shall consult with the company's Chairman and Chief Executive Officer, especially on matters relating to executive directors and senior executives. Any director may suggest directorship candidates to the Remuneration and Nomination Committee for its consideration.

5. The Nomination and Remuneration Committee shall meet whenever the Board or its Chairman requests that a report be issued or a proposal be adopted and, in any case, whenever it is deemed necessary for the proper performance of its functions. In any case, the Committee shall meet once a year to prepare the information on the remuneration payable to the Directors that the Board of Directors must approve and include as part of its annual public documents.

6. Any member of the executive team or company employee requested to do so shall be obliged to attend the Committee meetings and to provide cooperation and access to the information available to them.

7. The provisions of the Board Regulations related to the Nomination and Remuneration Committee's operation shall be applicable to it to the extent possible given its nature and functions.

B.2.4 Indicate, where appropriate, the advisory and consultative powers and any delegated authority held by each of the committees:

Name of committee

AUDIT COMMITTEE

Brief description

SEE SECTION B.2.3

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

SEE SECTION B.2.3

B.2.5 Indicate, as appropriate, whether there are any regulations for the Board committees; if so, indicate where they can be consulted and whether any amendments have been made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

Name of committee

AUDIT COMMITTEE

Brief description

The regulation of the Audit Committee is set out in Article 27 of the Board Regulations, the most recent version of which was approved at the Board of Directors meeting held on 24 May 2011. They are registered at the Mercantile Registry of Barcelona and can be consulted on the company's website (www.cemolins.es).

The Audit Committee prepared an annual activities report which served as the basis for the Board of Director's evaluation of the Committees' performance in 2011.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

The regulation of the Nomination and Remuneration Committee is set out in Article 29 of the Board Regulations, the most recent version of which was approved at the Board of Directors meeting held on 24 May 2011. They are registered at the Mercantile Registry of Barcelona and can be consulted on the company's website (www.cemolins.es).

The Remuneration and Nomination Committee prepared an annual activities report which served as the basis for the Board of Director's evaluation of the Committees' performance in 2011.

B.2.6 Indicate whether the composition of the Executive Committee reflects the participation of the various directors on the Board according to their status:

NO

If "no" explain the composition of the executive committee
Cementos Molins, S.A. does not have an Executive Committee.

C - RELATED PARTY TRANSACTIONS

C.1 Indicate whether, subject to a favourable report of the Audit Committee or any other committee entrusted with this function, the Board in plenary session reserves the approval of company transactions with directors, significant shareholders or representatives on the Board or with persons related thereto:

YES

C.2. Give details of material transactions entailing a transfer of funds or obligations between the company or group companies and the significant shareholders of the company:

C.3 Give details of material transactions entailing a transfer of funds or obligations between the company or group companies and the company's directors or executives:

C.4 Give details of material transactions by the company with other companies of the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and from the standpoint of their subject-matter or terms and conditions are not part of the company's ordinary business:

C.5 Indicate any conflicts of interest of the company's directors, as provided for in Article 127 ter of the Spanish Public Limited Liability Companies Law.

NO

C.6 Give details of the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group and its directors, executives or significant shareholders.

In relation to conflicts of interest, Article 17.2 of the Board Regulations stipulates that:

Directors shall notify the Board of Directors of any situation that may entail a direct or indirect conflict with the company's interests. In the event of a conflict of interest, the directors concerned shall refrain from participating in the transaction to which the conflict refers. In all cases, such situations shall be disclosed in the annual corporate governance report.

C.7 Is more than one group company listed in Spain?

NO

Indicate the listed subsidiaries:

D - RISK CONTROL SYSTEMS

D.1 General description of the risk policy of the company and/or its group, giving details of and evaluating the risks covered by the system, together with evidence that the system is appropriate for the profile of each type of risk.

The Cementos Molins Group carries on its activities in various business lines, all related to cement, its by-products and building materials, and in highly diverse geographical areas, both in Spain and abroad. These circumstances give rise to certain risks such as:

- industry risks, with particular consideration given to the environment and occupational risk prevention; - operational risks inherent to the markets in which the company operates;

- and risks arising from the economic climate depending on the country in question, with an impact on exchange rates;

- regulatory risks affected by the various tax, industry and environmental regulations.

The Board of Directors and the various Committees, the Corporate Management Committees, the various Management Committees of each of the business units and the functional Committees (earnings, human resources and prevention, customer risk, etc.) meet on a periodic basis to assess the risks and attempt to minimise them to the extent possible.

Independently, the internal audit department is responsible for:

- reviewing the rules and procedures established and proposing improvements; - analysing, supervising and controlling financial risks; and

- systematically auditing the companies' various areas.

D.2 Indicate whether any of the different types of risk (operational, technological, financial, legal, reputational, tax, etc.) affecting the company and/or its group have materialised during the year.

YES

If so, indicate the circumstances that caused them and whether the control systems in place worked.

Risk materialised during the year

There is constant exposure to risks such as regulatory risk, interest rate risk, foreign currency risk, etc.

Circumstances that caused the materialisation

The risks were maintained within normal terms and in line with the company's business activity.

Functioning of the control systems

The control systems functioned properly.

D.3 Indicate whether any committee or other governing body is responsible for establishing and overseeing these control mechanisms.

YES

If so, give details of its functions.

Name of committee or body

AUDIT COMMITTEE

Description of functions

Cementos Molins, S.A. has an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of reporting and internal control systems. The head of internal audit presents an annual work programme to the Audit Committee; reports to it directly on any incidents arising during its implementation; and submits an activities report annually.

Consequently, the Committee is responsible for:

With respect to internal control and reporting systems:

o Overseeing the preparation and completeness of the company's financial information and, if applicable, of the group, and checking compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards;

o Reviewing internal control and risk management systems on a regular basis so that the main risks are properly identified, managed and disclosed;

o Establishing and monitoring a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the company, particularly of a financial and accounting nature.

In relation to Internal Audit:

o Ensure the independence and efficacy of the internal audit function;

o Propose the selection, appointment, re-appointment and removal of the head of internal audit; receive regular reports on its activities; and verify that senior management acts on the findings and recommendations of its reports;

o Approve the internal audit plan to evaluate the System of Internal Control over Financial Reporting (ICFR); receive regular reports on its findings and those of the action plan to correct any deficiencies identified.

o In relation to the control and risk management policy, specifying at least:

o The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

o The determination of the risk level the company sees as acceptable;

o Measures in place to mitigate the impact of identified risks, should they occur;

o The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

D.4 Identification and description of the processes for compliance with regulations affecting the company and/or its group.

The main function of the Audit and Control Committee is to ensure compliance with all of the rules and procedures applicable to the company and report on all of the significant legal changes that could affect the company.

E - GENERAL MEETINGS

E.1 Indicate whether quorums for convening the General Meeting differ from the system of minimum quorums established in the Spanish Public Limited Liability Companies Law (LSA). If so, give details.

NO

	% quorum differing from that established in Art. 102 of Spanish Public Limited Liability Companies Law (LSA) for general cases	% quorum differing from that established in Art. 103 of LSA for special cases pursuant to Art. 103
Quorum required on 1st call	O	O
Quorum required on 2nd call	O	O

E.2 Indicate and, if applicable, describe any differences between the rules established in the Spanish Public Limited Liability Companies Law (LSA) for adopting resolutions and the company's rules.

