DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR OF 2008

Semapa – Sociedade de Investimento e Gestão, SGPS, SA. Public Limited Company
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Corporate Person and Lisbon Companies Registry nr. 502 593 130 · Share Capital 118.332.445 Euros

Directors' Report

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1 Introduction

1.1 Overview of Semapa Group Operations

The financial year of 2008 was marked by a global economic recession and by uncertainty as to its scale and duration.

In this context, the Semapa Group recorded positive performance, reflected in **consolidated net profits attributable to Semapa equity holders of 106.3 million euros** and **EPS (earnings per share)** of **90 cents.**

Total EBITDA and **recurrent EBITDA** stood at **356.2** and **339.7** million euros respectively, whilst **net debt**, at **1,086.0** million euros, was up by 22.3% on year-end 2007, reflecting the capital expenditure projects underway within the Group.

The Group's business activities in 2008 consisted not only of consolidating its operations in its two leading industrial sectors – **Paper and Pulp and Cement and Derivatives**, but also of taking up a position in the new and emerging **Environmental** sector, which is experiencing robust growth, through acquisition of the **ETSA Group.**

Despite the adverse economic climate, the Group's workforce grew by **291 employees** due to inclusion of the ETSA Group in the consolidated accounts and the recruitment of new staff by the Portucel Soporcel Group.

Semapa has decided to include the ETSA Group in its Holdings segment considering that (i) it is included in the Semapa Group's consolidated financial statements as from 1 October 2008 (reflecting the date of the acquisition) and (ii) due to its current size in comparison with the Semapa Group's two other business areas – Paper and Paper Pulp and Cement and Derivatives.

Contribution by Business Segment

(Figures in million euros)	Paper and Pulp	Cement	Holdings and Environment	Consolidated
Sales	**1.131,9**	**305,2**	**4,6**	**1.441,7**
Total EBITDA	**271,7**	**80,0**	**4,5**	**356,2**
Recurrent EBITDA	271,7	79,7	(11,6)	339,7
Depreciation and impairment losses	(101,9)	(21,6)	(0,6)	(124,2)
Provisions (increases and reversal)	(13,5)	(1,1)	(0,5)	(15,1)
EBIT	**156,3**	**57,2**	**3,4**	**216,9**
Net financial profits	(19,6)	(3,5)	(32,7)	(55,7)
Pre-tax profits	**136,6**	**53,8**	**(29,2)**	**161,2**
Tax on profits	(23,8)	(12,5)	12,6	(23,8)
Retained earnings	112,8	41,2	(16,6)	137,4
Attributable to Semapa equity holders	**85,7**	**37,4**	**(16,8)**	**106,3**
Attributable to minority interests	27,1	3,9	0,1	31,0
Cash flow	**228,3**	**64,0**	**(15,6)**	**276,7**
EBITDA margin (% Sales)	24,0%	26,2%	-	24,7%
Recurrent EBITDA margin (% Sales)	24,0%	26,1%	-	23,6%
EBIT margin (% Sales)	13,8%	**18,8%**	-	15,0%
Total net assets	2.489,4	492,7	298,4	3.280,5
Net debt	**480,4**	**63,6**	**541,9**	**1.086,0**

Notes:

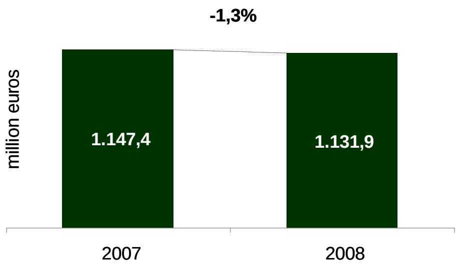
- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments
- Cash flow = retained earnings + depreciation and impairment losses + provisions – reversal of provisions

- Total EBITDA = operating profit + depreciation and impairment losses + provisions – reversal of provisions
- Net debt = non-current interest bearing debt (net of loan issue charges) + current interest-bearing debt (including debts to shareholders) – cash and cash equivalents; in line with IFRS rules
- The Semapa Group's 51% holding in Secil is consolidated by the proportional method
- The amounts stated in the Consolidated Income Statement in relation to the ETSA Group, included in the Holdings and Environment Segment, refer to the period from October to December 2008, as the Group was acquired on 15 October 2008

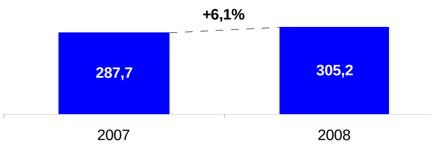
Consolidated Sales: 1,441.7 million euros

The figure of **1,441.7 million euros** represents growth of **2.1 million euros** over the financial year of 2007. This was achieved thanks to the following contributions:

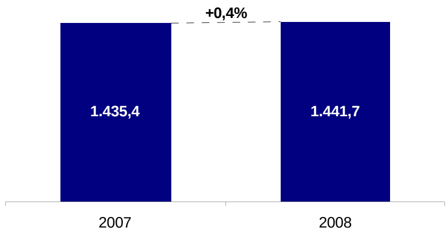
Portucel



Secil



Consolidated



- <u>Paper and Pulp (PORTUCEL SOPORCEL Group)</u>

The Portucel Soporcel Group contributed sales in 2008 of **1,131.9 million euros**, representing a decline of 1.3% on the previous year. This reduction was due essentially to the cooling of world demand in the pulp and paper markets and a general drop of around 30% in prices for eucalyptus pulp (BEKP) during the third quarter of 2008.

Despite this difficult environment, total paper sales remained at almost the same level as in 2007, given that the reduction of 1.3% in volume was practically offset by an increase in the average sales price (+ 1.2%).

The total value of sales in this segment represented approximately 71% of the total turnover of the Portucel Soporcel Group.

In the pulp sector, the value of sales was down by 5.5% on the previous year, as a result of the combined effect of a 6.6% reduction in the quantity sold and an increase of 1.2% in the average price.

Pulp business contributed 21% of the total turnover of the Portucel Soporcel Group.

The remaining 8% of the sales recorded by the Portucel Soporcel Group were generated in the energy and other services sector.

- <u>Cement and Derivatives (SECIL Group)</u>

The accrued contribution by the Secil Group in 2008 stood at **305.2 million euros**, representing an increase of 6.1% on the previous year, due fundamentally to the performance of cement business in Portugal, Tunisia and Angola.

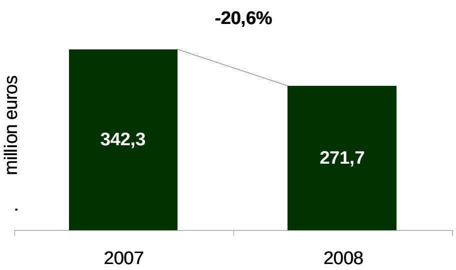
We should note that cement consumption in the Portuguese market declined by 7.5% in relation to 2007, due to the prolonged recession in the civil construction sector, dating back to 2002, which has been most severe in the residential sector.

- <u>Holdings and Environment (Semapa SGPS, instrumental sub-holdings and the ETSA Group)</u>

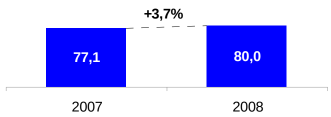
The accrued turnover contributed by the Holdings and Environmental sector stood at **4.6 million euros** due to inclusion in the Semapa Group's consolidated accounts of the financial statements of the ETSA Group for the last three months of the year.

Consolidated EBITDA: 356.2 million euros, of which 339.7 million euros is recurrent

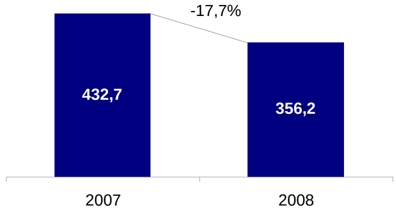
Portucel



Secil



Consolidated



- <u>Paper and Pulp (PORTUCEL SOPORCEL Group)</u>

The Portucel Soporcel Group contributed **271.7 million euros** to total EBITDA, down by 20.6% in relation to 2007. In addition to the cooling of world demand in the paper and pulp markets, as referred to above, the results of the Portucel Soporcel Group was hit hard by persistently high costs for raw materials (eucalyptus timber rose in price by more than 30% in the Portuguese market and prices rises for chemicals were in the order of 10%), other fuels and logistical operations.

- <u>Cement and Derivatives (SECIL Group)</u>

The Secil Group recorded total accrued EBITDA of **156,9 million euros**, and the Semapa Group appropriated 80,0 million euros, representing growth of 3.7% on the previous financial year. This was achieved thanks to good performance in cement business in Portugal and Angola, despite a difficult business environment in which the Secil Group was faced with severe increases in the cost of thermal fuels and in sea and road freights.

Secil's recurrent EBITDA stood at **156.2 million euros**, corresponding to a contribution to the Semapa Group of **79.7 million euros**, which represents year-on-year growth in the order of 3.7%.

- <u>Holdings and ETSA Group (Semapa SGPS, instrumental sub-holdings and Environment)</u>

Total accrued EBITDA stood at **4.5 million euros**, down on the previous year by 66.0%.

This reduction in total accrued EBITDA may be explained by the fact that the figure recorded in **<u>2007</u>** was positively influenced by the capital gain recorded on disposal of shares in EDP, with a value of 26.2 million euros, which was not repeated in 2008. Accrued EBITDA recorded in 2008 was positively influenced by the contractual settlements reached between the shareholders in Secil (CRH and Semapa), with a value of 16.1 million euros (described in greater detail in the financial statements and in the chapter on subsequent developments in this report).

Recurrent EBITDA was negative, at **– 11.6 million euros**, reflecting the cost structure of Semapa and its instrumental sub-holdings (- 12.8 million euros) and the recurrent EBITDA generated in the last three months of 2008 by the ETSA Group (+ 1.2 million euros).

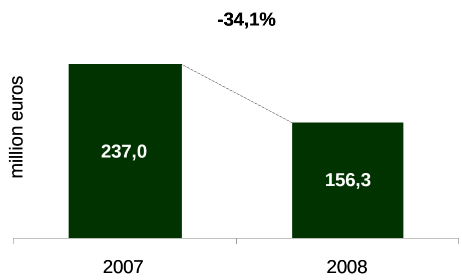
Consolidated EBITDA Margin: 24.7%

- Paper and Pulp (PORTUCEL SOPORCEL Group): margin of 24.0%, down by 5.8 percentage points from the previous year.

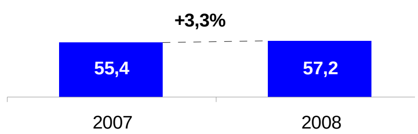
- Cement and Derivatives (SECIL Group): margin of 26.2%, i.e. slightly lower than in 2007 (26.8%).

Consolidated EBIT: 216.9 million euros

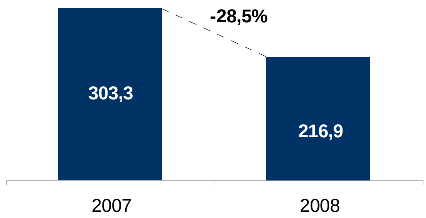
Portucel



Secil



Consolidated



- Paper and Pulp (PORTUCEL SOPORCEL Group)

Total accrued EBIT stood at **156.3 million euros**, representing a reduction of 34% in relation to the figures recorded in 2007. This decline in operating results was due in part to an increase in amortization and depreciation, as a result of construction of the new paper mill.

- Cement and Derivatives (SECIL Group)

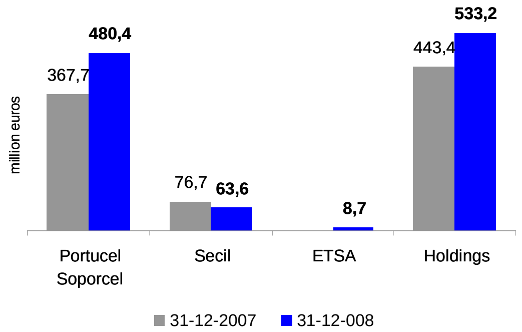
The Secil Group recorded EBIT of **112.2 million euros**, and the Semapa Group appropriated approximately 57.2 million euros, representing an increase of 3.3% over the accrued figures at December 2007. The reasons set out for the evolution in EBITDA also serve to explain the variation recorded in EBIT.

- Holdings and Environment (Semapa SGPS, instrumental sub-holdings and Environment)

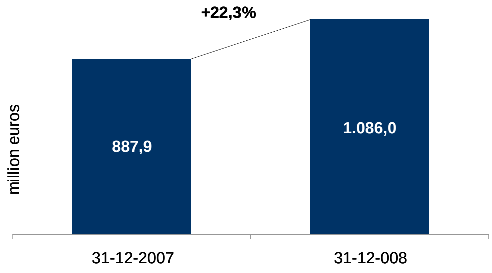
Total accrued EBIT stood at **3.4 million euros**, representing a reduction of 68.5% in relation to the figure recorded in 2007.

Net debt: 1,086.0 million euros

Net debt by Business Segment



Consolidated Net Debt



The SEMAPA Group's net borrowing increased by **198.1 million euros** in relation to year-end 2007, reflecting the pace of capital expenditure projects underway within the Group and without undermining the Group's financial soundness.

- Paper and Pulp (PORTUCEL SOPORCEL Group): increase of **112.7 million euros** over year-end 2007. Considering that Portucel distributed dividends during the first half of 2008 of 26.9 million euros, and invested a total of 246.9 million euros in fixed assets, the current level of indebtedness bears witness to the Group's robust capacity to generate cash flow.

- Cement and Derivatives (SECIL Group): the contribution to net debt stood at **63.6 million euros**, down by 13.1 million euros on the figure recorded at 31 December 2007. This improvement also reflects Secil's capacity to generate cash flow, given that its capital expenditure in 2008 totalled 18.6 million euros and the company distributed dividends of 37.5 million euros (19.0 million euros in relation to 2007 and 18.5 million relating to the financial year of 2008).

- Holdings and Environment (Semapa SGPS, instrumental sub-holdings and ETSA Group): at year-end 2008, net debt totalled **541.9 million euros**, up by 98.5 million euros on the end of 2007. This increase in net indebtedness reflected essentially (i) the payment of dividends by Semapa SGPS, (ii) the financial charges and overheads of Semapa SGPS, (iii) acquisition of the ETSA Group, (iv) incorporation of the ETSA Group's net debt in the Semapa Group's consolidated accounts and (v) acquisition by Semapa SGPS on the stock market of a further 0.2% holding in Portucel and (vi) other financial investments, namely acquisition of shares in EDP – Grupo de Energias de Portugal and BCP – Banco Comercial Português.

Financial Results: (55.7) million euros

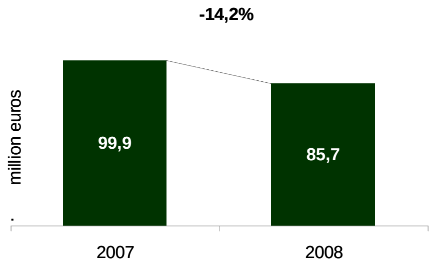
- Paper and Pulp (PORTUCEL SOPORCEL Group): financial results improved over the previous year, with a net loss of **19.6 million euros** as compared with 27.5 million euros, thanks in part to exchange rate and interest rate hedges taken out by the Group. Financial results had been hit in 2007 by the recording of interest on fiscal contingencies of 10.4 million euros, for the period from 1998 to 2003.

- Cement and Derivatives (SECIL Group): Secil's stood at **– 3.5 million euros**, representing a reduction of 3.6 million euros in relation to year-end 2007.

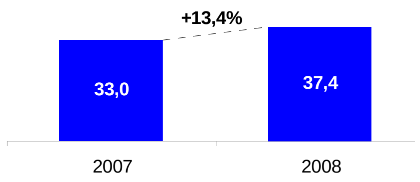
- Holdings and Environment (Semapa SGPS, instrumental sub-holdings and ETSA Group): a financial loss of **32.7 million euros**, approximately 9.3 million euros higher than the figure recorded at 31 December of the previous year, in view of the average increase in indebtedness and the increase in average benchmark interest rates during 2008.

Consolidated Net Profits after Minority Interests: 106.3 million euros

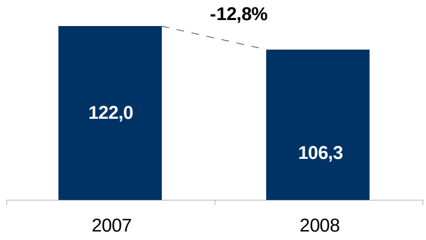
Portucel



Secil



Consolidated



Consolidated net profits before minority interests stood at **137.4 million euros**, of which **106.3 million euros** was attributable to Semapa equity holders, representing a reduction of 12.8% in relation to the previous period.

- Paper and Pulp (PORTUCEL SOPORCEL Group): a contribution of **85.7 million euros**, as compared with 99.9 million euros in 2007. This variation was due to the reduction in EBITDA, despite the year-on-year improvement in financial results and fiscal performance.

- Cement and Derivatives (SECIL Group): Secil recorded net profits of **73.3 million euros**, of which the Semapa Group appropriated approximately 37.4 million euros, representing an improvement of 13% over the figure recorded in 2007, due essentially to growth in EBITDA and improved financial results.

- Holdings and Environment (Semapa SGPS, instrumental sub-holdings and ETSA Group): a negative contribution of **16.8 million euros**, as compared with a negative contribution of 10.9 million euros in 2007, due largely to the non-recurrent gain of 26.5 million euros realized on the disposal of shares in EDP in 2007, as compared with the sum of 16.1 million euros for the contractual adjustments established between the shareholders in Secil (CRH and Semapa) in 2008, and to the increase in annual financial charges in relation to those recorded in 2007.

Leading Business Indicators

IFRS (figures in million euros)	Dec 08	Dec 07	Δ% 08/07
Sales	**1.441,7**	**1.435,4**	**0,4%**
Other income	82,4	55,1	49,5%
Costs and losses	(1.167,9)	(1.057,8)	-10,4%
Total EBITDA	**356,2**	**432,7**	**-17,7%**
Recurrent EBITDA	339,7	406,1	-16,4%
Depreciation and impairment losses	(124,2)	(116,8)	-6,3%
Provisions (increases and reversal)	(15,1)	(12,5)	-20,7%
EBIT	**216,9**	**303,3**	**-28,5%**
Net financial profit	(55,7)	(58,0)	3,8%
Pre-tax profits	**161,2**	**245,3**	**-34,3%**
Tax on profits	(23,8)	(83,8)	71,6%
Retained earnings	**137,4**	**161,5**	**-14,9%**
Attributable to Semapa equity holders	**106,3**	**122,0**	**-12,8%**
Attributable to minority interests	31,0	39,5	-21,5%
Cash flow	**276,7**	**290,9**	**-4,9%**
EBITDA margin (% sales)	24,7%	30,1%	
Recurrent EBITDA margin (% sales)	23,6%	28,3%	
EBIT margin (% sales)	15,0%	21,1%	
Total net assets	**3.280,5**	**3.257,1**	**0,7%**
Equity (before MI)	**821,3**	**745,8**	**10,1%**
Net debt	**1.086,0**	**887,9**	**22,3%**

Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions – reversal of provisions.
- Net debt = non-current interest bearing debt (net of loan issue charges) + current interest-bearing debt (including debts to shareholders) – cash and cash equivalents; in line with IFRS rules

2 Economic Background

After a first half in which the main feature of the world economy was a climate of economic cooling, with soaring commodity prices, especially in oil and foodstuffs, the second half of 2008 witnessed an abrupt worsening of the financial crisis, the scaling down of inflationary expectations and a sharp downturn in the pace of the world economy.

The bankruptcy of the Lehman Brothers investment bank in September further destabilised the financial markets, with a strong knock-on effect on the real economy, with worrying curbs on access to finance for the business community. Bankruptcy rates climbed, pushing unemployment to higher levels.

The oil price in USD hit a record monthly figure of 134 dollars a barrel in July 2008. But thereafter it edged down again during the third quarter, and started to drop precipitously in the final quarter of the year, resulting in an average price of 59 dollars a barrel in the fourth quarter.

With reference rates close to zero in the US and Japan, the easing of inflationary tensions led the ECB to bring down its own rate, from 4.25% in September to 2.5% at the end of the year. In January 2009, the European monetary authority decided on a further reduction to 2%.

Over the course of the first half of 2008, the US dollar gradually lost ground to the euro, continuing the trend observed in 2007. But in the second half of the year, after the historical low of EUR/USD 1.60 recorded in mid-July, the exchange rate returned to levels below EUR/USD 1.30 in early November.

In Latin America, due to the worsening of the macro-economic climate, currencies showed signs of weakness. For instance, the Brazilian Real, after holding firm at around EUR/BRL 2.60 throughout 2007, started to slide in late August 2008, rapidly reaching EUR/BRL 3.40 by December.

Figures already available for the fourth quarter of 2008 point not only to a worsening of the financial crisis, but also to significant contraction in world trade, with as worrying resurgence of protectionist tendencies.

The Eurostat quick estimate for European Union GDP points to negative growth of 1.1% in the final quarter of 2008. Germany, whose growth has been driven by exports, recorded contraction of 2.1%.

In Portugal, figures released by the INE show that GDP dropped by 2.1% in the fourth quarter, due above all to a sharp reduction in investment and exports. Figures for GFCF show a decline in all components, and especially in construction.

Various monetary authorities and governments have responded with expansionist monetary and fiscal policies, injecting liquidity into the system and launching a number of aid packages for sectors at risk and employment. These measures will inevitably put pressure in the short term on the budgetary situation of these countries.

3 Main Developments

Holdings (Semapa SGPS and instrumental sub-holdings)

- Semapa paid a dividend of 25.5 cents per share, on 9 April, corresponding to a total of 29.5 million euros.
- In the course of the second half of 2008, Semapa, acting through its subsidiary Seminv, acquired on the stock exchange shares in EDP – Energias de Portugal and BCP – Banco Comercial Português, representing a total investment of approximately 15.7 million euros.
- During the first half of 2008, Semapa acquired a further 0.2% holding in its subsidiary Portucel, through acquisition on the stock exchange of 1.5 million shares for a total price of approximately 3.2 million euros.
- In October, the Semapa Group acquired the entire share capital of the ETSA Group and its respective holdings, as duly disclosed at the time.

PORTUCEL SOPORCEL Group (Paper and Paper Pulp)

- Portucel paid a divided of 3.5 cents per share on 8 April, representing a total dividend of 26.9 million euros.
- Acting through its subsidiary, Portucel Florestal SA, it acquired in 2008 13.3 million own shares, corresponding to an acquisition cost of 24.3 million euros.
- Over the course of 2008, the Portucel Soporcel Group pressed ahead with an ambitious investment plan, with an approximate value of 246.9 million euros. This corresponds to the major projects currently underway within the group, including the new paper mill, which is planned to start up in the third quarter of 2009.
- The Group reached agreement with the governments of Mozambique and Uruguay, the content and scope of which were duly disclosed, as part of its plan for strategic development, with a view to international expansion of its operations.

SECIL Group (Cement and Derivatives)

- Secil distributed a dividend of 38 cents/share for the financial year of 2007, which was paid on 4 April, corresponding to a total dividend of 19.0 million euros.
- The company also distributed an interim dividend of 37 cents/share in relation to the financial year of 2008, representing a total dividend of 18.5 million euros, paid in October.
- Resumption in January 2008 of co-incineration of hazardous industrial waste at Secil's Outão Plant, in the light of a ruling from the Supreme Administrative Court of 14 January overturning a previous decision in these injunction proceedings.
- Acquisition, through Secil Unicon (a wholly owned subsidiary), of a 100% stake in Secil Prebetão and subsequent merger of this company with Rubetão. As a result of this operation, Secil Unicon no has an interest of 79.6% in Secil Prebetão.
- Acquisition, through Ciminpart, of a 50% stake in Teorset, a company located in Setúbal.
- Secil's Outão plant again collaborated with the Environmental Biology Centre of the Faculty of Science, University of Lisbon, on the Ecoquarry project, with a view to landscape rehabilitation of quarries in Mediterranean conditions.
- Acting through Secil-Britas, the Group acquired the company Colegra and a number of quarries located close to the existing Joane and Famalicão quarries.

4 Paper and Paper Pulp Business Area - PORTUCEL SOPORCEL

The business indicators presented for this area may differ from those contained in the consolidated accounts of the Portucel Soporcel Group as a result of consolidation adjustments effected within the Semapa Group.

4.1 Leading Business Indicators

IFRS (Figures in million euros)	2008	2007	Δ % 08/07
Sales	**1.131,9**	**1.147,4**	**(1%)**
Other income	27,5	22,2	24%
Costs and losses	(887,7)	(827,3)	(7%)
EBITDA	**271,7**	**342,3**	**(21%)**
Recurrent EBITDA	271,7	342,3	(21%)
Depreciation and impairment losses	(101,9)	(95,4)	(7%)
Provisions (increases and reversals)	(13,5)	(9,9)	(36%)
EBIT	**156,3**	**237,0**	**(34%)**
Net financial profits	(19,6)	(27,5)	29%
Pre-tax profits	**136,6**	**209,5**	**(35%)**
Tax on profits	(23,8)	(72,6)	67%
Retained earnings	112,8	136,9	(18%)
Attributable to Portucel equity holders*	**112,8**	**136,8**	**(18%)**
Attributable to minority interests (MI)	(0,0)	0,0	(106%)
Cash flow	**228,3**	**242,2**	**(6%)**
EBITDA margin (%)	24,0%	29,8%	(20%)
EBIT margin (%)	13,8%	20,7%	(33%)
Total net assets	**2.489,4**	**2.521,6**	**(1%)**
Equity (before MI)	**1.174,2**	**1.122,4**	**5%**
Net debt	**480,4**	**367,7**	**31%**

* of which 76.72% are attributable to Semapa

4.2 Leading Operating Indicators

The following table shows the leading operating indicators for the financial years of 2008 and 2007:

	Unit	2008	2007	∆% 08/07
				Production
UWF paper	1 000 t	1.054,5	1.028,8	2,5%
Bleached eucalyptus pulp	1 000 t	1.324,6	1.321,3	0,2%
				Sales
UWF paper	1 000 t	1.016,9	1.030,8	-1,3%
Bleached eucalyptus pulp	1 000 t	508,2	544,0	-6,6%
				Average Sales Price
Paper	2007=100	101,2	100,0	1,2%
Pulp	2007=100	101,2	100,0	1,2%

4.3 Portucel Soporcel Group – Business Overview

In 2008 the Group recorded consolidated sales of **1,131.9** million euros, down by **1.3%** on the figure for 2007, breaking down into business segments in proportions similar to the previous year: sales of paper accounted for 71% of turnover, and pulp 21%, with sales of energy, forestry products and other services responsible for the remaining 8% of the turnover of the Portucel Group.

The Group's exports stood at close to 1,000 million euros, with a high coefficient of Portuguese value added, corresponding to approximately 93% of sales of paper pulp and paper, to more than 90 countries, at more than 2000 different points of delivery.

The Group generated consolidated EBITDA of **271.7** million euros, down by **21%** from the figure recorded in 2007. Despite this, it was still possible to record an EBITDA margin of 24%, one of the highest amongst companies in the pulp and paper industry.

Paper sales stood at a value very close to that of 2007, as the reduction of 1.3% in volume was practically offset by and increase of 1.2% in the average price.

In pulp business, sales were down in volume by 5.5%, as the combined result of a 6.6% reduction in quantities sold and an increase of 1.2% in the average price.

The Group's performance in 2008 was hit by very significant increases in the cost of certain raw materials, with the price of eucalyptus timber climbing 30% in the Portuguese market, severely undermining the results for the period.

In order to make a responsible contribution to sustainable management of eucalyptus woodlands in Portugal, in the light of the conclusions reached in the 2005 National Woodlands Inventory, which point to an abnormal distribution of the age of stocks, due largely to the forest fires of 2003 and 2005, supplies have had to be supplemented through recourse to imported timber which, due to the logistical costs involved, proves more expensive.

Other significant factors of production, such as chemicals, also rose significantly in price, by approximately 14%. At the same time, logistical costs reflected the extreme volatility of fuel prices and the pressure on the means of transport available.

As in the timber procurement market, there was a degree of stabilization and price adjustment at the end of the year, and the effects of this will be felt in 2009.

The Group recorded operating profits in 2008 of **156.3** million euros, down by **34%** on the figure recorded in 2007.

Financial results improved over the previous period, standing at a loss of **19.6** million euros, as against **27.5** million euros in 2007. Financial profits benefitted from the exchange rate and interest rate operations contracted. It should be noted that the financial result for 2007 was brought down by interest on fiscal contingencies of € 10.4 million, relating to the period from 1998 to 2003.

As a result, the Group recorded consolidated net profits of **112.8** million euros, down by 18% on the financial year of 2007.

4.4 Business by Sector

4.4.1 Paper

Market

Under the recession conditions described above, demand for UWF paper contracted by around 4% in Europe and 7% in the US, these being key markets in the Group's commercial strategy.

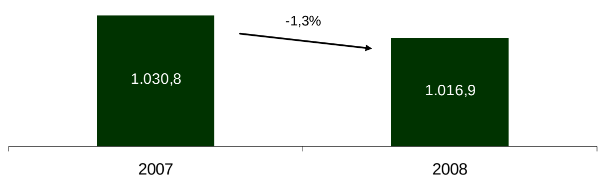
The market environment increased the pressure on less efficient production units, and the process of reduction in UWF capacity continued, with the closure of 600 tons' capacity in Europe and 800 tons' in North America. In net terms, capacity in Europe is thought to have decreased by approximately 1.2 million tons from 2005 to 2008.

In relation to other world markets, demand for UWF appears to have grown by 4% in Asian markets and 3% in Latin America.

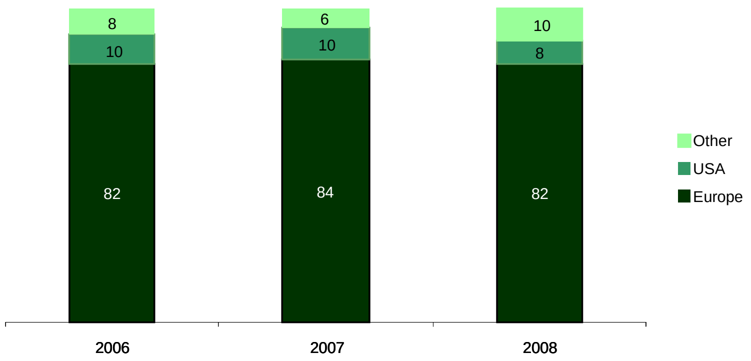
Performance

Total paper sales stood at 1,017 thousand tons, down by 1.3% on 2007. In terns of geographical distribution, sales outside the European and North American markets accounted for a larger proportion than previous, representing approximately 10% of the quantities sold.

Portucel Group – Sales of UWF Paper ('000 tons)



Geographical breakdown (% sales)

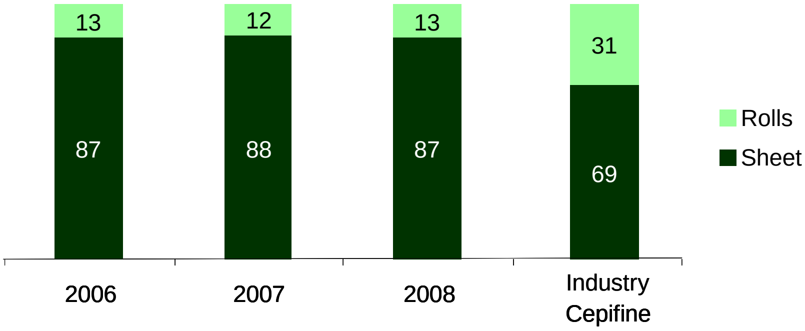


Paper sales showed an improvement in the product mix, with premium products rising from 66% to 69% of sales to Europe. The success enjoyed by our premium products, despite the current economy situation, reflects the market perception of the value of Portucel Soporcel Group products, and also the profile and prestige of its brands and also the high standard of service to distribution channels.

In terms of the formats, the Group achieved an increase, albeit slight, in sales of cut-size products, although sales of printing format products were down on the previous year, reflecting negative growth in the international printing industry.

As a result, sales of rolls represented a slightly larger proportion of overall sales than in 2007. It should be noted that the Group's sales mix compares very favourably with the international average for the sector.

Mix of formats (% of sales)



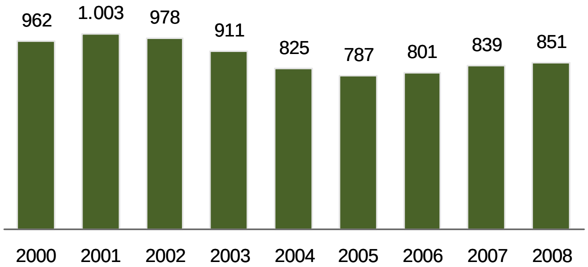
Source: Grupo Portucel Soporcel and CEPIFINE

The Group's successful performance was also confirmed by the 2008 Customer Satisfaction Survey, reflecting improvements in the fields of sales, service, marketing and product development. Overall, the Group recorded an improvement of one percentage point in the customer satisfaction index in comparison with 2007.

Prices

The PIX benchmark index for UWF paper in Europe (PIX A4-copy B) inverted its upward trend during the year, and fell by 1.8% over the course of 2008; however, the average value was still 1.5% higher than that in 2007.

Average PIX price "A4-Copy B" (€/ton)



Source: FOEX

The Group's average net price for sales in Europe grew by 1.8% over 2007, in line with the trend in PIX (European), and by 1.2% for total sales.

Brands

The Portucel Soporcel Group's paper brands consolidated in 2008 their strong positions in the markets where the Group operates, with an increase of 5% over 2007, and the market share enjoyed by the Group's brands, out of total sales of sheet paper, rose another 3 percentage points, to 62%, a uniquely high level for companies of this size at European level.

The international prestige and recognition factor enjoyed by the brands of the Portucel Soporcel Group was again confirmed by independent market research, with the Navigator and Soporset brands showing the best performance, as market leaders in their respective segments, with high quality levels as perceived by end consumers.

4.4.2 Pulp

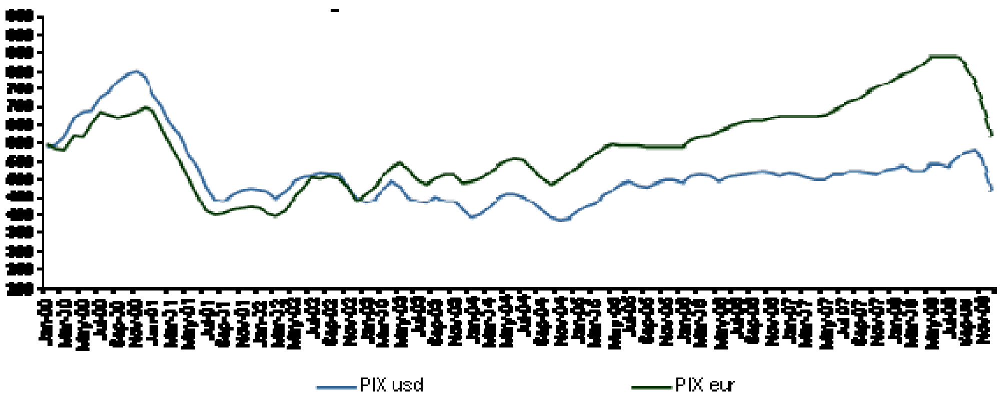
Market

The world pulp market in 2008 was also marked by a significant slowdown in activity as from the middle of the year, reflecting the difficult economic environment.

Despite this adverse situation, the average PIX index for eucalyptus pulp was USD 788, the highest level ever in this currency since the index was first published, corresponding to an increase over the year of 12.0%, despite the sharp drop in prices, down by around 30%, in the final quarter of the year.

However, when converted into euros, the corresponding average figure of € 537 represents an increase of only 1.2% over 2007, and the index slipped by 26% in the final quarter.

Monthly PIX – BHKP (eucalyptus)



The yearly average PIX in USD can be explained by the appreciation of the Brazilian real, the Uruguayan peso and the Chilean peso against the US dollar during the first half of the year, which hit the competitiveness of producers in Latin America and helped to support prices in USD. This situation changed substantially in the second half of the year.

In 2008, production capacity for bleached eucalyptus pulp (BEKP) increased by approximately 2.7 million tons, due above all to the start-up of new production lines in Latin America (Brazil and Uruguay).

This increase in capacity was not matched by global growth in demand, notably in the Chinese market, where expectations of rapid growth, fuelled by the performance of previous years, turned out to be unfounded, especially from the third quarter on.

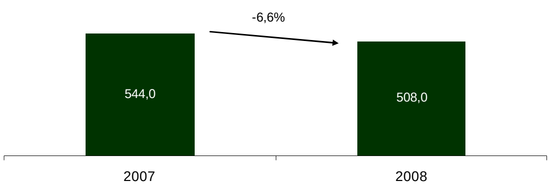
The financial crisis, with the consequent difficulties in access to credit, added to the structural problems faced by numerous companies in the paper industry, forcing some of them to close or to scale down production, with a consequent reduction in demand for pulp.

Performance

The Group recorded output of bleached eucalyptus pulp of 1.3 million tons in 2008, matching the level achieved in the previous year and positioning it as the largest producer in Europe, and one of the largest in the world, for this type of pulp.

The Group sold 508 tons of pulp, less than in 2007, due to decline in demand in the markets in the second half of the year, as described above.

Sales of BHKP (eucalyptus)/BEKP (tons)



Nonetheless, the average net price of the Group's sales in EUR was up on 2007, in line with the benchmark price in the market in this currency.

The Group's main policy on its preferred export markets remained unchanged, with priority going to European markets which are home to the paper producers with the greatest value added, and with the technological capability and know-how to take advantage of the natural qualities of Eucalyptus globulus pulp.

4.5 Industrial Operations

4.5.1 New Paper Mill

The Portucel Soporcel Group has pressed ahead with an ambitious investment plan headed by construction of a new paper mill in Setúbal, with a value of 550 million euros, due to start up in the third half of 2009. A workforce of 253 has already been recruited for this major industrial project, which is set to position the Group as the largest European producer of UWF paper, mobilizing the company's technical resources at all levels.

Work started on the site in early 2008, and the new plant will boast the world's largest and most sophisticated paper mill, with production capacity of 5000 thousand tons/year of UWF paper for printing and writing. Adjudication of the supply contracts for the main equipment was finalized in the course of the year. Work on recruitment of human resources proceeded at a good pace, well in advance of the start-up date so as to provide time for training.

4.5.2 Production and Quality

Continuous operation at full working capacity at the Portucel Soporcel Group's plants, combined with systematic efficiency gains, made it possible to achieve new record output figures for pulp and paper, whilst safeguarding the quality of end products. Total output was 1% up again on the previous year's figures, due essentially to increased paper output at the Figueira da Foz mill (up by 1.5%) and at the Setúbal mill (up by 4.3%).

New production records were set at PM1 and PM3 at the Setúbal plant, with output up by 2.5% and 6.4% respectively, as well as at the pulp mill, up by 2.8%, and at PM2 in Figueira da Foz, up by 4.4%.

Optimization of power generation at the Group's industrial units, achieved essentially through use of renewable fuel, permitted a gain of approximately 1.8 million euros in relation to the previous year, although the prices for acquisition of energy products have increased significantly.

Production costs were higher in 2008, reflecting high prices for the purchase of timber on the domestic market and the consequent need for imports (from Spain and from outside Europe), rising costs for chemicals, and fuel prices which reached higher than expected levels.

The Group has pressed ahead with the OOE project – Overall Operational Efficiency – with the ultimate aim of improving overall business efficiency. This project will continue through to the end of 2009 at all Group plants, and has so far resulted in a reduction in production costs.

Further reductions have been achieved in overheads, thanks to previous measures in the field of maintenance and initiatives in the OOE project.

Maintenance activities at the industrial units are the responsibility of EMA 21, the Group's specialist maintenance company, and are conducted so as to assure high levels of reliability in equipment, optimising running costs and providing the best possible value for money.

4.6 Resources and Supporting Functions

4.6.1 Logistics

The Portucel Soporcel Group stands at the hub of the largest and most complex logistical operations in the country, in terms of procurement of raw and subsidiary resources and packaging materials, and dispatch of manufactured goods.

In terms of placement of its products, the Group dispatches from its paper and pulp mills 1.6 mill tons of goods to around 90 countries around the world.

Most of the Group's products continued to be shipped by sea in 2008 (50.3% in volume), and the Group is the country's largest exporter of containerized cargo, accounting for 5.8% of total movement in this type of cargo at Portuguese ports. Road haulage (49.7%) grew slightly in relation to 2007, due to the larger volume of paper sold to European markets close to Portugal.

The significant increase in fuel prices resulting from the rising oil price during part of 2008 led to higher transport costs for paper (3.2%) and pulp (2.8%), especially due to the increase in maritime freights.

4.6.2 Forestry and Timber Supplies

Sustainable Management

In 2008 the Portucel Soporcel Group adopted structural measures in the forestry sector in order to assure standards of excellence in all operational areas. The Group continued with the process of strict selection of woodland assets (a total area under management of 120 thousand hectares, divided into 1,335 units spread between 152 Portuguese municipalities), with a view to more efficient and sustainable production, in keeping with best environmental practice.

In order to raise the profile of other forest products, the Group followed up the inventory taken of its resin producing assets with another inventory of its cork oak assets. As a result of efficient management of its diverse assets, the Group obtained significant output of cork (12 thousand *arrobas*), wine (126 thousand litres), resin (more than 267 thousand *bicas*), game and pasture, as well as other products.

The *Viveiros Aliança* nurseries produced close to 8.2 million plants, of which 27 were indigenous and protected species, and 361 thousand ornamental plants. The Group also stepped up its active involvement with private producers, taking part in the creation of 48 Woodlands Intervention Zones up and down the country.

Forest Certification

The Portucel Soporcel Group regards forest certification as a means of promoting responsible forest management and as a strategic tool for differentiation in the demanding markets for pulp and paper. After obtaining FSC (Forest Stewardship Council) certification in late 2007, the financial year of 2008 was marked by efforts to complete the application process under the PEFC scheme (Programme for the Endorsement of Forest Certification Schemes). An audit has already been carried out and the process is nearing conclusion.

Timber Supplies

Procurement of timber on competitive terms is a critical factor for the development of the Portucel Soporcel Group.

The year was marked by scarcity of raw materials and fierce competition on the domestic market, forcing the Group to import timber, primarily from Galicia, where the supply outstrips regional consumption. Portugal is still feeling the ill effects of the forest fires of previous years, and the industry cannot at present rely on significant stocks of timber at the right age for felling.

The imbalance generated between supply and demand in the timber market has forced the Group to make a huge financial effort, with a negative impact on profits, and has meant that the procurement policy applied to dealings with suppliers and forestry producers has been based on a new approach, rewarding the quality of timber and services provided. The Group made significant efforts over the period to further the process of certification of forest management and also certification of the chain of custody, in order to assure the sustained development of business in future.

Purchasing

The market on which the Group purchased raw materials in 2008 should be analyzed in two distinct periods, corresponding to before and after the Beijing Olympics. The first eight months of the year were characterized by extreme instability and excessively high prices for certain products, pushed up in some cases by speculation.

Some raw materials were in short supply due, amongst other reasons, to the temporary closure in China of polluting industries in the run-up to the Olympics. During this period, in which Brent reached its peak price, with a knock-on effect on other products (transport and chemicals), the Group sought to find new alternatives and suppliers.

In September, as a result of the financial crisis starting in the US, a sharp drop in certain commodity prices gave rise to a degree of indecision as to the best moment to close negotiations. The Group's main priority at this stage was to seek agreements for supplies at controlled prices, in order to assure the quantities needed for production.

In view of the renewed instability in the markets, which may lead to a shortage of products in the pulp and paper sector, the Group is maintaining a strategy of expansion of its storage and logistical capability, in order to be able to receive supplies from more distant markets.

4.6.3 Energy

The Portucel Soporcel Group again recorded excellent energy performance in 2008 despite stoppages caused by investment projects underway and major maintenance work. The Group generated 977 GWh of electricity, corresponding to the average consumption of 443 thousand inhabitants and approximately 2% of the total power consumed in Portugal. This level of power generation is also equivalent to four times the output of the Alqueva dam in 2008.

The Group consolidated its standing as the country's largest producer of electricity from biomass. Around 92% of this power was derived from co-generation plants using biomass, specifically forestry biomass and by-products from pulp production.

In 2008, the power generated by the Portucel Soporcel Group from forestry biomass corresponded to approximately 60% of the total energy generated in Portugal from this renewable source. In addition to this, Soporgen, the company partly owned by the Group supplying thermal energy to the Figueira da Foz industrial complex, also generated 424 GWh. The total power generated by the Group, added to that generated by Soporgen, accounted for 2.8% of all the electricity consumed in Portugal.

Bioenergy and Fossil Fuels

Between 2002 and 2008 the Portucel Soporcel Group achieved an impressive 45% reduction in CO_2 (carbon dioxide) emissions, thanks to significant financial investment in minimizing the use of fossil fuels. If we consider the accrued increases in output over this period, current emissions of greenhouse gases are at very low levels per unit of production, placing the Group amongst the world leaders on this issue. This success reflects the Group's commitment to adopting practices to contain the effects of climate change caused by concentration of greenhouse gases.

The Group cut the CO_2 emissions from its industrial facilities by 5% from 2007 to 2008, despite a slight increase in pulp and paper output. Improved energy efficiency and optimization of energy resources at the Setúbal industrial complex, where priority has been given to the use of renewable fuels (biomass), also helped to bring down greenhouse gas emissions.

The main capital expenditure projects which have brought down the Group's CO_2 emissions were: installation of new recovery boilers in Cacia and Figueira da Foz, modification and conversion of the biomass boilers in Setúbal and Figueira da Foz to a fluidized bed system, modification of lime boiler at the Figueira da Foz plant and improvement to the systems for feeding biomass to the boilers.

The Group has also launched new projects in the energy field, including the construction of a new combined-cycle natural gas co-generation plant, to provide the additional thermal energy needed at the new Setúbal paper mill. Under normal operating conditions, this plant will supply approximately 543 GWh each year.

The Group's strategy in this field is to take on an increasingly important role in Portugal in the production of renewable energy from biomass. With this aim in view, the Group is currently constructing two new biomass-fuelled thermo-electric plants, one at the Cacia site and the other at the Setúbal industrial complex, each with power of 12.5 MW and together providing net generation for the grid corresponding to approximately 167 GWh/year.

In addition to these investment projects, a new steam turbo-generator is to be installed in the biomass cogeneration plant at the Figueira da Foz site, replacing two old turbo-generators and taking full advantage of the design of the new recovery boiler, as well as considerably increasing energy efficiency and raising net power generation by approximately 91 GWh/year.

Forestry Biomass for Energy Purposes

In the field of biomass for energy, the Portucel Soporcel Group has consolidated its position as producer and supplier of forestry biomass and timber waste, and in 2008 continued the process of signing commercial contracts with various Portuguese organizations for clients outside the Group.

The results achieved in 2008 confirm the progress made by the Group in this area, in a market which is still taking shape, with difficulties in the collection and transport of raw materials and some increases in production costs. In the last three years, various organizations have emerged in Portugal to respond to the challenges of this sector and to find economically feasible solutions for biomass management.

4.6.4 Environment

In 2008, the environmental indicators for the operations of the Portucel Soporcel Group revealed sustained improvements in performance at all plants, thanks to systematic investment in this field. Between 2000 and 2008, the Group invested more than 278 million euros in environmental improvements.

These improvements have had a direct impact on specific consumption of water and on the quality of waste water. In the course of 2008, a 5% reduction in water consumption was achieved for the Group as a whole.

In March 2008 the new secondary clarifier started up at the Figueira da Foz plant, extending biological treatment to effluent from the paper mill. At the Setúbal and Cacia plants, management methods have been implemented to optimize water circuits, generating improvements in the quality of liquid effluents.

The Group pressed ahead in 2008 with work to assure compliance with the requirements of the European Regulations (REACH) on the registration, evaluation and authorization of chemicals, designed to assure high levels of protection for human health and the environment. These regulations apply to the Group's plants, affecting the production and use of chemicals and the production of articles (paper). The preparatory work carried out in conjunction with other European companies in the sector was followed up with a view to registration of the chemicals produced by the Group. In connection with transposition into Portuguese law in 2008 of the rules on liability for environmental damage, the Group took part in a project which involved simulating application of this legal framework at the Setúbal paper mill to incident scenarios with associated environmental damage.

4.6.5 Innovation

The Portucel Soporcel Group launched three new products in its range of office stationary incorporating recycled fibres – Pioneer Shi Zen, Inacopia Fusion and Explorer iCare – providing a coherent and effective solution for offering a product incorporating recycled fibre.

These products are the outcome of concerted research and development activities led by the group with a view to consolidating scientific and technological knowledge of manufacturing processes for recycled office stationary – always with a view to developing new products to complement its ranges, and to offer the market high quality paper integrating recycled fibres.

These three new paper products differ from traditional recycled products because of their whiteness, multi-functionality and the protection of equipment resulting from reduction in the release of dust. Produced with 30% recycled fibre and 70% virgin fibre, this innovative formula has allowed the Group to broaden its range of products, providing an alternative for consumers looking for this type of paper.

The Portucel Soporcel Group has also been engaged in R&D efforts to create scientific and technological knowledge on premium office papers and pulp for special papers, with a view to extending its ranges.

The projects undertaken at the Group's three industrial plants have resulted in significant advances supported by the Portuguese Agency for Investment and Foreign Trade, under the SIM I&DT programme. On the basis of a positive assessment report from the Innovation Agency, these projects have encompassed the entire value chain, from raw material through to the end customer.

Work on improving internal processes has included brainstorming projects, with broad participation by staff throughout the organization.

The Group has also joined the Invisible Network research consortium, led by YDreams, whose aim is to research and prepare industrialization of products based on innovative technologies in the field of invisible computation using various media, including paper.

4.6.6 Human Resources

The main focus in 2008 was the process of selection and recruitment of employees for the Portucel Soporcel Group's new paper mill in Setúbal. This process, which is still underway, has already resulted in the recruitment of 253 employees; the minimum qualification accepted is complete secondary school education, or the equivalent, and more than 70% of the new workers are 30 years old or less.

The SAP RH system is also being developed, as part of the reorganization of the personnel and organizational department, with a view to implementing Group-wide integrated management of human resources. A survey is being conducted of the organizational climate, four years after application of this management tool, in order to gradually align human resources policies with Group aims and the aspirations of its workforce in terms of human and professional realization.

At year-end 2008, the Group's workforce numbered 2164. In the field of professional development, training hours totalled 179,360, corresponding to 5% of the total hours worked, involving 1,650 trainees in a total of 1,805 courses/sessions. Of the total training provided, 49,889 training hours related to preparation of staff for the new paper mill, in a process which started in July 2008.

Significant improvements have been achieved in the absenteeism rate, which at 2.6% compares very favourably with other large companies in Portugal.

Training was stepped up in the field of health and safety at work, involving both employees and service providers in a total of 22,555 training hours during the year.

This training programme has had a positive impact on the accident rate, with a lower number of accidents, and improvement in the indexes for frequency and seriousness.

5 Cement and Derivatives Business Area - SECIL

As mentioned above, the Semapa Group has a 51% holding in the Secil Group, whose accounts it incorporates by means of the proportional consolidation method, on the basis of the same percentage.

In order to provide a clear picture of the real state of affairs of Secil and its subsidiaries, it was decided in this chapter to present the 100% figures for Secil (after consolidation adjustments), rather than figures merely for the percentage held by Semapa.

5.1 Leading Business Indicators

IFRS (Figures in million euros)	Dec 08	Dec 07	Δ % 08/07
Sales	**598,5**	**564,2**	**6%**
Other income	72,9	13,0	463%
Costs and losses	(514,5)	(425,9)	(21%)
EBITDA	**156,9**	**151,3**	**4%**
Recurrent EBITDA	156,2	150,7	4%
Depreciation and impairment losses	(42,4)	(41,8)	(1%)
Provisions (increases and reversal)	(2,2)	(0,7)	(208%)
EBIT	**112,2**	**108,7**	**3%**
Net financial profits	(6,8)	(13,9)	51%
Pre-tax profits	**105,5**	**94,8**	**11%**
Tax on profits	(24,6)	(25,1)	2%
Retained earnings	80,9	69,6	16%
Attributable to Secil equity holders	**73,3**	**64,6**	**13%**
Attributable to minority interests (MI)	7,6	5,0	52%
Cash flow	**125,5**	**112,2**	**12%**
EBITDA margin (%)	26,2%	26,8%	(2%)
EBIT margin (%)	18,8%	19,3%	(3%)
Total Net Assets	**965,9**	**940,7**	**3%**
Equity (before IM)	**476,4**	**432,7**	**10%**
Net debt	**124,7**	**150,5**	**(17%)**

5.2 Leading Operating Indicators

The following table presents consolidated operating indicators for 2008 and 2007:

	Unit	2008	2007	∆ % 08/07
Annual cement production capacity	1 000 t	6.850	6.850	0%
Sales grey cement	1 000 t	5.307	5.238	1%
Sales white cement	1 000 t	94	93	1%
Sales artificial lime	1 000 t	61	63	(2%)
Sales clinker	1 000 t	309	361	(14%)
Sales ready-mixed	1 000 m³	2.350	2.476	(5%)
Sales aggregates	1 000 t	2.353	2.579	(9%)
Sales precast concrete	1 000 t	145	159	(9%)
Sales mortars	1 000 t	436	399	9%
Sales hydraulic lime	1 000 t	31	34	(7%)
Sales mortar fixative	1 000 t	6	7	(17%)

5.3 Secil Group – Overview of Operations

The Secil Group recorded positive performance overall in 2008, in a context of an economic recession which has impacted severely on the economies of developed and emerging countries, and consequently on most business sectors.

The cement industry in general, and Secil Group operations in particular, were badly hit by the high prices for thermal fuels and for maritime and road freights (due to soaring oil prices).

The construction industry and demand for cement contracted around the world, especially in more developed nations, including Portugal, which is one of the Secil Group's main markets.

The Secil Group recorded consolidated Sales of **598.5 million euros**, up by **6%** on 2007, thanks to growth in cement business in Portugal, Angola, Tunisia and Lebanon.

Earnings before interest, tax, depreciation and amortization (EBITDA) stood at **156.9 million euros**, up by **3.73%** on the previous year. In effect, the successful performance recorded by cement business in Portugal and Angola was able to offset the less favourable results from cement business in Tunisia and concrete business in Portugal.

Earnings before interest and tax (EBIT) stood at **112.2 million euros**, representing an increase of **3.3%** over the figure recorded in 2007.

Net profits before minority interests stood at **80.9 million euros,** representing an increase of **16.1%** over 2007. The growth in net profits is explained by i) improved financial results and ii) the increase in EBITDA, 5.6 million euros higher than in 2007.

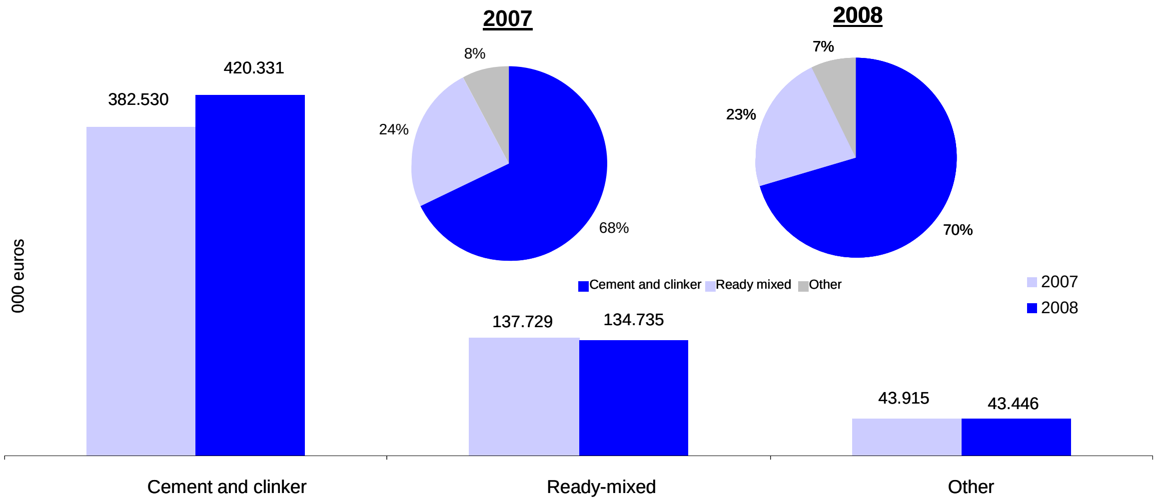
Investment totalled 45 million euros, of which 42 represented to capital expenditure related to operations and 3 million euros essentially to acquisitions of holdings in subsidiaries and associates.

Net debt stood at 124.7 million euros at the end of the year, down by 17.1% from the figure recorded at year-end 2007.

Sales and EBITDA by segment

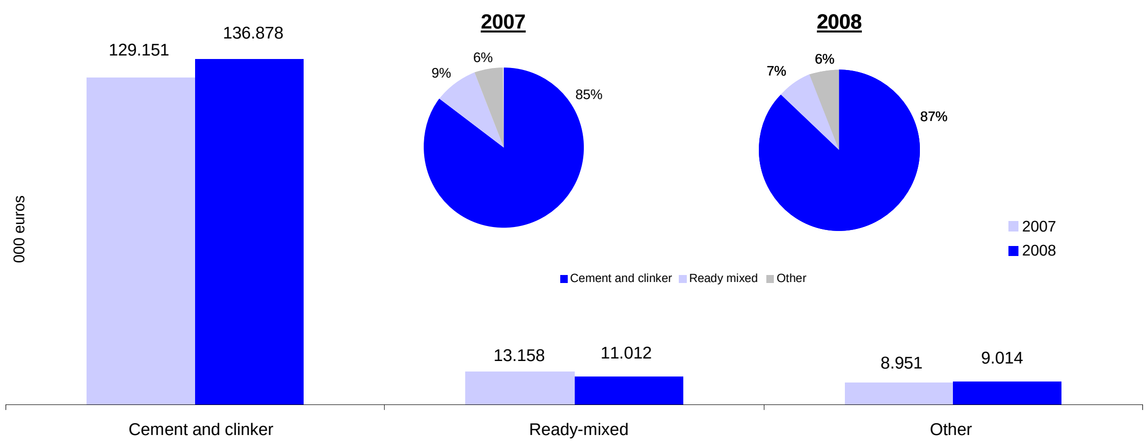
Sales

The Secil Group's sales of cement and clinker performed well in relation to the previous year, offsetting the poorer performance in other business segments. Cement and clinker represented a larger proportion of total sales, up by around 2 percentage points from 2007.



