



DIRECTOR'S REPORT

INDIVIDUAL FINANCIAL STATEMENTS

FINANCIAL YEAR OF 2007

Semapa – Sociedade de Investimento e Gestão, SGPS, SA. Public Limited Company
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Lisbon Companies Registry and Corporate Person no. 502 593 130 · Share Capital 118.332.445 Euros

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1. ECONOMIC BACKGROUND

In 2007, the Portuguese economy grew by 1.9%, after gathering pace in the final quarter of the year. According to figures issued by the National Institute of Statistics (INE), the growth in GDP recorded last year was the highest in the last six years (since 2001), contrasting favourably with the growth of 1.6% recorded in 2006.

The recovery in the Portuguese economy in 2007 was underpinned by improved performance in industrial investment and robust growth in exports of goods and services. At the same time, a number of imbalances were corrected: i) in the balance of payments, despite the shock of soaring oil prices and rising interest rates over recent years and ii) in public finance, with further progress being made on consolidating the budget, more than meeting the commitments accepted under the Stability and Growth Pact. In addition, the slowdown in consumer spending observed in 2006 continued in 2007, inverting the downward trend in household savings observed in recent years.

The Portuguese inflation rate, measured by the average annual variation in the HRPI (Harmonized Retail Price Index), is expected to have dropped from 3.0% in 2006 to 2.4% in 2007, due in great part to rising energy prices, reflecting the oil price in Euros, in annual terms.

In global terms, the financial year of 2007 was characterized by relatively strong growth, due to a large extent to the bloc of countries comprising China, India, Russia and Brazil, where economic growth stood in the order of 8.1%, in accordance with IMF estimates. For their part, the developed economies experienced slower growth, down from 2.9% to 2.5%.

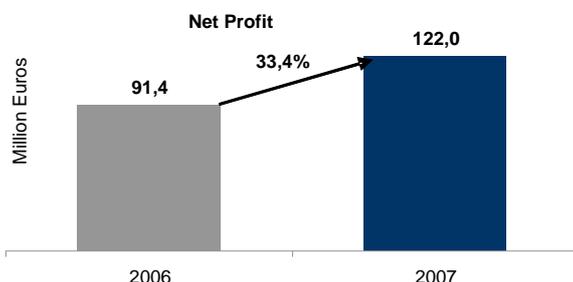
From August 2007 onwards, the situation on the international financial markets was extremely turbulent, leading investors to reassess their risks significantly, almost overnight. The effects of this on the economy are not easy to quantify, partly due to the lack of information of the real scale of the phenomenon, and also due to the complexity of the transfer mechanisms involved and of the solutions needed to resolve the issues.

Sharp deterioration of confidence in the financial system and the consequent widening of the differentials between market interest rates and leading rates exerted an influence over monetary policy in 2007. As a result some of the main central banks made abrupt changes to their monetary policies, whilst others put the normal evolution of their policy on hold.

In September 2007, after a break of 15 months, the American Federal reserve (FED) announced a 15% cut in the Fed Funds leading rate, abandoning its previous focus on controlling inflationary pressures and centring its attention on reducing the risks of the economy cooling even further. The FED made a further reduction in the leading rate before the end of the year, and took the markets by surprise in January when it slashed its rate by 125 base points to 3%.

For its part, the ECB interrupted its policy of gradually increasing its refinancing rate, which held at 4% through to the end of 2007, due to i) the likely cooling of the economy and ii) problems of liquidity caused by the financial crisis which pushed up Euribor rates for shorter maturities. Despite this stance, the ECB maintained an aggressive discourse, emphasising the need to control inflationary pressures.

2. OPERATIONS



Taking the economic context into consideration, Semapa SGPS recorded overall positive performance in 2007 in view of: i) the net contribution by its subsidiaries to net profits of **127.9 million euros** and ii) the disposal of a total of 18.0 million shares in EDP, yielding a capital gain of **23.9 million euros**.

In the financial year of 2007, operating results stood at **(13.7) million euros**, in line with those recorded in 2006 - (13.5) million euros) – due essentially to structural costs borne by Semapa SGPS.

Financial results made a positive contribution to net profits of **105.4 million euros**. This was achieved thanks essentially to Gains on group and associated undertakings of **130.7 million euros** (28.6% higher than presented in 2006).

Current results were positive at 91.6 million euros, comparing with **83.5 million euros** recorded in 2006 (up 9.7%).

Semapa SGPS closed the financial year of 2007 with net profits for the period of **122.0 million euros**, 33.4% higher than the figure recorded in the previous year.

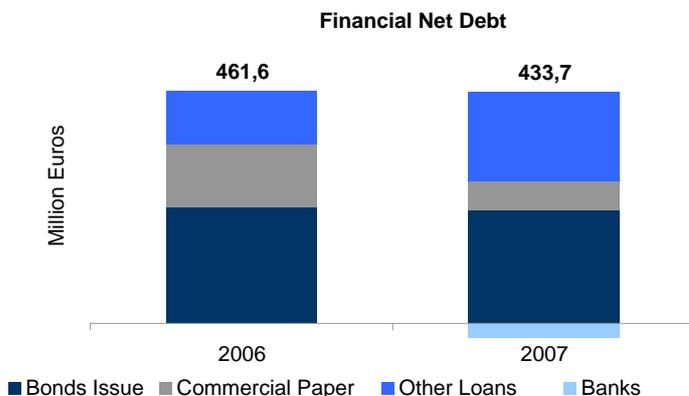
Another important development was the reduction of **27.9 million euros** in net bank borrowing, in relation to year-end 2006. This was due to a combination of two factors: (i) the cash injection of **76.7 million euros** from the disposal of shares in EDP, (ii) dividends received from Portucel and Secil (**82.3 and 19.1 million euros**, respectively), despite the fact that the company (i) paid dividends of **27.2 million euros**, (ii) acquired own shares with a value of **36.7 million euros**, (iii) acquired shares in Portucel on the stock exchange with a value of **68.7 million euros** and (iv) bore structural and financial costs.

3. MAJOR DEVELOPMENTS IN 2007

- The General Meeting of Semapa SGPS, held in March 2007, at which it was resolved to distribute dividends of 0.23 euros per share in circulation, leading to payment of a total dividend of 27.2 million euros in April.
- Disposal during 2007 of 18.0 million shares in EDP – Energias de Portugal, resulting in a financial input of 76.7 million euros and a capital gain of 23.9 million euros.
- The company increased its holding in Portucel, by acquiring on the stock exchange shares representing 3.40% of its capital.
- Under the Put & Call Combination agreement entered into with Caixa Banco de Investimento in late 2006, Semapa SGPS also exercised the right to purchase a further 2.95% holding in Portucel.
- Acquisition of 2,720,000 own shares, corresponding to 2.30% of the share capital of Semapa SGPS.

4. FINANCIAL

4.1. Financing



At 31 December 2007, Semapa SGPS had net bank borrowing of approximately **433.7 million euros**, comparing favourably with the figure recorded at year-end 2006 and representing a reduction of **27.9 million euros**.

In February 2007, under the Put & Call Combination contract signed in November 2006 with Caixa – Banco de Investimento, Semapa SGPS exercised its right to acquire a further 2.95% holding in Portucel. The acquisition price for this additional holding was 76.4 million euros, with a neutral effect on Semapa SGPS's net borrowing, with one debt being replaced by another.

In March 2007, in keeping with the respective contractual terms, Semapa SGPS repaid 25% of the nominal value of bonds issued under the Semapa 98 programme, with a value of **5.6 million euros**.

In the course of 2007, Semapa SGPS made increased use of the credit line contracted in order to acquire shares in listed companies included in the PSI20 index (in particular, the increased holding in Portucel and acquisition of own shares).

All the borrowing of Semapa SGPS is denominated in euros and contracted on a variable rate basis.

4.2. Accounting Policies

Semapa's individual financial statements have been drawn up in accordance with the accounting principles generally accepted in Portugal, with the following derogation:

- Application of the method whereby actuarial gains and losses on defined benefit plans are recognized directly in equity accounts (Note 40), as established in IAS 19 approved by Regulation 1910/2005 of the European Commission, of 8 November.
- Available-for-sale financial assets are stated at fair value, in accordance with IAS 39, and variations in the fair value of these assets are imputed directly to Semapa's equity.

In addition, financial investments in group companies (and subsidiaries of group companies) and associate companies recorded using the equity method incorporate the impact of changes to accounting policies on the financial statements of these companies.

4.3. Risk Management

Risk management priorities have been to detect and hedge against risks which might have a materially relevant impact on the net profits or equity, or which may create significant constraints on the pursuit of the Group's business interests.

As regards the operations of Semapa SGPS, the company is exposed to interest risk given that all borrowing has been contracted on a variable rate basis.

Semapa SGPS is not exposed to exchange rate risk, as it conducts no foreign business.

Semapa SGPS is not exposed to liquidity risk, as it has unused credit lines maturing in 8 years.

4.4. Pensions

Implementation of the Directors' Retirement Benefits Regulations, approved at the Annual General Meeting of Shareholders in 2005, resulted in provisions being made for liabilities relating to past services, for a total of approximately 84 million euros, which was recognized in full as a cost in 2005. These liabilities were reassessed at the end of 2007, resulting in a value of approximately 91.8 million euros.

4.5. Listed Share Prices

The financial year of 2007 was characterized by a degree of volatility in the capital markets, especially in the second half of the year. The main European exchanges recorded a mixed performance, with some indexes showing substantial gains, including the Lisbon index, the PSI10, which was up by 16%, and with other indexes accruing losses, as with the FTSE 30, which dropped around 4%.

In 2007, Semapa shares performed fairly well through to the crisis which shook the financial markets in August, ending the year at practically the same level as at year-end 2006, slightly below the performance of the PSI20, as may be seen in the following graph:



NB: closing prices)

It may be seen that Semapa shares grew in value by 51% in the first half of the year, and that from August to the end of the year the shares accrued a loss of approximately 23%. The listed price dropped by around 0.79% over the course of 2007.

The listed price at close of trading varied between 8.77 euros and a maximum of 13.59 euros. Average daily trading of the period in question stood at 280,902 shares.

At the session after disclosure of the 2006 results, on 2 March 2007, the share price adjusted downwards by 4% in relation to the previous session.

No adjustment occurred in the listed price of Semapa shares after the payment of the dividends for 2007.

4.6. Net Profits for the Period

Semapa closed the financial year of 2007 with net profits of 122.0 million euros.

5. PROSPECTS FOR 2008

The financial year of 2008 will be marked by considerable uncertainty as to the impact of the current crisis in the financial markets on the economy of the main markets where the Semapa Group operates.

The US economy may be expected to continue to cool significantly, in line with the tendency observed since 2006, and there is the possibility that it may enter a recession this year. The European economy is also expected to slow somewhat, albeit with continued positive economic growth. As a result, the global economy should continue to decelerate in 2008, although the emerging economies are expected to remain dynamic.

As Semapa SGPS is a holding company, its business prospects are largely dependent on the operations of its subsidiaries, the Secil Group and the Portucel Group. These prospects will be detailed in the management report for the consolidated accounts. However, we shall here draw attention to two important points:

- Firstly, although no major impact is expected, either positive or negative, definitive closure has not yet been reached on the price adjustment system for the sale of the minority holding in Secil to CRH, the current Irish shareholders, under the terms of the usual contractual mechanisms agreed at the time. We believe that it should be possible to close this matter during 2008.
- Secondly, a trial date has been set for May 2008 for the action which Semapa has brought, through its subsidiary Semapa Inversiones SL, against various companies in the Teixeira Duarte, BCP and Lafarge groups in relation to non-compliance with the obligation to launch a mandatory take-over bid for Cimpor shares.

6. SUBSEQUENT EVENTS

- In the course of January this year, Semapa SGPS acquired an additional 0.20% holding in its subsidiary Portucel, through acquisition on the stock exchange of a further 1.5 million shares.

7. ACKNOWLEDGEMENTS

In 2007, Semapa 2007 enjoyed another year of growth and consolidation for the company and the group, one of the largest Portuguese industrial groups.

We would not wish to close this report without expressing our sincere thanks to the following, for their important contribution to this result:

- our employees, whose efforts and dedication have made it possible to develop one of Portugal's most dynamic Companies/Groups;
- for the support and understanding of our customers and suppliers, who have acted as partners in our project;
- for the cooperation of the Financial Institutions, and the Regulatory and Supervisory Authorities;
- for the cooperation of the Audit Board and the officers of the General Meeting and

- our Shareholders, who have accompanied our progress and whose trust we believe we continue to deserve.

8. PROPOSAL FOR DISTRIBUTION OF PROFITS

- Considering that the Company needs to maintain a financial structure compatible with sustained growth of its Group, in the various business areas in which it operates;
- Considering that in order for the Company to remain independent from the financial system, it needs to preserve levels of consolidated short, medium and long term indebtedness which allow it to maintain sound solvency indicators;

We propose that the net profits from individual operations determined under the POC rules of EUR 121,950,560.81 (one hundred and twenty one million, nine hundred and fifty thousand, five hundred and sixty euros and eighty one cents) be distributed as follows:

Dividends for shares in circulation (25.5 cents/share)	29,481,173.48 euros
Free reserves	35,181,477.69 euros
Retained earnings	57,287,909.64 euros

Lisbon, 25 February 2008

THE BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira
Chairman

Maria Maude Mendonça de Queiroz Pereira Lagos
Director

Carlos Eduardo Coelho Alves
Director

José Alfredo de Almeida Honório
Director

Francisco José Melo e Castro Guedes
Director

Carlos Maria Cunha Horta e Costa
Director

José Miguel Pereira Gens Paredes
Director

Paulo Miguel Garcês Ventura
Director

Rita Maria Lagos do Amaral Cabral
Director

António da Nóbrega de Sousa da Câmara
Director

António Paiva de Andrada Reis
Director

Fernando Maria Costa Duarte Ulrich
Director

Joaquim Martins Ferreira do Amaral
Director

Corporate Governance

Introduction

Semapa has striven in recent years to respond to growing investor concern relating to corporate governance issues. These efforts have resulted in compliance in 2007 with almost all the recommendations of the Securities Market Commission in this area.

This is an ongoing process with new concerns and new challenges, and in 2008 we have a new set of SCM recommendations. Semapa already complies with some of these new recommendations, and steps will be taken in 2008 to assure compliance with the remaining requirements.

For the previous financial year, Semapa decided to structure its corporate governance report so as to include separate chapters not only for the Report on structure and corporate government practices in compliance with SMC Regulations 7/2001, but also a range of other matters relating to other legal requirements and recommendations. This is a structure with a number of overlaps, with the need for referrals between sections, but it has the advantage of presenting the data in a more structured form, and of being easier to consult.

We have therefore decided to maintain the following structure for this report:

- I. Report on structure and corporate governance practices, drawn up under the terms of SMC Regulation no. 7/2001;
- II. Report on the issues referred to in Article 245-A.1 of the Securities Code;
- III. Declaration on remuneration policy;
- IV. Disclosures required by Articles 447 and 448 of the Companies Code, and
- V. Qualifying holdings in Semapa.

I. REPORT on structure and corporate governance structure, drawn up under the terms of SMC Regulation 7/2001

Chapter O Declaration of Compliance

Recommendation no. 1

The company stays in constant contact with the market, keeping to the principle of equal treatment for all shareholders, and taking steps to ensure that all investors enjoy uniform access to information. The company operates an investor support office, as described below.

This recommendation has therefore been adopted in full.

Recommendation no. 2

The company has no type of restriction on the exercise of voting rights or the representation of shareholders, and the time limits established in the articles of association for submission of the documentation necessary for attendance of general meetings or casting postal votes are shorter than the recommended minimum.

This recommendation has therefore also been adopted in full.

Recommendation no. 3

The company has adopted the recommendation that an internal system of risk control be created.

In addition to the specific bodies and procedures which exist in our subsidiaries, the company has an Internal Control Committee (ICC) with specific powers in the field of risk control, as described below.

Recommendation no. 4

No measures have been adopted in order to prevent the success of takeover bids, meaning that this recommendation has been adopted in full.

Recommendation no. 5

The management body comprises several members, who effectively direct the management of the company and its senior staff, as described in greater detail below.

The recommendation to this effect has therefore been adopted by the company.

Recommendation 5-A

The company has a number of non-executive directors who are responsible for continuous monitoring and assessment of the management of the company by the executive directors.

In addition to these duties performed by non-executive directors, there is also an internal body, the Internal Control Committee, whose members may not be executive directors, and

which also plays an important role in supervising and monitoring the affairs of the company, with an advisory function in relation to the choice of external auditors.

This recommendation has therefore been adopted in full.

Recommendation no. 6

Semapa's Board of Directors included independent non-executive directors: Messrs. Joaquim Martins Ferreira do Amaral and António da Nóbrega de Sousa da Câmara.

In addition, all the members of the Audit Board are independent and effectively exercise their powers. The Chairman of the Audit Board is also a member of the company's Internal Control Committee, with responsibilities in the areas of supervision and control, including advisory powers on the selection of external auditors.

This is a recommendation that the SMC does not considered as complied with by the company because the number of independent non-executive directors is less than 25% of the total number of directors.

However, it should be noted that the requirement in the recommendation is not quantitative, but calls instead for a "sufficient number", which presupposes, in our view, a critical assessment and appraisal on a case-by-case basis. In the specific case of Semapa, in view of the company's characteristics, namely the fact that it is a holding company with an extremely simple structure, and given the situation described above in relation to the number of independent non-executive directors and the position of the Audit Board and the Internal Control Committee, our understanding is different from that of the SMC, and we consider that the company complies with the recommendation.

Recommendation no. 7

The company has a Corporate Governance Supervisory Committee (CGSC) with specific powers for assessing the structure and governance of the company, as detailed below. This recommendation is therefore fully adopted by the company.

Recommendation 8

The structure of the directors' remuneration, which under the articles of association may comprise a fixed and a variable component, the variable components possibly including profit sharing, makes it possible to align the directors' interests with those of the company.

The company has not adopted the recommendation that individual directors' remuneration be disclosed. This decision has been taken after weighing up all the interests at stake, and in the opinion of the board of directors, in addition to other potentially negative effects, the gains resulting from such disclosure would not be greater than the loss to the right of privacy of each director.

This recommendation is therefore only partially adopted.

Recommendation no. 8-A

This recommendation has been adopted by the company.

In 2007, a declaration on remuneration policy for company officers, drawn up by the Remuneration Committee, valid until the end of the current term of office of the company

officers, was submitted for the consideration of the shareholders at the annual general meeting, and discussed at this meeting.

Recommendation no. 9

This recommendation has also been adopted, as all members of the Remuneration Committee are independent.

Recommendation no. 10

This recommendation is not applicable because the company has not adopted any share and/or share option allocation scheme.

Recommendation no. 10-A

The company has adopted internal rules on notification of irregularities alleged to have taken place within the company. These rules fix the means of communication, the persons to be legitimately notified, the rules on treatment and other matters detailed below.

This recommendation has therefore been adopted in full by the company.