NO

Describe the differences with respect to the rules established in the LSA.

E.3 List any rights of the shareholders in connection with General Meetings that differ from those established in the LSA.

Pursuant to Article 19 bis of the bylaws, the shareholders' right to information shall be satisfied as established by law and through the company's website, the content of which shall be determined by the company's Board of Directors.

E.4 Indicate the measures, if any, adopted to encourage participation by shareholders at General Meetings.

Article 6 of the General Meeting Regulations regulates the shareholders' right to take part and to be informed as follows:

The shareholders' right to information shall be satisfied as established by law and through the company's website, the content of which shall be determined by the company's Board of Directors.

The company's website will include a Shareholders e-Forum, which both the individual shareholders and the voluntary groupings that may be constituted will be able to access with the appropriate guarantees in order to facilitate their communication prior to holder Annual General Meetings. The e-Forum may be used to post proposals for addendums to the agenda announced in the notice, requests for adhesion to the aforementioned proposals, initiatives to achieve sufficient percentage to exercise a minority right as provided for in the law, as well as offers and request for voluntary representation.

The Board of Directors has approved and published on the company's website, the specific regulation applicable to the Shareholders e-Forum.

In addition to the statutory or bylaw requirements, from the date of publication of the General meeting notice, the company will post on its website the text of the proposals put forward by the Board of Directors in relation to the matters on the agenda, including, in the case of the appointment of directors, the following information:

a) Professional experience and background;

b) Directorships held at other companies, listed or otherwise;

c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with;

d) The date of their first and subsequent appointments as a company director, and;

e) Shares held in the company and any options thereon.

In addition, when there is an addendum to the notice, at the date of its publication, the company shall post on its website the text of the proposals to which the aforementioned addendum refers, provided that they have been sent to the company.

Until seven days prior to the date of the meeting, shareholders may request any information or clarification deemed necessary from the company's Board of Directors on the agenda for the Meeting or put in writing any questions considered relevant. Shareholders may request information or clarification or put in writing any questions regarding any information in the public domain supplied by the company to the CNMV since the immediately preceding General Meeting. The Board of Directors shall provide in writing the information or clarifications requested up to the date of the General Meeting.

During the General Meeting the company's shareholders may request orally any information or clarification they consider appropriate about the items included on the agenda and if it is not possible to meet the shareholder's request at that time the directors shall provide the related information in writing within seven days of the end of the General Meeting.

The Board of Directors shall be obliged to provide the information set forth above unless, in the view of the Chairman, the publication of the information could have an adverse effect on the company's interests.

The information may not be refused when the request is supported by shareholders controlling at least a quarter of the share capital.

E.5 Indicate whether the Chairman of the Board of Directors chairs General Meetings. Give details of what measures, if any, are adopted to ensure the independence and correct functioning of the General Meeting:

YES

Detail the measures
The directors may request the presence of a notary to draw up the minutes of the General Meeting and shall be obliged to do so where shareholders who represent at least one percent of the share capital so request five days prior to the General Meeting. The notary fees shall be borne by the company.

E.6 Indicate, as appropriate, any amendments introduced in the General Meeting Regulations during the year.

Amendment introduced to Articles 3 and 8 of the Regulations of the Annual General Meeting to replace the existing references to the Spanish Public Limited Liability Companies Law with the new Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law, and in Article 5 to include the obligatory requirement to post the General Meeting notice on the company's website, and an amendment to Article 6, regulating the shareholders' right to take part and to be informed, in order to include the entitlement on the company's website in the Shareholders e-Forum.

E.7 Indicate the data on attendance at the General Meetings held in the year to which this report refers:

Attendance data					
Date of the General Meeting	**% attendance in person**	**% attendance by proxy**	**% remote voting**		**Total**
			Electronic voting	**Other**	
26/05/11	81.330	3.950	0.000	0.000	85.280

E.8 Briefly indicate the resolutions adopted at the General Meetings held in the year to which this report refers and the percentage of votes with which each resolution was adopted.

All of the resolutions were adopted unanimously.

One. -To approve the financial statements of Cementos Molins, S.A. (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes to the financial statements) and the directors' report, which includes the annual corporate governance report, the report on dealings involving the company's treasury shares and the environmental information statement for the year ended 31 December 2010.

These financial statements coincide with the audited financial statements and are accompanied by a duly signed copy of the auditors' report.

To approve the consolidated financial statements of Cementos Molins, S.A. and subsidiaries (consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements) and the consolidated directors' report, which includes the annual corporate governance report for the year ended 31 December 2010.

To approve the following distribution of the profit obtained in 2010:

	Euros
Profit after tax for 2010	27,505,929.74
Interim dividends	12,561,977.30
Dividends	661,156.70
To voluntary reserves	14,282,795.74
	27,505,929.74

This corresponds to a dividend of EUR 0.20 per share, and interim dividends of EUR 0.11 per share on 14 June 2010 and EUR 0.08 on 11 January 2011 with a total payment of EUR 12,561,977.30. Consequently, a final dividend of EUR 0.01 per share for a total of EUR 661,156.70 was proposed to the Shareholders at the Annual General Meeting.

Two - To approve the management and all of the actions taken by the Board of Directors, the Board Committees and the CEO in 2010.

Three. To appoint, in accordance with the provisions of Article 264 of the Spanish Limited Liability Companies Law, Deloitte S.L., registered in the Official Auditors' Register (ROAC) under number S0692, as our company's audit firm for the statutory period of one year from 01 January 2012, which will therefore, include the performance of the audit of the separate financial statements of Cementos Molins, S.A. and the consolidated financial statements of Cementos Molins, S.A. and Subsidiaries for 2012.

Four. To set, in accordance with Article 27 of the bylaws, the remuneration of the company's management bodies for 2011 at EUR 486,000.

Five.- Amendment of the bylaws.

5.1. Amendment introduced to Articles 1, 3, 8, 10, 11, 13, 19, 26 and 32 of the bylaws to replace the existing references in the aforementioned articles to the Spanish Public Limited Liability Companies Law with the new Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law. (...)

5.2. Amendment introduced to Article 2, section c), relating to the company's object, to substitute the reference in this section to the legal regulations of collective investment undertakings. (...)

5.3 Amendment introduced to Article 17, relating to the call of the Annual General Meeting, including the obligatory requirement to post the notice of the meeting on the company's website and the enabling of the Shareholders e-Forum. (...)

5.4. Amendment introduced to Article 25, relating to the requirement for directors to notify of any direct or indirect ownership interests they might have directly or through related persons in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company's object. (...)

5.5 Amendment introduced to Article 26 bis. al to include the new competencies/powers of the Audit Committee regulated by Law 12/2010, of 30 June, which amends the Audit Law and the Spanish Securities Market Law. (...)

Six.- Amendment introduced to Articles 3 and 8 of the Regulations of the Shareholders' General Meeting to replace the existing references to the Spanish Public Limited Liability Companies Law with the new Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law, and in Article 5 to include the obligatory requirement to post the General Meeting notice on the company's website, and an amendment to Article 6, regulating the shareholders' right to take part and to be informed, in order to include the entitlement on the company's website in the Shareholders e-Forum. (...)