EBITDA

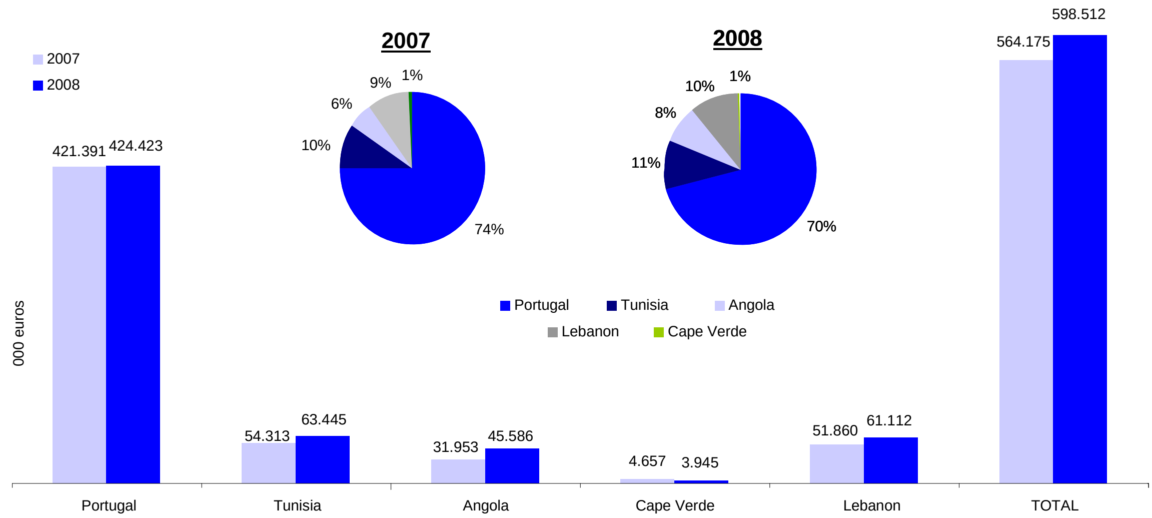
EBITDA for cement and clinker recorded growth in relation to 2007, in both absolute and relative terms. Cement and clinker contributed approximately 87.2% of the total EBITDA recorded by the Secil Group.



Sales and EBITDA by country

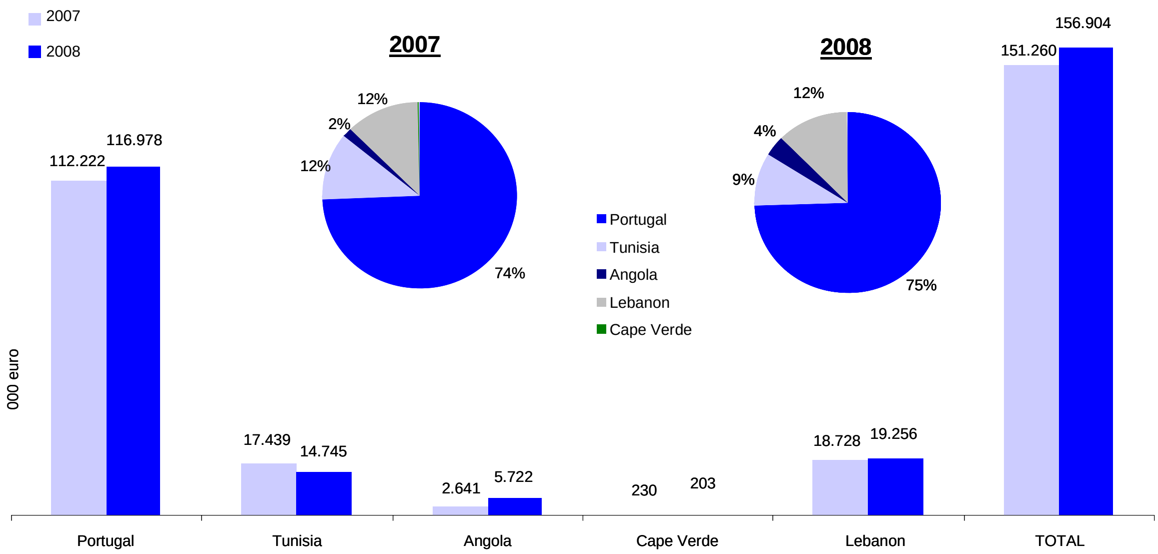
Sales

Sales were more geographically dispersed in 2008 than previously, with operations outside Portugal accounting for approximately 30%.



EBITDA

The geographical dispersion of EBITDA was the same as in the previous year, with operations outside Portugal accounting for approximately 25.4% of total EBITDA in 2008.



5.4 Business and Operations

5.4.1 Portugal

The following table presents overall operating indicators for the Secil Group in Portugal, in 2007 and 2008:

Portugal (Figures in thousand euros)	Sales a)			EBITDA			Quantities sold (ton)			
	2008	2007	Δ %	2008	2007	Δ %	Unid.	2008	2007	Δ %
Cement and clinker	259.693	251.652	3,2%	98.415	91.280	7,8%	1.000 t	3.198	3.385	-5,6%
Ready-mixed	122.521	127.210	-3,7%	9.807	12.212	-19,7%	$1.000m^3$	2.071	2.209	-6,3%
Aggregates	12.186	12.020	1,4%	4.709	4.719	-0,2%	1.000 t	2.284	2.513	-9,1%
Mortars	20.793	20.310	2,4%	3.828	3.883	-1,4%	1.000 t	473	439	7,7%
Pre-cast	9.231	10.199	-9,5%	219	129	70,4%	1.000 t	125	142	-11,5%
Total	**424.423**	**421.391**	**0,7%**	**116.978**	**112.222**	**4,2%**				

a) Based on country of origin

5.4.1.1 Cement and Clinker

The construction sector continued to decline, albeit more slowly than might be expected in view of the current crisis. According to INE figures, construction and public work activity declined by around 1% in 2008 (construction and public works production index – INE – January 2009). According to figures from FEPICOP (Portuguese Construction and Public Works Federation), the decline stood at approximately 1.1% (Sector Analysis – January 2009).

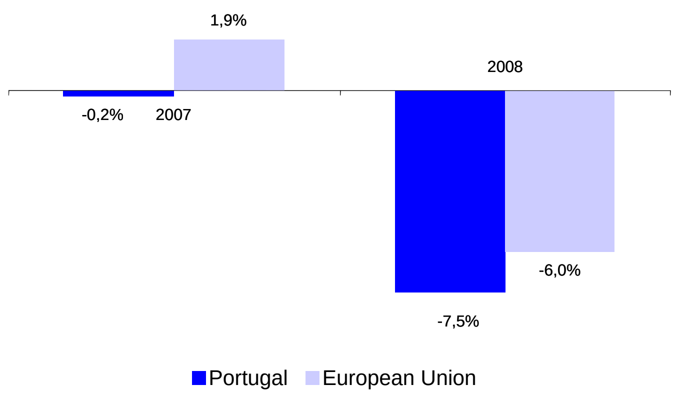
Cement consumption in the European Union is expected to have declined by approximately 6% in 2008, clearly inverting the trend for growth recorded over recent years.

In Portugal, cement consumption is thought to have stood at 7.3 million tons, representing a decrease in relation to 2007 (- 7.5%) and a return to the sharp decline which started in 2002 and was briefly interrupted in 2007.

The decline in cement demand in recent years reflects the recession in the construction sector which has been sharpest in the residential segment and less acute in the non-residential and public works sectors. The sharpest fall in cement consumption in 2008 was in the residential construction segment.

Cement marketed in Portugal on the basis of imports of cement and clinker is estimated to have declined by around 25%, which explains the increase in Secil Group sales despite the contraction of the cement market in Portugal.

Annual variation in Cement and Clinker Consumption*

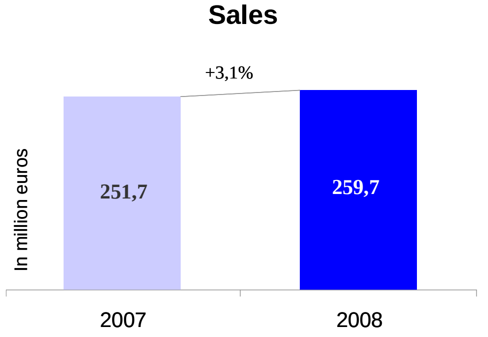


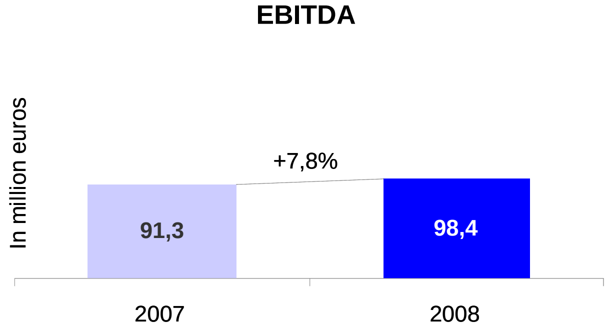
* 2008: Secil estimates

The business environment was highly competitive in 2008, due to the activities of Portuguese operators, faced with a situation of overcapacity in relation to domestic demand, and to imports from the Spanish market. It was in this context that the Group continued to pursue a policy of dynamic marketing combined with efforts to maintain close ties with clients.

On the domestic market, the Group maintained its presence in the main segments, especially in ready-mixed, pre-cast concrete and mortars, and increased its supplies to specialist retail chains.

Sales of cement and clinker stood at **259.7 million euros**, corresponding to 3.2 million tons. In relation to 2007, this represented an increase of **3.1%** in value and a decline of **5.6%** in quantity.





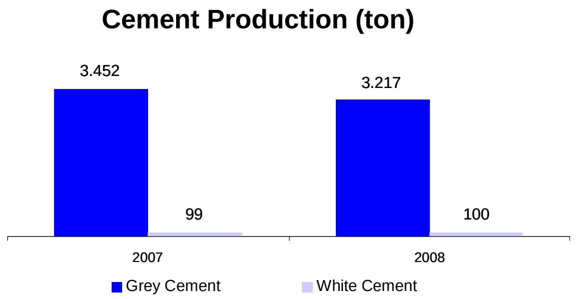
Sales on the domestic market grew by 10.5% whilst exports were down by around 20.3%

In terms of operational performance, EBITDA stood at **98.4 million euros**, up by **7.8%** on the previous year. Despite the significant increase in thermal energy costs, power costs and the prices of petcoke and maritime freights, the successful performance recorded by cement business in Portugal was achieved thanks to increased use of alternative fuels, effective monitoring and control of production costs and overheads and higher sales prices for cement on the home and export markets.

Cement manufactured by Secil has been used in a number of high-profile construction projects, some of them completed in 2008 and others still underway. These included the Lezíria and Figueira da Foz bridges, the Private Hospital in Braga, the Church of the Holy Trinity in Fátima, libraries in Coimbra and Viana do Castelo and other engineering works on the Portuguese road and motorway network, including the A17 and the "Eixo Norte Sul" in Lisbon. Abroad, Secil's cement has been used for the Port of Malabo, in Equitorial Guinea.

Cement Production

Total cement production stood at 3.2 million tons in 2008, down by 7% form the previous, due to the decline in demand.



The cement produced at the three plants continues to present fairly homogenous final characteristics and high quality standards, an aspect which is regarded as essential in order to ensure general market recognition of the high standards adopted by **Secil**.

Petcoke prices climbed sharply, up on average in the order of 50% in relation to 2007.

The cement plants have made major efforts to cut their production costs. These continued streamlining efforts have been fundamental to attenuating the negative effects of increased energy costs. Increased use has been made of waste both for power generation and as a raw material and the percentage of clinker incorporated in cement has been cut

The three plants have continued and stepped up the use of ordinary industrial waste (OIW) as a thermal fuel. Use of hazardous waste was resumed at the **Outão** plant after a ruling by the Supreme Administrative Court.

Overall, use of alternative thermal fuel rose from a rate of 15.2% in 2007 to 18.1% in 2008.

The **Outão** plant registered in March with EMAS (Eco Management Audit Scheme). The **Maceira-Liz** continues to await the issuing of its environmental licence after the application process which it started in late 2006.

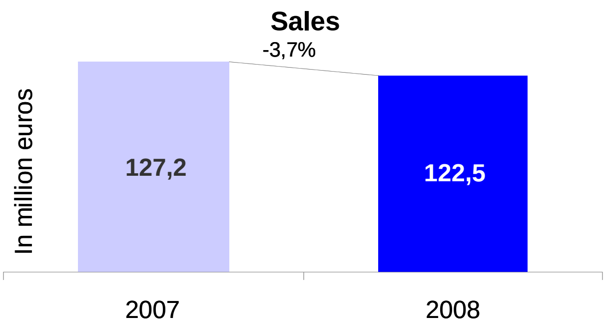
Investment

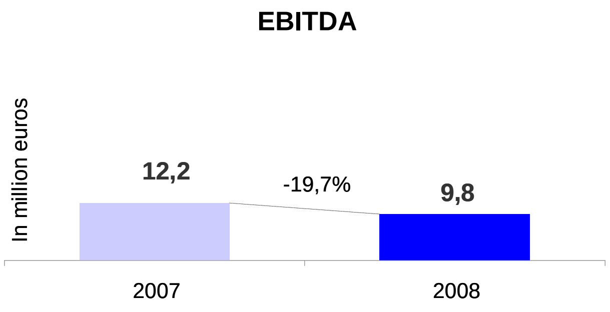
Capital expenditure projects were launched and undertaken in order to improve the performance of the plants and to prepare them to use waste as an energy source, as well as to improve the quality of products and services supplied, environmental conditions and customer service.

Capital expenditure stood at a total of 22.1 million Euros. The most important projects were:

- Preparation at the three plants of facilities for the use of RDF (residue derived fuels);
- Completion of work on the tyre shredding facility at the **Outão** plant;
- Preparation for use of alternative fuels at the main burner and kiln pre-heater at the **Maceira-Liz** plant;
- Start-up of a research project at the **Cibra-Pataias** plant for use of CO2 to farm micro-algae.

5.4.1.2 Ready Mixed[2]





The ready-mixed market contracted by 6% in relation to 2007, due to a significant fall-off in the residential construction sector.

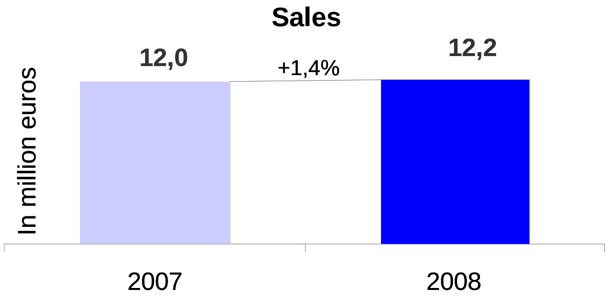
In this context, sales were down by 6.3% in quantity and 3.7% in value, as a result of the sharp fall in concrete sales in the final quarter of 2008.

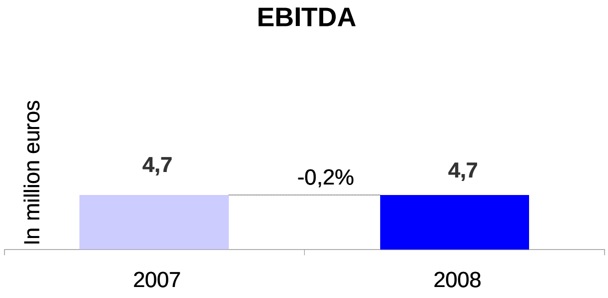
Overall, performance was down on the previous year due to a reduction in sales and an increase in fuel prices. EBITDA stood at 9.8 million euros, representing a decline of 19.7% in relation to 2007.

Major developments included the substitution of the Vila Real plant, the revamping of the Amarante plant and acquisition of seven concrete mixer trucks.

[2] Includes Madeira

5.4.1.3 Aggregates[3]





Sales of aggregates in 2008 stood at **12.2 million euros**, in line with the figure recorded in the previous year (up by 1.4% in value and down in quantity by 9.0%).

EBITDA stood at **4.7 million euros,** down by **0.2%** on the previous year. This performance was achieved thanks to higher sales prices and control of operating costs (although energy costs rose substantially).

Major developments included implementation of a quality management system and, in terms of capex, acquisition of a mobile crushing plant and a mill for the sand plant (Atouguia) and a forklift (Mexilhoeira)

Another important move was acquisition of **Colegra** and neighbouring land, which has substantially increased the **Secil-Britas'** stone reserves in the Penafiel area.

5.4.1.4 Precast Concrete

In the course of 2008, Secil undertook a major restructuring of its holdings in this sector. As part of this, in June, Secil Unicon acquired a further 15% stake in Secil Prebetão, making it the sole shareholder.

This was followed in December of the merger of Rubetão into Secil Prebetão, with Secil Unicon holding 79.6% of the share capital in the new company. As a result the Group was placed in a stronger and more flexible position from which to face the difficulties expected in 2009.

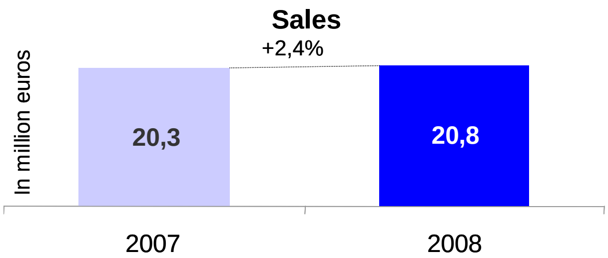
The business of Group companies in this sector continues to be severely hampered by the continuing recession in the sector, and overall demand for precast concrete is expected to decline further.

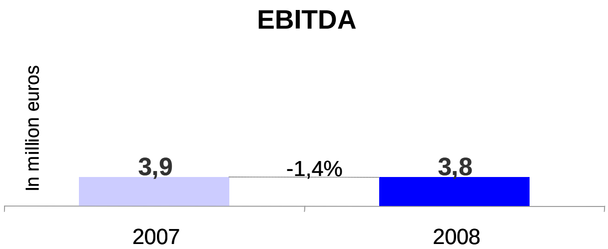
There remains a significant surplus in supply in this sector, which has led to fierce competition and prices which have been falling for six years. The result has been the bankruptcy of many companies operating in the sector.

In this context, sales of precast concrete stood at **9.2** million euros, corresponding to **125 thousand tons**, down by 9.5% in value and 11.5% in quantity, in comparison with 2007.

EBITDA totalled **0.2** million euros, up by **70.4%** from the previous year, partly due to the merger referred to above.

5.4.1.5 Mortars





[3] Includes Madeira

Despite the continuing crisis in the residential construction sector, the binder market has continued to register moderate growth, albeit slower than in previous years. This growth has continued due, fundamentally, to replacement of traditional mortars made on site by industrial mortars. For the same reason, the market for hydraulic lime continued to contract.

Sales by this business unit grew by **2.4%** over 2007 (from **20.3** to **20.8** million euros). Despite the increase in sales, performance was slightly down on the previous year, due to the increase in distribution costs and the drop in sales prices in the second half of the year. As a result, EBITDA in 2008 totalled **3.8** million euros, down by **1.4%** from the figure recorded in the previous year.

Important developments included the extension of Quality Certification at the **Loulé plant**, increased production capacity at the **Pataias plant** and investment in equipment for supplying binders to construction sites.

5.4.2 Tunisia

5.4.2.1 Economic Background

The Tunisian economy felt no effects in 2008 from the international financial crisis. In effect, GDP is estimated to be up by 6.1%, with growth at approximately the same level as in 2007.

This was achieved through growth in the service sector, especially in telecommunications (+ 13%), and also in the machine tools and electrical goods industry (+ 9%).

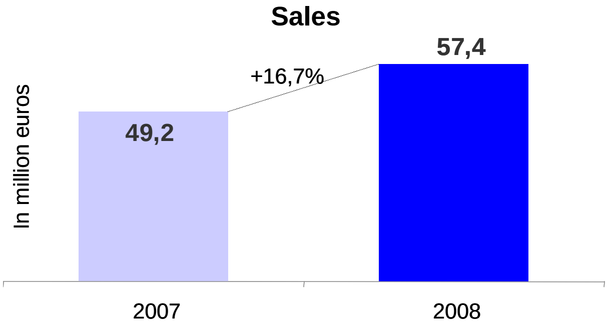
Growth in construction materials is estimated at 5.7%, higher than the figure of 3% estimated for cement consumption.

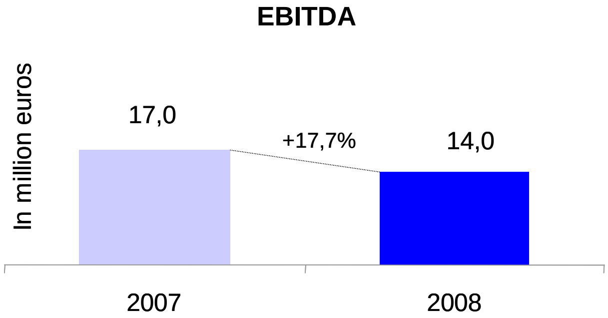
The considerable delay in approval and execution of major projects in the 11th Five Year Development Plan helped to keep a severe limit on growth in demand for cement.

Inflation stood at 5.7%, up from 2007 (3.1%). The Central Bank's leading interest rate stood at 5.2%, close to the previous year's level.

The Tunisian dinar fell further against the euro, although the devaluation of 2% was less than in previous years.

5.4.2.2 Cement and Clinker





Total consumption of cement and artificial lime stood at 6.3 million tons, representing growth of 3% over the previous year. In the southern region, growth was more significant at 5.7%.

Société des Ciments de Gabès increased its Sales to the domestic market by around **12.6%**, whilst export sales were up by approximately **41.6%**, in a situation where it was possible to obtain highly favourable sales margins.

In terms of value, cement and clinker sales stood at **57.4** million euros, corresponding to 1,255 thousand tons, which represents an increase of **16.7%** in value and growth of **10.7%** in quantity, in comparison with 2007. The growth in sales revenues resulted from the combined effect of higher prices and increased sales quantities.

EBITDA for 2008 stood at **14.0** million euros, down by **17.7%** in relation to the previous year. Growing sales on the home and expert markets were not sufficient to offset the significant increases in the prices of thermal fuels and electricity.

In June, under the approved prices system which remains in force, the Government established an increase of 7%.

Once again, contrary to expectations and in breach of solemnly give commitments, cement prices were not deregulated. It should be recalled that on the occasion of the privatisation of the cement industry, price deregulation was expressly provided for in the relevant tender documents.

Production

Clinker output stood at slightly over one million tons, up by 1% on the previous year.

Significant increases in the prices for thermal fuels and electricity had an appreciable negative effect on clinker production costs

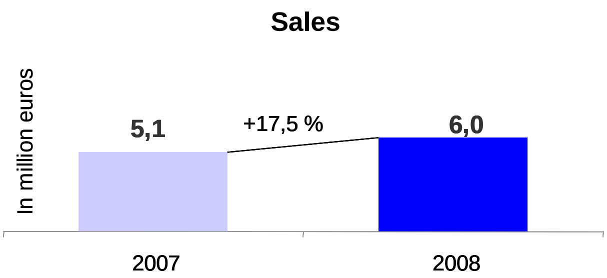
Production of cement and artificial lime stood at 1.3 million tons, up significantly on the previous year (+ 11%).

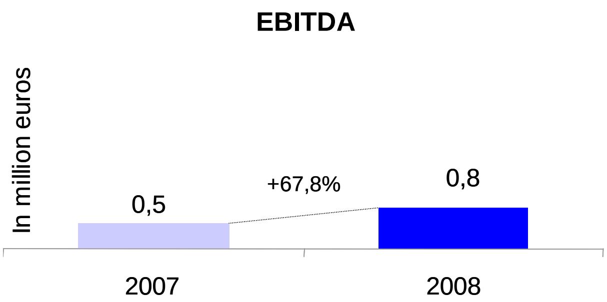
Investment

Investment totalled 3.1 million €, including the installation of a 3rd generation separator at one of the cement mills and a system for recovering by-pass dust and transporting it to the cement mills.

In view of potential growth in the domestic and export markets within the natural area of influence of the Gabès plant, approval was obtained from the authorities in 2008 for a project to expand plant capacity. The plans and schedule for implementation of this project are currently being studied.

5.4.2.3 Ready-mixed and precast concrete





The ready-mixed and precast markets continued to grow in the regions where **Sud Béton** and **Zarzis Béton** operate (Sfax, Gabès and Zarzis).

In this context, in 2008 sales of ready-mixed and precast concrete stood at approximately **5.6 and 0.4 million euros** respectively, representing growth of 17.6% and 16.2% in relation to 2007.

Operating performance also improved over the previous year, with EBITDA for these two segments at **0.8** million euros, corresponding to growth of **67.8%** over 2007.

5.4.3 Lebanon

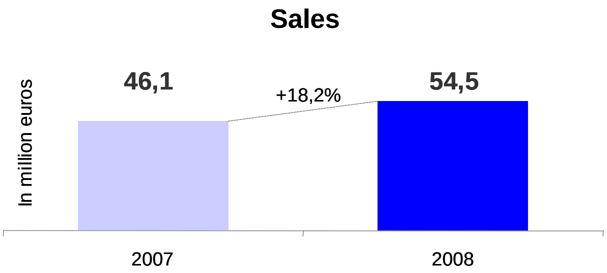
5.4.3.1 Economic Background

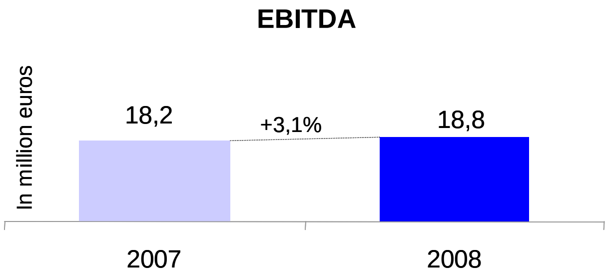
The Lebanese economy is thought to have enjoyed in 2008 its best year since 2004, due largely to stabilization of the political situation and a general improvement in security, with a very positive effect on economic agents. Annual growth in Lebanese GDP has been estimated at 4.2%.

This improvement was felt particularly in important business sectors, such as tourism and construction. In effect, the construction and property sectors recorded very appreciable growth which may be expected to continue, albeit at a more modest pace, due to the proliferation of the international crisis.

The average inflation rate stood at 12%, rather higher than in 2007 (4%). The lending rate stood at 9.8%, slightly lower than in the previous year.

5.4.3.2 Cement and Clinker





Cement demand stood at 4.2 million tons, up by 7% from 2007. Part of this growth was due to the underground market sales, with Syria as the final destination.

In this context, Sibline increased its sales on the domestic market by approximately 18.9%. Exports in 2008 were up by 10.7% in relation to the previous year. Sales increased overall by around 18.2%.

EBITDA stood at approximately **18.8** million euro, representing growth of **3.1%** over the previous year. Growth in this indicator was hampered by the price of thermal fuel and the falling value of the USD against the EURO, down by an average of 7% over the year.

5.4.3.3 Ready-mixed

(In million euros)	Sales			EBITDA		
	2008	2007	Δ %	2008	2007	Δ %
Ready-mixed	6,6	5,8	14,9%	0,51	0,48	-7,2%

In 2008, **Soime** – controlled by Sibline – sold 14,000 m^3 of ready-mixed, representing growth of **2%** over the previous year.

Sales in 2008 totalled **6.6** million euros, corresponding to an increase of **14.9%** over the previous period. However, EBITDA was down by 7.2%, due essentially to depreciation of the US dollar against the euro and rising personnel costs relating to the work on the new concrete plant.

5.4.4 Angola

5.4.4.1 Economic Background

The most significant political development in Angola was the holding in September of elections to the National Assembly. This represented a further important step towards definitive stabilization of the sentiment of peace and towards continuation of the process of national reconstruction, which has reached into all areas of Angolan territory and also sectors of activity.

Despite the international financial crisis, the Angolan economy once again enjoyed significant growth in 2008 on the strength of the petroleum sector and thanks to the process of national reconstruction financed by external credit lines contracted in main from China. The process of national reconstruction has levered growth in the non-petroleum sector, which in the last three years has presented healthy growth, in excess of that recorded by the oil sector. Overall, gross domestic product is thought to have grown in the order of 13%, slowing from the 2007 rate of 18%.

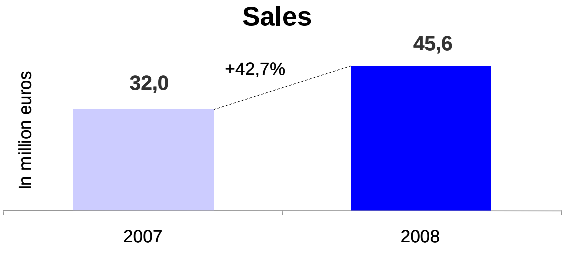
Oil output is expected to remain at high levels and to continue to support growth in the Angolan economy, despite a foreseeable decline in oil prices in 2009.

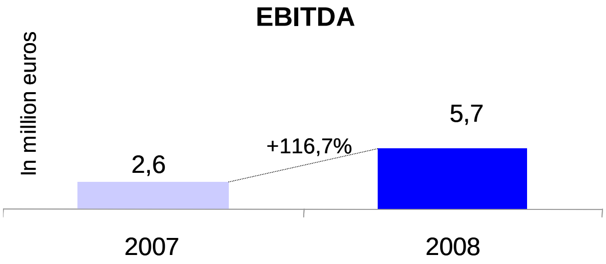
Inflation stood at 12.6%, slightly higher than in 2007. Unlike the previous year, the Kwanza fell against the US dollar by approximately 2.2%.

Secil's operations in Angola continue to be positively affected by the impact of the situation described above on demand for construction materials, whilst still suffering the effects of the structural constraints on the supply side (availability of human resources with adequate training, transport, power supply, etc.).

However, clinker prices on the international market and the increase in maritime freights in the first half had a negative impact on the operations of **Secil Lobito** and on the cement market in general.

5.4.4.2 Cement and Clinker





Demand for cement continued to increase in 2008 thanks to sustained growth in the economy and execution of major national reconstruction projects. The market was supplied by national producers and also by cement imports, as the Angolan cement industry lacked the capacity to respond to overall requirements.

Secil Lobito recorded sales of 295 000 t, in quantity, and 46 million €, in value, representing growth of 24.5% and 42.7% respectively, in relation to the previous year.

In terms of operating performance, the combined EBITDA of **Secil Lobito** and **Secil Angola** was up on the figure recorded in the previous year, at **5.7** million euros, representing growth of **116.7%** over 2007.

Investment

Capital expenditure totalled 4.7 million euros, including the clinker pre-crushing unit and optimization of cement mills, as well as preparatory work for installation of the new production line.

In connection with this new production line, the bank financing contracts and the supply and construction contracts are close to being finalized, and work is expected to start on the project during the 1st half of 2009.

The discounted value of capital expenditure stood at 190 million USD and included a power generation unit. With this new investment, **Secil-Lobito** will have annual production capacity of half a million tons of clinker and 1 million tons of cement.

In the financial year of 2008, Secil Lobito benefited from the exemption from tax on profits granted by the tax authorities in relation to investment in the new plant.

5.5 Resources and Supporting Functions

5.5.1 Sustainability

Secil continued in 2008 to devote special attention to issues of **Sustainability**.

As a fundamental aspect of **sustainability** policy, priority has been given to the concepts of streamlining and respect for the expectations of different stakeholders. This means making more rational use of natural resources (replacing natural raw materials and fossil fuels with alternative materials), improving energy efficiency, support for and participation in the work of local bodies and a policy of welfare protection for our workers, their families and the local communities.

Significant strides have been made in this area particularly in the **Portugal-Cement** business area, including the following:

- Publication of the third Sustainability Report on activities 2002-2007, drawn up in accordance with the Global Reporting Initiative guidelines.
- Increased use of alternative fuels.
- Reduction in the rate of clinker incorporation in cement.
- Reduction in specific CO_2 emissions in 2008, due to the lower rate of clinker incorporation in cement and increased use of alternative fuels.
- The Outão plant was successfully registered with EMAS – Eco Management Audit Scheme.
- APCER conducted the first audit of the Integrated Quality, Environment and Safety System (QES), covering three plants and the Sales Department, in accordance with standards ISO 9001, ISO 14001, OHSAS 18001 and EMAS.
- Work continued on the Biodiversity Project, with Secil leading the way in the cement industry in its systematic, planned and scientific approach to questions of fauna.

5.5.2 Environment

The Secil Group made significant steps in 2008 towards even greater environmental responsibility in its operations. Measures were implemented with a view to integrated quality, environmental and safety systems, involving the industrial units in Portugal, and development of projects for protecting the environment.

The insistence on introduction in the European Union of penalizing charges for industries with high energy consumption, without equivalent charges to penalize manufacturers of the same products located outside the Union, continues to concern the Board of Directors. If a balancing mechanism is not introduced, such as in the form of compensatory charges payable on the energy contents of products from third countries, the stage will be set for production to move out of the European Union, with significant social consequences due to a reduction in employment, not to mention higher environmental costs due to global pollution.

5.5.3 Energy

Secil has been involved in a number of business projects geared to supporting the re-use of waste as fuel or as a raw material. In 2008, the Secil Group took a number of steps with a view to diversifying and exploring new types of waste.

Operations are expected to increase under contracts already signed, and co-incineration of HIW will resume.

Finally, the Group disposed of its holding in Sobioen, which operates in the biomass sector.

6 Environment Business Area – ETSA Group

As mentioned above, the Semapa Group acquired full ownership of the ETSA Group on 15 October 2008, and accordingly the ETSA Group's accounts are only consolidated in the Semapa Group's accounts for the period from 1 October to 31 December 2008.

In order to provide a clearer picture of the real evolution of the affairs of the ETSA Group and its subsidiaries, it has been decided to present, in this chapter of the report only, an analysis covering the full twelve months of the financial year.

6.1 Leading Business Indicators

IFRS (Figures in thousand euros)	Dec 08	Dec 07	Δ % 08/07
Sales	**32.832,2**	**26.299,0**	**25%**
Other income	2.256,3	1.629,0	39%
Costs and losses	(26.158,1)	(23.708,0)	(10%)
EBITDA	**8.930,4**	**4.220,0**	**112%**
Depreciation and impairment losses	(1.741,6)	(1.607,0)	(8%)
Provisions (increases and reversal)	(260,8)	(181,0)	(44%)
EBIT	**6.928,1**	**2.432,0**	**185%**
Net financial profits	(862,0)	(1.322,0)	35%
Pre-tax profits	**6.066,0**	**1.110,0**	**446%**
Tax on profits	(1.837,6)	(556,0)	(230%)
Retained earnings	4.228,5	554,0	663%
Attributable to ETSA equity holders	**4.267,5**	**809,0**	**428%**
Attributable tominority interests (MI)	(39,0)	(255,0)	(85%)
Cash flow	**6.230,8**	**2.342,0**	**166%**
EBITDA margin (%)	27,2%	16,0%	70%
EBIT margin (%)	21,1%	9,2%	128%
Total net assets	**25.897,0**	**33.047**	**(22%)**
Equity (before MI)	**6.798,0**	**9.749**	**(30%)**
Net debt	**8.735**	**11.643**	**(25%)**

6.2 Main Operating Indicators

The following table presents the main consolidated operating indicators for 2008 and 2007:

	Unit	2008	2007	∆% 08/07
Collection raw material – Animal waste (Categories 1,2)	1000 t	44,5	36,2	23%
Collection raw material – Animal waste (Category 3)	1000 t	62,8	55,7	13%
Sales of animal fats	1000 t	20,7	15,0	38%
Sales of meals	1000 t	9,1	5,8	57%
Sales of frozen produts for pet food	1000 t	21,0	20,3	3%

ETSA Group - Background

On 15 October 2008, the Semapa Group acquired full ownership of the ETSA Group, allowing it to diversify its investment portfolio by moving into an emerging and rapidly expanding sector – the environment.

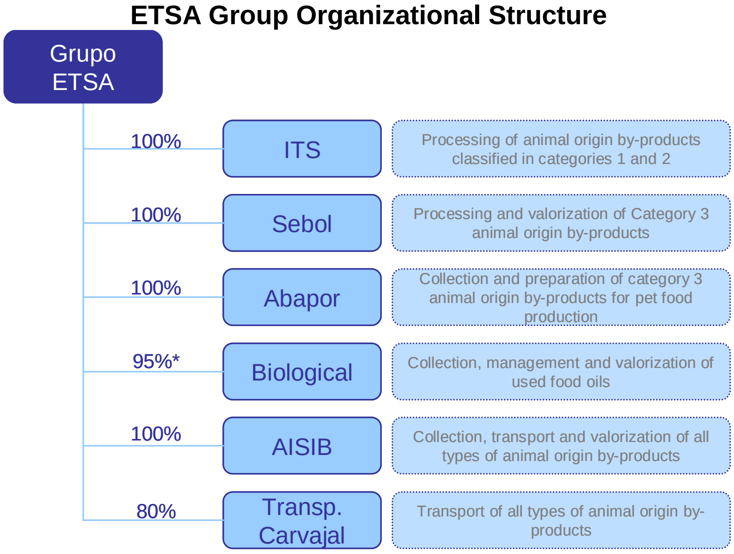
The ETSA Group offers comprehensive and environmentally sustainable services in the waste management market, and comprises ETSA - Empresa de Transformação de Subprodutos Animais, S.A., ABAPOR – Comércio e Industria de Carnes, S.A., BIOLOGICAL - Gestão de Resíduos Industriais, L.da, SEBOL – Comércio e Industria de Sebo, S.A., ITS – Indústria Transformadora de Subprodutos Animais, S.A., AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A. and Grasa y Transportes Carvajal, S.L., the last two operating in Spain.

ETSA concentrates its operation on managing its holdings in these companies, of which ABAPOR, SEBOL and ITS are engaged essentially in the collection, transport, storage, processing and use of animal by-products.

ITS specializes in the recovery and use of category 1 and 2 by-products (raw materials not suitable for human or animal consumption, as they represent hazards relating to animal diseases or toxic waste), whilst SEBOKL and ABAPOR are engaged in recovery and use of category 3 by-products (animal by-products, suitable for introduction into the food chain).

BIOLOGICAL is a company which collects and reclaims used food oils with a view to use as a raw material in the production of biodiesel, whilst AISIB and Transportes Carvajal operate as logistical depots for collection of raw materials from the Spanish market (providing services to other ETSA Group companies).

ETSA Group Organizational Structure



* the remaining 5%are owned by Sebol

7 Semapa Group Human Resources

The Semapa Group's human resources policy is geared to continuous improvement in productivity through developing employee skills and expertise, in conjunction with streamlining and rationalization.

The commitment to a highly skilled workforce, with specialized professional carried, continues to be one of the key features of the Group's human resources policy, reflected in professional development and training activities and programmes.

The workforce of the Semapa Group rose from 4,364 employees in December 2007 to 5,033 employees in December 2008, as shown in the following table:

Segment	2007	2008	Δ 08/ 07
Pulp and Paper	1.952	2.164	212
Cement and Derivatives	2.769	2.674	-95
Holdings	21	21	0
Environment	-	174	174
Total	**4.742**	**5.033**	**291**

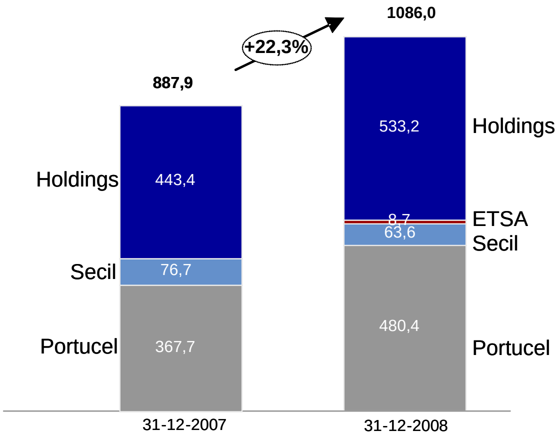
8 Semapa Group – Financial Area

8.1 Indebtedness

At year-end 2008, Semapa's consolidated net debt totalled approximately 1,086 million euros, as compared with 887.9 million euros recorded at the end of December 2007, for the reasons explained above.

The following graph shows total consolidated debt and a breakdown at year-end 2008, compared with year-end 2007:

Semapa Group: Financial Debt Structure (million euros)



The increase of 198.1 million euros in net debt reflects essentially the following factors: i) the fast pace of capital expenditure within the Portucel Soporcel Group over the course of 2008, which included investment in the new paper mill in Setúbal; ii) in terms of holdings, the acquisition of the ETSA Group, acquisition on the stock exchange of a further 0.2% holding in Portucel by Semapa SGPS and financial charges and overheads borne by Semapa SGPS, (iii) consolidation of the net debt of the ETSA Group, and other financial investments, namely, acquisition of shares in EDP – Grupo de Energias de Portugal and BCP – Banco Comercial Português.

The guiding principle for management of the Semapa Group's financial resources has been the contracting of credit lines appropriate to its investment profile and the industries in which it operators, so that it can have access at any time to funds allowing it to take advantage of business opportunities when they offer good potential for maximising shareholder value. This principle is of special importance in the current environment where credit is scarce is scarce in the banking system.

In connection with this, in relation to holdings business, in March 2008 Semapa SGPS made the final repayment, as contracted, on the Semapa 98 bonds, with a value of 2.2 million euros.

In September 2008, the Semapa signed a contract with Banco Espírito Santo for a commercial paper programme with a value of up to 70 million euros, valid for 5 years.

For its part, the Secil Group contracted long term finance totalling 150 million euros, and renewed other short term credit lines with a total value of 275 million euros.

In the course of 2008, the Portucel Soporcel Group repaid its 2005/2008 bond issue with a value of 25 million euros.

8.2 Risk Management

Semapa Group operations are exposed to a number of risks, both financial and operational. 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.

8.2.1 Financial Risks

Exchange rate risk

The financial year of 2008 was characterized by extremely volatile exchange rates for the currencies most relevant to the Semapa Group, and especially for the EURO/USD rate. Over the course of 2008, the US dollar dropped 5.5% against the Euro.

In order to minimize the effects of exchange rate variations on sales of pulp and exports of paper to non-European countries, financial hedges were contracted in 2008 for nearly all balance sheet amounts denominated in foreign currency and for approximately 25% of sales subject to exchange rate risks (less than that contracted in previous years).

The Secil Group pursued a policy of maximizing the potential of natural hedging of its exchange rate exposure, by offsetting foreign exchange flows within the group. In relation to the US dollar, the main foreign currency to which the Group is exposed, this natural hedging was in excess of 65%.

Semapa SGPS and its instrumental subholdings are not exposed to exchange rate risk as they conduct no foreign business.

Interest rate risk

The financial year of 2008 witnessed a high level of volatility in the leading rates for different maturities, and the Euribor 6 month rate, to which most of the Group's debt is indexed, fell from 4.7% at the start of the year to 3.0% at year end.

The cost of the financial borrowing contracted by the Portucel Soporcel Group is indexed to short term leading rates – generally the Euribor 6 month rate. In order to reduce exposure to unfavourable interest rate variations, the Group decided to contract interest rate swaps for some of its mid to long term borrowing.

As a result of these operations, at the end of the year approximately 30% of its medium and long term debt was contracted on flat rate terms.

In November 2005, Secil opted to partially hedge its interest rate risk by a structure of derivatives which sets a maximum value of the financial charges on long term debt with repayment in scheduled instalments. At 31 December 2008, this debt stood at approximately 42 million euros and the market value of the hedge was approximately 130,000 euros. The accrued gains since the contracting of the hedge stood at the same date at 1.3 million euros.

The holding companies and the ETSA group are exposed to interest rate risk as all borrowing is on a variable rate basis, and interest rate hedges are likely to be contracted in the short term in order to take advantage of the current favourable conditions.

Liquidity risk

As already mentioned, the highly restrictive conditions currently prevailing in the credit markets mean that management of liquidity risk is a critical factor for the sustainability and competitiveness of companies. The match between the maturity of debt and the characteristics of the industries in which the Semapa Group operates, the contracting of credit lines on a current account basis with a wide range of banking institutions, and the existence of a significant level of cash in hand at the end of the period all assure the Group a level of liquidity which will permit it to press ahead with its investment plans currently underway.

8.2.2 Operational risks

Pulp price risk

During the early months of 2008, hedges taken out in 2007 were still in force for a small proportion of sales, reducing the risk associated with price fluctuations.

Client Credit Risk

The Portucel Soporcel Group is subject to risk on the credit it grants to its clients and has adopted a policy of maximizing hedges by taking out credit insurance. Sales which are not covered by credit insurance are subject to additional rules which seek to assure that an acceptable level of risk is maintained.

The Secil Group has for many years followed a policy of taking out insurance policies for credit for the cement, ready-mixed and aggregates, and precast sectors, with cover tailored to the risk involved in each of these business areas.

Carbon emission licenses risk

The Group has been active in managing its portfolio of carbon emission licenses assigned under phase 2 of the EU-ETS scheme, and whenever possible carries out operations to minimize the price risk.

Property, third party liability, personal accident and sickness risks

The Group renegotiated the insurance portfolio for 2008 for its different business areas, achieving a significant reduction in insurance premiums in all areas.

8.3 Pensions and other post-employment benefits

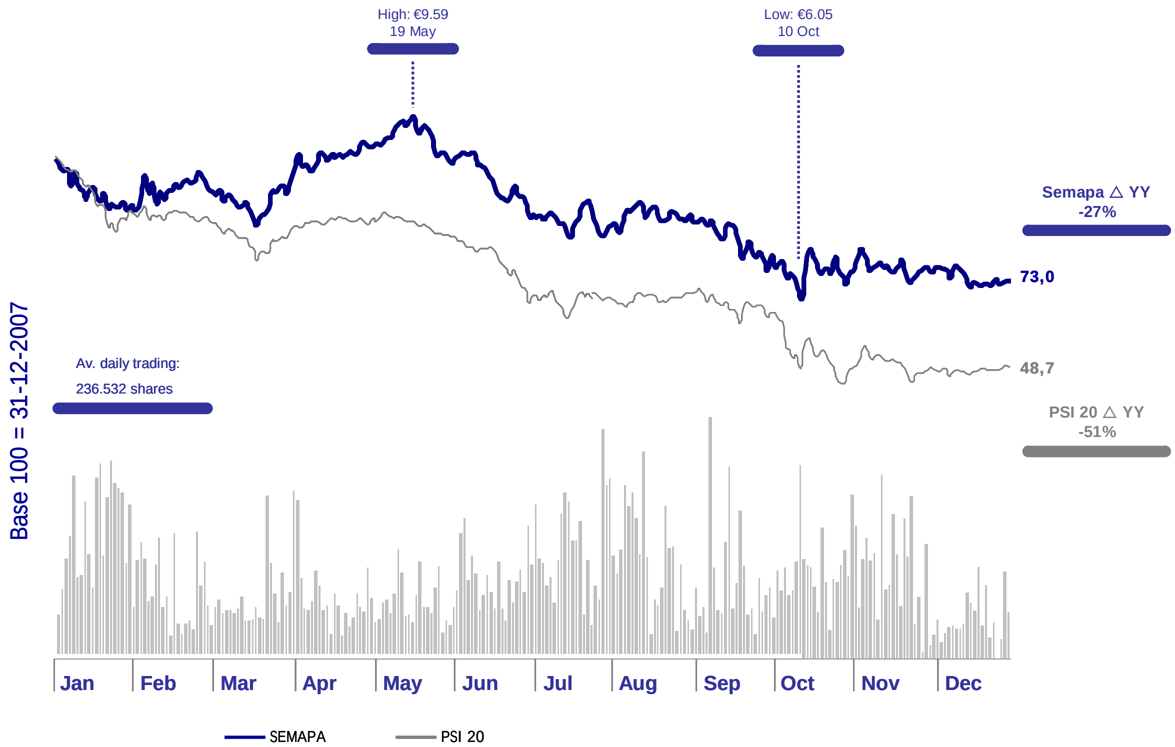
Total liabilities for pensions, in consolidated terms, at 31 December 2008, stood at 256 million euros, of which 140.5 million euros were covered by independent pension funds. Uncovered liabilities at this date, totalling 115.5 million euros, comprise i) 22 million euros for the Portucel Soporcel Group, ii) 3.8 million euros for the Secil Group and iii) 89.7 million euros for Semapa.

In addition, the Semapa Group also calculated liabilities for other post-employment benefits totalling 9.6 million euros (2.5 million euros for the Portucel Soporcel Group and 7.1 million euros for the Secil Group).

8.4 Listed Share Prices

In 2008, the world's stock exchanges dropped in value by an average of 40%. Portugal's stock exchange was not immune to this trend, and the PSI20 index recorded an even sharper fall, in the order of 51%.

In this scenario of heavy losses, Semapa shares were down by 27% on the year, and from mid-January onwards consistently outperformed the PSI20, as shown in the following graph:



Note: Closing Prices

After gaining in value through to late May, Semapa shares then moved down in value through to the end of the year.

The highest daily closing price for Semapa shares was recorded on 19 May 2008, at 9.59 euros, and the lowest closing price, of 6.05 euros, occurred on 10 October 2008. Average daily trading over the period stood at 236,562 shares.

In the period immediately following disclosure of the 2007 results, on 25 February 2008, the share price dropped and it remained low through to the date of the dividend announcement.

The distribution of the dividend of 0.255 euros per share, corresponding to a net dividend, for shareholders subject to tax, of 0.204 euros per share, had no significant impact on formation of the share price.

8.5 Dividends

In relation to the payment of dividends, the company has pursued a policy of distributing an amount which allows it not to take out significant additional borrowing and without undermining its sound financial position. The aim has been to maintain a financial structure compatible with the Group's sustained growth and different business areas, whilst maintaining sound solvency indicators. Accordingly:

- Semapa paid a dividend of 25.5 cents per share, on 9 April, representing a total dividend of 29.5 million euros.

- Portucel paid a dividend of 3.5 cents per share, on 8 April, representing a total dividend of 26.9 million euros. It should be noted that in December 2007, Portucel had already paid an interim dividend for the financial year of 2008, of 53.7 million euros (corresponding to 7 cents per share).

- Secil distributed a dividend of 38 cents/share for the financial year of 2007, which was paid on 4 April, representing a total dividend of 19.0 million euros and paid an interim dividend of 37 cents/share in relation to the financial year of 2008, with a total value of 18.5 million euros in October.

8.6 Net profits for 2008

Semapa has recorded net consolidated profits for 2008, before minority interests, of **137.4 million euros**, of which **106.3 million euros** is attributable to Semapa equity holders.

9 Prospects for 2009

The macro-economic prospects for 2009 have grown darker as more data has been released on the world economy. The pessimism which dominated the final months of 2008 has grown stronger.

The volatility displayed by the markets and rapidly spreading into the real economy is due specifically to the following factors: i) serious problems in the financial sector, making it difficult for companies and individuals to obtain credit, ii) growing levels of default, iii) economic expectations at their lowest level in recent decades, iv) contraction of consumption and investment, v) soaring unemployment, vi), announcement of poor corporate results, vii) worsening economic indicators worldwide, and viii) widening of the differentials between German public debt securities and those of outlying member States of the euro zone, as a result of revision of their credit ratings.

In this environment of great uncertainty, institutions have shown themselves incapable of anticipating the impact of the crisis in the medium term. The IMF has already published two interim reviews, in November and January, of the scenario it projected in October.

The prospects for the future are dominated by high levels of uncertainty as to the scale and duration of the current downturn in the economic cycle, not only in the euro zone and the main advanced economies, but also in emerging markets, which have shown greater signs of weakness than initially expected.

The economic slowdown and the reduction in the prospects for growth and demand worldwide will inevitably have a negative impact on external demand for the goods and services of Portuguese companies.

In a scenario of global recession, it is impossible to discount the risks of deflation or of the emergence and growth of protectionist pressures.

All these factors add further to the usual uncertainty surrounding exchange rates.

However, the prospects for 2009 depend largely on the business affairs of our main subsidiaries:

PORTUCEL SOPORCEL GROUP

The current economic situation is causing a sharp drop in global demand, to which goods manufactured by the Group will not be immune. We will therefore continue our efforts to broaden the range of countries to which we sell our products and to bolster our position in markets where our presence can be expanded.

Demand for UWF paper continues to decline in mature markets and to slow in emerging markets. This has only partially been offset by a net reduction in capacity, as the result of the closure of less efficient units.

The EUR/USD exchange rate will also be crucial to performance in this segment, not only because of substantial paper sales are already realized in dollars, but also because the evolution of this rate could also significantly affect import and export flows in Europe.

We are confident that the Group’s policy of promoting innovation, quality and branding, service and product differentiation, together with our permanent concern for customer needs, will help attenuate some of the negative effects of this difficult environment.

A difficult year is also expected in the pulp market, as a result of the economic situation and the drop in demand for paper, as described above. With paper manufacturers engaged in a deep-reaching process of reorganization, involving closure of surplus capacity and reductions in output, there has already been a sharp fall in pulp consumption in recent months. This situation is related to an effective increase in production capacity for pulp, due to a number of new mills starting production, especially in Latin America, and has led to a significant adjustment in sale prices for pulp.

On the cost side, the economic recession is expected to be reflected in a turnaround in the trend, observed over nearly all last year, for excessively high costs for raw materials and other consumables and for equally high costs for logistical operations. The impact on companies of this turnaround will not be immediate, given the levels of stocks at year-end 2008.

The Group will also continue to make systematic efforts to improve efficiency in all areas. This will be essential to offset some of the costs associated with the state of the eucalyptus forestry sector in Portugal, in particular the low level of productivity of Portuguese woodlands and the small proportion of certified woodlands.

Although Portuguese forestry practices are fully recognized as sustainable, the international markets are showing a growing preference for certified products. The Group has already made great efforts to comply with the rigorous standards this requires, and it is extremely important that other Portuguese operators in the sector should follow suit.

The need to catch up in this field with the forestry industry in other countries is increasingly urgent. This is a difficult task, but by no means impossible, requiring decided action on the part of the authorities, owners of woodlands and service providers. The Group has long called for action in this area, and has consistently presented concrete proposals for progress in the sector.

The Group is pressing ahead with its development plans, including an increase in its power generation capacity and construction of a new paper mill at the Setúbal industrial complex, which will make the Portucel Soporcel Group the world leader in UWF paper. As already reported, the project is proceeding precisely to schedule, and production is set to start during the third quarter of 2009.

This is the most visible expression of the Group's determination to build roads for the future. This has also involved exploring investment opportunities abroad, especially in Latin America and Africa, regions which possess the essential conditions for productive forestry.

With a view to pursuing these investigations, the Group has concluded agreements with the governments of Uruguay and Mozambique, the content and scope of which have been duly disclosed to the market.

SECIL GROUP

It is public knowledge that the prospects for the construction and public works sectors are not positive, and this will have a negative impact on the Secil Group's business:

In the cement and clinker segment in Portugal, declining sales are expected on both the home and export markets in 2009.

In other business segments, the prospects are as follows:

- Ready-mixed and mortars: sales and margins are expected to come down, possibly sharply in the event of a serious decline in activity in the construction sector.
- Precast concrete: a difficult year is anticipated for companies operating in this market, as no improvement can yet be expected in demand for precast products. However, the merger undertaken in 2008 will make it easier to face up to future difficulties.
- Aggregates: the prospects are similar to those for ready-mixed.
- Mortars: business expected to evolve in keeping with general trends in the construction industry.

In Tunisia, cement consumption is expected to grow more slowly than in 2008. However, prospects for results will continue to be constrained by the Tunisian government's attitude to deregulation of prices.

In Lebanon, provided the political situation remains stable, the cement market should grow, albeit at a more moderate pace. In this context, Sibline may be expected to record an increase in sales and improved performance, taking into account the demand for cement associated with reconstruction and major infrastructure projects. In the ready-mixed segment, the market is expected to grow in keeping with the cement market.

In Angola, the prospects for growth in the cement market remain favourable, both for the country as a whole and for the southern region, Secil-Lobito's natural market, in view of the expectations for continuation of a vast programme of works as part of the process of national reconstruction. Approval by the Angolan government of the new production line, as referred to above, will allow the Secil Group to consolidate its strategy for expansion in this region.

Finally, in Cape Verde, the construction sector is expected to experience a slowdown in the coming year, as already felt since mid-2008. However, business in the private construction sector is expected to be reasonably lively.

ETSA GROUP

Despite the unfavourable economic situation, the ETSA Group will carry on its operations with a view to sustained development of its subsidiaries' business.

Quantities of raw material collected may be affected to a moderate degree by the crisis, due to a potential slowing in consumption of foodstuffs of animal origin and changes in consumption habits (which might lead to a change in the range of products collected by the Group). These constraints might lead the ETSA Group to widen and diversify its collection base for animal origin by-products

In the same context, the demand for ETSA Group products (animal fats, meals and frozen products for pet foods) could perform in the same way as collection of raw materials, sustained by the resilience to the crisis of the ETSA Group's target clients (animal feeds and pet foods). However, the sale price for some products may be expected to decline, in relation to the previous year, as they represent a positive correlation with the prices of certain raw materials – cereals, soya, etc..

The Group is confident of achieving its goals, thanks to development of new business lines, with a special focus on diversification of the base for collecting raw materials, through new collection channels, and implementation of policies for developing competitiveness and quality within the Group and for monitoring and controlling operating costs

Subsequent Developments

- Acquisition of approximately 1.6 million own shares by the Portucel Soporcel, representing 0.20% of the share capital of Portucel SA.

- Semapa SL has been notified of the decision of the court (of first instance) on the matter of fact in the action brought against several companies in the Teixeira Duarte, BCP and Lafarge Groups, in relation to breach of the obligation to launch a compulsory takeover bid for shares in Cimpor. The ruling was unfavourable to Semapa's interests.

- When a 49% stake in Secil was sold to Beton Catalan (CRH Group) in 2004, it was agreed that the sale price could vary in line with the occurrence of certain future events from which the Group might derive economic benefits as a result of facts predating the sale.

  One of the matters under consideration had to do with the process for compensation of Secil from the Angolan State, as disclosed in previous reports. Secil had owned a number of assets in Angola which were nationalized between 1975 and 1987. In 1996, the Angolan State recognized that Secil had a credit of approximately USD 50 million, which sum was subsequently paid by allocation to the Secil Group of Angolan treasury bills, maturing in 2008 and 2009.