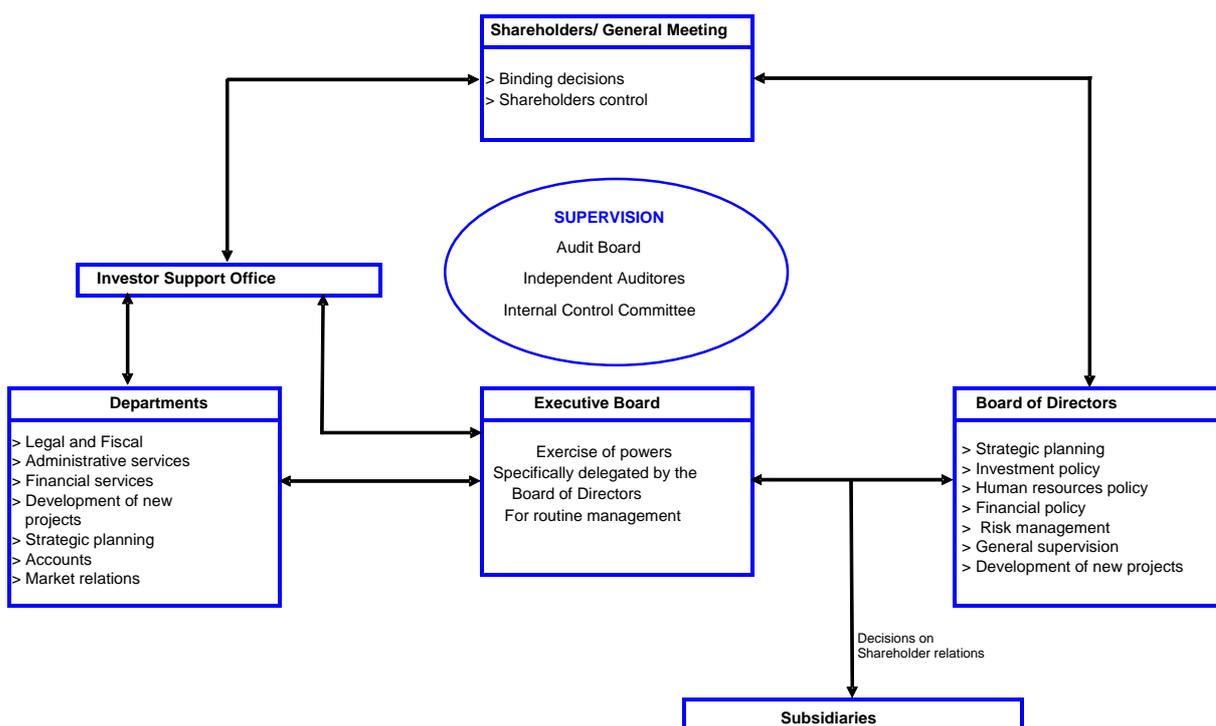
Recommendation no. 11

This recommendation is also not applicable, as it is aimed only at institutional investors.

**Chapter I
Disclosure of information**

1. Organisational structure

The following diagram shows in simplified form how powers are distributed with regard to business decisions:



Although duties and responsibilities are not rigidly compartmentalized within the Board of Directors, four main areas may be distinguished in the way responsibilities are shared out:

- 1 Strategic planning and investment policy, which are the responsibility of the Chairman of the Board of Directors, Pedro Mendonça de Queiroz Pereira, and the director, Eng. Carlos Eduardo Coelho Alves.
- 2 Financial policy and risk management, which is the responsibility of the directors Dr. José Alfredo de Almeida Honório and Dr. José Miguel Pereira Gens Paredes.
- 3 Human resources policy and administrative control, which is the responsibility of the directors Dr. Francisco José de Melo e Castro Guedes and Dr. Carlos Maria Cunha Horta e Costa.
- 4 Legal issues, which are the responsibility of Dr. Paulo Miguel Garcês Ventura.

The Director, Eng. Joaquim Martins Ferreira do Amaral, who is the only director to sit on the Internal Control Committee, has special responsibilities for general supervision.

2. Specific Committees

The company has three specific committees: the Remuneration Committee, the Internal Control Committee and the Corporate Governance Supervisory Committee.

The Remuneration Committee has specific powers to fix the remuneration of company officers, and comprises the following members, none of them shareholders or members of other company bodies (one place on this committee is currently vacant):

- Egon Zehnder, represented by José Gonçalo Maury
- Eng. Frederico José da Cunha Mendonça e Meneses.

The Internal Control Committee (ICC) has special responsibilities in the area of detecting and controlling all significant risks in the company's affairs, in particular legal and financial risks, as detailed below, and comprises the following members:

- Dr. Duarte Nuno D'Orey da Cunha – Chairman of the Audit Board
- Dr. Álvaro Manuel Ricardo Nunes – director of a company with a qualifying holding in Semapa
- Eng. Joaquim Martins Ferreira do Amaral – independent non-executive director.

The Corporate Governance Supervisory Committee (CGSC) monitors on a continuous basis the company's compliance with the provisions of the law, regulations and articles of association applicable to corporate governance, and is responsible for critical analysis of the company's practices and procedures in the field of corporate governance and for proposing for debate, altering and introducing new procedures designed to improve the structure and governance of the company.

The CGSC meets at intervals appropriate to its duties, and is required to submit a full annual report to the Board of Directors on corporate governance, together with any proposals for changes, as it sees fit.

The Committee comprises three to five members appointed by the Board of Directors, and must include at least one non-executive director and a person without management duties in the company. The Committee members are:

- Dr^a Rita Maria Lagos do Amaral Cabral – Non-executive director

- Eng. Gonçalo Allen Serras Pereira – Consultant who was an executive director of the company until 2005.
- Eng. Jorge Manuel de Mira Amaral – director of controlled/controlling companies who was for several years an officer of Semapa’s general meeting.

3. Risk control

Risk control activities in the company are carried on through an organizational unit with specific responsibilities in this field – the Internal Control Committee -, and also through independent audits and the work of the company bodies.

The main purpose of the ICC is to detect and control all relevant risks in the company’s affairs, in particular legal and financial risks, and the Committee enjoys full powers to pursue this aim, namely:

- (a) To assure compliance by the company with the entire regulatory framework applicable to it, deriving both from law and regulations;
- (b) To monitor the company’s business affairs, with integrated and permanent analysis of the risks associated with these affairs;
- (c) To monitor the quality of financial and accounting information, taking steps to ensure that it is reliable;
- (d) To propose the approval of specific measures and procedures for the control and reduction of risks in the company’s affairs, with a view to improving the internal risk control system; and
- (e) To issue its opinion on the choice of external auditors and to monitor their independence.

The ICC no longer supervises the system for notification of irregularities, as this responsibility has now been expressly assigned by law to the Audit Board.

The committee comprises three to five members appointed by the Board of Directors, which members cannot be executive directors. Its current members are those indicated above.

In addition to the important role played by the Audit Board in this field, internal procedures for risk control are also particularly important in each of the company’s main subsidiaries. The nature of the risks and the degree of exposure vary from company to company, and each subsidiary therefore has its own independent system for controlling the risks to which it is subject.

Independent audits of Semapa and the companies it controls are carried out by PricewaterhouseCoopers.

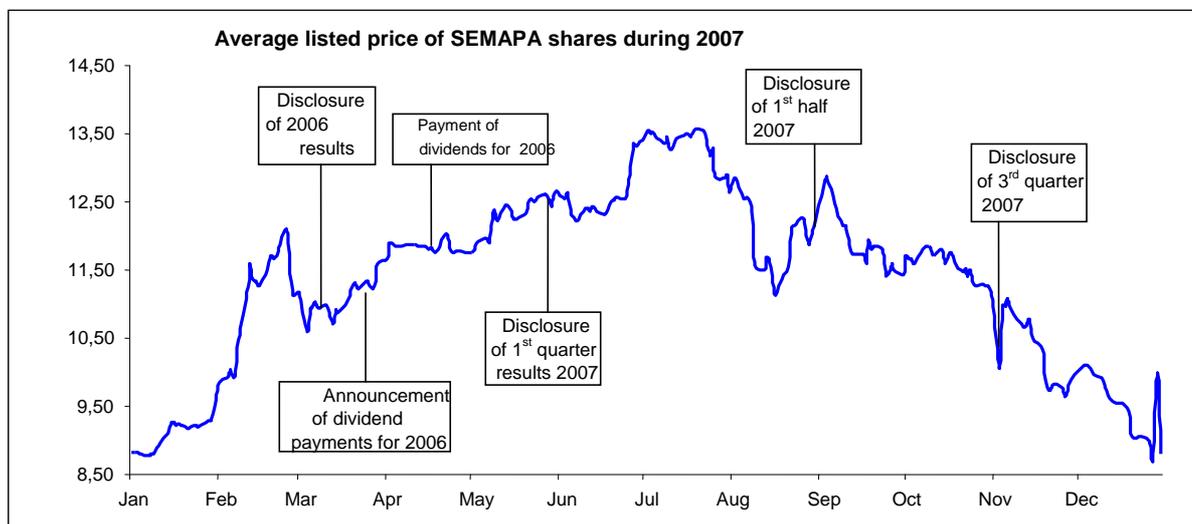
4. Listed share prices

Semapa shares performed fairly positively in 2007 until the crisis which hit the financial markets in August, closing the year at practically the same level as at year-end 2006. The average daily listed price for Semapa shares varied between EUR 8.72 and EUR 13.45, with average daily trading during the period of 280 902 shares.

The listed price underwent an adjustment at the session after announcement of the 2006 results, on 2 March 2007, dropping by 4.8% in relation to the previous session.

In contrast, the distribution of a dividend of EUR 0.23 per share, which in net terms represented, for shareholders subject to taxation, a dividend of approximately EUR 0.184 per share, had no significant immediate impact on the formation of the share price.

The following graph shows average listed prices over the period, together with the main disclosures made to the market:



As may be seen, after rising significantly, listed prices fell successively after the crisis in the financial markets in August.

Semapa shares ended the year down by 0.79% on year-end 2006, performing less well than the PSI20 index.

5. Dividend distribution policy

The Company has followed a dividend policy of distributing a large amount without resorting to borrowing for this purpose and without jeopardising its sound financial position. The aim is to maintain a financial structure compatible with the sustained growth of the company and the different business areas, whilst also maintaining sound solvency indicators.

The pay-out ratio (dividends/net profit) in recent years has been high, reaching a high point of 94% in 1995, and standing at its lowest in 2004, at 7.1%.

In the last three years, the dividend per share in circulation has been as follows:

2005 (in relation to 2004)	0.11 € per share
2006 (in relation to 2005)	0.42 € per share
2007 (in relation to 2006)	0.23 € per share

6. Share and option allocation schemes

The Company runs no share or option allocation scheme.

7. Transactions with company officers, holders of qualifying holdings and subsidiaries

No transactions to report.

8. Investor Support Office

The investor support service is provided from an office headed by Dr. José Miguel Gens Paredes, who is also the company's market relations representative. The office is adequately staffed and enjoys swift access to all sectors of the company, in order to ensure an effective response to requests, and also to transmit relevant information to shareholders and investors in good time and without any inequality.

In addition to the general contact details for the company, Dr. José Miguel Gens Paredes can be contacted at the email address imparedes@semapa.pt or on the company's general telephone numbers.

All public information on the company can be accessed by these means. Please note, in any case, that the information most frequently requested by investors is available at the company's website at www.semapa.pt.

9. Remuneration Committee

As indicated above, the Semapa Remuneration Committee is made up as follows, with one of the place currently vacant:

- Egon Zehnder, represented by Dr. José Gonçalo Maury
- Eng. Frederico José da Cunha Mendonça e Meneses.

10. Remuneration of Auditors

The following costs were incurred in relation to auditors in 2007 by the company and other related companies:

Services – Audit of Accounts	428.673 €
Other services – reliability assurance	61.791 €
Fiscal advisory services	344.542 €
Services other than legal auditing	-
Total	835.006 €

In relation to fiscal consultancy services and services other than legal auditing, our auditors have set strict internal rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the company, in particular by the Audit Board and the Internal Control Committee.

Chapter II

Exercise of voting rights and representation of shareholders

1. Company rules on voting rights

There are no company rules which in any way limit voting rights or disallow postal voting. The only company rules on the exercise of voting rights by shareholders are those detailed below.

2. Postal vote form

The company provides a postal vote form. This form is available at the company's website and may be requested from the investor support office.

3. Electronic voting

Electronic voting is still not possible. Note that no shareholders or investors in the company have yet requested or expressed an interest in such procedures.

4. Period for freezing shares

The company's articles of association require that shareholders submit a document proving ownership of the shares no less than five days prior to the date of the general meeting.

5. Deadline for receipt of postal votes

Postal votes must be received by the day before the date of the general meeting.

6. Number of shares corresponding to one vote

There is one vote for each 385 shares in the company.

Chapter III Company Rules

1. Codes of Conduct and notification of irregularities

The Company has a set of "Principles of Professional Conduct", approved by the Board of Directors. This document establishes ethical principles and rules applicable to company staff and officers.

In particular, this document establishes the duty of diligence, requiring professionalism, zeal and responsibility, the duty of loyalty, which in relation to the principles of honesty and integrity is especially geared to guard against conflict of interest situations, and the duty of confidentiality, in relation to the treatment of relevant information.

The document also establishes duties of corporate social responsibility, namely of environmental conservation and protection of all shareholders, namely minority shareholders, ensuring that information is fairly disclosed, and all shareholders treated equally and fairly.

The company also has a set of "Regulations on Notification of Irregularities", which govern the procedure whereby company employees give notice of irregularities allegedly taking place within the company.

These regulations enshrine the general duty to give notice of alleged irregularities, indicating the Audit Board as the body to be informed, and also providing for an alternative solution in the event of there being a conflict of interests on the part of the Audit Board as regards the irregularity to be reported.

The Audit Board may request the assistance of the Internal Control Committee, and is required to conduct a preliminary investigation of all the facts necessary for assessing the alleged irregularity. This process ends with filing or with a submission to the Board of Directors or the Executive Board, depending on whether a company officer is involved, of a proposal for appropriate measures in the light of the irregularity in question.

The regulations also contain other provisions designed to safeguard the confidentiality of disclosure and non-prejudicial treatment of the employee reporting the irregularity, as well as rules on providing information on the regulations throughout the company.

Access to the “Principles of Professional Conduct” and to the “Regulations on Notification of Irregularities” is reserved.

2. Control of operating risks

The company has an internal unit with powers to control the risks of the company’s business activities. This is the Internal Control Committee, whose responsibilities were described in item 3 of chapter I.

3. Measures capable of interfering with takeover bids

There are no provisions in the articles of association or measures adopted by the company such as may interfere with the success of takeover bids, and the company has no knowledge of any shareholders’ agreements which might have this effect, without prejudice to the open co-ordination of voting rights by the shareholders holding more than half the share capital, on the terms indicated in the list of qualifying holdings.

Chapter IV Management Body

1. Details of Board of Directors

The Board of Directors comprises thirteen members, including seven executive directors. Two of the non-executive directors are independent, as shown in the following table

	Executive	Independent
Pedro Mendonça de Queiroz Pereira	X	
Maria Maude Mendonça de Queiroz Pereira Lagos		
Carlos Eduardo Coelho Alves	X	
José Alfredo de Almeida Honório	X	
Francisco José Melo e Castro Guedes	X	
Carlos Maria Cunha Horta e Costa	X	
José Miguel Gens Paredes	X	
Paulo Miguel Garcês Ventura	X	
Rita Maria Lagos do Amaral Cabral		
António da Nóbrega de Sousa da Câmara		X
António Paiva de Andrada Reis		
Fernando Maria Costa Duarte Ulrich		
Joaquim Martins Ferreira do Amaral		X

Below we detail, for each of the members, the nature of their duties, their professional qualifications, the number of shares held, the date when first appointed and term of office, office held in other companies, identifying those belonging to the Semapa Group (identified with the initials “SG”), and other professional activities carried on in the last 5 years.

Pedro Mendonça de Queiroz Pereira

1. Nature of duties on board of director: Executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: General High School Certificate (Lisbon), studied at the Instituto Superior de Administração
4. Date of first appointment and term of office: 1991 - 2009
5. Office held in other companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A (GS)..	Director
CIMENTOSPAR - Participações Sociais, SGPS, Lda (GS)	Manager
CIMIGEST, SGPS, S.A.	Chairman of the Directors
CIMINPART - Investimentos e Participações, SGPS, S.A. (GS)	Chairman of the Directors
CIMO - Gestão de Participações, SGPS, SA	Chairman of the Directors
CMP - Cimentos Maceira e Pataias, SA (GS)	Chairman of the Directors
ECOVALUE – Investimentos Imobiliários, Lda	Manager
LONGAPAR, SGPS, SA	Chairman of the Directors
O E M - Organização de Empresas, SGPS, SA	Chairman of the Directors
PORTUCEL - Empresa Produtora de Pasta e Papel, S.A. (GS)	Chairman of the Directors and member of Executive Board
SECIL - Companhia Geral de Cal e Cimento, SA (GS)	Chairman of the Directors
SECILPAR, SL (GS)	Chairman of the Directors
SEINPART Participações, SGPS, S.A (GS)	Chairman of the Directors
SEMAPA Inversiones, SL (GS)	Chairman of the Directors
SEMINV - Investimentos, SGPS, S.A (GS)	Chairman of the Directors
SODIM SGPS, SA	Chairman of the Directors
SOPORCEL - Sociedade Portuguesa de Papel, S.A. (GS)	Chairman of the and member of Executive Board
SOPORCEL – Gestão de Participações Sociais, SGPS, S.A. (GS)	Director
TEMA PRINCIPAL – SGPS, SA	Director
VÉRTICE - Gestão de Participações, SGPS, SA	Chairman of the Directors

6. Other professional activities over the last 5 years:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Chairman of the Board of Directors
CMPartin - Inversiones y Participaciones Empresariales S.L. (GS)	Chairman of the Board of Directors
ECOLUA - Actividades Desportivas, L.da	Manager
IMOCIPAR – Imobiliária, S.A.	Director
PARSECIL, S.L. (GS)	Chairman of the Board of Directors
PARSEINGES - Gestão de Investimentos, SGPS, S.A (GS)	Chairman of the Board of Directors
SEMAPA Inversiones, S.L. (GS)	Chairman of the Board of Directors
Sociedade Agrícola da Quinta da Vialonga, S.A.	Chairman of the Board of Directors

Maria Maude Mendonça de Queiroz Pereira Lagos

1. Nature of duties on board of Manager: Non-executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: General High School Certificate (Lisbon).
4. Date of first appointment and term of office: 1994 - 2009
5. Office held in other companies:

CIMIGEST, SGPS, S.A.	Director
HOTEL VILLA MAGNA, S.L.	Chairman of the Board of Directors

HOTEL RITZ, SA	Chairman of the Board of Directors
O E M - Organização de Empresas, SGPS, S.A.	Director
SODIM, SGPS, S.A.	Director
SONAGI, SGPS, S.A.	Director

6. Other professional activities over the last 5 years:

IDEIAS INTERACTIVAS – Informática, S.A. (Ydreams)	Director
LONGAVIA - Imobiliária, S.A.	Director
VÉRTICE – Gestão de Participações, SGPS, S.A.....	Director

Carlos Eduardo Coelho Alves

1. Nature of duties on board of Manager: Executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree in Mechanical Engineering, from the Instituto Superior Técnico (1971).
4. Date of first appointment and term of office: 1991 - 2009
5. Office held in other companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A. (GS)	Director
CIMINPART - Investimentos e Participações, SGPS, S.A. (GS)	Director
CIMENT DE SIBLINE S.A.L. (GS)	Director
CIMENTOSPAR - Participações Sociais, L.da (GS).....	Manager
CIMO - Gestão de Participações, SGPS, S.A.....	Director
CMP - Cimentos Maceira e Pataias, S.A. (GS).....	Director and Chairman of the Executive Board
FLORIMAR – Gestão de Participações, SGPS, Soc. Unip., L.da (GS)	Manager
HEWBOL – SGPS, L.da (GS).....	Manager
LONGAPAR, SGPS, S.A.	Director
PARCIM – Investments B.V. (GS)	Director
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A. (GS).....	Director
SCG – Société des Ciments de Gabès, S.A. (GS)	Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A. (GS)	Director and Chairman of the Executive Board
SECILPAR Inversiones, S.L. (GS).....	Director
SEMINV - Investimentos, SGPS, S.A. (GS).....	Director
SEINPART - Participações, SGPS, S.A. (GS).....	Director
SODIM, SGPS, S.A.	Director
SONACA – SGPS, S.A.	Chairman of the Board of Directors
SOPORCEL – Sociedade Portuguesa de Papel, S.A. (GS)	Director

6. Other professional activities over the last 5 years:

BETOPAL, S.L. (GS)	Director
CIMIGEST, SGPS, S.A.	Director
CMPartin - Inversiones y Participaciones Empresariales S.L. (GS).....	Director
FESPECT – Serviço de Consultadoria, S.A.....	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A. (GS).....	Director
PARSECIL, S.L. (GS)	Director
SEMAPA Inversiones, S.L. (GS).....	Director

José Alfredo de Almeida Honório

1. Nature of duties on board of Manager: Executive
2. Number of shares held in the company: 20,000 shares

3. Professional qualifications: Degree in Economics from the Faculty of Economics, University of Coimbra (1980)
4. Date of first appointment and term of office: 1994 - 2009
5. Office held in other companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A. (GS)	Chairman of the Executive Board and Director
ALIANÇA FLORESTAL – Soc. para o Des. Agro-Florestal, S.A. (GS)	Chairman of the Board of Directors
CIMENTOSPAR - Participações Sociais, SGPS, L.da (GS)	Manager
CIMINPART - Investimentos e Participações, SGPS, S.A. (GS)	Director
CIMO - Gestão de Participações, SGPS, S.A.	Director
CMP - Cimentos Maceira e Pataias, S.A. (GS).....	Director
IMPACTVALUE – SGPS, S.A. (GS)	Chairman of the Board of Directors
LONGAPAR, SGPS, S.A.	Director
PORTUCEL FLORESTAL – Empresa de Des. Agro-Florestal, S.A. (GS) ...	Chairman of the Board of Directors
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A. (GS).....	Chairman of the Executive Board and Director
PORTUCEL SOPORCEL Energia – SGPS, S.A. (GS).....	Chairman of the Board of Directors
PORTUCEL SOPORCEL Floresta – SGPS, S.A. (GS)	Chairman of the Board of Directors
PORTUCEL SOPORCEL Papel – SGPS, S.A. (GS)	Chairman of the Board of Directors
PORTUCEL SOPORCEL Participações – SGPS, S.A. (GS).....	Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A. (GS)	Director
SEINPART - Participações, SGPS, S.A. (GS)	Director
SEMINV - Investimentos, SGPS, S.A (GS).....	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A. (GS)	Chairman of the Executive Board and Vice Chairman of the Board of Directors
SOPORCEL – Gestão de Participações Sociais, SGPS. S.A. (GS)	Chairman of the Board of Directors
TECNIPAPEL, L.da (GS)	Chairman of Management Board

6. Other professional activities over the last 5 years:

BETOPAL, S.L. (GS)	Director
CEPI – Confederation of European Paper Industries	Member of Executive Board
CELPA – Associação da Indústria Papeleira	Chairman of General Board and Member of Executive Board
CIMIGEST, SGPS, S.A.	Director
CIMPOR – Cimentos de Portugal, SGPS, S.A	Director
CMPartin - Inversiones y Participaciones Empresariales S.L. (GS).....	Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da (GS)	Manager
HEWBOL – SGPS, L.da (GS)	Manager
IBET – Instituto de Biologia Experimental e Tecnologia	Chairman of Management Board
PARCIM Investment B.V. (GS)	Director
PARSECIL, S.L. (GS)	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A. (GS).....	Director
SECILPAR Inversiones, S.L. (GS).....	Director
SEMAPA Inversiones, S.L. (GS).....	Director

Francisco José Melo e Castro Guedes

1. Nature of duties on board of Manager: Executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree in Finance from the Instituto Superior de Ciências Económicas e Financeiras; MBA Insead.