Seven.- To inform the General Meeting of the amendments to the Board Regulations, which basically consist of the repeal of the regulations of the Audit Committee and the Nomination and Remuneration Committee, integrating the content thereof in the Board Regulations. The references made in relation to the Audit Committee include the Committee's new competencies/powers regulated by Law 12/2010, of 30 June, which amends the Audit Law and the Spanish Securities Market Law.

Based on the information furnished by the Secretary of the various amendments made to the principles governing the company's corporate governance since the previous General Meeting, the shareholders at the General Meeting unanimously resolved to approve the information furnished to the General Meeting in relation to the company's rules of corporate governance.

Eight.- To authorise the Board of Directors, as broadly as permitted by law and in exercising the authority to delegate provided for in Article 297 of the Spanish Limited Liability Companies Law, within a maximum period of five years beginning from the date of this General Meeting and without the need to call or to obtain a subsequent resolution from the General Meeting, to resolve to increase, once or several times, the share capital by a maximum amount equal to one-half of the company's share capital, through the issuance of new ordinary shares of the same characteristics as those of the shares comprising the share capital at the time the increase is approved, even with a share premium, and, in any event, paid through monetary contributions, expressly providing for the possibility of incomplete subscription in conformity with Article 311 of the Spanish Limited Liability Companies Law.

The aforementioned authorisation will be deemed, as broadly as is permitted by law, to extend the power to the establishment of the various details and conditions of each capital increase it is resolved to carry out pursuant to the authorisation granted herein, including but not limited to, the application for the admission of the new shares that may be issued as a result of the increase or increases in capital to listing on the stock exchanges in which the company's shares are listed, being able to execute as many documents and perform as many acts as required or appropriate in this connection, as well as redraft the articles of the bylaws relating to the share capital once each increase has been resolved upon and executed.

Also, this authorisation includes the power to add a transitional article including it in the bylaws, the text of which would be as follows:

'Transitional Article.- The company's Board of Directors is hereby authorised, in accordance with Article 297 of the Spanish Limited Liability Companies Law, and on the basis of the current share capital of EUR 19,834,701, to increase the share capital without prior consultation with the shareholders at the General Meeting, once or several times and whenever considered appropriate, for five years, to increase share capital by a maximum amount equal to one-half of the company's share capital, up to a maximum of EUR 29,752,051.50, through the issuance of ordinary shares of the same characteristics as those of the shares comprising the share capital at the time the increase is approved, and to place in circulation the shares issued as a result, previously offering them to the shareholders for subscription for at least the minimum legal period and establishing the payment arrangements and periods, provided that they are paid through monetary contributions. It is also authorised, as a result of the foregoing, to amend, as may be required, the bylaws and to execute in a public deed the required resolutions representing the capital increases carried out, and, where applicable, to apply for, in accordance with the legislation applicable and in force in each case, the admission in the stock markets of the new shares issued and put into circulation as a result of the capital increases".

The full wording of the resolutions adopted by the shareholders' at the General Meeting held on 26 May 2011 was submitted to the CNMV as a significant event on that date and is available on the company's website www.cemolins.es.

E.9 Indicate whether the bylaws contain any restrictions with respect to a minimum number of shares required to attend General Meetings.

NO

Number of shares required to attend General Meetings	

E.10 Indicate and provide support for the policies followed by the company with respect to proxy voting at General Meetings.

Pursuant to Article 19 of the bylaws, all shareholders eligible to attend the General Meeting may grant a proxy to another person. Proxies must be granted in writing specifically for each Meeting pursuant to and with the scope established in the Spanish Limited Liability Companies Law.

Proxies may always be revoked. Attendance in person at the Meeting shall revoke any proxy. In the event that a public request for a proxy is made, Article 186 of the Spanish Limited Liability Companies Law shall apply.

Article 8 of the General Meeting Regulations states that in the event that the directors of the company, the entities which are the depositories of the shares or those responsible for the book-entry request a proxy for themselves or for another and, in general, when the request is public, the document which contains the proxy must contain or attach the agenda and include detailed voting instructions or state the manner in which the proxy-holder is to vote if no specific instructions are issued.

By exception, the proxy may vote differently when circumstances arise which were unknown when the instructions were sent and there is a risk of going against the interests of the shareholder represented. Where a vote is cast which differs from the instructions, the proxy shall immediately inform the represented shareholder in writing explaining the reasons for the vote. A public request for proxy is deemed to have been made when the same person represents more than three shareholders.

The vote on the proposals on items on the agenda at any type of general meeting may be delegated or exercised by shareholders by post, email or any other remote means of communication, provided that the identity of the shareholder exercising its vote is duly guaranteed. Shareholders that cast their votes remotely shall be considered as present for the purpose of convening the meeting.

The Board of Directors' shall determine in the resolution to call each meeting the procedures, requirements, system and period for granting and sending to the company the proxy voting cast electronically or telematically and for their possible revocation, and shall state the aforementioned circumstances in the Meeting notices.

E.11 Indicate whether the company is aware of the policy of institutional investors on participating or not participating in the company's decisions:

NO

E.12 Indicate the URL and means of accessing corporate governance content on your website.

The company URL is www.cemolins.es. On the homepage, click on the section Information to Shareholders on the left side of the page. In the submenu to the right, a green banner drops down where the Corporate Governance Report appears in pdf format.

F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the Unified Good Governance Code. In the event of non-compliance with any of the Recommendations, explain the recommendations, rules, practices or criteria applied by the company.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23, E.1 and E.2

Followed

2. When a parent and a subsidiary are listed companies, both should provide detailed disclosure on:

a) The types of activity they engage in, and any business dealings between them, as well as between the listed subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Meeting for approval. In particular:

a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating company, even though the latter retains full control of the former;

b) Any acquisition or disposal of key operating assets that would effectively alter the company's object;

c) Operations that effectively add up to the company's liquidation.

Followed

4. Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Followed

5. Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

a) The appointment or ratification of directors, with separate voting on each candidate;

b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

Followed

6. Companies should allow votes to be divided, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to the latters' instructions.

See section: E.4

Followed

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the industries and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Followed

8. The Board should fulfil the core components of its mission of approving the company's strategy and authorising the organisational resources to carry it forward, and of ensuring that management meets the objectives set while pursuing the company's interests and object. As such, the Board in plenary session should reserve the right to approve:

a) The company's general policies and strategies, and in particular:

i) The strategic or business plan, management targets and annual budgets;

ii) Investment and financing policy;

iii) The definition of the structure of the corporate group;

iv) Corporate governance policy;

v) Corporate social responsibility policy;

Remuneration and evaluation of senior executives;

vii) Risk control and management, and the periodic monitoring of internal information and control systems;

viii) Dividend policy, as well as the policies and limits applying to treasury shares.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) At the proposal of the chief executive of the company, the nomination and potential termination of senior executives and their termination benefit clauses;

See section: B.1.14

ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B.1.14

iii) The financial information that all listed companies must periodically disclose.