  The factors constraining recognition of this benefit deriving from the compensation process referred to above have been resolved and agreement has been reached on payment of a sum of approximately USD 18 million euros by Beton Catalan (CRH Group) to Semapa, corresponding to 49% of part of the debt of USD 50 million, less expenses and costs incurred.

- Similarly pending resolution at the date of the sale was the question of the fiscal credit for international expansion, with a value of 5,985,575 euros, for which Secil applied with regard to the acquisition in 2000 of Société des Ciments de Gabès, and which was refused by the Portuguese tax authorities. In the course of 2008, the Administrative-Fiscal Court of Almada ruled in favour of an action brought by Secil and the Portuguese tax authorities have already reimbursed the benefit for the financial years of 2000, 2001, 2002 and 2004, with reimbursement still outstanding for the financial years of 2003 and 2005 only. It was also agreed between the parties that 49% of this benefit would be returned by Beton Catalan to Semapa.

In view of the above, in the course of 2008 Semapa recalculated the capital gain on the sale of 49% of the share capital of Secil, positively influencing its profits by 16.1 million euros, as it had done in 2006 and 2007, so as to reflect these two situations. The respective payments were made in early 2009.

10 Acknowledgements

In a context of global economic recession, the financial year of 2008 was for Semapa a period of continued growth and consolidation for the Company and its Group, one of Portugal's largest industrial conglomerates.

We would not with 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 possible the company's dynamism and development;
- for the support and understanding of our customers and suppliers, who have acted as partners in our endeavours;
- 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.

11 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 106.347.480,00 euros (one hundred and six million, three hundred and forty seven thousand, four hundred and eighty euros) be distributed as follows:

Dividends for shares in circulation (25.5 cents/ shares)	29,481,173.48 euros
Free reserves	61,866,306.52 euros
Retained earnings	15,000,000.00 euros

Lisbon, 9 March 2009

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 de 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 Andrade Reis
Director

Fernando Maria Costa Duarte Ulrich
Director

Joaquim Martins Ferreira do Amaral
Director

Information on

Corporate Governance

INTRODUCTION

The Corporate Governance Code which has taken the place of the previous Securities Commission Recommendations of November 2005 is applicable for the first time with reference to the financial year of 2008. The new code has made highly significant changes to the framework previously in place.

Whilst it is wholly positive and praiseworthy that efforts are made to adapt the rules on corporate governance to reflect a constantly changing business environment, applying the lessons to be learned from past experience, we must inevitably express this company's reservations in relation to some of the new requirements and to the retention of certain recommendations which have never been adopted by a significant proportion of listed companies.

As far as this company is concerned, we have made every effort to adopt recommendations wherever we believe that they can have a positive effect on governance. However, in the case of several of the recommendations we see no such effect, at least in the specific case of this company, as we shall explain further in this document on Corporate Governance.

As regards the structure of the present document, we have made a number of changes, as the disclosures previously required by Article 245A of the Securities Code have now been incorporated in full in the report provided for in Securities Market Commission Recommendation 1/2007. A special chapter is now included in this report on qualifying holdings. At the same time, in addition to the information previously contained in this document, we have now added the assessment of the governance model adopted, which includes a description of the activities of non-executive directors. The new structure is as follows:

I. Report on the corporate governance structure and practices, drawn up in accordance with Securities Market Commission Regulation no. 1/2007;
II. Declaration on remuneration policy;
III. Disclosures referred to in Articles 447 and 448 of the Companies Code, and
IV. Assessment of the corporate governance model adopted and activities of non-executive directors.

I. REPORT ON THE CORPORATE GOVERNANCE STRUCTURE AND PRACTICES, DRAWN UP IN ACCORDANCE WITH SECURITIES MARKET COMMISSION REGULATION NO. 1/2007

Chapter 0
Declaration of compliance

► 0.1. CODES ADOPTED

Semapa has not voluntarily opted to submit to any other corporate governance code and is only subject to the "Corporate Governance Code" approved by the Securities Market Commission in September 2007.
The text of the code is available online at the website of the Securities Market Commission (www.cmvm.pt).

► 0.2. AND 0.3 RECOMMENDATIONS ADOPTED AND REASONS FOR DIVERGENCE

The company and its shareholders have made the following options with regard to compliance with the recommendations in the code approved by the Securities Market Commission:

I. GENERAL MEETING

I.1 OFFICERS OF THE GENERAL MEETING

I.1.1 THE CHAIRMAN OF THE GENERAL MEETING SHALL HAVE AT HIS DISPOSAL THE NECESSARY AND ADEQUATE HUMAN RESOURCES AND LOGISTIC SUPPORT, TAKING THE FINANCIAL POSITION OF THE COMPANY INTO CONSIDERATION. — ADOPTED

The company compiles with this recommendation in full, and the assessment of the resources as adequate is confirmed by the Chairman of the General Meeting.

I.1.2 THE REMUNERATION OF THE CHAIRMAN OF THE GENERAL MEETING SHALL BE DISCLOSED IN THE ANNUAL REPORT ON CORPORATE GOVERNANCE. — NOT ADOPTED

The remuneration of the Chairman of the General Meeting is not disclosed as it is the company's understanding that the individual remuneration of its officers should not be disclosed, as explained in greater detail below with regard to the members of the board of directors.

I.2 PARTICIPATION AT THE MEETING

I.2.1 THE OBLIGATION TO DEPOSIT OR FREEZE SHARES BEFORE THE GENERAL MEETING, CONTAINED IN THE ARTICLES OF ASSOCIATION, SHALL NOT EXCEED 5 BUSINESS DAYS. — ADOPTED

The articles of association define the period in question in terms of days elapsed (five) and not business days, and define the time limit in relation to the date of receipt of the document at the company and not in relation to the date of freezing, which means that compliance with the recommendation cannot be directly assessed. The company considers that this recommendation has been adopted considering that: (i) the date of receipt of the document is counted as from the date on which the first fax or email is received with a copy of the document, provided the original is presented prior to the start of the meeting, (ii) when the time limit in days ends during a weekend or on a public holiday, the company accepts notification received on the next business day, and (iii) under normal conditions, a period of more than two days cannot be considered to elapse between the freezing of the shares by financial institutions and receipt of the document at the company by fax or email, and it is clear that the five business days, due to the situation described in (ii), corresponds to a minimum of 7 days. This issue is dealt with further in chapter I.4 of this Report.

I.2.2 IN THE EVENT OF THE GENERAL MEETING BEING ADJOURNED, THE COMPANY SHALL NOT REQUIRE SHARES TO BE FROZEN UNTIL THE MEETING IS RESUMED, WHEN THE NORMAL REQUIREMENT FOR THE FIRST SESSION SHALL AGAIN APPLY. ADOPTED

This is the understanding of the Chairman of the General Meeting, who has confirmed that this solution will be adopted in the event of adjournment. The company therefore complies with the recommendation. This issue is further referred to in chapter I.5 of this Report.

I.3 VOTING AND EXERCISE OF VOTING RIGHTS

I.3.1 THE ARTICLES OF ASSOCIATION SHALL NOT IMPOSE ANY RESTRICTION ON POSTAL VOTING. ADOPTED

The company has adopted this recommendation insofar as there is no restriction on exercise of the right to cast postal votes. This question is referred to in further detail in chapters I.8 to I.10 of this Report.

I.3.2 THE DEADLINE ESTABLISHED IN THE ARTICLES OF ASSOCIATION FOR RECEIVING POSTAL BALLOTS SHALL NOT EXCEED 3 BUSINESS DAYS. ADOPTED

The company accepts all postal votes received up to the day before the General Meeting, and this recommendation is therefore adopted in full. This issue is further referred to in chapter I.10 of this Report.

I.3.3 THE COMPANY'S ARTICLES OF ASSOCIATION SHALL PROVIDE FOR THE ONE SHARE-ONE VOTE PRINCIPLE. NOT ADOPTED

The company compiles with the spirit, if not the letter, of this recommendation.
This recommendation should not be understood in the most literal sense of meaning that a single share entitles the holder to vote and therefore take part in the general meeting. This interpretation has the perverse consequence that participation by the shareholder in the general meeting might be more costly, due to the expense of travel and of the declaration of frozen shares from the relevant financial institution, than the actual capital outlay required to acquire the share or shares which entitle the holder to attend the meeting or put questions to the company officers.
Article 384.2 a) of the Companies Code provides for the possibility of one vote being assigned to each 1000 euros of share capital, reflecting the concerns felt by the authors of the code that the right of the holders of insignificant portions of the share capital to attend and take part in discussions at the general meeting can often be prejudicial to the interests of the company and of the shareholders in general. The

need for voting rights to be matched to capital is nonetheless assured by the possibility of small shareholders grouping together.
The essential purpose of this recommendation is to assure that there are no shares without voting rights, due to restrictions on voting, and this is not the case in this company. If all shareholders are present or represented, with the groupings necessary, the number of votes which can be cast is equal to the total number of shares in the company, divided by 385, the number of shares carrying one vote. There are therefore no shares without voting rights.
This question is also referred to in chapter I.6 of this report.

I.4 QUORUM AND RESOLUTIONS

I.4.1 COMPANIES SHALL NOT SET A QUORUM FOR HOLDING THE MEETING OR ADOPTING RESOLUTIONS GREATER THAN THAT ESTABLISHED IN LAW. ADOPTED

The company's articles of association do not set quorums for holding the meeting to adopting resolutions greater than that established in law; the recommendation is accordingly adopted by the company. This question is also referred to in chapter I.7 of this report.

I.5 MINUTES AND INFORMATION ON RESOLUTIONS PASSED

I.5.1 THE MINUTES OF THE GENERAL MEETINGS SHALL BE MADE AVAILABLE TO SHAREHOLDERS ON THE COMPANY'S WEBSITE WITHIN 5 DAYS, IRRESPECTIVE OF CONSTITUTING PRIVILEGED INFORMATION UNDER THE TERMS OF THE LAW. THE LIST OF ATTENDEES, AGENDA ITEMS OF THE MINUTES AND RESOLUTIONS PASSED DURING SUCH MEETINGS SHALL CONTINUE ONLINE AT THE COMPANY'S WEBSITE FOR A PERIOD OF 3 YEARS. NOT ADOPTED

The company has not adapted this recommendation, and is indeed prevented from doing so by Article 22 of its Articles of Association, which lay down that: "The information to be provided to shareholders which, under the terms of the law, depends or may depend on their holding shares corresponding to a minimum percentage in the share capital may only be provided on the company's website if such provision is imposed by law or by mandatory requirement of the regulatory authority".
The Board of Directors has not seen fit to propose amendment of this article to the shareholders, considering that under the terms of Article 288.1 of the Companies Code part of the information in question in this recommendation can only be provided to shareholders who hold no less than 1% of the share capital, when they allege due grounds. Now, when this rule is viewed in conjunction with the provisions of paragraph 4 of the same article, it is not entirely clear whether access through the company's website should not even so depend on the ownership of the minimum 1% holding, leading to the creation of reserved areas and complex procedures for controlling access.
The recommendation is not therefore adopted, in order to assure clear compliance with the law.

I.6 MEASURES ON CORPORATE CONTROL

I.6.1 MEASURES AIMED AT PREVENTING SUCCESSFUL TAKEOVER BIDS, SHALL RESPECT BOTH THE COMPANY'S AND THE SHAREHOLDERS' INTERESTS. ADOPTED

As explained below in chapter III.5 of this Report, shareholders representing more than half the non-suspended voting rights in the company openly coordinate the exercise of their voting rights. This does not involve any specific rules or agreement for the event of a take-over bid, nor does it constitute a bar to the sale of shares in the company in connection with such a bid. No measure has therefore been adopted to prevent the success of take-over bids and this recommendation has been adopted in full.

This issue is also referred to in chapter I.14 of this report.

I.6.2	THE COMPANY'S ARTICLES OF ASSOCIATION THAT RESTRICT/LIMIT THE NUMBER OF VOTES THAT MAY BE HELD OR EXERCISED BY A SOLE SHAREHOLDER, EITHER INDIVIDUALLY OR IN CONCERT WITH OTHER SHAREHOLDERS, SHALL ALSO FORESEE FOR A RESOLUTION BY THE GENERAL MEETING, (5 YEAR INTERVALS, AT LEAST) ON WHETHER THAT STATUTORY PROVISION IS TO PREVAIL – WITHOUT SUPER QUORUM REQUIREMENTS AS TO THE ONE LEGALLY IN FORCE – AND THAT IN SAID RESOLUTION, ALL VOTES ISSUED BE COUNTED, WITHOUT APPLYING SAID RESTRICTION.	NOT APPLICABLE

As follows from the above, this recommendation does not apply to the company.

I.6.3	IN CASES SUCH AS CHANGE OF CONTROL OR CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS, DEFENSIVE MEASURES SHOULD NOT BE ADOPTED THAT INSTIGATE AN IMMEDIATE AND SERIOUS ASSET EROSION IN THE COMPANY, AND FURTHER DISTURB THE FREE TRANSMISSION OF SHARES AND VOLUNTARY ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS BY THE SHAREHOLDERS.	ADOPTED

No defensive measures have been adopted in the company with the effect of causing erosion of its assets in the event of transfer of control or a change in the composition of the board of directors; the recommendation is therefore adopted in full. This issue is also referred to in chapter I.13 of this report

II. MANAGEMENT AND AUDIT BOARD

II.1. GENERAL TERMS

II.1.1. STRUCTURE AND DUTIES

II.1.1.1	THE BOARD OF DIRECTORS SHALL ASSESS THE ADOPTED MODEL IN ITS GOVERNANCE REPORT AND IDENTIFY POSSIBLE CONSTRAINTS ON ITS FUNCTIONING AND SHALL PROPOSE MEASURES THAT IT CONSIDERS APPROPRIATE FOR OVERCOMING SUCH CONSTRAINTS.	ADOPTED

This recommendation is adopted in full by the company, and the assessment in question is set out in part IV of this Information on Corporate Governance.

II.1.1.2	COMPANIES SHALL SET UP INTERNAL CONTROL SYSTEMS IN ORDER TO DETECT EFFECTIVELY ANY RISK TO THE COMPANY'S ACTIVITY, SO AS TO PROTECT ITS ASSETS AND KEEP ITS CORPORATE GOVERNANCE TRANSPARENT.	ADOPTED

This recommendation has been adopted by the company. In addition to the specific bodies and procedures in place within the subsidiaries, the company has its own Internal Control Committee with specific powers in the field of risk control, as described in chapter II.4 of this Report.

II.1.1.3 THE MANAGEMENT AND AUDIT BOARDS SHALL ESTABLISH INTERNAL REGULATIONS WHICH IT SHALL DISCLOSE ON ITS WEBSITE. — ADOPTED

The company complies in full with this recommendation, and the rules of procedure in question are disclosed on its website. This issue is further discussed in chapter II.6 of this Report.

II.1.2 INCOMPATIBILITY AND INDEPENDENCE

II.1.2.1 THE BOARD OF DIRECTORS SHALL INCLUDE A NUMBER OF NON-EXECUTIVE MEMBERS THAT ASSURES EFFECTIVE CAPACITY TO OVERSEE, AUDIT AND ASSESS THE ACTIVITIES OF THE EXECUTIVE MEMBERS. — ADOPTED

The company's Board of Directors has delegated powers to an Executive Board comprising seven directors. More than 1/3 of the directors are non-executive, representing a proportion which, in the view adopted by the Securities Market Commission and most listed companies, assures effective capacity to oversee, audit and assess the activities of the other directors.
Even if, for this purpose, one more director, not a member of the Executive Board, were to be considered as executive, as explained in chapter II.9 below, this minimum proportion would still be maintained.
This recommendation has therefore been adopted in full by the company.

II.1.2.2 NON-EXECUTIVE MEMBERS SHALL INCLUDE AN ADEQUATE NUMBER OF INDEPENDENT MEMBERS. THE SIZE OF THE COMPANY AND ITS SHAREHOLDER STRUCTURE SHALL BE TAKEN INTO ACCOUNT WHEN SETTING THIS NUMBER, WHICH SHALL NEVER BE LESS THAN A QUARTER OF THE TOTAL NUMBER OF DIRECTORS. — NOT ADOPTED

In keeping with the legal and regulatory criteria on the classification of directors as independent or otherwise, the company has at this date only one director who qualifies as such, meaning that this recommendation is not fully adopted.
The company acknowledges that diversity and the inclusion of a number of directors who are removed from the life of the company can contribute to the successful exercise of their office and the overall performance of the board of directors. However, it considers that the filter for formal qualification as independent and the quantitative assessment adopted are not effective in assessing overall the existence of such circumstances which might be of interest to the company. This assessment should instead be conducted in the light of the specific team, its personal and professional characteristics and its overall relationship with the company.
The Board of Directors considers that its individual membership, thanks to its different origins and relations with the company and its subsidiaries and to its personal characteristics, effectively assures a complementary range of views and independence of judgment, such as safeguards the principles which the regulatory authority sought to protect with this recommendation.
In addition, this is a holding company with a consequently simple administrative structure.

II.1.3 ELIGIBILITY AND APPOINTMENT

II.1.3.1 DEPENDING ON THE APPLICABLE MODEL, THE CHAIRMAN OF THE AUDIT BOARD, THE AUDIT COMMITTEE OR THE FINANCIAL AFFAIRS COMMITTEES SHALL BE INDEPENDENT AND BE ADEQUATELY CAPABLE OF PERFORMING HIS DUTIES. ADOPTED

This recommendation has been adopted by the company, insofar as the Chairman of the Audit Board complies with the legal criteria for independence and possesses the appropriate expertise. This issue is further referred to in chapter II.12 of this Report.

II.1.4 POLICY ON THE REPORTING OF IRREGULARITIES

II.1.4.1 THE COMPANY SHALL ADOPT A POLICY WHEREBY IRREGULARITIES OCCURRING WITHIN THE COMPANY, ARE REPORTED. SUCH REPORTS SHOULD CONTAIN THE FOLLOWING INFORMATION: I) THE MEANS THROUGH WHICH SUCH IRREGULARITIES MAY BE REPORTED INTERNALLY, INCLUDING THE PERSONS THAT ARE ENTITLED TO RECEIVE THE REPORTS; II) HOW THE REPORT IS TO BE HANDLED, INCLUDING CONFIDENTIAL TREATMENT, SHOULD IT BE REQUIRED BY THE REPORTER. ADOPTED

The company complies with this recommendation and has adopted internal rules on the reporting of irregularities allegedly occurring within the company, setting down the channels, the persons to whom such reports are to be addressed and the rules on treatment, as described in further detail in chapter II.22 of this report.

II.1.4.2 THE GENERAL GUIDELINES ON THIS POLICY SHALL BE DISCLOSED IN THE CORPORATE GOVERNANCE REPORT. ADOPTED

This recommendation has been fully adopted by the company, and the policy in question is outlined in chapter II.22 of this Report.

II.1.5 REMUNERATION

II.1.5.1 THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS SHALL BE STRUCTURED SO AS TO BE ALIGNED WITH THE INTERESTS OF THE COMPANY. ACCORDINGLY: I) THE REMUNERATION OF DIRECTORS WITH EXECUTIVE DUTIES SHALL INCLUDE A PERFORMANCE-BASED COMPONENT AND A PERFORMANCE ASSESSMENT SHALL BE CARRIED OUT PERIODICALLY BY THE COMPETENT BODY OR COMMITTEE; II) THE VARIABLE COMPONENT SHALL BE CONSISTENT WITH THE MAXIMIZATION OF THE LONG TERM PERFORMANCE OF THE COMPANY, AND SHALL BE DEPENDENT ON SUSTAINABILITY OF THE PERFORMANCE VARIABLES ADOPTED; III) WHEN THE REMUNERATION OF NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS IS NOT SET BY LAW, IT SHALL COMPRISE SOLELY A FIXED COMPONENT. NOT ADOPTED

The form in which the remuneration of the Board of Directors is structured is further described both in chapter II.18 of this Report and in the Declaration on Remuneration Policy approved at the general meeting of 2007, reproduced in part II of this Information on Corporate Governance.

I) Directors' remuneration includes a performance-related component, and performance is only assessed by the Remuneration Committee on the basis of this information at its disposal and that which it requests from the Chairman of the Board of Directors. There would appear to be no need for the creation of a new structure or committee to assess the performance of executive directors, given that the

Remuneration Committee has access to all the information it requires for this purpose, both through access to the Chairman of the Board of Directors, who has primary responsibility for the team, and through access to the non-executive directors and to the Audit Board, whose members are the most direct observers of the performance of the executive directors. In the company's current circumstances, it is not felt that such a new structure would bring any fresh advantages.

II) With regard to the relationship between variable remuneration and long-term performance, the Remuneration Committee's assessment includes an overall weighting of performance in the broadest possible sense, which therefore also considers the sustainability of the company's results and performance. However, there is no procedure (and we do not believe that this is what the recommendation effectively requires) for suspending part of the remuneration or for making payment dependent on future performance.

III) As follows from the Declaration on Remuneration Policy, the company has opted in certain cases for variable payments to non-executive directors, in line with their responsibilities and the tasks they actually perform, as their role is not solely that of "supervisors" or advisers at meetings of the Board of Directors.

II.1.5.2 THE REMUNERATION COMMITTEE AND THE BOARD OF DIRECTORS SHALL SUBMIT A STATEMENT ON THE REMUNERATION POLICY TO BE PRESENTED AT THE ANNUAL SHAREHOLDERS GENERAL MEETING ON THE MANAGEMENT AND SUPERVISORY BODIES AND OTHER MANAGERS AS PROVIDED FOR IN ARTICLE 248/3/B OF THE SECURITIES CODE. THE SHAREHOLDERS SHALL BE INFORMED OF THE PROPOSED CRITERIA AND PRINCIPAL PARAMETERS FOR ASSESSING PERFORMANCE WITH A VIEW TO DETERMINING THE VARIABLE COMPONENT, IN THE FORM OF SHARE BONUSES, SHARE OPTIONS, ANNUAL BONUSES OR OTHER COMPONENTS. NOT ADOPTED

The company complies in full with this recommendation with regard to the company officers. The document in question, approved for a three-year period still underway, is reproduced in part II of this Information on Corporate Governance.

The company does not comply with this recommendation with regard to managers who are not company officers. In relation to these managers, the directors consider that the remuneration policy for employees is a management issue which is their sole responsibility, as follows clearly from combined interpretation of Articles 373.3 and 405 of the Companies Code. Contrary to the case in companies by quota shares, in limited liability corporations shareholders are only involved in the management of the company in very exceptional situations, and only on the initiative of the management body. It is felt that in this case no exception was justified, as that the existence of a constraint on the directors' powers to decide the remuneration of management staff might even undermine their responsibility vis-à-vis the shareholders.

II.1.5.3 NO LESS THAN ONE OF THE REMUNERATION COMMITTEE'S REPRESENTATIVES SHALL BE PRESENT AT THE ANNUAL SHAREHOLDERS' GENERAL MEETING ADOPTED

This recommendation has been adopted. It should nonetheless be noted that the decision to adopt this recommendation has not been imposed by the company, but has instead flown from a decision taken freely by the Remuneration Committee itself.

II.1.5.4 A PROPOSAL SHALL BE SUBMITTED AT THE GENERAL MEETING ON THE APPROVAL OF PLANS FOR THE ALLOTMENT OF SHARES AND/OR SHARE OPTIONS OR OPTIONS BASED ON VARIATION IN SHARE PRICES, TO MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS AND OTHER DIRECTORS WITHIN THE CONTEXT OF ARTICLE 248/3/B OF THE SECURITIES CODE. THE

PROPOSAL SHALL MENTION ALL THE NECESSARY INFORMATION FOR ITS CORRECT ASSESSMENT. THE PROPOSAL SHALL CONTAIN THE PLAN REGULATIONS OR, IF THESE HAVE NOT YET BEEN DRAWN UP, THE GENERAL CONDITIONS TO WHICH THE PLAN IS SUBJECT. THE MAIN FEATURES OF THE RETIREMENT BENEFIT PLANS FOR MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS AND OTHER DIRECTORS WITHIN THE CONTEXT OF ARTICLE 248/3/B OF THE SECURITIES CODE, SHALL ALSO BE APPROVED AT THE GENERAL MEETING. ADOPTED

The company has no share allocation schemes. It does however have a pension plan, for directors only, with regulations approved by resolution of the shareholders. The recommendation is therefore adopted in full.
This issue is further referred to in chapter II.20 of this Report.

II.1.5.5 THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS SHALL BE INDIVIDUALLY AND ANNUALLY DISCLOSED AND, INFORMATION ON FIXED AND VARIABLE REMUNERATION SHALL BE PROVIDED AS WELL AS ANY OTHER REMUNERATION RECEIVED FROM OTHER COMPANIES WITHIN THE GROUP OF COMPANIES OR COMPANIES CONTROLLED BY THE OWNERS OF QUALIFYING HOLDINGS. NOT ADOPTED

The company does not comply with this recommendation. As argued in the past, this decision has been taken after weighing up all the interests at stake which, in the view of the directors, suggest, in addition to other potential negative effects, that the gains of such a disclosure would not outweigh the advantages of maintaining the privacy of each director. It is considered that the shareholders' interests are sufficiently safeguarded by disclosure of the total remuneration, divided into fixed and variable components, and into remuneration for executive and non-executive directors. Any further information would serve merely to feed private curiosity without bringing any effective benefit to the company or its shareholders. This issue is further referred to in chapter II.20 of this Report.

II.2. BOARD OF DIRECTORS

II.2.1. WITHIN THE LIMITS ESTABLISHED BY LAW FOR EACH MANAGEMENT AND SUPERVISORY STRUCTURE, AND EXCEPT BECAUSE OF THE SMALL SIZE OF THE COMPANY, THE BOARD OF DIRECTORS SHALL DELEGATE THE DAY-TO-DAY RUNNING OF THE COMPANY AND THE DELEGATED RESPONSIBILITIES SHALL BE IDENTIFIED IN THE ANNUAL REPORT ON CORPORATE GOVERNANCE. ADOPTED

In this company, day-to-day management responsibilities are delegated to an Executive Board and the respective powers are identified in this report. This question is considered at further length in Chapters II.2 and II.3.

II.2.2. THE BOARD OF DIRECTORS SHALL ENSURE THAT THE COMPANY ACTS IN ACCORDANCE WITH ITS OBJECTS, AND SHALL NOT DELEGATE ITS RESPONSIBILITIES WITH REGARD TO: I) DEFINITION OF THE COMPANY'S STRATEGY AND GENERAL POLICIES; II) DEFINITION OF THE CORPORATE STRUCTURE OF THE GROUP; III) DECISIONS THAT SHOULD BE CONSIDERED AS STRATEGIC DUE TO THE AMOUNTS, RISK AND PARTICULAR CHARACTERISTICS INVOLVED. NOT ADOPTED

The recommendation is not adopted in full because the powers delegated to the Executive Board include some of the powers contemplated in the recommendation.
However, in practice, this recommendation has been adopted, as the powers in question have so far been exercised by the Board of Directors, and it is the intention of both the

Board of Directors and of the Executive Board shall this should continue to be the procedure in future.
However, the Board of Directors considers that the formal situation of wider delegated powers should be maintained, as the company should not take the risk that, in particular situations not compatible with the relative inflexibility of the procedures for holding meetings of the Board of Directors, important steps might not be taken in due time because the Executive Board lacks the necessary powers.

II.2.3. IF CHAIRMAN OF THE BOARD OF DIRECTORS EXERCISES EXECUTIVE DUTIES, THE BOARD OF DIRECTORS SHALL SET UP EFFICIENT MECHANISMS FOR COORDINATING NON-EXECUTIVE MEMBERS THAT CAN ENSURE THAT THESE MAY REACH DECISIONS IN AN INDEPENDENT AND INFORMED MANNER, AND FURTHERMORE SHALL EXPLAIN THESE MECHANISMS TO THE SHAREHOLDERS IN THE CORPORATE GOVERNANCE REPORT. ADOPTED

The Chairman of the Board of Directors is also Chairman of the Executive Board, but the necessary procedures are in place in the company to assure efficient coordination of the work of non-executive directors; this recommendation is therefore adopted in full. This issue is further referred to in Chapter II.3 of this Report.

II.2.4. THE ANNUAL MANAGEMENT REPORT SHALL INCLUDE A DESCRIPTION OF THE WORK OF NON-EXECUTIVE BOARD MEMBERS AND SHALL MENTION ANY CONSTRAINTS ENCOUNTERED. ADOPTED

This recommendation has been fully adopted, and a description of the activities of the non-executive directors in included in part IV of this Information on Corporate Governance.

II.2.5. THE MANAGEMENT BODY SHALL ROTATE THE MEMBER WITH RESPONSIBILITY FOR FINANCIAL AFFAIRS, AT LEAST AT THE END OF EVERY OTHER TERM OF OFFICE. NOT ADOPTED

The company considers that responsibility for financial questions should be shared between and exercised by the most appropriate persons, in the manner which best serves the company's interests. The recommendation of rotation, which is made without reference to any other circumstances, does not appear to be capable of serving any type of interest or concern higher than the duty of ensuring that the solution implemented in the company is that which best serves its interests, irrespective of whether this involves an element of rotation or alteration of previous options.
It should be noted that a significant change in this area has been made during this term of office, and two directors now share responsibility for financial affairs.
Moreover, there are various arrangements for oversight of the company's affairs, most notably the Audit Board, which provides effective supervision in this and other areas of the company's activities.
Adoption of this recommendation does not therefore appear to be in the company's best interest.
These issues are considered further in chapters II.3 and II.4.

II.3. CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS

II.3.1. DIRECTORS WHO EXERCISE EXECUTIVE DUTIES, WHEN REQUESTED BY OTHER BOARD MEMBERS TO SUPPLY INFORMATION, SHALL DO SO IN A TIMELY MANNER AND THE INFORMATION SUPPLIED SHALL ADEQUATELY RESPOND TO THE ENQUIRY. ADOPTED

The executive directors provide the information requested by other company officers in a timely and appropriate manner, as detailed in chapter II.3 of this report. This recommendation has therefore been adopted in full.

II.3.2. THE CHAIRMAN OF THE EXECUTIVE COMMITTEE SHALL SEND NOTICES AND MINUTES OF MEETINGS TO THE CHAIRMAN OF THE BOARD OF THE DIRECTORS AND, WHEN APPLICABLE, TO THE CHAIRMAN OF THE AUDIT BOARD OR THE AUDITING COMMITTEE. ADOPTED

This recommendation has been adopted in full, and the notices of meetings and minutes of the Executive Board are forwarded to the Chairman of the Audit Board.

II.3.3. THE CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS SHALL SEND THE NOTICES AND MINUTES OF MEETINGS TO THE CHAIRMAN OF THE GENERAL AND AUDIT BOARD AND TO THE CHAIRMAN OF THE FINANCIAL AFFAIRS COMMITTEE. NOT APPLICABLE

This recommendation does not apply to the company, as it is structured differently.

II.4. GENERAL AND AUDIT BOARD, FINANCIAL AFFAIRS COMMITTEE, AUDIT COMMITTEE AND AUDIT BOARD

II.4.1. IN ADDITION TO ITS SUPERVISORY DUTIES, THE GENERAL AND AUDIT BOARD SHALL ADVISE, MONITOR AND ASSESS, ON AN ONGOING BASIS, THE MANAGEMENT OF THE COMPANY BY THE EXECUTIVE BOARD OF DIRECTORS. IN ADDITION TO OTHER MATTERS, THE GENERAL AND AUDIT BOARD SHALL PRONOUNCE ON: I) DEFINITION OF THE STRATEGY AND GENERAL POLICIES OF THE COMPANY; II) THE CORPORATE STRUCTURE OF THE GROUP; AND III) DECISIONS WHICH SHOULD BE CONSIDERED STRATEGIC DUE TO THE AMOUNTS, RISK AND PARTICULAR CHARACTERISTICS INVOLVED. NOT APPLICABLE

This recommendation does not apply to the company, as it is structured differently.

II.4.2. THE ANNUAL REPORTS AND FINANCIAL INFORMATION ON THE WORK OF THE GENERAL AND SUPERVISORY COMMITTEE, THE FINANCIAL AFFAIRS COMMITTEE, THE AUDIT COMMITTEE AND THE AUDIT BOARD SHALL BE DISCLOSED ON THE COMPANY'S WEBSITE TOGETHER WITH THE FINANCIAL STATEMENTS. ADOPTED

The report of the Audit Board, covering its activities in the period in question, has always been disclosed on the company's website, together with the other reports and financial statements.

II.4.3. THE ANNUAL REPORTS ON THE WORK OF THE GENERAL AND AUDIT BOARD, THE FINANCIAL AFFAIRS COMMITTEE, THE AUDIT COMMITTEE AND THE AUDIT BOARD SHALL INCLUDE A DESCRIPTION OF THEIR SUPERVISORY ACTIVITY AND SHALL MENTION ANY CONSTRAINTS ENCOUNTERED ADOPTED

The report in question includes a description of the supervisory activities of the Audit Board, indicating any constraints encountered.

II.4.4. The Financial Affairs Committee, the Audit Committee and the Audit Board (depending on the applicable model) shall represent the company for all purposes in dealings with the external auditor, and shall propose the provider of these services and the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as providing the point of contact at the company and receiving the respective reports — Not Adopted

The letter of this recommendation has not been adopted but, as with other recommendations, the company complies with its spirit.
In the first place, the company considers that the recommendation should not be interpreted as meaning that formal powers to represent the company in this regard should be granted to the audit board, by powers of attorney or other equivalent instruments.
The Audit Board effectively maintains an important dialogue with the External Auditor, and the reports are generally received and discussed at joint meetings with the Audit Board and a member of the Board of Directors; the Audit Board assures that proper arrangements have been made within the company for the audit services to be conducted correctly.
But the letter of the recommendation goes further, asserting that the Audit Board should be “the” point of contact between the company and the external auditor, and also requiring that instead of the report being received simultaneously it should instead be submitted in the first place to the Audit Board. This appears excessive. The company takes the sufficient steps to assure there are no barriers or filters between the external auditor and the Audit Board which would deny the Audit Board direct knowledge of the auditor’s work; the Board of Directors takes the necessary steps to assure the reports are submitted simultaneously to the Audit Board and itself, but it cannot in all conscience deny itself knowledge of the findings of the external auditors, or delay the moment when it learns of such findings. Final responsibility for the company’s affairs and its financial statements lies with the Board of Directors.
As regards the contracting of the external auditor, the Audit Board proposes the auditor under the terms of Article 420.2 b) of the Companies Code and is party to the process of fixing the respective remuneration. It should be noted that the External Auditor is the company’s Official Auditor and has been elected by the shareholders for a term of office identical to that of the Audit Board, which generates a degree of complexity in the process, which the company has not yet faced in practical terms, given that the Official Auditor currently appointed was elected prior to the last amendment of the Companies Code. This complexity relates essentially to the fact that, in normal situations, the proposal relates to a term of office for which the actual members of the audit board do not know if they will remain in office, as this depends on a decision of the shareholders, which will be taken at the same time as it elects the official auditor. It should be noted that, in view of the need to rotate the members of the Audit Board (Article 414.5 b) of the Companies Code), it is very likely that they will be proposing an auditor for a period when they themselves will not be following through his activities.
In other words, the concerns which prompted this recommendation have been taken into due account by Semapa, but the literal text of the recommendation has not been adopted.

II.4.5. Depending on the applicable model, the Committees for Financial Matters, Audit Committee and the Audit Board shall assess the external auditor annually and propose his dismissal to the General Meeting whenever there is due cause. — Adopted

The external auditor is assessed by the Audit Board on a continuous basis, and especially at the close of each half and full year. No proposal has ever been made for dismissal, but such powers are in fact recognized as existing.
This recommendation has therefore been adopted in full by the company.

II.5. SPECIAL COMMITTEES

II.5.1 EXCEPT IN SMALL COMPANIES AND DEPENDING ON THE ADOPTED MODEL, THE BOARD OF DIRECTORS AND THE GENERAL AND SUPERVISORY COMMITTEES SHALL SET UP THE NECESSARY COMMITTEES IN ORDER TO: I) ASSURE A COMPETENT AND INDEPENDENT ASSESSMENT OF THE PERFORMANCE OF THE EXECUTIVE DIRECTORS, AS WELL AS OF THEIR OWN OVERALL PERFORMANCE AND ALSO THAT OF ALL EXISTING COMMITTEES; II) STUDY THE ADOPTED GOVERNANCE SYSTEM AND VERIFY ITS EFFECTIVENESS AND PROPOSE TO THE RELEVANT BODIES THE MEASURES REQUIRED FOR ITS IMPROVEMENT. ADOPTED

With regard to the question of a committee to assess the performance of executive directors, the company considers that, as it is a holding company with a very simple management structure, with direct business operations carried on by its subsidiaries, there is no need to create such an independent committee. Given the nature of the company, this role is satisfactorily filled by the chairman of the Board of Directors, by the Audit Board, the Remuneration Committee and the shareholders.

As indicated in chapter II.3 of this Report, the company has a committee responsible for corporate governance issues.

The company therefore complies in full with this recommendation.

II.5.2 MEMBERS OF THE REMUNERATION COMMITTEE OR THE EQUIVALENT SHALL BE INDEPENDENT OF THE MEMBERS OF THE BOARD OF DIRECTORS. ADOPTED

In previous years, the company already considered this recommendation to be adopted, as there were objective criteria for assessing such independence, and these criteria were satisfied in relation to all the members of the committee. However, with regard to the financial year of 2007, the Securities Market Commission considered that the recommendation was not adopted because one of the members had been a director of the company. This question therefore requires careful consideration.

We should start by pointing out that there is now no objective criterion for assessing independence, although chapter II.19 of the annex to Securities Market Commission Regulations no. 1/2007, which govern the preparation of this report, continues to require that these same objective factors be identified with regard to the relationship between members of the remuneration committee and the Board of Directors.

The committee member, Mr. Paulo Abreu, has no relationship of any kind with the company.

The committee member, Eng. Frederico da Cunha, was in fact a director of the company until 2005. However, this fact would not appear to undermine his independence given that a closer examination of this relationship shows that there is no position of dependency vis-à-vis the company. The only bond which subsists is that of the retirement pension, which is an entitlement which cannot be called into question by the directors. It is impossible to see what advantages this member of the committee might have in acting in a biased or partial manner. It might be possible, from a more superficial approach, to make much of the fact that, if Eng. Frederico da Cunha were by chance to be elected again as a non-executive director, he could no longer qualify as an independent non-executive director on the grounds that he has held office in the company for more than two terms of office.

As regards Dr. José Maury, who represents Egon Zender, there are occasional instances of services rendered by this entity which are nonetheless insignificant in the overall context of the affairs of either Egon Zender or Semapa. In the course of 2008, Egon Zender was not involved in any contract work for Semapa, and its subsidiaries were involved in only 4 contracts, over a period when more than 2350 persons were contracted. There is similarly nothing here to undermine the independence of this member of the committee.

If we extend this analysis to encompass the position taken by the different members of the committee, we find instead that the membership is extremely favourable to a correct and

independent assessment. In effect, the committee consists of one person with no relationship with the company and no direct relation with the activity of remuneration setting, one person who is familiar with the internal working of the company from the time when he was a director and one more who is a specialist on the question of remuneration.
The company therefore considers that this recommendation has been fully adopted.
This issue is further referred to in item II.19 of this Report.

II.5.3 ALL COMMITTEES SHALL DRAW UP MINUTES OF THE MEETINGS HELD. ADOPTED

This recommendation has been fully adopted by the company given that all the committees identified in Chapter II.3 of this Report draw up minutes of their meetings.

III. REPORTING AND AUDITING

III.1 GENERAL REPORTING DUTIES

III.1.2 COMPANIES SHALL MAINTAIN PERMANENT CONTACT WITH THE MARKET, THEREBY UPHOLDING THE PRINCIPLE OF EQUALITY FOR SHAREHOLDERS AND PREVENTING ANY INEQUALITY IN ACCESS TO INFORMATION FOR INVESTORS. TO THIS END, THE COMPANY SHALL HAVE AN INVESTOR SUPPORT OFFICE. ADOPTED

This recommendation has been adopted, as follows from the detailed treatment of this issue in Chapter III.12 of this Report.

III.1.3 THE FOLLOWING INFORMATION PUBLISHED ON THE COMPANY'S WEBSITE SHALL BE DISCLOSED IN THE ENGLISH LANGUAGE:

a) THE COMPANY NAME, PUBLIC COMPANY STATUS, REGISTERED OFFICE AND OTHER DATA REQUIRED BY ARTICLE 171 OF THE COMPANIES CODE;
b) ARTICLES OF ASSOCIATION;
c) IDENTITY OF COMPANY OFFICERS AND MARKET RELATIONS OFFICER;
d) INVESTOR SUPPORT OFFICE, RESPECTIVE SERVICES AND CONTACT DETAILS;
e) FINANCIAL STATEMENTS AND REPORTS;
f) SIX-MONTHLY SCHEDULE OF COMPANY EVENTS;
g) MOTIONS TO BE TABLED AT THE GENERAL MEETING;
h) NOTICES OF GENERAL MEETINGS.

All the above information is disclosed in English on the company's website, and this recommendation is therefore adopted in full by the company.

► 0.4. INDEPENDENCE OF COMPANY OFFICERS

The company bodies shall, on an ongoing basis, assess the independence of each of their members and inform the shareholders, with due grounds, of their assessment at the time of appointment or in the event of any supervening circumstance undermining their independence.

No new appointments were made in the period requiring an assessment of independence, but there was one case of independence being undermined. This was the case of Eng. Ferreira do Amaral, who could no longer be classified as "independent" as he took up a directorship in a company in a controlling relationship with Semapa.

Chapter I
General Meeting

► I.1. **IDENTIFICATION OF THE OFFICERS OF THE GENERAL MEETING**.

The officers of the General Meeting are:

Chairman - Dr. José Pedro Correia de Aguiar-Branco
Secretary - Dr. Rita Maria Pinheiro Ferreira Soares de Oliveira

► I.2. STARTING AND ENDING DATES OF TERMS OF OFFICE.

The officers of the general meeting indicated above were elected at the annual general meting of 21 March 2007, to hold office until the end of the term of office in progress of the other company officers, i.e. 31 December 2009.

► I.3. REMUNERATION OF THE CHAIRMAN OF THE GENERAL MEETING.

This information, which is recommended be disclosed, is not revealed by the company for the reasons indicated in the previous chapter on compliance with recommendations. Please see the explanation on recommendations I.1.2 and II.1.5.5.

► I.4. TIME DURING WHICH SHAREHOLDERS MUST DEPOSIT OR FREEZE THEIR SHARES IN ORDER TO PARTICIPATE IN THE GENERAL MEETING.

The Articles of Association require that shareholder present documentary evidence of ownership of shares and that they have been frozen no less than five days prior to the date of the general meeting. These five days are counted continuously and whenever a time limit ends on a weekend or bank holiday, the end of the period is transferred to the next business day.

The company considers as the date of receipt the date on which the document is first received by fax or email, provided the original is presented by the starting date of the general meeting.

► I.5. RULES APPLICABLE TO THE FREEZING OF SHARES IN THE EVENT OF ADJOURNMENT OF THE GENERAL MEETING.

The chairman of the general meeting considers that shares do not need to be frozen for the entire adjournment period until resumption of the meeting, it being sufficient for the rules applying to the first session to apply to the second in this respect.

► I.6. NUMBER OF SHARES THAT CORRESPOND TO ONE VOTE.

As established in the articles of association, one vote corresponds to each 385 shares.

► I.7. THE EXISTENCE OF RULES IN THE ARTICLES OF ASSOCIATION ON THE EXERCISE OF VOTING RIGHTS, INCLUDING QUORUMS FOR HOLDING MEETINGS OR ADOPTING RESOLUTIONS OR SYSTEMS FOR EQUITY RIGHTS.

Nothing to report in this regard except that there are time limits for presentation of the documentation needed for participation in the general meeting and postal votes.

The time limits comply with the relevant recommendations and are as follows:

Deadline for presenting document proving ownership of shares .... 5 days

Deadline for presentation of proxy letters.. 5 days

Deadline for presentation of postal voting documentation .... day before the GM

► I.8. EXISTENCE OF RULES IN THE ARTICLES OF ASSOCIATION ON POSTAL VOTES.

Postal votes are permitted on the terms established in the articles of association, the following procedures being observed:

a) An envelope containing the voting declarations shall be addressed to the Chairman of the General Meeting, and received at the registered offices by the day before the meeting;

b) This envelope shall contain (1) letter addressed to the Chairman of the General Meeting, with notarized signature, expressing the intention to vote, and (2) the voting declarations, one for each item on the order of business, in a separate sealed envelope indicating on the outside the item on the order of business to which it refers;

c) Postal votes are counted as votes against any motions submitted subsequent to their casting, and

d) The Board of Directors may issue rules on alternative forms of exercising voting rights, not using paper, provided they also assure the authenticity and confidentiality of votes until the moment of casting.

► I.9. PROVISION OF POSTAL VOTING FORMS.

The company provides postal voting forms. These forms are available on the company's website and may be requested from the investor support office.

► I.10. TIME LIMIT FOR RECEIPT OF POSTAL BALLOTS PRIOR TO THE DATE OF GENERAL MEETINGS.

As stated, the envelope containing postal votes may be received up to the day prior to the general meeting.

► I.11. EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS.

Exercise of voting rights by electronic means is still not possible.

We wish to note that the company has yet to receive any enquiry or expression of interest from shareholders or investors in relation to such a facility.

► I.12. INFORMATION ON THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE REMUNERATION POLICY OF THE COMPANY AND ASSESSMENT OF THE PERFORMANCE OF MEMBERS OF THE BOARD OF DIRECTORS.

In the financial year of 2007, a declaration on the remuneration policy for company officers, drawn up by the Remuneration Committee, and valid until the end of the current term of office, was submitted by the same committee to the shareholders at the general meeting where it was discussed and approved, in conjunction with the other financial statements and reports..

The document in question is reproduced in part II of this Information on Corporate Governance.

► I.13. DEFENSIVE MEASURES DESIGNED TO CAUSE AUTOMATIC AND SERIOUS EROSION IN THE COMPANY'S ASSETS IN THE EVENT OF A CHANGE OF CONTROL OR ALTERATIONS TO MEMBERSHIP OF THE MANAGEMENT BODY.

The company has no defensive measures which automatically cause serious erosion in the company's assets in the event of a change of control or alterations to membership of the management body.

► I.14. 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, 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 OTHER MANDATORY PROVISION OF LAW.

The company is not party to any significant agreements which take effect, are amended or terminate in the event of a change in the control of the company.

► I.15. AGREEMENTS BETWEEN THE COMPANY AND DIRECTORS OR MANAGERS, AS DEFINED BY ARTICLE 248-B.3 OF THE SECURITIES CODE, WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF RESIGNATION, DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF EMPLOYMENT CONTRACT AS A RESULT OF A CHANGE OF CONTROL OF THE COMPANY.

There are also no agreements between the company and the company officers or employees providing for compensation in the event of termination or redundancy as the result of a takeover.

Chapter II
Management and Supervisory Bodies

► II.1. COMPANY BODIES AND RESPECTIVE MEMBERSHIP

The company officers (term of office: 2006-2009) are:

<u>General Meeting</u>

Chairman:	Dr. José Pedro Correia de Aguiar-Branco
Secretary:	Dr. Rita Maria Pinheiro Ferreira Soares de Oliveira

<u>Audit Board</u>

Chairman:	Dr. Duarte Nuno d' Orey da Cunha
Full members:	Dr. Miguel Camargo de Sousa Eiró
	Dr. Gonçalo Nuno Palha Gaio Picão Caldeira
Alternate member:	Dr. Marta Isabel Guardalino da Silva Penetra

<u>Official Auditor</u>:

Full:	PricewaterhouseCoopers & Associados – SROC, Lda. represented by Dr. Abdul Nasser Abdul Sattar (ROC) or Dr. Ana Maria Ávila de Oliveira Lopes Bertão (ROC)
Alternate:	Dr. Jorge Manuel Santos Costa (ROC)

<u>Board of Directors</u>:

Chairman:	Pedro Mendonça de Queiroz Pereira
Directors:	Maria Maude Mendonça de Queiroz Pereira Lagos
	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 Pereira Gens Paredes
	Dr. Paulo Miguel Garcês Ventura
	Dr. Rita Maria Lagos do Amaral Cabral
	Eng. António da Nóbrega de Sousa da Câmara
	Dr. António Paiva de Andrada Reis
	Fernando Maria Costa Duarte Ulrich ([*])
	Eng. Joaquim Martins Ferreira do Amaral

► II.2. OTHER COMMITTEES WITH MANAGEMENT AND SUPERVISORY POWERS, AND RESPECTIVE MEMBERS

The company has the following committees with management and supervisory responsibilities:

[*] The Director Fernando Maria Costa Duarte Ulrich has tendered his resignation, but this resignation has not taken effect as of the date of this report.

Executive Board

Pedro Mendonça de Queiroz Pereira, que preside
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
Dr. Paulo Miguel Garcês Ventura.

Internal Control Committee

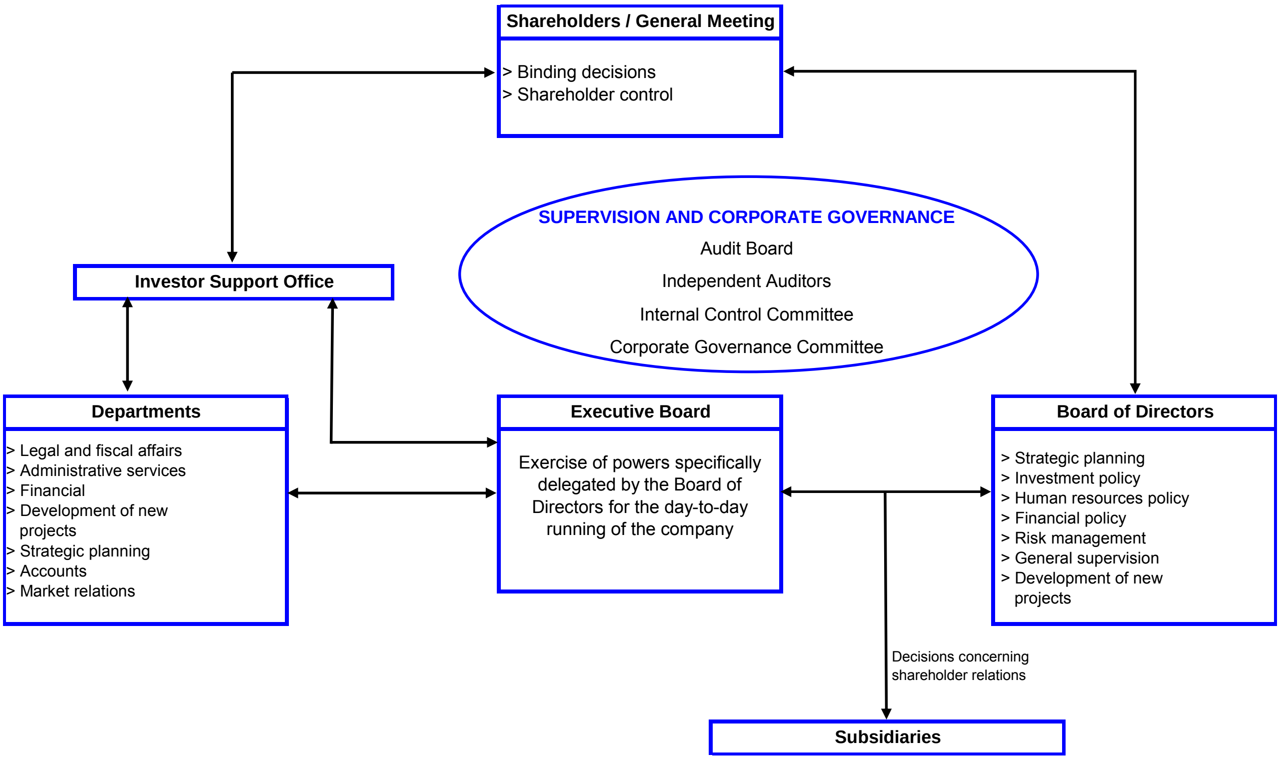
Dr. Duarte Nuno D'Orey da Cunha
Dr. Álvaro Manuel Ricardo Nunes
Eng. Joaquim Martins Ferreira do Amaral

Corporate Governance Committee

Dr. Rita Maria Lagos do Amaral Cabral
Eng. Gonçalo Allen Serras Pereira
Eng. Jorge Manuel de Mira Amaral

► II.3. ORGANIZATIONAL CHARTS OR FLOW CHARTS SHOWING THE DIVISION OF RESPONSIBILITIES BETWEEN THE DIFFERENT COMPANY BODIES, COMMITTEES AND/OR DEPARTMENTS, INCLUDING INFORMATION ON POWERS DELEGATED OR SPECIAL RESPONSIBILITIES ASSIGNED TO SPECIFIC DIRECTORS OR MEMBERS OF THE AUDIT BOARD AND A LIST OF MATTERS WHERE POWERS ARE NOT TO BE DELEGATED.

The following chart illustrates the organization of the company and the division of responsibilities between bodies and committees:



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:

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 and IT issues, which are the responsibility of 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.

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.

No special powers or responsibilities are allocated to individual members of the Audit Board.

In addition to the Audit Board and the Internal Control Committee, as outlined in the following item of this chapter, the company has a Corporate Governance Supervisory Committee (CGSC) which 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 currently Drª Rita Maria Lagos do Amaral Cabral, a non-executive director of the company, Eng. Gonçalo Allen Serras Pereira, who is a consultant and was an executive director of the company until 2005, and Eng. Jorge Manuel de Mira Amaral, who is a director of controlled/controlling companies who was for several years an officer of Semapa's general meeting

► II.4. DESCRIPTION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS WITHIN THE COMPANY, NAMELY AS REGARDS THE FINANCIAL INFORMATION DISCLOSURE SYSTEM

The company's risks are controlled by the Board of Directors, by the Audit Board, by the External Auditors and through an organizational unit with special responsibilities in this area, the Internal Control Committee (ICC).

The Audit Board plays a particularly important role in this field, with all the powers and responsibilities assigned to it directly by law. The ICC's sphere of responsibility is closely connected, and their proceedings are coordinated by their common member, the Chairman of the Audit Board.

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.

► II.5. POWERS OF THE MANAGEMENT BODY, IN PARTICULAR WITH REGARD TO RESOLUTIONS ON INCREASING THE SHARE CAPITAL

Under the Articles of Association, the Board of Directors does not have powers to resolve on increases in share capital.

It is recognized that permitting the board of directors to resolve on this would offer practical advantages and greater rapidity However, the need has not yet been felt to propose this to the shareholders.

► II.6. INDICATION OF THE EXISTENCE OF RULES OF PROCEDURE FOR CORPORATE BODIES OR ANY INTERNALLY DEFINED RULES ON INCOMPATIBILITY AND THE MAXIMUM NUMBER OF POSITIONS THAT A MEMBER IS ENTITLED TO HOLD AND WHERE THESE RULES MAY BE CONSULTED

The board of directors and the audit board have rules of procedures which are published on the company website (www.semapa.pt), where they may be consulted.

There are no internal rules on incompatibility or the maximum number of positions that directors may hold on the management bodies of other companies.

► II.7. RULES APPLICABLE TO APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

There are no special rules in Semapa on the appointment and replacement of members of the board of directors. The general rules contained in the Companies Code should therefore be applied.

As the code provides a balances framework, for both the appointment and the replacement of directors, and given that there are no special circumstances in Semapa requiring another solution, the Board of Directors has seen fit to maintain the situation as it stands.

► II.8. NUMBER OF MEETINGS IN THE PERIOD OF THE MANAGEMENT AND SUPERVISORY BODIES AND OTHER COMMITTEE WITH MANAGEMENT AND SUPERVISORY POWERS

In the course of 2008 there were 4 meetings of the Board of Directors, 5 meetings of the Audit Board and 23 meetings of the Executive Board.

The Internal Control Committee met twice and the Corporate Governance Control Committee also met twice during the period.

► II.9. IDENTIFICATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER COMMITTEES CREATED WITHIN THE COMPANY, DISTINGUISHING BETWEEN EXECUTIVE AND NON-EXECUTIVE MEMBERS, AND WITH REGARD TO THE LATTER, DETAILING MEMBERS WHO COMPLY WITH THE INCOMPATIBILITY RULES PROVIDED FOR IN ARTICLE 414-A.1, EXCEPT FOR ITEM B), AND THE INDEPENDENCE CRITERION REFERRED TO IN ARTICLE 414.5, BOTH OF THE COMPANIES CODE

Executive Directors

The executive members of the Board of Directors are those indicated above as members of the Executive Board.

It should be noted that, in the case of Semapa, it is not possible to draw a clear line between directors who are members of the executive board and directors who serve as mere “advisers” to the Board of Directors. Directors who are not members of the Executive Board are sometimes called on to perform duties in the company which go beyond providing advice at board meetings. However, these duties cannot be described in a standardized format, as they vary form person to person, and over time, depending also on the issues involved.

None of the directors who are not members of the executive board can be classified as “executive” directors. Even in the case of Eng. Joaquim Ferreira do Amaral, who is the non-executive directors that keeps the closest contact with management affairs, there is no general and permanent involvement such as would justify such classification.

Due to the actual nature of their duties, the executive directors cannot and should not be regarded as “independent” or not “incompatible” under the criteria of Articles 414-A and 414 of the Companies Code.

Non-executive Directors

Maria Maude Mendonça de Queiroz Pereira Lagos, as director of companies with significant holdings in Semapa, is not independent. She also fails to meet the criteria for incompatibility, insofar as she is related to the Chairman of the Board of Directors, who holds office in companies related to Semapa.

Dr. Rita Maria Lagos do Amaral Cabral is also a director of companies with significant holdings in Semapa, and cannot therefore be classified as independent. However, in her case there are no circumstances which qualify as a factor of "incompatibility".

Eng. António da Nóbrega de Sousa da Câmara may be classified as independent and there is no factor of incompatibility.

Dr. António Paiva de Andrada Reis was until the end of 2008 a director in companies with qualifying holdings in Semapa, and he cannot therefore be classified as independent for the financial year in question. However, he is not subject to any factor of incompatibility.

Mr. Fernando Maria Costa Duarte Ulrich does not meet the requirements of Articles 414 and 411-A on independence and incompatibility, as he is a director of companies with a qualifying holding in Semapa and of a company with which Semapa has significant commercial dealings.

Eng. Joaquim Martins Ferreira do Amaral is director of a company controlled by Semapa and cannot therefore be classified under the rules in question as independent or as not having any factor of incompatibility.