4. Date of first appointment and term of office: 2001 - 2009
5. Office held in other companies:

CMP- Cimentos Maceira e Pataias, S.A (GS).....	Director
CIMENT DE SIBLINE S.A.L. (GS)	Director
CIMENTOSPAR – Participações Sociais, SGPS, L.da (GS)	Manager
CIMINPART - Investimentos e Participações, SGPS, S.A. (GS)	Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da (GS)	Manager
HEWBOL – SGPS, L.da (GS).....	Manager
SECIL – Companhia Geral de Cal e Cimento, S.A. (GS)	Director
SEINPART Participações, SGPS, S.A. (GS)	Director
SEMINV – Investimentos, SGPS, S.A. (GS).....	Director
SCG – Société des Ciments de Gabès, S.A. (GS)	Director
SEMAPA Inversiones, S.L. (GS).....	Chairman of the Board of Directors
SILONOR, S.A. (GS)	Director
VERDEOCULTO - Investimentos, SGPS, S.A. (GS).....	Chairman of the Board of Directors
VIROC PORTUGAL – Indústrias de Madeira e Cimento, S.A. (GS).....	Chairman of the Board of Directors

6. Other professional activities over the last 5 years:

ENERSIS - Sociedade Gestora de Participações Sociais, S.A.....	Director
ENERSIS II – Sociedade Gestora de Participações Sociais, S.A.....	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A. (GS).....	Director

Carlos Maria Cunha Horta e Costa

1. Nature of duties on board of Manager: Executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree in Economics from the Instituto Superior de Economia
4. Date of first appointment and term of office: 2006 - 2009
5. Office held in other companies:

CIMIGEST, SGPS, S.A.....	Director
CIMIPAR, Sociedade Gestora de Participações Sociais, S.A.....	Chairman of the Board of Directors
CIMO - Gestão de Participações, SGPS, S.A.....	Director
LONGAPAR, SGPS, S.A.	Director

6. Other professional activities over the last 5 years:

CTT- Correios de Portugal, S.A.....	Chairman of the Board of Directors
CTT Expresso, S.A.	Chairman of the Board of Directors
CTT – Gestão de Serviços e Equipamentos Postais	Chairman of the Board of Directors
Payshop, S.A.....	Chairman of the Board of Directors
Mailtec – Holding, SGPS, S.A.....	Chairman of the Board of Directors
Postcontacto, L.da	Manager
Lucent Technologies – Portugal	Chairman
João Lagos Sports – Gestão de Eventos, S.A.....	Director

José Miguel Pereira Gens Paredes

1. Nature of duties on board of Manager: Executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree in Economics
4. Date of first appointment and term of office: 2006 - 2009
5. Office held in other companies:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A..... Director
SEINPART - Participações, SGPS, S.A. (GS) Director
SEMINV - Investimentos, SGPS, S.A. (GS) Director
SONACA, SGPS, S.A..... Director
TERCIM – Terminais de Cimento, S.A. (GS)..... Director
VERDEOCULTO - Investimentos, SGPS, S.A. (GS)..... Director

6. Other professional activities over the last 5 years:

BECIM – Corretora de Seguros, L.da Manager
CIMINPART – Investimentos e Participações, SGPS, S.A. (GS) Director
ENERSIS – Sociedade Gestora de Participações Sociais, SGPS, S.A..... Director
ENERSIS II – Sociedade Gestora de Participações Sociais, SGPS, S.A.... Director
ECH – Exploração de Centrais Hidroeléctricas, S.A..... Director
PESL – Parque Eólico da Serra do Larouco, S.A. Director
SILONOR, S.A. (GS) Director
SODIM, SGPS, S.A. Member of Audit Board
SECILPAR Inversiones, S.L. (GS)..... Director

Paulo Miguel Garcês Ventura

1. Nature of duties on board of Manager: Executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon.
Registered with the Portuguese Bar Association.
4. Date of first appointment and term of office: 2006 - 2009
5. Office held in other companies:

BEIRA-RIO – Sociedade Construtora de Armazéns, S.A. Chairman of the General Meeting
CIMILONGA – Imobiliária, S.A..... Chairman of the General Meeting
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A..... Director
CIMO - Gestão de Participações, SGPS, S.A..... Chairman of the General Meeting
ESTRADAS DE PORTUGAL, S.A. Vice Chairman of the General Meeting
GALERIAS RITZ – Imobiliária, S.A..... Chairman of the General Meeting
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A. Chairman of the General Meeting
LONGAPAR, SGPS, S.A. Chairman of the General Meeting
LONGAVIA – Imobiliária, S.A. Chairman of the General Meeting
O E M - Organização de Empresas, SGPS, S.A. Chairman of the General Meeting
PARQUE RITZ – Imobiliária, S.A..... Chairman of the General Meeting
REN – Redes Energéticas Nacionais, SGPS, S.A..... Vice Chairman of the General Meeting
SEINPART Participações, SGPS, S.A. (GS) Chairman of the General Meeting
SEMIPA Inversiones, S.L. (GS)..... Director
SEMINV - Investimentos, SGPS, S.A (GS)..... Chairman of the General Meeting
SONAGI – Imobiliária, S.A..... Chairman of the General Meeting
VÉRTICE – Gestão de Participações, SGPS, S.A..... Chairman of the General Meeting
Sociedade Agrícola da Quinta da Vialonga, S.A..... Chairman of the General Meeting

6. Other professional activities over the last 5 years:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A..... Chairman of the General Meeting

IMOCIPAR – Imobiliária, S.A. Chairman of the General Meeting
SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A..... Company Secretary
Legal practice.

Rita Maria Lagos do Amaral Cabral

1. Nature of duties on board of Manager: Non-executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon. Registered with the Portuguese Bar Association.
4. Date of first appointment and term of office: 2006 - 2009
5. Office held in other companies:

CIMIGEST, SGPS, S.A. Director
Sociedade Amaral Cabral & Associados – Sociedade de Advogados, RL. . Director
Casa Agrícola Amaral Cabral, L.da. Manager
Sociedade Agrícola do Margarido, L.da..... Manager
Companhia Agrícola da Quinta do Duque Chairman of the General Meeting

6. Other professional activities over the last 5 years:

Guest Lecturer at the Faculty of Law, Portuguese Catholic University.
Member of the National Ethics Council for Life Sciences

António da Nóbrega de Sousa da Câmara

1. Nature of duties on board of Manager: Non-executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree Civil Engineering (1977), IST; MSc (1979) and PhD (1982) in Environmental Engineering Systems.
4. Date of first appointment and term of office: 2006 - 2009
5. Office held in other companies:

IDEIAS INTERACTIVAS – Informática, S.A. (Ydreams) Chief Executive Officer

6. Other professional activities over the last 5 years:

Professor of the Faculty of Science and Technology, Universidade Nova de Lisboa.

António Paiva de Andrada Reis

1. Nature of duties on board of Manager: Non-executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon.
4. Date of first appointment and term of office: 2006 - 2009
5. Office held in other companies:

CIMIGEST, SGPS, S.A. Director
CIMIPAR, Sociedade Gestora de Participações Sociais, S.A..... Director
Longapar, SGPS, S.A. Director

6. Other professional activities over the last 5 years:

CIMIPAR - Sociedade Gestora de Participações Sociais, S.A. Director

Associação Portuguesa de Seguradores..... Chairman

Fernando Maria Costa Duarte Ulrich

1. Nature of duties on board of Manager: Non-executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Attended Business Management Course at the Instituto Superior de Economia de Lisboa
4. Date of first appointment and term of office: 2006 - 2009
5. Office held in other companies:

Banco BPI, S.A.	Chairman of the Executive Board and Vice Chairman of the Board of Directors
BFA - Banco de Fomento SARL (Angola).....	Chairman of the Board of Directors
Banco Português de Investimento, S.A.	Chairman of the Board of Directors
BPI VIDA – Companhia de Seguros de Vida, S.A.	Chairman of the Board of Directors
BPI Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliários, S.A.	Chairman of the Board of Directors
BPI Pensões – Sociedade Gestora de Fundos de Pensões, S.A.	Chairman of the Board of Directors
Inter - Risco – Sociedade de capital de Risco, S.A.....	Director
Viacer - Sociedade Gestora de Participações Sociais, L.da	Manager
Petrocer, L.da	Manager
BPI Capital Finance Limited (Cayman Islands).....	Director
BPI Global Investment Fund Management Company SA (Luxemburgo).....	Chairman
BPI Madeira, SGPS, Unipessoal	Director

6. Other professional activities over the last 5 years:

Banco Português de Investimento, S.A.	Vice Chairman of Board of Directors
Portugal Telecom, S.A.....	Non-executive Director
Banco de Fomento de Angola – BFA	Director
Banco de Fomento S.A.R.L. (Angola).....	Vice Chairman of the Board of Directors
Banco BPI, S.A.	Vice Chairman of the Executive Board
Companhia de Seguros Allianz Portugal, S.A.....	Non-executive Director
PT – Multimédia, Serviços de Telecomunicações e Multimédia, SGPS, S.A.	Non-executive Director
Solo – Investimentos em Comunicações, SGPS, S.A.	Chairman of the Board of Directors
Banco de Fomento S.A.R.L. (Moçambique)	Vice Chairman of the Board of Directors
Impresa – SGPS, S.A.	Director
SIC – Sociedade Independente de Comunicação, S.A.	Director
Investec, SGPS, S.A.....	Vice Chairman of the Board of Directors
CIP.....	Member of Advisory Board

Joaquim Martins Ferreira do Amaral

1. Nature of duties on board of Manager: Non-executive
2. Number of shares held in the company: holds no shares in the company
3. Professional qualifications: Degree in mechanical engineering - IST

4. Date of first appointment and term of office: 2006 - 2009
5. Office held in other companies:

LUSOPONTE – Concessionária para a Travessia do Tejo S.A..... Chairman of the Board of Directors
 Dresdner Bank..... Senior Advisor
 Transdev – Transportes..... Consultant

6. Other professional activities over the last 5 years:

CIMIANTO - Sociedade Técnica de Hidráulica, S.A..... Director
 ENERSIS - Sociedade Gestora de Participações Sociais, S.A..... Director
 ENERSIS II – Sociedade Gestora de Participações Sociais, SGPS, SA..... Director
 GALP ENERGIA, SGPS, S.A. Chairman of the Board of Directors

2. Executive Board

The only board with management powers is the Executive Board, which comprises Messrs. Pedro Mendonça de Queiroz Pereira, Eng. Carlos Eduardo Coelho Alves, Dr. José Alfredo de Almeida Honório, Dr. Francisco José Melo e Castro Guedes, Dr. Carlos Maria Cunha Horta e Costa, Dr. José Miguel Gens Paredes and Dr. Paulo Miguel Garcês Ventura.

The Executive Board has been granted the widest management powers, largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in article 407, para. 4 of the Companies Code.

3. Workings of the Management Body

The management of the company is centred on the relationship between the Board of Directors and the Executive Board.

The two bodies are co-ordinated and kept in contact by the fact that they have a common chairman, and through regular transmission of all relevant information on the day-to-day management of the company to the non-executive directors, in order to keep them abreast of the company's life at all times. In addition, meetings of the Board of Directors are called for all decisions regarded as especially important, even if they fall within the scope of the powers delegated to the Executive Board.

It is relevant to note in this regard that the members of the Executive Board are available at all times to provide the information requested by the other members of the Board of Directors. It is standard practice for this information to be transmitted immediately when the importance or urgency of the matter so requires.

The Executive Board cannot resolve on the following:

- i) Selection of the chairman of the Board of Directors;
- ii) Co-opting of directors;
- iii) Requests for the call of a general meeting;
- iv) Annual reports and financial statements;
- v) Provision of bonds and personal or real guarantees by the company;
- vi) Change in registered offices and increases in share capital; and
- vii) Plans for merger, break-up or transformation of the company.

There are no internal rules on incompatibility or on the maximum number of offices which directors can hold in the management bodies of other companies.

The Board of Directors met four times in 2007.

4. Remuneration Policy

Remuneration policy is not set by the Board of Directors, and aligns the interests of the directors with those of the company, dividing remuneration into a fixed component and a variable component.

The fixed component is determined in line with the usual criteria in directorships, taking special account of responsibilities, the size and capacity of the company, the remuneration paid in the market for equivalent posts and the fact of the director being executive or non-executive. The variable component consisted in the previous period in a share in profits approved by the General meeting and limited by the articles of association to 5% of the net profits.

There are no formal rules on distinguishing between the remuneration of executive and non-executive directors, and this factor is taken into account in a general way when setting remuneration, both fixed and variable.

The company has no policy on compensation or other payments on departure from office, other than the retirement benefits approved by the general meeting and detailed below.

We refer on this issue to the declaration from the Remuneration Committee, included below in this report.

5. Remuneration and retirement benefits

The total remuneration earned by the company's directors is indicated in the following table, which provides a breakdown between executive and non-executive directors, and between fixed and variable components.

	Executive directors	Non-exec. directors	Total
Fixed remuneration	1.906.698,35 €	779.535,60 €	2.686.233,95 €
Variable remuneration	1.354.689,00 €	685.495,00 €	2.040.184,00 €
Total	3.261.387,35 €	1.465.030,60 €	4.726.417,95 €

Although in the past the variable component in the remuneration of directors was directly resolved on by the general meeting as part of the distribution of profits, the need as from 2007 to comply with accounting standards which recommend that the variable remuneration of directors be accounted for in the period to which it relates led to the a different solution being adopted more recent years.

Provision is now made for the foreseeable variable component in the accounts of the financial year to which it relates and this components is subsequently fixed by the Remuneration Committee, in keeping with the limit established in the Articles of Association, which lay down that: "The remuneration may comprise a fixed component and a variable component, which shall include profit sharing, and such profit sharing shall not exceed, for the directors as a whole, five per cent of the net profits from the preceding period."

The variable remuneration system is therefore based on results and on the judgment of the Remuneration Committee.

In addition to these amounts, the company's executive directors also earned remuneration for their management duties in controlled companies totalling 7,316,217.10 €.

The company does not allocate any non-pecuniary benefits or other pecuniary benefits other than the remuneration indicated. There is also no share allocation or share option scheme in operation, and no compensation was paid or due to former executive directors leaving office in the course of the year.

There is a retirement benefits system for directors approved by the general meeting, under which the directors are entitled to a monthly life pension, paid 12 times a year, as from the age of 55, if they have served as directors of the company for a minimum of 8 years, consecutively or non-consecutively. In the event of invalidity, the entitlement is not subject to an age requirement.

The value of the pension is fixed at between 80% and 27.2% of the result of dividing by 12 the fixed annual remuneration earned by the director at the date of leaving office as director of Semapa or any other controlled company. The percentage is determined by the total length of service, in this case including service in Semapa or controlled companies, as director or in another capacity. The percentage of 80% applies to service of 20 years or more, and there is a sliding scale with 27.2% being applied to those with 8 years' service. The General Meeting of 30 March 2005 decided to apply the upper limit to 6 directors.

It is relevant to note that the regulations also allow for half the value of the pension to be transferred to the surviving spouse or underage or handicapped children of the director. In addition, any sums earned for services subsequently rendered to Semapa or controlled companies, together with the value of any pensions which the beneficiary is entitled to receive from public social security systems in relation to the same period of service, must be deducted from the pension paid.

6. Policy on Notification of Irregularities

The general thrust of the policy for notification of irregularities has been broadly described in item 1 of Chapter 3 of this Report, to which we refer.

II. REPORT ON THE ISSUES REFERRED TO IN ARTICLE 245-A.1 OF THE SECURITIES CODE

Article 245-A.3 of the Securities Code requires the management bodies of companies issuing shares listed on regulated markets to submit an annual report to the general meeting on a number of corporate governance issues identified in paragraph 1 of the same Article.

This chapter provides the information required, identifying the precise sub-paragraphs to which each issue relates. In cases where the information has already been provided in the report on structure and corporate governance practices required by SMC Regulation 7/2001, we will simply refer the reader accordingly.

a) Capital structure, including indication of shares not listed for trading, different share categories, rights and duties attaching to shares and the percentage of the capital represented by each category.

Semapa's share capital is represented solely by ordinary shares, with a nominal value of 1 euro each, identical rights and duties attaching to all shares.

The share capital is represented by a total of 118,332,445 shares, corresponding to a nominal value of 118,332,445 euros, all shares being listed for trading.

The decision to adopt a single category of shares has been maintained since the formation of the company, and circumstances have not arisen to justify proposing to the shareholders that this situation be altered.

b) Any restrictions on the transferability of shares, such as consent for disposal clauses, or limits on the ownership of shares

There are not restrictions of any kind at Semapa on the transferability or ownership of shares. This is also a situation which has existed since the formation of the company, and still offers the most balanced solution in the interest of all the shareholders.

c) Qualifying holdings in the share capital

We refer the reader to the information in the relevant section of the management report.

It may be seen from the list of qualifying holdings that there is a set of controlling companies, which have retained this position since Semapa shares were first listed. A significant part of the remaining capital is also divided between qualifying holdings.

Semapa is a company which has enjoyed a significant degree of shareholder stability, with some repercussions for the liquidity of the shares.

d) Identification of shareholders with special rights, and description of these rights

No special rights are enjoyed by any shareholder or category of shareholder in Semapa.

e) Control procedures in any employee share ownership scheme, insofar as voting rights may not be directly exercised by such employees

There is no employee share ownership scheme at Semapa.

As Semapa is a holding company with a very small staff of its own, there would appear to be no reason for adopting such a scheme.

f) Any restrictions on voting rights, such as limits on the exercising of voting rights depending on the ownership of a number of percentage of shares, time limits for exercising voting rights or systems for detaching voting rights from ownership rights

Nothing to report in this respect, save for the time limits for submitting the documentation needed for attending general meetings and for postal votes.