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Meeting;

v) The creation or acquisition of ownership interests in special purpose vehicles or entities resident in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto (“related party transactions”).

However, Board authorisation shall not be required for related party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;

2. They are performed at market rates, generally set by the person supplying the goods or services;

3. Their amount is no more than 1% of the company's annual revenue.

It is advisable that related party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other committee charged with the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

Ideally, the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the Board in plenary session.

See sections: C.1 and C.6

Partially followed

The evaluation of senior executives' performance is conducted by the Nomination and Remuneration Committee.

The policy on the appointment and removal of senior executives is as follows:

The Board, at the proposal of the Chief Executive Officer, on the basis of a report from the Nomination and Remuneration Committee, approves the appointment and removal of members of the Board of Directors of its subsidiaries.

The directors' remuneration is proposed by the Remuneration and Nomination Committee, agreed upon by the Board of Directors and approved by the shareholders at the General Meeting. The remuneration of the executive director and the other conditions to be included in his contract are proposed by the Remuneration and Nomination Committee and ratified by the Board of Directors.

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Followed

10. Non-executive, proprietary and independent directors should occupy an ample majority of Board places, while the number of executive directors should be the minimum number required, bearing in mind the complexity of the corporate group and the ownership interests held by the executive directors.

See sections: A.2, A.3, B.1.3 and B.1.14

Followed

11. In the event that a non-executive director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company, its senior executives, or its shareholders.

See section: B.1.3

Followed

12. Among non-executive directors, the relation between proprietary and independent members should match the proportion of the capital represented on the Board by proprietary directors to the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the existence of shareholders with considerable investments in absolute terms.

2) In companies with multiple shareholders represented on the Board but not otherwise related.

See sections: B.1.3, 11.2 and 11.3

Explain

Currently, there is no group within the company's shareholder structure other than that which currently holds a large majority with sufficient capability to appoint directors. Therefore, ten of the directors are proprietary directors, one director is an executive director and the other has the status of other non-executive director.

13. The number of independent directors should represent at least one third of all Board members.

See section: B.1.3

Explain

Currently, there is no group within the company's shareholder structure other than that which currently holds a large majority with sufficient capability to appoint directors. Therefore, ten of the directors are proprietary directors, one director is an executive director and the other has the status of other non-executive director.

14. The nature of each director should be explained by the Board to the shareholders at the General Meeting, who will appoint or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The report should also disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 5% of capital and explain any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

Followed

15. When women directors are few or non-existent, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

a) The process of filling Board vacancies has no implicit bias against women candidates.

b) The company makes a conscious effort to include women with the target profile among the candidates for Board places.

See sections: B.1.2, B.1.27 and B.2.3

Followed

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of Board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board with the Committee chairmen and, where appropriate, the evaluation of the chief executive officer or chief executive.

See section: B.1.42

Followed

17. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of Board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of non-executive directors; and to manage the Board's evaluation of the Chairman.

See section: B.1.21

Not applicable

18. The Secretary should take care to ensure that the Board's actions:

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory bodies;

b) Comply with the company bylaws and the regulations of the General Meeting, the Board of Directors and others;

c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by the Board in plenary session; the relevant appointment and removal procedures being stipulated in the Board Regulations.

See section: B.1.34

Followed

19. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agenda set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Followed

20. Directors' absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Followed

21. When directors or the Secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minutes.

Followed

22. The Board in plenary session should evaluate the following points on a yearly basis:

a) The quality and efficiency of the Board's operation;

b) On the basis of a report submitted by the Nomination Committee, the performance of the Chairman of the Board and the company's chief executive;

c) The performance of its Committees on the basis of the reports furnished by them.

See section: B.1.19

Followed

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the bylaws or Board Regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B.1.42

Followed

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41

Followed

25. Companies should organise induction programmes for new directors to acquaint them rapidly and sufficiently with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Followed

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Partially followed

Cementos Molins, S.A. does not lay down rules about the number of directorships its Board members can hold.

27. The proposal for the appointment or re-election of directors which the Board submits to the General Meeting, as well as provisional appointments by the method of co-optation, should be approved by the Board:

a) On the proposal of the Nomination Committee, in the case of independent directors.

b) Subject to a report from the Nomination Committee in all other cases.

See section: B.1.2

Followed

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held at other companies, listed or otherwise;

c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.

d) The date of first and subsequent appointments as a company director, and; e) Shares held in the company and any options thereon.

Followed

29. Independent directors should not hold office as such for a continuous period of more than twelve years.

See section: B.1.2

Explain

Not applicable as the company does not have any independent directors.

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

Followed

31. ❑The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board, based on a report from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Followed

32. Companies should establish rules obliging directors to inform the Board of any circumstance that might harm the company's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

In this connection if a director is sued or tried for any of the offences set out in Article 124 of the Spanish Limited Liability Companies Law, the Board will examine the case forthwith and, in view of the specific circumstances, decide whether or not the director should continue in his position. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Followed

33. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he/she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this Recommendation should also apply to the Secretary of the Board, director or otherwise.

Followed

34. Directors who surrender their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

Not applicable

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

a) Amount of the fixed components with a breakdown, if applicable, of fees for attending Board and Committee meetings and an estimate of the annual fixed remuneration arising therefrom.

b) Variable components, in particular:

i) The types of directors they apply to, with an explanation of the relative weight of variable remuneration items with respect to fixed remuneration items.

ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;

iii) The main parameters and grounds for any system of annual bonuses or other, non-cash benefits; and

iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, on the basis of the degree of compliance with pre-set targets or benchmarks.

c) The main characteristics of welfare systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.

d) The conditions to apply to the contracts of executive directors discharging senior management functions, including the following:

i) Term;

ii) Notice periods; and

iii) Any other clauses covering signing bonuses, termination benefits or golden parachutes in the event of early termination of the contractual relationship between the company and the executive director.

See section: B.1.15

Followed

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of welfare schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Followed

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Followed

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditors’ report entailing a decrease in such earnings.

Not applicable

39. In the case of variable remuneration, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the recipients and not simply the general progress of the markets or the company's industry or circumstances of this kind.

Not applicable

40. The Board should submit a report on the directors' remuneration policy to the **advisory** vote of the General Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will emphasise the most significant changes to these policies in relation to those applied in the previous year to which the General Meeting refers. It will also include an overall summary of how the remuneration policy was applied in this previous year.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Followed

41. The notes to the financial statements should list individual directors' remuneration in the year, including:

a) A breakdown of the remuneration earned by each director, to include where appropriate:

i) Attendance fees and other fixed director payments;

ii) Additional remuneration for acting as chairman or member of a Board committee;

iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;

iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;

v) Any termination benefits agreed or paid;

vi) Any remuneration they receive as directors of other companies in the group;

vii) The remuneration executive directors receive in respect of their senior management functions;

viii) Any kind of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be deemed a related party transaction or when its omission would detract from the fair presentation of the total remuneration received by the director.

b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:

i) Number of shares or options granted in the year, and the exercise terms;

ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;

iii) Number of share options outstanding at the annual close, specifying their price, date and other exercise conditions;

iv) Any change in the year in the exercise terms of previously granted options.

c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of company performance.