- ► II.10. PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, INDICATING THEIR PROFESSIONAL ACTIVITIES OVER AT LEAST THE LAST FIVE YEARS, THE NUMBER OF SHARES HELD IN THE COMPANY, THE DATE OF FIRST APPOINTMENT AND OF EXPIRY OF THEIR TERM OF OFFICE.
- ► II.11. OFFICE HELD BY MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP.

Below we detail, for each of the members, their professional qualifications, the number of shares held, the date when first appointed and term of office, office held in other companies inside and outside the Semapa Group, and other professional activities carried on in the last 5 years.

Pedro Mendonça de Queiroz Pereira

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

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A ....Chairman of the Board of Directors
CIMENTOSPAR - Participações Sociais, SGPS, Lda ....Manager
CIMINPART - Investimentos e Participações, SGPS, S.A.......................Chairman of the Board of Directors
CMP - Cimentos Maceira e Pataias, S.A. ....Chairman of the Board of Directors
PORTUCEL - Empresa Produtora de Pasta e Papel, S.A. ....Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A...................................Chairman of the Board of Directors
SECILPAR Inversiones, S.L. ....Chairman of the Board of Directors
SEINPART - Participações, SGPS, S.A...Chairman of the Board of Directors

SEMINV - Investimentos, SGPS, S.A.. ....Chairman of the Board of Directors
SOPORCEL - Sociedade Portuguesa de Papel, S.A...............................Chairman of the Board of Directors

5. Office held in other companies:

CIMIGEST, SGPS, S.A..Chairman of the Board of Directors
COSTA DAS PALMEIRAS – Turismo e Imobiliário, S.A...........................Chairman of the Board of Directors
ECOVALUE – Investimentos Imobiliários, L.da ....Manager
LONGAPAR, SGPS, SA ....Chairman of the Board of Directors
O E M - Organização de Empresas, SGPS, S.A. ....Chairman of the Board of Directors
SODIM, SGPS, SA ....Chairman of the Board of Directors
TEMA PRINCIPAL – SGPS, S.A. ....Director
TERRAÇOS D'AREIA – SGPS, S.A. ....Chairman of the Board of Directors
VÉRTICE - Gestão de Participações, SGPS, S.A. ....Chairman of the Board of Directors

6. Other professional activities over the last five years:

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

<u>Maria Maude Mendonça de Queiroz Pereira Lagos</u>

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: General High School Certificate (Lisbon).
3. Date of first appointment and term of office: 1994 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
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
YDREAMS - Informática S.A. ....Director
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 five years:

LONGAVIA - Imobiliária, S.A. ....Director
VÉRTICE – Gestão de Participações, SGPS, S.A...................................Director

<u>Carlos Eduardo Coelho Alves</u>

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Mechanical Engineering, from the Instituto Superior Técnico (1971).

3. Date of first appointment and term of office: 1991 - 2009
4. Office held in other Semapa Group companies:

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

5. Office held in other companies: No office held in other companies

6. Other professional activities over the last five years:

BETOPAL, S.L. .... Director
CIMIGEST, SGPS, S.A. .... Director
CIMO - Gestão de Participações, SGPS, S.A. .... Director
CMPartin - Inversiones y Participaciones Empresariales S.L. .... Director
FESPECT – Serviço de Consultadoria, S.A. .... Director
LONGAPAR, SGPS, S.A. .... Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A. .... Chairman of the Board of Directors
PARSECIL, S.L. .... Director
SEMAPA Inversiones, S.L. .... Director
SODIM, SGPS, S.A. .... Director
SONACA, SGPS, S.A. .... Chairman of the Board of Directors

<u>José Alfredo de Almeida Honório</u>

1. Number of shares held in the company: 20,000 shares
2. Professional qualifications: Degree in Economics from the Faculty of Economics, University of Coimbra (1980)
3. Date of first appointment and term of office: 1994 - 2009
4. Office held in other Semapa Group companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.. .... Director and Chairman of the Executive Board
ALIANÇA FLORESTAL – Soc. para o Des. Agro-Florestal, S.A. .... Chairman of the Board of Directors
CIMENTOSPAR - Participações Sociais, SGPS, L.da .... Manager
CIMINPART - Investimentos e Participações, SGPS, S.A. .... Director
CMP - Cimentos Maceira e Pataias, S.A. .... Director
IMPACTVALUE - SGPS, S.A. .... Chairman of the Board of Directors
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A. .... Director and Chairman of the Executive Board
PORTUCEL FLORESTAL – Empresa de Desenv. Agro-Florestal, S.A. ... Chairman of the Board of Directors
PORTUCELSOPORCEL Energia, SGPS, S.A. .... Chairman of the Board of Directors
PORTUCELSOPORCEL Floresta, SGPS, S.A (anteriormente

denominada SOPORCEL – Gest. de Part. Sociais, SGPS. S.A). .... Chairman of the Board of Directors
PORTUCELSOPORCEL Papel – SGPS, S.A. .... Chairman of the Board of Directors
PORTUCELSOPORCEL Participações, SGPS, S.A. .... Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A. .... Director
SEINPART - Participações, SGPS, S.A. .... Director
SEMINV - Investimentos, SGPS, S.A. .... Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A. .... Director and Chairman of the Executive Board
TECNIPAPEL – Soc. de Transformação e Distribuição de Papel, L.da .... Chairman of the Management Board
RAIZ – Instituto de Investigação da Floresta e Papel .... Member of the Management Board

5. Office held in other companies:

IBET – Instituto de Biologia Experimental e Tecnológica .... Chairman of the Management Board
CELPA – Associação da Indústria Papeleira .... Chairman of the General Board and Member of the Executive Board
CEPI – Confederation of European Paper Industries .... Member of the Board of Directors and of the Executive Board

6. Other professional activities over the last five years:

BETOPAL, S.L. .... Director
CIMIGEST, SGPS, S.A. .... Director
CIMO - Gestão de Participações, SGPS, S.A. .... Director
CIMPOR – Cimentos de Portugal, SGPS, S.A .... Director
CMPartin - Inversiones y Participaciones Empresariales S.L. .... Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da ...... Manager
HEWBOL – SGPS, L.da .... Manager
LONGAPAR, SGPS, S.A.. .... Director
PARCIM Investment B.V. .... Director
PARSECIL, S.L. .... Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A. .... Director
SECILPAR Inversiones, S.L. .... Director
SEMAPA Inversiones, S.L. .... Director

Francisco José Melo e Castro Guedes

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Finance from the Instituto Superior de Ciências Económicas e Financeiras; MBA Insead.
3. Date of first appointment and term of office: 2001 - 2009
4. Office held in other Semapa Group companies:

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

5. Office held in other companies:

VIROC PORTUGAL – Indústrias de Madeira e Cimento, S.A. .... Chairman of the Board of Directors

6. Other professional activities over the last five 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. .... Director

Carlos Maria Cunha Horta e Costa

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

GREAT EARTH - Projectos, S.A. .... Director

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
SONACA, SGPS, S.A.. Chairman of the Board of Directors
LONGAPAR, SGPS, S.A. .... Director

6. Other professional activities over the last five 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

José Miguel Pereira Gens Paredes

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Economics
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies:

ABAPOR - Comércio e Indústria de Carnes, S.A. .... Director
Aprovechamiento Integral de Subprodutos Ibéricos, S.A. .... Director
BIOLOGICAL - Gestão de Resíduos Industriais, L.da .... Manager
ETSA - Empresa de Transformação de Subprodutos Animais S.A. .... Director
I.T.S. - Indústria Transformadora de Subprodutos, S.A. .... Director
SEBOL - Comércio e Indústria de Sebo, S.A... Director
SEINPART - Participações, SGPS, S.A.. Director
SEMINV - Investimentos, SGPS, S.A.. .... Director
VERDEOCULTO - Investimentos, SGPS, S.A.. Director

5. Office held in other companies:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Director
CIMO – Gestão de Participações, SGPS, S.A.	Director
LONGAPAR, SGPS, S.A.	Director
SONACA, SGPS, S.A.	Director

6. Other professional activities over the last five years:

BECIM – Corretora de Seguros, L.da	Manager
CIMINPART – Investimentos e Participações, SGPS, S.A.	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.	Director
SODIM, SGPS, S.A.	Member of the Audit Board
SECILPAR Inversiones, S.L.	Director
TERCIM – Terminais de Cimento, S.A.	Director

Paulo Miguel Garcês Ventura

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon. Registered with the Portuguese Bar Association. IEP Insead.
3. Date of first appointment and term of office: 2006 – 2009
4. Other office held in Semapa Group companies:

ABAPOR - Comércio e Indústria de Carnes, S.A.	Director
Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Director
BIOLOGICAL - Gestão de Resíduos Industriais, L.da	Manager
ETSA - Empresa de Transformação de Subprodutos Animais S.A.	Director
I.T.S. - Indústria Transformadora de Subprodutos, S.A.	Director
SEBOL - Comércio e Indústria de Sebo, S.A.	Director
SEINPART - Participações, SGPS, S.A.	Chairman of the General Meeting
SEMAPA Inversiones, S.L.	Director
SEMINV - Investimentos, SGPS, S.A	Chairman of the General Meeting
VERDEOCULTO – Investimentos, SGPS, S.A.	Chairman of the General Meeting

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.	Director
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
HOTEL RITZ, S.A.	Chairman of the General Meeting
LONGAPAR, SGPS, S.A.	Director
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
REFUNDOS - Sociedade Gest. de Fundos de Invest. Imobiliário, S.A.	Chairman of the General Meeting
SODIM, SGPS, S.A.	Director
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 five years:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.................Chairman of the General Meeting
CIMO - Gestão de Participações, SGPS, S.A...Chairman of the General Meeting
IMOCIPAR – Imobiliária, S.A. ....Chairman of the General Meeting
LONGAPAR, SGPS, S.A. ....Chairman of the General Meeting
SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.................Company Secretary
In legal practice.

Rita Maria Lagos do Amaral Cabral

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

Casa Agrícola Amaral Cabral, L.da. ....Manager
CIMIGEST, SGPS, S.A..Director
Companhia Agrícola da Quinta do Duque ....Chairman of the General Meeting
Sociedade Amaral Cabral & Associados – Soc. de Advogados, RL.........Director
Sociedade Agrícola do Margarido, L.da..Manager
SODIM, SGPS, S.A. ....Director
Banco Espírito Santo, S.A. ....Member of the Remuneration Committee

6. Other professional activities over the last five 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. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree Civil Engineering (1977), IST; MSc (1979) and PhD (1982) in Environmental Engineering Systems.
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

YDREAMS - Informática S.A. ....Chairman of the Board of Directors

6. Other professional activities over the last five years:

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

António Paiva de Andrada Reis

1. Number of shares held in the company: holds no shares in the company

2. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon.
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

Automóvel Clube de Portugal.	Chairman of the Audit Committee
Sociedade Agrícola do Vale Silva, L.da	Manager

6. Other professional activities over the last five years:

Associação Portuguesa de Seguradores.	Chairman
CIMIPAR - Sociedade Gestora de Participações Sociais, S.A.	Director
CIMIGEST, SGPS, S.A.	Director
CIMO - Gestão de Participações, SGPS, S.A.	Director
LONGAPAR, SGPS, S.A.	Director

Fernando Maria Costa Duarte Ulrich

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

Banco BPI, S.A.	Chairman of the Executive Board and Vice Chairman of the Board of Directors
Banco de Fomento de 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, SGPS, L.da	Manager
BPI Capital Finance Limited (Cayman Islands)	Director
Banco BPI Cayman, Limited (Cayman Islands)	Director
BPI Global Investment Fund Management Company SA (Luxemburgo)	Chairman
BPI Madeira, SGPS, Unipessoal	Member of the Board of Directors
Associação Portuguesa de Bancos	Member of Management Board

6. Other professional activities over the last five years:

Banco Português de Investimento, S.A.	Vice Chairman of the Boar 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 the Advisory Board

Joaquim Martins Ferreira do Amaral

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in mechanical engineering - IST
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies:

   GREAT EARTH - Projectos, S.A. .... Chairman of the Board of Directors

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 five 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

► II.12. IDENTIFICATION OF THE MEMBERS OF THE AUDIT BOARD, INDICATING THE MEMBERS THAT COMPLY WITH THE INCOMPATIBILITY RULES PROVIDED FOR IN ARTICLE 414-A.1 AND THE INDEPENDENCE CRITERION PROVIDED FOR IN ARTICLE 414.5, BOTH OF THE COMPANIES CODE

The composition of the Audit Board is indicated above; there are three full members and one alternate member.

All members of the Audit Board are independent as defined in Article 414.5 of the Companies Code and comply with the incompatibility rules established in Article 414-A of the same Code.

► II.13. PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE AUDIT BOARD, PROFESSIONAL ACTIVITIES OVER THE LAST FIVE YEARS OR MORE, THE NUMBER OF SHARES HELD IN THE COMPANY, DATE OF FIRST APPOINTMENT AND EXPIRY OF TERM OF OFFICE

► II.14. OFFICE HELD BY MEMBERS OF THE AUDIT BOARD IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP

Duarte Nuno D'Orey da Cunha

1. Number of shares held in the company: holds 2,907 shares in the company
2. Professional qualifications: Degree in finance, ISCEF
3. Date of first appointment and term of office: 2004-2009
4. Office held in other Semapa Group companies:

   PORTUCEL – Empresa Produtora de Pasta e Papel, S.A .... Chairman of the Audit Board

5. Office held in other companies:

    CIMIPAR – Sociedade Gestora de Participações Sociais, S.A................Chairman of the General Meeting
    LONGAVIA – Imobiliária, S.A. ....Director
    VÉRTICE – Gestão de Participações, SGPS, S.A...................................Director
    Sociedade Agrícola da Quinta da Vialonga, S.A......................................Director
    SONACA, SGPS, S.A...Chairman of the General Meeting

6. Other professional activities over the last five years:

    BEIRA-RIO – Sociedade Construtora de Armazéns, S.A. ....Director
    CIMILONGA – Imobiliária, S.A...Assessor da Administração

<u>Miguel Camargo de Sousa Eiró</u>

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in law, University of Lisbon (1971)
3. Date of first appointment and term of office: 2006-2009
4. Office held in other Semapa Group companies:

    PORTUCEL – Empresa Produtora de Pasta e Papel, S.A ....Member of the Audit Board

5. Office held in other companies: No office held in other companies.

6. Other professional activities over the last five years:

    Legal practice

<u>Gonçalo Nuno Palha Gaio Picão Caldeira</u>

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in law, Portuguese Catholic University, Lisbon (1990); Concluded professional traineeship at the Lisbon District Council of the Bar Association (1991); Master of Business Administration (MBA), Universidade Nova de Lisboa (1996); Attended postgraduate course in real estate management and valuation, ISEG (2004)
3. Date of first appointment and term of office: 2006-2009
4. Office held in other Semapa Group companies:

    PORTUCEL – Empresa Produtora de Pasta e Papel, S.A ....Member of the Audit Board

5. Office held in other companies:

    LOFTMANIA – Gestão Imobiliária, Lda..Manager

6. Other professional activities over the last five years:

    SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.................Consultancy
    Property management and development, on an individual and family basis

► II.18. DESCRIPTION OF THE REMUNERATION POLICY AND THE ALIGNMENT OF THE DIRECTORS' INTERESTS WITH THOSE OF THE COMPANY AND THE PERFORMANCE ASSESSMENT, DISTINGUISHING

BETWEEN EXECUTIVE AND NON-EXECUTIVE DIRECTORS, A SUMMARY OF AND THE RATIONALE FOR THE COMPANY'S POLICY ON COMPENSATION GRANTED BY CONTRACT OR SETTLEMENT IN THE EVENT OF DISMISSAL AND OTHER PAYMENTS FOR EARLY TERMINATION

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 comprises a share in profits, limited by the articles of association to 5% of the net profits for the directors as a whole.

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 the various figures, just as the individual degree of involvement in company affairs and their specific contribution are considered when assessing the remuneration of non-executive directors.

The only body with powers to assess the performance of directors for remuneration purposes is the Remuneration Committee, which conducts the appraisal needed to set the fixed and variable remuneration.

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 in part II of this Information on Corporate Governance.

► II.19. COMPOSITION OF THE REMUNERATION COMMITTEE OR SIMILAR BODY, WHENEVER APPLICABLE, IDENTIFYING THE RELEVANT MEMBERS WHO ARE ALSO MEMBERS OF THE BOARD OF DIRECTORS, AS WELL AS THEIR SPOUSES, RELATIVES AND IN-LAWS IN THE DIRECT LINE, TO THE THIRD DEGREE, INCLUSIVE.

The composition of the Remuneration Committee:

Egon Zehnder, represented by Dr. José Gonçalo Maury
Eng. Frederico José da Cunha Mendonça e Meneses.
Paulo Luís Ávila de Abreu

No member of this committee or any of their spouses, relatives or in-laws, in the direct line, to the third degree, is a member of the company's other bodies.

► II.20. INDICATION OF THE INDIVIDUAL AND COLLECTIVE REMUNERATION, UNDERSTOOD IN THE BROAD SENSE SO AS TO INCLUDE PERFORMANCE BONUSES EARNED DURING THE PERIOD BY THE MEMBERS OF THE BOARD OF DIRECTORS.

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	1.954.365,87 €	794.425,42 €	2.748.791,29 €
Variable remuneration	2.527.878,00 €	914.629,00 €	3.442.507,00 €
Total	4.482.243,87 €	1.709.054 €	6.191.298,29 €

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, as described in detail below in the respective declaration included in part II of this Information on Corporate Governance. The appraisal of the duties of each individual, of the company's state of affairs and of compliance with market criteria presupposes an assessment of the company's performance as a whole and that of each individual director.

Payment of the variable component is not deferred; this remuneration is paid in the period in which the respective resolution is adopted.

In addition to these amounts, the company's executive directors also earned remuneration for their management duties in controlled companies totalling 7.498.305,80 €, including fixed and variable remuneration.

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.

► II.21. Individual information on the amounts payable, of any nature, in the event of departure from office prior to expiry of term, when more than twice the fixed monthly remuneration

As stated above, the company has no policy on compensation or other severance payments in the event of departure from office, other than the retirement pension plans approved at the general meeting and referred to in above in chapter II.20.

► II.22. Information on the policy adopted in the company on the reporting of irregularities

The company 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 “Regulations on Notification of Irregularities” is reserved.

The Company also 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.

Chapter III
Information

► III.1. CAPITAL STRUCTURE, INCLUDING INDICATION OF SHARES NOT ADMITTED FOR TRADING, DIFFERENT CATEGORIES OF SHARES, RIGHTS AND DUTIES ATTACHED TO THE SAME, AND THE PERCENTAGE OF THE CAPITAL REPRESENTED BY ANY SUCH CATEGORY

Semapa's share capital comprises solely ordinary shares, with a nominal value of one euro each, with no differences in the rights and duties pertaining to each share.

The share capital is represented by 118,332,445 shares, corresponding to share capital of the same amount in euros; all shares are admitted for trading.

► III.2. QUALIFYING HOLDINGS IN THE ISSUER'S SHARE CAPITAL, CALCULATED IN ACCORDANCE WITH ARTICLE 20 OF THE SECURITIES CODE.

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
A -	Cimigest, SGPS, SA	1.097.966	0,93%	0,97%
	Cimo - Gestão de Participações, SGPS, S.A.	14.106.675	11,92%	12,50%
	Longapar, SGPS, S.A.	20.769.300	17,55%	18,40%
	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.	625.199	0,53%	0,55%
	Managers of Soc. Agrícola da Q.ta da Vialonga:			
	Duarte Nuno d'Orey da Cunha	2.907	0,00%	0,00%
	Maude da Conceição Santos M. de Queiroz Pereira	145.685	0,12%	0,13%
	Sodim, SGPS, S.A.	18.842.424	15,92%	16,69%
	Sub-total:	57.720.746	48,778%	51,13%
B -	Banco BPI, S.A.	-	-	-
	Banco Português de Investimento, S.A. – own portfolio	3.294	0,00%	0,00%
	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%
	Sub-total:	12.009.004	10,15%	10,64%
C -	Banco Espírito Santo, S.A.	-	-	-
	Fundo de Pensões do BES	6.058.823	5,12%	5,37%
	Sub-total:	6.058.823	5,12%	5,37%

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
D -	Credit Suisse Group	-	-	-
	Credit Suisse (votes also imputable to Credit Suisse Securities (Europe) Limited to whom the shares have been loaned)	19.279.477	16,29%	17,08%
	Credit Suisse International	4.320.523	3,65%	3,83%
	Sub-total:	23.600.000	19,94%	20,91%
E -	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F.I.	4.839.276	4,09%	4,29%
	Bestifond, F.I.	2.324.386	1,96%	2,06%
	Bestinver Mixto, F.I.	1.049.019	0,89%	0,93%
	Soixa SICAV	590.311	0,50%	0,52%
	Bestinver Bestvalue SICAV	429.690	0,36%	0,38%
	Bestinver Renta, F.I.	151.803	0,13%	0,13%
	Texrenta Inversiones SICAV	117.724	0,10%	0,10%
	Bestinver Hedge Value Fund FIL	111.176	0,09%	0,10%
	Loupri Inversiones	31.487	0,03%	0,03%
	Divalsa de Inversiones SICAV, SA	20.316	0,02%	0,02%
	Acciones, Cup. y Obli. Segovianas	15.609	0,01%	0,01%
	Linker Inversiones, SICAV, SA	11.542	0,01%	0,01%
	Jorick Investment	5.479	0,00%	0,00%
	Sub-total:	9.697.818	8,20%	8,59%
F -	INKA, Internationale Kapitalanlagegesellschaft mbH	-	-	-
	Open-ended investment funds	2.485.759	2,10%	2,20%
	Sub-total:	2.485.759	2,10%	2,20%

Semapa holds 2,720,000 own shares, and the company Seminv - Investimentos, SGPS, S.A., wholly controlled by Semapa, holds 2,727,975 shares in Semapa, meaning that there are 5,447,975 shares, corresponding to 4.6% of the capital, subject to the rules on treasury stock.

► III.3. Identification of shareholders with special rights, and description of such rights.

No shareholders or categories of shareholders in Semapa have special rights.

► III.4. Any restrictions on the transferability of shares, such as consent clauses for disposal, or limitations on ownership of shares

Semapa has no restrictions of any kind on the transferability or ownership of its shares.

► III.5. Shareholders' Agreements known to the company or which might lead to restrictions on the transfer of securities or voting rights

The company is unaware of any shareholders' agreement on shares in its capital, notwithstanding the open coordination of voting rights by Cimigest, SGPS, S.A. and other entities, on terms which follow from the list of qualifying holdings.

► III.6. Rules applicable to amendment of the articles of association

Semapa has no special rules on the amendment of its articles of association. The general rules deriving from the Companies Code therefore apply to these issues.

► III.7. Control mechanisms in an employee ownership scheme insofar as voting rights are not directly exercised by employees

There is no employee ownership scheme in Semapa.

► III.8. Description of evolution in the issuer's share price.

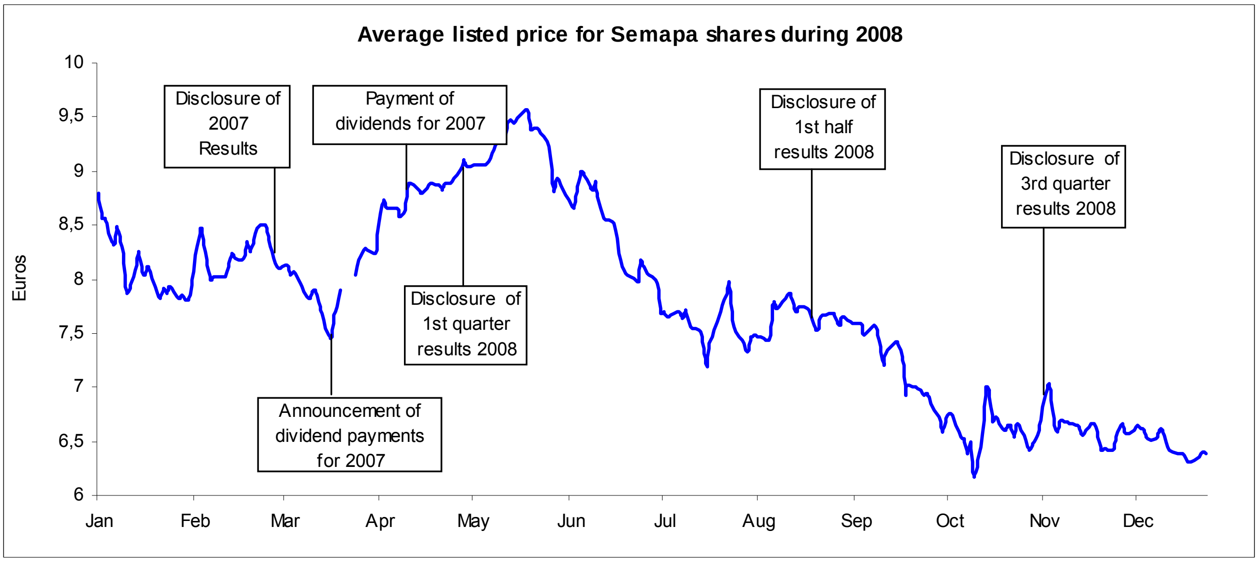
In 2008, the world's stock exchanges dropped in value by an average of 40%. Portugal's stock exchange was not immune to this trend, and the PSI20 index recorded an even sharper fall, in the order of 51%.

The average daily price for Semapa shares varied between a low of 6.17 euros and a high of 9.57 euros. Average daily trading for the period was 236,562 shares.

In the period immediately following disclosure of the 2007 results, on 25 February 2008, the share price dropped and it remained low through to the date of the dividend announcement.

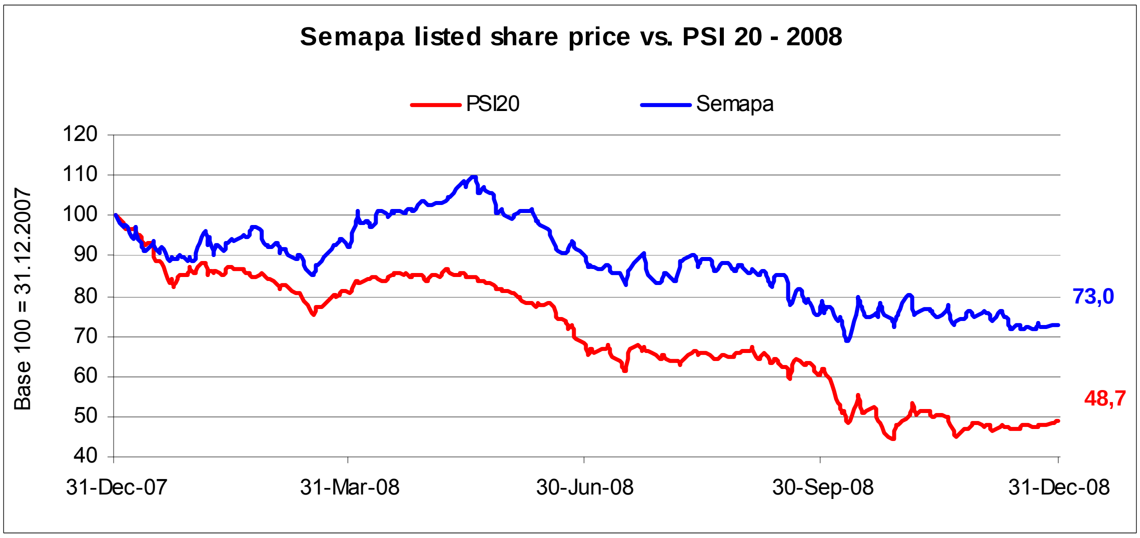
The distribution of the dividend of 0.255 euros per share, corresponding to a net dividend, for shareholders subject to tax, of 0.204 euros per share, had no significant impact on formation of the share price.

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



After gaining in value through to late May, Semapa shares then moved down in value through to the end of the year.

In this scenario of heavy losses, Semapa shares were down by 27% on the year, and from mid-January onwards consistently outperformed the PSI20, as shown in the following graph:



Note: closing prices

► III.9. DESCRIPTION OF THE DIVIDEND DISTRIBUTION POLICY ADOPTED BY THE COMPANY, INCLUDING THE DIVIDEND PER SHARE DISTRIBUTED DURING THE LAST THREE PERIODS

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:

2006 (in relation to 2005) 0.420€ per share
2007 (in relation to 2006) 0.230€ per share
2008 (in relation to 2007) 0.255€ per share

The payment of dividends in 2006 in relation to the financial year of 2005 reflected an extraordinary and non-recurrent profit resulting from the sale of Enersis, which justified a dividend proposal much higher than would otherwise have been the case.

► III.10. A DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE AND SHARE OPTION PLANS ADOPTED OR VALID FOR THE FINANCIAL YEAR IN QUESTION, THE REASON FOR ADOPTING SAID SCHEME AND DETAILS OF THE CATEGORY AND NUMBER OF PERSONS INCLUDED IN THE SCHEME, SHARE-ASSIGNMENT CONDITIONS, NON-TRANSFER OF SHARE CLAUSES, CRITERIA ON SHARE-PRICING AND THE EXERCISING OPTION PRICE, THE PERIOD DURING WHICH THE OPTIONS MAY BE EXERCISED, THE CHARACTERISTICS OF THE SHARES TO BE DISTRIBUTED, THE EXISTENCE OF INCENTIVES TO PURCHASE AND/OR EXERCISE OPTIONS, AND THE RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR EXECUTING AND/OR CHANGING THE PLAN

As stated above, the company has no share or share option plans.

► III.11. DESCRIPTION OF THE MAIN TRANSACTIONS AND OPERATIONS CARRIED OUT BETWEEN THE COMPANY AND THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODY, THE OWNERS OF QUALIFYING HOLDINGS OR CONTROLLED, CONTROLLING OR GROUP COMPANIES, WHEN ECONOMICALLY SIGNIFICANT FOR ANY OF THE PARTIES INVOLVED, EXCEPT FOR THOSE TRANSACTIONS OR OPERATIONS THAT ARE CARRIED OUT ON AN ARMS-LENGTH BASIS AND FORM PART OF THE COMPANY'S NORMAL BUSINESS

There are no transactions to record.

► III.12. REFERENCE TO THE EXISTENCE OF AN INVESTOR SUPPORT OFFICE OR OTHER SIMILAR SERVICE.

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.

Dr. José Miguel Gens Paredes can be contacted at the email address jmparedes@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.

► III.13. INDICATION OF ANNUAL REMUNERATION PAID TO THE AUDITOR OR OTHER INDIVIDUALS OR ENTITIES BELONGING TO THE SAME NETWORK SUPPORTED BY THE COMPANY AND/OR BY

CONTROLLED, CONTROLLING OR GROUP ENTITIES AND DETAILS OF THE PERCENTAGE RELATING TO SUCH SERVICES

The following costs were incurred in relation to auditors in 2008 by the company and other related companies:

Services – Audit of Accounts		448.174,00 €
Other reliability assurance services		185.375,00 €
Fiscal advisory services		188.408,00 €
Services other than legal auditing		- €
	Total:	821.957,00 €

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.

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 2008)

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

- José Alfredo de Almeida Honório – 20,000 shares in the company
- Duarte Nuno d'Orey da Cunha – 2,907 shares in the company

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 – 16,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.

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

- Cimigest, SGPS, S.A. – 1,097,966 shares in the company and 1,669,253 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Cimo - Gestão de Participações, SGPS, S.A. – 14,106,675 shares in the company and 107.204 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.
- Longapar, SGPS, S.A. – 20,769,300 shares in the company
- Sodim, SGPS, SA – 18,842,424 shares in the company
- Sociedade Agrícola da Quinta da Vialonga, S.A. – 625,199 shares in the company and 61,696 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Sonagi, SGPS, S.A. – 96,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Sonaca, SGPS, SA – 1,630,590 shares in the company.
- OEM - Organização de Empresas, SGPS, SA – 500,000 shares in the company.
- BPI Vida – Companhia de Seguros de Vida, S.A. – 104,598 shares in the company.
- Funds managed by BPI Pensões – Sociedade Gestora de Fundos de Pensões, S.A. – 10,851,954 shares in the company

Semapa

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

- Duarte Nuno d'Orey da Cunha carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Purchase/Sale
02-Jun	600	8.70 €	Purchase
29-Aug	360	7.60 €	Purchase
24-Sep	492	6.90 €	Purchase

- Duarte Nuno d'Orey da Cunha purchased 2,100 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A., for a price of 2.25€ per share, on 02 June 2008
- Longapar, SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Purchase/Sale
15-May	315,800	9.50 €	Purchase
28-May	453,500	8.82 €	Purchase

- Cimigest, SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Purchase/Sale
17-Oct	706,104	7.32 €	Purchase
17-Oct	391,762	6.88 €	Acquisition through swap (*)

- On 29 July 2008, Cimigest, SGPS, S.A. promised to purchase 645.604 shares in the company, for a price of 7.28 € per share plus additional compensation for the time elapsing up to execution of the transaction.

- Cimigest, SGPS, S.A. carried out the following transactions in shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.:

Date	Quantity	Price per share	Purchase/Sale
01-Sep	182,237	2.06 €	Purchase
02-Sep	378,992	2.09 €	Purchase

Date	Quantity	Price per share	Purchase/Sale
03-Sep	348,212	2.14 €	Purchase
04-Sep	3,516,433	2.18 €	Purchase
05-Sep	2,303,902	2.14 €	Purchase
08-Sep	819,394	2.18 €	Purchase
09-Sep	91,582	2.17 €	Purchase
10-Sep	382,541	2.16 €	Purchase
11-Sep	125,000	2.16 €	Purchase
12-Sep	250,212	2.18 €	Purchase
15-Sep	357,834	2.16 €	Purchase
16-Sep	186,094	2.11 €	Purchase
17-Sep	351,572	2.11 €	Purchase
18-Sep	397,619	2.11 €	Purchase
19-Sep	12,677	2.09 €	Purchase
17-Oct	8,035,048	2.12 €	Disposal through swap (*)

- Sodim, SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Purchase/Sale
03-Apr	62,870	8.65 €	Purchase
03-Apr	183	8.55 €	Purchase
04-Apr	27,918	8.64 €	Purchase
17-Oct	706,104	7.32 €	Sale
17-Oct	3,907,443	6.88 €	Acquisition through swap (*)

- On 29 July 2008, Sodim, SGPS, S.A. promised to sell 645,604 shares in Semapa, for a price of 7.28 € per share plus additional compensation for the time elapsing up to execution of the transaction.

- Sodim, SGPS, S.A. carried out the following transactions in shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.:

Date	Quantity	Price per share	Purchase/Sale
08-Apr	82,508	2.17 €	Purchase
09-Apr	600,000	2.19 €	Purchase
10-Apr	910,000	2.20 €	Purchase
11-Apr	702,250	2.30 €	Purchase
14-Apr	3,800	2.29 €	Purchase
15-Apr	25,000	2.30 €	Purchase
16-Apr	200,000	2.32 €	Purchase

Date	Quantity	Price per share	Purchase/Sale
17-Apr	986,224	2.40 €	Purchase
18-Apr	316,734	2.43 €	Purchase
04-Aug	65,000	1.81 €	Purchase
05-Aug	70,000	1.85 €	Purchase
06-Aug	547,159	1.93 €	Purchase
07-Aug	530,000	2.00 €	Purchase
08-Aug	300,000	2.07 €	Purchase
11-Aug	465,030	2.13 €	Purchase
12-Aug	135,000	2.12 €	Purchase
13-Aug	150,000	2.10 €	Purchase
14-Aug	150,000	2.12 €	Purchase
15-Aug	100,000	2.13 €	Purchase
17-Oct	5,909,691	1.93 €	Acquisition by swap (*)
17-Oct	12,248,396	2.07 €	Disposal by swap (*)

- Cimo – Gestão de Participações, SGPS, S.A. carried out the following transactions in shares in the company:

Date	Quantity	Price per share	Purchase/Sale
15-May	315,800	9.50 €	Sale
28-May	453,500	8.82 €	Sale
17-Oct	605,016	6.88 €	Disposal by swap (*)
17-Oct	1,269,281	6.88 €	Acquisition by swap (*)

- Cimo – Gestão de Participações, SGPS, S.A. carried out the following transactions in shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.:

Date	Quantity	Price per share	Purchase/Sale
22-Apr	25,000	2.39 €	Purchase
05-May	51,500	2.39 €	Purchase
06-May	375,000	2.38 €	Purchase
07-May	177,000	2.37 €	Purchase
08-May	73,000	2.36 €	Purchase
09-May	100,000	2.39 €	Purchase
14-May	117,850	2.39 €	Purchase
15-May	202,700	2.38 €	Purchase
16-May	1,000	2.39 €	Purchase
20-May	203,343	2.40 €	Purchase
21-May	172,151	2.40 €	Purchase
22-May	170,000	2.40 €	Purchase
23-May	308,326	2.38 €	Purchase

Date	Quantity	Price per share	Purchase/Sale
26-May	212,554	2.35 €	Purchase
27-May	600,000	2.29 €	Purchase
28-May	434,904	2.25 €	Purchase
29-May	711,545	2.25 €	Purchase
30-May	320,000	2.26 €	Purchase
02-Jun	260,000	2.24 €	Purchase
18-Sep	438,000	2.11 €	Purchase
17-Oct	4,515,873	1.93 €	Disposal by swap (*)
17-Oct	330,796	2.12 €	Disposal by swap (*)

- Sociedade Agrícola da Quinta da Vialonga, S.A. disposed of 17,336 shares in the company, on 13 November 2008, by means of a swap, with no set price, although the unit value per share attributed internally by the company was 6.88 €
- Sociedade Agrícola da Quinta da Vialonga, S.A. carried out the following transactions in shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.:

Date	Quantity	Price per share	Purchase/Sale
17-Oct	505,000	1.72 €	Purchase
20-Oct	70,000	1.70 €	Purchase
21-Oct	218,264	1.70 €	Purchase
22-Oct	60,000	1.69 €	Purchase
23-Oct	70,000	1.69 €	Purchase
24-Oct	331,000	1.68 €	Purchase
13-Nov	1,192,568	1.70 €	Disposal by swap (*)

- Banco Português de Investimento, S.A.

Date	Quantity	Price per share	Purchase/Sale
02-Jan	54	8.87€	Purchase
03-Jan	96	8.56€	Purchase
02-Jan	96	8.60€	Sale
07-Jan	1,176	8.33€	Purchase
07-Jan	1,176	8.33€	Sale
21-Jan	8,521	7.95€	Sale
21-Jan	8,521	7.95€	Purchase
23-Jan	19,740	7.83€	Purchase
24-Jan	19,740	7.89€	Sale
20-Mar	3,348	7.80€	Sale
07-Apr	25,000	8.64€	Sale
04-Apr	25,000	8.63€	Purchase
25-Apr	8,657	8.88€	Sale
25-Apr	8,657	8.89€	Purchase
08-May	7,500	9.20€	Purchase

Date	Quantity	Price per share	Purchase/Sale
12-May	7,500	9.26€	Sale
14-May	1,500	9.48€	Purchase
15-May	1,500	9.45€	Sale
10-Jun	10,034	8.91€	Sale
10-Jun	10,034	8.92€	Purchase
23-Jul	8,328	8.00€	Sale
24-Jul	8,328	7.94€	Purchase
04-Sep	120	7.60€	Purchase
04-Sep	120	7.60€	Sale
13-Oct	858	6.60€	Sale
13-Oct	858	6.63€	Purchase
30-Dec	22,545	6.45€	Purchase
30-Dec	22,545	6.45€	Sale

- BPI Vida – Companhia de Seguros de Vida, S.A.

Date	Quantity	Price per share	Purchase/Sale
17-Jan	2,156	7.98€	Sale
21-Jan	556	7.84€	Sale
25-Jan	12,705	7.95€	Purchase
25-Jan	4,879	7.95€	Purchase
25-Jan	2,416	7.95€	Purchase
30-Jan	1,445	7.84€	Purchase
04-Feb	8,756	8.43€	Purchase
04-Feb	12,952	8.43€	Purchase
04-Feb	3,292	8.43€	Purchase
12-Feb	372	7.98€	Sale
20-Feb	464	8.23€	Sale
18-Mar	5,012	7.70€	Sale
18-Mar	278	7.59€	Sale
25-Mar	5,000	8.07€	Sale
26-Mar	10,000	8.13€	Sale
26-Mar	7,091	8.13€	Sale
26-Mar	2,909	8.13€	Sale
27-Mar	40,000	8.25€	Sale
01-Apr	4,000	8.43€	Sale
11-Apr	503	8.84€	Sale
23-Apr	4,075	8.86€	Sale
23-Apr	4,824	8.86€	Sale
23-Apr	1,101	8.86€	Sale
13-May	25,000	9.44€	Sale
14-May	13,879	9.51€	Sale
14-May	11,121	9.51€	Sale
16-May	2,356	9.50€	Sale
26-May	10,300	9.21€	Sale
04-Jun	730	8.62€	Sale
20-Jun	371	8.02€	Sale
15-Jul	212	7.38€	Purchase
12-Aug	40	7.88€	Sale

Date	Quantity	Price per share	Purchase/Sale
12-Aug	35	7.89€	Sale
19-Aug	405	7.57€	Sale
02-Sep	3,348	7.58€	Sale
02-Sep	786	7.60€	Sale
03-Sep	993	7.59€	Purchase
03-Sep	402	7.59€	Purchase
03-Sep	119	7.59€	Purchase
03-Sep	121	7.59€	Purchase
03-Sep	495	7.59€	Purchase
03-Sep	482	7.59€	Purchase
03-Sep	196	7.59€	Purchase
03-Sep	159	7.59€	Purchase
03-Sep	88	7.59€	Purchase
03-Sep	19,531	7.59€	Purchase
04-Sep	8,722	7.59€	Purchase
04-Sep	10,254	7.59€	Purchase
04-Sep	14	7.59€	Purchase
04-Sep	362	7.59€	Purchase
04-Sep	61	7.59€	Purchase
04-Sep	44	7.59€	Purchase
04-Sep	44	7.59€	Purchase
04-Sep	301	7.59€	Purchase
04-Sep	744	7.59€	Purchase
04-Sep	88	7.59€	Purchase
04-Sep	237	7.59€	Purchase
04-Sep	1,423	7.59€	Purchase
11-Sep	210	7.31€	Sale
18-Sep	16,054	6.95€	Sale
18-Sep	18,876	6.95€	Sale
21-Oct	1,584	6.67€	Sale
21-Oct	491	6.68€	Sale
21-Oct	416	6.69€	Sale
28-Oct	25,000	6.38€	Sale
29-Oct	1,731	6.41€	Sale
29-Oct	2,000	6.45€	Sale
29-Oct	7,928	6.45€	Sale
29-Oct	3,473	6.45€	Sale
29-Oct	2,500	6.45€	Sale
29-Oct	500	6.46€	Sale
29-Oct	2,500	6.48€	Sale
29-Oct	2,281	6.50€	Sale
29-Oct	219	6.50€	Sale
29-Oct	1,423	6.55€	Sale
29-Oct	77	6.57€	Sale
29-Oct	368	6.75€	Sale
31-Oct	25,000	6.61€	Sale
05-Nov	17,440	6.64€	Sale
06-Nov	17,447	6.56€	Sale
10-Nov	13,213	6.70€	Sale
14-Nov	12,000	6.55€	Sale

Date	Quantity	Price per share	Purchase/Sale
04-Dec	16,000	6.60€	Sale
11-Dec	18,200	6.48€	Sale
12-Dec	18,200	6.38€	Sale
23-Dec	10,900	6.39€	Sale

(*) The swaps indicated were carried out with no set price, and the value indicated corresponds to an average of the value per shares attributed internally by the company in question.

IV. Assessment of the governance model adopted and activities of the non-executive members of the Board of Directors

The Board of Directors has assessed the governance model adopted, with a special contribution to this end having been made by the Corporate Governance Control Committee.

The assessment of a corporate governance model is a process of reflection which should involve not only the various aspects of the issues considered throughout the Corporate Governance Report, but most importantly the manner in which governance is structured, in terms of boards and committees. The first part of this reflection has been made in the report, dealing in particular with the recommendations adopted and not adopted, and explanation of the associated reasons. The second part is carried out here, by looking at a range of issues, from the structure adopted under the terms of Article 278 of the Companies Code, the committees operating in the company and the supervisory framework chosen through to the activities of non-executive directors and, in the last instance, the characteristics of the persons suitable or not suitable for appointment to particular office in the company.

This assessment involves a perspective which is halfway between the shareholder view and the management view, because whilst it is the directors who experience the system implemented most directly on a daily basis, it is broadly up to the shareholders to decide on the model they wish to apply and the person they wish to elect to corporate office, in line with the model chosen.

So in addition to describing the activities of the non-executive members of the board of directors, we shall provide merely a brief outline of the sensibilities of the members of the Board of Directors in this regard, considering also that this is a matter where sensibilities are always highly varied.

Starting with the basic framework, it is generally agreed that the structure adopted under Article 278 of the Companies Code is the most appropriate. This conclusion is reached not merely through resistance to change; instead, it is essentially based on a perception that the other two possible structures are less appropriate.

The possible structure consisting of a board of directors which would have an audit committee is generally rejected intuitively, as it goes against the general feeling as to what constitutes a “normal” organizational structure in a company. To have the persons responsible for supervision as members of the Board of Directors, even if this were essentially just a legal fiction, would generate confusion as to roles and positions which would be experienced negatively by most of the directors. This might be the easiest option for companies who look on their non-executive directors as essentially “supervisors”, but this is not the case at Semapa and is consequently the reason for this feeling.

The other possible structure, consisting of an Executive Board of Directors and a General and Supervisory Board, also appears less appropriate than the model currently in place. A General and Supervisory Board would appear to function, in comparison with the model currently in place in Semapa, as a hybrid between the non-executive directors and the Audit Board: on the one hand it has powers of supervision, on the other hand it can act as a second instance for management matters. Here too, the blurring of the line between management duties and supervisory duties is not very attractive, and the option of a General and Supervisory Board without the need to authorize certain management acts would not bring any great advantage in comparison with the structure of a Board of Directors and a Supervisory Board.

Another factor in favour of the existing system is always the familiarity of the persons involved with the existing structure, allowing them to take better advantage of its potential, and also the inevitable costs of a radical change.

No advantage is therefore seen in proposing to the shareholders any structural change in the company's organization.

As regard the auditing structure, the legislation in these cases leaves no other option to listed companies – Article 413.2 of the CSC.

The decision to set up the committees currently existing in the company, except for the Remuneration Committee, was taken in the exercise of the Board of Directors' own powers.

Special reference should be made to the Executive Board. Although Semapa is a holding company, and therefore has a very simple administrative structure, the delegation of powers to this board is considered to be fully justified. There are many matters which require immediate collegiate attention, and the intervention of the other directors is reserved for matters of greater moment or specific issues. The directors without delegated powers are not only no regarded as mere "supervisors" of the company but are also in some cases more deeply engaged than simply as advisers at board meetings.

The Internal Control Committee and the Corporate Governance Control Committee are justified by reasons already explored in other parts of this Information on Corporate Governance. However, as a result of the assessment conducted by the corporate governance committee, questions have been raised as to the usefulness of maintaining the Internal Control Committee, which was originally created in response to the rules on whistle blowing, for which responsibility has since been transferred by law to the Audit Board. The original functions of the Internal Control Committee have in part been absorbed by the extended scope of powers of the Audit Board. In this regard also, the simplified administrative structure of Semapa as a holding company and the fact that its subsidiaries have their own systems for internal control points to the need for rethinking the position of the internal control committee.

The actual activities of the non-executive members of the Board of Directors is an important part of the general assessment of the governance model in force in the company. As we have already seen, the activity of the non-executive directors of Semapa does not consist merely of attending and providing advice at meetings of the Board of Directors.

The position, participation and engagement of the non-executive directors is not the same in all cases. Some directors are further removed from daily activities, as is the case of Eng. António Câmara or Mr. Fernando Ulrich, who collaborate as advisers at the formal meetings of the Board of Directors and are heard and asked to contribute to specific discussions on particular issues.

Other directors, such as Dr. Rita Amaral Cabral and Eng. Joaquim Ferreira do Amaral, in addition to taking part in the way described, are also more directly involved in the company's activities, not least by sitting on the committees set up by the Board of Directors. Dr. Amaral Cabral sits on the Corporate Governance Control Committee whilst Eng. Ferreira do Amaral sits on the Internal Control Committee.

There are other specific tasks carried out by non-executive directors which are not related to the specialist committees, such as the participation by the director Maude Queiroz Pereira Lagos in the corporate representation of the company and the involvement of Eng. Joaquim Ferreira do Amaral in a specific management project.

As already explained elsewhere in this report, the non-executive directors have access to all information on company affairs, are supported at all times by the executive directors and have reported no constraints experienced in the course of their work.

The essential feature of the activities of non-executive directors is the diversity of their participation and contribution, which is believed to be healthy and positive for the company's interests.

The most important decision to be taken by shareholders with regard to corporate governance and the composition of the company bodies is whether or not to appoint independent directors. The other independence restrictions are mandatory legal requirements. There are no great reasons for wishing independent non-executive directors in the case of Semapa and, as stated above in relation to the clear distinction between those with responsibility for management (with more or less direct or hands-on involvement) and those with responsibility for supervision, this option fits in with the directors' understanding of the role of the different company officers.

It is sincerely believed that the manner in which the company organizes itself and conducts itself within a given form which it has adopted has greater implications in terms of corporate governance that the manner in which the company decided formally to structure itself.

The organization of corporate governance in this company has functioned effectively, without constraints, with respect for the interests of shareholders, employees and officers, and we therefore believe that different arrangements are not currently of interest.

DECLARATION
AS REQUIRED BY ARTICLE 245.1 C)
OF THE SECURITIES CODE

Article 245.1 c) of the Securities Code requires that each of the persons responsible for issuers make a number of declarations, as described in this article. In the case of Semapa, a uniform declaration has been adopted, worded as follows:

> *I hereby declare, under the terms and for the purposes of Article 245.1 c) of the Securities Code that, as far as I am aware, the management report, annual accounts, legal accounts certificate and other financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the financial year of 2008, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of the said company and other companies included in the consolidated accounts, and that the management report contains a faithful account of the business, performance and position of the said company and other companies included in the consolidated accounts, describing the main risks and uncertainties which they face.*

Considering that the members of the Audit Board and the Official Auditor sign an equivalent declaration in relation to the documents for which they are responsible, a separate declaration with the above text was signed by the directors only, as it was deemed that the company officers fall within the concept of “persons responsible for the issuer”. As required by this rule, we provide below a list of the persons signing the declaration and their office in the company:

Name	**Office**
Pedro Mendonça de Queiroz Pereira	Director
Maria Mande Mendonça de Queiroz Pereira Lagos	Director

Name	Office
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

Semapa

Consolidated Financial Statements

31 December 2008

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008 and 2007

Amounts in Euro	Note	2008	2007
Revenues			
Sales	4	1,404,769,228	1,404,209,668
Service income	4	36,970,861	31,165,056
Income			
Gains on disposal of non-current assets	5	21,297,827	30,995,869
Other operating income	5	61,072,765	24,116,259
Change in fair value of biological assets	18	(97,703)	(370,699)
Costs			
Cost of sales	6	(588,135,620)	(498,271,500)
Movement in finished goods and work in progress	6	32,542,350	3,717,334
Third party supplies	6	(387,732,999)	(381,224,931)
Personnel costs	6	(166,339,811)	(166,503,477)
Other costs and losses	6	(58,121,600)	(15,166,747)
Provisions increase / (decrease)	6	(15,137,199)	(12,545,957)
Depreciation, amortization and impairment losses	8	(124,179,046)	(116,830,240)
Operational results		**216,909,053**	**303,290,635**
Group share of associated companies profits	9	432,990	611,427
Net financial results	10	(56,178,301)	(58,574,635)
Profit before tax		**161,163,742**	**245,327,427**
Income tax	11	(23,778,314)	(83,843,941)
Group profit for the financial year		**137,385,428**	**161,483,486**
Net profit for the year			
Attributable to Semapa shareholders		**106,347,480**	**121,950,561**
Attributable to minority interests	13	31,037,948	39,532,925
Earnings per share			
Basic earnings per share, Eur	12	0.942	1.067
Diluted earnings per share, Eur	12	0.942	1.067

CONSOLIDATED BALANCE SHEET

As of 31 December 2008 and 2007

Amounts in Euro	Note	2008	2007
Assets			
Non-Current Assets			
Goodwill	15	330,370,980	285,675,118
Other intangible assets	16	176,504,902	152,963,362
Plant, property and equipment	17	1,775,576,228	1,621,494,019
Investment properties		169,276	177,434
Biological assets	18	122,827,050	122,924,753
Investment in associates	19	1,828,322	1,878,882
Financial assets at fair value through profit or loss	20	13,400,586	-
Available-for-sale financial assets	21	877,174	1,427,137
Deferred tax assets	28	31,775,603	33,704,431
Other non-current assets		1,365,582	1,232,046
		2,454,695,703	**2,221,477,182**
Current Assets			
Inventories	23	288,970,191	177,434,516
Receivable and other current assets	24	276,176,825	375,324,637
State and other public entities	25	55,462,868	44,160,535
Cash and cash equivalents	31	205,172,630	438,742,899
		825,782,514	**1,035,662,587**
Total Assets		**3,280,478,217**	**3,257,139,769**
Equity and Liabilities			
Capital and Reserves			
Share capital	26	118,332,445	118,332,445
Treasury shares	26	(47,164,986)	(47,164,986)
Share premiums		3,923,459	3,923,459
Translation reserves	27	(14,005,971)	(14,378,266)
Fair value reserves	27	3,580,893	4,755,757
Other reserves	27	649,750,205	614,568,727
Retained earnings	27	574,051	(56,162,674)
Net profit for the year		106,347,480	121,950,561
Consolidated shareholders' equity		**821,337,576**	**745,825,023**
Minority interest	13	302,940,493	304,873,080
Total Equity		**1,124,278,069**	**1,050,698,103**
Non-current liabilities			
Deferred taxes liabilities	28	278,308,207	272,965,603
Pensions and other post-employment benefits	29	125,142,849	122,608,285
Provisions	30	54,865,795	46,454,921
Interest-bearing liabilities	31	1,227,116,283	1,208,813,406
Other non-current liabilities		18,834,060	21,698,842
		1,704,267,194	**1,672,541,057**
Current liabilities			
Interest-bearing liabilities	31	64,032,032	117,794,597
Payables and other current liabilities	32	326,778,240	316,026,889
State and other public entities	25	61,122,682	100,079,123
		451,932,954	**533,900,609**
Total liabilities		**2,156,200,148**	**2,206,441,666**
Total equity and liabilities		**3,280,478,217**	**3,257,139,769**

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR

As at 31 December 2008 and 2007

Amounts in Euro	2008	2007
Retained earnings for the year without minority interests	**137,385,428**	**161,483,486**
Fair value in financial derivative instruments	(2,081,056)	3,086,462
Fair value in available-for-sale financial investments	76,703	(18,092,125)
Currency translation differences	425,018	(7,865,139)
Actuarial gains / (losses) (Note 29)	(312,926)	12,406,135
Tax on items above when applicable	2,086,645	(5,251,363)
Profit directly recognized in equity	**194,384**	**(15,716,030)**
Total recognized income and expense for the year	**137,579,812**	**145,767,456**
Attributable to:		
Semapa's shareholders	108,939,884	105,373,832
Minority Interests	28,639,928	40,393,624
	137,579,812	**145,767,456**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
From 1January 2007 to 31 December 2008

	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the year	Total	Minority interests	Total
Equity as of 1 January 2007	**118,332,445**	**(10,399,412)**	**3,923,459**	**22,532,476**	**550,385,918**	**(9,359,315)**	**(29,812,510)**	**91,399,271**	**737,002,332**	**525,275,087**	**1,262,277,419**
Currency translation differences	-	-	-	-	-	(5,018,951)	-	-	(5,018,951)	(2,846,188)	(7,865,139)
Distribution of net profit of 2006:											
- Transfer to reserves	-	-	-	-	64,182,809	-	-	(64,182,809)	-	-	-
- Dividends paid	-	-	-	-	-	-	-	(27,216,462)	(27,216,462)	-	(27,216,462)
Treasury share aquisitions	-	(36,765,574)	-	-	-	-	-	-	(36,765,574)	-	(36,765,574)
Change in the consolidation perimeter	-	-	-	-	-	-	-	-	-	(18,355,769)	(18,355,769)
Change in the consolidation method	-	-	-	-	-	-	-	-	-	(211,507,450)	(211,507,450)
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(30,929,289)	(30,929,289)
Change in actuarial assumptions*	-	-	-	-	-	-	4,937,198	-	4,937,198	3,035,487	7,972,685
Fair value of available-for-sale financial assets*	-	-	-	(18,092,125)	-	-	-	-	(18,092,125)	-	(18,092,125)
Revaluation due to control aquisition*	-	-	-	(1,281,742)	-	-	-	-	(1,281,742)	-	(1,281,742)
Fair value of financial instruments	-	-	-	1,597,148	-	-	-	-	1,597,148	671,402	2,268,550
Goodwill	-	-	-	-	-	-	(31,890,244)	-	(31,890,244)	-	(31,890,244)
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	627,434	-	627,434	-	627,434
Other movements	-	-	-	-	-	-	(24,552)	-	(24,552)	(3,125)	(27,677)
Net profit for the year	-	-	-	-	-	-	-	121,950,561	121,950,561	39,532,925	161,483,486
Equity as of 31 December 2007	**118,332,445**	**(47,164,986)**	**3,923,459**	**4,755,757**	**614,568,727**	**(14,378,266)**	**(56,162,674)**	**121,950,561**	**745,825,023**	**304,873,080**	**1,050,698,103**
Currency translation differences	-	-	-	-	-	372,295	-	-	372,295	1,536,378	1,908,673
Distribution of net profit of 2007:											
- Transfer to reserves	-	-	-	-	35,181,478	-	-	(35,181,478)	-	-	-
- Transfer to retained earnings	-	-	-	-	-	-	57,287,910	(57,287,910)	-	-	-
- Dividends paid	-	-	-	-	-	-	-	(29,481,173)	(29,481,173)	-	(29,481,173)
Treasury share aquisitions	-	-	-	-	-	-	-	-	-	-	-
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	(23,262,571)	(23,262,571)
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(8,902,329)	(8,902,329)
Change in actuarial assumptions*	-	-	-	-	-	-	3,040,633	-	3,040,633	(1,816,481)	1,224,152
Fair value of available-for-sale financial assets*	-	-	-	(277,637)	-	-	-	-	(277,637)	-	(277,637)
Revaluation due to control aquisition*	-	-	-	-	-	-	-	-	-		-
Fair value of financial instruments*	-	-	-	(897,227)	-	-	-	-	(897,227)	(632,351)	(1,529,578)
Goodwill	-	-	-	-	-	-	(4,159,989)	-	(4,159,989)	279,389	(3,880,600)
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	695,634	-	695,634	-	695,634
Other movements	-	-	-	-	-	-	(127,463)	-	(127,463)	(172,570)	(300,033)
Net profit for the year	-	-	-	-	-	-	-	106,347,480	106,347,480	31,037,948	137,385,428
Equity as of 31 December 2008	**118,332,445**	**(47,164,986)**	**3,923,459**	**3,580,893**	**649,750,205**	**(14,005,971)**	**574,051**	**106,347,480**	**821,337,576**	**302,940,493**	**1,124,278,069**

** Net of deferred taxes*

CONSOLIDATED CASH FLOW STATEMENT
As of 31 December 2008

Amounts in Euro	Note	Cement	Paper	Environment	Holdings	Total
OPERATING ACTIVITIES						
Received from customers		351,045,270	1,196,617,556	32,307,815	-	1,579,970,641
Payments to suppliers		(225,828,016)	(870,952,333)	(18,869,768)	(3,006,873)	(1,118,656,990)
Payments to employees		(27,490,169)	(115,241,913)	(4,091,173)	(9,200,099)	(156,023,354)
Cash flow generated from activities		97,727,086	210,423,310	9,346,874	(12,206,972)	305,290,298
(Payments) / receipts of income tax		(4,130,543)	(49,467,698)	(762,508)	2,714,050	(51,646,699)
Other (payments) / receipts from operating activities		(35,689,578)	(16,452,153)	(4,073,224)	824,319	(55,390,636)
Cash flow from operating activities (1)		**57,906,965**	**144,503,459**	**4,511,142**	**(8,668,603)**	**198,252,963**
INVESTING ACTIVITIES						
Inflows						
Financial investments		-	-	-	757,179	757,179
Property, plant and equipment		118,568	648,335	-	40,585	807,488
Subsidies to investment		-	58,018,671	-	-	58,018,671
Interest and similar income		1,475,855	33,020,921	4,761	90,983	34,592,520
Dividends		435,630	160,000	-	34,440	630,070
		2,030,054	91,847,927	4,761	923,187	94,805,929
Outflows						
Financial investments		(2,069,121)	-	(1,250,000)	(69,141,601)	(72,460,722)
Cash and cash equivalents from changes in consolitation scope		83,632	-	426,285	-	509,917
Property, plant and equipment		(18,840,021)	(236,624,561)	(1,370,551)	(221,934)	(257,057,067)
Intangible assets		-	-	-	-	-
		(20,825,509)	(236,624,561)	(2,194,266)	(69,363,535)	(329,007,871)
Cash flow from investing activities (2)		**(18,795,455)**	**(144,776,634)**	**(2,189,505)**	**(68,440,348)**	**(234,201,942)**
FINANCING ACTIVITIES						
Inflows						
Borrowings		211,655,262	-	-	482,768,870	694,424,132
		211,655,262	-	-	482,768,870	694,424,132
Outflows						
Borrowings		(233,323,446)	(56,665,577)	(1,226,022)	(454,227,461)	(745,442,506)
Amortisation of financial leases		(73,767)	(139,525)	-	-	(213,292)
Interest and similar expenses		(6,088,117)	(49,289,730)	(760,145)	(27,996,312)	(84,134,304)
Dividends		(2,611,258)	(6,716,879)	-	(28,785,539)	(38,113,676)
Treasury shares aquisition		-	(24,377,377)	-	-	(24,377,377)
		(242,096,588)	(137,189,088)	(1,986,167)	(511,009,312)	(892,281,155)
Cash flow from financing activities (3)		**(30,441,326)**	**(137,189,088)**	**(1,986,167)**	**(28,240,442)**	**(197,857,023)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		8,670,184	(137,462,263)	335,470	(105,349,393)	(233,806,002)
FOREIGN EXCHANGE DIFFERENCES		235,732	-	-	-	235,732
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		47,228,855	471,790,149	-	(80,276,105)	438,742,899
CHANGES IN CONSOLIDATION PERIMETER		-	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**31**	**56,134,772**	**334,327,886**	**335,470**	**(185,625,498)**	**205,172,630**

CONSOLIDATED CASH FLOW STATEMENT

As of 31 December 2007

Amounts in Euro	Note	Cement	Paper	Holdings	Total
OPERATING ACTIVITIES					
Received from customers		334,886,941	1,147,635,205	-	1,482,522,146
Payments to suppliers		(201,778,796)	(666,796,750)	(2,295,722)	(870,871,268)
Payments to employees		(31,505,951)	(113,579,365)	(8,071,333)	(153,156,649)
Cash flow generated from activities		101,602,194	367,259,090	(10,367,055)	458,494,229
(Payments) / receipts of income tax		(265,013)	(12,279,477)	262,840	(12,281,650)
Other (payments) / receipts from operating activities		(31,853,228)	(42,427,479)	(3,198,224)	(77,478,931)
Cash flow from operating activities (1)		**69,483,953**	**312,552,134**	**(13,302,439)**	**368,733,648**
INVESTING ACTIVITIES					
Inflows					
Financial investments		5,941,099	-	83,606,135	89,547,234
Property, plant and equipment		506,941	3,434,799	14,000	3,955,740
Interest and similar income		896,301	14,848,478	221,655	15,966,434
Dividends		553,191	-	128,317	681,508
		7,897,532	18,283,277	83,970,107	110,150,916
Outflows					
Financial investments		(21,970,095)	(1,827,986)	(114,631,663)	(138,429,744)
Cash and cash equivalents from changes in consolitation scope		5,214,212	-	-	5,214,212
Property, plant and equipment		(20,631,555)	(56,532,905)	(185,708)	(77,350,168)
		(37,387,438)	(58,360,891)	(114,817,371)	(210,565,700)
Cash flow from investing activities (2)		**(29,489,906)**	**(40,077,614)**	**(30,847,264)**	**(100,414,784)**
FINANCING ACTIVITIES					
Inflows					
Borrowings		83,466,832	32,101,544	694,649,499	810,217,875
Outflows					
Borrowings		(87,996,694)	(29,009,721)	(645,234,976)	(762,241,391)
Amortisation of financial leases		(163,693)	(329,261)	-	(492,954)
Interest and similar expenses		(5,395,251)	(40,567,770)	(21,615,433)	(67,578,454)
Dividends		-	(31,778,074)	(26,589,028)	(58,367,102)
Treasury shares aquisition		-	-	(36,765,574)	(36,765,574)
		(93,555,638)	(101,684,826)	(730,205,011)	(925,445,475)
Cash flow from financing activities (3)		**(10,088,806)**	**(69,583,282)**	**(35,555,512)**	**(115,227,600)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		29,905,241	202,891,238	(79,705,215)	153,091,264
FOREIGN EXCHANGE DIFFERENCES		(1,955,504)	-	-	(1,955,504)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		37,802,191	268,898,911	(570,890)	306,130,212
CHANGES IN CONSOLIDATION PERIMETER		(18,523,073)	-	-	(18,523,073)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**31**	**47,228,855**	**471,790,149**	**(80,276,105)**	**438,742,899**

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

(Note: translation from a report original issued in Portuguese)

(Amounts expressed in Euro unless otherwise indicated)

The SEMAPA Group ("Group") comprises Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and subsidiaries. Semapa was incorporated on June 21, 1991 and has as its main object the management of financial investments in other companies as an indirect form of carrying out its economic activity.