The time limits were recently altered in order to bring them closer to the recommendations for best practice in corporate governance. They are now as follows:

Deadline for presenting documents proving ownership of shares in company – 5 days

Deadline for presenting proxy letters – 5 days

Deadline for presenting postal vote documents – the day before the general meeting

We believe that the current rules are reasonable and no change is currently needed.

g) Shareholders' agreement known to the company which may lead to restrictions on the transfer of securities or voting rights

The company is not aware of any shareholders' agreement relating to its shares, without prejudice to the fact that voting rights are openly coordinated by Cimigest SGPS, S.A. and other entities, as follows from the list of qualifying holdings.

h) Rules on the appointment and replacement of directors and on amendment of the Articles of Association

Semapa has no special rules on the appointment and replacement of directors or on amendment of its articles of association. The general rules in the Companies Code are therefore applicable.

As the general legal rules are balanced, both with regard to the appointment and substitution of directors, and on the procedure for amending the articles of association, and given that there are no particular reasons for Semapa adopting another solution, we believe that this situation should be maintained.

i) Powers of the management body, namely to resolve to increase share capital

Semapa's articles of association do not authorize the Board of Directors to resolve to increase the share capital.

It is acknowledged that granting powers to the directors to adopt resolutions on this matter may have practical advantages, including the benefit of speed. However, the need has not been felt to propose this to shareholders, but it is a possibility which is regularly considered.

j) Significant agreements to which the company is party and which take effect, are amended or terminate in the event of a change in the control of the company due to a takeover bid, together with the respective effects, unless, due to its nature, disclosure of such agreements would be seriously detrimental to the company, except if the company is specifically required to disclose such information by mandatory provision of law

There are no agreements of any kind which take effect in the event of a change in control of the company as the result of a takeover bid.

This situation is preferable to the existence of direct links between the stability and operation of the company and its shareholder situation, and the Board of Directors will strive to maintain this position.

l) Agreements between the company and directors or employees providing for compensation in the event of resignation by the employee, dismissal without due cause or termination of the employment relationship following on from a takeover bid

There are no agreements between the company and company officers or employees providing for compensation in the event of termination of relationship following on from a takeover bid.

m) Internal control and risk management systems implemented in the company

There are internal control and risk management systems implemented as described in item 3 of chapter I of the report on structure and corporate governance practices drawn up under the terms of SMC Regulation 7/2001, to which we refer.

The system existing in the company appears appropriate and sufficient in view of the nature of the company and the effective risks it runs. Semapa is a holding company with a small organizational structure of its own, which in our view does not justify the creation of more elaborate control and supervisory structures than those currently in place.

III. DECLARATION ON REMUNERATION POLICY

The Securities Market Commission specifically recommends that a declaration on remuneration policy or company officers be submitted for the consideration of the general meeting of shareholders. This was done in 2007 with the submission to the shareholders of the declaration on remuneration policy drawn up by Semapa's Remuneration Committee. This declaration was approved together with the other financial statements, as none of the shareholders requested that a separate vote be held.

As may be seen from a reading of the declaration, it sets out the options which the Committee feels should be maintained until the end of the current term of office of the company officers. We reproduce this statement below:

Declaration on remuneration policy, issued by the Remuneration Committee and approved in March 2007

"1. Introduction

The two most common possibilities for setting the remuneration of company officers are significantly different from each other. On the one hand, the remuneration may be fixed directly by the general meeting, a solution which is not often adopted for various reasons of practicality, whilst on the other hand there is the option of remuneration being set by a committee, which decides in accordance with criteria on which the shareholders have had no say.

We therefore believe in the value of an intermediate solution, whereby a declaration on remunerations policy, to be followed by the committee, is submitted for the consideration of the shareholders. This is what this document seeks to do.

2. The law and the articles of association

Any remuneration system must inevitably take into account both the general legal rules and the particular rules established in the articles of association, if any.

The legal rules for the directors are basically established in Article 399 of the Companies Code, from which it follows that:

- Powers to fix the remuneration lie with the general meeting of shareholders of a committee appointed by the same.
- The remuneration is to be fixed in accordance with the duties performed and the company's state of affairs.
- Remuneration may be fixed, or may consist in part of a percentage of the profits for the period, but the maximum percentage to be allocated to the directors must be authorized by a clause in the articles of association, and shall not apply to distribution of reserves or any part of the profits for the period which could not, under the law, be distributed to shareholders.

For the Audit Board and the officers of the General Meeting, the law states that the remuneration shall consist of a fixed amount, determined in the same way by the general meeting, or by a committee appointed by the same, in accordance with the duties performed and the company's state of affairs.

Semapa's articles of association contain a specific clause only for the directors. This is article 17, which also makes provision for retirement pensions, and lays down the following in respect of remuneration:

"2 – The remuneration of the directors [...] is fixed by a Remuneration Committee comprising an uneven number of members, elected by the General Meeting.

3 –The remuneration may consist of a fixed part and a variable part, which shall include a share in profits, which share in profits shall not exceed five per cent of the net profits of the previous period, for the directors as a whole."

This is the formal framework within which the remuneration policy must be defined.

3 – Historical background

Since the incorporation of Semapa and up to 2002, all directors of Semapa received remuneration comprising a fixed component, paid fourteen times a year, and fixed by the Remuneration Committee, then called the *Comissão de Fixação de Vencimentos*.

In 2003, the resolution on the distribution of profits from 2002 included, for the first time, a part of the profits to be directly paid as remuneration to the directors, divided between the directors as decided by the Remuneration Committee.

This procedure was repeated through to 2005, with regard to the profits from 2004.

In 2006, the allocation of profits from 2005 did not provide for any amount for directors' remuneration, which was understandable, given that the profits already reflected a provision for the variable remuneration of the directors, under the new accounting standards applicable. The variable component of the remuneration was fixed in 2006 by the Remuneration Committee, also with reference to the profits, in accordance with the articles of association.

The variable remuneration of the directors has represented a percentage of approximately 5% of profits since variable remuneration was first paid, except for the remuneration paid in 2006, with regard to 2005, when it was approximately 4%.

There is therefore a procedure which has been constant since 2003, whereby the remuneration of the directors comprises a fixed component and another variable component, determined as a percentage of profits.

Since the incorporation of the company, the members of the Audit Board have received fixed monthly remuneration. The officers of the general meeting have only recently received remuneration, calculated in accordance with the number of meetings actually held.

4. General Principles

The general principles to be observed in fixing the remuneration of company officers are essentially those deriving in a very general way from the law: they depend on the duties performed, and on the state of the company's affairs. If we add to these the general market conditions for equivalent positions, we find what we may call the three main general principles:

a) Duties performed

It is necessary to consider the duties performed by each company officer, not merely in the formal sense, but also in the broader sense of the work actually undertaken and the associated responsibilities. For instance, not all executive directors are in the same

position, nor very often all the members of the audit board. Duties must be assessed in the broadest sense, using criteria as diverse as, for example, responsibility, time devoted to duties, or the value to the company resulting from a given type of work or from institutional representation.

Office held in other controlled companies may also be a factor in this, as it may add to responsibilities whilst also providing other sources of income.

b) The state of the company's affairs

This criterion also needs to be understood and interpreted with care. The size of the company and inevitable complexity of the management tasks is clearly one of the relevant aspects of the state of affairs taken in the broadest sense. The implications exist both in the need to remunerate a responsibility which is greater in larger companies, with more complex management models, and in the capacity to remunerate management services appropriately.

c) Market criteria

The match between supply and demand is an unavoidable factor in defining any remuneration, and company officers are no exception to this. Only by conforming to market practices is it possible to retain professionals of the calibre appropriate to the complexity of the duties and the responsibility to be accepted, and thereby assure not only the interests of the officers, but essentially those of the company, and consequently of the shareholders.

5. *Specific policies*

The specific remuneration policies which we are pleased to submit for the consideration of the shareholders are as follows:

1. The remuneration of the executive directors shall comprise a fixed component and a variable component.
2. The remuneration of the non-executive directors, the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only. Exceptionally, non-executive directors may receive extra remuneration for additional work requested and carried out. In these cases, this remuneration shall be separate from that they earn regularly due to holding office.
3. The fixed component of the remuneration paid to directors shall consist of a monthly amount paid fourteen times a year, or of a pre-set amount for each meeting of the Board of Directors attended.
4. The monthly amount for the fixed component of the directors' remuneration shall be set for all those who sit on the Executive Board and for those who although not members of the Executive Board exercise specific duties or carry out specific work on a recurrent or continuous basis.
5. The pre-set amount for attendance at each meeting shall be fixed for those directors with essentially advisory or supervisory duties.
6. The fixed remuneration paid to all members of the Audit Board shall consist of a fixed monthly amount payable fourteen times a year.
7. The fixed remuneration of the officers of the General Meeting shall consist in all cases of a pre-set amount for each meeting.

8. The process of awarding variable remuneration to the executive directors shall conform to the criteria proposed by the Remuneration Committee, and shall not exceed a total of five per cent of the net consolidated profits, recorded under IFRS rules, without prejudice to other considerations in the event of results of a highly exceptional nature.
9. In setting all remuneration, including the distribution of the total amount for the variable remuneration for the directors, the general principles set out above shall be followed: duties performed, the state of the company's affairs and market criteria.

We consider that these options should be maintained through to the end of the present term of office of the company officers.

The Remuneration Committee

Chairman: Egon Zehnder, represented by José Gonçalo Maury

Member: António Mota de Sousa Horta Osório

Member: Frederico José da Cunha Mendonça e Meneses”

IV. DISCLOSURES REQUIRED BY ARTICLES 447 AND 448 OF THE COMPANIES CODE

(with reference to the financial year of 2007)

1. Securities issued by the company and held by company officers:

- José Alfredo de Almeida Honório - 20.000 shares.
- Duarte Nuno d'Orey da Cunha – 1.455 shares.

2. Securities issued by companies controlled by or belonging to the Semapa Group, held by company officers:

- António Paiva de Andrada Reis – 4.400 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.
- Duarte Nuno d'Orey da Cunha – 13.900 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.

3. Securities issued by the company held by companies in which directors and auditors hold corporate office:

- Cimigest, SGPS, S.A. – 100 shares in Semapa.
- Cimo - Gestão de Participações, SGPS, S.A. - 14.211.711 shares in Semapa.
- Longapar, SGPS, S.A. - 20.000.000 shares in Semapa.
- Sodim SGPS, SA – 23.365.000 shares in Semapa.
- Sociedade Agrícola da Quinta da Vialonga, SA - 642.535 shares in Semapa.
- Sonaca, SGPS, SA - 1.630.590 shares in Semapa.
- OEM - Organização de Empresas, SGPS, SA – 500.000 shares in Semapa.
- Seminv - Investimentos, SGPS, S.A. – 2.727.975 shares in Semapa.
- Banco Português de Investimento, S.A. – 3.294 shares in Semapa and 42.612 shares in Portucel.
- BPI Vida – Companhia de Seguros de Vida, SA – 405,804 shares in Semapa and 1.788.606 shares in Portucel.

4. Acquisition, disposal or encumbrance of securities issued by the company or related or group companies by company officers and the companies referred to in 3:

- Carlos Eduardo Coelho Alves disposed of 153.600 shares in Portucel – Empresa Produtora de Pasta e de Papel, S.A., for a price of 2,63€ per share, on 28 February

- Carlos Maria Cunha Horta e Costa disposed of 700 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A., for a price of 2,53€ per share, on 15 January.
- Duarte Nuno d'Orey da Cunha acquired 2.000 shares in Portucel – Empresa Produtora de Pasta e de Papel, S.A., for a price of 3,12€ per share, on 23 July
- Duarte Nuno d'Orey da Cunha acquired 5.000 shares in Portucel – Empresa Produtora de Pasta e de Papel, S.A., for a price of 2,86€ per share, on 21 August.
- Duarte Nuno d'Orey da Cunha acquired 1.200 shares in Portucel – Empresa Produtora de Pasta e de Papel, S.A., for a price of 2,24€ per share, on 31 December
- Duarte Nuno d'Orey da Cunha acquired 300 shares in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for a price of 8,88€ per share, on 31 December
- Duarte Nuno d'Orey da Cunha acquired 25 shares in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for a price of 13,54€ per share, on 16 July
- Sonaca, SGPS, S.A. acquired 380.590 shares in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for a price of 9,84€ per share, on 5 December
- Sodim, SGPS, S.A. disposed of 2.750.000 shares in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for a price of 13,51€ per share, on 4 July
- Cimo - Gestão de Participações, SGPS, S.A, sold 380.590 shares in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for a price of 9,84€ per share, on 5 December
- Banco BPI, S.A. effected the following acquisitions and disposals of shares in Portucel – Empresa Produtora de Pasta e de Papel, S.A.:

Date	Quantity	Average price	Purchase/Sale
20070108	95.827	2,39 €	Purchase
20070109	113.378	2,39 €	Purchase
20070301	94.700	2,62 €	Purchase
20070305	99.206	2,52 €	Purchase
20070521	176.580	2,84 €	Purchase
20070115	217.090	2,54 €	Sale
20070116	217.090	2,63 €	Sale
20070312	94.700	2,67 €	Sale
20070319	99.206	2,61 €	Sale
20070816	176.580	2,59 €	Sale

- Banco Português de Investimento, S.A. effected the following acquisitions and disposals of shares in Portucel – Empresa Produtora de Pasta e de Papel, S.A.:

Date	Quantity	Average price	Purchase/Sale
20070111	223.000	2,43 €	Purchase

Date	Quantity	Average price	Purchase/Sale
20070112	75.000	2,47 €	Purchase
20070115	50.000	2,52 €	Purchase
20070116	150.000	2,61 €	Purchase
20070117	198.461	2,63 €	Purchase
20070119	200.000	2,60 €	Purchase
20070122	200.000	2,57 €	Purchase
20070123	135.690	2,54 €	Purchase
20070124	35.690	2,52 €	Purchase
20070129	50.000	2,66 €	Purchase
20070130	130.000	2,67 €	Purchase
20070131	170.000	2,62 €	Purchase
20070201	50.000	2,64 €	Purchase
20070202	100.000	2,65 €	Purchase
20070205	68.130	2,63 €	Purchase
20070207	150.000	2,64 €	Purchase
20070212	685.000	2,72 €	Purchase
20070213	100.000	2,75 €	Purchase
20070214	175.000	2,78 €	Purchase
20070215	250.000	2,73 €	Purchase
20070216	30.488	2,75 €	Purchase
20070223	197.000	2,79 €	Purchase
20070226	175.897	2,84 €	Purchase
20070227	389.400	2,73 €	Purchase
20070228	200.000	2,64 €	Purchase
20070301	250.000	2,65 €	Purchase
20070302	90.024	2,63 €	Purchase
20070305	147.376	2,52 €	Purchase
20070306	50.000	2,56 €	Purchase
20070309	100.000	2,65 €	Purchase
20070312	50.000	2,65 €	Purchase
20070313	218.508	2,63 €	Purchase
20070314	60.110	2,56 €	Purchase
20070320	50.000	2,62 €	Purchase
20070326	25.000	2,65 €	Purchase
20070327	25.000	2,62 €	Purchase
20070328	46.600	2,62 €	Purchase
20070330	118.100	2,66 €	Purchase
20070403	175.000	2,70 €	Purchase
20070404	449.239	2,78 €	Purchase
20070405	22.721	2,75 €	Purchase
20070410	50.000	2,69 €	Purchase
20070411	100.000	2,69 €	Purchase
20070412	2.682	2,67 €	Purchase
20070417	50.000	2,70 €	Purchase
20070418	50.000	2,72 €	Purchase
20070419	50.000	2,72 €	Purchase
20070420	150.000	2,75 €	Purchase
20070423	150.000	2,79 €	Purchase
20070424	162.184	2,75 €	Purchase
20070508	100.000	2,86 €	Purchase

Date	Quantity	Average price	Purchase/Sale
20070509	50.000	2,87 €	Purchase
20070511	116.500	2,83 €	Purchase
20070514	33.500	2,84 €	Purchase
20070515	100.000	2,84 €	Purchase
20070517	100.000	2,83 €	Purchase
20070522	50.000	2,90 €	Purchase
20070523	50.000	2,93 €	Purchase
20070524	50.000	2,90 €	Purchase
20070525	100.000	2,88 €	Purchase
20070529	50.000	2,92 €	Purchase
20070530	16.254	2,91 €	Purchase
20070531	100.000	2,95 €	Purchase
20070605	50.000	2,93 €	Purchase
20070606	71.150	2,88 €	Purchase
20070612	16.965	2,83 €	Purchase
20070613	25.000	2,84 €	Purchase
20070619	100.000	2,87 €	Purchase
20070627	25.000	2,88 €	Purchase
20070628	230.000	2,91 €	Purchase
20070629	148.459	2,97 €	Purchase
20070702	50.000	3,02 €	Purchase
20070703	30.000	3,03 €	Purchase
20070704	170.000	3,12 €	Purchase
20070705	177.915	3,13 €	Purchase
20070706	700	3,12 €	Purchase
20070711	30.000	3,07 €	Purchase
20070712	25.000	3,10 €	Purchase
20070717	35.000	3,13 €	Purchase
20070718	50.000	3,12 €	Purchase
20070719	50.000	3,15 €	Purchase
20070720	50.000	3,15 €	Purchase
20070727	30.000	3,04 €	Purchase
20070815	100.000	2,79 €	Purchase
20070820	25.000	2,80 €	Purchase
20070823	90.000	2,86 €	Purchase
20070824	50.000	2,84 €	Purchase
20070829	35.703	2,78 €	Purchase
20070905	103.641	2,84 €	Purchase
20070907	2.235	2,82 €	Purchase
20070912	150.000	2,66 €	Purchase
20070913	50.000	2,64 €	Purchase
20070914	100.000	2,57 €	Purchase
20070917	105.360	2,51 €	Purchase
20070918	58.642	2,53 €	Purchase
20070919	150.000	2,64 €	Purchase
20070921	40.000	2,69 €	Purchase
20070924	10.000	2,66 €	Purchase
20070925	30.377	2,58 €	Purchase
20070927	30.000	2,60 €	Purchase
20071001	104.250	2,60 €	Purchase

Date	Quantity	Average price	Purchase/Sale
20071002	100.000	2,66 €	Purchase
20071003	12.654	2,67 €	Purchase
20071004	150.000	2,65 €	Purchase
20071009	134.200	2,74 €	Purchase
20071010	83.500	2,77 €	Purchase
20071011	62.630	2,78 €	Purchase
20071012	40.000	2,75 €	Purchase
20071015	29.182	2,71 €	Purchase
20071016	10.000	2,64 €	Purchase
20071017	30.000	2,67 €	Purchase
20071019	10.000	2,63 €	Purchase
20071023	60.000	2,59 €	Purchase
20071025	100.000	2,56 €	Purchase
20071026	100.000	2,55 €	Purchase
20071030	50.000	2,58 €	Purchase
20071105	15.000	2,56 €	Purchase
20071106	40.000	2,57 €	Purchase
20071107	30.000	2,55 €	Purchase
20071109	40.000	2,49 €	Purchase
20071112	15.000	2,44 €	Purchase
20071113	75.000	2,43 €	Purchase
20071116	15.000	2,40 €	Purchase
20071119	15.000	2,39 €	Purchase
20071120	40.000	2,29 €	Purchase
20071123	10.000	2,29 €	Purchase
20071127	30.000	2,30 €	Purchase
20071128	40.000	2,32 €	Purchase
20071130	35.000	2,35 €	Purchase
20071203	15.000	2,46 €	Purchase
20071204	40.000	2,51 €	Purchase
20071205	25.000	2,54 €	Purchase
20071211	45.000	2,56 €	Purchase
20071212	25.000	2,52 €	Purchase
20071213	60.000	2,39 €	Purchase
20071219	10.000	2,37 €	Purchase
20071228	30.000	2,27 €	Purchase
20070102	96.408	2,40 €	Sale
20070111	173.000	2,44 €	Sale
20070112	125.000	2,46 €	Sale
20070115	50.000	2,51 €	Sale
20070116	150.000	2,63 €	Sale
20070117	150.000	2,62 €	Sale
20070118	248.461	2,61 €	Sale
20070119	163.774	2,61 €	Sale
20070122	21.916	2,58 €	Sale
20070123	85.690	2,54 €	Sale
20070124	300.000	2,56 €	Sale
20070129	150.000	2,67 €	Sale
20070130	80.000	2,67 €	Sale
20070131	170.000	2,63 €	Sale