Followed

42. When the company has an Executive or Delegated Committee (“Executive Committee”), the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

Not applicable

43. The Board should be kept fully informed of the business transacted and resolutions adopted by the Executive Committee. To this end, all Board members should receive a copy of the Executive Committee's minutes.

Not applicable

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the composition and operation of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set forth in the Board regulations, and include the following:

a) The Board of Directors should appoint the members of such Committees having regard to the knowledge, aptitudes and experience of its directors and remit of each Committee and shall discuss their proposals and reports. The Committees should report the business transacted and account for the work performed at the first plenary session of the Board following each Committee meeting;

b) These Committees should be formed exclusively of non-executive directors and have a minimum of three members. Executive directors or senior executives may also attend meetings at the Committee's invitation.

c) Committees should be chaired by an independent director.

d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meetings should be recorded in minutes and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

Partially followed

Except for section c) as the company does not have any independent directors; and e) the minutes of the Committees are at the disposal of the directors on request.

45. The job of overseeing compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance Committees.

Followed

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Followed

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of reporting and internal control systems.

Followed

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Followed

49. The control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of identified risks, should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Followed

50. The Audit Committee's role should be:

1) With respect to internal control and reporting systems:

a) Oversee the preparation and completeness of the financial information of the company and, if applicable, of the Group, and check compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.

b) Review internal control and risk management systems on a periodic basis so that the main risks are properly identified, managed and disclosed.

c) Ensure the independence and efficiency of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal audit; propose the internal audit department's budget and receive periodic information on its activities; and check that senior management acts on the findings and recommendations of its reports.

d) Establish and monitor a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the company, particularly of a financial and accounting nature.

2) In relation to external auditors:

a) Submit proposals to the Board for the selection, appointment, re-appointment and removal of the external auditors and the terms and conditions of the engagement.

b) Receive regular information from the external auditors on the progress and findings of the audit plan and check that senior management is acting on its recommendations.

c) Ensure the independence of the external auditors, to which end:

i) The company should notify any change of auditors to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditors and the reasons for the same.

ii) The Committee should ensure that the company and the auditors adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditors' business and, in general, other requirements designed to safeguard auditors' independence;

iii) The Committee should investigate the issues giving rise to the resignation of any external auditors.

d) In the case of groups, prevail on the group's auditors to take on the audit of the group companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Followed

51. The Audit Committee may call on any company employee or executive to be present at its meeting, even ordering their presence without another senior executive.

Followed

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to Board decision-making:

a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

b) The creation or acquisition of ownership interests in special purpose vehicles or entities resident in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group. c) Related party transactions, except where their scrutiny has been entrusted to some other oversight and control committee.

See sections: B.2.2 and B.2.3

Followed

53. The Board of Directors should seek to present the financial statements to the General Meeting without reservations or qualifications for any matters in the auditors' report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to the shareholders of the related matters and scope limitations.

See section: B.1.38

Followed

54. The majority of Nomination Committee members - or Nomination and Remuneration Committee members as the case may be - should be independent directors.

See section: B.2.1

Explain

The company does not have any independent directors.

55. The Nomination Committee should have the following functions in addition to those stated in earlier Recommendations:

a) Evaluate the skills, knowledge and experience required of the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organise as the Committee deems fit the succession of the Chairman and the chief executive and, if applicable, submit proposals to the Board in order to ensure a smooth and well-planned handover.

c) Report on the senior executive appointments and removals which the chief executive proposes to the Board. d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Followed

56. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Nomination Committee for its consideration.

Followed

57. The Remuneration Committee should have the following functions in addition to those stated in earlier Recommendations:

a) Make proposals to the Board of Directors regarding the following:

i) The remuneration policy for directors and senior executives;

ii) The individual remuneration and other contractual conditions of executive directors.

iii) iii) The standard conditions for senior executive employment contracts.

b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14 and B.2.3

Followed

58. The Remuneration Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors and senior executives.

Followed

G - OTHER INFORMATION OF INTEREST

If you consider that there is any material aspect or principle relating to the corporate governance practices followed by your company that has not been addressed in this report, indicate and explain below.

This section can include any other information, clarification or qualification relating to the previous sections of the report, provided that it is relevant and not repetitive.

In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance, and if so, include the information that it is required to provide, where such information differs from that required in this report.

Binding definition of independent director:

Indicate whether any of the independent directors has, or has had, any relationship with the company, its significant shareholders or its executives that, had it been sufficiently significant or material, would have determined that the director concerned could not be considered independent in conformity with the definition set forth in section 5 of the Unified Good Governance Code:

NO

Date and signature:

This Annual Corporate Governance Report was approved by the company's Board of Directors at its meeting held on

28/02/12

Indicate whether any directors voted against or abstained in relation to the approval of this report.

YES

Name or company name of director who did not vote in favour of the report

FORO FAMILIAR MOLINS, S.L.

Reasons (against, abstention, non-attendance)

Against

Explain the reasons

The natural person representative of Foro Familiar Molins, S.L. expressed his disagreement with the company's answer to questions B.1.10 and F.8 of the report, in particular with regards to the approval by the Board in plenary session of the 'Strategic or Business Plan' and of the 'Remuneration and Evaluation Policy for the Performance of Senior Executives'.

APPENDIX TO THE CORPORATE GOVERNANCE REPORT OF CEMENTOS MOLINS, S.A. FOR 2011.

Additional disclosures required of listed companies to the Corporate Governance Report of Cementos Molins, S.A., for 2011, pursuant to Article 61 bis of Securities Market Law 24/1988, of 28 July, as amended by Sustainable Economy Law 2/2011, of 4 March.

1. Securities that are traded on a regulated Community market, indicating, where appropriate, the various classes of shares and, for each class of shares, the rights and obligations that they confer.

Not applicable.

2. Any restrictions on the transferability of shares or on the exercise of voting rights.

There are no restrictions on the transferability of the shares. There are no restrictions on voting rights.

3. Rules governing amendments of the Company's bylaws.

Any amendment to the bylaws must be resolved by the shareholders at the Annual General Meeting and shall meet the requirements of the Spanish Limited Liability Companies Law.

4. Significant agreements entered into by the Company which take effect, are amended or terminated in the event of a change of control of the Company following a takeover bid and the effects thereof.

The Company has entered into and deposited two shareholders agreements at the Spanish National Securities Market Commission for public knowledge.

The first, relating to the subsidiary Fresit, B.V. entered into on 15 May 2009 by Cementos Molins, S.A. and Cemolins Internacional, S.L.U., of the one part, and Buzzi Unicem, SpA and Buzzi Unicem Internacional, S.à.r.l., of the other part.

The second, relating to Cementos Avellaneda, S.A. (Argentina) and Cementos Artigas, S.A. (Uruguay), entered into on 26 January 2010, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U., of the one part, and the Votorantim Group, of the other part.

Both agreements provide that change of control of either of the parties grants the other party a pre-emption right on the ownership interest held by the party whose control changes of the companies that are the subject-matter of the agreement.

5. Agreements between the Company and its directors, executives or employees which provide for termination benefits upon resignation or unjustified dismissal or upon termination of the employment relationship as a result of a takeover bid.