Head office: Av. Fontes Pereira de Melo, 14, Lx
Share Capital: Euro 118,332,445
Registration No.: 502 593 130

Semapa leads an Enterprise Group with activities in two distinct business segments: cements and related products and pulp and paper developed respectively under the edge of Secil - Companhia Geral de Cal e Cimento, S.A. and Portucel - Companhia Produtora de Pasta e Papel, S.A., and respective subsidiaries.

The consolidated financial statements were approved by the Board of Directors on March 9, 2009.

The board members, who signed this report, declare that, according to their knowledge, the information herein was prepared in accordance with applicable Accounting Standards, giving a true view of assets and liabilities, financial position and results of the companies included in the Group consolidated financial statements.

1. Summary of main accounting policies

The main accounting policies applied in the preparation of the consolidated financial statements are set out below.

1.1 Basis of preparation

The Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS – formerly referred to as the International Accounting Standards - IAS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC) in force on the date of preparation of the mentioned financial statements.

These consolidated financial statements were prepared on a going concern basis, from accounting records of companies included in the consolidation scope herein, and based on historic cost, except for biological assets, and financial instruments which are measured and reported at fair value (Notes 33 and 19).

The preparation of the financial statements requires the use of estimates and relevant judgements when implementing the Group's accounting policies. Significant estimates and assumptions involving a higher degree of judgment or complexity are disclosed in Note 3.

1.2 Changes in consolidation methods and comparability

In 2008, there was no change in methods of consolidation and the comparability is not affected by this.

1.3 Basis of consolidation

1.3.1 <u>Subsidiaries</u>

Subsidiaries are all entities over which the Group has the power to determine their financial and operating policies, generally considered to exist where the Group holds, directly or indirectly more than 50% of voting rights. The existence and the effect of potential voting rights, whether exercisable or convertible are considered when the Group assesses its control.

The shareholders' equity and net profit of these companies that are attributable to third parties are presented separately in the consolidated balance sheet and consolidated income statement under the caption "Minority interests". Companies included in the consolidated financial statements are disclosed in Note 42.

The acquisition of subsidiaries is accounted for on the purchase method. The cost of an acquisition is measured by the fair value of the identifiable assets, equity instruments issued and liabilities incurred or assumed at the date of the transaction, plus costs directly attributable to the acquisition.

Identifiable assets and liabilities and contingent liabilities acquired in a business combination are measured initially at their fair value on acquisition date, irrespective of the existence of any minority interest. The excess of the acquisition cost over the fair value of the Group's share of the identifiable net assets acquired is recorded as Goodwill, as shown in Note 15.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, such as sub-group Portucel and are excluded from consolidation from the date on which control ceases.

In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and the respective acquisition cost is directly recognized in Equity under the caption "Retained earnings" (Note 27).

In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and the respective acquisition cost is directly recognized in Equity under the caption “Retained earnings” (Note 27).

Whenever an reinforcement in the share capital of an associated company results in the control acquisition, and the company starts to be consolidated by full consolidation method, the share in fair values attributable to assets and liabilities, of the stake previously held, is recorded in equity, under the caption “Fair value reserves” (Note 27).

If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary (i.e. negative goodwill), the difference is recognised directly in the income statement in “Other operating income”.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also excluded unless the transaction provides evidence of impairment on the transfer of the asset.

Accounting policies of subsidiaries have been harmonized, where necessary, to ensure consistency with Group policies.

1.3.2 Associates

Associates are all entities over which the Group exercises significant influence but not control, generally representing a stake between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method.

Under the equity method, associates are initially recognised at acquisition cost, adjusted for the Group’s share of changes in associates’ equity (including net profit), and off-set by profits or losses for the period and by dividends received.

The difference between the acquisition cost and the fair value of the assets and liabilities attributable to the associate on the date of acquisition, if positive is registered and reported as goodwill. Negative goodwill is recognised directly in the income statement in other operating income.

Investments in associates are subject to impairment tests when there is evidence that the asset could be impaired. Identified impairment losses are booked in the income statement. Should impairment losses recognised in previous years cease to exist, they are reversed, except for goodwill related impairment losses.

When the Group’s share of losses in an associate equals or exceeds the Group’s investment, recognition of further losses is discontinued except to the extent that the Group has assumed responsibilities or made payments in respect of the associate.

Unrealized gains on transactions with associates are eliminated to the extent of the Group’s interest in such associates. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment on the transfer of the asset.

Accounting policies of associates have been harmonized, whenever necessary, to ensure consistency with Group’s policies.

Associates are disclosed in Note 20.

1.3.3 Joint Ventures

A Joint Venture is an entity in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more entity.

Joint Ventures are accounted for on a proportionate consolidation basis. The Group combines its share in the individual income and expenses, assets and liabilities and cash flows of joint ventures on a line-by-line basis with similar items in the Group’s consolidated financial statements, such as sub-group Secil.

1.4 Segmental reporting

A business segment is a group of assets and operations of the Group which is subject to risks and returns different to that of other segments.

Two business segments were identified: pulp and paper, cement and derivatives.

Pulp and Paper

Portucel – Empresa Produtora de Pasta e Papel, S.A. is the subsidiary acquired in 2004, that leads the Enterprise Group dedicated to the production and sale, in Portugal, Germany, Spain, France, Italy, United Kingdom, Netherlands, Austria and United States, among other of small relevance, of cellulose pulp and paper and its related products purchase of wood, forest and agricultural production, cutting timber and sale of pulp and paper, activities developed in Portugal mainly by itself and its subsidiaries Soporcel – Sociedade Portuguesa de papel, S.A. and Portucel Florestal, S.A., among others.

Cement and derivatives

Secil - Companhia Geral de Cal e Cimento, S.A. leads the Enterprise Group of cements and related products which operates in Portugal, Tunisia, Spain, Angola, Netherlands, France, Lebanon and Cape Verde with cement production, taking place at the Maceira (Portugal), Pataias (Portugal), Gabés (Tunisia), Lobito (Angola) and Beirut (Lebanon) plants and the production and sale of premixed concrete and clay and the operations of quarries facilities via its subsidiaries, of the sub-holding Secil Betões e Inerentes, SGPS S.A..

A geographical segment is an individual area committed to supplying products and services in a particular economic environment which is subject to different risks and benefits from that of segments that operate in other economic environments. The geographical segment is defined considering the country of destination of goods and services sold by the Group.

Segment reporting accounting policies are used consistently in the Group. All inter segmental sales and services rendered are made at market prices and eliminated in the consolidation process.

The segment reporting is presented in Note 4.

1.5 Foreign currency translation

1.5.1 <u>Functional and presentation currency</u>

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Euro, the presentation and the functional currency of the Group.

1.5.2 <u>Balances and transactions expressed in foreign currencies</u>

All Group assets and liabilities denominated in foreign currencies are translated to Euro at the official exchange rate on the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

1.5.3 <u>Group companies</u>

The income statement and financial position of Group entities that have different functional currencies are translated to the group's presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rate at the balance sheet date;

(ii) Income and expenses are translated at the average exchange rate for the reporting year (unless the average exchange rate is not a reasonable approximation of the cumulative effect of rates prevailing on the dates of the transaction. In this case income and expenses items are translated at the exchange rates prevailing at the transaction dates); and

(iii) All resulting translation differences are recognised in equity, and reported separately under the caption "Translation reserves".

1.6 Intangible assets

With the exception of CO2 emission rights, intangible assets are recognised at acquisition cost, less amortization by the straight-line method over a period between 3 and 5 years and impairment losses.

1.6.1 <u>CO2 emission rights</u>

CO2 emission allowances assigned to the Group within the framework of the National Plan for the assignment of CO2 emission licenses on a gratuitous basis are recorded under the captions "Intangible assets" and "Deferred Income – Subsidies" at the market value prevailing at the date of delivery.

The Group records an operating cost and an equivalent liability to cover its' greenhouse gas emissions during the period and an operating income arising from the recognition of the equivalent quota of the allowances assigned to the Group.

Sales of emission rights rise to a profit or loss, representing the difference between the realized amount and the respective purchase price, less the respective subsidy, which is recorded as "Other operating income" or "Other operating costs", respectively.

1.6.2 <u>Brands</u>

When brands are identified in a business combination, the Group records them separately in the consolidated statements at cost, which represents their fair value on the acquisition date.

On subsequent valuation, brands are measured in the Group's consolidated financial statements at cost less accumulated amortization and impairment losses.

1.7 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets, liabilities and contingent liabilities in a business combination and associates, at the date of acquisition.

Goodwill is not amortized and is tested annually for impairment. Goodwill impairment losses are not reversed.

Gains or losses on the disposal of an entity include the carrying amount of goodwill related to that entity.

1.8 Property, plant and equipment

Property, plant and equipment acquired up to January 1, 2004 (date of transition to IFRS) are recorded at cost, or acquisition cost (revaluated) in accordance with accounting principles generally accepted in Portugal up to that date, less depreciation and accumulated impairment losses.

Regarding the subsidiaries CMP, Société des Ciments de Gabés (SCG), Portucel, Soporcel and ETSA, costs of tangible assets at acquisition date of these subsidiaries resulted from an independent economic evaluation.

Property, plant and equipment acquired after transition date are recorded at cost, less depreciation and impairment losses. Acquisition cost includes all expenditures directly attributable to the acquisition of the assets.

Costs incurred after purchase or acquisition are included in the carrying value of the respective asset or recognised as a separate asset, as appropriate, only where future economic benefits are probable and the respective cost can be reliably measured. All repair and maintenance costs are recognised, when occurred, in the income statement in the year.

Depreciation is calculated over acquisition cost, using the straight-line method from the date the asset starts it operation, at rates that best reflect their estimated useful life, as follows:

	Average useful life
Land	14
Buildings and other constructions	12 – 30
Equipment	
Machinery and equipment	6 – 25
Transportation equipment	5 - 9
Tools and utensils	2 - 8
Office equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 - 10

Assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. If the asset's carrying amount exceeds its net realizable value, the difference between its carrying and net realizable value is booked as an impairment loss (Note 1.10).

Gains or losses arising on write-downs or disposals are determined as the difference between the proceeds on disposal and the asset's carrying amount, and are recognised in the income statement as other operating income or costs.

1.9 Investment properties

Investment properties are measured at acquisition cost less depreciation and impairment losses, being the cost for those acquired up to January 1, 2004 (date of transition to IFRS) the historical acquisition cost, or the revalued cost in accordance with generally accounting accepted principles in Portugal up to that date.

1.10 Impairment of non-current assets

Non-current assets with no definitive useful life are not subject to amortisation but are annually tested for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as the excess of an asset's carrying amount over its net realizable value. Net realizable value is the higher of an asset's net selling price and its value in use.
The net selling price is the amount obtained in a sale transaction of the asset between knowledgeable and independent parties, deducted for the costs directly attributable to the sale.

For impairment testing purposes, assets are grouped at the lowest level for which cash flows can be separately identified (cash generating units), in the event it is not possible on an individual asset basis.

Impairment losses are reversed when there is evidence that these impairment losses no longer exist or have reduced (except goodwill impairment losses – see Note 1.7).

This analysis is performed whenever there is evidence that previously recognized impairment losses have reversed. The reversal of impairment losses is recognised in the income statement as other operating income, unless the asset has been subject to revaluation, in which case the reversal represents an increase in the revaluation amount. However, an impairment loss is only reversed up to the amount that would have been recognised (net of amortisation or depreciation) had the impairment not been recognised.

1.11 Biological assets

Biological assets are measured at fair value, less estimated selling costs at the time of harvesting. The Group's biological assets comprise the forests held for the production of timber, capable of incorporating the BEKP production, including other species like pine or cork oak (Quercus suber).

When calculating the fair value of the forests, the Group used the discounted cash flows method, based on a model developed in house, which considers assumptions about the nature of the assets being valued, namely, the expected yield of the forests, the timber selling price deducted by costs relating to harvest and transportation, and also considered plantation costs, maintenance costs and a discount rate.

The discount rate was determined on the basis of the Group's expected rate of return on its forests.

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognised as operating income/ costs.

At the time of harvest, wood is recognised at fair value less estimated costs at point of sale, in this case, the pulp mills.

1.12 Financial investments

The Group classifies its investments into the following categories: Financial assets at fair value through profit or loss, loans granted and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments on initial recognition and evaluates this classification at each reporting date.

All acquisitions and disposals are recognised at the date of the purchase and sale agreements, regardless of the date of settlement.

Investments are initially recognised at acquisition cost. Thereafter, measurement depends on the classification of the investment, as follows:

Loans granted and receivables

Loans granted and receivables are non-derivative financial assets with fixed or identifiable payments not quoted on an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

They are included in current assets, except for maturity terms greater than 12 months after the balance sheet date, in which case they are classified as non-current assets.

Loans granted and receivables are reported as part of receivables and other current assets.

Financial assets at fair value through profit and loss

A financial asset is classified as such if acquired mainly for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current if they either are held for trading or are expected to be sold within 12 months of the balance sheet date. These assets are measured at fair value through the income statement.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets, with fixed or identifiable payments and fixed maturity terms that management has the intention and ability to hold to maturity. Investments in this category are recorded at amortized cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that: (i) the Group has the intention of holding for an undefined period of time, (ii) are designated as available-for-sale at initial recognition or (iii) do not meet the conditions to be classified in the above categories.

These financial investments are recognised at market value, as quoted on the balance sheet date.

If the market of a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash-flows analysis and option pricing models refined to reflect the issuer's specific circumstances.

Potential gains and losses arising from these investments are recorded directly in the fair value reserve until the financial investment is sold, received, or disposed of in any way, at which time the accumulated gain or loss formerly reflected in shareholders' equity is taken to the income statement (Note 27).

If there is no market value or if it is not possible to determine one, the investments in question are recognised at acquisition cost.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. If a prolonged decline in fair value of the available-for-sale financial assets takes place, then the cumulative loss – measured as the difference between acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement.

An impairment loss recognised on available-for-sale financial assets is reversed if the loss was caused by specific external events of an exceptional nature that are not expected to recur but which subsequent external events have reversed; under these circumstances, the reversal does not affect the income statement and the assets subsequent increase in value is thus taken to the fair value reserve.

1.13 Derivative financial instruments

The Group uses derivative financial instruments to manage its financial risks.

Whenever the evolution in interest or exchange rates requires, the Group hedges adverse risks through derivative financial instruments, such as interest rate swaps (IRS), caps and floors, forwards, etc.

The Group has also contacted derivative instruments to hedge its greenhouse emission allowances held.

In selecting derivative financial instruments, the Group focus on the economic efficiency underlying such instruments and, the instruments are recognised in the balance sheet at fair value.

To the extent that the derivative financial instruments are effective hedges, changes in the fair value are recorded in equity and subsequently recognised in the caption "net financial income - Commissions and losses in financial instruments".

The costs associated with the hedging of the underlying liabilities are matched with the inherent rate of the hedge instrument. Gains or losses arising from the earlier termination of these instruments are recognised immediately through the income statement.

Although the derivative financial instruments contracted by the Group represent effective economic hedging instruments, not all of them qualify as hedging instruments in accordance with IAS 39. Derivative financial Instruments which do not qualify as hedging instruments are stated at fair value and changes in fair value are recognised through the income statement as commissions and losses in financial instruments (Note 10).

Where possible, the fair value of derivative financial instruments is measured based on listed instruments. If no market prices are available, the fair value of derivative financial instruments are estimated based on the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions. The fair value of the derivative financial instruments is reported mainly under receivables and other current assets and payables and other current liabilities.

Additionally the Group contracted derivative financial instruments relating to the portfolio held in the greenhouse gases allowances.

1.14 Income Tax

Income tax includes current and deferred taxation. Current income tax is calculated based on net profit, adjusted in accordance with tax law prevailing at the balance sheet date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying accounting amounts in the consolidated financial statements.

Deferred tax is determined using tax rates expected to be prevailing when the related timing differences revert back.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

1.15 Inventory

Inventories are measured as follows:

i) Goods held for resale and raw materials
Goods held for resale and raw materials are stated at the lower of acquisition cost and net realizable value. Cost includes ancillary acquisition costs and is determined using the weighted average cost basis.

ii) Finished and intermediate products and work in progress

Finished and intermediate products and work in progress are valued at the lower of production cost (which includes the cost of raw materials, labour and related production overheads, based on normal operating capacity levels) and the net realizable value.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable completion and selling costs.

1.16 Receivables and other current assets

Receivables and other current assets are stated at gross value less impairment losses necessary to adjust them to their expected net realizable value (Note 24).

Impairment losses are recorded when there is clear evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

1.17 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank deposits, and other short-term investments with original maturities of three months or less, which can be turned into liquid assets without a significant risk of value fluctuation. The consolidated cash flow statement includes under this caption bank overdrafts, which are shown in the consolidated balance sheet, under Interest-bearing current liabilities.

1.18 Share capital and treasury shares

Ordinary shares are classified under equity (Note 26).

Costs directly attributed to the issue of new shares or other equity instruments are shown in equity as a deduction, net of tax, of the issue proceeds.

When the company buys back its own shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company’s equity holders until such time as the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and related income tax thereon, is included in equity attributable to the company’s equity holders.

1.19 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Interest-bearing liabilities are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the debt, using the effective interest rate method.

Interest-bearing liabilities are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date (Note 31).

1.20 Borrowing costs

Borrowing costs are generally recognised as financial costs in accordance with the accrual principle (Note 10).

Borrowing costs directly related to the acquisition, construction, or manufacture of fixed assets, are capitalized when the related period is longer than 12 months.

Capitalization of borrowing costs commences on construction or development of the asset and terminates on commissioning or when the respective project is suspended.

Any financial income earned on loans that are directly associated with a specific investment is deducted from capitalized financial costs.

1.21 Provisions

Provisions are recognised whenever the Group has a legal or actual responsibility as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions for future operating losses are not recognised. Provisions are reviewed on balance sheet date and are adjusted to reflect the best estimate at that date (Note 30).

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures related to equipment and operational procedures that ensure compliance with applicable legislation and regulations (as well as the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, those related to minimizing energy consumption, atmosphere emissions, production of waste and noise, to those established for the execution of environmental rehabilitation plans) are capitalized when they are intended to serve the Group's business in a sustainable manner, as well as those associated with future economic benefits and which serve to extend life expectancy, increase capacity or improve the safety or efficiency of other assets held by the Group (Notes 30 and 35).

Lands used in quarrying activities must be restored to their original environmental state, although the Group's practice is to restore quarries freed up on a continual and progressive basis, recognizing the related expendures in the income statement in the period incurred.

The Group engages specialized independent entities to evaluate liabilities and the estimated period of exploration related to quarries that can only be restored when exploration ceases, recognised for this purpose a provision under the caption "Provisions" (Note 30).

1.22 Pensions and other employee benefits

1.22.1 <u>Pension obligations – defined benefit plans</u>

Certain Group companies operate defined benefit pension plans, to cover complementary pension responsibilities to its employees covering retirement, disability, early retirement and surviving spouse pensions

As mentioned in Note 29, the plans are generally funded through payments to autonomous pension funds.

In accordance with IAS 19, the liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, including adjustments for unrecognised past-service costs.

The defined benefit obligation is calculated every semester by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability.

Past service costs resulting from the implementation of a new defined benefit plan, or increases in benefits attributed under an existent defined benefit plan are recognised immediately in situations where the benefits are to be paid or are vested.

The liability is disclosed in the balance sheet, less the funds' market value under the caption "Pensions and other post-employment benefits" in non-current liabilities.

Actuarial gains and losses arising from the differences between the assumptions used and those which effectively occurred (as well as changes made to those actuarial assumptions and the difference between the expected return of funds and their actual yield) are recognised directly in equity (Note 27).

Gains and losses generated by a curtailment or settlement of a defined benefit pension plan are recognised in the income statement.
A curtailment occurs when there is a material reduction in the number of employees or when the plan is modified in a way that benefits are materially decreased.

1.22.2 <u>Other post-employment benefits</u>

Additionally, the Group assume the following post-employment benefits:

Benefits on retirement and death

CMP – Cimentos Maceira e Pataias, S.A., a Group company assumed the commitment to pay its employees (i) a termination benefit or disability benefit, representing three months of the last salary and a death in service benefit of one month of the last salary received.

Additionally, some of the companies of Portucel's group assumed liabilities for the payment of retirement premium, equivalent to a 6 months salary if the employee retires on the date of normal retirement (65 years).

Long service award

Secil – Companhia Geral de Cal e Cimento, S.A. and the subsidiary CMP – Cimentos Maceira e Pataias, S.A. have commitments to its employees who achieve in the case of Secil 25, 35 and 40 years of service and at CMP's 20 and 35 years of company's service, calculated based on a month's salary, limited to three salaries.

Healthcare benefits

Secil – Companhia Geral de Cal e Cimento, S.A. and CMP – Cimentos Maceira e Pataias, S.A., Cimentos Madeira, Promadeira and Brimade provide supplementary healthcare benefit to their employees, employees' family members, retirees and widows.

Under this scheme, the cost of certain healthcare schemes is shared: (i), at Secil, through healthcare insurance and (ii), at CMP, through "Cimentos – Federação das Caixas de Previdência", for covered employees, subject to the pre-approval of the company's medical services, for the remaining employees and (iii) for Cimentos Madeira and Brimade's retired employees depending on the approval of healthcare expenses.

1.22.3 Holidays and holiday allowances

In accordance with prevailing labour law, workers are entitled to 25 days of holiday each year, as well as one month of a holiday allowance. The employee is entitled to this right in the year preceding the payment.

Based on the Management Performance System, employees are entitled to a compensation benefit defined in the annual budget. The employee is entitled to this right in the year preceding the payment.

The liabilities are thus recorded in the period during which employees acquire these rights, irrespective of the date of payment, and these liabilities are reported under the caption "Payables and other current liabilities".

1.23 Payables and other current liabilities

The amounts of Payables and other current liabilities are stated at their nominal value (Note 32).

1.24 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all required conditions.

Government grants related to costs are deferred and recognised in the income statement over the period that matches the costs with the compensating grants.

Grants related to biological assets carried at fair value, in accordance with IAS 41, are recognised in the income statement when the terms and conditions of the grant are met.

Government grants that the Group receives to compensate its capital expenditures are reported under the caption "Payables and other current liabilities" and are recognised in the income statement under the caption "Other operating income" during the estimated useful life of the granted asset.

1.25 Leases

Property, plant and equipment acquired under financial leases, as well as the respective liabilities are recorded using the financial method.

The asset is recorded under the caption "Property, plant and equipment", the respective liability is recorded under the caption "Interest-bearing liabilities", and the interest cost of the financial lease and the asset's depreciation, calculated as described in Note 1.8, are recognised as costs of the respective period.

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor and the Group is the lessee, are classified as operating leases. Payments made under operating leases, net of any incentives received from the lesser, are charged to the income statement on a straight-line basis over the period of the lease.

Leases included in contracts according to IFRIC 4

The Group recognises an operating or financial lease when it enters an arrangement, comprising a transaction or a series of related transactions, which may not assume the legal form of a lease, however transmits the right to use the asset in return for a payment or series of payments.

1.26 Dividends distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

1.27 Revenue recognition and accrual basis

Income from sales is recognised in the consolidated income statement when the risks and benefits inherent to the ownership of the respective assets are transferred to the purchaser and the income can be reasonably measured.

Sales are recognised net of taxes, discounts and other costs inherent to completion, at fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities.

Income from services rendered is recognised in the consolidated income statement under the percentage-of-completion method.

Interest income is recognised on a time-proportion basis using the effective interest method.

Group companies recognise their costs and income based on the accrual principle, and then costs and income are recognised as generated, irrespective of when they are paid or received.

The differences between amounts received and paid and the respective costs and income are reported under the captions "Receivables and other current assets" and "Payables and other current liabilities" (Notes 24 and 32, respectively).

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1.28 Contingent assets and contingent

Contingent liabilities for which it is possible an outflow of resources embodying economic benefits will be required to settle the obligation, are not recognised in the consolidated financial statements and are disclosed in the notes on consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote, in which case they are not disclosed.

Provisions against liabilities that satisfy the criteria foreseen are presented in Note 1.21.

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

1.29 Subsequent events

Events subsequent to the balance sheet date that provide additional information of conditions existing at balance sheet date are adjusted in the consolidated financial statements.

Events subsequent to balance sheet date that provide information on conditions that arose after the balance sheet date are disclosed in the notes on the consolidated financial statement, if material.

1.30 New standards, changes and interpretations of existing standards

The application of the interpretations and amendments to the standards mentioned below, are mandatory by IASB for the financial years that begin on or after 1 January 2008:

New standarts	Effective date *
IFRIC 11, IFRS 2 – Group and treasury share transactions	1 March 2008
IFRIC 12 - Service concession arrangements **	1 January 2008

* *Periods beginning on or after*

*** Standarts not yet approved by th European Comission*

The adoption of these new interpretations and the amendments to the standard above-mentioned did not have any impact in the Group's financial statements.

New standards and interpretations not mandatory as at 31 December 2008:

There are new standards, interpretations and amendments of existing standards, despite having already been published, they are only mandatory for the periods starting on 1 January 2009 or further, as the Group decided not to adopt them in advance.

New standarts to further application	Effective date *
IFRS 8 - Operating Segments	1 January 2009
IAS 1 (revised) - Presentation of financial statements	1 January 2009
IAS 27 (revised) - Consolidated and separate financial statements **	1 July 2009
IFRS 3 (revised) - Business combinations **	1 July 2009
Changes in IFRS 1 - First-time adoption of International Financial Reporting Standards Changes in IAS 27 - Consolidated and separate financial statements **	1 January 2009
Changes in IFRS 2 - Share-based payments	1 January 2009
Changes in IFRS 5 - Non-current assets held for sale and discontinued operations **	1 July 2009
Changes in IFRS 8 - Operating Segments	1 January 2009
Changes in IAS 1 - Presentation of financial statements **	1 January 2009
Changes in IAS 16 - Property, plant and equipment **	1 January 2009
Changes in IAS 19 - Employee benefits **	1 January 2009
Changes in IAS 20 - Accounting for government grants and disclosure of government assistance **	1 January 2009
Changes in IAS 23 - Borrowings costs	1 January 2009
Changes in IAS 27 - Consolidated and separate financial statements **	1 January 2009
Changes in IAS 29 - Financial reporting in hyperinflationary economies **	1 January 2009
Changes in IAS 28 - Investiments in associates **	1 January 2009
Changes in IAS 31 - Interest in joint ventures **	1 January 2009
Changes in IAS 32 - Financial intruments: disclosure and presentation Changes in IAS 1- Presentation of financial statements **	1 January 2009
Changes in IAS 36 - Impairment of assets **	1 January 2009
Changes in IAS 38 - Intangible assets **	1 January 2009
Changes in IAS 39 - Financial instruments: recognition and measurement **	1 January 2009
Changes in IAS 40 - Investment property **	1 January 2009
Changes in IAS 41 - Agriculture **	1 January 2009
IFRIC 13 - Customers loyalty programmes	1 January 2009
IFRIC 14 - The limit on a defined asset, minimum funding requirements and their interaction	1 January 2009
IFRIC 15 - Agreements for the construction of a real estate **	1 January 2009
IFRIC 16 - Hedges of a net investment in a foreign operation **	1 October 2009
IFRIC 17 - Distributions of a non-cash assets to owners	1 July 2009

* *Periods beginning on or after*

*** Standarts not yet approved by th European Comission*

Up to date the Group has not concluded the estimate over the effects of the changes above mentioned thereby choosing not to adopt these standards earlier. However, no material effect is expected in the financial statements as a result of their adoption.

2. Risk management

2.1 Financial risk factors

Semapa, as a holding company, does not have any direct operational activities. Therefore the fulfilment of the assumed obligations depends on the cash flow generated by its subsidiaries.
The main asset of Semapa as a holding company is the shares representative of the share capital of subsidiaries companies.
Thus, the company depends on the eventual dividends distribution by participated companies, interests' payment, loans reimbursement and other cash-flows generated by those companies.

The ability of Semapa participated companies to make funds available will depend, partly, of their ability to generate positive cash flows and, on the other hand, of the respective earnings, available reserves and financial structure.

The Semapa group has a risk-management programme which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the Semapa Group's financial performance. Risk management is undertaken by Financial Management of the holding and main subsidiaries, in accordance with the policies approved by the Board of Directors. An Internal Control Commission with specific functions over the operations risk control is established at Semapa level.

2.1.1 Currency risk

Variations in the euro's exchange rate against other currencies can affect the Group's revenue in a number of ways.

Regarding Portucel Group, pulp price in the world market is traditionally fixed in USD, so that the trend of the Euro evolution against the USD can have an impact over the Portucel Group future sales. On the other hand, a significant part of pulp and paper sales is accomplished in different currencies other than Euro, essentially in USD.

Furthermore, once a sale is made in a currency other than the euro, the Company assumes an exchange risk up to the time it receives the proceeds of that sale, if no hedging instruments are in place, as it's been usual for the BEKP sales. Hence the Company's assets will always have a significant component of receivables subject to foreign exchange risk.

Sporadically, when it is considered appropriate, the Group manages foreign exchange risks through the use of derivative financial instruments, in accordance with a policy that is subject to periodic review, the prime purpose of which is to limit the exchange risk associated with accounts receivable priced in currencies other than the euro.

The sub-group Secil foreign exchange risk arises primarily from purchases of pet coke and sea freight, both of which are paid for in USD. The Secil Group has optimised intra-group cash flows in foreign currency with the aim of ensuring natural hedging. In the case of cash flows which are not offset naturally, the attendant risk has been analysed and hedged by means of currency options contracts which stipulate the maximum counter value to be settled and which permit the group to benefit partially from favourable movements in exchange rates.

The sub-group Secil has assets located in Tunisia, Angola and Lebanon, therefore any change in these countries' exchange rates could have an impact on Semapa's balance sheet.

The table below shows the Group exposure to foreign exchange rate risk as of 31 December 2008, based on financial assets and liabilities balances, in the total amount of €527,810,414, converted at the exchange rate of that date (31 December 2007: €36,610,314).

Amounts in Euro	US Dollar	Sterling Pound	Polish Zloti	Swedish Crown	Czech Crown	Swiss Franc	Danish Crown	Hungarian Florin	000 Libanese Pounds	Tunisian Dinar	Total
Assets											
Cash and equivalents	19,635,450	460,407	34	17	1,930	67,790	19,089	-	(4,681,963)	3,695,430	19,198,184
Accounts receivable	45,566,691	18,435,667	1,007,711	27,088	7,854	681,158	490,408	32,282	5,238,067	5,829,855	77,316,781
Available for sale financial assets	428,987	-	-	-	-	-	-	-	-	-	428,987
Other assets	903,140	-	-	-	-	-	-	-	2,384,344	4,290,643	7,578,126
Total financial assets	**66,534,268**	**18,896,074**	**1,007,745**	**27,105**	**9,784**	**748,948**	**509,497**	**32,282**	**2,940,447**	**13,815,929**	**104,522,079**
Liabilities											
Interest bearing liabilities	(6,176,871)	-	-	-	-	-	-	-	(16,637,823)	(17,427,664)	(40,242,358)
Accounts payable	(7,658,241)	(1,472,331)	(65,580)	(15,356)	(1,197)	(627,069)	(128,936)	(233)	(15,362,956)	(11,137,407)	(36,469,306)
Total financial liabilities	**(13,835,112)**	**(1,472,331)**	**(65,580)**	**(15,356)**	**(1,197)**	**(627,069)**	**(128,936)**	**(233)**	**(32,000,780)**	**(28,565,071)**	**(76,711,664)**
Balance sheet net amount	**52,699,156**	**17,423,743**	**942,165**	**11,749**	**8,587**	**121,879**	**380,561**	**32,049**	**(29,060,332)**	**(14,749,142)**	**27,810,414**
As of 31 December 2008											
Total financial assets	67,446,013	21,657,523	766,051	24,970	16,259	415,303	197,461	-	2,778,586	13,749,835	107,051,999
Total financial liabilities	(8,481,871)	(2,837,658)	(68,745)	(20,725)	(9,300)	(690,899)	(239,492)	-	(29,717,609)	(28,375,387)	(70,441,685)
Balance sheet net amount	**58,964,142**	**18,819,865**	**697,306**	**4,245**	**6,959**	**(275,596)**	**(42,031)**	**-**	**(26,939,023)**	**(14,625,552)**	**36,610,314**

2.1.2 Interest rate risk

The cost of the Group's financial debt is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt) added of negotiated opportunity risk premiums. Hence, changes in interest rates can have an impact on the Company's earnings.

Where the Board considers appropriate, the Group relies on the use of derivative financial instruments, including interest rate swaps to manage the interest rate risk, and these tools aim to fix the interest rate on loans it obtains, within certain parameters.

The sub-group Portucel resorted to the use of interest rate swaps for approximately 32% of the debt, being the purpose of which to set the interest rate on the Group's borrowings within certain parameters.

Towards the end of 2005, the sub-group Secil opted to partially hedge interest rate risk by means of derivative instruments which fixed a maximum figure for the finance charges relating to long-term debt with phased repayment terms. The remaining borrowings were maintained at variable interest rate.

The sub-group ETSA and holding's kept all its debt allocated to a variable tax rate, although it is expected that the company resorts to the use of derivative financial instruments to manage the interest rate risk.

On 31 December 2008 and 2007, the detail of the financial assets and liabilities with interest rate exposure, taking in consideration the maturity or the next settlement date was as follows:

	2008					
Amounts in Euro	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Total**
Non-current assets						
Available for sale financial assets	-	-	-	877,174	-	877,174
Other non-current assets	-	-	-	1,365,582	-	1,365,582
Current assets						
Cash and equivalents	205,172,629	-	-	-	-	205,172,629
Total financial assets	**205,172,629**	**-**	**-**	**2,242,756**	**-**	**207,415,385**
Non-current liabilities						
Interest-bearing liabilities	-	2,408,885	18,957,272	920,858,118	284,892,008	1,227,116,283
Other liabilities	-	-	-	18,834,060	-	18,834,060
Current liabilities						
Other loans and payables	14,475,513	13,848,899	35,707,619	-	-	64,032,032
Total financial liabilities	**14,475,513**	**16,257,784**	**54,664,891**	**939,692,178**	**284,892,008**	**1,309,982,374**
Net amount	**190,697,116**	**174,439,332**	**119,774,441**	**(817,674,981)**	**(1,102,566,989)**	

	2007					
Amounts in Euro	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Total**
Non-current assets						
Available for sale financial assets	-	-	-	1,427,137	-	1,427,137
Other non-current assets	-	-	-	1,232,046	-	1,232,046
Current assets						
Cash and equivalents	427,691,340	11,051,559	-	-	-	438,742,899
Total financial assets	**427,691,340**	**11,051,559**	**-**	**2,659,183**	**-**	**441,402,082**
Non-current liabilities						
Interest-bearing liabilities	-	2,244,590	-	709,295,690	497,273,126	1,208,813,406
Other liabilities	-	-	-	21,698,844	-	21,698,844
Current liabilities						
Other loans and payables	32,540,261	294,093	84,960,243	-	-	117,794,597
Total financial liabilities	**32,540,261**	**2,538,683**	**84,960,243**	**730,994,534**	**497,273,126**	**1,348,306,847**
Net amount	**395,151,079**	**403,663,955**	**318,703,712**	**(409,631,639)**	**(906,904,764)**	

2.1.3 Credit risk

The deterioration in global economic conditions or adverse situations which only affect economies at the local level could give rise to situations in which customers are unable to meet their commitments stemming from the sales of products. Credit insurance has been one of the instruments adopted by the Semapa Group to mitigate the negative impact of this type of risk.
Sales that are not covered by credit insurance are subject to rules which ensure that sales are made to customers with a satisfactory credit history and or are total or partially covered by bank guarantees, or if partially is not covered, are within reasonable exposure limits.

As of 31 December 2008 and 2007, the accounts receivable from customers showed the following ageing structure, considering the due dates for the opening balances:

Amounts in Euro	2008	2007
Current	166,234,942	213,438,989
1 to 90 days	39,716,857	49,687,108
91 to 180 days	6,575,106	4,290,509
181 to 360 days	4,453,132	1,002,372
361to 540 days	2,332,528	783,487
541 to 720 days	345,470	718,115
more than 721 days	4,760,419	4,241,516
	224,418,454	**274,162,095**
Litigation - doubtful debts	4,387,346	8,821,825
Impairments (Note 22)	(11,614,148)	(14,734,582)
Trade debtors (Note 24)	**217,191,651**	**268,249,339**
Limit of the negotiated credit insurance	384,579,262	364,929,040

The presented amounts correspond to the open items by the contracted due dates. Despite some delays in the liquidation of those amounts, that does not result, in accordance with our information, in the identification of impairments further than the ones considered through the respective losses.

These are identified using the information periodically collected about the financial behaviour of the Group clients, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the occurred credit defaults, in the share not imputable to the insurance company, to define the amount of losses to recognise in the period. The existing guarantees for a significant part of the open and old balances, justify the fact that no impairment has been recorded related to those amounts.

The table below represents the quality of the Group's credit risk, as of 31 December 2008 and 2007, for financial assets (cash and cash equivalents), whose counterparts are financial institutions:

Amounts in Euro	2008	2007
Rating		
AA	2,892,568	2,738,917
A	185,110,391	413,396,888
AA-	(25,878)	588,577
Others	17,195,549	22,018,517
	205,172,630	**438,742,899**

Others concern the financial institutions with which there are transactions of reduced relevance, relatively to which it was not possible to obtain the ratings with reference to the presented dates.

The next table shows an analysis of the quality of credit of the accounts receivable from customers relatively to which, taking in consideration the information that is available for the Group, was not considered as being in default or impaired.

	2008		2007	
Amounts in Euro	**Gross amount**	**Fair value warranties**	**Gross amount**	**Fair value warranties**
Accounts receivable overdue not impaired				
Overdue - less than 3 months	38,858,568	23,419,855	49,490,934	33,080,063
Overdue - more than 3 months	12,980,740	3,761,552	6,052,293	4,322,261
	51,839,307	**27,181,407**	**55,543,227**	**37,402,324**
Accounts receivable overdue impaired				
Overdue - less than 3 months	858,289	-	196,174	-
Overdue - more than 3 months	10,325,147	-	13,805,531	-
	11,183,436	-	**14,001,705**	-

It should be noted that, in accordance with the above-mentioned, the Group adopted a policy of credit insurance for all the accounts receivable from clients and has the procedure of selecting the financial entities for counterparts in its transactions that show solid financial ratings. Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and within acceptable levels.

The maximum exposure to the credit risk in the balance sheet as at 31 December 2008 and 2007, is detailed in the following schedule.

Amounts in Euro	2008	2007
Non current		
Available-for-sale financial assets	877,174	1,427,137
Other non-current assets	1,365,582	1,232,046
Current		
Receivables and other current assets	276,176,825	375,324,637
Cash and equivalents	205,172,630	438,742,899
Off Balance sheet credit exposure		
Warranties	26,575,555	43,335,890

2.1.4 Liquidity risk

The Group manages liquidity risk in two ways: ensuring that its interest-bearing debt has a large medium and long-term component with maturities in harmony with the characteristics of the industry in which it operates, and having access to credit facilities available at any moment.

In addition, the Group has obtained credit facilities from financial institutions that are readily available and in such amounts as to ensure that it has sufficient liquidity.

The liquidity of the contracted and interest-bearing financial liabilities will give rise to the following non discounted cash-flows, including interest, taking in consideration the remaining period up to the contractual maturity, at the balance sheet date:

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing liabilities as of 31 December 2008						
Bond loan	-	9,496,467	37,044,474	788,073,392	278,137,760	1,112,752,094
Commercial paper	2,080,298	-	4,617,248	67,708,122	43,908,300	118,313,967
Bank loans	15,502,763	12,305,565	56,713,593	228,762,387	1,121,142	314,405,450
Financial lease payables	101,042	202,084	983,936	1,716,702	-	3,003,763
Total liabilities	**17,684,102**	**22,004,116**	**99,359,252**	**1,086,260,603**	**323,167,202**	**1,548,475,274**
Interest bearing liabilities as of 31 December 2007						
Bond loan	-	15,355,532	64,610,345	650,070,518	487,617,425	1,217,653,820
Commercial paper	1,261,073	-	1,613,547	12,689,058	55,500,000	71,063,678
Bank loans	33,012,516	2,182,803	52,496,760	277,991,756	9,707,569	375,391,403
Financial lease payables	7,105	51,783	378,704	256,919	-	694,511
Total liabilities	**34,280,694**	**17,590,118**	**119,099,355**	**941,008,251**	**552,824,994**	**1,664,803,412**

2.1.5 Carbon emission allowances risk

The Group promotes an active management of its portfolio of emission allowances which were attributed in phase 2 of the EU-ETS. Due to the growing usage of alternative fuels, the Group has and predicts to maintain excess emission allowances, which have continuously been sold in the market, thus eliminating price risk.

2.2 Operational risk factors

2.2.1 Supply of raw material

For the sub-group Portucel Soporcel, the supply of wood, namely eucalyptus, is subject to price fluctuations and difficulties encountered in the supply of raw materials that could have a significant impact on the production costs of companies producing BEKP (Bleached Eucalyptus Kraft Pulp).

The planting of new areas of eucalyptus and pine is subject to the authorization of the relevant entities, so that increases in forest areas, or the substitution of some of the present areas depend on forest owners which are estimated in some 400,000, on the applicable legislation and the quickness of the responsible authorities. If domestic production proved to be insufficient, in volume and in quality, namely of certified wood, the Group could have to place greater reliance on the importation of wood.

Furthermore, and considering the unprecedented National Value Added in the Portuguese Economy, direct and indirect, of the forest and paper area, as well the export amounts and the employee volume and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group made the Government and the public opinion aware that is necessary to guarantee that, whilst the internal production of this type of wood material does not increase significantly on an economically viable basis, its use as biomass for energy purposes should not overcome the requirements for goods production purposes.

Regarding the sub-group Secil, the main raw materials in the manufacturing process of cement are limestone and clay or marl, which extraction is carried out in its own quarries, located within the factory, with the reservation that ensure Secil sustained operation in the coming years.

The supply of raw materials for the sub-group ETSA is subject to the availability of dead animals and food industry waste, particularly in slaughterhouses.

Although this market is relatively resilient to the deterioration of the economic situation, a change in consumption habits and ease of substitution between foods may limit the activity of this sub-group.

An eventual decrease in the consumption of animal products may lead ETSA to diversify its product base.

2.2.2 Market Price

For the sub-group Portucel Soporcel, the market prices of BEKP and UWF paper are settled in the world global market in perfect competition and have a significant impact on the Group’s revenues and on its profitability. Cyclical fluctuations in BEKP and in UWF Paper prices mainly arise from changes in the world supply and demand, the financial situation of each one of the market players (producers, traders, distributors, clients, etc.) worldwide, creating imbalances in supply in the face of market demand raising market volatility.

In order to limit the risk associated with fluctuations in the price of BEKP in the short-term, the sub-group Portucel carried out some hedging operations through forward sales agreements.

The sub-group Secil turnover is dependent on the level of activity in the construction sector in each one of the geographic markets in which it operates. The construction sector tends to be cyclical, in particular in mature economies, and depends on the level of residential and commercial construction, as well as on the level of investments in infrastructures. Unlike the specifications exposed in the privatization process of the Tunisian market, the price of cement is not liberalized.

The sub-group ETSA’s business is exposed to volatility in prices of soft commodities on international markets (cereals and cereal products), since these are substitute products to those transacted by ETSA.

The correlation between ETSA’s selling prices and movements in prices of soft commodities on international markets is an additional risk factor for the activity.

2.2.3 Demand for products

Any decline in the demand for BEKP and UWF paper in the EU and US markets could have a severe impact on the Group’s sales. Moreover, demand for BEKP produced by the Group depends on the growth of worldwide paper production capacity, since the paper producers are Group’s main pulp customers.

Secil’s turnover is dependent on the level of activity in the construction sector in each one of the geographic markets in which it operates. The construction sector tends to be cyclical, in particular in mature economies, and depends on the level of residential and commercial construction, as well as on the level of investments in infrastructures.

The construction sector is sensitive to factors such as interest rates; therefore a downturn in economic activity in any specific economy may lead to a recession in the building industry.

Despite the company considering that its geographical diversification is the best way to stabilise earnings, its business, financial situation and operating profit can be negatively affected by a downswing in the construction sector in any of the significant markets in which it operates.

In the mature markets, the demand for cement and other building materials tends to be highly constant throughout the year. A decline in demand is only observed in December. The demand for Secil products is in general aligned with this behavioural pattern.

A decrease in demand or diminished level of activity in animal feed industry, agriculture exploitations, petfood and biodiesel can have a significant impact on the turnover of the sub-group ETSA.

2.2.4 Competition

The increase competition in markets where it operates can have a significant impact on prices and hence on the Group's profitability.

The paper markets are highly competitive, so that, in the present situation, the coming on stream of new capacity could have a strong influence on world market prices. These factors have encouraged the Group to follow the defined marketing and branding strategy and to invest in relevant capital expenditures to increase the quality of goods sold. The principal factor of threat for the competitiveness of the eucalyptus forest sector is the low productivity of the Portuguese forest and in the worldwide search of certified products, as only a small part of the forest is certified, being predictable that this competitive pressure will be held in the future. As example should be noted that the forest area managed by the Group represents fewer than 4% of the Portuguese forest area and 57% of the Portuguese forest certified in accordance with the FSC Standard.

The sub-group Secil develops its activity in a strong competitive environment. In the Portuguese market, and in the current context, any excess capacity of national operators together with imports from the Spanish market, which is in sharp decline, may affect the performance of the Sub-group in this segment.

The sub-group ETSA develops its activity in a market where it competes with other companies operating in the collection and recovery of animal by-products and other companies that have business as the production of substitutes for these products, as are industries such as the production of cereals and edible oils. In this framework, any increase or decrease in competition will be reflected in the levels of profitability of the Sub-Group

2.2.5 Environmental legislation

In recent years, community and national legislation has been more demanding with regard to waste control.

The Semapa Group complies with legislation currently in force, having for this reason made very substantial investments in the past few years. Although no significant changes to current legislation are envisaged in the near future, the possibility exists that Secil may need to realise additional investments in this area, in such a manner as to comply with any new limits that may eventually be approved.

2.2.6 Energy costs

A significant portion of the Semapa Group's costs is dependent on energy costs. Energy is a cost factor with a substantial weight on the business carried on by Semapa and its affiliates.

The company protects itself to a certain degree against the risk of a rise in energy prices by virtue of the fact that some of its factories are able to use alternative fuels and can resort to long-term electric-power supply contracts for certain of their energy requirements.

Notwithstanding those measures, significant fluctuations in electricity and fuel costs can have a negative impact on the Semapa Group's business, financial situation and operating profit.

2.2.7 Context costs

The lack of efficiency in the Portuguese economy, which exercises a negative effect on the Group's ability to compete, continues to require special attention, particularly, but not exclusively, in the following areas:

i) Ports and railroads;
ii) Roads particularly those providing access to the Group's plants;
iii) Rules relating to territory and forest fires;
iv) Low productivity of the country's forests;
v) The majority of Portuguese forest is not certified.

3. Important accounting estimates and judgements

The preparation of consolidated financial statements requires that Group management make judgments and estimates related to revenues, costs, assets, liabilities and disclosures at balance sheet date.

These estimates are influenced by the judgments of Group management, based on: (i) the best information and knowledge of present events and in certain cases on the reports of independent experts and (ii) the actions which the company considers it may have to take in the future. However, on the date on which the operations are realised, the outcome could be materially different from those estimates.

The estimates and assumptions which present a significant risk of a material adjustment to the book value of assets and liabilities in future periods are presented below:

3.1 Impairment of goodwill

The Group carries out an annual review of goodwill in order to ascertain whether goodwill has been impaired, in accordance with the accounting policy described in Note 1.10.

The recoverable amounts of the cash-flow generating units are determined based on the basis of the calculation of their value-in-use. These calculations require the use of estimates.

3.2 Corporate income tax

The Group recognises liabilities for additional tax assessments resulting from inspections undertaken by the tax authorities.

When the final outcome of such situations is different from those initially recorded, the differences will impact income tax and deferred taxes in the periods in which such differences are identified.

3.3 Actuarial assumptions

Liabilities relating to defined-benefit plans are calculated based on certain actuarial assumptions. Changes to those assumptions could have a material impact on those liabilities.

3.4 Fair value of biological assets

In determining the fair value of biological assets the Group used the discounted cash flows method considering account assumptions about the nature of the assets being valued (Note 1.11). Changes in these assumptions may have an impact on those assets.

As of 31 December 2008, an increase of 0.5% on the discount rate, 5.5%, would depreciate those assets by €4,804,027.

3.5 Recognition of provisions and adjustments

The Group is part in several lawsuits underway, for which, based in the opinion of its lawyers, a judgment is made to determine the booking of a provision for these contingencies.

The impairment in accounts receivable are calculated essentially based on the accounts receivable ageing, the risk profile of the clients and their financial situation.