Date	Quantity	Average price	Purchase/Sale
20070201	200.000	2,63 €	Sale
20070202	100.000	2,66 €	Sale
20070205	80.000	2,64 €	Sale
20070206	88.130	2,64 €	Sale
20070207	50.000	2,64 €	Sale
20070212	496.171	2,74 €	Sale
20070213	243.829	2,74 €	Sale
20070214	225.000	2,77 €	Sale
20070215	100.488	2,75 €	Sale
20070216	30.000	2,75 €	Sale
20070223	197.000	2,80 €	Sale
20070226	175.897	2,84 €	Sale
20070227	159.400	2,72 €	Sale
20070228	200.000	2,66 €	Sale
20070301	250.000	2,69 €	Sale
20070302	9.749	2,65 €	Sale
20070305	50.000	2,55 €	Sale
20070306	227.651	2,60 €	Sale
20070307	100.000	2,64 €	Sale
20070309	100.000	2,66 €	Sale
20070312	5.731	2,66 €	Sale
20070313	182.164	2,62 €	Sale
20070314	60.110	2,58 €	Sale
20070315	80.613	2,61 €	Sale
20070320	50.000	2,61 €	Sale
20070326	25.000	2,64 €	Sale
20070327	53.500	2,64 €	Sale
20070328	18.100	2,64 €	Sale
20070330	118.100	2,66 €	Sale
20070403	175.000	2,72 €	Sale
20070404	649.236	2,76 €	Sale
20070410	50.003	2,70 €	Sale
20070411	100.000	2,70 €	Sale
20070413	2.682	2,69 €	Sale
20070417	50.000	2,72 €	Sale
20070418	50.000	2,72 €	Sale
20070419	50.000	2,72 €	Sale
20070420	150.000	2,77 €	Sale
20070424	112.184	2,75 €	Sale
20070425	200.003	2,78 €	Sale
20070508	100.000	2,86 €	Sale
20070510	50.000	2,85 €	Sale
20070511	100.000	2,84 €	Sale
20070514	50.000	2,85 €	Sale
20070515	100.000	2,85 €	Sale
20070517	100.000	2,83 €	Sale
20070523	100.000	2,93 €	Sale
20070524	50.000	2,90 €	Sale
20070525	100.000	2,89 €	Sale
20070529	50.000	2,92 €	Sale

Date	Quantity	Average price	Purchase/Sale
20070530	116.254	2,92 €	Sale
20070531	50.000	2,96 €	Sale
20070601	50.000	2,95 €	Sale
20070605	16.473	2,94 €	Sale
20070606	125.106	2,91 €	Sale
20070612	16.965	2,84 €	Sale
20070613	25.000	2,84 €	Sale
20070615	11.470	2,88 €	Sale
20070619	50.000	2,87 €	Sale
20070620	50.000	2,88 €	Sale
20070627	25.000	2,89 €	Sale
20070628	30.000	2,90 €	Sale
20070629	124.312	2,98 €	Sale
20070702	100.000	3,01 €	Sale
20070703	80.054	3,05 €	Sale
20070704	120.000	3,13 €	Sale
20070705	225.700	3,12 €	Sale
20070706	2.915	3,12 €	Sale
20070709	100.000	3,16 €	Sale
20070711	30.000	3,09 €	Sale
20070712	25.000	3,13 €	Sale
20070717	50.000	3,13 €	Sale
20070718	35.000	3,13 €	Sale
20070723	50.000	3,15 €	Sale
20070725	50.000	3,11 €	Sale
20070727	30.000	3,05 €	Sale
20070820	25.000	2,80 €	Sale
20070821	130.000	2,89 €	Sale
20070823	90.000	2,85 €	Sale
20070824	50.000	2,86 €	Sale
20070829	35.703	2,79 €	Sale
20070903	2.064	2,85 €	Sale
20070905	4.676	2,85 €	Sale
20070906	126.359	2,83 €	Sale
20070907	113.641	2,81 €	Sale
20070912	100.000	2,67 €	Sale
20070913	50.000	2,64 €	Sale
20070914	150.000	2,62 €	Sale
20070917	105.360	2,50 €	Sale
20070918	58.642	2,56 €	Sale
20070919	150.000	2,66 €	Sale
20070924	50.000	2,65 €	Sale
20070925	30.377	2,60 €	Sale
20070927	30.000	2,60 €	Sale
20071001	4.250	2,63 €	Sale
20071002	100.000	2,67 €	Sale
20071003	12.654	2,67 €	Sale
20071004	80.000	2,67 €	Sale
20071008	40.000	2,69 €	Sale
20071009	164.200	2,74 €	Sale

Date	Quantity	Average price	Purchase/Sale
20071010	83.500	2,78 €	Sale
20071011	30.000	2,77 €	Sale
20071012	40.000	2,76 €	Sale
20071015	161.812	2,69 €	Sale
20071016	10.000	2,66 €	Sale
20071017	30.000	2,68 €	Sale
20071019	10.000	2,63 €	Sale
20071023	60.000	2,60 €	Sale
20071026	100.000	2,55 €	Sale
20071029	50.000	2,57 €	Sale
20071030	30.594	2,59 €	Sale
20071031	20.000	2,62 €	Sale
20071101	20.000	2,64 €	Sale
20071105	15.000	2,56 €	Sale
20071106	40.000	2,57 €	Sale
20071107	30.000	2,50 €	Sale
20071112	15.000	2,44 €	Sale
20071114	65.000	2,46 €	Sale
20071115	20.000	2,45 €	Sale
20071116	15.000	2,39 €	Sale
20071119	15.000	2,31 €	Sale
20071120	20.000	2,29 €	Sale
20071121	20.000	2,28 €	Sale
20071123	10.000	2,31 €	Sale
20071127	30.000	2,31 €	Sale
20071128	40.000	2,35 €	Sale
20071130	35.000	2,39 €	Sale
20071203	15.000	2,46 €	Sale
20071204	240.000	2,52 €	Sale
20071205	25.000	2,55 €	Sale
20071211	165.000	2,58 €	Sale
20071212	56.392	2,54 €	Sale
20071214	51.250	2,37 €	Sale
20071217	8.750	2,35 €	Sale
20071219	10.000	2,37 €	Sale
20071228	30.000	2,28 €	Sale

- BPI Vida – Companhia de Seguros de Vida, S.A. effected the following acquisitions and disposals of shares in Portucel – Empresa Produtora de Pasta e de Papel, S.A.:

Date	Quantity	Average price	Purchase/Sale
20070102	83.000	2,40 €	Purchase
20070110	2.200	2,40 €	Purchase
20070122	4.545	2,60 €	Purchase
20070228	8.344	2,67 €	Purchase
20070305	2.200	2,51 €	Purchase
20070314	2.000	2,55 €	Purchase
20070416	75.892	2,71 €	Purchase

Date	Quantity	Average price	Purchase/Sale
20070418	1.800	2,72 €	Purchase
20070710	865	3,13 €	Purchase
20070711	17.949	3,10 €	Purchase
20070928	2.700	2,59 €	Purchase
20071228	6.696	2,29 €	Purchase
20070116	9.054	2,65 €	Sale
20070223	339.398	2,78 €	Sale
20070313	4.034	2,63 €	Sale
20070723	84.131	3,14 €	Sale
20070919	12.324	2,67 €	Sale

- Banco Português de Investimento, S.A. effected the following acquisitions and disposals of shares in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.:

Date	Quantity	Average price	Purchase/Sale
20070110	528	8,80 €	Purchase
20070115	15.000	9,11 €	Purchase
20070129	1.000	9,28 €	Purchase
20070202	10.000	9,80 €	Purchase
20070206	15.000	10,02 €	Purchase
20070212	5.332	11,21 €	Purchase
20070213	27.200	11,52 €	Purchase
20070214	14.500	11,37 €	Purchase
20070216	7.471	11,09 €	Purchase
20070221	1.457	11,66 €	Purchase
20070227	52.740	11,66 €	Purchase
20070228	17.000	11,01 €	Purchase
20070301	9.024	11,05 €	Purchase
20070302	81	10,97 €	Purchase
20070305	21.898	10,58 €	Purchase
20070306	3.684	10,79 €	Purchase
20070307	24.863	11,00 €	Purchase
20070309	4.000	10,88 €	Purchase
20070312	5.000	11,00 €	Purchase
20070313	14.084	10,87 €	Purchase
20070314	3.580	10,56 €	Purchase
20070315	6.870	10,96 €	Purchase
20070319	147	11,08 €	Purchase
20070327	1.170	11,21 €	Purchase
20070329	10.000	11,31 €	Purchase
20070403	5.000	11,90 €	Purchase
20070404	10.000	11,86 €	Purchase
20070412	6.000	11,84 €	Purchase
20070413	6.000	11,86 €	Purchase
20070416	3.964	11,84 €	Purchase
20070510	1.215	12,41 €	Purchase
20070521	7	12,36 €	Purchase
20070530	10.000	12,45 €	Purchase

Date	Quantity	Average price	Purchase/Sale
20070605	4.854	12,55 €	Purchase
20070629	378	13,34 €	Purchase
20070913	3	11,79 €	Purchase
20071204	2.488	10,08 €	Purchase
20070111	528	8,84 €	Sale
20070115	15.000	9,20 €	Sale
20070129	500	9,27 €	Sale
20070130	500	9,30 €	Sale
20070202	10.000	9,85 €	Sale
20070206	5.000	10,10 €	Sale
20070207	10.000	9,93 €	Sale
20070212	101.672	11,13 €	Sale
20070213	27.200	11,56 €	Sale
20070214	14.500	11,41 €	Sale
20070216	7.471	11,20 €	Sale
20070222	1.457	11,67 €	Sale
20070227	2.740	11,43 €	Sale
20070228	17.000	11,19 €	Sale
20070301	25.000	11,24 €	Sale
20070302	26.143	11,17 €	Sale
20070305	15.000	10,67 €	Sale
20070306	18.544	10,97 €	Sale
20070307	4.863	10,99 €	Sale
20070308	20.000	11,01 €	Sale
20070309	4.000	10,98 €	Sale
20070312	5.000	10,97 €	Sale
20070313	14.084	10,91 €	Sale
20070314	3.580	10,68 €	Sale
20070315	6.870	10,92 €	Sale
20070319	147	11,26 €	Sale
20070327	1.170	11,22 €	Sale
20070329	10.000	11,39 €	Sale
20070403	5.000	11,92 €	Sale
20070404	10.000	11,92 €	Sale
20070411	5.000	11,88 €	Sale
20070412	6.000	11,88 €	Sale
20070413	4.964	11,87 €	Sale
20070510	1.215	12,42 €	Sale
20070528	7	12,55 €	Sale
20070530	10.000	12,44 €	Sale
20070606	2.000	12,59 €	Sale
20070608	2.854	12,21 €	Sale
20070615	1.736	12,32 €	Sale
20070903	54	12,46 €	Sale
20070913	3	11,90 €	Sale
20071030	54	11,26 €	Sale
20071204	2.488	10,07 €	Sale

- O BPI Vida – Companhia de Seguros de Vida, S.A. effected the following acquisitions and disposals of shares in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.:

Date	Quantity	Average price	Purchase/Sale
20070102	570	8,82 €	Purchase
20070112	280	8,93 €	Purchase
20070122	429	9,19 €	Purchase
20070125	6.826	9,22 €	Purchase
20070129	2.421	9,28 €	Purchase
20070130	1.409	9,32 €	Purchase
20070227	8.500	11,36 €	Purchase
20071114	14.606	10,79 €	Purchase
20071116	5.000	10,49 €	Purchase
20071205	17.224	10,11 €	Purchase
20071228	1.643	8,90 €	Purchase
20070212	11.405	11,51 €	Sale
20070411	19.000	11,90 €	Sale
20070413	1.201	11,90 €	Sale
20070423	2.183	12,08 €	Sale
20070509	1.171	12,06 €	Sale
20070510	6.538	12,40 €	Sale
20070522	211	12,46 €	Sale
20070720	8.188	13,53 €	Sale
20070726	1.474	13,39 €	Sale
20070919	2.513	11,77 €	Sale
20071212	371	9,69 €	Sale

V. QUALIFYING HOLDINGS IN SEMAPA

(with reference to the date of this report)

	Holder	No. shares	% shares	% non-suspended voting rights
A -	Cimigest, SGPS, SA	100	0,00%	0,00%
	Cimo - Gestão de Participações, SGPS, S.A.	14.211.710	12,01%	12,59%
	Longapar, SGPS, S.A.	20.000.000	16,90%	17,72%
	Sonaca, SGPS, S.A.	1.630.590	1,38%	1,44%
	OEM - Organização de Empresas, SGPS, S.A.	500.000	0,42%	0,44%
	Sociedade Agrícola da Quinta da Vialonga, S.A.	642.535	0,54%	0,57%
	Sodim, SGPS, S.A.	23.365.000	19,75%	20,70%
	José Alfredo Almeida Honório	20.000	0,02%	0,02%
	Duarte Nuno d' Orey da Cunha	1.455	0,00%	0,00%
	Total:	60.371.390	51,02%	53,48%
B -	Banco BPI, S.A.	-	-	-
	Banco Português de Investimento, S.A. – own portfolio	3.294	0%	0%
	BPI Vida - Companhia de Seguros de Vida, S.A.	405.804	0,34%	0,36%
	Pension Funds managed by BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	10.362.388	8,76%	9,18%
	Investment Funds managed by BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A.	1.237.518	1,05%	1,10%
	Total:	12.009.004	10,15%	10,64%
C -	Banco Espírito Santo, S.A.	-	-	-
	Fundo de Pensões do BES	6.191.854	5,23%	5,49%
	Total:	6.191.854	5,23%	5,49%
D -	Credit Suisse Group	-	-	-
	Credit Suisse (votes also imputable to Credit Suisse Securities (Europe) Limited to which the shares were loaned)	19.279.477	16,29%	17,08%
	Credit Suisse International	4.320.523	3,65%	3,83%
Total:	23.600.000	19,94%	20,91%	
E -	Bestinver Gestión, SGIIC, SA	-	-	-
	BESTINVER BOLSA, F.I.	1.547.305	1,31%	1,37%
	BESTINFOND F.I.	591.849	0,50%	0,52%
	BESTINVER MIXTO, F.I.	260.945	0,22%	0,23%
	SOIXA SICAV, S.A.	112.774	0,10%	0,10%
	TEXRENTA INVERSIONES SICAV, S.A.	20.938	0,02%	0,02%
	CORFIN INVERSIONES S.I.C.A.V., S.A.	9.450	0,01%	0,01%
	RODAON INVERSIONES, SICAV, S.A.	7.993	0,01%	0,01%
	TIBEST CINCO, SICAV, S.A.	6.880	0,01%	0,01%
	INVERS, EN BOLSA SIGLO XXI, SICAV, S.A.	6.509	0,01%	0,01%
ATON INVERSIONES SICAV, S.A.	4.657	0,00%	0,00%	

TIGRIS INVERSIONES, SICAV, S.A.	4.435	0,00%	0,00%
MERCADAL DE VALORES, SICAV, S.A.	4.179	0,00%	0,00%
H202 Inversiones SICAV, S.A.	3.850	0,00%	0,00%
DIVALSA DE INVERSIONES SICAV, S.A.	3.782	0,00%	0,00%
ENTRECAR INVERSIONES, SICAV, S.A.	3.395	0,00%	0,00%
PASGOM INVERSIONES, SICAV, S.A.	3.313	0,00%	0,00%
ACCIONES, CUP. Y OBLI. SEGOVIANAS, SICAV, S.A.	2.969	0,00%	0,00%
ZAMARRON SICAV, S.A.	2.487	0,00%	0,00%
Cartera Millennium SICAV, S.A.	2.483	0,00%	0,00%
CAMPO DE ORO, SICAV, S.A.	2.073	0,00%	0,00%
LINKER INVERSIONES, SICAV, S.A.	2.020	0,00%	0,00%
HELDALIN INVERSIONES SICAV, S.A.	1.462	0,00%	0,00%
Opec Inversiones, SICAV, S.A.	1.402	0,00%	0,00%
TAWARZAR 2-S2 SICAV, S.A.	1.211	0,00%	0,00%
IBERFAMA SICAV, S.A.	966	0,00%	0,00%
	Total:	2.609.327	2,21%
F -			
Morgan Stanley	-	-	-
Morgan Stanley & Co. Incorporated e Morgan Stanley & Co. International plc	3.159.859	2,67%	2,80%
	Total:	3.159.859	2,67%

Semapa holds 2,720,000 own shares and the company Seminiv Inwertimentos, SGPS, S.A. holds 2.727.975 shares in Semapa, making a total of 5,447,975 shares, corresponding to 4.6% of the share capital and subject to the rules on treasury stock.

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.
INCOME STATEMENT BY NATURE FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(Amounts in Euros)

EXPENSES	Notes	31-12-2007		31-12-2006		INCOME	Notes	31-12-2007		31-12-2006	
Supplies and external services			2.296.765		2.541.500	Services rendered	44 and 53		4.362.282		5.077.367
Employee costs:						Supplementary income		-		60.992	
Payroll		8.099.911		11.914.443		Operating income		1.369		3.522	
Social Charges						Adjustments and depreciation reversion		-	1.369	7.853.000	7.917.514
Pensions	31	3.999.746		3.740.061		(B)			4.363.651		12.994.881
Others		482.240	12.581.897	586.707	16.241.211						
Depecciation	10	141.762		143.731		Gains in Group and Associated Companies	16 and 45	130.706.065		101.611.511	
Provisions	34	2.234.293	2.376.055	7.070.374	7.214.105	Dividends	45	128.261		689.147	
Taxes		743.867		453.729		Interest and other income:					
Other operational expenses		92.390	836.257	76.058	529.787	Group companies	45 and 53	784.017		7.085.986	
(A)			18.090.974		26.526.603	Others	45	405.257	132.023.600	903.606	110.290.250
Losses in Group and Associated Companies	16 and 45		2.765.435		427.888	(D)			136.387.251		123.285.131
Interest and other expenses:						Extraordinary income	46		26.061.624		2.735.242
Group companies	45 and 53	98.142		378.523							
Others	45	23.795.788	23.893.930	12.411.696	12.790.219						
(C)			44.750.339		39.744.710						
Extraordinary expenses	46		24.244		22.562						
(E)			44.774.583		39.767.272						
Net profit after tax	6		(4.276.269)		(5.146.170)						
(G)			40.498.314		34.621.102						
Net profit for the year			121.950.561		91.399.271						
			162.448.875		126.020.373	(F)			162.448.875		126.020.373
						Net operating profit:	(B) - (A)	(13.727.323)		(13.531.722)	
						Financial profit:	(D-B) - (C-A)	105.364.235		97.072.143	
						Current profit:	(D) - (C)	91.636.912		83.540.421	
						Profit before tax:	(F) - (E)	117.674.292		86.253.101	
						Net income for the year:	(F) - (G)	121.950.561		91.399.271	

The accompanying notes form an integral part of the income statement by nature as of December 31, 2007

The accountant

Board of directors

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.