A contract entered into by the Company and a senior executive provides for a termination benefit equal to 45 days' salary (based on gross annual remuneration) per year of service, up to a maximum of 42 months' monetary remuneration at the date of termination, as provided for in Article 10.3-d of Royal Decree 1382/1985, i.e. in the event of succession of the company or a significant change in the ownership thereof that results in a renewal of its governing bodies or the substance and approach of its main business.

6. Description of the key aspects of the internal control and risk management systems with respect to the financial reporting process.

In responding to this point, section F, "Systems of control and risk management in connection with financial reporting (ICFR)" of the Spanish National Securities Market Commission Draft Circular, amending specimen annual corporate governance reports, of 14 November 2011, was followed.

SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO FINANCIAL REPORTING (ICFR)

Description of the mechanisms comprising the risk control and management systems in relation to the internal control over financial reporting (ICFR) of Cementos Molins, S.A.

F.1 The entity's control environment. Provide information, indicating salient features, on at least:

1) **F.1.1.** Bodies and/or functions responsible for: (i) the existence and maintenance of a suitable, effective ICFR; (ii) its implementation; and (iii) its oversight.

The Board of Directors of Cementos Molins is responsible (pursuant to Article 5.n of its Regulations) for the implementation and monitoring of a suitable, effective system of internal control over financial reporting that ensures the completeness and reliability of financial information.

The Board of Directors delegates oversight of the design and effectiveness of internal control to the Audit Committee.

Article 28 of the Board Regulations specifies that the duties of the Audit Committee in connection with financial reporting are, inter alia:

- Oversee the preparation, reporting and integrity of the financial information, checking compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.
- Understand the processes used to prepare the financial statements and to obtain reasonable assurance that the supporting reporting systems are reliable.
- Review internal control and risk management systems on a regular basis so that the main risks are properly identified, managed and disclosed.

Cementos Molins S.A. has an internal audit department, reporting to the Audit Committee, whose remit is to ensure that the systems of internal control and financial reporting function correctly, to assess the effectiveness of ICFR and to report regularly on any weaknesses identified in the course of its work and the timeframe set for the proposed adaptation or corrective action.

The Audit Committee members are kept apprised of all regulatory changes that may arise in this connection.

The senior executives of Cementos Molins, S.A. are responsible, under the supervision of the Audit Committee, for defining the organisational model of Cementos Molins' systems of control over financial reporting and for designing, implementing and ensuring that appropriate internal control is in place.

Thus, the role of internal control over financial reporting is discharged at the level of general corporate management of Cementos Molins, S.A. and thereafter at the various functional divisions (administration, finance, human resources, legal services and information systems), who are responsible for designing and implementing the internal control systems.

The model for internal control over financial reporting is centralised at corporate administration management, which ensures that it is maintained and that all the documentation relating to the procedures and controls in place from time to time is updated. It also notifies the Group's various companies and organisational areas of the approval of policies and procedures of internal control over financial reporting.

The documentation and regulations relating to ICFR are notified. The Company has established the corporate intranet as the means of dissemination and communication.

2) **F.1.2.** Indicate whether the following, particularly in connection with the process of preparing financial reporting, exist:

✓ Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring procedures are in place to communicate this structure effectively throughout the entity.

Corporate administration management ensures that tasks and responsibilities are adequately distributed and assigned for the process of preparing financial information, establishing and, where appropriate, proposing to general corporate management and human resources management the design and structure required to carry them out.

Human resources management, together with the other functional management divisions, is responsible for disseminating and informing on the organisational structure and any possible changes therein, including those relating to the financial reporting process.

✓ Code of conduct, approving body, level of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

At the proposal of the Audit Committee, on 28 February 2012 the Board of Directors approved the Code of Conduct of the Cementos Molins Group, the contents of which will be notified and disseminated to all the employees of the Cementos Molins Group. Its external dissemination is the responsibility of the Board of Directors.

Oversight for compliance therewith is the remit of the Steering Committee, made up of the corporate human resources manager and the corporate legal services manager. The Audit Committee has been entrusted with its review and periodic update.

Also notable in this connection are Cementos Molins' Internal Rules of Conduct vis-à-vis the Securities Market, established in a resolution passed by the Board of Directors on 29 July 2004 and reviewed by a Board Resolution adopted on 28 February 2012.

Both sets of regulations are posted on the Company's website at (www.cemolins.es).

- ✓ 'Whistle-blowing' channel, for reporting any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and irregular activities within the organisation to the Audit Committee, stating, as applicable, whether such reports are confidential.

Since 23 April 2009, the Cementos Molins Group has a reporting channel available for all employees of the Spanish companies in the Cementos Molins Group, whereby they can inform Cementos Molins confidentially of any potentially significant irregularities, particularly those of a financial and accounting nature, of internal control over fraud that, to the best of their knowledge and belief, constitute inappropriate conduct or action.

Employees may use the procedure for notifying potentially significant irregularities by sending a letter addressed to the Secretary of the Audit Committee of Cementos Molins.

The Audit Committee is informed on a half-yearly basis of the functioning of the reporting mechanism.

At its meeting on 23 February 2012 the Audit Committee established new procedure regulations for this type of reporting, which will be implemented in the second quarter of 2012.

- ✓ Training and periodic refresher courses for personnel involved in preparing and reviewing financial information or evaluating the system of ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

Human resources management and administration and finance management check that the updating procedures for the accounting and financial tasks are appropriate when this is called for due to legislative and regulatory changes, including changes in the international accounting standards, that affect the preparation of the Group's financial statements.

The various functional divisions also receive information on a regular basis from external advisers and the Company's external auditors on regulatory changes or interpretations of standards that may affect the preparation of the Group's financial information, for which fluid communication with the latter is established in order to be informed of and to interpret and adapt to such standards. Internal dissemination within the Group to the areas that might be affected is also ensured.

F.2 Assessment of reporting risks. Provide information on, at least:

3) **F.2.1.** The main features of the risk identification process, including risks of error or fraud, as regards:

- ✓ Whether the process exists and is documented:
- ✓ Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and how frequently:
- ✓ Whether a specific process is in place to define the scope of consolidation, taking into account, inter alia, the possible existence of complex corporate structures and special purpose entities or vehicles.
- ✓ Whether the process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.
- ✓ Indicate the entity's governing body that oversees the process.

The Molins Group's system of internal control over financial reporting is overseen by the Audit Committee and the purpose thereof is to ensure the reliability of significant financial information.

With a view to defining the sphere of application of ICFR at Group level, the following factors were borne in mind:

- At Spanish companies and investees that are over 50% controlled the procedures of the key processes in place are defined on the basis of quantitative and qualitative materiality, establishing a risk matrix and the controls associated with each process in order to safeguard the reliability of the resulting financial information.
- In the case of the international companies the necessary control mechanisms to enable the consolidation process to ensure reasonable reliability of the information and the processes generating it have been established. Thus, the various companies' internal audit departments review the procedures and processes taking into account the risk criteria. The external auditors also identify and inform Cementos Molins of any control weaknesses observed in

the course of their work. On the basis of the conclusions drawn, which are reported to the internal audit department of Cementos Molins, the procedures in place are improved and standardised. Internal audit reviews these processes in situ in the context of its annual audit and risk map schedule.