4. Segment Information

Segmental information is presented for identified business segments, namely Pulp and Paper, Cement and Derivatives. Revenues, assets and liabilities per segment correspond to those directly attributed to each segment, as well as to those that can be reasonably attributed thereto.
Financial information by business segment for the year ended 31 December 2008 is shown as follows:

Amounts in Euro	**Pulp and paper**	**Cement and derivatives**	**Holdings**	**Consolidated**
REVENUE	1,131,936,059	305,241,062	4,562,968	1,441,740,089
Operational results	156,253,474	57,244,652	3,410,927	216,909,053
Net financial cost	(19,635,390)	(3,889,835)	(32,653,076)	(56,178,301)
Profit in associated companies	-	432,990	-	432,990
Income tax expense	(23,830,159)	(12,545,756)	12,597,601	(23,778,314)
Ordinary activities results	**112,787,925**	**41,242,051**	**(16,644,548)**	**137,385,428**
Minority interests	(27,055,445)	(3,863,575)	(118,928)	(31,037,948)
Net profit for the year	**85,732,480**	**37,378,476**	**(16,763,476)**	**106,347,480**
OTHER INFORMATIONS				
Segment assets	2,489,428,444	492,655,268	298,394,505	3,280,478,217
Investments in associated companies	130,074	1,698,248	-	1,828,322
Total segmental liabilities	1,315,014,374	220,311,429	620,874,345	2,156,200,148
Amortization and impairment losses	101,925,546	21,648,361	605,139	124,179,046
Net provisions	13,539,786	1,127,907	469,506	15,137,199

Financial information by business segment for the year ended 31 December 2007 is analysed as follows:

Amounts in Euro	**Pulp and paper**	**Cement and derivatives**	**Holdings**	**Consolidated**
REVENUE	1,147,394,506	287,729,064	251,154	1,435,374,724
Operational results	237,039,169	55,438,069	10,813,397	303,290,635
Net financial cost	(27,541,005)	(7,717,576)	(23,316,054)	(58,574,635)
Profit in associated companies	-	611,427	-	611,427
Income tax expense	(72,640,740)	(12,823,644)	1,620,443	(83,843,941)
Ordinary activities results	**136,857,424**	**35,508,276**	**(10,882,214)**	**161,483,486**
Minority interests	(36,986,840)	(2,546,085)	-	(39,532,925)
Net profit for the year	**99,870,584**	**32,962,191**	**(10,882,214)**	**121,950,561**
OTHER INFORMATIONS				
Segment assets	2,521,630,393	480,896,664	254,612,712	3,257,139,769
Investments in associated companies	130,074	1,748,808	-	1,878,882
Total segmental liabilities	1,398,944,917	233,984,322	573,512,427	2,206,441,666
Amortization and impairment losses	95,350,149	21,338,328	141,763	116,830,240
Net provisions	9,945,622	366,042	2,234,293	12,545,957

Geographical segment

2008	Pulp and paper	Cements and derivatives	Total
Sales and services rendered:			
Portugal	151,181,806	194,309,017	345,490,823
Rest of Europe	755,362,133	4,135,015	759,497,148
America	68,879,128	-	68,879,128
Africa	-	53,099,982	53,099,982
Asia	-	28,941,321	28,941,321
Overseas	156,512,992	24,755,726	181,268,718
	1,131,936,059	**305,241,061**	**1,437,177,120**

2007	Pulp and paper	Cements and derivatives	Total
Sales and services rendered:			
Portugal	187,315,561	186,772,850	374,088,411
Rest of Europe	781,339,803	8,885,802	790,225,605
America	80,533,185	-	80,533,185
Africa	-	43,700,005	43,700,005
Asia	-	24,382,594	24,382,594
Overseas	98,205,956	23,987,812	122,193,768
	1,147,394,505	**287,729,063**	**1,435,123,568**

It is noted that the segment of Cement and derivatives (sub-group Secil) is consolidated by the proportional method so that the values expressed in the above table is only 51% of the total made by the sub-group.

5. Other operating income

As of 31 December 2008 and 2007, other operating costs comprised the following:

Amounts in Euro	2008	2007
Adjustment reversal (Note 22)	669,789	709,990
Provisions reversal (Note 16 and 22)	348,237	1,594,000
Supplementary income	8,676,384	6,541,928
Gains on inventories	487,909	1,639,497
Gains on disposals of non-current assets	21,297,827	30,995,869
Gains on disposals of current assets	560,742	777,130
Grants - CO2 Emission licences	37,799,144	1,241,471
Government grants (Note 32)	1,570,836	3,304,132
Other operating income	10,959,724	8,308,111
	82,370,592	**55,112,128**

Supplementary income mainly includes electricity, water and other forest products sold to other companies around the manufacturing facilities of the Company.

The amount highlighted in section Grants – Carbon emissions allowances is the recognition of the grant, originated in the allocation of free allowances (Note 1.6.1), in the proportion of year emissions (Note 6).

Gains on disposal of non-current assets

As of 31 December 2008 and 2007, *Gains on disposal of non-current assets* comprised the following:

Amounts in Euro	2008	2007
Property, plant and equipment	349,408	1,936,952
Available-for-sale assets	-	26,230,146
Disposal of emission allowance	4,768,648	2,791,878
Other non-current assets	16,179,771	36,893
	21,297,827	**30,995,869**

The caption "Other non-current assets" complies two positive price adjustments related to Secil share capital disposal to Béton Catalán, SL (CRH Group), occurred in 2004, due to the completion during 2008 of some procedures and events, which have started before the disposal date and have impacted the transaction price and which are detailed as follows:

- EUR 2,932,932 as a result of a positive decision, in 2008, in cases of tax disputes;

- EUR 13,150,999 as part (49%) of the compensation paid by the Angolan state to Secil, since this asset (contingent on the date of sale) was not part of the business.

The caption "Gains on disposal of non-current assets" as at 31 December 2007 includes the gain on the disposal of 20,123,117 shares of EDP – Energias de Portugal.

6. Costs

As of 31 December 2008 and 2007, costs comprised the following:

Amounts in Euro	2008	2007
Cost of sales and service rendered		
Cost of sales	(588,135,620)	(498,271,500)
Third party supplies	(387,732,999)	(381,224,931)
Movement in finished goods and work in progress	32,542,350	3,717,334
Personnel costs		
Board of directors (Note 7)	(11,676,584)	(13,763,154)
Other remunerations	(108,952,485)	(101,374,696)
Pension costs	(11,498,493)	(11,136,597)
Other payroll costs	(34,212,249)	(40,229,030)
	(166,339,811)	**(166,503,477)**
Other costs and losses		
Recovery of costs related to capital expenditure	314,446	465,273
Quotations	(609,353)	(612,076)
Donations	(883,271)	(611,957)
Emission allowance costs	(37,799,144)	(1,241,471)
Inventories and other receivables impairment	(7,683,824)	(1,982,166)
Losses on receivables	(945,556)	(1,055,587)
Indirect taxes	(4,516,650)	(7,023,763)
Losses on disposal of non-current assets	(41,900)	(121,572)
Other operating costs	(5,956,348)	(2,983,372)
	(58,121,600)	**(15,166,747)**
Net provisions (Note 30)	(15,137,199)	(12,545,957)
Total costs	**(1,182,924,879)**	**(1,069,995,278)**

7. Remuneration of members of Statutory bodies

As of 31 December 2008 and 2007 the remuneration of members of the Statutory bodies, including performance related bonuses were as follows:

Amounts in Euro	2008	2007
Board of directors		
Semapa SGPS, S.A.	4,595,541	6,277,755
Members of Semapa board in other companies	3,837,237	3,462,343
Corporate bodies from other group companies	3,243,806	4,023,056
	11,676,584	**13,763,154**

Additionally, Semapa's Board of Directors benefits from a pension plan as described in Note 29.

8. Depreciation, amortization and impairment losses

As of 31 December 2008 and 2007 depreciation, amortization and impairment losses were as following:

Amounts in Euro	2008	2007
Property, plant and equipment depreciation		
Land	(910,601)	(1,321,965)
Buldings	(22,560,049)	(23,247,655)
Other tangible assets	(98,673,748)	(91,519,709)
	(122,144,398)	(116,089,329)
Intangible assets depreciation		
Industrial property and other rigths	(464,420)	(464,420)
	(464,420)	(464,420)
Impairment losses on intangible assets		
Goodwill (Note 15 and 22)	(1,570,228)	(276,491)
	(1,570,228)	(276,491)
	(124,179,046)	**(116,830,240)**

Depreciations are net of recognized government grants of € 11,749,315 (2007: Euro 18,792,786).

In 2008, anticipating the impact of the launch of the new paper machine that will have in the activities of the Group from 2009, the useful lives estimates of some equipment were revised.

In 2008 the Goodwill impairment loss identified in the period refers to 51% of Ecoresíduos, Lda impairment loss (100% owned by subsidiary Secil), and charged as an asset impairment charge in the consolidated income statement.

9. Group share of associated profits

During the years ended 31 December 2008 and 2007 the Group presented the following shares in associates' profits:

Amounts in Euro	2008	2007
Sub-group Secil		
Ciment de Sibline S.A.L. a)	-	76,881
Chryso - Aditivos de Portugal, S.A.	6,456	(9,830)
Setefrete, SGPS, S.A.	421,807	435,000
Betão Liz, S.A. b)	-	125,372
Cimentaçor - Cimentos dos Açores, Lda. b)	-	35,466
Cimentos Madeira, Lda. a)	-	(2,015)
Secil Energia	966	-
Be-Power, Serviços e Equipamentos, Lda	-	1,891
J.M. Henriques, Lda.	3,761	(51,338)
	432,990	**611,427**

a) Companies consolidated by proportional method since February 2008
b) Companies disposed in 2007

The company does not recognise deferred taxation on these amounts, as it applies article 46 of the Portuguese Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas).

10. Net financial results

On 31 December 2008 and 2007 net financial results where detailed as follows:

Amounts in Euro	2008	2007
Interest paid on loans from shareholders	(293,600)	(437,274)
Interest paid on other loans	(80,961,997)	(67,174,757)
Other interest earned	21,285,359	15,803,417
Gains / (losses) on fair value financial assets valuation	(2,373,278)	-
Gains / (losses) on financial instruments - trading	1,293,957	888,468
Gains / (losses) on financial instruments - hedging	11,081,506	15,544,559
Accrued premium stock options	(1,963,000)	(6,276,500)
Compensatory interest	(1,064,756)	(10,422,243)
Exchange fluctuations	(1,651,068)	(4,589,418)
Other financial expenses	(3,107,132)	(2,309,813)
Other financial income	1,575,708	398,926
	(56,178,301)	**(58,574,635)**

The amount stated in "Gains / (losses) on fair value financial assets valuation" refers to the devaluation in the listed securities held by the Group and classified as "Financial assets at fair value through profit or loss", as described in note 20.

In 2008 and 2007 the interest on deferred payments was related to additional tax assessments (related to income tax from 1998 to 2003), and tax contingencies in Portugal and foreign countries.

The gains / (losses) on financial instruments comply the results from the instruments detailed in note 33.

11. Income Tax

The groups Semapa, Portucel and Secil are subject to special tax regime applicable to Groups of companies made up of those held as to 90% or more and which meet the conditions foreseen in article 63 and subsequent of the Portuguese Corporate Tax Code (Código do Imposto sobre o Rendimento de Pessoas Colectivas).

Companies included in the group of companies subject to this regime, determine and record income tax as though they were taxed on an individual basis. If gains are determined on the application of this regime, they are recorded as a deduction to the income tax of the holding.

In accordance with prevailing legislation, the gains and losses from Group companies and associates that arise from the application of the equity method are deducted or added, respectively, from or to the profit for the period when determining the taxable income for the period.

Dividends are considered when determining the taxable income in the year in which they are received, if holdings are less than 10% or if the assets are held less than one year, unless the acquisition costs exceeds Euro 20,000,000.

As of 31 December 2008 and 2007, income tax was made up as follows:

Amounts in Euro	2008	2007
Current tax	41,499,779	46,623,428
Provision for current tax (Note 25)	(26,947,232)	24,894,221
Deferred tax	9,225,767	12,326,292
	23,778,314	**83,843,941**

The reconciliation of the effective income tax rate for the periods ended 2008 and 2007 was as follows:

Amounts in Euro	2008	2007
Profit before tax	161,163,742	245,327,427
Expected income tax	42,708,392	65,011,768
Differences (a)	18,146,347	6,984,626
Recoverable tax losses carried forward	(8,142,245)	(2,227,925)
Non recoverable tax losses	4,636,234	1,539,696
Change in tax rate	(1,475,028)	(576,561)
Provision for current tax	(26,950,375)	24,894,207
Tax benefits	(4,774,183)	(11,781,870)
Adjustments to taxable income	(370,828)	-
	23,778,314	83,843,941

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(164,700)	(334,936)
Capital gains / (losses) for tax purposes	44,279	25,400,108
Capital gains / (losses) for accounting purposes	(16,778,965)	(27,484,781)
Provisions not allowed for tax purposes	48,216,865	17,412,490
Tax benefits	(6,675,046)	(2,372,617)
Dividends received from non EU companies	2,413,582	-
Decrease in taxed provisions	(897,653)	(1,447,608)
Pension fund allocation	21,977,480	1,553,135
Others	20,340,941	13,631,289
	68,476,783	26,357,080
Tax Effect (26.50%)	18,146,347	6,984,626

The provision for current tax includes a decrease of €11,797,305 in liabilities resulting from the correction of the tax authorities made in the previous years, which was disregarding for tax effects the deduction of the fiscal incentives received by the company as of the construction of the second paper machine in Figueira da Foz plant in the period of 1998 through 2000. In February 2008, a favourable decision was given relatively to the claim made by Soporcel to this decision, so it was recognised in the period the cancellation of the liability related to this correction.

It also includes the reversal of a tax provision for the amount of EUR 2,551,023, corresponding to a case pending with the Portuguese tax administration related with the reimbursement request of withholding taxes incurred in Portugal, by the Dutch subsidiary Interholding Investments BV (Ex - Semapa Investments BV), during the receipt of dividends from Portucel in 2005 and 2006. The tax administration granted the request in June 2008 and has proceeded to a refund.

The Portuguese income annual declarations are subject review and possible adjustments by the tax authorities during a 4 years period. However, if there are tax losses they may be subject to revision and payment by the tax authorities for a 6 years period. In other countries where the group develops its activity the deadlines are different, usually higher.

The Board believes that any adjustments to those statements as a result of revisions / inspections by the tax authorities will have no significant effect on the consolidated financial statements at 31 December 2008, being certain that the exercises have already been reviewed by 2005.

12. Earnings per share

Since there are no outstanding financial instruments convertibles into Group shares, its earnings are undiluted.

Amounts in Euro	2008	2007
Profit attributable to Semapa's shareholders	106,347,480	121,950,561
Weighted average number of ordinary shares in issue	112,884,470	114,244,470
Basic earnings per share	0.942	1.067
Diluted earnings per share	0.942	1.067

The weighted average number of shares is deducted of 2,727,975 treasury shares owned by Seminv, S.A., subsidiary owned by Semapa, SGPS, S.A. and 2,720,000 treasury shares acquired by Semapa in July 2007.

13. Minority interests

As of 31 December 2008 and 2007 minority interests disclosed in the income statement were as follows:

Amounts in Euro	2008	2007
Portucel - Empresa de Pasta e Papel, SA	27,056,514	36,967,840
Raiz - Instituto de Investigação da Floresta e Papel	(1,069)	-
Secil Betões e Inertes Group	62,176	19,001
Société des Ciments de Gabés	46,052	33,645
Secil Martingança	21,671	30,705
Secil - Companhia de Cimento do Lobito, S.A.	744,207	24,426
Ciments de Sibline, S.A.L.	2,383,018	124,540
Cimentos Madeira Group	387,939	2,042,319
Abapor	118,928	360,728
Others	218,512	(70,279)
	31,037,948	39,532,925

As of 31 December 2008 and 2007 minority interests disclosed in the balance sheet were as follows:

Amounts in Euro	2008	2007
Portucel - Empresa de Pasta e Papel, SA	273,339,404	278,408,578
Raiz - Instituto de Investigação da Floresta e Papel	231,358	-
Secil Betões e Inertes Group	212,990	237,401
Société des Ciments de Gabés	703,405	150,196
Secil Martingança	155,414	687,707
Secil - Companhia de Cimento do Lobito, S.A.	3,859,237	133,754
Ciments de Sibline, S.A.L.	20,898,063	2,995,600
Cimentos Madeira Group	2,882,475	19,042,136
Abapor	803	2,564,120
Others	657,344	653,588
	302,940,493	304,873,080

During 2008 and 2007, the following movements in minority interests have occurred:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Others	Total
Balance as of 1 January 2007	**306,770,779**	**218,504,308**	**-**	**525,275,087**
Change in consolidation perimeter	(38,348,752)	19,992,984	-	(18,355,768)
Change in consolidation method	-	(211,507,450)	-	(211,507,450)
Dividends	(30,421,029)	(508,260)	-	(30,929,289)
Currency translation reserve	2,264	(2,848,453)	-	(2,846,189)
Financial instruments	671,402	-	-	671,402
Actuarial gains and losses	2,987,611	47,875	-	3,035,486
Other movements in equity	(3,137)	13	-	(3,124)
Net profit of the year	36,986,841	2,546,084	-	39,532,925
Balance as of 31 December 2007	**278,645,979**	**26,227,101**	**-**	**304,873,080**
Change in consolidation perimeter	-	-	11,232	11,232
Acquisitions to minority interest	(23,273,803)	279,389	-	(22,994,414)
Dividends	(6,412,181)	(2,490,148)	-	(8,902,329)
Currency translation reserve	52,723	1,483,655	-	1,536,378
Financial instruments	(632,351)	-	-	(632,351)
Actuarial gains and losses	(1,821,840)	5,359	-	(1,816,481)
Other movements in equity	(43,210)	(4)	(129,357)	(172,571)
Net profit of the year	27,055,445	3,863,575	118,928	31,037,948
Balance as of 31 December 2008	**273,570,762**	**29,368,927**	**803**	**302,940,492**

The change of perimeter occurred in the segment of Pulp and paper results from a group acquisition of an additional minority interests of 1.1% in subsidiary Portucel.

14. Application of preceding year's net profit

Amounts in Euro	*Apllication of year's net profit* 2007	2006
Dividends distribution	29,481,173	27,216,463
Legal reserves	-	-
Other reserves	35,181,478	64,182,808
Retained earnings	57,287,910	-
Net profit for the year	**121,950,561**	**91,399,271**
Dividends per share	**0.255**	**0.230**

As of 31 December 2008 legal reserves are recorded at maximum amount, to which is added the share premiums reserve.

15. Goodwill

During 2008 and 2007 changes under the caption "Goodwill" was as follows:

Amounts in Euro	2008	2007
Net amount at the beginning of the year	**285,675,118**	**334,524,956**
Change in consolidation perimeter	46,146,634	(729,507)
Transfers	-	-
Change in consolidation method	-	(54,339,254)
Impairment losses	(1,570,228)	-
Acquisitions	78,403	7,613,028
Disposals	-	-
Exchange differences	41,053	(1,394,105)
Ending Balance	**330,370,980**	**285,675,118**

Note: net of impairment losses (Note 22)

In accordance with IAS 36, Goodwill is subject to impairment tests performed on an annual basis, in accordance to the accounting policy described on note 1.7.

As of December 2008 and 31 December 2007 Goodwill was made up as follows:

Entity	Aquisition Date	2008	2007
Acquisitions made by Semapa and holdings			
Secil - Companhia Geral de Cal e Cimento, SA	1997	6,766,530	6,766,530
Cimentospar, SGPS, SA	2003	81,296,931	81,296,931
Portucel - Empresa Produtora de Pasta e Papel, SA	2004	135,565,059	135,565,059
ETSA - Empresa de Transformação de Subprodutos Animais, SA	2008	44,832,948	-
		268,461,468	**223,628,520**
Acquisitions made by Sub-group Secil (51%)			
CMP - Cimentos Maceira e Pataias, S.A.	1994	24,906,178	24,906,178
Société des Ciments de Gabés	2000	17,392,453	17,595,400
Secil Betões e Inertes Group	2000	6,796,621	6,796,620
Sud-Béton-Société de Fabrication de Béton du Sud	2001	1,028,410	1,045,923
Tecnosecil, S.A.R.L.	2005	871,423	823,830
IRP- Industria de Reboco de Portugal, S.A.	2005	1,557,891	1,557,891
Sicobetão - Fabricação de Betão, S.A.	2005	421,747	421,747
Secil Cabo Verde Comércio e Serviços, S.A.	2006	71,117	71,117
Secil Betões e Inertes, SGPS, S.A.	2005	311,197	311,197
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos,Lda.	2006	-	1,570,227
Cimentos Madeira, S.A.	2007	924,103	924,103
Minerbetão, S.A.	2007	476,507	476,507
Ciments de Sibline, S.A.L.	2007	5,759,776	5,545,858
Teporset, S.A.	2008	78,403	-
		60,595,826	**62,046,598**
Acquisitions made by Sub-group ETSA			
Abapor – Comércio e Industria de Carnes, SA	2008	1,313,686	-
		1,313,686	**-**
		330,370,980	**285,675,118**

Goodwill is allocated to the Group's cash generating units (CGU's), identified in accordance with the country of operation and business segment, as follows:

Amounts in Euro	2008 Cement and derivatives	Pulp and Paper	Others	Total
Portugal	123,536,108	135,565,059	46,146,634	305,247,801
Tunisia	18,420,863	-	-	18,420,863
Lebanon	5,759,776	-	-	5,759,776
Angola	871,423	-	-	871,423
Cape Verde	71,117	-	-	71,117
	148,659,287	**135,565,059**	**46,146,634**	**330,370,980**

Amounts in Euro	2007 Cement and derivatives	Pulp and Paper	Others	Total
Portugal	125,027,931	135,565,059	-	260,592,990
Tunisia	18,641,323	-	-	18,641,323
Lebanon	5,545,858	-	-	5,545,858
Angola	823,830	-	-	823,830
Cape Verde	71,117	-	-	71,117
	150,110,059	**135,565,059**	**-**	**285,675,118**

Accordingly, every year the Group calculates the recoverable amount of assets (to which the goodwill recorded in the consolidated financial statements is associated), based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for next year and projected cash flows for the next 4 years, based on a constant sales volume.

As a result of the calculations, no impairment losses have been identified, except related in note 8.

Impairment testing was based on the following assumptions:

	Cement and derivatives				Pulp and
	Portugal	**Tunisia**	**Lebanon**	**Angola**	**Paper**
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate	8.47%	9.58%	14.67%	13.29%	7.75%
WACC composition *					
Risk-free interest rate	4.50%	4.50%	4.50%	4.50%	4.50%
Risk-premium of capital	5.00%	5.00%	5.00%	5.00%	5.00%
Country risk rate	-	3.38%	13.50%	13.50%	-
Tax rate	26.50%	30.00%	15.00%	30.00%	26.50%

** for purposes of discount rate calculation*

16. Other intangible assets

During 2008 and 2007 changes under the intangible assets heading were as follows:

Amounts in Euro	Brands	Research and development	Industrial property and other rights	CO2 emission licenses	Assets in progress	Total
Acquisition costs						
Amount as of 1 January 2007	**151,488,000**	**4,291,159**	**2,472,450**	**18,972,545**	**86,757**	**177,310,911**
Changes of perimeter	-	-	-	(8,280,397)	-	(8,280,397)
Acquisitions	-	-	1,835,461	4,722,252	-	6,557,713
Disposals	-	-	-	(2,173,803)	-	(2,173,803)
Adjustments, transfers and write-off's	-	(4,291,159)	(144,258)	(11,637,284)	(86,757)	(16,159,458)
Amount as of 31 December 2007	**151,488,000**	**-**	**4,163,653**	**1,603,313**	**-**	**157,254,966**
Acquisitions	-	-	-	48,589,553	-	48,589,553
Disposals	-	-	-	(13,197,537)	-	(13,197,537)
Adjustments, transfers and write-off's	-	-	(2,265,551)	(11,384,231)	-	(13,649,782)
Amount as of 31 December 2008	**151,488,000**	**-**	**1,898,102**	**25,611,098**	**-**	**178,997,200**
Accumulated depreciation and impairment losses						
Amount as of 1 January 2007	**(1,594,000)**	**(4,291,159)**	**(2,427,925)**	**-**	**-**	**(8,313,084)**
Amortizations and impairment losses	-	-	(464,420)	-	-	(464,420)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-off's	1,594,000	4,291,159	144,257	(1,543,516)	-	4,485,900
Amount as of 31 December 2007	**-**	**-**	**(2,748,088)**	**(1,543,516)**	**-**	**(4,291,604)**
Amortizations and impairment losses	-	-	(466,245)	-	-	(466,245)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-off's	-	-	2,265,551	-	-	2,265,551
Amount as of 31 December 2008	**-**	**-**	**(948,782)**	**(1,543,516)**	**-**	**(2,492,298)**
Net book value as of 1 January 2007	**149,894,000**	**-**	**44,525**	**18,972,545**	**86,757**	**168,997,827**
Net book value as of 31 December 2007	**151,488,000**	**-**	**1,415,565**	**59,797**	**-**	**152,963,362**
Net book value as of 31 December 2008	**151,488,000**	**-**	**949,320**	**24,067,582**	**-**	**176,504,902**

The amount of Euro 151,488,000 under the caption Brands relates to the initial evaluation performed by a specialized and independent entity, for trademarks Navigator and Soporset, using the respective cash-flow projections at an appropriate discount rate, after determined the fair value of Portucel's assets and liabilities, which is not subject to amortization as its useful life is undefined (Note 1.6).

The impairment of this intangible asset is tested annually. Assessment carried out by the Group in the year 2008 there was no impairment. The assumptions used in this evaluation are summarized as follows:

Markets	Risk-free interest rate	Discount rate	Inflation rate	Tax Rate
Europe	4.4%	8.5%	2.0%	26.5%
USA	4.0%	11.6%	2.5%	-

17. Property, plant and equipment

Over the years ended 31 December 2008 and 2007, the changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and others tangibles	Assets in progress	Advances	Total
Acquisition Cost						
Amount as of 1 January 2007	**228,430,922**	**759,381,674**	**3,829,373,886**	**20,315,259**	**1,442,538**	**4,838,944,279**
Change in consolidation method	(62,535,049)	(150,281,209)	(498,837,859)	(5,657,840)	(691,556)	(718,003,513)
Change of perimeter	9,319,937	24,287,536	67,172,232	887,700	184,693	101,852,098
Acquisitions	455,485	693,186	18,520,830	52,962,554	893,022	73,525,077
Disposals	(5,785)	(1,531,192)	(9,263,835)	(82,015)	-	(10,882,827)
Fair value revaluation	(349,378)	4,886,733	3,313,598	(19,193,184)	(523,854)	(11,866,085)
Exchange differences	(2,086,324)	(2,982,180)	(9,430,013)	(164,160)	(66,817)	(14,729,494)
Amount as of 31 December 2007	**173,229,808**	**634,454,548**	**3,400,848,839**	**49,068,314**	**1,238,026**	**4,258,839,535**
Change of perimeter	3,512,640	10,299,374	23,619,258	1,776,157	34,680	39,242,109
Acquisitions	2,951,066	584,138	16,568,997	253,332,565	1,551,151	274,987,917
Disposals	(65,415)	(258,972)	(7,040,935)	-	-	(7,365,322)
Fair value revaluation	5,920	1,539,685	16,500,146	(18,217,121)	(640,898)	(812,268)
Exchange differences	(103,736)	854,713	2,045,789	117,893	85,226	2,999,885
Amount as of 31 December 2008	**179,530,283**	**647,473,486**	**3,452,542,094**	**286,077,808**	**2,268,185**	**4,567,891,856**
Accumulated depreciations and impairment losses						
Amount as of 1 January 2007	**(22,864,744)**	**(439,117,742)**	**(2,524,701,497)**	**-**	**-**	**(2,986,683,983)**
Change in consolidation method	11,075,637	105,777,763	380,076,321	-	-	496,929,721
Change of perimeter	(777,562)	(11,972,256)	(30,140,694)	-	-	(42,890,512)
Depreciations and impairment losses	(1,321,965)	(23,247,655)	(110,312,495)	-	-	(134,882,115)
Disposals	-	732,409	9,051,593	-	-	9,784,002
Adjustments, transfers and write-off's	(134,840)	(701,696)	16,197,835	-	-	15,361,299
Exchange differences	265,352	1,114,187	3,656,533	-	-	5,036,072
Amount as of 31 December 2007	**(13,758,122)**	**(367,414,990)**	**(2,256,172,404)**	**-**	**-**	**(2,637,345,516)**
Change of perimeter	-	(4,091,113)	(18,064,661)	-	-	(22,155,774)
Depreciations and impairment losses	(910,601)	(22,230,217)	(109,144,600)	-	-	(132,285,418)
Disposals	2,984	39,319	6,908,638	-	-	6,950,941
Adjustments, transfers and write-off's	336,102	(409,382)	(6,357,301)	-	-	(6,430,581)
Exchange differences	48,635	(331,988)	(765,926)	-	-	(1,049,279)
Amount as of 31 December 2008	**(14,281,002)**	**(394,438,371)**	**(2,383,596,254)**	**-**	**-**	**(2,792,315,627)**
Net book value as of 1 January 2007	205,566,178	320,263,932	1,304,672,389	20,315,259	1,442,538	1,852,260,296
Net book value as of 31 December 2007	159,471,686	267,039,558	1,144,676,435	49,068,314	1,238,026	1,621,494,019
Net book value as of 31 December 2008	165,249,281	253,035,115	1,068,945,840	286,077,808	2,268,185	1,775,576,229

The Group applies IFRIC 4 – Determining whether an arrangement contains a lease. By following this interpretation Property, plant and equipment – equipment and other tangibles was increased by €44,003,950, from which the respective accumulated depreciation of €26,402,370 (31 December 2007: €23,468,774), was deducted as of 31 December 2008. As of 31 December 2008, the net book value of these equipments was €17,601,580 (31 December 2007: €20,535,176).

As of 31 December 2008 the Construction in progress included €112,945,861 (2007: €18,567,540), related to advance payments of Property Plant and Equipment, obtained under the scope of the investments projects being developed by the Group. These amounts are fully guaranteed by bank guarantees on the first request, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policy for the credit risk mitigation.

18. Biological assets

Over the years ended 31 December 2008 and 2007, changes in biological assets were as follows:

Amounts in Euro	2008	2007
Amount as of 1 January 2008	**122,924,753**	**123,295,452**
Changes in fair value		
Logging in the period	(16,011,898)	(16,928,309)
Growth	13,697,838	5,642,698
New plantations	1,509,033	2,092,508
Other changes in fair value	707,324	8,822,404
Total changes in fair value	**(97,703)**	**(370,699)**
Amount as of 31 December 2008	**122,827,050**	**122,924,753**

The amounts shown as "Other changes in fair value" correspond to changes (positive or negative) in the estimated volume of future wood harvests due to: new plantations, increase or decrease in the forest management efficiency and write-downs as result of fires.

During 2008, it was logged of the forests under arrest or explored by the Group around 847,000 m3 (2007: around 981,000 m3) of wood for incorporation in the production of BEKP.

19. Investment in associates

On 31 December 2008 and 2007, this heading was detailed as follows:

Amounts in Euro	2008	2007
Opening balance	1,878,882	41,455,988
Change of consolidation perimeter	(27,900)	(11,757,624)
Change of consolidation method	-	(20,059,243)
Acquisitions	-	26,010
Disposals	-	(6,023,184)
Apropriated net profit (Note 9)	432,989	611,427
Dividends received	(435,094)	(553,191)
Exchange differences	(24)	204,390
Impairment losses - reversal (Note 9)	-	(276,491)
Other	(20,531)	(1,749,200)
Closing Balance	**1,828,322**	**1,878,882**

Total investment in associates includes an amount of Euro 1,136,153 for the goodwill established in the acquisition of a stake in Setefrete, SGPS, SA.

As of 31 December 2008 and 2007 investments in associated companies in the balance sheet, including goodwill, were as follows:

		Book Value	
Associated Companies	**% held**	**2008**	**2007**
Secil - Energia, Lda.	100.00%	28,183	27,219
Transecil, Lda.	16.83%	-	381
Chryso - Aditivos de Portugal, S.A.	40.00%	15,766	9,310
Setefrete, SGPS, S.A.	25.00%	1,455,200	1,468,485
MC - Materiaux de Construction	49.36%	1,400	1,424
J.M. Henriques, Lda.	100.00%	197,697	214,087
Be-Power, Serviços e Equipamentos, Lda	3.06%	-	27,900
Soporgen	8.00%	4,000	4,000
Liaision Technologie	1.52%	126,076	126,076
		1,828,322	**1,878,882**

a) Companies disposed in 2007
b) Companies consolidated by proportional method in 2007

20. Financial assets at fair value through profit or loss

Over the years ended 31 December 2008 and 2007, changes were as follows:

Amounts in Euro	2008	2007
Opening balance	-	-
Acquisitions	15,774,360	-
Disposals	-	-
Changes in fair value	(2,373,774)	-
Fair value at year end	**13,400,586**	**-**

As of 31 December 2008, "Financial assets at fair value through profit or loss" were made up as follows

	Nº of Shares	Fair Value
Banco Comercial Português, SA	6,135,000	5,000,025
EDP - Energias de Portugal, SA	3,116,071	8,397,811
Sociedade Lusa de Negócios	1,000	2,750
	9,252,071	**13,400,586**

21. Available-for-sale financial assets

Over the years ended 31 December 2008 and 2007, changes were as follows:

Amounts in Euro	2008	2007
Fair value at the beginning of the year	1,427,137	79,230,810
Changes of consolidation method	-	(467,678)
Acquisitions	-	11,676
Disposals	-	(85,275,621)
Exchange fluctuation	16,835	(195,355)
Changes in fair value	(566,798)	8,123,305
Fair value at year end	**877,174**	**1,427,137**

As of 31 December 2008 and 2007 available-for-sale financial assets were made up as follows:

Amounts in Euro	2008	2007
Angolan government bonds	308,247	291,412
Banco Espírito Santo, SA shares	323,201	724,665
Others	245,726	411,060
	877,174	**1,427,137**

In 2007 the Group disposed 20,223,117 shares of EDP – Energias de Portugal, SA. From this operation resulted a gain amounting to Euro 26,217,374, as mentioned in Note 5.

22. Impairments in non-current and current assets

During 2008 and 2007 changes in non-current assets impairments were as follows:

Amounts in Euro	Goodwill*	Intangible Assets	Tangible Assets	Investments Assoc. Comp.	Total
Amount as of 1 January 2007	**17,825,419**	**1,594,000**	**19,357,083**	**18,172**	**38,794,674**
Change of consolidation method	(8,734,455)	-	-	(8,904)	**(8,743,359)**
Change of consolidation perimeter	-	-	-	-	-
Exchange differences	(255,340)	-	-	-	(255,340)
Increases	-	-	-	-	-
Reversals	-	(1,594,000)	(11,724,990)	-	(13,318,990)
Direct Utilizations	-	-	-	-	-
Tranfers	-	-	-	-	-
Amount as of 31 December 2007	**8,835,624**	**-**	**7,632,093**	**9,268**	**16,476,985**
Change of consolidation perimeter	-	-	-	-	-
Exchange differences	(126,398)	-	-	-	(126,398)
Increases (Note 8)	1,570,228	-	-	-	1,570,228
Reversals (Note 5 and 16)	-	-	-	(966)	(966)
Direct utilizations	-	-	-	-	-
Tranfers	-	-	-	-	-
Amount as of 31 December 2008	**10,279,454**	**-**	**7,632,093**	**8,302**	**17,919,849**

** Goodwill impairment due to affiliates and associated companies*

During 2008 and 2007 changes in current assets impairments were as follows:

Amounts in Euro	Inventories	Accounts receivable	Receivables Assoc. Comp.	Other Receivables	Total
Amount as of 1 January 2007	**2,178,711**	**20,316,955**	**2,305,010**	**7,974,664**	**32,775,340**
Change of consolidation method	(912,627)	(7,074,777)	(1,129,455)	(3,799,918)	(12,916,777)
Change of consolidation perimeter	1,309,245	1,812,001	-	56,776	3,178,022
Exchange differences	(192,156)	(70,424)	-	(3,906)	(266,486)
Increases	1,087,944	696,049	68,876	129,298	1,982,167
Reversals	(126,939)	(580,428)	-	(2,623)	(709,990)
Direct utilizations	-	(394,056)	-	-	(394,056)
Tranfers	-	29,262	-	(680,769)	(651,507)
Amount as of 31 December 2007	**3,344,178**	**14,734,582**	**1,244,431**	**3,673,522**	**22,996,713**
Change of consolidation perimeter	3,564	177,517	-	-	181,081
Exchange differences	50,191	11,991	-	602	62,784
Increases (Note 6)	5,620,381	1,849,459	48,388	165,596	7,683,824
Reversals (Note 5)	(375,279)	(641,104)	-	(1,643)	(1,018,026)
Direct utilizations	-	(4,518,297)	-	(128,389)	(4,646,686)
Tranfers	164,078	-	-	840,574	1,004,652
Amount as of 31 December 2008	**8,807,113**	**11,614,148**	**1,292,819**	**4,550,262**	**26,264,342**

23. Inventories

As of 31 December 2008 and 2007, inventory comprised the following:

Amounts in Euro	2008	2007
Raw materials	185,464,040	119,904,813
Work in progress	12,975,171	11,966,041
Byproducts and waste	926,906	199,683
Finished and intermediate products	78,485,909	39,817,730
Merchandise	10,199,557	4,673,999
Advance to inventories' supliers	918,608	872,250
	288,970,191	**177,434,516**

Note: Values are presented net of impairment losses (Note 22)

24. Receivables and other current assets

As of 31 December 2008 and 2007, the caption Receivables and other current assets showed the following breakdown:

Amounts in Euro	2008	2007
Accounts receivable	218,651,431	268,249,339
Accounts receivable-associated companies (Note 34)	7,610	-
Financial instruments derivatives (Note 33)	11,332,679	14,562,920
Other debtors	40,591,924	87,794,052
Accured income	2,210,375	2,326,226
Deferred costs	3,382,806	2,392,100
	276,176,825	**375,324,637**

Note: Values are presented net of impairment losses (Note 22)

As of 31 December 2008 and 2007, other debtors presented the following composition:

Amounts in Euro	2008	2007
Shareholders and Associated Companies		
Group Companies (Note 34)	-	2,386
Associated companies (Note 34)	17,258,386	628,477
	17,258,386	630,863
Other debtors		
Advances to suppliers	689,317	626,611
IAPMEI grants	182,316	3,850,409
AICEP - Financial incentives to receive	15,840,784	71,343,438
EDP	726,730	-
IMT	320,648	-
Others	5,573,743	11,342,731
	23,333,538	87,163,189
	40,591,924	**87,794,052**

In other related parties includes an amount of 16,083,931 Euro to receive the CRH as mentioned in note 5.

Change in the AICEP balance was detailed as follows:

Amounts in Euro	2008	2007
Opening balance	71,343,438	
Amounts received	(58,018,671)	
Increase	2,516,017	71,343,438
Ending balance	**15,840,784**	**71,343,438**

The amount of the increase in the year corresponds to the financed share of the investments made in the year relatively to which the Group will receive the respective financing.

As of 31 December 2008 and 2007, Accrued income and Deferred costs, were analysed as follows:

Amounts in Euro	2008	2007
Accrued Income		
Interest receivable	1,241,416	737,191
Discounts in acquisitions	114,766	87,538
Subsidies	352,069	485,646
Compensations	-	369,797
Others	502,124	646,054
	2,210,375	**2,326,226**
Deferred costs		
Major repairs	175,009	-
Insurance	43,526	95,791
Rents and leases	210,649	247,427
Others	2,953,622	2,048,882
	3,382,806	**2,392,100**
	5,593,181	**4,718,326**

25. State and other public entities

As of 31 December 2008 and 2007, there were no overdue debts to the State and other public entities. Balances with these entities were as follows:

Corporate income tax showed the following breakdown:

Current assets

Amounts in Euro	2008	2007
State and other public entities		
Corporate Income Tax-IRC	8,788,212	6,640,724
Individual Income Tax-IRS	270	-
Value added tax	9,768,447	9,758,465
Value added tax - refunds requested	36,905,939	26,553,624
Other	-	1,207,722
	55,462,868	**44,160,535**

As of 31 December 2008 and 2007, the outstanding VAT refunds requested comprised the following, by month and company:

Amounts in Euro	Mar/2008	Jun/2008	Jul/2008	Aug/2008	Sep/2008	Oct/2008	Nov/2008	Dec/2008	Total
Enerpulp	-	-	-	1,018,776	784,091	581,313	675,444	875,654	**3,935,279**
Portucel	-	-	-	-	-	6,983,818	4,165,523	6,972,737	**18,122,078**
Soporcel	-	-	-	-	-	2,932,859	3,258,595	6,428,029	**12,619,483**
About The Future	-	-	2,147,033	-	-	-	-	-	**2,147,033**
Viveiros Aliança	-	-	-	-	-	-	-	71,416	**71,416**
Tecnipapel	10,651	-	-	-	-	-	-	-	**10,651**
	10,651	**-**	**2,147,033**	**1,018,776**	**784,091**	**10,497,990**	**8,099,562**	**14,347,836**	**36,905,939**

Up to the present date it has been received €13,094,141 of these amounts.

The amount of reimbursement requests on 31 December 2007 detailing as follows per company and per month:

Amounts in Euro	Aug / 2007	Sep / 2007	Oct /2007	Nov /2007	Dec /2007	Total
Enerpulp	931,757	718,001	820,763	842,966	1,078,333	**4,391,820**
Portucel	2,280,696	2,522,905	3,010,962	3,167,416	5,191,271	**16,173,250**
Soporcel	-	-	-	2,923,501	2,811,924	**5,735,425**
Viveiros Aliança	-	-	110,915	-	-	**110,915**
Raiz	-	-	-	-	142,214	**142,214**
	3,212,453	**3,240,906**	**3,942,640**	**6,933,883**	**9,223,742**	**26,553,624**

All these values were received during the year of 2008.

Current liabilities

Amounts in Euro	2008	2007
State and other public entities		
Corporate Income Tax-IRC	4,870,060	29,826,133
Individual Income Tax-IRS	4,186,895	2,646,079
Value added tax	6,499,559	5,753,828
Social Security	2,822,725	2,784,354
Aditional tax payment	41,579,148	57,644,398
Others	1,164,295	1,424,331
	61,122,682	100,079,123

As of 31 December 2008 and 2007 the caption "Corporate tax (IRC)" breakdown were as follows:

Amounts in Euro	2008	2007
Year income tax	9,956,058	46,623,428
Exchange differences	26,528	(72,278)
Payments on account	(4,606,990)	(12,859,645)
Witholding tax	(478,836)	(3,277,635)
Prior years income tax	(26,700)	(587,737)
	4,870,060	29,826,133

26. Share capital and treasury shares

As of 31 December 2008 and 2007, the share capital of Semapa was fully subscribed for and paid in, and represented by 118,332,445 shares with a nominal value of 1 Euro each.

As of 31 December 2008 and 2007, the following shareholders had significant stakes in the company's share capital:

Name	Nº of Shares	% 2008	% 2007
Credit Suisse Group	23,600,000	19.94	19.94
Longapar, SGPS, S.A.	20,769,300	17.55	16.90
Sodim, SGPS, S.A.	18,842,424	15.92	19.75
Cimo - Gestão de Participações, SGPS, S.A.	14,106,675	11.92	12.01
Banco BPI, SA	12,009,004	10.15	10.02
Bestinver Gestión, SGIIC, S.A.	9,697,818	8.20	2.21
Banco Espírito Santo, SA	6,191,854	5.23	5.23
Seminv - Investimentos, SGPS, S.A	2,727,975	2.31	2.31
Axa Rosenberg Group LLC	2,529,282	2.14	-
Sonaca - SGPS, S.A,	1,630,590	1.38	1.38
Morgan Stanley	229,420	0.19	2.67
Treasury shares	2,720,000	2.30	2.30
Other shareholders with less then 2% participation	3,278,103	2.77	5.29
	118,332,445	100.00	100.00

As the company Seminv Investimentos, SGPS, S.A. is a subsidiary of Semapa Group, the 2,727,975 Semapa shares held by the company are disclosed as treasury shares in the Group's consolidated financial statements.

Additionally, on July 4, 2007, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. acquired on stock exchange, 2,720,000 treasury shares, corresponding to 2.30% of its capital, going to hold, directly and indirectly, 4,6% of their capital.

27. Reserves and Retained earnings

As of 31 December 2008 and 2007, the captions Fair value reserve, Currency translation reserve and Other reserves showed the following breakdown:

Amounts in Euro	2008	2007
Fair value of avaliable-for-sale financial assets	4,546,249	5,443,476
Fair value of avaliable-for-sale assets	316,386	594,023
Control acquisition revaluation	(1,281,742)	(1,281,742)
Total of fair value reserves	**3,580,893**	**4,755,757**
Currency transalation reserve	**(14,005,971)**	**(14,378,266)**
Legal Reserves	23,666,489	23,666,489
Others Reserves	626,083,716	590,902,238
Total of other reservers	**649,750,205**	**614,568,727**
Total reserves	**639,325,127**	**604,946,218**

Fair value of financial instruments

The amount of Euro 4,546,249, net of deferred tax in the amount of Euro 1,639,124, shown under the caption "Fair value of financial instruments", relates to the appropriate part of financial instruments classified as hedging, of the subsidiary Portucel, which, on 31 December 2008, were valuated at Euro 7,135,435 (Note 33), accounted for in accordance with the policy described in Note 1.13.

Fair value of available-for-sale assets

The amount of Euro 316,386 relates to Group's appropriation of the Angolan government bonds' fair value.

Control acquisitions revaluation

The amount of Euro 1,281,742 negative, relates to the fair value of subsidiary Ciment de Sibline assets, in the proportional part to the participation already held before the control acquisition, occurred in 2007.

Translation reserve

The amount of Euro 14,005,971 refers to the exchange differences appropriated by the Group as a result of the conversion of the financial statements of companies operating outside the Euro zone, essentially Tunisia, Lebanon, Angola, USA and United Kingdom.

Legal reserve

Commercial legislation establishes that a minimum of 5% of annual net profits must be transferred to a legal reserve until it reaches 20% of share capital, what is verified on 31 December 2008.

This reserve cannot be distributed to the shareholders except upon liquidation of Semapa, but may be used to absorb losses after all other reserves have been used up, or to increase equity.

Other reserves

Refer to reserves available for distribution to shareholders and were constituted by transfer from retained earnings.

Following the purchase of 2,720,000 treasury shares, and the holding of 2,727,975 shares by subsidiary Seminv has been made unavailable a reserve equal amount, in accordance with the applicable trade law, this reserves should be maintained until the disposal of the shares.

Retained earnings

Additional stake acquisition on controlled entities

The Group records in this caption the excess over the group share of net assets in result of additional stake acquisition of already controlled entities.
This accounting policy corresponds to the stated on IFRS 3 – reviewed Concentration of Entrepreneurial

Activities, but this standard has not yet been approved by the European Union.

During the year ended 31 December 2006, the Group recorded in this caption an amount of Euro 26,535,335 (4.7%) related to the additional stakes acquisition of Portucel, a subsidiary already controlled by Semapa Group, therefore the excess over the group share of net assets was recognised directly in Equity.

In 2007, the group reinforced in 3.4% its shareholder position in Portucel, through the acquisition of 26,067,336 shares on a stock exchange, which resulted in a positive acquisition difference amounting Euro 30,369,562, registered directly in retained results.

In 2008 this figure amounted Euro 4,159,989, in result of a 1.74% increase in Portucel stake.

Actuarial Gains or losses

Under this caption are equally recorded actuarial deviations, arising from the differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred (as well as changes made to those assumptions and the difference between the expected return on the assets of the funds and their actual yield) as described in Note 1.22.1.

In 2008 was recorded in this caption a total amount of Euro 1,224,152 (Note 29), of which Euro 3,040,633 were appropriated by the Group, correspondent to its share on the impacts occurred in Semapa and its subsidiaries. The remaining EUR 1,816,481 negative corresponding share attributable to minority interests.

28. Deferred taxes

As of 31 December 2008 changes in deferred tax assets and liabilities of each subgroup were as follows:

Amounts in Euro	As of 1 January 2008	Exchange adjustement	Income Statement Increases	Income Statement Decreases	Retained earnings	Tranfers	Changes in perimeter	As of 31 December 2008
Temporary differences originating deferred tax assets								
Semapa and others Holdings								
Tax losses carried forward	-	-	24,344,663	-	-	-	-	24,344,663
Sub-group Portucel								
Tax losses carried forward	-	-	-	-	-	-	-	-
Intangible assets adjustements	799,755	-	-	(799,755)	-	-	-	-
Taxed provisions	2,851,446	-	11,093,057	(2,785,942)	-	-	-	11,158,561
Fixed assets adjustments	3,209,850	-	13,670,197	(3,730,819)	-	-	-	13,149,228
Underfunding of the pension fund	16,984,612	-	3,986	(23,037,756)	8,558,816	-	-	2,509,658
Financial instruments	-	-	2,843,883	(2,843,883)	-	-	-	-
Deferred accounting gains in inter-group transactions	2,394,419	-	5,199,675	-	-	-	-	7,594,094
Forests valuation	43,885,262	-	1,620,285	(29,823,599)	-	-	-	15,681,948
Update of costs with forest exploration	-	-	-	-	-	-	-	-
Depreciation in assets subject to IFRIC 4	3,921,014	-	-	(79,000)	-	-	-	3,842,014
	14,522,414	-	8,012,652	(10,749,594)	-	-	-	11,785,472
Sub-group Secil								
Taxed provisions	8,062,595	(25,938)	1,675,475	-	-	-	66,904	9,779,036
Tax losses carried forward	9,867,581	-	-	(9,501,523)	-	-	44,098	410,156
Liabilities with retirement benefits	486,344	3,751	123,840	-	(31,757)	-	-	582,178
Liabilities with long service award	718,772	-	33,049	-	(106,361)	-	-	645,460
Underfunding of the pension fund	683,765	(993)	-	(1,048,959)	453,898	-	-	87,711
Retirement benefits not coverded by an autonomus fund	6,175,580	-	-	(385,488)	(181,654)	-	-	5,608,438
Derecognition of goverment grants	2,896,402	-	-	(58,503)	-	-	-	2,837,899
Liabilities for healthcare benefits	7,068,813	-	114,562	-	(1,306,413)	-	-	5,876,962
Deferred accounting gains in inter-group transactions	989,854	-	951,309	-	-	-	-	1,941,163
Other temporary differences	3,089,108	460,636	128,631	-	-	-	(514,621)	3,163,754
Sub-group ETSA								
Taxed provisions	-	-	947,400	-	-	-	-	947,400
	128,607,586	**437,456**	**70,762,664**	**(84,844,821)**	**7,386,529**	**-**	**(403,619)**	**121,945,795**
Temporary differences originating deferred tax liabilities								
Sub-group Portucel								
Revaluation of fixed assets	(23,992,358)	-	(7,271,430)	2,510,714	-	-	-	(28,753,074)
Retirement benefits	(1,187,392)	-	(69,055)	-	350,726	-	-	(905,721)
Financial instruments	(10,551,043)	-	-	-	3,415,607	-	-	(7,135,436)
Fair Value of fixed assets- Soporcel	(243,288,481)	-	-	3,506,033	-	-	-	(239,782,448)
Tax Benefits	-		(1,181,592)	-	-	-	-	(1,181,592)
Extension of the usefuk life of the tangible fixed assets	(90,156,785)	-	(28,643,892)	-	-	-	-	(118,800,677)
Deferred accounting gains in inter-group transactions	(53,151,223)	-	(40,638,877)	11,715,267	-	-	-	(82,074,833)
Deferred tax gains								
Harmonization of depreciation criteria	(14,579,836)	-	-	-	-	-	-	(14,579,836)
Fair Value of fixed assets- Brands	(151,488,000)	-	-	-	-	-	-	(151,488,000)
Fair Value of fixed assets- Portucel	(273,656,488)	-	-	24,877,863	-	-	-	(248,778,625)
Sub-group Secil								
Revaluation of fixed assets	3,898,777	-	-	1,939,978	-	-	(723)	5,838,032
Change of depreciation criteria	(54,223,442)	-	(8,131,204)	-	-	-	88,160	(62,266,486)
Subsidiaries fair value	(66,229,468)	499,112	(2,459,104)	-	-	-	(2,165,025)	(70,354,485)
Deferred accounting gains in inter-group transactions	(20,380,544)	-	(407,825)	-	-	-	-	(20,788,369)
Financial instruments	(494,693)	-	-	561,381	(1,334,559)	-	-	(1,267,871)
Deferred taxation on capital gains	(753,519)	-	-	81,381	-	-	(3,198)	(675,336)
Increased Amortizations	(1,463,728)	26,336	(163,254)	-	-	-	-	(1,600,646)
Pension cost excess	(661,560)	-	-	715,117	(1,952,619)	-	-	(1,899,062)
Other temporary differences	(190,736)	(159)	-	161,360	-	-	-	(29,535)
Other Companies								
Deferred accounting gains in inter-group transactions	(14,561,331)	-	-	14,561,331	-	-	-	-
	(1,017,111,850)	**525,289**	**(88,966,233)**	**60,630,425**	**479,155**	**-**	**(2,080,786)**	**(1,046,524,000)**
Amounts reflected on the balance sheet								
Deferred tax assets	**33,704,431**	**60,889**	**15,777,080**	**(19,570,342)**	**1,960,923**	**-**	**(45,843)**	**31,887,138**
Deferred tax liabilities	**(272,965,603)**	**201,697**	**(22,138,831)**	**16,706,326**	**125,723**	**-**	**(237,519)**	**(278,308,207)**

Deferred tax assets on tax losses carried forward

Deferred taxes on tax losses are recognised as assets to the extent that is a reasonable assurance of the fiscal benefit realization, through the existence of future tax profits. The Group recognised deferred taxes that considers to be deductible from future profits, are as follows:

Amounts in Euro	2008	2007	Expiry Date
Secilpar, SL	-	9,515,461	2019
Teporset - Terminal Portuário de	14,807	-	2014
Ecoresíduos, Lda.	279,296	273,093	2010
Minerbetão, S.A.	116,053	79,027	2011
Interholding Investment BV	24,344,663	-	2013
	24,754,819	**9,867,581**	

As of 31 December 2007 changes in deferred tax assets and liabilities of each sub-group were as follows:

Amounts in Euro	As of 1 January 2007	Changes in consolidation method	Exchange Adjustement	Income Statement Increases	Income Statement Decreases	Retained Earnings	Tranfers	Changes in perimeter	As of 31 December 2007
Temporary differences originating deferred tax assets									
Sub-group Portucel									
Intangible assets adjustments	799,755	-	-	-	-	-	-	-	799,755
Taxed provisions	8,163,405	-	-	150,000	(5,461,959)	-	-	-	2,851,446
Fixed assets adjustments	14,468,241	-	-	64,953	(11,323,344)	-	-	-	3,209,850
Underfunding of the pension fund	35,154,141	-	-	29,840	(2,655,203)	(15,544,166)	-	-	16,984,612
Financial instruments	-	-	-	-	-	-	-	-	-
Deferred accounting gains in inter-group transactions	5,529,002	-	-	-	(3,134,583)	-	-	-	2,394,419
Forests valuation	54,016,754	-	-	-	(10,131,492)	-	-	-	43,885,262
Update of costs with forest exploration	36,842,876	-	-	-	(36,842,876)	-	-	-	-
Depreciation in assets subject to IFRIC 4	3,859,215	-	-	61,799	-	-	-	-	3,921,014
Investement tax incentives	-	-	-	14,522,414	-	-	-	-	14,522,414
Sub-group Secil									
Taxed provisions	16,148,598	(7,912,813)	(41,145)	594,893	(1,158,951)	-	-	432,012	8,062,594
Tax losses carried forward	32,857,214	(16,100,035)	-	583,071	(7,570,169)	-	-	97,500	9,867,581
Liabilities with retirement benefits	928,737	(455,081)	-	72,415	(32,623)	(27,104)	-	-	486,344
Liabilities with long service award	1,443,723	(707,424)	-	70,804	(43,743)	(44,588)	-	-	718,772
Underfunding of the pension fund	3,631,508	(1,779,439)	-	272,114	(65,782)	77,135	(1,451,771)	-	683,765
Retirement benefits not coverded by an autonomus fund	12,890,239	(6,316,217)	-	423,514	(840,701)	(329,136)	-	347,880	6,175,579
Derecognition of goverment grants	5,521,683	(2,705,625)	-	80,344	-	-	-	-	2,896,402
Derecognition of intangible assets	-	-	-	519,018	(361,192)	(487,861)	-	95,965	(234,070)
Recognition of deferred costs	-	-	-	-	(232,340)	-	-	-	(232,340)
Liabilities for healthcare benefits	14,319,379	(7,016,496)	(555,394)	29,666	(3,378,198)	-	-	8,215,230	11,614,187
	246,574,470	**(42,993,130)**	**(596,539)**	**17,474,845**	**(83,233,156)**	**(16,355,720)**	**(1,451,771)**	**9,188,587**	**128,607,586**
Temporary differences originating deferred tax liabilities									
Sub-group Portucel									
Reavaliation of fixed assets	(31,157,665)	-	-	-	6,614,632	550,675	-	-	(23,992,358)
Retirement benefits	(999,297)	-	-	(46,780)	17,197	(158,512)	-	-	(1,187,392)
Financial instruments	(7,464,582)	-	-	-	-	(3,086,461)	-	-	(10,551,043)
Fair Value of fixed assets- Soporcel	(246,794,514)	-	-	-	3,506,033	-	-	-	(243,288,481)
Extension of the usefuk life of the tangible fixed assets	(48,887,412)	-	-	(41,269,373)	-	-	-	-	(90,156,785)
Deferred accounting losses in inter-group transactions	(73,100,049)	-	-	-	19,948,826	-	-	-	(53,151,223)
Deferred tax gains									
Harmonization of depreciation criteria	(14,579,836)	-	-	-	-	-	-	-	(14,579,836)
Fair Value of fixed assets- Brands	(149,894,000)	-	-	(1,594,000)	-	-	-	-	(151,488,000)
Fair Value of fixed assets- Portucel	(298,534,351)	-	-	-	24,877,863	-	-	-	(273,656,488)
Sub-group Secil									
Revaluation of fixed assets	(17,755,098)	8,699,998	-	(376)	2,425,426	-	11,261,140	(732,313)	3,898,777
Change of depreciation criteria	(79,902,200)	39,152,078	140,275	(10,279,538)	-	-	(3,334,057)	-	(54,223,442)
Subsidiaries fair value	(136,583,897)	66,926,110	1,731,267	-	2,353,746	-	-	(656,694)	(66,229,468)
Deferred accounting gains in inter-group transactions	(25,170,219)	12,333,407	-	-	346,950	-	(7,890,682)	-	(20,380,544)
Financial instruments	(1,089,350)	533,782	-	-	60,875	-	-	-	(494,693)
Deferred taxation on capital gains	(7,038,883)	3,449,053	-	-	2,872,712	-	(36,401)	-	(753,519)
Increased Amortizations	(2,795,024)	1,369,562	48,689	(198,906)	111,951	-	-	-	(1,463,728)
Pension cost excess	-	-	-	(578,374)	306,678	(1,329,982)	1,451,771	(511,653)	(661,560)
Other temporary differences	-	-	13,304	(204,040)	51,000	-	-	(51,000)	(190,736)
Others Companies									
Deferred accounting gains in inter-group transactions	(31,775,587)	-	-	-	17,214,256	-	-	-	(14,561,331)
	(1,173,521,964)	**132,463,990**	**1,933,535**	**(54,171,387)**	**80,708,145**	**(4,024,280)**	**1,451,771**	**(1,951,660)**	**(1,017,111,850)**
Amounts reflected on the balance sheet									
Deferred tax assets	**66,187,428**	**(11,780,148)**	**(90,473)**	**4,639,460**	**(21,849,754)**	**(4,332,046)**	**(384,719)**	**1,314,683**	**33,704,431**
Deferred tax liabilities	**(313,834,584)**	**36,500,284**	**571,849**	**(29,800,920)**	**34,684,923**	**(1,063,109)**	**384,719**	**(408,765)**	**(272,965,603)**

Unrecognised deferred taxes on tax losses carried forward

The unrecognised deferred taxes on tax losses, that at this date the Group considers to be not deductible from future profits, and thus without deferred tax asset, are as follows:

Amounts in Euro	Total	2009	2010	2011	2012	2013	2014	2015	Without time limit
Semapa and other Holdings									
Semapa SGPS	13,951,328	5,120,440	8,830,888	-	-	-	-	-	-
Seminv SGPS	15,730,099	7,987,025	7,743,074	-	-	-	-	-	-
Seinpart SGPS	8,775,956	1,889	3,996,548	4,249,157	528,362	-	-	-	-
Cimentospar SGPS	593,484	-	-	593,484	-	-	-	-	-
Verdeoculto SGPS	1,566	-	-	-	1,566	-	-	-	-
Sub-group Portucel									
Portucel Florestal	6,529,079	6,529,079	-	-	-	-	-	-	-
Sub-group Secil (51%)									
Secil Pré-betão, S.A.	559,065	-	-	-	-	-	-	559,065	-
Secil Angola, SARL	4,336,059	4,336,059	-	-	-	-	-	-	-
Hewbol, SGPS, Lda	148,339	-	-	-	-	-	148,339	-	-
Florimar, SGPS, Lda	6,663	-	-	-	-	-	6,663	-	-
Betomadeira, S.A.	467,005	-	-	-	-	-	467,005	-	-
Madebritas, Lda.	15,151	-	-	15,151	-	-	-	-	-
Promadeira, Lda.	376,062	-	-	-	-	-	376,062	-	-
Cimentos Costa Verde	216,574	-	-	-	-	-	-	216,574	-
Secil Cabo Verde	11,437	-	-	-	-	-	11,437	-	-
Serife, Lda.	4,056	-	-	-	-	-	4,056	-	-
Zarzis Béton	25,318	25,318	-	-	-	-	-	-	-
Sobioen, S.A.	-	-	-	-	-	-	-	-	-
Silonor, S.A.	3,545,885	-	-	-	-	-	-	-	3,545,885
Total	**55,293,126**	**23,999,810**	**20,570,510**	**4,857,792**	**529,928**	**-**	**1,013,562**	**775,639**	**3,545,885**

29. Pensions and other post-employment benefits

As mentioned in Note 1.30 the Group grants to its employees and family several post-employment benefits.
The evolution of responsibilities assumed with post-employment benefits, reflected in the consolidated balance sheet as of 31 December 2008 is as follows:

Amounts in Euro	2008	2007
Market value of the pension funds	256,047,807	258,464,492
Covered capital	(139,531,809)	(145,637,604)
Under/(overfunding) of pension funds liabilities	(987,968)	(1,040,085)
Under/(overfunding) of pension funds liabilities	**115,528,030**	**111,786,803**
Assistance in health		
Death and retirement liabilities	5,876,962	7,068,813
Long services award liabilities	3,092,397	3,033,898
Total unfunded liabilties	645,460	718,771
Total unfunded liabilties	**125,142,849**	**122,608,285**

Semapa

The Shareholders' General Meeting, held in March 30, 2005, approved the retirement directors' regulation, as foreseen in the article 17º 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, which can only be exercised when the directors resign.