BALANCE SHEET AS OF DECEMBER 2007 AND 2006

(Amounts in Euros)

ASSETS	Notes	31-12-2007			31-12-2006		EQUITY AND LIABILITIES	Notes	31-12-2007	31-12-2006
		Gross assets	Adjustments and depreciations	Net assets	Net assets					
FIXED ASSETS:						EQUITY:				
Tangible fixed assets:						Capital	36, 37 and 40	118.332.445	118.332.445	
Buildings and Other Construction	10	758.139	(211.956)	546.183	539.666	Treasury shares - nominal value	36, 37 and 40	(2.720.000)	-	
Transport Equipment	10	109.849	(101.693)	8.156	16.308	Treasury shares - Discounts and premiums	36, 37 and 40	(34.045.574)	-	
Tools and Equipment	10	2.023	(567)	1.456	-	Premiums for the issue of shares	40	3.923.459	3.923.459	
Administrative equipment	10	279.178	(192.631)	86.547	85.292	Adjustments and investments of subsidiaries and associated companies	40	(25.856.524)	(25.740.560)	
Other Tangible Fixed Assets	10	76.927	(20.772)	56.155	26.403	Fair value adjustments	17 and 40	277.637	16.505.299	
Tangible fixed assets in progress	10	191.977		191.977	177.483	Reserves:				
		<u>1.418.093</u>	<u>(527.619)</u>	<u>890.474</u>	<u>845.152</u>	Legal reserves	40	23.666.489	23.666.489	
Investments:						Other reserves	40	592.474.440	528.291.632	
Investments in subsidiaries	10, 16 and 17	372.885.141	-	372.885.141	201.761.758	Retained earnings	40	(52.177.910)	(19.375.703)	
Supplementary capital to group companies	10, 16 and 17	716.419.891	-	716.419.891	827.120.000	Net income for the year	40	121.950.561	91.399.271	
Loans to group companies	10, 16 and 17	180.065.000	-	180.065.000	180.065.000	Total equity		<u>745.825.023</u>	<u>737.002.332</u>	
Securities and other investments	10 and 17	1.129.885	-	1.129.885	70.136.794					
		<u>1.270.499.917</u>	<u>-</u>	<u>1.270.499.917</u>	<u>1.279.083.552</u>	LIABILITIES:				
Current Assets:						Provisions:				
Short term receivables:						Pension provisions	31 and 34	91.827.435	83.953.229	
Subsidiaries	53	5.726.357	-	5.726.357	19.960.099	Other provisions	34	2.572.005	7.353.924	
State and other public entities	48	274.316		274.316	636.622			<u>94.399.440</u>	<u>91.307.153</u>	
Other debtors	49	8.784.382	-	8.784.382	6.362.266	Medium and long term liabilities:				
		<u>14.785.055</u>	<u>-</u>	<u>14.785.055</u>	<u>26.958.987</u>	Bond loans	51	225.000.000	227.244.591	
Cash and bank deposits:						Commercial paper	51	55.500.000	123.550.000	
Bank deposits		26.902.806		26.902.806	8.683	Bank loans	51	176.805.084	104.630.756	
Cash		2.744		2.744	2.494			<u>457.305.084</u>	<u>455.425.347</u>	
	54	<u>26.905.550</u>		<u>26.905.550</u>	<u>11.177</u>	Short term Liabilities:				
ACCRUALS AND DEFERRALS:						Bond loans	51	2.244.590	5.611.476	
Accrued Income	50	62.228		62.228	51.004	Bank loans	51 and 54	1.100.477	613.183	
Deferred costs	50	2.841.827		2.841.827	2.911.547	Suppliers		113.487	62.225	
Deferred tax assets	6	9.483.578		9.483.578	5.180.014	Subsidiaries	53	1.103.031	7.595.827	
		<u>12.387.633</u>		<u>12.387.633</u>	<u>8.142.565</u>	Shareholders	52	8.162.701	4.492.436	
						State and other public entities	48	192.502	283.448	
						Other creditors	49	4.496.354	4.375.158	
								<u>17.413.142</u>	<u>23.033.753</u>	
						ACCRUALS AND DEFERRALS:				
						Accrued Costs	50	10.525.940	8.272.848	
Total depreciation			<u>(527.619)</u>			Total liabilities		<u>579.643.606</u>	<u>578.039.101</u>	
Total assets		<u>1.325.996.248</u>	<u>(527.619)</u>	<u>1.325.468.629</u>	<u>1.315.041.433</u>	Total equity and liabilities		<u>1.325.468.629</u>	<u>1.315.041.433</u>	

The accompanying notes form an integral part of the balance sheet as of December 31, 2007

The accountant

Board of directors

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.

INCOME STATEMENT BY FUNCTION

DECEMBER 31, 2007 AND 2006

(Amounts in Euros)

	<u>Notes</u>	<u>31-12-2007</u>	<u>31-12-2006</u>
Sales and services rendered	44 and 53	4.362.282	5.077.367
Cost of sales and services rendered		<u>(4.645.380)</u>	<u>(5.320.857)</u>
Gross result		(283.098)	(243.490)
Other operating gains		26.062.993	10.652.756
Administration costs		(852.728)	(681.744)
Other operating costs		<u>(12.617.110)</u>	<u>(20.546.564)</u>
Net operating profit		12.310.057	(10.819.042)
		(22.704.656)	(4.800.627)
Gains / (losses) in other subsidiaries	45	127.940.630	101.183.623
Gains / (losses) in other investments	45	<u>128.261</u>	<u>689.147</u>
Current profit		117.674.292	86.253.101
Net profit after taxes	6	4.276.269	5.146.170
Net income for the year		<u>121.950.561</u>	<u>91.399.271</u>
Profit by share		<u>1,04</u>	<u>0,77</u>

The accompanying notes form an integral part of the
income statement by functions as of December 31, 2007

The accountant

Board of directors

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.

CASH FLOW STATEMENT

DECEMBER 31, 2007 AND 2006

(Amounts in Euros)

	<u>Notes</u>	<u>31-12-2007</u>	<u>31-12-2006</u>
OPERATING ACTIVITIES:			
Payment to suppliers		(2.296.353)	(2.772.696)
Payment to employees		<u>(8.047.322)</u>	<u>(20.741.374)</u>
Cash flow generated from operations		(10.343.675)	(23.514.070)
(Payments)/receipts from income tax		327.641	380.587
Other (payments)/receipts from operating expenses		<u>1.414.971</u>	<u>1.461.709</u>
Cash flow generated before extraordinary captions		(8.601.063)	(21.671.774)
Cash flow from operating activities (1)		<u>(8.601.063)</u>	<u>(21.671.774)</u>
 INVESTMENT ACTIVITIES:			
Receipts relating to:			
Financial investments		743.985.101	19.564.217
Tangible fixed assets		14.000	-
Interest and similar income		442.724	897.390
Dividends	45	<u>374.526.183</u>	<u>2.971.570</u>
		<u>1.118.968.008</u>	<u>23.433.177</u>
 Payments relating to:			
Financial investments		(1.056.497.950)	(171.897.102)
Tangible fixed assets		(184.903)	(181.766)
Intangible assets		<u>(805)</u>	<u>-</u>
		<u>(1.056.683.658)</u>	<u>(172.078.868)</u>
Cash flow from investment activities (2)		<u>62.284.350</u>	<u>(148.645.691)</u>
 FINANCING ACTIVITIES			
Receipts relating to:			
Obtained borrowings		708.781.961	588.396.081
Given borrowings		<u>40.970.781</u>	<u>139.127.947</u>
		<u>749.752.742</u>	<u>727.524.028</u>
 Payments relating to:			
Obtained borrowings		(665.822.261)	(232.219.302)
Given borrowings		(26.057.334)	(344.576.467)
Interest and similar income		(21.167.319)	(12.509.520)
Dividends	40	<u>(27.216.462)</u>	<u>(49.699.627)</u>
Treasury shares aquisition	40	<u>(36.765.574)</u>	<u>-</u>
		<u>(777.028.950)</u>	<u>(639.004.916)</u>
Cash flow from financing activities (3)		<u>(27.276.208)</u>	<u>88.519.112</u>
CHANGES IN CASH AND CASH EQUIVALENTS (4) = (1) + (2) + (3)		26.407.079	(81.798.353)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54	<u>(602.006)</u>	<u>81.196.347</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	54	<u><u>25.805.073</u></u>	<u><u>(602.006)</u></u>

The accompanying notes form an integral part of the cash flow statement for the year ended December 31, 2007

The accountant

Board of directors

(Translation of a report originally issued in Portuguese – Note 57)

(Amounts stated in Euros)

INTRODUCTION

Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. ("The Company") was incorporated in June 21, 1991 and its main object consists in holding positions in other companies, namely in the production of cement and derivatives, pulp and paper, through its subsidiaries, Secil – Companhia Geral de Cal e Cimento, S.A. and Portucel – Empresa Produtora de Pasta e Papel, S.A.

The numbering of the notes, which follow, is as defined in the Official Chart of Accounts ("Plano Oficial de Contabilidade - POC"). The numbers not included relate to notes that are either not applicable to the Company, or their presentation is not material to the financial statements.

1. DEROGATIONS TO THE OFFICIAL CHART OF ACCOUNTS

Semapa's individual financial statements were prepared in accordance with the accounting principles generally accepted in Portugal, with the following derogations:

- application of the methodology regarding the direct recognition of actuarial gains and losses in equity (Note 40), in accordance with IAS 19 and approved by the regulation 1910/2005 of European Commission, of November 8;
- valuation of financial assets, at fair value, in accordance with IAS 39, whereas the changes in fair value of these assets are charged directly to Semapa shareholder's equity (Notes 17 and 40).

Additionally, investments in subsidiaries accounted by equity method include the changes in accounting policies recognised in its financial statements, as referred in Note 16.

3. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

The accompanying financial statements have been prepared on a going concern basis from the accounting records of the Company maintained in accordance with generally accepted accounting principles in Portugal with the exceptions referred in Note 1.

These financial statements reflect only the Company's individual accounts. The Company also prepared consolidated financial statements, in accordance with IFRS, which reflect the following differences to the individual financial statements as of December 31, 2007, considering that the individual shareholder's equity, resulting from the application of the equity method to subsidiaries, equals consolidated shareholders equity:

	<u>Increase</u>
Total assets, net	1.931.671.141
Total liabilities	1.626.798.061
Total income	1.328.649.402

(Translation of a report originally issued in Portuguese – Note 57)

(Amounts stated in Euros)

The most relevant accounting policies used in the preparation of the financial statements are as follows:

a) Tangible fixed assets

Tangible fixed assets, which comprise transport and administrative equipment and other tangible assets, are recorded at cost and depreciated on a straight-line basis over periods from one to ten years:

	<u>Useful life</u> <u>(years)</u>
Buildings and other constructions	10
Transport Equipment	2 a 4
Tools and Utensils	1 a 4
Administrative Equipment	3 a 8
Other Tangible Assets	5 a 10

b) Investments

Investments in group companies (and subsidiaries of group companies) and affiliated companies are recorded in accordance with the equity method (Note 16).

In accordance with the equity method, investments are increased or reduced annually by the amount corresponding to the Company's proportion in the net result of the subsidiaries, by corresponding entry in the income statement (Note 45). Additionally, dividends received from group companies resulting from distribution of profits or reserves are deducted from the amount of the investments in the year in which they are received.

Available-for-sale financial assets are recognised in the caption "Securities and other investments" which are relate to investments in other companies (Notes 10 e 17). These investments are recognised at fair value which is its market value, as listed price on the balance sheet date. Potential gains or losses are recognised in equity, in the caption "Fair value adjustments", until the investment be disposed, and therefore recognised in income statement.

c) Accrual basis

The Company records revenue and expenses on an accrual basis. Under this basis, revenue and expenses are recorded in the period at which they are generated or incurred, regardless of the time at which they are received or paid. Differences between the amounts received and paid and the corresponding revenue and expenses are recorded in accruals and deferrals captions (Note 50).

d) Corporate income tax

The income tax includes current and deferred tax, when applicable. Income tax is recognised in the income statement except when relating to gains and losses recorded directly in reserves, in which case the income tax is also recorded directly in reserves, namely, that relating to the impact of asset revaluations.

Current income tax is determined based on the net profit, adjusted in accordance with tax legislation in force as of the balance sheet date.

Deferred income tax is computed in accordance with the liability method, based on the temporary differences between recognition of assets and liabilities for accounting and for taxes purposes. Deferred taxes are computed in accordance with the income tax rates expected to be in force when the temporary differences revert.

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The Company recognizes deferred tax assets when there is a reasonable expectation that future profits will be generated, against which the assets can be used. Deferred tax assets are reviewed annually and decreased whenever it becomes probable that they will not be able to be used.

e) Post employment benefits

The Company has undertaken the commitment to pay to Board of directors' members a retirement benefit complement, in terms described in Note 31.

The responsibilities for the payment of retirement benefits are recorded in accordance with IAS 19, approved by the Regulation 1910/2005 of European Commission of November, 8.

In accordance with IAS 19, companies with pension plans recognise the costs of providing these benefits *pari passu* with the services provided by the beneficiaries in their employment. Thus, the total liability is estimated separately for each plan at least once every six months, on the closing date of interim and annual accounts, by a specialized and independent entity in accordance with the projected unit credit method.

The liability thus determined is disclosed in the balance sheet and pensions costs are recognised in the caption "Payroll – Social Charges – Pensions". Actuarial gains and losses arising from the differences between the assumptions used for the purpose of determining liabilities and those which effectively occurred (as well as of changes made to those actuarial assumptions and the difference between the expected return on the assets of the funds and their actual yield) are recognised when incurred, directly in equity, in the caption "Retained Earnings" (Note 40).

f) Provisions

Provisions are recorded in order to recognised liabilities with a clearly defined nature which at balance sheet date are considered to be certain or probably, but uncertainty in the amount or occurrence date.

g) Use of estimates

The preparation of the financial statements requires that management applies its judgment in the calculation of estimates affecting revenue, expenses, assets, liabilities and disclosures on balance sheet date. These estimates are determined by judgement of the Group's management based on: i) the best information and knowledge of present events, which are supplemented, in some cases, with independent opinions from third parties and ii) the specific steps which the Company considers that may undertake in the future. Nonetheless, at the closing date of operations the result may differ from the estimates included in the financial statements.

h) Treasury shares

Treasury shares are accounted by its acquisition cost as a reduction of equity under "treasury shares" and the gains or losses related to its sale recorded in "Other reserves." In accordance with the applicable commercial law, while the treasury shares themselves remain in the possession of the company, it made available a reserve an amount equal to its cost of acquisition.

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(Amounts stated in Euros)

6. INCOME TAX

Since January 1, 2006, the Company is taxed under the special tax regime for Group Corporate Income Tax, constituted by the Companies in which minimum investments of 90% are held and which fulfil the conditions set out in article 63º and following articles in the Corporate Income Tax Act (Código do IRC), owning tax losses carried forward previous of the referred regime amounting Euros 18,325,643, which have not been recognised deferred tax assets due to the fact that there is no reasonable expectation that future profits will be generated, against which the assets can be used because the Company has been generating negative operating results.

Under actual tax law, tax losses carried forward could be reported in the following six years.

As of December 31, 2007, tax losses carried forward and the related expire year is as follows:

Beginning year	Amount	Expiring year
2002	4,374,315	2008
2003	5,120,440	2009
2004	8,830,888	2010
	<u>18,325,643</u>	

For tax losses generated under RETGS, in the amount of 37,934,313 Euros, on which there is the expectation of being recovered by future profits generated by the tax group, in the same reporting period, its breakdown is as follows:

Beginning year	Amount	Deferred tax assets
2006	29,122,993	7,280,748
2007	8,811,320	2,202,830
	<u>37,934,313</u>	<u>9,483,578</u>

The gains and losses in subsidiaries and affiliated companies resulting from application of the equity method are deducted from or added to, respectively, the profit for the year when computing taxable income.

Income tax for the year ended December 31, 2007 and 2006 is as follows:

Current income tax (Nota 48)	27,295	33,844
Deferred tax	<u>(4,303,564)</u>	<u>(5,180,014)</u>
	<u>(4,276,269)</u>	<u>(5,146,170)</u>

The current income, amounting to 27,295 Euros, refers to autonomous taxation.

The reconciliation of effective income tax rate is as follows:

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	<u>31-12-2007</u>	<u>31-12-2006</u>
Profit before income tax	117,674,292	86,253,101
Nominal rate of income tax	26.50%	27.50%
Estimated income tax	<u>31,183,687</u>	<u>23,719,603</u>
Permanent differences (a)	(33,527,913)	(29,231,787)
Autonomous taxation	27,295	33,844
Change in tax rate	-	518,001
Recovered tax losses	(2,100,734)	-
Non-Recovered tax losses	161,317	-
Tax losses appropriated under Consolidated Tax perimeter	<u>(19,921)</u>	<u>(185,831)</u>
	<u>(4,276,269)</u>	<u>(5,146,170)</u>
Effective income tax rate	<u>-3.63%</u>	<u>0.22%</u>

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(a) This amount mainly respects to:

	<u>31-12-2007</u>	<u>31-12-2006</u>
Effects arising from the equity method (Note 16)	(127,940,630)	(101,183,623)
Adjustments and taxable provisions	2,234,293	11,880,862
Reduction of provisions	(479,659)	(11,476,353)
Amortizations and adjustments reversals (Note 21)	-	(7,853,000)
Responsibilities related to pension benefits (Note 31)	3,999,746	3,740,061
Taxable dividends	76,551	-
Non-taxable dividends recognized in P&L	(29,224)	(689,147)
Accounted taxable realized gains/losses	(24,824,975)	(784,000)
Taxable realized gains	24,832,019	-
Taxable subsidiaries' gains under Consolidated Tax perimeter	966,407	-
Transmission of capital part costs	2,034,053	-
Loss on liquidation of subsidiaries (Note 16)	(7,420,000)	-
Others	30,992	67,793
	<u>(126,520,427)</u>	<u>(106,297,407)</u>

In accordance with current tax legislation, tax returns are subject to review and adjustment by the tax authorities during a period of four years and ten years for Social Security. However, if the company had tax losses, may be subject to revision and settlement by the tax authorities for a period of 6 years. Consequently, the Company's tax returns for the years from 2002 to 2007 are still subject to review.

The Company's Management believes that any possible adjustments that may result from tax authorities reviews will not have a significant effect on the financial statements as of December 31, 2007.

7. AVERAGE NUMBER OF EMPLOYEES

The average number of employees as of December 31, 2007 and December 31, 2006 was 21 and 20 people, respectively.

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10. MOVEMENT IN FIXED ASSETS

During the year ended December 31, 2007 the movement in intangible assets, tangible assets and investments, as well as their accumulated depreciation, was as follows:

Captions	Fixed assets				
	Opening balance	Increases	Sales	Transfers and disposals	Closing balance
Tangible fixed assets:					
Buildings and other constructions	674,582	83,557	-	-	758,139
Transport equipment	159,636	-	(49,787)	-	109,849
Tools and Utensils	-	2,023	-	-	2,023
Administrative equipment	234,358	44,820	-	-	279,178
Other tangible fixed assets	34,736	42,191	-	-	76,927
Tangible fixed assets in progress	177,483	14,494	-	-	191,977
	<u>1,280,795</u>	<u>187,085</u>	<u>(49,787)</u>	<u>-</u>	<u>1,418,093</u>
Investments:					
Investments in subsidiaries (Notes 16 and 17)	201,761,758	277,953,530	(2,896,592)	(103,933,555)	372,885,141
Additional paid in capital to group companies (Notes 16 and 17)	827,120,000	731,002,856	-	(841,702,965)	716,419,891
Loans to group companies (Notes 16 and 17)	180,065,000	-	-	-	180,065,000
Securities and other investments (Note 17)	70,136,794	3,892	(69,154,481)	143,680	1,129,885
	<u>1,279,083,552</u>	<u>1,008,960,278</u>	<u>(72,051,073)</u>	<u>(945,492,840)</u>	<u>1,270,499,917</u>
	<u>1,280,364,347</u>	<u>1,009,147,363</u>	<u>(72,100,860)</u>	<u>(945,492,840)</u>	<u>1,271,918,010</u>
Accumulated amortisation and depreciation					
Captions	Opening balance	Increases	Sales	Transfers and disposals	Closing balance
Tangible fixed assets:					
Buildings and other constructions	134,916	77,040	-	-	211,956
Transport equipment	143,328	8,152	(49,787)	-	101,693
Tools and Utensils	-	567	-	-	567
Administrative equipment	149,066	43,565	-	-	192,631
Other tangible fixed assets	8,334	12,438	-	-	20,772
	<u>435,644</u>	<u>141,762</u>	<u>(49,787)</u>	<u>-</u>	<u>527,619</u>

16. SUBSIDIARIES AND AFFILIATED COMPANIES

As of December 31, 2007 investments in subsidiaries and affiliated companies, including supplementary capital and capital-related loans to Group companies, were as follows:

Companies	Headquarter	December 31, 2007				%	Participation	
		Share Capital	Equity a)	Net profit a)	Net book value (Note 10)		Proportional share in net results (Notes 17 and 45)	
Bosques do Atlântico (ex-Betopal, SL)	Madrid	3,005	5,651	14,981	100.00%	- b)	5,651	
CMP Investments, BV	Amsterdam	50,000	32,626	(322,928)	100.00%	- c)	(322,928)	
Portucel, SA	Setúbal	767,500,000	1,122,448,076	136,838,423	7.22% d)	81,040,346	7,201,563	
Secil, SA	Setúbal	264,600,000	432,716,148	64,631,746	6.42%	27,760,703	4,146,420	
Seinpar Investments, BV	Amsterdam	18,000	494,317,311	(1,692,208)	100.00%	494,317,311 e)	(1,692,208)	
Seinpart, SGPS, SA	Lisbon	180,000,000	387,784,634	(1,527,823)	49.00%	190,014,471 e)	(748,633)	
Semapa Inversiones, SL	Madrid	3,006	209,114,918	19,071,863	100.00%	209,114,918 f)	19,071,863	
Semapa Investments, BV (Nota 34)	Amsterdam	18,000	(57,565)	70,385,842	100.00%	- g)	70,385,842	
Seminv, SGPS, SA	Lisbon	7,500,000	267,073,949	29,894,726	100.00%	267,073,949 e)	29,894,726	
Verdeoculto, SGPS, SA	Lisbon	50,000	48,334	(1,666)	100.00%	48,334	(1,666)	
						<u>1,269,370,032</u>	<u>127,940,630</u>	

- a) After consolidation adjustments
 b) The subsidiary Bosques do Atlântico, SL (former Betopal, SL) was sold during the year ending December 31, 2007 which means that the equity and net profit mentioned herein relate to the date of disposal
 c) The subsidiary CMP Investments, BV was settled during the year ending December 31, 2007
 d) During the year ending December 31, 2007 and for Portucel, Semapa increased its stake in this subsidiary of 4.16% to 7.22%. The net profit Semapa appropriate for this subsidiary, reflects the effect of successive acquisitions occurring in 2007
 e) Includes share Premium / Supplementary capital

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- f) Includes subordinated loans ("capital-related")
- g) On December 31, 2007, the subsidiary Semapa Investments, BV has negative equity amounting to Euros 57,565, therefore Semapa has provided for the deferred amount (Note 34).