On the basis of the foregoing, the risks and processes to be documented that have a potentially material impact on the financial information have been identified and, in Cementos Molins' risk identification process, are covered by the following financial reporting objectives:

- **Existence and occurrence**: transactions, facts and other events reflected in the financial information exist in reality and were recorded in due time.

- **Completeness:** The information reflects all the transactions, facts and other events in which the entity is the affected party.

- **Valuation:** transactions, facts and other events are recognised and measured in accordance with the applicable standards.

- **Presentation, disclosure and comparability:** transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with the applicable standards.

- **Rights and obligations:** the financial information reflects, at the corresponding date, the rights and obligations through the related assets and liabilities, in accordance with the applicable standards.

Also, in identifying risks, those arising from external factors that could have a material effect on the business and the Group's financial reporting are also assessed, namely:

- Safeguarding of assets
- Possibility of fraud
- Environmental legislation
- Specific market situations (legal and regulatory changes)
- Estimates, lawsuits and provisions.

The scope of consolidation of Cementos Molins is defined on a monthly basis by corporate administration management, based on the information available in its files and in accordance with international accounting standards and is confirmed on a half-yearly basis by the external auditors. Any significant change in the scope of consolidation is notified to the Audit Committee.

Cementos Molins is currently in the process of drawing up the documentation for a model of internal control over financial reporting that will provide reasonable assurance that the following objectives are met:

- Reliability of financial reporting
- Compliance with the applicable legislation and standards
- Risk assessment and control activities

Based on the foregoing, Cementos Molins has defined the key processes for the preparation of its financial information and has drawn up the related map, containing:

- Purchases and payables.
- Income and receivables.
- Cash and financial items.
- Investments and non-current assets.
- Human resources.
- Stock control. Inventories.
- Accounting close and consolidation.
- Tax.
- Information systems.
- Impairment of assets.

At the 2011 reporting date processes in force relating to purchases and payables, income and receivables, accounting close/consolidation and asset impairment had been formally documented, while documentation of the other processes was in progress.

The documentation generated in connection with these procedures includes detailed descriptions of transactions performed and those relating to the preparation of financial information from commencement until their recognition in the accounting records.

The basic elements for each process are the activities flowcharts, the associated risks in each case and the control activities that mitigate them. The result is a risk and controls matrix for each process that enables the control objectives of Cementos Molins to be complied with in the case of all relevant financial information.

Corporate administration management, together with the other managements and functional areas involved, coordinates the documentation and dissemination of the key processes identified. This management is also in charge of the ongoing updating of the flowcharts of each of the processes, of the risks and associated controls.

The senior executives of Cementos Molins intend to build on the initial efforts made to improve and document internal control processes and procedures and establish mechanisms to enhance the quality of its processes and controls for the preparation of financial reporting on an ongoing basis.

All information relating to the internal control over financial reporting model is documented and is available to the users thereof and to those involved in the preparation of financial information.

F.3 Control activities. Provide information, indicating salient features, if available, on, at least:

4) **F.3.1.** Procedures for reviewing and authorising financial information and the description of ICFR to be disclosed to the securities markets, indicating the corresponding lines of responsibility, as well as documentation describing the flows of activities and controls (including those addressing the risk of fraud) for the various types of transactions that may materially affect the financial statements, including procedures for the accounting close procedure and for the separate review of critical judgements, estimates, evaluations and projections.

The Molins Group furnishes the securities market with financial information on a quarterly basis. The information is prepared by administrative management reporting to general corporate management.

In the process of preparing the financial information to be published, administrative management carries out certain control activities to check its reliability. Additionally, the management control department, also reporting to general corporate management, oversees the information prepared. The guidelines for preparing and reviewing the information are based on the internal control "Statutory reporting manual”.

The CEO, general corporate management and general operations management analyse the information to be published provisionally, approving it prior to sending it to the Audit Committee, which oversees the financial information submitted. Lastly, the Audit Committee informs the Board of Directors of its conclusions on the information submitted, so that once it has been approved by the Board, it may be published in the securities market.

At the half-yearly and annual reporting dates the Audit Committee and the Board of Directors also have available the information prepared by the Group's external auditors on the results of their work.

In the case of the report on the description of ICFR, the same procedure as that described in this section is followed prior to its publication in the securities market.

5) **F.3.2.** Internal control policies and procedures for IT systems (including access security, control of changes, system operation, continuity and segregation of duties) giving support to key company processes involved in the preparation and publication of financial information.

Management of organisation and systems of Cementos Molins, S.A., reporting to general corporate management, is responsible for the information systems and telecommunications of Cementos Molins, S.A. and its Spanish subsidiaries. Its functions include defining, implementing and monitoring compliance with the security policies and standards, as well as the business continuity plan of the various applications and infrastructure that support it.

The control model addresses all the applications, infrastructure for support and access, communication systems and the physical locations in all cases, placing particular emphasis on processes that are relevant for business continuity on a normal basis, directly or indirectly related to financial information.

The control model defined at Cementos Molins, S.A. comprises the following processes:

- Physical security of the data processing centres.
- Logical security of applications.
- Project management. Implementation, development and evolutive advances.
- Operations management.
- Service provider management.
- Infrastructure and communications.
- Back-up and recovery systems.

- User management.

These processes are supported by a series of automatic and manual steps, standards, procedures and security rules, which are documented and audited on a regular basis and define, inter alia, the control activities required to address the risks to which the following areas of information systems management are exposed.

- Information systems environment.
    - Organisational charts and descriptions of the duties of the employees involved in the information systems.
    - Systems map.
    - Telecommunications network map.
- Applications change management.
    - Management of requests for new development, improvements and changes.
    - Requests registration, analysis and approvals circuit.
    - Development and implementation of new systems.
    - Bringing into service of such applications, their validation and completion.
    - Documentation and training
- Operations and use of systems.
    - Management of operating activities.
    - Management of back-up systems.
    - Incidents management.
    - Contingency and recovery plans.
    - Service provider management.
- User training and information.
    - User information systems.
    - Ongoing training procedures.
- Physical and logical security.
    - Management of security activities.
    - Physical security of control rooms.
    - Logical security of access to systems.
    - Security in data transfers in public networks.

In compliance with the applicable regulatory standards, Cementos Molins defined the role of Information Security. This role is responsible for protecting the Company's information systems, in order to achieve and maintain the required security standards. In order to ensure that these standards are defined correctly an internal procedure, compliant with the legislative requirements, is in place that defines the standards and also the security requirements to be implemented.

The control model envisages various internal audits that help to keep the security systems updated at acceptable and good functional levels for Cementos Molins, S.A.

6) **F.3.3.** Internal control policies and procedures for overseeing the management of outsourced activities to third parties and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements:

Cementos Molins does not outsource to third parties, either fully or partially, any phase of its process of preparing financial statements.

In the event of hiring outside advisers for accounting, legal, tax or employment-related issues, to handle a specific matter, the results thereof are overseen by the persons in charge of each functional area in order to ratify the reasonableness of the conclusions drawn.