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, 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.

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On 31 December 2008, the liabilities of the plan amount to Euro 89,740,615. No pension fund was established for the financing of this Group's obligation.

Sub-Group Portucel

Currently, there are several plans for retirement, retirement premiums and survivor pension supplements within the whole of the consolidated companies. Thus, to certain categories of current employees, there are plans which are over and above those below described, also with autonomous assets to cover those additional responsibilities.

Under the prevailing Social Benefit Regulation, permanent employees of Portucel and its main subsidiaries with more than five years service (ten years service to Soporcel, Aliança Florestal and Raíz) are entitled, after retirement or disability, to a monthly retirement pension or disability supplement. This supplement is calculated according to a formula, which takes into account the beneficiary's gross monthly compensation updated to the employee's occupational category on the date of retirement and the years of service, up to a limit of 30 (limit of 25 to Soporcel, Aliança Florestal and Raíz), being also guaranteed survivor pensions to the spouse and to direct descendants.

To cover this liability, externally managed pension funds were set up, and the funds' assets are apportioned between each of the companies. Additionally, some of the Portucel Group companies assumed the responsibility for the payment of a retirement premium, equivalent to 6 months salary if the employee retires on the date of normal retirement (65 years).
On 31 December 2008, the liability related with post-employment benefit plans for five members of Portucel's Board was €4,676,538 (31 December 2007: €3,758,404).

Sub-group Secil

The sub-group Secil has the following defined benefit plans:

(i) Defined benefit plans through funds managed by third parties

RESPONSABILITIES FOR RETIREMENT AND SURVIVOR PENSIONS SUPPLEMENTS

Secil and its subsidiaries:

(i) CMP- Cimentos Maceira e Pataias, S.A.;

(ii) Unibetão- Industrias de Betão Preparado, S.A.;

(iii) Cimentos Madeira, Lda.;

(iv) Societé des Ciments de Gabes;

have the commitment to grant their employees cash pension related benefits covering retirement, disability, early retirement and death benefits.

The plan liabilities are covered by independent funds, managed by third parties, or covered by insurance policies.

Plans are appraised on a semester basis, at the date of closing of the interim and annual accounts, by specialised and independent entities under the projected unit credit method.

ii) Defined benefit plan managed by the Group

LIABILITIES FOR RETIREMENT AND SURVIVOR PENSION SUPPLEMENTS

Responsibilities related to personnel already retired at the date of inception of the fund, 31 December 1987, are the sole responsibility of Secil. Liabilities of Portuguese subsidiaries operating in the concrete and mortar activities are the direct responsibility of the respective entities.

These plans are also appraised every semester by an independent entity, using the capital coverage method corresponding to single premiums for life long pension payments covering current pensioners and the projected unit credit method to value responsibilities covering current employees.

LIABILITIES FOR HEALTHCARE BENEFITS

Secil and its subsidiaries CMP- Cimentos Maceira e Pataias, S.A., Cimentos Madeira, Lda. and Brimade – Sociedade de Britas da Madeira, S.A., have awarded employees private healthcare benefits, in addition to health cover provided by the State and are extended to family members, pensioners and widows. Under this scheme, there are certain medical items are covered:

(i) at Secil through a private Health Insurance Plan, ,
(ii) at CMP, through “Cimentos - Federação das Caixas de Previdência”, for all member employees, and through the the company covering certain other medical items presented by non member employees and
(iii) at Cimentos Madeira and Brimade through direct payment of certain medical items.

LIABILITIES FOR RETIREMENT AND DEATH ALLOWANCES

The subsidiary CMP – Cimentos Maceira e Pataias, S.A. pay retirement and disability benefits. The retirement benefits represent three times the last monthly salary.
Secil and its subsidiary CMP also provide death allowance cover on existing employees, which equals one times the last monthly salary.

LIABILITIES FOR LONG-TERM SERVICE COMMITMENTS

Secil and its subsidiaries CMP – Cimentos Maceira e Patais, S.A., have the obligation to pay benefits to those who:

(i) In Secil, achieve 25, 35, 40 of years service; and

(ii) In CMP, achieve 20 and 35 years of service. Those premiums are to be paid in the year in which the employee attains the years of service.

These commitments are funded by the Company.

DETAILS OF LIABILITIES AND MOVEMENTS DURING THE YEAR ENDED AT 31 DECEMBER 2008 AND 2007

(i) Actuarial assumptions used

Actuarial valuations carried out by independent entities for determining cumulative liabilities as at 31 December 2008 and 2007 were based on the following assumptions:

	2008	2007
Mortality table	EKV 80	EKV 80
Disability table	TV 88/90	TV 88/90
Wage growth rate	2.50%	2.50%
Technical interest rate	5.50%	5.25%
Pensions growth rate	2.25%	2.25%
Estimated average cost to the health insurance	478.95	465.00
Estimated average cost to the health insurance	484.00	498.42

For the purpose of determining the cost with current services for the year ended 31 December 2008, the Company used a discount rate of 5.25%. However, due to the analysis made to the capital market and to its expectable future development and to the associated risks, at 31 December 2008, the Company measured its retirement benefit obligations by using a discount rate of 5.50%.

RESPONSABILITIES FOR PAST SERVICE WITH PENSION AND SURVIVAL BEBEFIT PLANS

The fund assets/insurance policies registered the following movements in the current and previous year:

	2008		2007	
Amounts in Euro	Autonomous fund	Insurance policy	Autonomous fund	Insurance policy
Opening balance	145,637,604	1,040,085	156,950,033	969,537
Changes in consolidation method	-	-	(19,811,248)	-
Endowments made in the year	7,235,400	53,128	8,981,100	31,529
Expected return of funds in the year	7,289,095	81,534	6,772,941	131,511
Actual Return of funds in the year(Equity*)	(16,435,367)	-	(4,787,611)	-
Pensions paid	(4,194,923)	-	(2,467,611)	-
Retirement charged	-	(119,154)	-	-
Insurance - reinbursement	-	(67,625)	-	(92,492)
	139,531,809	**987,968**	**145,637,604**	**1,040,085**

* Differencial between real and expected income

At years ended 31 December 2008 and 2007, the fund assets were made up as follows:

Amounts in Euro	2008	2007
Shares	21,821,769	27,561,293
Bonds	39,050,490	77,112,980
Index Linked Bonds	28,341	5,181,707
Proprety	85,518	3,601,225
Liquidity	47,439,016	32,180,213
Other aplications - short term	558,036	186
	139,531,809	**145,637,604**

Obligations for post-employment benefits

As of 31 December 2008 and 2007 companies' liabilities with retirement and survivor benefits were as follows:

Amounts in Euro	Assumed by the group	Autonomous fund	Retirement and death	Assistance in health	Long service award	Total
Amount as of 1 January 2007	**96,843,476**	**37,679,108**	**928,736**	**14,318,995**	**1,443,723**	**151,214,038**
Change in consolidation method	(6,316,221)	(1,779,439)	(455,081)	(7,016,308)	(707,424)	(16,274,473)
Increase liability	8,362,320	(28,178,686)	2,592,866	22,886	26,217	(17,174,397)
Change of perimeter	347,879	(511,653)	-	95,965	-	(67,809)
Pensions paid	(1,234,434)	(2,406,649)	(32,623)	(352,725)	(43,743)	(4,070,174)
Contributions made in the period	-	8,981,100	-	-	-	8,981,100
Amount as of 1 January 2008	**98,003,020**	**13,783,781**	**3,033,898**	**7,068,813**	**718,773**	**122,608,285**
Increase liability	(1,345,642)	16,088,141	104,303	(844,552)	(37,363)	13,964,887
Pensions paid	(1,308,325)	(2,456,955)	(46,394)	(347,300)	(35,949)	(4,194,923)
Contributions made in the period	-	(7,235,400)	-	-	-	(7,235,400)
Amount as of 31 December 2008	**95,349,053**	**20,179,567**	**3,091,807**	**5,876,961**	**645,461**	**125,142,849**

Obligations for other post-employment benefits

Companies' liabilities with retirement and death benefits, as well as long service awards and healthcare benefits were as follows:

	2008				2007			
Amounts in Euros	Current Services	Interest Cost	Return of assets expected vs real	Impact on income	Current Services	Interest Cost	Return of assets expected vs real	Impact on income
Post-work benefits								
Group liabilities for pensions	338,487	5,032,660	-	5,371,147	361,038	4,042,245	-	4,403,283
Under/(overfunding) of pension funds liabilities	4,753,281	8,411,917	(7,637,547)	5,527,651	4,499,189	8,280,451	(6,700,291)	6,079,349
Death and retirement liabilities	34,841	33,996	-	68,837	47,952	24,463	-	72,415
Assistence in health liabilities	109,771	352,090	-	461,861	137,242	373,506	-	510,748
Long services award liabilities	30,975	38,023	-	68,998	32,445	38,357	-	70,802
	5,267,355	**13,868,686**	**(7,637,547)**	**11,498,494**	**5,077,866**	**12,759,022**	**(6,700,291)**	**11,136,597**

Actuarial gains and losses recognised under Equity on the period

Actuarial gains and losses directly recognised under equity during 2008, as described in Note 1.22, were as follows:

	Actuarial gains & (losses)					
Amounts in Euro	Change in assumption	Others	Return of assets expected vs real	Gross Value	Deferred Tax	Impact in Equity 2008
Post-Work benefits						
Group liability for pensions	4,071,854	2,644,935	-	6,716,789	(44,635)	6,672,154
Under/(overfunding) of pension funds liabilities	7,150,471	946,462	(16,571,179)	(8,474,246)	1,966,674	(6,507,572)
Death and retirement liabilities	9,441	22,316	-	31,757	(8,416)	23,341
Assistence in health liabilities	214,985	1,091,428	-	1,306,413	(348,359)	958,054
Long services award liabilities	12,964	93,396	-	106,360	(28,185)	78,175
	11,459,715	**4,798,537**	**(16,571,179)**	**(312,927)**	**1,537,079**	**1,224,152**

30. Provisions

During 2008 and 2007 movements in provisions were as follows:

Amounts in Euro	Portucel Legal claims	Portucel Fiscal claims	Secil environmental recovery	Others	Total
As of 1 January 2007	**1,775,946**	**13,919,015**	**751,011**	**20,659,507**	**37,105,479**
Change of perimeter	-	-	-	2,459,909	2,459,909
Change in consolidation method	-	-	(367,995)	(3,809,489)	(4,177,484)
Increases (Note 6)	269,867	18,992,445	158,947	9,608,976	29,030,235
Replacements (Note 6)	(736,223)	(2,806,045)	(142,452)	(12,799,560)	(16,484,280)
Direct Utilizations	-	-	(56,896)	(1,043,103)	(1,099,999)
Exchange differences	-	-	-	(313,320)	(313,320)
Tranfers	-	-	-	(65,620)	(65,620)
As of 31 December 2007	**1,309,590**	**30,105,415**	**342,615**	**14,697,300**	**46,454,920**
Change of perimeter	-	-	-	174,247	174,247
Increases (Note 6)	1,918,855	-	251,530	37,909,571	40,079,956
Replacements (Note 6)	(365,207)	(23,153,999)	(39,229)	(1,384,322)	(24,942,757)
Direct Utilizations	-	(5,850,000)	(25,478)	(1,114,835)	(6,990,313)
Exchange differences	-	-	-	89,742	89,742
Tranfers	(946,148)	1,291,975	-	(345,827)	-
As of 31 December 2008	**1,917,090**	**2,393,391**	**529,438**	**50,025,876**	**54,865,795**

On December 31, 2008, provisions for legal claims include VAT contingencies of outside Portugal.

Portucel and Soporcel were subject to tax inspections by the German tax authorities relatively to the treatment given to VAT in sales of BEKP and UWF paper to that country in 1998 and 2003, which happened before the Company's privatisation. In January 2008, the official position from the German tax authorities was received, disagreed with the procedures adopted by the Company in those years and it anticipated additional VAT payments.

In August 2008, an agreement was settled with the German authorities to close this process that gave rise to a payment of €5,850,000 relating to tax and interest. The Company is waiting to be compensated by the State for the amount paid relatively to this process, in accordance with the Decree-Law nº36/93 (Note 37).

The increase in Other provisions is mainly related with Social Security benefits to employees and other liabilities to Other public entities.

31. Interest-bearing liabilities

As of 31 December 2008 and 2007, Group's net debt were as follows:

Amounts in Euro	2008	2007
Interest-bearning liabilities		
Non-current	1,227,116,283	1,208,813,407
Current	64,032,032	117,794,596
	1,291,148,315	**1,326,608,003**
Cash and cash equivalents		
Cash	204,119	290,104
Short term bank deposits	(28,355,871)	37,434,621
Others	233,324,382	401,018,174
	205,172,630	**438,742,899**
Interest-beraning net debt	**1,085,975,685**	**887,865,104**

Non-current interest-bearing liabilities

As of 31 December 2008 and 2007, non-current interest-bearing liabilities were as follows:

Amounts in Euro	2008	2007
Non currents		
Bonds loans	920,400,000	920,400,000
Commercial paper	92,750,000	55,500,000
Loans from financial institutions	218,603,092	240,073,263
Expenses with bond loans issurance	(6,416,994)	(7,522,896)
Interest-bearning bank debt	**1,225,336,098**	**1,208,450,367**
Financial leases	1,674,065	256,919
Other loans - POE	106,120	106,120
Other interest-bearing debts	**1,780,185**	**363,039**
Non-current interest-bearing liabilities	**1,227,116,283**	**1,208,813,406**

Loans from financial institutions

As of 31 December 2008 and 2007, non-current interest-bearing liabilities were as follows:

Amounts in Euro	2008	2007
Bond loans		
Portucel 2005 / 2008	-	25,000,000
Portucel 2005 / 2010	300,000,000	300,000,000
Portucel 2005 / 2010 II	25,000,000	25,000,000
Portucel 2005 / 2012	150,000,000	150,000,000
Portucel 2005 / 2013	200,000,000	200,000,000
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	50,000,000	50,000,000
Semapa 1998 / 2008	-	2,244,591
SBI 2007	20,400,000	20,400,000
	920,400,000	**947,644,591**

Amounts in Euro	Amount	Maturity	Reference rate	Spread
Bond loans				
Portucel 2005 / 2010	300,000,000	March 2010	Euribor 6m	1.000%
Portucel 2005 / 2010 II	25,000,000	December 2010	Euribor 6m	0.950%
Portucel 2005 / 2012	150,000,000	October 2012	Euribor 6m	1.100%
Portucel 2005 / 2013	200,000,000	May 2013	Euribor 6m	0.875%
Semapa 2006 / 2016	175,000,000	April 2016	Euribor 6m	1.350%
Semapa 2006 / 2016	50,000,000	May 2016	Euribor 6m	1.250%
SBI 2007	20,400,000	December 2017	Euribor 6m	0.550%
	920,400,000			

Portucel sub-group's bond loans, made through private subscription in the total amount of Euro 675,000,000, will be repaid in a single instalment.

Two of the above mentioned bond loans, amounted to Euro 300,000,000 and Euro 150,000,000, are listed in Euronext Lisbon under the designations "Obrigações Portucel 2005/2010" and " Obrigações Portucel 2005/2012", and its unit value, as of 31 December 2008, is Euro 98.50 and Euro 99.87, respectively (2007: Euro 100.71 and Euro 100.26, respectively).

Additionally, Semapa SGPS, SA have restructured its debt, issuing two bond loans amounting Euro 50,000,000 and Euro 175,000,000 with 10 years maturity, led by Banco BPI, SA and Banco Espírito Santo de Investimento, SA, jointly with Caixa BI, respectively. This last is listed in Euronext Lisbon under the designation "Obrigações Semapa 2006/2016", whose unit value is, as of 31 December 2008, Euro 97.49.

Commercial paper

In 2006 Semapa SGPS, SA contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity, led by Banco BPI, SA and Banco Espírito Santo de Investimento, SA, jointly with Caixa BI, respectively, which amounts Euro 41,050,000 as at 31 December 2008.

During the year ended 31 December 2008, Semapa and holdings contracted with Group BES a commercial paper program amounting Euro 70,000,000, for a period of 5 years, which is fully used by Semapa in the amount of 51,700,000 Euro as of 31 December 2008.

Loans from financial institutions

As of 31 December 2008 and 2007, current and non-current interest-bearing debt comprised of the following:

Amounts in Euro	2008	2007	Reference rate	Spread
Non -current				
Semapa and Holdings				
Caixa Geral de Depósitos	133,079,000	133,079,000	Euribor 6m	0.500%
Credit Suisse	18,726,084	18,726,084	Euribor 3m	1.275%
Caixa Galícia	25,000,000	25,000,000	Euribor 3m	0.600%
Sub-group Secil				
Banque Mediterranee	5,496,842	-	TMM	2.000%
Banco BCP Investimentos	3,984,375	3,984,528	Euribor 6m	0.630%
Banco BPI, SA	2,798,256	3,434,223	Euribor 3m	0.630%
Banco Fomento de Angola	798,696	692,888	Libor 6m	1.500%
Other loans	11,892,136	33,298,710	several	Vários
Sub-group Portucel				
Caja Duero	15,625,000	21,857,830	Euribor 6m	0.750%
Sub-group ETSA				
Caixa Geral de Depósitos	39,666	-	Euribor 3M	1.750%
BBVA	931,850	-	Euribor 3M	0.750%
Other loans	231,187	-	Euribor 3M	several
	218,603,092	**240,073,263**		
Current				
Sub-group Secil				
Banco BCP Investimentos	7,968,750	15,937,500	Euribor 6m	0.630%
Banco BPI, SA	6,868,447	13,100,927	Euribor 3m	0.630%
Banco BCP Investimentos	8,594,906	4,911,107	Euribor 1m	0.380%
Banco Espírito Santo	1,504,500	1,537,937	Euribor 3m	0.650%
Banco Espírito Santo	2,098,800	-	Euribor 3m	0.625%
Other loans	8,208,732	151,722	several	several
Sub-group Portucel				
Caja Duero	16,094,889	35,716,665	Euribor 6m	0.75%
Sub-group ETSA				
Caixa Geral de Depósitos	1,415,202	-	Euribor 3M	1.750%
Banco BPI, SA	1,233,000	-	Euribor 3M	1.750%
Banco Totta	1,000,000	-	Euribor 3M	1.625%
Other loans	1,727,259	-	Euribor 3M	Vários
	56,714,485	**71,355,858**		
Closing balance	**275,317,577**	**311,429,121**		

Maturity of bank financing and other loans

The maturity profile of bank financing and other non-current loans is as follows:

Amounts in Euro	2008	2007
1 to 2 years	366,947,918	42,991,352
2 to 3 years	36,008,028	373,426,668
3 to 4 years	155,333,004	9,730,556
4 to 5 years	201,281,682	154,656,614
More than 5 years	379,538,580	579,774,193
	1,139,109,212	**1,160,579,383**

Current interest-bearing liabilities

As of 31 December 2008 and 2007, current interest-bearing liabilities were as follows:

Amounts in Euro	2008	2007
Currents		
Bond loans	-	27,244,590
Loans from financial instituitions	56,714,485	71,355,858
Interest-bearing bank debt	**56,714,485**	**98,600,448**
Shareholders short term loans	6,160,850	12,429,256
Financial leases	1,156,697	434,102
Other loans - POE	-	6,330,791
Other interest-bearing debts	**7,317,547**	**19,194,149**
Current interest-bearing liabilities	**64,032,032**	**117,794,597**

Liabilities related to financial leasing

As of 31 December 2008 and 2007, Group's indebtedness under financial lease plans, except for Equipments – Soporgen, was as follows:

Amounts in Euro	2008	2007
Less than 1 year	1,197,924	452,689
1 to 2 years	892,145	162,519
2 to 3 years	509,640	65,788
3 to 4 years	154,084	35,428
4 to 5 years	21,352	9,277
More than 5 years	61,549	-
	2,836,694	**725,701**
Future interests	(5,932)	(34,680)
Actual liabilities value	**2,830,762**	**691,021**

As of 31 December 2008, the Group uses the following goods acquired under finance leases:

	2008		
Amounts in Euro	**Acquisition cost**	**Accumulated amortization**	**Net book value**
Machinery and Equipment	70,252	(70,252)	-
Machinery and Equipment - Soporgen (IFRIC 4)	44,003,950	(26,402,370)	17,601,580
Transport equipment	88,939	(75,534)	13,405
	46,363,073	**(26,917,547)**	**19,445,526**

The group holds a stake of 8% in Soporgen - Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. (Soporgen), a company whose main activity is the production of electricity and steam sold mainly to the subsidiary Soporcel. Soporcel has the purchase option to the capital that does not holds in Soporgen by the amount of expected cash flows present value of the company until the contract of steam electricity supply expiry between Soporgen and Soporcel.

On 31 December 2008 and 2007, the bank granted loans and not drawn, were as follows:

Amounts in Euro	2008	2007
Sub-Group Portucel	281,660,714	176,648,693
Sub-Group Secil	314,944,061	267,815,427
Semapa SGPS, SA	164,102,882	197,570,523
	760,707,657	**642,034,643**

Financial Covenants

To certain type of financing operations, there is the commitment to maintain certain financial ratios, whose limits are previously negotiated and were not exceeded in the period of analysis.

32. Payables and other current liabilities

As of 31 December 2008 and 2007 the caption Payables and other current liabilities showed the following breakdown:

Amounts in Euro	2008	2007
Accounts payable	146,596,871	161,982,839
Accounts payable - related parties (Note 34)	2,495,889	619,642
Accounts payable - fixed assets suplliers	23,203,083	10,145,916
Instituto do Ambiente - CO2 Emission licences	23,954,746	42,542
Financial instruments derivatives (Note 33)	110,797	284,968
Other creditors	8,383,140	9,399,389
Accrued costs	73,494,573	70,774,716
Deferred income	48,539,141	62,776,877
	326,778,240	316,026,889

The amount presented in the caption Instituto do Ambiente – CO2 emission licenses, as of December 31, 2006, related to the fair value of gases emission licences to be delivered by the emissions carried through 2007, which were allocated free of charge to the Group under the National Plan for the Allocation of CO2 Emission Licences (PNALE).

As of 31 December 2008 and 2007 the captions Accrued costs and Deferred income were made up as follows:

Amounts in Euro	2008	2007
Accrued Costs		
Insurance	46,376	95,620
Payroll	31,838,922	39,388,829
Interestes payable	23,276,309	20,312,756
Power costs	6,099,229	4,230,888
Tranportation services	607,415	543,069
Forest acquisitions	2,365,789	-
Commitments to settle the sale of paper	2,269,194	-
Others	6,991,339	6,203,554
	73,494,573	70,774,716
Deferred income		
Government grants	48,261,549	62,607,105
Grants - CO2 Emission licences	196,052	29,813
Others	81,540	139,959
	48,539,141	62,776,877

33. Financial assets and liabilities

Since its activities are exposed to a variety of financial and operational risk factors, the Group adopts a proactive approach to risk management, endeavouring to mitigate the potential adverse effects associated there with, namely the risk stemming from the price of pulp, foreign exchange risk and interest rate risk.

In order to minimise the effects of exchange rate variations on the Group's sales of pulp and paper exports to non-European countries, financial instruments were contracted to hedge in 2008 virtually all balance sheet items denominated in foreign currency, as well as for hedging a part of projected sales subject to currency risk.

In addition and in order to hedge interest rate risk, interest rate swaps associated with bond loans have been contracted since 2005.

The reconciliation of the consolidated balance sheet with the various categories of financial assets and liabilities included therein is detailed as follows:

Detail of financial assets and liabilities

The reconciliation of the consolidated balance sheet with the various categories of financial assets and liabilities included therein is detailed as follows:

Amounts in Euro	Financial instruments - trading Note 33	Financial instruments - hedging Note 33	Loans and other receivables Note 24	Financial assets at fair value through profit or loss Note 20	Financial assets held-for-sale Note 21	Other insterest-bearing liabilities Note 32	Non financial assets / liabilities
2008							
Assets							
Financial assets at fair value through profit or loss	-	-	-	13,400,586	-	-	-
Financial assets held-for-sale	-	-	-	-	877,174	-	-
Other non-current assets	-	-	-	-	-	-	2,784,851,002
Current assets, cash and cash equivalents	4,086,447	(41,917)	464,415,985	-	-	-	12,888,940
Total assets	**4,086,447**	**(41,917)**	**464,415,985**	**13,400,586**	**877,174**	**-**	**2,797,739,942**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,227,116,283	-
Other liabilities	-	-	-	-	-	18,834,060	519,439,533
Current interest-bearing liabilities	-	-	-	-	-	64,032,032	-
Current liabilities	-	-	-	-	-	180,789,780	145,988,460
Total liabilities	**-**	**-**	**-**	**-**	**-**	**1,490,772,155**	**665,427,993**

31.1. Net gains on financial assets and liabilities

The effect on net income for the period of the financial assets and liabilities held is detailed as follows:

Amounts in Euro	2008	2007
Gain/(loss) on loans and receivables	(1,651,068)	(4,589,418)
Gains / (loss) on financial instruments - hedging	11,081,506	15,544,559
Gains / (loss) on financial instruments - trading	1,293,957	888,468
Dividends received:		
Trading financial assets	-	-
Avaliable-for-sale financial assets	-	-
Interest earned:		
Avaliable-for-sale financial assets	-	-
Loans and other accounts receivable	21,285,359	15,803,417
Interest paid:		
Financial liabilities measured at amortised cost	(81,043,892)	(67,612,031)
Others	(1,963,000)	(6,569,462)
Total net profit and loss	**(50,997,138)**	**(46,534,467)**

Financial instruments held for trading

The Group has a currency exposure on sales invoiced in North American dollars (USD) and pounds sterling (GBP) to the United States of America, the United Kingdom and to other places outside the European zone. Since the Group's financial statements are translated into euro, it runs an economic risk on the conversion of these currency flows to the Euro.

The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies and which for currency exposure purposes function as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of balance sheet items denominated in USD and GBP against the respective currency fluctuations.

The hedging instrument used in this operation are foreign exchange forward contracts covering the net exposure to the USD and to the GBP at the time the invoices are issued, for the same maturity dates and the same amounts of these documents in such a way as to fix the exchange rate associated with the sales.

The nature of the risk hedged is the book exchange rate variation recorded on sales and purchases expressed in USD and GBP. At the end of each month customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value of the forwards negotiated.

As of December 31, 2008 and 2007, details of the fair value of derivative financial instruments were as follows:

Amounts in Euro	Currency	2008 Notional	2008 Maturity	2008 Fair value	2007 Fair value
Financial instruments - trading					
Foreign exchange forwards	USD	15,053,000	9 March 2009	475,594	96,264
	GBP	2,865,000	6 May 2009	293,177	143,709
	USD	44,697,000	15 May 2009	536,875	570,727
	GBP	10,200,000	6 May 2009	1,512,929	458,515
Foreign exchange options	EUR	-	31 December 2008	(44,461)	184,227
Interest rate swaps	EUR	29,093,000	28 February 2010	(22,226)	310,467
Foreign exchange forwards (USD)	EUR	29,093,000	28 February 2010	1,334,559	-
Ending balance				**4,086,447**	**1,763,909**

Amounts in Euro	Currency	2008 Notional	2008 Maturity	2008 Fair value	2007 Fair value
Financial instruments - hedging					
Foreign exchange options	USD	125,000,000	31 December 2009	7,179,545	-
Foreign exchange options	USD	81,000,000	31 March 2008	-	4,406,750
Foreign exchange options	USD	30,000,000	31 December 2008	-	1,838,943
Pulp price hedging (4.000 ton)	EUR	-	28 February 2008	-	(284,968)
Interest rate hedging	EUR	150,000,000	29 March 2008	(2,193)	4,074,151
Interest rate hedging	EUR	75,000,000	27 October 2010	(41,917)	2,479,167
Ending balance				**7,135,435**	**12,514,043**
Total financial instruments				**11,221,882**	**14,277,952**

Movement occurred in derivate financial instruments caption

Fair value of derivative financial instruments is included under the caption Current payables (Note 32), if negative, and in caption Current receivables (Note 24), if positive.
The movement on the balances presented in the balance sheet relating to financial instruments was as follows:

Amounts in Euro	Premiums paid	Fair value change (trading)	Fair value change (hedging)	Total
As of 1 January 2007	**6,276,500**	**1,716,549**	**7,464,582**	**15,457,631**
Changes in consolidation method	-	(841,108)	-	(841,108)
New contracts	1,963,000	-	-	1,963,000
Maturity	(6,276,500)	-	(15,544,559)	(21,821,059)
Fair value increase	-	888,468	18,631,020	19,519,488
As of 31 December 2007	**1,963,000**	**1,763,909**	**10,551,043**	**14,277,952**
New contracts	-	1,028,581	-	1,028,581
Maturity (Note 10)	(1,963,000)	1,549,360	(11,081,506)	(11,495,146)
Fair value increase	-	-	7,665,898	7,665,898
Fair value decrease (Note 10)	-	(255,403)	-	(255,403)
As of 31 December 2008	**-**	**4,086,447**	**7,135,435**	**11,221,882**

On 5 September and 19 November 2008, Secil entered into swap agreements of “Emission EU Allowances (EUA) and Certified Emission Reductions "(CER) with a financial institution, corresponding to the receipt of the following amounts Euro 6,778,688, corresponding 9,180 tonnes.

The Group will deliver in future periods CER allowances to the licensing coordination entity, as part of its obligations to the stated entity.

The Group views this transaction as a swap of similar goods with similar value in use, not exposed to future volatility in market prices of the allowances and consequently not regarded as a transaction which generates revenue in the current period. Revenue arising from this transaction is recognized in the income statement on its maturity date.

Financial assets at fair value through profit or loss

These amounts are recognised at fair value which corresponds to their market value (Note 20).

Financial assets available for sale

These amounts are recognised at fair value which corresponds to their nominal value, after deducting any impairment losses (Note 21).

Loans and receivables

These amounts are recognised at fair value which corresponds to their nominal value, after deducting any impairment losses identified during the course of the credit risk analysis of the credit portfolios held (Notes 2, 22 and 24).

Other financial liabilities

These items are recognised at their amortised cost, corresponding to the value of the respective cash flows discounted at the effective interest rate associated with each one of the liabilities concerned (Note 31).

34. Balances and transactions with related parties

As of 31 December 2008, receivables from related parties are as follows:

Amounts in Euro	Interest-bearing liabilities 2008	Interest-bearing liabilities 2007
Shareholders		
Cimo SGPS, SA	105,155	3,239,252
Longapar, SGPS, SA	5,449,967	8,868,168
Sonaca SGPS, SA	602,818	321,836
Cimigest, SGPS, SA	970	-
Sonagi, SA	970	-
Sodim, SGPS, SA	970	-
	6,160,850	**12,429,256**

Amounts in Euro	2008 Others debtors	2008 Accounts receivable	2007 Other debtors
Associated companies			
Beton Catalan	16,083,931	-	-
J.M. Henriques, Lda.	52,078	-	51,455
Cimentaçor	35	-	-
Secil Unicon - S.G.P.S., Lda	98,889	-	3,500
Be-power	-	-	6,170
Inertogrande	117,444	-	116,389
Teporset	452,208	-	-
Soporgen	319,992	523,988	319,992
TASC	2,743	13,910	2,743
Other related parties	131,066	1,957,991	128,228
Total	**17,258,386**	**2,495,889**	**628,477**

As of 31 December 2008 and 2007, payables to related parties are as follows:

Amounts in Euro	2008 Service Purchase	2008 Services rendered	2007 Service Purchase	2007 Services rendered
Shareholders				
Cimianto SGPS, SA	107,740	-	107,740	-
Cimo SGPS, SA	-	79,333	-	130,253
Longapar, SGPS, SA	-	166,146	-	174,709
Sonaca SGPS, SA	-	30,716	-	34,169
	107,740	**276,195**	**107,740**	**339,131**

Amounts in Euro	2008 Service Purchase	2008 Services rendered	2008 Service Purchase	2008 Services rendered
Subsidiaries shareholders				
CRH, plc	1,050,600	-	-	-
Associates				
Viroc Portugal, S.A.	-	599,232	4,916	(72,714)
Chryso Portugal, S.A.	979,019	-	49,666	-
Setefrete, S.A.	720,814	-	-	-
Secil Prebetão, S.A.	27,471	299,497	64,612	3,045
Soporgen	5,029,219	-	-	-
TASC	77,474	-	-	-
Others	-	-	2,747	(9,100)
	7,884,597	**898,729**	**121,942**	**(78,769)**

35. Changes in the consolidation scope

Scope Inclusions

- ETSA – Empresa transformadora de Sub-produtos Animais, SA, with its head office in Santo Antão do Tojal – was fully acquired on October 2008. (See prefatory note). ETSA is a leading group of companies operating in the collection and processing of animal products. At the reference date of the operation, 30 September 2008, the Group had a net asset of EUR 35,996,436, a total equity of 13,759,041 Euro and a turnover of EUR 26,017,963;

This acquisition was carried out by the subsidiary Verde Oculto – Investimentos, SGPS, S.A for a total amount of EUR 60,656,440 (including credits and supplementary capital for a total of EUR 12,516,764) generating a goodwill of Euro 44,832,948 (Note 15).

- Great Earth – Projectos, SA, with its head office in Lisboa – was formed in the financial year of 2008 and its capital is fully held by Semapa SGPS.

- Colegra, Exploração de Pedreiras. S.A, with its head office in Vila Nova de Famalicão, was fully acquired on 4 December 2008.

- A stake of 50% was aquired in Teporset, Terminal Portuário de Setúbal, S.A., with its head Office in Oeiras, on 27 June 2008.

- Rubetão, Pré-Fabricados de Betão, S.A., was merged with Secil Prebetão, S.A, on 31 July 2008,. through an issue of shares by Secil Prebetão.

Scope exclusions

- Carcubos, liquidated on 12 December 2008

- Camilo & Lopez, liquidated on 11 December 2008.

Sobioen - Soluções de Bioenergia, S.A, sold on 4 December 2008..

36. Environmental related expenditure

In order to carry out its business the Group supported several environmental charges which, in accordance with their nature, are capitalised or recognised as costs in the operating profit for the period.

Environmental expenses incurred by the Group in order to preserve resources or avoid or reduce future damages, are capitalised when they are expected to extend the life or to increase the capacity, safety or efficiency of other assets held by the Group.

The expenditures capitalised and expensed in the years ended 31 December 2008 were as follows:

Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	1,249,720	1,146,490	2,396,210
Management of residual waters	6,879	46,100	52,979
Waste/residual managements	458,338	5,411,167	5,869,505
Protection of soils and underground waters	52,285	57,930	110,215
Protection of nature	319,397	1,122	320,519
Recovery boyler	-	5,686,351	5,686,351
Liquid effluent treatment	7,691,153	1,116,938	8,808,091
Materials recycling	701,923	-	701,923
Sewage network	287,436	-	287,436
Solid waste embankment	137,620	-	137,620
Other environmental protection activities	77,424	1,626,865	1,704,289
	11,557,380	**15,092,963**	**26,650,343**

The expenditures capitalised and expensed in the years ended 31 December 2007 were as follows:

Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	1,102,155	2,234,044	3,336,199
Management of residual waters	3,690	21,182	24,872
Waste/residual managements	482,367	1,008,922	1,491,289
Protection of soils and underground waters	55,954	40,638	96,592
Protection of nature	369,845	332,101	701,946
Recovery boyler	-	522,552	522,552
Liquid effluent treatment	7,197,220	1,328,019	8,525,239
Materials recycling	1,093,298	-	1,093,298
Sewage network	53,007	-	53,007
Solid waste embankment	346,639	-	346,639
Other environmental protection activities	318,620	1,809,221	2,127,841
	11,821,867	**7,296,679**	**19,118,546**

CO_2 emission licences

As part of the Kyoto Protocol, the European Union has committed itself to reduce gas emissions which produce the greenhouse effect. Within this context, a Community Directive was issued that foresees the commercialization of CO_2 emission licences. This Directive has been transposed to the Portuguese legislation, with effect from January 1, 2005, and impacts amongst other industries, on the pulp and paper industry.

As result of negotiations of the National Plan for the allocation of CO_2 emission licences (PNALE), for the period 2008-2012, was granted to the Group licences corresponding to 531,049 tons for each year of the period.

37. Auditing and statutory auditing expenses

In the years ended 31 December 2008 and 2007, expenses with statutory audits, other audits and tax consultancy, were as follows:

Amounts in Euro	2008	2007
Statutory auditors services	448,174	428,673
Tax consultancy services and others	185,375	343,230
Other reliability assurance services	188,408	63,103
	821,957	**835,006**

The services described as tax consultancy and other, mainly comprise of the support in complying with tax obligations, in Portugal and abroad, as well as in services, surveys of operational business processes which did not result in any advice for redesign of existing practices, procedures or controls.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors through the audit committee process analysis of the work proposed and careful definition of the work to be awarded to the auditors.

38. Average number of employees

As of December 31, 2008 the average number of employees working for the various Group companies, by business segment, was as follows:

	2008				
	Pulp and paper	Cement	Environment	Holdings	Total
Portugal	2,105	1,426	174	21	3,726
Rest of Europe	59	3	-	-	62
Angola	-	290	-	-	290
Lebanon	-	481	-	-	481
Tunisia	-	437	-	-	437
Cape Verde	-	37	-	-	37
	2,164	**2,674**	**174**	**21**	**5,033**

	2007				
	Pulp and paper	Cement	Environment	Holdings	Total
Portugal	1,893	1,485	-	21	3,399
Rest of Europe	59	-	-	-	59
Angola	-	286	-	-	286
Lebanon	-	477	-	-	477
Tunisia		474	-		474
Cape Verde	-	47	-	-	47
	1,952	**2,769**	**-**	**21**	**4,742**

The increase occurred in the Pulp and Paper segment results from the recruitment of staff to integrate the new paper mill under construction by sub-group Portucel and who are undergoing training.

39. Commitments

As of 31 December 2008 and 2007, commitments assumed by the Group were as follows:

Entities	2008	2007
Warranties		
DGT - Direcção Geral do Tesouro	50,000,000	50,000,000
IAPMEI (in the scope of POE)	3,067,485	6,329,702
VAT refunds request	3,159,496	-
DGCI - Portuguese tax authorities	11,082,974	25,247,206
Soporgen financing	666,667	888,889
Câmara Municipal de Setúbal	492,290	487,700
APSS - Admi. dos Portos de Setúbal e Sesimbra	204,960	189,959
Direcção Geral de Alfândegas	408,000	408,000
APDL - Administração do Porto de Leixões	297,736	297,736
OMMP and Elfouladh	-	40,817
Simria	514,361	514,361
Instituto de Conservação da Natureza - Arrábida	481,771	338,645
INGA - Instituto Nacional de Garantia Agricola	-	94,521
IAPMEI (in the scope of PEDIP)	50,878	65,937
BFA (Angola)	1,832,291	-
Comissão de Coord. e Desenv. Reg. Centro	400,591	400,591
BTA (Angola)	1,832,291	-
KEVE (Angola)	3,664,583	-
Chaussee	-	237,237
Comissão de Coordenação e Desenv. Regional LVT	366,424	-
AKA (Líbano)	3,928,817	3,857,149
Others	1,453,106	3,937,440
	83,904,721	**93,335,891**
Other commitments		
Purchase commitmentswith suppliers	151,223,062	134,447,731
Operating lease - rent due less than 12 months	3,602,848	-
Credit letters	15,152,706	-
	169,978,616	**134,447,731**
	253,883,337	**227,783,622**

The subsidiary Seinpart – Participações SGPS, issued a bank guarantee, to the tax authorities (Direcção Geral do Tesouro), in 2004, by Euro 50,000,000, valid for five years. This guarantee has the purpose of covering the fulfilment of all obligations assumed by this subsidiary, in accordance with the terms established in chapter IV of the “Term of references” approved by Resolution 194/2003, of December 30, concerning the privatization of Portucel

During 2006, Semapa SGPS and Semapa Inversiones, SL, as guarantor, concluded a promise of a credits granting contract with a financial institution, amounting of Euro 200,000,000 in order to finance the acquisition of listed on the Euronext Lisbon shares and that integrate PSI 20 and / or acquisition of Portucel shares.

With funds availability under that contract, Semapa and/or guarantor undertake to provide security in the corresponding shares acquired and/or holding in portfolio Portucel shares, or alternately the establishment of a long term deposit, sufficient to maintain a coverage ratio amounting never less than 1.1.

This credit line was used up, on 31 December 2008, by the amount of Euro 133,079,000, having been given as security 42,930,076 Portucel shares, 86,386 EDP shares and 2,720,000 Semapa SGPS treasury shares.

On 31 December 2008, the sub-group Secil had issued guarantees on financial institution borrowings in a total amount of Euro 29,711,188.

Investment contract – AICEP

On July 12, 2006, Portucel, Soporcel and AICEP – Agência para o Investimento e Comércio Externo de Portugal (Portuguese agency for investment and foreign trade) entered into contracts for investments in progress and to be completed which comprise tax incentives amounting to €22,480,095 and financial incentives amounting to €102,038,801, corresponding to a total of €124,518,896, of which €17,286,665 have already been used until the 2008.

Due to the stage of development of the projects, the Group recognised gains with financial incentives related with eligible investments up to 31 December 2008, of €27,060,136. Under these contracts Portucel and Soporcel will still have to invest a total amount of about €96,400,000.

Additionally, a contract was signed with the subsidiary About The Future, SA, for investments in 2007 and 2008 initially estimated at €482 millions. This contract includes tax incentives of €52,433,150, of which €1,252,489 were used in 2008.

All contracts were approved by national and EU authorities. The last of which, related to Soporcel, was approved in June 2007.

Purchase commitments

in addition to the matter referred to in the preceding point, purchase commitments assumed to suppliers at 31 December 2008, totalled €132,267,344 and referred to capital expenditure on factory plant and equipment (total commitments at 31 December 2007: €110,637,607). These figures include the commitments assumed to AICEP which contemplate overall capital investments of some €914,600,000, of which €440,694,000 had been spent at 31 December 2008.

40. Other commitments of the group

Pledges

During 2000 Secil contracted bank loans to finance the acquisition of Société des Ciments de Gabés in Tunisia, with maturity in 2010. Under the terms of the financing, Secil handed an irrevocable power of attorney to the banks enabling the latter to pledge the shares acquired as guarantee for the loans in the event of non-compliance under the financing agreements.

The subsidiary Société des Ciments de Gabés, contracted a loan of TND 15,000,000 (Euro 8,823,529) with a financial institution in Tunisia, for the acquisition of plant equipment. Under the terms of the loan Société des Ciments de Gabés handed an irrevocable power of attorney to the bank, enabling the latter to pledge the equipment acquired as guarantee for the loans in the event of non-compliance under the financing agreements.

In April 2005, the subsidiary Secil Martingança, Lda, contracted a loan with a financial institution with maturity in 2012, to finance the acquisition of subsidiaries IRP – Indústrias de Rebocos de Portugal, S.A. and Lusocil – Sociedade Portuguesa de Cimento Cola, S.A.

Under the terms of the financing, the Company handed an irrevocable power of attorney to the banks enabling the latter to pledge the shares acquired as guarantee for the loans in the event of non-compliance under the financing agreements.

Comfort letters

Secil issued a comfort letter in favour of a financial institution as guarantee for certain financing contracted by its associated company Viroc Portugal, S.A., in an amount of Euro 2,574,082.

Investment in a new plant in Angola

In terms of the Memorandum of Understanding signed on April 2004 between the Angolan Government and Secil's subsidiary, Secil – Companhia de Cimento do Lobito, S.A. - 51% held by the Secil Group and 49% held by the Angolan State - was incorporated on 29 November 2005 and commenced trading on 1 January 2006. Consequently, the rental contract for the utilization and operating of the Encime plant in Lobito, entered previously into by the Angolan State and TecnoSecil and in force since September 2000, has officially dissolved.

Secil Lobito's share capital of USD 21.274.286 was paid in through the transfer of tangible and intangible assets previously owned by Tecnosecil and Encime U.E.E., held respectively by the Secil Group and the Angolan Government, at values determined by a valuation carried out in October 2003 by an independent international audit firm.

It was foreseen at the date of incorporation of Secil Lobito, that within a time horizon of 36 months from the date the share capital was paid up, the company would install a cement factory in Lobito.

On 26 November 2007, *ANIP – Agência Nacional para o Investimento Privado* (in Angola) approved the Private Investment Project "New Cement and Clinker Factory - Secil Lobito" for a total of USD 91.539.000.

41. Contingent Assets

Sub-group Secil

Revaluation under the Privatization process

CMP Pension Plan

The Group recorded EUR 5,598,358 (fully adjusted at present) in its annual financial statements for the year ended 31 December 1995 in respect of an amount due from the Portuguese State arising from an actuarial valuation of retirement obligations of CMP as at 31 December 1993, valued by a specialised and independent entity, as part of the CMP privatization programme.

The valuation contained errors which were subsequently detected, and as a result, the Board of Directors of CMP made an official request to the Portuguese Government in 1996 for the reimbursement of the abovementioned amount.

On 16 September 1999, Secil's Board of Directors filed a legal action against the Portuguese Government with the Lisbon Administrative Circuit Court, claiming payment of the aforesaid amount and respective interest.

On 30 September 2008, the Court ruled partially in the company's favour, ordering the Portuguese Government to pay EUR 3.114.891, plus interest arrears on the full amount from the date of acquisition of CMP by Secil.

The State appealed against the decision, whilst Secil filed a subordinated appeal. Presently the appeal is underway.

Sub-group Portucel

Public debt settlement fund

In terms of Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (25 November 2006) are the responsibility of the Public Debt Settlement Fund.

Portucel submitted an application to the Public Debt Settlement Fund on 16 April 2008, requesting the payment of the tax debts hitherto raised by the tax authorities. In this context, the aforementioned Fund is liable for a total amount of €27,697,972, detailed as follows:

Company	Tax	Period	Outsandig*
Portucel	Value added tax - Germany		5,850,000
Portucel	Corporate Income T	2001	314,340
Portucel	Corporate Income T	2002	625,033
Portucel	Value added tax	2002	2,697
Portucel	Corporate Income T	2003	1,573,165
Portucel	Corporate Income T	2003	3,158,530
Portucel	Withholding Tax	2004	3,160
Portucel	Corporate Income T	2004	1,167,629
Portucel	Corporate Income T	2005	11,773,112
			24,467,666
Soporcel	Corporate Income T	2002	270,025
Soporcel	Value added tax	2003	2,509,101
Soporcel	Stamp Tax	2004	451,180
			3,230,306
Total			**27,697,972**

** amounts in euro*

Withholding tax in Spain – €516,729

Between 2001 and 2004, ENCE – Empresa Nacional de Celulose, S.A., a company in which Portucel had a 8% participation until 2004, paid dividends totalling €3,444,862, which were subject to withholding tax of €516,729.

Portucel challenged the amount withheld on the basis that it violated the right of free establishment foreseen in the Treaty of Rome (dividends paid to an entity resident in Spain are not be subject to withholding tax). The claim was rejected in February 15, 2008, and the Company appealed to court on April 29, 2008.

Moreover, during 2007, the European Commission made a formal request to Spain to change the law regulating withholding tax for non-residents, specifically relative to dividends paid, since it violates EU law as a discriminatory practice in light of that which regulates the taxation of income of the same nature when paid between companies resident for tax purposes in Spain; it has even filed suit for that purpose with the EU Supreme Court. Finally, in 2007, the EU Supreme Court issued the Amurta Judgment, which supports the company's position.

Stamp tax on loans – Stamp tax on share capital – €77,000

On 7 April 2008, SPCG and PortucelSoporcel Cogeração de Energia S.A. lodged with the Almada Administrative and Tax Court a judicial impugnment against the levying of stamp tax in the amounts of €50,000 and €27,000, respectively, on the share capital increases realised by the aforesaid companies, on the grounds that such act is contrary to the provisions of Community Directive no. 69/335/EEC of the Council of 17 July 1969, as amended by Directive 85/303/EEC of the Council of 10 June 1985.

The above-mentioned companies are now awaiting that court's decision.

Corporate Income Tax 2007 (Municipal surcharge) – €682,182

Portucel lodged the aggregate Income Tax return (Modelo 22) relating to 2007 on 30 May 2008, in which it computed the Municipal surcharge of €2,325,392.42, which amount corresponds to 1.5% of the Group's taxable profit (€155,026,161.38) – the rate envisaged in article 14(1) of the current Local Finances Law (Law no. 2/2007 of 15 January).

Notwithstanding Internal Directive no. 20132 issued by the IRC Services Division on 14 April 2008, which provides that , *"for companies which form part of the perimeter of the group covered by the special taxation regime for groups of companies, the municipal surcharge must be calculated and specified individually for each one of the companies on their return (…). The sum of the municipal surcharges thus computed must be indicated in box 364 of Table 10 of the corresponding group return, with the dominant company being liable for the respective payment".*

Based on the understanding expressed in this internal directive, the tax authorities fixed the amount of the Company's municipal surcharge for 2007 at €3,007,574.02, which amount corresponds to the sum of the individual municipal surcharges of the companies which form part of the tax group.

The difference *vis a vis* the amount computed by Portucel amounts €682,182, which amount was the object of an additional tax assessment raised against Portucel.

Portucel lodged an objection on 26 November 2008, against the additional assessment on the grounds that it disagreed with the aforesaid internal directive's interpretation that the said internal directive makes of the Local Finances Law (Law no. 2/2007 of 15 January), while the debt is guaranteed by €852,727.

CO2 emission licences

In November 2008, the Group negotiated the sale in March 2009 of 346,000 CO2 emission licences to be received in February 2009 under the PNALE, for a global figure of €5,522,900.

42. Exchange rates

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on 31 December 2008. The income statement transactions were translated at the average rate for the period. The differences arising from the application of these rates as compared with the balance prior to the conversion were reflected under the Currency translation reserve heading in shareholders' equity.

The rates used in 2008 and 2007 against the euro, were as follows:

	2008	2007	Valuation/ (depreciation)
TND (tunisian dinar)			
Average exchange rate for the ye	1.8012	1.7498	(2.94%)
Exchange rate at the end of the y	1.8216	1.7911	(1.70%)
LBN (llibanese pound)			
Average exchange rate for the ye	2,217.10	2,066.00	(7.31%)
Exchange rate at the end of the y	2,098.00	2,192.00	4.29%
USD (american dollar)			
Average exchange rate for the ye	1.4708	1.3705	(7.32%)
Exchange rate at the end of the y	1.3917	1.4721	5.46%
GBP (sterling pound)			
Average exchange rate for the ye	0.7963	0.6843	(16.37%)
Exchange rate at the end of the y	0.9525	0.7334	(29.88%)

43. Companies included in consolidation

Name	Head Office	Direct and indirect % of equity hekd by Semapa Direct	Indirect	Total
Parent - company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon	-	-	-
Subsidiaries				
Seminv, SGPS, S.A.	Lisbon	100.00	-	100.00
Cimentospar - Participações Sociais, SGPS, Lda.	Lisbon	-	100.00	100.00
Seinpart, SGPS, S.A.	Lisbon	49.00	51.00	100.00
Verdeoculto, SGPS, S.A.	Lisbon	100.00	-	100.00
Seinpar Investments, B.V.	Amesterdam	100.00	-	100.00
Interholding Investments B.V. (ex Semapa Investments B.V.)	Amesterdam	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00
Great Earth, SA	Lisbon	100.00	-	100.00

Subsidiary companies of sub-group Portucel - under full consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiary Portucel Direct	Indirect	Total	Equity % acctually held by Semapa
Portucel – Empresa Produtora de Pasta e Papel, SA	Setúbal	-	76.72	76.72	76.72
Subsidiaries					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	76.72
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda	Setúbal	56.00	44.00	100.00	76.72
Soporcel España, SA	Spain	-	100.00	100.00	76.72
Soporcel International, BV	Netherlands	-	100.00	100.00	76.72
Soporcel France, EURL	France	-	100.00	100.00	76.72
Soporcel United Kingdom, Ltd	United kingdom	-	100.00	100.00	76.72
Soporcel Italia, SRL	Italy	-	100.00	100.00	76.72
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	76.72
Soporcel North America Inc.	EUA	-	100.00	100.00	76.72
Soporcel Deutschland, GmbH	Germany	-	100.00	100.00	76.72
Soporcel Handels, GmbH	Austria	-	100.00	100.00	76.72
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.72
Aliança Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.72
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	76.72
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100.00	100.00	76.72
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	76.72
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	76.72
Aflomec - Empresa de Exploração Florestal, SA	Setúbal	-	100.00	100.00	76.72
Cofotrans - Empresa de Exploração Florestal, SA	Figueira da Foz	-	100.00	100.00	76.72
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	100.00	-	100.00	76.72
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00	76.72
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100.00	100.00	76.72
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100.00	100.00	76.72
PortucelSoporcel Papel - Sales e Marketing, ACE	Figueira da Foz	50.00	50.00	100.00	76.72
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	38.36
Raiz - Instituto de Investigação da Floresta e Papel	Eixo	43.00	51.00	94.00	72.12
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50.00	50.00	100.00	76.72
About the Future - Empresa Produtora de Papel, SA	Setúbal	0.02	99.98	100.00	76.72
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	76.72
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	76.72
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Cacia	-	91.15	91.15	69.93
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	93.84	93.84	71.99
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	70.18
ImpactValue - SGPS, SA	Setúbal	100.00	-	100.00	76.72
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00	76.72
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00	76.72
PortucelSoporcel Participações, SGPS SA	Setúbal	100.00	-	100.00	76.72
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00	76.72
Atlantic Forests, SA	Setúbal	-	100.00	100.00	76.72
Portucel International GmbH	Germany	100.00	-	100.00	76.72
Afocelca - Agrupamento complementar de empresas para protecção contra incenc	Portugal	-	64.80	64.80	49.72
Bosques do Atlantico, SL	Spain	-	100.00	100.00	76.72
PortucelSoporcel Sales & Marketing NV	Belgium	5.00	95.00	100.00	76.72

Subsidiary companies of sub-group ETSA - under full consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiarary Secil: Direct	Indirect	Total	Equity % acctually held by Semapa
Parent - company:					
ETSA - Empresa Transformadora de Subprodutos Animais, SA	Stº Antão do Tojal	-	-	-	100.00
Subsidiaries					
ABAPOR – Comércio e Industria de Carnes, S.A	Stº Antão do Tojal	100.00	-	100.00	100.00
SEBOL – Comércio e Industria de Sebo, S.A.	Stº Antão do Tojal	100.00	-	100.00	100.00
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100.00	-	100.00	100.00
BIOLOGICAL - Gestão de Resíduos Industriais, L.da,	Stº Antão do Tojal	100.00	-	100.00	100.00
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Mérida	100.00	-	100.00	100.00

Subsidiary companies of Sub-group Secil - under proportional consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiarary Secil: Direct	Indirect	Total	Equity % acctually held by Semapa
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	6.42	44.58	51.00	51.00
Subsidiaries					
Parcim Investments, B.V.	Amesterdam	100.00	-	100.00	51.00
Secilpar, SL.	Madrid	-	100.00	100.00	51.00
Somera Trading Inc.	Panamá	-	100.00	100.00	51.00
Hewbol, SGPS, Lda.	Funchal	-	100.00	100.00	51.00
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	51.00
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	31.88
Florimar- Gestão e Participações, SGPS, Lda.	Funchal	100.00		100.00	51.00
Seciment Investments, B.V.	Amesterdam	100.00	-	100.00	
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Eq	Lisbon	58.40	-	58.40	29.78
Silonor, S.A.	Dunkerque - France	100.00	-	100.00	51.00
Société des Ciments de Gabés	Tunis	98.72	-	98.72	50.35
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.72	98.72	50.35
Zarzis Béton	Tunis	-	78.97	78.97	40.28
Tercim- Terminais de Cimento, S.A.	Lisbon	100.00	-	100.00	51.00
Secil Angola, SARL	Luanda	100.00	-	100.00	51.00
Secil - Companhia de Cimento do Lobito, S.A.	Lobito	-	51.00	51.00	26.01
Secil, Betões e Inertes, S.G.P.S., S.A. e Subsidiárias	Setúbal	91.85	8.15	100.00	51.00
Britobetão - Central de Betão, Lda.	Évora	-	73.00	73.00	37.23
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	-	100.00	100.00	51.00
Secil Britas, S.A.	Penafiel	-	100.00	100.00	51.00
Sicobetão - Fabricação de Betão, S.A.	Pombal	-	100.00	100.00	51.00
Colegra - Exploração de Pedreiras, S.A.	V. N. Famalicão	-	100.00	100.00	51.00
Minerbetão - Fabricação de Betão Pronto, Lda.	Leiria	-	100.00	100.00	51.00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda.	Leiria	51.19	45.81	97.00	49.47
IRP - Industria de Rebocos de Portugal, S.A.	Lisboa	-	97.00	97.00	49.47
Condind - Conservação e Desenvolvimento Industrial, Lda.	Setúbal	50.00	50.00	100.00	51.00
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisbon	-	100.00	100.00	51.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90.87	90.87	46.34
Ave- Gestão Ambiental e Valorização Energética, S.A.	Lisbon	-	51.00	51.00	26.01
Cimentos Costa Verde - Comércio de Cimentos, Lda.	Lisbon	-	100.00	100.00	51.00
Teporset - Terminal Portuário de Setúbal, S.A.	Oeiras	-	50.00	50.00	25.50
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos,Lda.	Lisbon	50.00	50.00	100.00	51.00
Prescor Produção de Escórias Moídas, Lda.	Lisbon	-	100.00	100.00	51.00
CMP - Cimentos Maceira e Pataias, S.A. ("CMP")	Leiria	100.00	-	100.00	51.00
Ciments de Sibline, S.A.L.	Beirute	28.64	22.03	50.67	25.84
Soime, S.A.L.	Beirute	-	50.67	50.67	25.84
Premix Liban, S.A.L	Beirute	-	50.67	50.67	25.84
Cimentos Madeira, Lda.	Funchal	57.14	-	57.14	29.14
Beto Madeira - Betões e Britas da Madeira, S.A.	Funchal	-	57.14	57.14	29.14
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	57.14	57.14	29.14
Sanimar Madeira, Sociedade de Materiais de Construção, Lda.	Funchal	-	57.14	57.14	29.14
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	57.14	57.14	29.14
Madebritas - Sociedade de Britas da Madeira, Lda.	Funchal	-	29.14	29.14	14.86
Pedra Regional - Transformação e Comercialização de Rochas Ornamentais, L(	Funchal	-	29.14	29.14	14.86
Pedra Regional - Transformação e Comercialização de Rochas Ornamentais, L(	Funchal	-	14.86	14.86	7.58
Secil Unicon - S.G.P.S., Lda.	Lisbon	50.00	-	50.00	25.50
Secil Prébetão, S.A.	Montijo	-	50.00	50.00	25.50
Teporset-Terminal portuário de Setúbal, S.A.	Oeiras		50.00	50.00	25.50

BOARD OF DIRECTORS

President
Pedro Mendonça de Queiroz Pereira

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

PricewaterhouseCoopers
& Associados - Sociedade de
Revisores Oficiais de Contas, Lda.
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Portugal
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Report of the Auditors for Statutory and Stock Exchange Regulatory Purposes in respect of the Consolidated 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 consolidated financial information included in the consolidated management report and the consolidated financial statements of SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA, comprising the consolidated balance sheet as at December 31, 2008, (which shows total assets of €3,280,478,217 and a total of shareholder's equity of €1,124,278,069, including minority interests of €302,940,493 and net profit of €106,347,480), the consolidated income statement, the consolidated statement of income and expenses, the consolidated statement of changes in equity and the consolidated 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 consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated results of their operations and their consolidated cash flows; (ii) to prepare the historic financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU 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 adequate systems of internal accounting controls; and (v) the disclosure of any relevant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the consolidated financial information included in the consolidated 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 consolidated financial statements are free of material misstatement. Accordingly, our examination included: (i) verification that the subsidiary's financial statements have been examined and for the cases where such an examination was not carried out, verification, on a test basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgments and criteria of Management used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the consolidated financial information included in the consolidated 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 consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA as at December 31, 2008, the changes in equity, the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and duly comply with principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness.