Portuguese Generally Accepted Principles Derogations

Since 2005 with effects from January 1, 2004, Semapa subsidiaries started to apply IFRS 3 in Goodwill recognition. Therefore, Goodwill is not amortized and is tested annually for impairment. Impairment losses relative to goodwill cannot be reversed.

During the year ended December 31, 2004, Portucel subgroup subsidiaries change accounting policy over biological assets recognition (Growing forest), started to apply IAS 41 "Agriculture". Under this accounting rule, biological assets are measured at fair value, less estimated costs of sale at time of harvesting.

Secil – Companhia Geral de Cal e Cimento, SA and Portucel – Empresa Produtora de Pasta e Papel, SA and its subsidiaries recognise its derivative financial instruments, both trading and hedging, and available-for-sale financial assets, at fair value according with IAS 39. Therefore, changes in fair value of its derivative financial instruments which qualify as cash-flow hedges, and available-for-sale financial assets are recognised directly in subsidiaries equity. Changes in fair value of trading derivatives financial instruments are recognised on Income Statement.

Some of Portucel subsidiaries have changed its accounting policy of leases included in contracts according to IFRIC 4 - Determining whether an Arrangement contains a Lease. A financial lease was recorded in Subsidiaries' assets, which amount is reduced by each rental paid in the part related to capital amortization. In each period is registered the equipment depreciation and the financial charges included in the rental paid.

17. INVESTMENTS IN SUBSIDIARIES

The movement in the caption "Investments in subsidiaries", "Supplementary capital to group companies", "Loans to group companies" and "Securities and other investments" for the year ended December 31, 2007 was as follows:

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	Investments in subsidiaries	Supplementary capital to group companies	Loans to group companies	Securities and others investments	Total
Opening balance	201,761,758	827,120,000	180,065,000	70,136,794	1,279,083,552
Constitution of subsidiary Verdeoculto - Investimentos, SGPS, SA	50,000	-	-	-	50,000
Acquisition of 1.000 shares of Banco Comercial Português, SA	-	-	-	3,892	3,892
Disposal of 18.003.117 shares of EDP - Energias de Portugal, SA	-	-	-	(69,154,481)	(69,154,481)
Acquisition of 25.417.336 shares of Portucel - Empresa Produtora de Pasta and Papel, SA	67,082,315	-	-	-	67,082,315
Goodwill in Portucel - Empresa Produtora de Pasta and Papel, SA (Note 40)	(29,702,264)	-	-	-	(29,702,264)
Disposal of 1.939.000 shares of Portucel - Empresa Produtora de Pasta and Papel, SA	(2,890,941)	-	-	-	(2,890,941)
Acquisition of 17.640.000 shares of Seinpart - Participações, SA	210,821,215	-	-	-	210,821,215
Goodwill in Seinpart - Participações, SGPS, SA	(77,138,794)	-	-	-	(77,138,794)
Disposal of subsidiary Bosques do Atlântico, SL (former Betopal, SL)	(5,651)	-	-	-	(5,651)
Result appropriate by the equity method application (Notes 6, 16 and 45):					
- Gains	130,706,065	-	-	-	130,706,065
- Losses	(2,442,507)	(322,928)	-	-	(2,765,435)
Dividend paid to the Company by:					
- Portucel - Empresa Produtora de Pasta and Papel, SA (Note 45)	(6,401,931)	-	-	-	(6,401,931)
- Secil - Companhia Geral de Cal and Cimento, SA (Note 45)	(2,407,487)	-	-	-	(2,407,487)
- Seinpar Investments, BV (Note 45)	(325,000)	-	-	-	(325,000)
- Semapa Investments, BV (Note 45)	(366,561,071)	-	-	-	(366,561,071)
Supplementary capital to subsidiaries:					
- CMP Investments, BV	-	7,420,000	-	-	7,420,000
- Seinpar Investments, BV	-	666,330,276	-	-	666,330,276
- Seinpart - Participações, SGPS, SA	-	57,252,580	-	-	57,252,580
Reimbursement of supplementary capital by the subsidiaries:					
- CMP Investments, BV	-	(32,626)	-	-	(32,626)
- Semapa Investments, BV	-	(630,000,000)	-	-	(630,000,000)
- Seminv - Investimentos, SGPS, SA	-	(32,270,000)	-	-	(32,270,000)
Reverse of negative equity provision of subsidiary CMP Investments, BV (Note 34)	-	(7,064,446)	-	-	(7,064,446)
Adjustments on investments in subsidiaries and associated companies due to fair value adjustments in the subsidiaries:					
- Cimentospar - Participações Sociais, SGPS, Lda.	(1,865,435)	-	-	-	(1,865,435)
- Seinpart - Participações, SGPS, SA	(972)	-	-	-	(972)
Other changes in equity of subsidiaries:					
- Seinpar Investments, BV	(170,119,443)	-	-	-	(170,119,443)
- Semapa Inversiones, SL	(1,348,941)	-	-	-	(1,348,941)
- Semapa Investments, BV	247,906,394	-	-	-	247,906,394
Other changes in subgroups equity:					
- Portucel - Empresa Produtora de Pasta and Papel, SA	9,350,689	-	-	-	9,350,689
- Secil - Companhia Geral de Cal and Cimento, SA	(6,282,051)	-	-	-	(6,282,051)
Provision for negative equity of the subsidiary Semapa Investments, BV (Note 34)	57,565	-	-	-	57,565
Dividends distributed from company to Seminv, SGPS, S.A.	627,434	-	-	-	627,434
Fair value adjustments:					
- Banco Espírito Santo, SA (Note 40)	-	-	-	66,669	66,669
- EDP - Energias de Portugal, SA (Note 40)	-	-	-	79,212	79,212
- Banco Comercial Português, SA (Note 40)	-	-	-	(972)	(972)
Transfers and repositions balances between captions	172,014,194	(172,012,965)	-	(1,229)	-
Closing balance	<u>372,885,141</u>	<u>716,419,891</u>	<u>180,065,000</u>	<u>1,129,885</u>	<u>1,270,499,917</u>

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As of December 31, 2007, Investments in Subsidiaries were made up as follows:

	<u>31-12-2007</u>
Portucel, SA	81,040,346
Secil, SA	27,760,703
Seinpart, SGPS, SA	132,761,891
Semapa Inversiones, SL	29,049,918
Seminv, SGPS, SA	102,223,949
Verdeoculto, SGPS, SA	48,334
	<u><u>372,885,141</u></u>

As of December 31, 2007, Supplementary Capital to Group Companies amounting Euros 716,419,891 have been granted to the following entities:

	<u>31-12-2007</u>
Seinpar Investments, BV	494,317,311
Seinpart, SGPS, SA	57,252,580
Seminv, SGPS, SA	164,850,000
	<u><u>716,419,891</u></u>

Loans to Group Companies amounting Euros 180,065,000 refer to “capital-related” loans and have been fully granted to Semapa, SL.

Securities and other investments amounting Euros 1,129,885 were made up as follows:

Companies	<u>December 31, 2007</u>			
	Number of shares	Acquisition costs	Potential Gain / (Loss) (Note 40)	Total
EDP, SA	90,000	323,088	79,212	402,300
BES, SA	48,311	525,268	199,397	724,665
BCP, SA	1,000	3,892	(972)	2,920
		<u>852,248</u>	<u>277,637</u>	<u><u>1,129,885</u></u>

The differences between fair value and acquisition cost of EDP and BES amounting Euros 557,802 and Euros 270,897, respectively, have been recognised against Equity (Note 40) and the negative difference on BCP amounting Euros 972.

25. RECEIVABLE AND PAYABLE BALANCES WITH PERSONNEL

As of December 31, 2007 the Company had receivables from employees amounting to Euros 210 and as of December 31, 2006 the Company had payables to employees amounting to Euros 47.685 (Note 49).

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29. ACCOUNTS PAYABLE IN MORE THAN FIVE YEARS

As of December 31, 2007 accounts payable in more than 5 years relate to bond loans and to the commercial paper program, amounting Euros 413,579,000 (Note 51).

31. RETIREMENT BENEFITS COMPLEMENT

Defined benefit plan assumed by the Company

The Shareholders' General Meeting, held in March 30, 2005, approved the retirement directors' regulation, as foreseen in the article 17th of the Company's statutes. As per the terms of the referred regulation, Semapa directors are entitled to a lifetime allowance, paid 12 times per year, from the 55 years on, if they have generally worked for the Company a minimum of 8 years, followed or interpolated, as directors. This right can only be exercised when each director cease functions.

This allowance reaches a maximum of 80% of directors' monthly salary at the date of ceasing functions, when they worked at least 20 years as directors, of Semapa and any other society dominated by it, and a minimum of 27.2%, corresponding to 8 years in that position. However, these amounts are deducted from the values received by the beneficiaries through the Social Security system.

Once the Company's statutes determine that members of the corporate bodies' mandate correspond to a four years period, the responsibility is calculated and recorded on the beginning of the second mandate.

No pension fund was established for the financing of this Group's obligation.

The liabilities for the years 2007 and 2006 were as follows:

	31-12-2007	31-12-2006
Liabilities in the beginning of the year	83,953,229	84,295,795
Movements during the year:	7,874,206	(342,566)
Costs / (gains) recognized in the income statement	3,999,746	3,740,061
Actuarial losses / (gains) (Note 40)	4,344,788	(3,543,052)
Pensions paid	(470,328)	(539,575)
Liabilities at the end of the year	91,827,435	83,953,229

Semapa applies the methodology regarding the direct recognition of actuarial gains and losses under equity, in accordance with IAS 19 approved by the regulation 1910/2005 of European Commission of November, 8. As of December 31, 2007 the Company has recognised an amount of Euros 4,344,788 related to actuarial losses directly in equity (Note 40).

In accordance with the actuarial valuation, reported on December 31, 2007, the responsibilities for past services amount to Euros 91,827,435, being fully funded in liabilities' caption "Provisions for pensions" (Note 34). On December 31, 2006 the provision amounted to Euros 83,953,229.

The actuarial valuation considers the following financial and the demographic assumptions:

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	31-12-2007	31-12-2006
Mortality table	TV 88/90	TV 88/90
Disability table	EKV 80	EKV 80
Pensions growth rate	2.25%	2.25%
Technical interest rate	5.25%	4.50%
Wage growth rate	2.50%	2.50%
Pensions reversability rate	50%	50%
Number of annual payments of Semapa complement	12	12
Social Benefits formula	Decret-Law nº 187/2007 of May 10th	Decret-Law nº 35/2002 of February 19th

In 2007, the Group changed some of the assumptions used to measure the liabilities for retirement pension supplements, namely the discount rate, because these assumptions are considered to be more adequate to the present financial and economical situation of the Group.

32. GUARANTEES GRANTED

During 2006, Semapa and Semapa Inversiones, SL, as its guarantor, celebrated with a financial institution a promise credit agreement of Euros 200,000,000, with the purpose of financing the acquisition in Euronext Lisbon shares listed and which integrate the index PSI-20 and/or the acquisition of Portucel shares.

Within the referred agreement, Semapa and/or the Guarantor are obliged to give in pledge the corresponding acquired shares and/or Portucel shares held, or alternatively to constitute a bank deposit with a covering ratio never below 1.1. On December 31, 2007, the amount of Euros 133,079,000 had been used from this credit facility, being pledge 37,475,858 Portucel shares, 86,386 EDP shares and 2,720,000 treasury shares of Semapa SGPS.

34. MOVEMENTS IN PROVISIONS

On December 31, 2007, movements in provisions were as follows:

Captions	Opening balance	Increases	Decreases	Use/ /replacement	Closing balance
Provisions for risks and costs:					
Pensions (Note 31)	83,953,229	7,874,206	-	-	91,827,435
Aproipriation of results from subsidiaries and affiliated companies by the equity method (Note 16)	7,073,776	57,565	(9,330)	(7,064,446)	57,565
Other provisions	280,148	2,234,292	-	-	2,514,440
	<u>91,307,153</u>	<u>10,166,063</u>	<u>(9,330)</u>	<u>(7,064,446)</u>	<u>94,399,440</u>

On December 31, 2007, the movements of provision for negative equity, by entity, were as follows:

Companies	Opening balance	Increases	Decreases	Use/ /replacement	Closing balance
Betopal, SL (Note 6)	9,330	-	(9,330)	-	-
CMP Investments, BV	7,064,446	-	-	(7,064,446)	-
Semapa Investments, BV (Note 16)	-	57,565	-	-	57,565
	<u>7,073,776</u>	<u>57,565</u>	<u>(9,330)</u>	<u>(7,064,446)</u>	<u>57,565</u>

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36. SHARE CAPITAL

As of December 31, 2007 Company's share capital, totally subscribed and paid up, consisted of 118,332,445 shares with the nominal value of Euro 1 each (Note 40).

37. ENTITIES HOLDING THE SHARE CAPITAL

In accordance with the most recent shareholders' General Meeting, held on March 27, 2007, and the disclosed qualifying holdings, the Company's share capital as of December 31, 2007 and December 31, 2006 is held by:

Name	Number of shares	%	
		31-12-2007	31-12-2006
Credit Suisse Group	23,600,000	19.94	19.94
Sodim, SGPS, S.A.	23,365,000	19.75	22.07
Longapar, SGPS, S.A.	20,000,000	16.90	16.90
Cimo - Gestão de Participações, SGPS, S.A.	14,211,710	12.01	12.33
Banco BPI, SA	11,855,974	10.02	10.02
Banco Espírito Santo, SA	6,191,854	5.23	5.52
Morgan Stanley	3,159,859	2.67	-
Seminv - Investimentos, SGPS, S.A	2,727,975	2.31	2.31
Own shares	2,720,000	2.30	-
Bestinver Gestión, SGIC, S.A.	2,609,327	2.21	-
Sonaca - Sociedade Nacional de Canalizações, S.A.	1,630,590	1.38	1.06
Other shareholders with participation lower than 2%	6,260,156	5.29	9.85
	<u>118,332,445</u>	<u>100.00</u>	<u>100.00</u>

40. CHANGES IN SHAREHOLDER'S EQUITY

During the year of 2007, the movement in the equity accounts was as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Closing balance
Capital	118,332,445	-	-	-	118,332,445
Treasury shares - nominal value	-	-	(2,720,000)	-	(2,720,000)
Treasury shares - Discounts and premiums	-	-	(34,045,574)	-	(34,045,574)
Premiums for the issue of shares	3,923,459	-	-	-	3,923,459
Adjustments and investments of subsidiaries and associated companies (Note 10 and 17)	(25,740,560)	257,884,517	(256,755,637)	(1,244,844)	(25,856,524)
Fair value adjustments (Note 10 and 17)	16,505,299	145,881	(16,373,543)	-	277,637
Reserves:					
Leagl reserves	23,666,489	-	-	-	23,666,489
Other reserves	528,291,632	-	-	64,182,808	592,474,440
Retained earnings	(19,375,703)	-	(34,047,052)	1,244,845	(52,177,910)
Net income for the year	91,399,271	121,950,561	(27,216,462)	(64,182,809)	121,950,561
	<u>737,002,332</u>	<u>379,980,959</u>	<u>(371,158,268)</u>	<u>-</u>	<u>745,825,023</u>

Following the acquisition of 2,720,000 treasury shares, the amount of Euros 36,765,574, has been made unavailable to a reserve equal amount in free reserves, in accordance with the law applicable trade, which reserves should be maintained until the disposal of these shares.

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The increase in the caption “Fair Value Adjustments” in 2007 amounting Euros 145,881, is due to the fair value of available-for-sale financial assets included in the caption “Securities and other investments” (Note 10 and 17).

The decrease in the caption “Fair Value Adjustments”, amounting Euros 16,372,571, relates to the transfer to profit of the amount related to the EDP shares fair value valuation, due to their disposal in the year (Note 17).

The decrease in the caption “Retained earnings” amounting Euros 34,047,052, during the year ending December 31, 2007, reflects: (i) goodwill of additional 3.06% amounting to Euros 29,702,264, acquired by Semapa to the minority shareholders of subsidiary Portucel and its value of acquisition and (ii) the recognition of actuarial losses directly in equity, amounting to Euros 4,344,788 (Note 31), in accordance with IAS 19 approved by the regulation 1910/2005 of European Commission, of November 8.

As decided by the shareholders’ General Meeting held on March 27, 2007 the 2006 net income was appropriated as follows:

Distribution of dividends (0,23 euros per share)	27,216,462
Other reserves	64,182,809
	<u>91,399,271</u>

Adjustments in investments in subsidiaries and affiliated companies: relates to the difference between the net book value of the financial investments in Group companies and the proportion of equity held in that companies as of the date of the first application of the equity method, as well as adjustments made after that date directly to their equity.

During 2007, movement in this caption was as follows:

	<u>Adjustments in investments in subsidiaries and affiliated companies</u>
Opening balance	(25,740,560)
Adjustments on investments in subsidiaries and associated companies	
due to fair value adjustments in the subsidiaries:	
- Cimentospar - Participações Sociais, SGPS, Lda.	(1,865,435)
- Seinpart - Participações, SGPS, SA	(972)
Other changes in equity of subsidiaries:	
- Seinpar Investments, BV	(170,119,443)
- Semapa Inversiones, SL	(1,348,941)
- Semapa Investments, BV	247,906,394
Other changes in equity of the sub-groups:	
- Portucel - Empresa Produtora de Pasta and Papel, SA	9,350,689
- Secil - Companhia Geral de Cal and Cimento, SA	(6,282,051)
Goodwill in Seinpart - Participações, SGPS, SA	(77,138,794)
Dividends distributed to Semapa subsidiary Seminv, SGPS, SA	627,434
Transfer to retained earnings by disposal of the subsidiary Betopal, SL	(4,334)
Transfer to retained earnings by liquidation of the subsidiary CMP Investments, BV	(1,240,511)
Closing balance	<u>(25,856,524)</u>

Negative adjustments amounting Euros 25,856,524 relate to the following entities:

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Portucel - Empresa Produtora de Pasta e Papel, SA	714,084
Secil - Companhia Geral de Cal e Cimento, SA	1,493,551
Seinpar - Investments, BV	(176,881,168)
Seinpart - Participações, SGPS, SA	(77,310,691)
Semapa Inversiones, SL	1,245,227
Semapa Investments, BV	258,252,437
Seminv - Investimentos, SGPS, SA	(33,369,964)
	<u>(25,856,524)</u>

Adjustments in investments in subsidiaries and affiliated companies result from equity method accounting include the impacts of accounting policies changes (Note 16).

Legal reserve: In accordance with current legislation, the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of share capital. This reserve cannot be distributed to the shareholders but may be used to absorb losses after all other reserves are exhausted or to increase capital.