F.4 Reporting and communication. Provide information, indicating salient feature, if available, on, at least:

7) **F.4.1.** Whether there is a specific role in charge of defining and maintaining accounting policies (accounting policies area or department) and resolving doubts or disputes over their interpretation, communicating on a regular basis with the team in charge of operations at the organisation. The role is also responsible for updating the accounting policies manual and disseminating it to the Company's operating units.

Corporate administration management is responsible for applying the Group's accounting policies. This management also encompasses the corporate accounting department, whose remit includes:

- Defining and updating the Group's accounting policies.
- Keeping track of international accounting standards and their effects on the Group's financial statements.
- Ensuring that the accounting treatment of the transactions of the consolidated Group and its individual companies is appropriate.
- Informing and addressing any queries on the application of the accounting standards that could be raised at the Group companies or at the request of functional areas.

In cases where the accounting rules are complex and require a more detailed technical analyse for their interpretation, administrative management contacts the Group's external auditors in order to establish a position thereon.

The Group is currently updating its Accounting Policies Manual. The manual is disseminated to those in charge at the companies involved in the preparation of the financial information.

8) **F.4.2.** Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the company or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

Cementos Molins has implemented a single computer tool to meet the accounting needs of its Spanish companies and a computer tool for the consolidation process. The information of the

Spanish companies is uploaded onto the consolidation tool with standardised criteria and formats that comply with the Molins Group's accounting policies. With respect to the Group's international companies a single applicable reporting model has been established , standardised in compliance with the Group's accounting policies and is included in the consolidation tool, once the integrity of the information has been checked using internal controls.

The computer consolidation tool centralises in a single system the separate financial statements of the subsidiaries making up the Group, as well as the consolidated financial statements and the main disclosures required for the preparation of the consolidated financial statements.

F.5 Oversight of system operation. Provide information, stating the main features, on at least:

9) **F.5.1.** ICFR monitoring activities performed by the Audit Committee, including an indication of whether the entity has an internal audit department whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Also describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate the findings. State also whether the company has an action plan specifying corrective measures and whether it has taken stock of the potential impact of any flaws on its financial information:

The internal audit department must notify the Audit Committee of the correct functioning of ICFR and is therefore responsible for reviewing the controls in place, reporting any potential weaknesses identified, the steps to be taken to mitigate them and for monitoring the implementation of such steps.

In verifying the ICFR and in ensuring the quality of financial reporting the Audit Committee focused its activity on overseeing the preparation of the separate and consolidated financial statements, as well as the accompanying information thereto, the consolidation process and the scope of consolidation and all the periodic information (half-yearly and quarterly) that must be reported to the markets. In its work it is supported by the internal audit department and the Company's external auditors, with whom meetings are held periodically.

Action plans envisaging corrective steps are established, in conjunction with internal audit and corporate management, in the event of detecting any weaknesses in the quality of the information or in the internal systems of control over financial reporting.

10) **F.5.2.** Indicate whether there is a discussion procedure whereby the financial auditors (pursuant to TAS), the internal audit department and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other reviews they have been engaged to perform to the company's senior executives and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses identified.

The internal audit department reports on a half-yearly basis to the senior executives and to the Audit Committee on any significant weaknesses in internal control that have been identified during the review of the audits conducted once the ICFR reviews have been carried out.

At the Audit Committee meetings, of which at least three a year are attended by the external auditors, the latter can discuss matters with the senior executives and committee members and inform on the review of conclusions drawn from their review of the financial statements and also on any control weaknesses identified.

F.6 Other relevant information

F.7 External auditors' report. Indicate:

F.7.1. Whether the ICFR information reported to the markets has been reviewed by the external auditors. If "yes", the related report should be included in the corresponding report as an Appendix. If "no", give reasons.

The external auditors reviewed Cementos Molins' ICFR information that was reported to the markets for 2011. The scope of the auditors' review procedures was set in accordance with the Draft Guidance and the related specimen auditors' report, dated 28 October 2011, publicised by the financial auditors' representative bodies.

Also, on 25 January 2012, in its Circular E 01/2012, the Spanish Institute of Certified Public Accountants set forth certain additional considerations relating to the matter, which were also taken into account in the procedures applied by the external auditors.

Sant Vicenç del Horts, at 28 February 2012.

Cementos Molins, S.A.

Auditors' Report on the
"Information Relating to the System
of the Internal Control over Financial
Reporting (ICFR)" for 2011

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AUDITORS' REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF CEMENTOS MOLINS, S.A. FOR 2011

To the Directors,

In accordance with the request of the Audit Committee of Cementos Molins, S.A. ("the Entity") and with our proposal-letter of 23 February 2012, we have applied certain procedures to the "Information relating to the system of ICFR" contained in the accompanying Annual Corporate Governance Report of Cementos Molins, S.A. for 2011, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying Information relating to the system of ICFR.

It should be noted in this regard, irrespective of the quality of the design and operativity of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

Under Spanish Securities Market Law 24/1988, of 28 July, duly amended by Sustainable Economy Law 2/2011, of 4 March, for financial years beginning on or after 1 January 2011, the Annual Corporate Governance Report ("ACGR") must include a description of the main characteristics of the internal control and risk management systems in relation to the regulated financial reporting process. In this connection, on 26 October 2011 the Spanish National Securities Market Commission (CNMV) published a draft Circular, modifying the Annual Corporate Governance Report form to be published, which included the approach to be taken by entities with respect to the description of the main features of their system of ICFR. A CNMV letter dated 28 December 2011 contains a reminder of the legal amendments to be taken into consideration when preparing the "Information relating to the system of ICFR" until final publication of the CNMV Circular defining a new ACGR form.

Pursuant to subparagraph no. 7 of the system of ICFR contained in the annual corporate governance report form included in the draft CNMV Circular, whereby entities are required to indicate whether the description of the system of ICFR has been reviewed by an external auditor and, if so, to include the relevant report, the financial auditors' representative bodies published Draft Guidelines on 28 October 2011 and the corresponding illustrative auditors' report ("the Draft Guidelines"). In addition, on 25 January 2012, the Spanish Institute of Certified Public Accountants established certain additional considerations in this connection in its Circular E01/2012.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Draft Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report.

Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2011 described in the accompanying Information on the system of ICFR. Therefore, had procedures additional to those provided for in the engagement letter been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the system of ICFR - disclosure information included in the Directors' Report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in the annual corporate governance report form included in the draft CNMV Circular.

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) understanding the preparation process; (ii) obtaining the information required in order to assess whether the terminology used is in keeping with the definitions provided in the reference framework; (iii) obtaining information on whether the aforementioned control procedures have been implemented and are in use at the Entity.

3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the system of ICFR. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.

4. Comparison of the information detailed in point 1 above with the knowledge of the Entity's system of ICFR obtained as a result of the application of the procedures carried out as part of the audit of its financial statements.

5. Perusal of minutes of meetings of the Board of Directors, the Audit Committee and of other Entity committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the Information relating to the system of ICFR did not disclose any inconsistencies or incidents that might affect the Information.

This report has been prepared exclusively in the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and the provisions of the draft CNMV Circular, of 26 October 2011, for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Raimon Ripoll

28 February 2012

CEMENTOS
MOLINS

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