Lisbon, March 11, 2009

PricewaterhouseCoopers & Associados, SROC, Lda
represented by:

____
Abdul Nasser Abdul Sattar, R.O.C.

SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA
Report and Opinion of the Audit Board
Consolidated Accounts

Financial year of 2008

Shareholders,

1. As required by law, the articles of association and our mandate from the shareholders, we are pleased to present our report on our supervisory activities and to issue our opinion on the Consolidated Management Report and Consolidated Financial Statements presented by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, SA for the financial year ended 31 December 2008.

2. Over the course of the year we monitored the company's affairs and those of its subsidiaries at the intervals and to the extent we deemed appropriate, in particular through periodic meetings with the directors. We confirmed that the accounts were properly kept and the respective documentation in order, as well as checking the effectiveness of the systems for risk management, internal control and internal auditing. We were watchful of compliance with the law and the articles of association. We encountered no constraints in the course of our work.

3. We held several meetings with the official auditor and external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., thereby monitoring the audit work carried out and assuring the independence of such work. We have assessed the Legal Certificate of Accounts and the Audit Report, and are in agreement with the Legal Certificate of Accounts presented.

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

    a) the Consolidated Balance Sheet, the Consolidated Statement of Recognized Income and Expense, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the corresponding Notes to the financial statements provide an appropriate picture of the state of the company's affairs and of its results;

    b) the accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) and are appropriate so as to assure that they lead to a correct assessment of the company's assets and its results; the analyses and recommendations issued by the external audit have been duly followed up;

    c) the Individual Management Report provides sufficient information on the progress of the company's activities and those of its subsidiaries and the state of their affairs and offers a clear account of the most significant developments during the period.

5. Accordingly, taking into consideration the information received from the Board of Directors and from the company departments, together with the conclusions set out in the Legal Certificate of Accounts and the Audit Report, we recommend that:

    a) the Consolidated Management Report be approved;

    b) the Consolidated Financial Statements be approved.

6. Finally, the members of the Audit Board wish to express their acknowledgment and thanks to the Board of Directors and to the company's senior management and other staff for the cooperation provided during the year.

Lisbon, 13 March 2009

The Chairman of the Audit Board

Duarte Nuno d'Orey da Cunha

The Member

Miguel Camargo de Sousa Eiró

The Member

Gonçalo Nuno Palha Gaio Picão Caldeira

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

December 31, 2008

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

INCOME STATEMENT BY NATURE FOR THE YEARS ENDED DECEMBER 31,2008 AND 2007

(Amounts in Euros)

EXPENSES	Noteds	31-12-2008		31-12-2007	
Supplies and external services			2.195.343		2.296.765
Employee costs:					
Payroll		6.209.421		8.099.911	
Social Charges					
Pensions	31	4.998.082		3.999.746	
Others		803.160	12.010.663	482.240	12.581.897
Depeciation and amortisations	10	151.887		141.762	
Provisions	34	233.951	385.838	2.234.293	2.376.055
Taxes		813.708		743.867	
Other operational expenses		35.379	849.087	92.390	836.257
(A)			15.440.931		18.090.974
Losses in Group and Associated Companies	16 and 45		50.000		2.765.435
Adjustments for Securities and other investments	17 and 45	285.797			
Interest and other expenses:					
Group companies	45 and 53	17.405		98.142	
Others	45	29.599.353	29.902.555	23.881.146	23.979.288
(C)			45.393.486		44.835.697
Extraordinary expenses	46		131.537		24.244
(E)			45.525.023		44.859.941
Income Tax	6		(4.365.980)		(4.276.269)
(G)			41.159.043		40.583.672
Net profit for the year			106.347.480		121.950.561
			147.506.523		162.534.233

INCOME	Notes	31-12-2008		31-12-2007	
Services rendered	44 and 53		3.092.640		4.362.282
Suplementary income		152.172		-	
Operating income		166.896	319.068	1.369	1.369
(B)			3.411.708		4.363.651
Gains in Group and Associated Companies	16 and 45	127.182.175		130.706.065	
Gains on Securities and other investments	45	34.439		128.261	
Interest and other income:					
Group companies	45 and 53	465.673		869.375	
Others	45	292.306	127.974.593	405.257	132.108.958
(D)			131.386.301		136.472.609
Extraordinary income	46		16.120.222		26.061.624
(F)			147.506.523		162.534.233

		31-12-2008	31-12-2007
Net operating profit:	(B) - (A)	(12.029.223)	(13.727.323)
Financial profit:	(D-B) - (C-A)	98.022.038	105.364.235
Current profit:	(D) - (C)	85.992.815	91.636.912
Profit before tax:	(F) - (E)	101.981.500	117.674.292
Net income for the year:	(F) - (G)	106.347.480	121.950.561

The accompanying notes form an integral part of the income statement by nature as of December 31, 2008

The accountant

Board of directors

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

BALANCE SHEET AS OF DECEMBER 2008 AND 2007

(Amounts in Euros)

ASSETS	Notes	31-12-2008 Gross assets	31-12-2008 Adjustments and depreciations	31-12-2008 Net assets	31-12-2007 Net assets
FIXED ASSETS:					
Tangible fixed assets:					
Buildings and Other Construction	10	775.005	(291.104)	483.901	546.183
Transport Equipment	10	28.341	(25.431)	2.910	8.156
Tools and Equipment	10	2.023	(1.053)	970	1.456
Administrative equipment	10	355.494	(242.536)	112.958	86.547
Other Tangible Fixed Assets	10	81.101	(33.995)	47.106	56.155
Tangible fixed assets in progress	10	257.072		257.072	191.977
		1.499.036	(594.119)	904.917	890.474
Investments:					
Investments in subsidiaries	10, 16 and 17	500.320.794	-	500.320.794	372.885.141
Supplementary capital to group companies	10, 16 and 17	733.245.980	-	733.245.980	716.419.891
Loans to group companies	10, 16 and 17	180.065.000	-	180.065.000	180.065.000
Securities and other investments	10 and 17	566.810	-	566.810	1.129.885
		1.414.198.584	-	1.414.198.584	1.270.499.917
Current Assets:					
Short term receivables:					
Subsidiaries	53	10.150.231	-	10.150.231	5.726.357
State and other public entities	48	980.597		980.597	274.316
Other debtors	49	18.925.383	-	18.925.383	8.784.382
		30.056.211	-	30.056.211	14.785.055
Cash and bank deposits:					
Bank deposits		9.565		9.565	26.902.806
Cash		2.909		2.909	2.744
	54	12.474		12.474	26.905.550
ACCRUALS AND DEFERRALS:					
Accrued Income	50	-		-	147.586
Deferred costs	50	3.043.934		3.043.934	2.841.827
Deferred tax assets	6	13.911.345		13.911.345	9.483.578
		16.955.279		16.955.279	12.472.991
Total depreciations and amortisations			(594.119)		
Total assets		1.462.721.584	(594.119)	1.462.127.465	1.325.553.987

EQUITY AND LIABILITIES	Notes	31-12-2008	31-12-2007
EQUITY:			
Capital	36, 37 e 40	118.332.445	118.332.445
Treasury shares - nominal value	36, 37 and 40	(2.720.000)	(2.720.000)
Treasury shares - Discounts and premiums	36, 37 and 40	(34.045.574)	(34.045.574)
Premiums for the issue of shares	40	3.923.459	3.923.459
Adjustments and investments of subsidiaries and associated companies	40	(32.479.479)	(25.856.524)
Fair value adjustments	17 and 40	-	277.637
Reserves:			
Legal reserves	40	23.666.489	23.666.489
Other reserves	40	627.655.918	592.474.440
Retained earnings	40	10.656.838	(52.177.910)
Net income for the year	40	106.347.480	121.950.561
Total equity		821.337.576	745.825.023
LIABILITIES:			
Provisions:			
Pensions	31 and 34	89.740.615	91.827.435
Other provisions	34	2.748.391	2.572.005
		92.489.006	94.399.440
Medium and long term liabilitites:			
Bond loans	51	225.000.000	225.000.000
Commercial paper	51	92.750.000	55.500.000
Bank loans	51	176.805.083	176.805.084
		494.555.083	457.305.084
Short term Liabilities:			
Bond loans	51	-	2.244.590
Bank loans	51 and 54	35.397.119	1.100.477
Suppliers		70.989	113.487
Subsidiaries	53	848.409	1.103.031
Shareholders	52	6.157.940	8.162.701
State and other public entities	48	194.749	192.502
Other creditors	49	1.095.810	4.496.354
		43.765.016	17.413.142
ACCRUALS AND DEFERRALS:			
Accrued Costs	50	9.969.279	10.611.298
Deferred Income	50	11.505	-
		9.980.784	10.611.298
Total liabilities		640.789.889	579.728.964
Total equity and liabilities		1.462.127.465	1.325.553.987

The accompanying notes form na integral part of the balance sheet as of December 31, 2008

The accountant

Board of directors

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

INCOME STATEMENT BY FUNCTION

DECEMBER 31, 2008 AND 2006

(Amounts in Euros)

	Notes	31-12-2008	31-12-2007
Sales and services rendered	44 and 53	3.092.640	4.362.282
Cost of sales and services rendered		(5.427.002)	(4.645.380)
Gross margin		(2.334.362)	(283.098)
Other operating gains		16.439.290	26.062.993
Administration costs		(4.781.896)	(852.728)
Other operating costs		(5.363.570)	(12.617.110)
Net operating profit		3.959.462	12.310.057
Net financial costs		(28.858.779)	(22.704.656)
Gains / (losses) in other subsidiaries	45	127.132.175	127.940.630
Gains / (losses) in other investments	45	(251.358)	128.261
Resultados correntes		101.981.500	117.674.292
Income Tax	6	4.365.980	4.276.269
Net income for the year		106.347.480	121.950.561
Profit by share		0,91	1,04

The accompanying notes form an integral part of the
income statement by functions as of December 31, 2008

The accountant

Board of directors

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

CASH FLOW STATEMENT

DECEMBER 31, 2008 AND 2007

(Amounts in Euros)

	Notes	31-12-2008	31-12-2007
OPERATING ACTIVITIES:			
Payment to suppliers		(2.748.700)	(2.296.353)
Payment to employees		(9.175.655)	(8.047.322)
Cash flow generated from operations		(11.924.355)	(10.343.675)
(Payments)/receipts from income tax		201.795	327.641
Other (payments)/receipts from operating expenses		8.028.983	1.414.971
Cash flow generated before extraordinary captions		(3.693.577)	(8.601.063)
Cash flow from operating activities (1)		(3.693.577)	(8.601.063)
INVESTMENT ACTIVITIES:			
Receipts relating to:			
Financial investments		76.323.799	743.985.101
Tangible fixed assets		40.585	14.000
Interest and similar income		359.799	442.724
Dividends	45	6.860.009	374.526.183
		83.584.192	1.118.968.008
Payments relating to:			
Financial investments		(107.496.729)	(1.056.497.950)
Tangible fixed assets		(221.934)	(184.903)
Intangible assets		-	(805)
		(107.718.663)	(1.056.683.658)
Cash flow from investment activities (2)		(24.134.471)	62.284.350
FINANCING ACTIVITIES			
Receipts relating to:			
Obtained borrowings		482.868.870	708.781.961
Given borrowings		21.461.916	40.970.781
		504.330.786	749.752.742
Payments relating to:			
Obtained borrowings		(455.349.998)	(665.822.261)
Given borrowings		(25.359.706)	(26.057.334)
Interest and similar income		(27.501.579)	(21.167.319)
Dividends	40	(29.481.173)	(27.216.462)
Treasury shares aquisition		-	(36.765.574)
		(537.692.456)	(777.028.950)
Cash flow from financing activities (3)		(33.361.670)	(27.276.208)
CHANGES IN CASH AND CASH EQUIVALENTS (4) = (1) + (2) + (3)		(61.189.718)	26.407.079
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54	25.805.073	(602.006)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	54	(35.384.645)	25.805.073

The accompanying notes form an integral part of the cash flow statement for the year ended December 31, 2008

The accountant

Board of directors

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008

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

INTRODUCTION

Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. ("The Company") was incorporated on June 21, 1991 and its main object consists in investing 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 following notes, 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 standalone 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 standalone accounts. The Company also prepared consolidated financial statements, in accordance with IFRS, which reflect the following differences to the standalone financial statements as of December 31, 2008, considering that the standalone shareholder's equity, resulting from the application of the equity method to subsidiaries is equal to consolidated shareholders equity:

	Increase
Total assets, net	1,818,350,752
Total liabilities	1,515,410,259
Total income	1,409,579,498

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

a) Tangible fixed assets

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

	Useful Lives (years)
Buildings and Other Construction	8 to 10
Transport Equipment	4
Tools and Equipment	4
Administrative equipment	3 to 8
Other Tangible Fixed Assets	4 to 10

b) Investments

Investments in group companies (and subsidiaries of group companies) and affiliated companies are recorded based on 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 investment 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, based on the 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.

The assets recognised as Available-for-sale financial assets, which fair value adjustments are recognised in equity, if impaired, the related impairment cost is recognised in net profit, in the period when the impairment is identified, which requires that the Group perform an impairment analysis every reporting periods. Regarding investment in an equity instrument, in accordance with IAS 39.61, a significant or prolonged decline in fair value below its historical cost is a objective evidence of impairment which is a condition to recognise the related impairment immediately.

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 equity, in which case the income tax is also recorded directly in equity, 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 at the balance sheet date.

Deferred income tax is recognised in accordance with the liability method, based on the temporary differences between recognised assets and liabilities for accounting and for taxes purposes. Deferred taxes are determined using the income tax rates expected to be prevailing the temporary differences revert back.

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

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 every six months, on the closing date of interim and annual accounts, by a specialized and independent based on the projected unit credit method.

The liability thus determined is recognised in the balance sheet and pension 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 the 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 probable, but uncertaint 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 remain the company's portfolio, the company have to make unavailable a reserve of the same amount to its cost of acquisition (Note 40).

6. INCOME TAX

Since January 1, 2006, the Company is taxed under the special tax regime for Group Corporate Income Tax ("RETGS"), 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 of the Corporate Income Tax Code (Código do IRC), owning tax losses carried forward previous of the referred regime amounting Euro 18,325,643 (2007: Euro 21,129,445), 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.

(Amounts stated in Euro)

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

As of December 31, 2008, tax losses carried forward, generated by Semapa SGPS in the special tax regime for Group Corporate Income Tax and the related expire year is as follows:

Year	Ammount	Expiring year
2002	4,374,315	2008
2003	5,120,440	2009
2004	8,830,888	2010
	18,325,643	

Tax losses generated under RETGS, amounting of Euro 55,645,379, over which the Group expect to recover through future profits generated by the tax group and therefore the Group recognised the related deferred tax asset amounting to Euro 13,911,345.

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 determine the taxable income.

Income tax for the year ended December 31, 2008 and 2007 is as follows:

	31-12-2008	31-12-2007
Current income tax (Note 48)	61,787	27,295
Deferred tax	(4,427,767)	(4,303,564)
	(4,365,980)	(4,276,269)

The current income, amounting to Euro 61,787, refers to autonomous taxation.

(Amounts stated in Euro)

The reconciliation of effective income tax rate is as follows:

	31-12-2008	31-12-2007
Profit before income tax	101,981,500	117,674,292
Nominal rate of income tax	26.50%	26.50%
Estimated income tax	27,025,098	31,183,687
Permanent differences (a)	(35,005,756)	(33,527,913)
Autonomous taxation	61,787	27,295
Non-Recovered tax losses	3,552,891	161,317
Tax losses apropriated under RETGS	-	(2,120,655)
	(4,365,980)	(4,276,269)
Effective income tax rate	(4.28%)	(3.63%)
Effective income tax rate without equity method effect	25.27%	25.18%

(a) This amount mainly respects to:

	31-12-2008	31-12-2007
Effects arising from the equity method (Note 16)	(127,132,175)	(127,940,630)
Adjustments and taxable provisions	519,748	2,234,293
Reduction of provisions	(548,769)	(479,659)
Pensions costs (Note 31)	4,998,082	3,999,746
Taxable dividends	-	76,551
Non-taxable dividends recognized in P&L	(34,439)	(29,224)
Accounting realized gains/losses	(16,083,931)	(24,824,975)
Taxable realized gains	18,145	24,832,019
Taxable subsidiaries' gains under RETGS	-	966,407
Loss on liquidation of subsidiaries	-	(7,420,000)
Others	6,166,146	2,065,045
	(132,097,193)	(126,520,427)
Tax effect 26.5%	(35,005,756)	(33,527,913)

In accordance with current tax law, 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 review and adjustment by the tax authorities during 10 years.

The Company's Management believes that any possible adjustments that may result from tax authorities reviews will not have a material effect on the financial statements as of December 31, 2008.

7. AVERAGE NUMBER OF EMPLOYEES

The average number of employees as of December 31, 2008 and 2007 was 21 employees.

(Amounts stated in Euro)

10. MOVEMENT IN FIXED ASSETS

During the year ended December 31, 2008 the movements in intangible assets, tangible assets and investments, as well as their accumulated depreciation, were as follows:

Captions	Fixed assets: Opening balance	Increases	Disposals	Transfers and Write-offs	Closing balance
Tangible fixed assets:					
Buildings and other constructions	758,139	16,866	-	-	775,005
Transport equipment	109,849	8,174	(89,682)	-	28,341
Tools and Utensils	2,023	-	-	-	2,023
Administrative equipment	279,178	76,316	-	-	355,494
Other tangible fixed assets	76,927	1,899	-	2,275	81,101
Tangible fixed assets in progress	191,977	97,509	-	(32,414)	257,072
	1,418,093	200,764	(89,682)	(30,139)	1,499,036
Investments:					
Investments in subsidiaries (Notes 16 and 17)	372,885,141	57,310,370	-	70,125,283	500,320,794
Additional paid in capital to group companies (Notes 16 and 17)	716,419,891	50,186,000	-	(33,359,911)	733,245,980
Loans to group companies (Notes 16 and 17)	180,065,000	-	-	-	180,065,000
Securities and other investments (Note 17)	1,129,885	359	-	(563,434)	566,810
	1,270,499,917	107,496,729	-	36,201,938	1,414,198,584

Captions	Accumulated depreciation: Opening balance	Increases	Disposals	Transfers and Write-offs	Closing balance
Tangible fixed assets:					
Buildings and other constructions	211,956	79,148	-	-	291,104
Transport equipment	101,693	9,125	(85,387)	-	25,431
Tools and Utensils	567	486	-	-	1,053
Administrative equipment	192,631	49,905	-	-	242,536
Other tangible fixed assets	20,772	13,223	-	-	33,995
	527,619	151,887	(85,387)	-	594,119

16. SUBSIDIARIES AND AFFILIATED COMPANIES

As of December 31, 2008 investments in subsidiaries and affiliated companies, including supplementary capital and capital-related loans to Group companies, were as follows:

		December 31, 2008			Participation		
Companies	Headquarter	Share Capital	Equity a)	Net profit a)	%	Net book value (Note 10)	Share in net profits (Notes 17 and 45)
Great Earth - Projectos, SA	Lisbon	50,000	(25,198)	(75,198)	100.00%	(25,198) b)	(50,000)
Interholding Investments, BV	Amesterdam	18,000	6,144,098	8,551,663	100.00%	6,144,098 c)	8,551,663
Portucel, SA	Setúbal	767,500,000	1,174,182,713	112,788,994	11.61% d)	136,363,087	9,945,128
Secil, SA	Setúbal	264,600,000	476,421,382	73,291,129	6.42%	30,564,592	4,701,958
Seinpar Investments, BV	Amesterdam	18,000	472,165,620	40,099,207	100.00%	472,165,619	40,099,207
Seinpart, SGPS, SA	Lisbon	180,000,000	409,024,606	33,658,659	49.00%	200,422,057	16,492,743
Semapa Inversiones, SL	Madrid	3,006	224,933,854	18,191,706	100.00%	224,933,854 e)	18,191,706
Seminv, SGPS, SA	Lisbon	7,500,000	292,624,820	29,019,202	100.00%	292,624,820	29,019,202
Verdeoculto, SGPS, SA	Lisbon	50,000	50,413,647	180,568	100.00%	50,413,647	180,568
						1,413,606,576	127,132,175

(a) After consolidation adjustments.

(b) On December 31, 2008, the subsidiary Great Earth – Projectos, SA has negative equity amounting to Euro 25,198, therefore Semapa has provided for the referred amount (Note 34).

(c) On December 31, 2007, the subsidiary Interholding Investments, BV (ex-Semapa Investments, BV) presents negative equity amounting to Euro 57,565, therefore Semapa has provided for the referred amount (Note 34). During 2008, the equity of this subsidiary is positive therefore the provision referred above was reversed.

(d) During the year ending December 31, 2008, Semapa increased its stake in Portucel of 7.22% to 11.61%. The net profit Semapa appropriate on this subsidiary, reflects the effect of successive acquisitions occurred in 2008.

(e) Includes Supplementary capital (“prestamos participativos”).

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. Goodwill impairment losses relative to cannot be reversed.

During the year ended December 31, 2004, Portucel subsidiaries change its accounting policy over biological assets (Growing forest), started to apply IAS 41 “Agriculture”. Under this accounting standard, 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 the income statement.

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.

(Amounts stated in Euro)

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, 2008 were as follows:

	Investments in subsidiaries	Suplementary capital to group companies	Loans to group companies	Securities and others investments	Total
Opening balance	372,885,141	716,419,891	180,065,000	1,129,885	1,270,499,917
Incorporation of subsidiary Great Earth - Projectos, SA	50,000				50,000
Aquisition of 1.500.000 shares of Portucel - Empresa Produtora de Pasta e Papel, SA to minority interests	3,183,180	-	-	-	3,183,180
Intragroup aquisition of 30.669.000 shares of Portucel - Empresa Produtora de Pasta e Papel, SA	54,077,190				54,077,190
Goodwill on aquisition of Portucel - Empresa Produtora de Pasta e Papel, SA to minority interests (Note 40)	(989,297)				(989,297)
Goodwill on intragroup aquisition of Portucel - Empresa Produtora de Pasta e Papel, SA (Note 40)	(7,329,570)				(7,329,570)
Share Capital increase subscrition of 299 shares of Banco Comercial Português, SA	-	-	-	359	359
Profits appropriate by the equity method (Notes 6, 16 and 45):					
- Gains	127,182,175	-	-	-	127,182,175
- Losses	(50,000)	-			(50,000)
Dividend paid to the Company by:					
- Interholding Investments, BV	(2,350,000)				(2,350,000)
- Portucel - Empresa Produtora de Pasta e Papel, SA (Note 45)	(2,435,412)	-	-	-	(2,435,412)
- Secil - Companhia Geral de Cal e Cimento, SA (Note 45)	(2,344,954)	-	-	-	(2,344,954)
Supplementary capital paid to subsidiary Verdeoculto - Investimentos, SGPS, S.A.		50,186,000			50,186,000
Reimbursement of supplementary capital by the subsidiaries:					
- Seinpar Investments, BV	-	(64,358,400)	-	-	(64,358,400)
- Seinpart - Participações, SGPS, SA	-	(3,958,220)	-	-	(3,958,220)
- Seminv - Investimentos, SGPS, SA	-	(7,250,000)	-	-	(7,250,000)
Adjustments on investments in subsidiaries and associated companies due to fair value adjustments in the subsidiaries:					
- Cimentospar - Participações Sociais, SGPS, Lda.	972	-	-	-	972
- Seinpart - Participações, SGPS, SA	972				972
Other changes in equity of subsidiary Seinpar Investments, BV	7,329,570				7,329,570
Other changes in equity of:					
- ETSA - Empresa Transformadora de Subprodutos Animais, SA	(1,255)				(1,255)
- Portucel - Empresa Produtora de Pasta e Papel, SA	(10,871,816)	-	-	-	(10,871,816)
- Secil - Companhia Geral de Cal e Cimento, SA	3,552,538	-	-	-	3,552,538
Provision for negative equity of the subsidiary Interholding Investments, BV (Note 34)	(57,565)	-	-	-	(57,565)
Dividends distributed by Semapa to Seminv, SGPS, S.A.	695,634	-	-	-	695,634
Fair value adjustments:					
- Banco Espírito Santo, SA	-	-	-	(401,464)	(401,464)
- EDP - Energias de Portugal, SA	-	-	-	(159,750)	(159,750)
- Banco Comercial Português, SA	-	-	-	(2,220)	(2,220)
Transfers between captions	(42,206,709)	42,206,709	-	-	-
Closing balance	500,320,794	733,245,980	180,065,000	566,810	1,414,198,584

(Amounts stated in Euro)

As of December 31, 2008, Investments in Subsidiaries were made up as follows:

	31-12-2008
Interholding Investments, BV	6,144,098
Portucel, SA	136,363,087
Secil, SA	30,564,591
Seinpart, SGPS, SA	147,127,697
Semapa Inversiones, SL	44,868,854
Seminv, SGPS, SA	135,024,820
Verdeoculto SGPS, SA	227,647
	500,320,794

As of December 31, 2008, Supplementary Capital granted to Group Companies amounting Euro 733,245,980 have been granted to the following entities:

	31-12-2008
Seinpar Investments, BV	472,165,620
Seinpart, SGPS, SA	53,294,360
Seminv, SGPS, SA	157,600,000
Verdeoculto SGPS, SA	50,186,000
	733,245,980

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

Securities and other investments amounting Euro 566,810 were made up as follows:

	December 31, 2008			
Companies	Number of shares	Acquisition costs	Potential Gain / (Loss) (Note 40)	Total
EDP, SA	90,000	323,088	(80,538)	242,550
BES, SA	48,311	525,268	(202,067)	323,201
BCP, SA	1,299	4,251	(3,192)	1,059
		852,607	(285,797)	566,810

During 2008, there is a a significant or prolonged decline in fair value below the historical cost of Semapa share capital in EDP, BES and BCP. The impairment cost amounting to Euro 285,797 was recognised in financial results (Note 45).

(Amounts stated in Euro)

29. ACCOUNTS PAYABLE IN MORE THAN FIVE YEARS

As of December 31, 2008 accounts payable in more than 5 years relate to bond loans and to the commercial paper program, amounting Euro 494,555,083 (Note 51).

31. RETIREMENT BENEFITS

Defined benefit plan assumed by the Company

The Shareholders' General Meeting, held in March 30, 2005, approved the complementary retirement pension scheme of board members, as foreseen in the article 17th of the Company's articles of association. Accordingly with the referred above, Semapa's board members are entitled to a retirement pension, 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 board member. This right can only be exercised when each director cease functions.

This allowance reaches a maximum of 80% of board member's monthly salary at the date of ceasing functions, when each beneficiary worked at least 20 years as board member of Semapa or any other company controlled by, and a minimum of 27.2%, corresponding to 8 years in that function. However, these amounts are deducted from the values received by the beneficiaries through the Social Security system.

As the Company's articles of association determine the corporate bodies' appointment correspond to a four calendar years, the responsibility is determined and recognised on the beginning of the second appointment.

No pension fund was established to finance this Group's responsability.

The liabilities for the years 2008 and 2007 were as follows:

	31-12-2008	31-12-2007
Liabilities in the beginning of the year	**91,827,435**	**83,953,229**
Movements during the year:	**(2,086,820)**	**7,874,206**
Costs / (gains) recognized in the income statement	4,998,082	3,999,746
Actuarial losses / (gains) (Note 40)	(6,536,133)	4,344,788
Pensions paid	(548,769)	(470,328)
Liabilities at the end of the year	**89,740,615**	**91,827,435**

In accordance with the actuarial valuation, reported on December 31, 2008, the responsibilities for past services amount to Euro 89,740,615, were fully provided in liabilities' caption "Provisions for pensions" (Note 34). On December 31, 2007 the provision amounted to Euro 91,827,435.

The pension costs recognised in Payroll in 2008, related to Board of Directors' pension plan amounting to Euro 4,998,082 relates to the interest cost. These costs represent the interest cost of the present value of the defined benefit obligations as the members are one year closer to the vesting period and are not covered by any fund.

Semapa applies the methodology allowed by IAS 19, 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. On December 31, 2008, the Company has recognised an amount of Euro 6,536,133 related to actuarial losses directly in equity (Note 40), which includes: (i) change in discount rate amounting to Euro 3,057,104 and (ii) Other actuarial gains and losses amounting to Euro 3,479,029.

(Amounts stated in Euro)

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

	31-12-2008	31-12-2007
Mortality table	TV 88/90	TV 88/90
Disability table	EKV 80	EKV 80
Pensions growth rate	2.25%	2.25%
Technical interest rate	5.50%	5.25%
Salaries 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 187/2007 of May 10th

During 2008, the Group changed some of the assumptions used to measure the liability with retirement pensions, namely the discount rate of 5.25% to 5.5%, 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 Euro 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, 2008, the amount of Euro 133,079,000 had been used from this credit facility, being pledge 84,290,333 Portucel shares, 86,386 EDP shares and 2,720,000 treasury shares of Semapa SGPS.

34. MOVEMENTS IN PROVISIONS

On December 31, 2008, movements in provisions were as follows:

Captions	Opening balance	Increases	Decreases	Use/ /replacement	Closing balance
Provisions:					
Pensions (Note 31)	91,827,435	-	(2,086,820)	-	89,740,615
Apropriation of results from subsidiaries and affiliated companies by the equity method (Note 16)	57,565	25,198	-	(57,565)	25,198
Other provisions	2,514,440	208,753	-	-	2,723,193
	94,399,440	233,951	(2,086,820)	(57,565)	92,489,006

(Amounts stated in Euro)

On December 31, 2008, the movements of provision for negative equity, by entity, were as follows:

Companies	Opening balance	Increases	Use/ /replacement	Closing balance
Great Earth - Projectos, SA	-	25,198	-	25,198
Interholding Investments, BV (Note 16)	57,565	-	(57,565)	-
	57,565	25,198	(57,565)	25,198

Other provisions amounting to Euro 2,723,193, relate to adjustments that may result from tax authorities reviews in progress on 31 December 2008.

36. SHARE CAPITAL

As of December 31, 2008 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 last shareholders' General Meeting, held on March 14, 2008, and the disclosed qualifying holdings, the Company's share capital as of December 31, 2008 and 2007 is held by:

Name	Number of shares	% 31-12-2008	% 31-12-2007
Credit Suisse Group	23,600,000	19.94	19.94
Longapar, SGPS, S.A.	20,769,300	17.55	16.90
Sodim, SGPS, S.A.	18,842,424	15.92	19.75
Cimo - Gestão de Participações, SGPS, S.A.	14,106,675	11.92	12.01
Banco BPI, SA	12,009,004	10.15	10.02
Bestinver Gestión, SGIIC, S.A.	9,697,818	8.20	2.21
Banco Espírito Santo, SA	6,191,854	5.23	5.23
Seminv - Investimentos, SGPS, S.A	2,727,975	2.31	2.31
Axa Rosenberg Group LLC	2,529,282	2.14	-
Sonaca - Sociedade Nacional de Canalizações, S.A,	1,630,590	1.38	1.38
Morgan Stanley	229,420	0.19	2.67
Treasury shares	2,720,000	2.30	2.30
Other shareholders with participation lower than 2%	3,278,103	2.77	5.29
	118,332,445	100.00	100.00

Seminv - Investimentos, SGPS, S.A. is a Semapa Group's subsidiary therefore the 2,727,975 of shares held by Seminv are presented as Tresuary shares in the consolidated financial statements.

Additionally on 4 July 2007, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. bought, through a stock exchange transaction, 2,720,000 treasury shares, owning directly and indirectly 4.6% of its share capital.

(Amounts stated in Euro)

40. CHANGES IN SHAREHOLDER'S EQUITY

During 2008, the movement in the equity 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 17)	(25,856,524)	11,579,686	(18,202,641)	-	(32,479,479)
Fair value adjustments	277,637	-	(277,637)	-	-
Reserves:					
Legal reserves	23,666,489	-	-	-	23,666,489
Other reserves	592,474,440	-	-	35,181,478	627,655,918
Retained earnings	(52,177,910)	6,536,135	(989,297)	57,287,910	10,656,838
Net income for the year	121,950,561	106,347,480	(29,481,173)	(92,469,388)	106,347,480
	745,825,023	124,463,301	(48,950,748)	-	821,337,576

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 2008, movement in this caption was as follows:

Opening balance	(25,856,524)
Adjustments on investments in subsidiaries and associated companies due to fair value adjustments in the subsidiaries:	
- Cimentospar - Participações Sociais, SGPS, Lda.	972
- Seinpart - Participações, SGPS, SA	972
Other changes in equity of subsidiaries:	
- ETSA - Empresa Transformadora de Subprodutos Animais, SA	(1,255)
- Portucel - Empresa Produtora de Pasta e Papel, SA	(10,871,816)
- Secil - Companhia Geral de Cal e Cimento, SA	3,552,538
Dividends distributed by Semapa to Seminv, SGPS, SA	695,634
Closing balance	(32,479,479)

Negative adjustments amounting Euro 32,479,479 relate to the following entities:

Interholding Investments, BV	258,252,437
Portucel - Empresa Produtora de Pasta e Papel, SA	(414,394)
Secil - Companhia Geral de Cal e Cimento, SA	1,940,438
Seinpar Investments, BV	(182,103,236)
Seinpart - Participações, SGPS, SA	(79,437,628)
Semapa Inversiones, SL	(1,127,543)
Seminv - Investimentos, SGPS, SA	(29,588,298)
Verdeoculto - Investimentos, SGPS, SA	(1,255)
	(32,479,479)

(Amounts stated in Euro)

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

The decrease in the caption “Fair Value Adjustments” during 2008 amounting Euro 277,637, is due to the derecognition of fair value adjustments of available-for-sale financial assets included in the caption “Securities and other investments” (Note 10 and 17).

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 have been utilizaed or to increase share capital.

Following the acquisition of 2,720,000 treasury shares, an amount of Euro 47,164,986, was unavailable distribute to shareholders amount equal to the referred above, in accordance with the commercial law, which state that the unavailable reserve should be maintained until the sale of these shares.

On 31 December 2008, the amounts of distributable reserves are as follow:

	31-12-2008
Other reserves	627,655,918
Retained earnings	10,656,838
Net income for the year	106,347,480
Legal reserves	(23,666,489)
Premiums for the issue of shares	(3,923,459)
Other undistributable reserves	(41,655,105)
	675,415,183

The decrease in the caption “Retained earnings” amounting Euro 989,297, during the year ending December 31, 2008, reflects: (i) goodwill of additional 0.2% amounting to Euro 3,183,180, acquired by Semapa to the minority shareholders of subsidiary Portucel and (ii) the recognition of actuarial losses directly in equity (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 14, 2008, 2007 net income was distributed as follows:

Dividends distribution (0,255 Euros per share)	29,481,173
Other reserves	35,181,478
Retained earnings	57,287,910
	121,950,561

(Amounts stated in Euro)

43. STATUTORY BOARD MEMBERS' REMUNERATION

The remuneration of statutory board members, including performance related bonuses, during the years of 2008 and 2007 was as follows:

	31-12-2008	31-12-2007
Board of directors - Remuneration	2,790,884	2,697,435
Board of directors - Bonus (Note 50)	1,755,636	6,419,003
Board of directors - Reversal of 2006's overestimate for Partitipation in results		(2,770,304)
Statutory auditor	48,110	41,612
Impact on Net profit	4,594,630	6,387,746

Additionally, the Semapa's board members are entitle of a complementary pension scheme as described in Note 31.

44. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKET

Sales and services rendered by geographic market during the years 2008 and 2007 were as follows:

	31-12-2008	31-12-2007
Domestic Market (Note 53)	3,092,640	4,353,923
Foreign Market (Note 53)	-	8,359
	3,092,640	4,362,282

(Amounts stated in Euro)

45. FINANCIAL RESULTS

Net financial results during the years 2008 and 2007 were made up as follows:

	31-12-2008	31-12-2007
Expenses:		
Interest expense with loans		
obtained from shareholders (Note 52)	276,195	339,132
Interest expense with loans		
obtained from group companies (Note 53)	17,405	98,142
Interest expense with other loans	27,152,699	21,525,163
Losses on subsidiaries and affiliated companies (Note 16)	50,000	2,765,435
Adjustments of financial investments	285,797	-
Other financial expenses	2,170,459	2,016,851
	29,952,555	26,744,723
Net financial results	98,022,038	105,364,235
	127,974,593	132,108,958
Income:		
Interest income on loans		
granted to group companies (Note 53)	465,673	869,375
Other interest income	90,352	182,284
Gains on subsidiaries and affiliated companies (Note 16)	127,182,175	130,706,065
Income from other equity investments	34,439	128,261
Reversals and other financial gains (Note 21)	201,954	222,973
	127,974,593	132,108,958

The gains on treasury investments, in the amount of Euro 34,439, correspond to dividends received from the subsidiaries EDP – Energias de Portugal, SA and Banco Espírito Santo, SA amounting to Euro 11,250 and Euro 23,189, respectively. Additionally, the Company received dividends from the subsidiaries Secil – Companhia Geral de Cal e Cimento, SA, Portucel – Empresa Produtora de Pasta e Papel, SA and Interholding Investments, BV, amounting to Euro 2,344,954, Euro 2,435,412 and Euro 2,350,000, respectively (Note 17), which were deducted to the financial investments in these subsidiaries.

(Amounts stated in Euro)

46. EXTRAORDINARY RESULTS

Extraordinary results of the years 2008 and 2007were made up as follows:

	31-12-2008	31-12-2007
Extraordinary expenses:		
Donations	92,700	10,000
Losses on fixed assets	-	14,044
Fines and penalties	200 -	200
Prior years adjustments	1,982	-
Other extraordinary costs	36,655	-
	131,537	24,244
Net extraordinary results	15,988,685	26,037,380
	16,251,759	26,085,868
Income and gains:		
Gains in investments	16,120,221	26,049,938
Provision reductions (Note 34)	-	9,330
Other extraordinary income	1	2,356
	16,120,222	26,061,624

On 31 December 2007, Gains in investments includes the amount of Euro 23,904,869 related to the disposal of Euro 18,003,117 EDP shares (Note 17).

On 31 December 2008, the amount of Euro 16,120,221 relates to the price adjustment of Secil share capital disposal to Béton Catalán, SL (CRH Group), occurred in 2004, due to the completion during 2008 of some procedures and events, which have started before the disposal date and have impacted the transaction price.

48. STATE AND OTHER PUBLIC ENTITIES

As of December 31, 2008 and 2007 there were no debts overdue to the State and other public entities. Accounts receivable and payable to these entities were made up as follows:

	31-12-2008		31-12-2007	
	Debtors	Creditors	Debtors	Creditors
Corporate income tax	800,491	-	274,316	-
Personal income tax	-	104,462	-	101,970
Value added tax	180,106	52,860	-	48,115
Stamp duty	-	900	-	2,200
Social security	-	36,527	-	40,217
	980,597	194,749	274,316	192,502

(Amounts stated in Euro)

As of December 31, 2008 and December 31, 2007 the caption “Corporate income tax” was made up as follows:

	31-12-2008	31-12-2007
Corporate income tax for the year (Note 6)	(61,787)	(27,295)
Special payments on account	39,934	27,246
Withholding tax by the company	49,244	264,877
Withholding tax by the subsidiaries included in RETGS	773,100	9,488
	800,491	274,316

49. OTHER DEBTORS AND CREDITORS

As of December 31, 2008 and December 31, 2007 these captions were made up as follows:

	31-12-2008	31-12-2007
Other debtors:		
Suppliers	-	2,489
Other debtors:		
Shareholders (Note 52)	2,910	-
Group companies (Note 53)	1,888,065	7,404,354
Others	17,034,408	1,377,539
	18,925,383	8,784,382
Other creditors:		
Fixed asset suppliers	35,993	71,899
Consultants and other experts	128,587	128,112
Shareholders (Note 52)	7,311	4,266,555
Group companies (Note 53)	-	15,743
Others	923,919	14,045
	1,095,810	4,496,354

As of December 31, 2007 the amount to receive from the group companies includes the amount of Euro 5,500,000, related to the pledge in favour of board members’ appointed by Semapa, in the respective board of directors of those companies, in accordance with articles 396º and 418º-A of the Portuguese Commercial Law (Note 53).

As of December 31, 2007, The amount payable to shareholders includes the amount of Euro 4,250,000 related to the pledge given in favour of board members’ account appointed to 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).

On 31 December 2008, the caption “Other Debtors” includes Euro 16,120,221, receivable from Béton Catalán, SL (CRH Group), related to the price adjustment of Secil share capital disposal (Note 49).

(Amounts stated in Euro)

50. ACCRUALS AND DEFERRALS

As of December 31, 2008 and 2007 these captions were made up as follows:

	31-12-2008	31-12-2007
Increases in income:		
Interests to be received:		
Group companies (Note 53)	-	147,586
Deferred costs:		
Rentals	48,065	41,321
Prepaid interests of Commercial paper	304,793	121,270
Expenses incurred to open credit lines (Note 51):		
Debtor loans	893,632	1,016,742
Commercial paper	815,890	856,586
Bank loans	969,610	804,150
Other deferrd costs	11,944	1,758
	3,043,934	2,841,827
Accrued costs:		
Accrued insurance	-	1,206
Other accrued interests	4,285,020	3,453,710
Vacation pay, vacation subsidy and other payroll costs	5,515,866	7,139,823
Other accrued costs	168,393	16,559
	9,969,279	10,611,298
Deferred income:		
Rentals	11,505	-

As of December 31, 2008 the Caption "Accrued costs – vacation pay, vacation subsidy and other personnel costs" includes the amount of Euro 4,732,132 related to the accrual, in the period, of the bonus to pay to the Directors concerning the participation on the 2008 results (Note 43).

51. LOANS

As of December 31, 2008 and 2007 this caption was made up as follows:

	31-12-2008			31-12-2007
	Short term	Medium and long term	Total	Total
Semapa 1998/2008 Bonds Loan	-	-	-	2,244,590
Semapa 2006/2016 Bonds Loan	-	225,000,000	225,000,000	225,000,000
Commercial paper	-	92,750,000	92,750,000	55,500,000
Bank loans	-	158,079,000	158,079,000	158,079,000
Other loans	-	18,726,083	18,726,083	18,726,084
Overdrafts	35,397,119	-	35,397,119	1,100,477
	35,397,119	494,555,083	529,952,202	460,650,151

During Semapa's debt rearrangement process, Semapa SGPS issued two bond loans amounting to Euro 50,000,000 and Euro 175,000,000 with 10 years maturity. These loans were lead by Banco BPI, SA and Banco Espírito Santo de Investimento, SA jointly with Caixa – Banco de Investimento, SA. The second bond loan is listed in Euronext Lisbon under the designation "Obrigações Semapa 2006/2016", which listed price on December 31, 2008 was Euro 97.49.

(Amounts stated in Euro)

During the year ended December 31, 2006 Semapa issued a commercial paper programme amounting to Euro 175,000,000 with 10 years maturity, arranged by a syndicated bank lead by Banco Espírito Santo de Investimento, S.A. and Caixa – Banco de Investimento, S.A, of which Euro 41,050,000 is being used on December 31, 2008.

During the year ended December 31, 2008 Semapa and Verdeoculto issued a commercial paper programme amounting to Euro 70,000,000 with 5 years maturity, arranged by Banco Espírito Santo de Investimento, S.A., of which Euro 51,700,000 is being used on December 31, 2008.

Additionally, on December 31, 2006, Semapa had negotiated 2 structures - with Caixa – Banco de Investimento, SA (Put & Call Combination) and Credit Suisse International (Portucel Total Return Swap), presented in the caption "Bank Loans" by the overall amount of Euro 66,263,756 - which gives the right, in 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 maturity date (10-11-2009 and 14-11-2009, respectively), the financial institutions have a sale option to Semapa. During the year ended December 31, 2007 Semapa exercised the call option related to the Put & Call Combination by the amount of Euro 47,537,673.

As of December 31, 2008 the medium and long-term bond loans are redeemable as follows:

2009	18,726,083
2010	25,000,000
2014 and following	450,829,000
	494,555,083

On December 31, 2008 and December 31, 2007, the undrawn credit facilities amounting to Euro 164,102,882 and Euro 197,570,523, respectively.

52. SHAREHOLDERS

On December 31, 2007, payables to and receivables from shareholders were as follows:

	Assets	Liabilities		
	Other Debtors (Note 49)	Shareholders short term	Accounts payable to suppliers	Other creditors (Note 49)
Cimigest, SGPS, SA	970	-	10,774	-
Cimo - Gestão de Participações, SGPS, SA	-	105,155	-	-
Longapar, SGPS, SA	-	5,449,967	-	7,311
Sodim, SGPS, SA	970	-	-	-
Sonaca, SGPS, SA	-	602,818	-	-
Sonagi - Sociedade Nacional de Gestão e Investimento, SA	970	-	-	-
	2,910	6,157,940	10,774	7,311

The payables to shareholders amounting to Euro 6,157,940 relate to short term treasury activities. Interests on these loans are at market rates.

(Amounts stated in Euro)

During the year ended December 31, 2008, transactions with shareholders were as follows:

	31-12-2008	
	External suppliers and services	Financial expenses (Note 45)
Cimigest, SGPS, SA	107,740	-
Cimo - Gestão de Participações, SGPS, SA	-	79,333
Longapar, SGPS, SA	-	166,146
Sonaca - Sociedade Nacional de Canalizações, SA	-	30,716
	107,740	276,195

53. GROUP COMPANIES

As of December 31, 2008, balances with Group companies were as follows:

	Assets		Liabilities
	Group companies -short term	Other debtors (Note 49)	Group companies -short term
ABAPOR - Comércio e Indústria de Carnes, SA	-	150	-
Biological - Gestão de Resíduos Industriais, Lda	-	150	-
Cimentospar - Participações, SGPS, Lda.	8,005,731	1,480,131	-
Ciminpart - Investimentos e Participações, SGPS, SA	-	3	-
ETSA - Empresa Transformadora de Subprodutos Animais, SA	-	54,582	-
Great Earth - Projectos, SA	-	98,829	-
Interholding Investments, BV	-	-	75,309
Portucel - Empresa Produtora de Pasta e Papel, SA	-	246,143	-
SEBOL - Comércio e Indústria de Sebo, SA	-	250	-
Secil - Companhia Geral de Cal e Cimento, SA	-	-	-
Seinpar Investments, BV	38,163	369	-
Seinpart - Participações, SGPS, SA	335,137	-	-
Semapa Inversiones, SL	1,609,667	-	-
Seminv - Investimentos, SGPS, SA	34,967	-	1
Soporcel - Sociedade Portuguesa de Papel, S.A.	-	7,458	-
Verdeoculto - Investimentos, SGPS, S.A.	126,566	-	773,099
	10,150,231	1,888,065	848,409

The amounts receivable from group companies of Euro 10,151,231 refer to short-term loan facilities bearing interest quarterly at current market rates.

(Amounts stated in Euro)

During financial year of 2008 transactions with Group companies were as follows:

	Sales and services rendered	Financial income (Note 45)	Financial losses (Note 45)
Cimentospar - Participações, SGPS, Lda	1,497,760	258,833	-
ETSA - Empresa Transformadora de Subprodutos Animais, SA	42,560	-	-
Interholding Investments, BV	-	1,696	2,566
Portucel - Empresa Produtora de Pasta e Papel, SA	1,552,320	-	-
Secil - Companhia Geral de Cal e Cimento, SA	-	-	-
Seinpar Investments, BV	-	963	11,782
Seinpart - Participações, SGPS, SA	-	5,868	3,057
Semapa Inversiones, SL	-	193,818	-
Seminv - Investimentos, SGPS, SA	-	2,413	-
Verdeoculto - Investimentos, SGPS, S.A.	-	2,082	-
	3,092,640	465,673	17,405

The amount of Euro 3,092,640 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, 2008 and 2007 were made up as follows:

	31-12-2008	31-12-2007
Bank deposits	9,565	26,902,806
Petty cash	2,909	2,744
Bank overdrafts	(35,397,119)	(1,100,477)
	(35,384,645)	25,805,073

55. 55. AUDIT FEES

The costs incurred with services rendered by the current auditors/ statutory auditors during the year ended December 31, 2008 and 2007 were as follows:

	31-12-2008	31-12-2007
Audit fees	64,141	64,141
Tax advisory services	6,500	9,500
	70,641	73,641

(Amounts stated in Euro)

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

The Functional Income Statement presents extraordinary results different from that required by Portuguese GAAP (POC) for the preparation of the Income Statement by Nature. Therefore, the amounts of extraordinary income presented in the income statement by nature (Note 46) for the year ended December 31, 2008 and 2007 of Euro 15,988,685 and Euro 26,037,380, respectively, have been reclassified to current income:

	Income statement					
	2008			2007		
	Income statement	Reclassifications	Income statement by funtion	Income statement	Reclassifications	Income statement by funtion
Operational results	(12,029,223)	15,988,685	3,959,462	(13,727,323)	26,037,380	12,310,057
Current results	85,992,815	15,988,685	101,981,500	91,636,912	26,037,380	117,674,292
Extraordinary results	15,988,685	(15,988,685)	-	26,037,380	(26,037,380)	-
Net financial results	106,347,480	-	106,347,480	121,950,561	-	121,950,561

57. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira
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

Carlos Maria Cunha Horta e Costa
Member

José Miguel Pereira Gens Paredes
Member

Paulo Miguel Garcês Ventura
Member

Rita Maria Lagos do Amaral Cabral
Member

António da Nóbrega de Sousa da Câmara
Member

António Paiva de Andrada Reis
Member

Fernando Maria Costa Duarte Ulrich
Member

Paulo Jorge Morais Costa
The Accountant

Joaquim Martins Ferreira do Amaral
Member

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
& Associados - Sociedade de
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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 €1,462,127,465 and a total of shareholder's equity of €821,337,576, including a net profit of €106,347,480), 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

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, 2008, 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, March 11, 2009

PricewaterhouseCoopers & Associados, SROC, Lda
represented by:

____
Abdul Nasser Abdul Sattar, R.O.C.

SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA
Report and Opinion of the Audit Board
Individual Accounts

Financial year of 2008

Shareholders,

1. As required by law, the articles of association and our mandate from the shareholders, we are pleased to present our report on our supervisory activities and to issue our opinion on the Individual Management Report and Individual Financial Statements presented by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, SA for the financial year ended 31 December 2008.

2. Over the course of the year we monitored the company's affairs at the intervals and to the extent we deemed appropriate, in particular through periodic meetings with the directors. We confirmed that the accounts were properly kept and the respective documentation in order, as well as checking the effectiveness of the systems for risk management, internal control and internal auditing. We were watchful of compliance with the law and the articles of association. We encountered no constraints in the course of our work.

3. We held several meetings with the official auditor and external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., thereby monitoring the audit work carried out and assuring the independence of such work. We have assessed the Legal Certificate of Accounts and the Audit Report, and are in agreement with the Legal Certificate of Accounts presented.

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

    a) the Individual Balance Sheet, the Individual Income Statement by nature and by functions, the Individual Statement of Cash Flows and the corresponding Notes to the financial statements provide an appropriate picture of the state of the company's affairs and of its results;

    b) the accounting policies and valuation criteria adopted comply with accounting principles generally accepted in Portugal and are appropriate so as to assure that they lead to a correct assessment of the company's assets and its results; the analyses and recommendations issued by the external audit have been duly followed up;

    c) the Individual Management Report provides sufficient information on the progress of the company's activities and the state of its affairs and offers a clear account of the most significant developments during the period;

    d) the proposal for allocation of profits is appropriate and due grounds are stated.

5. Accordingly, taking into consideration the information received from the Board of Directors and from the company departments, together with the conclusions set out in the Legal Certificate of Accounts and the Audit Report, we recommend that:

    a) the Individual Management Report be approved;

    b) the Individual Financial Statements be approved;

    c) the proposal for allocation of profits be approved.

6. Finally, the members of the Audit Board wish to express their acknowledgment and thanks to the Board of Directors and to the company's senior management and other staff for the cooperation provided during the year.

Lisbon, 13 March 2009

The Chairman of the Audit Board

Duarte Nuno d'Orey da Cunha

The Member

Miguel Camargo de Sousa Eiró

The Member

Gonçalo Nuno Palha Gaio Picão Caldeira

Semapa

Minutes of General Meeting nr. 27

On 31 March 2009, at 10:30 a.m., the Annual General Meeting of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A., public limited company, was held at the Hotel Ritz, in Lisbon […]

[…]

The Chairman also confirmed that […] shareholders holding 69,167,895 shares, corresponding to 179,640 votes and 58,452% of the share capital of the company, were present or represented, […]

[…]

As the meeting had been duly called and the conditions met for it to transact valid business, the Chairman declared the meeting open […]

[…]

As no one else wished to take the floor, the Chairman of the General Meeting called a vote on the Management Report, balance sheet and financial statements and other individual accounts for the period, and also a separate vote on the consolidated financial statements for the same period. The documents relating to the first item on the order of business were then approved by a majority of 179.503 votes, corresponding to 99,92% of the votes cast, and abstention of shareholders representing 137 votes, corresponding to 0,08% of the votes cast, […]

The documents relating to the second item on the order of business were approved by exactly the same numbers of votes.

The meeting then moved on to the third item on the order of business, and the Chairman read out the only proposal, tabled by the Board of Directors, transcribed below, and declared opened the discussion related to this item on the order of business:

“• *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, and*

- *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 106,347,480.00 (one hundred and six million, three hundred and forty seven thousand, four hundred and eighty euros) be distributed as follows:

Dividends for shares in issue .... EUR 29,481,173.48
(25.5 cents per share)

Free reserves.. EUR 61,866,306.52

Retained earnings .... EUR 15,000,000.00"

As no one wished to take the floor, the Chairman of the General Meeting considered the discussion closed and put the proposal to the vote, which was approved by unanimity of the votes cast.

[…]