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43. STATUTORY BOARD MEMBERS REMUNERATION

Remuneration attributed to statutory board members, including participation on the results, during the years of 2007 and 2006 was as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
Board of directors - Remuneration	2,697,435	2,283,891
Board of directors - Bonus (Note 50)	6,419,003	7,342,171
Board of directors - Reversal of 2006's overestimate for Participation in results	(2,770,304)	-
Statutory auditor	41,612	11,447
Net profit impact	<u>6,387,746</u>	<u>9,637,509</u>

In addition, the Semapa's board members have a pension plan as described in Note 31.

44. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKET

Sales and services rendered by geographic market during the years 2007 and 2006 were as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
Domestic Market (Note 53)	4,353,923	5,077,367
Foreign Market (Note 53)	8,359	-
	<u>4,362,282</u>	<u>5,077,367</u>

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45. FINANCIAL RESULTS

Net financial results during the years of 2007 and 2006 were made up as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
<u>Expenses:</u>		
Interest expense with loans		
obtained from shareholders (Note 52)	339,132	272,617
Interest expense with loans		
obtained from group companies (Note 53)	98,142	378,523
Interest expense with other loans obtained	21,439,805	10,944,151
Losses on subsidiaries and affiliated companies (Note 16)	2,765,435	427,888
Adjustments of financial investments		-
Other financial expenses	<u>2,016,851</u>	<u>1,194,928</u>
	26,659,365	13,218,107
Net financial results	<u>105,364,235</u>	<u>97,072,143</u>
	<u>132,023,600</u>	<u>110,290,250</u>
<u>Income:</u>		
Interest income on loans		
granted to group companies (Note 53)	784,017	7,085,986
Other interest income	182,284	829,900
Gains on subsidiaries and affiliated companies (Note 16)	130,706,065	101,611,511
Income from other equity investments	128,261	689,147
Reversals and other income and financial gains (Note 21)	<u>222,973</u>	<u>73,706</u>
	<u>132,023,600</u>	<u>110,290,250</u>

The capital gains on treasury investments, in the amount of Euros 128,261, correspond to dividends received from the subsidiaries EDP – Energias de Portugal, SA, Banco Espírito Santo, SA and Banco Comercial Português, SA in the amount of Euros 108,900, Euros 19,324 and Euros 37, respectively. In addition, the Company received dividends from the subsidiaries Secil – Companhia Geral de Cal e Cimento, SA, Seinpar Investments BV, Semapa Investments, BV and Portucel – Empresa Produtora de Pasta e Papel, SA, in the amount of Euros 24,074,887, Euros 325,000, Euros 366,561,071 and Euros 6,401,931, respectively (Note 17), which were deducted to the financial investments in these subsidiaries.

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46. EXTRAORDINARY RESULTS

Extraordinary results of the years 2007 and 2006 were made up as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
<u>Extraordinary expenses:</u>		
Donations	10,000	5,800
Losses on fixed assets	14,044	-
Fines and penalties	200	-
Prior years adjustments	-	366
Other extraordinary costs	-	16,396
	<u>24,244</u>	<u>22,562</u>
Net extraordinary results	<u>26,037,380</u>	<u>2,712,680</u>
	<u>26,085,868</u>	<u>2,757,804</u>
<u>Income and gains:</u>		
Gains in investments	26,049,938	2,158,591
Provision reductions (Nota 34)	9,330	576,126
Other extraordinary income	2,356	525
	<u>26,061,624</u>	<u>2,735,242</u>

The caption "Gains in investments" includes the amount of Euros 23,904,869 related to the disposal of 17,103,117 EDP shares (Note 17).

48. STATE AND OTHER PUBLIC ENTITIES

As of December 31, 2007 and December 31, 2006 there were no debts overdue to the State and other public entities. Balances payable to these entities were made up as follows:

	<u>31-12-2007</u>		<u>31-12-2006</u>	
	Debtors	Creditors	Debtors	Creditors
Corporate income tax	274,316	-	577,340	-
Personal income tax	-	101,970	-	135,476
Value added tax	-	48,115	59,282	97,982
Stamp duty	-	2,200	-	1,600
Social security	-	40,217	-	48,390
	<u>274,316</u>	<u>192,502</u>	<u>636,622</u>	<u>283,448</u>

As of December 31, 2007 and December 31, 2006 the caption "Corporate income tax" was made up as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
Corporate income tax for the year (Note 6)	(27,295)	(33,844)
Special payments on account	27,246	14,159
Withholdings tax by the company	264,877	526,584
Withholdings tax by the subsidiaries included in RETGS	9,488	70,441
	<u>274,316</u>	<u>577,340</u>

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49. OTHER DEBTORS AND CREDITORS

As of December 31, 2007 and December 31, 2006 these captions were made up as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
<u>Other debtors:</u>		
Suppliers	2,489	3,318
Other debtors:		
Shareholders (Note 52)	-	233
Group companies (Note 53)	7,404,354	5,278,682
Others	<u>1,377,539</u>	<u>1,080,033</u>
	<u>8,784,382</u>	<u>6,362,266</u>
<u>Other creditors:</u>		
Fixed asset suppliers	71,899	36,971
Personnel	-	47,685
Consultants/professionals	128,112	27,725
Shareholders (Note 52)	4,266,555	4,262,673
Group companies (Note 53)	15,743	104
Others	<u>14,045</u>	<u>-</u>
	<u>4,496,354</u>	<u>4,375,158</u>

As of December 31, 2007 the amount to receive from the group companies includes the amount of Euros 5,500,000, related to the given pledge on director's account elected by Semapa, in the respective board of directors of those companies, in accordance with articles 396º and 418º-A of the Portuguese Commercial Law (Código das Sociedades Comerciais) (Note 53). As of December 31, 2006, this amount was Euros 4,000,000.

The amount payable to shareholders includes the amount of Euros 4,250,000 related to the pledge given by these on director's account elected for Semapa's Board of Directors, in accordance with the articles 396º and 418º-A of the Portuguese Commercial Law (Código das Sociedades Comerciais) (Note 52).

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50. ACCRUALS AND DEFERRALS

As of December 31, 2007 and December 31, 2006 these captions were made up as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
<u>Increases in income:</u>		
Interests to be received:		
Group companies (Note 53)	62,228	51,004
<u>Deferred costs:</u>		
Rentals	41,321	40,079
Prepaid interests of Commercial paper	121,270	576,571
Expenses incurred to open credit lines (Note 21):		
Debtor loans	1,016,742	1,147,042
Commercial paper	856,586	870,210
Bank loans	804,150	275,334
Other deferred costs	1,758	2,311
	<u>2,841,827</u>	<u>2,911,547</u>
<u>Accrued costs:</u>		
Accrued insurance	1,206	16,288
Other accrued interests	3,368,352	2,650,442
Vacation pay, vacation subsidy and other payroll costs	7,139,823	5,551,305
Other accrued costs	16,559	54,813
	<u>10,525,940</u>	<u>8,272,848</u>

As of December 31, 2007 the Caption “Accrued costs – vacation pay, vacation subsidy and other personnel costs” includes the amount of Euros 6,309,012 related to the accrual, in the period, of the bonus to pay to the Directors concerning the participation on the 2007 results (Note 43).

51. LOANS

As of December 31, 2007 and December 31, 2006 this caption was made up as follows:

	<u>31-12-2007</u>		<u>31-12-2006</u>	
	Short term	Medium and long term	Total	Total
Semapa 1998/2008 Bonds Loan	2,244,590	-	2,244,590	7,856,067
Semapa 2006/2016 Bonds Loan	-	225,000,000	225,000,000	225,000,000
Commercial paper	-	55,500,000	55,500,000	123,550,000
Bank loans	-	158,079,000	158,079,000	38,367,000
Other loans	-	18,726,084	18,726,084	66,263,756
Overdrafts	1,100,477	-	1,100,477	613,183
	<u>3,345,067</u>	<u>457,305,084</u>	<u>460,650,151</u>	<u>461,650,006</u>

On what concerns to Semapa’s 1998/2008 bond loan, after the anticipated reimbursement and the previewed on the 14th, 16th and 18th coupons, of 20%, 25% and 25%, respectively, occurred on March 9, 2005, 2006 and 2007, the amount of this bond loan is currently Euros 2,244,590, corresponding to 2,244,590,447 bonds with a nominal value of Euros 0.001 each, which reimbursement is expected to March, 2008.

During the first semester of 2006, within the scope of the reorganization debt process, Semapa SGPS issued two bond loans in the amounts of Euro 50,000,000 and Euro 175,000,000 for the stated period of 10 years. These loans were led by Banco BPI, SA and Banco Espírito Santo de Investimento, SA jointly with Caixa – Banco de Investimento, SA. This last is listed in Euronext Lisbon under the designation “Obrigações Semapa 2006/2016”, whose unit value is, as of December 31, 2007, Euros 100.93.

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(Amounts stated in Euros)

During the year ended December 31, 2006 Semapa also agreed a commercial paper program until the amount of Euros 175,000,000 for the stated period of 10 years, next to a banking syndicate led by Banco Espírito Santo de Investimento, S.A. and by Caixa – Banco de Investimento, S.A., of which is being used an amount of Euros 55,500,000, as of December 31, 2007.

Additionally, on December 31, 2006, Semapa had negotiated 2 structures - with Caixa – Banco de Investimento, SA (Put & Call Combination) and with Credit Suisse International (Portucel Total Return Swap), evidenced in the caption "Bank Loans" by the overall amount of Euros 66,263,756 - which gives the right, in pre-certain dates, to buy 2,95% and 1,13% of Portucel SA share capital, respectively. In case Semapa doesn't exercise the options until the end of the maturity date (10-11-2009 and 14-11-2009, respectively), the financial institutions have a sale option to Semapa. During the six month period ended December 31, 2007 Semapa exercised the call option related to the Put & Call Combination by the amount of Euros 47,537,673.

As of December 31, 2007 the medium and long-term bond loans are redeemable as follows:

2009	18,726,084
2010	25,000,000
2013 and following	<u>413,579,000</u>
	<u><u>457,305,084</u></u>

As of December 31, 2007 and December 31, 2006 there were available bank credits granted and undrawn facilities of Euros 197,570,523 and Euros 249,719,816, respectively.

52. SHAREHOLDERS

As of December 31, 2007 the amounts payable to and receivable from shareholders were as follows:

	<u>Liabilities</u>		
	<u>Shareholders short term</u>	<u>Accounts payable to suppliers</u>	<u>Other creditors (Note 49)</u>
Cimigest, SGPS, SA	-	10,864	-
Cimo - Gestão de Participações, SGPS, SA	3,239,252	-	-
Longapar, SGPS, SA	4,601,613	-	4,266,555
Sonaca - Sociedade Nacional de Canalizações, SA	<u>321,836</u>	-	-
	<u><u>8,162,701</u></u>	<u><u>10,864</u></u>	<u><u>4,266,555</u></u>

The amounts payable to shareholders amounting Euros 8,162,701 relate to short term treasury activities. Interests on these amounts are at market rates.

The caption "Other Creditors" includes the amount of Euros 4,250,000 which Semapa received from the shareholder Longapar, SGPS, SA, related to the guarantee rendered due to the elected Directors in Semapa's Board of Directors, in accordance with articles 396º and 418º-A of Commercial Company Act (Código das Sociedades Comerciais) (Note 49).

During the year ended December 31, 2007 and 2006 transactions with shareholders were as follows:

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 NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2007

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(Amounts stated in Euros)

	31-12-2007		31-12-2006	
	External suppliers and services	Financial expenses (Note 45)	External suppliers and services	Financial expenses (Note 45)
Cimigest, SGPS, SA	107,740	-	107,740	-
Cimo - Gestão de Participações, SGPS, SA	-	130,253	-	127,485
Longapar, SGPS, SA	-	174,709	-	113,055
Sonaca - Sociedade Nacional de Canalizações, SA	-	34,170	-	32,077
	<u>107,740</u>	<u>339,132</u>	<u>107,740</u>	<u>272,617</u>

53. GROUP COMPANIES

As of December 31, 2007 balances with Group companies were as follows:

	Assets			Liabilities	
	Group companies -short term	Other debtors (Note 49)	Increase in income (Note 50)	Group companies -short term	Other creditors (Note 49)
Bosques do Atlântico, SL (ex-Betopal, SL)	-	97	-	-	-
Cimentospar - Participações, SGPS, Lda.	-	1,790,862	-	4,831	-
Ciminpart - Investimentos e Participações, SGPS, SA	-	3	-	-	-
Portucel - Empresa Produtora de Pasta e Papel, SA	-	3,327,319	-	-	-
Secil - Companhia Geral de Cal e Cimento, SA	-	2,286,073	-	-	-
Seinpar Investments, BV	-	-	-	895,548	-
Seinpart - Participações, SGPS, SA	-	-	-	197,995	-
Semapa Inversiones, SL	5,628,063	-	62,228	-	-
Semapa Investments, BV	40,391	-	-	-	-
Seminv - Investimentos, SGPS, SA	57,903	-	-	4,657	15,743
	<u>5,726,357</u>	<u>7,404,354</u>	<u>62,228</u>	<u>1,103,031</u>	<u>15,743</u>

The amounts receivable from group companies of Euros 5,726,354 refer to short-term loan facilities bearing interest quarterly at current market rates.

As of December 31, 2007 the amount in the caption “Other debtors” receivable from group companies Secil – Companhia Geral de Cal e Cimento, SA and Portucel – Empresa Produtora de Pasta e Papel, SA, include the amounts of Euros 2,250,000 and Euros 3,250,000, respectively, related with the guarantee rendered due to the Directors elected by Semapa, in accordance with Note 49.

During financial year of 2007 transactions with Group companies were as follows:

	Sales and services rendered	Financial income (Note 45)	Financial losses (Note 45)
Bosques do Atlântico, SL (ex-Betopal, SL)	8,359	65	-
Cimenpar Investments, BV	-	3,234	-
Cimentospar - Participações, SGPS, Lda	1,527,360	-	71,674
CMP Investments, BV	-	319,648	-
Portucel - Empresa Produtora de Pasta e Papel, SA	2,670,720	-	-
Secil - Companhia Geral de Cal e Cimento, SA	155,843	-	-
Seinpar Investments, BV	-	25,600	9,686
Seinpart - Participações, SGPS, SA	-	45,459	16,782
Semapa Inversiones, SL	-	380,196	-
Semapa Investments, BV	-	1,271	-
Seminv - Investimentos, SGPS, SA	-	8,544	-
	<u>4,362,282</u>	<u>784,017</u>	<u>98,142</u>

(Translation of a report originally issued in Portuguese – Note 57)

(Amounts stated in Euros)

The amount of Euros 4,362,282 in the caption “Sales and services rendered” refers to management services provided by the Company in financial, administrative, fiscal and IT areas, among others.

54. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2007 and December 31, 2006 were made up as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
Bank deposits	26,902,806	8,683
Pretty cash	2,744	2,494
Bank overdrafts	<u>(1,100,477)</u>	<u>(613,183)</u>
	<u><u>25,805,073</u></u>	<u><u>(602,006)</u></u>

55. AUDIT FEES

The costs incurred with services rendered by the current auditors/ statutory auditors during the year ended December 31, 2007 and 2006 were as follows:

	<u>31-12-2007</u>	<u>31-12-2006</u>
Audit fees	64,141	94,752
Tax advisory services	9,500	2,600
Other financial advisory services	-	13,300
	<u><u>73,641</u></u>	<u><u>110,652</u></u>

56. RECONCILIATION OF THE CAPTION “EXTRAORDINARY RESULTS” SHOWN IN INCOME STATEMENT AND IN INCOME STATEMENT BY FUNCTION

The income statement by function presents a concept of extraordinary results that differ from the one foreseen by the accounting principles generally accepted in Portugal for the preparation of the income statement by nature. Thus, the amounts of extraordinary income presented in the income statement by nature (Note 46) for the year ended December 31, 2006 and 2005 of Euros 2,712,681 and Euros 3,762, respectively, have been reclassified to current income:

	Income statement					
	2007			2006		
	Income statement	Reclassifications	Income statement by function	Income statement	Reclassifications	Income statement by function
Operational results	(13,727,323)	26,037,380	12,310,057	(13,531,722)	2,712,680	(10,819,042)
Current results	91,636,912	26,037,380	117,674,292	83,540,421	2,712,680	86,253,101
Extraordinary results	26,037,380	(26,037,380)	-	2,712,680	(2,712,680)	-
Net financial results	121,950,561	-	121,950,561	91,399,271	-	91,399,271

BOARD OF DIRECTORS

 Pedro Mendonça de Queiroz Pereira

(Translation of a report originally issued in Portuguese – Note 57)

(Amounts stated in Euros)

Chairman

Maria Maude Mendonça de Queiroz Pereira Lagos
Member

Carlos Eduardo Coelho Alves
Member

José Alfredo de Almeida Honório
Member

Francisco José de Melo e Castro Guedes
Member

Rita Maria Lagos do Amaral Cabral
Member

António da Nóbrega de Sousa da Câmara
Member

António Paiva de Andrada Reis
Member

Carlos Maria Cunha Horta e Costa
Member

Fernando Maria Costa Duarte Ulrich
Member

Joaquim Martins Ferreira do Amaral
Member

José Miguel Pereira Gens Paredes
Member

Paulo Jorge Morais Costa
The Accountant

Paulo Miguel Garcês Ventura
Member

**Report of the Auditors for Statutory and Stock Exchange Regulatory
Purposes in respect of the Individual Financial Information
(Free translation from the original version in Portuguese)**

Introduction

1 As required by law, we present the Report of the Statutory Auditors in respect of the Financial Information included in the Management Report and the financial statements of SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA, comprising the balance sheet as at December 31, 2007, (which shows total assets of €1,325,553,987 and a total of shareholder's equity of €745,825,023, including a net profit of €121,950,561), the income statement by nature and by function, the cash flow statement for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare financial statements which present fairly, in all material respects, the financial position of the company, the results of its operations and cash flows; (ii) to prepare the historic financial information in accordance with generally accepted accounting principles while also meeting the principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an adequate system of internal control; and (v) the disclosure of any relevant matters which have influenced the activity and the financial position or results of the company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, particularly as to whether it is complete, truthful, accurate, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of expressing an independent and professional opinion on that financial information, based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, our examination included: (i) verification, on a test basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the financial statements; (ii) assessing the appropriateness and consistency of the

SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA

accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

5 Our audit also covered the verification that the financial information included in the management report is in agreement with the financial statements.

6 We believe that our examination provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA as at December 31, 2007, the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Portugal, derogated by the application of International Financial Reporting Standards (IFRS) as mentioned in note 1 and duly comply with principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness.

Lisbon, February 26, 2008

PricewaterhouseCoopers & Associados, SROC, Lda
represented by:

Abdul Nasser Abdul Sattar, R.O.C.

Report and Opinion of the Audit Board

Shareholders,

1. As required by the law and in accordance with our duties, we are pleased to submit our report on our auditing activity and to give our opinion on the Management Report and Financial Statements presented by the Board of Directors of SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A., in relation to the financial year ended 31 December 2007.

2. In the course of the financial year we monitored the company's activities at the intervals and to the extent we deemed fit. We confirmed that the accounts and respective documents were correctly kept and checked compliance with the law and the articles of association.

3. We also monitored the work of PricewaterhouseCoopers & Associados, SROC, Lda and assessed the Report of the Auditors for Statutory and Stock Exchange Regulatory Purposes in respect of the Individual Financial Information, attached, with which we agree.

4. In the course of our duties we checked that:

i) the Balance Sheet, the Income Statement by nature and functions, the Cash Flows Statement and the corresponding Notes to the Financial Statements provide an adequate picture of the financial situation and results of the company;

ii) the accounting policies and valuation criteria adopted are appropriate;

iii) the Management Report provides sufficient information on the business and affairs of the company, detailing the most significant aspects.

iv) the proposal for allocation of profits is duly justified.

5. Accordingly, in view of the information received from the Board of Directors and the Departments, and the conclusions set out in the Report of the Auditors for Statutory and Stock Exchange Regulatory Purposes in respect of the Individual Financial Information, we recommend that:

i) the Management Report be approved;

ii) the Financial Statements be approved;

iii) the proposal for allocation of profits be approved.

6 Finally, the Supervisory Board's members express its gratitude and appreciation for the cooperation provided by the Board of Directors, the top management and the other employees of the Company.

Lisbon, February 27, 2008

The Chairman of the Supervisory Board

Duarte Nuno D'Orey da Cunha

Member

Miguel Camargo de Sousa Eiró

Member

Gonçalo Nuno Palha Gaio Picão Caldeira